

LOCAL AUTHORITIES (RESERVE FUNDS).

6° AND 7° GEO. VI., No. XXVI.

No. 26 of 1942.

AN ACT to authorise the establishment and maintenance of reserve funds by certain local authorities.

[Assented to 23rd December, 1942.]

BE it enacted by the King's Most Excellent Majesty, by and with the advice and consent of the Legislative Council and Legislative Assembly of Western Australia, in this present Parliament assembled, and by the authority of the same, as follows:—

1. This Act may be cited as the *Local Authorities (Reserve Funds) Act, 1942.* Short title.

2. This Act shall be read in conjunction with the Municipal Corporations Act, 1906-1941, and the Road Districts Act, 1919-1941. This Act to be read with other Acts.

3. In this Act, unless the context requires otherwise— Interpretation.

“Local authority” means a municipal council or a road board;

“Minister” means the Minister of the Crown for the time being and from time to time charged with the administration of the laws relating to local government;

“The Local Government Act,” when used in relation to a municipal council as a local authority means the Municipal Corporations Act, 1906-1941, and when used in relation to a road board as a local authority means the Road Districts Act, 1919-1941;

“The present war” means the war between His Majesty the King and Germany, Italy, and Japan existing at the date of the commencement of this Act.

Governor may
authorise local
authority to
establish
reserve fund.

4. Notwithstanding anything to the contrary contained in the Local Government Act of a local authority, but subject as hereinafter provided, the Governor may, on the recommendation of the Minister by Order in Council, authorise any local authority to establish during the present war and to maintain a reserve fund for the purpose of accumulating therein any surplus of ordinary revenue of the local authority over expenditure at the end of each financial year of the local authority, and of applying the moneys in such reserve fund and any income or profit derived from the investment of moneys in such reserve fund in the carrying out after the cessation of the present war of works and undertakings, authorised by the Local Government Act of the local authority which the local authority may not be able conveniently to carry out during the present war:

Provided that authority to establish a reserve fund shall not be granted to a local authority under this section unless and until the Governor is satisfied that the accumulation of the surplus ordinary revenue of the local authority in a reserve fund for the purpose aforesaid is desirable and expedient in the interests of the local authority and also of the ratepayers of the local authority.

Governor may
require a
local auth-
ority to close
and wind up
a reserve
fund.

5. (1) Where pursuant to section four of this Act a local authority has established a reserve fund, the Governor may at any time during the present war, on the recommendation of the Minister by notice in writing to the local authority, direct the local authority to close and wind up its said reserve fund within a time to be specified in such notice, or may direct the local authority

not to pay any further surplus revenue into its said reserve fund after a date to be specified in such notice, and the local authority shall comply with such notice according to the requirements thereof.

(2) After the receipt of a notice directing the local authority to close and wind up its reserve fund it shall not be lawful for the local authority to pay any further moneys into its reserve fund, and within the time specified in the notice the local authority shall, according as the Minister may direct, either transfer the moneys then in the reserve fund and any income accruing from the investment thereof into its ordinary revenue account, or utilise the said moneys and income for any other purpose authorised by the Local Government Act of the local authority and approved by the Minister.

6. (1) Where pursuant to section four of this Act a local authority has established a reserve fund, the local authority shall not, without the consent of the Governor, at any time during the present war close and wind up such reserve fund.

Local authority may not voluntarily close and wind up its reserve fund without consent of Governor.

(2) Where the Governor consents to the reserve fund being closed and wound up the moneys therein and any income accruing from the investment of moneys in the reserve fund shall, according as the Minister may direct, either be transferred to the ordinary revenue account of the local authority or be utilised for any purpose authorised by the Local Government Act of the local authority and approved by the Minister.

7. The Governor may, either by the Order in Council authorising the establishment of a reserve fund by a local authority, or at any time and from time to time while such reserve fund is being maintained by the local authority by notice in writing to the local authority specify what amount or proportion of the annual surplus revenue of the local authority shall be paid into its reserve fund; and, where the Governor specifies that an amount or proportion less than the whole of such surplus revenue shall be paid into the reserve fund, it shall not be lawful for the local authority in any year to pay into the reserve fund an amount or proportion in excess of that specified by the Governor as aforesaid.

Governor may limit the amount of surplus revenue which a local authority may pay into its reserve fund.

Surplus moneys to be paid into reserve fund and withdrawals to be approved by Minister.

8. Where pursuant to section four of this Act a local authority has established a reserve fund and until it is closed and wound up in a manner authorised by this Act—

- (a) the local authority shall each year when the amount of surplus ordinary revenue has been ascertained pay into the reserve fund such amount or such proportion thereof as may be specified by the Governor under section seven of this Act unless the Governor on the recommendation of the Minister shall in any year in special circumstances authorise the local authority to retain the amount of such surplus ordinary revenue or a specified part thereof in its ordinary revenue account; and
- (b) the local authority shall not withdraw from the reserve fund any portion of the moneys therein unless and until it has submitted to the Minister in writing particulars of the purposes for which it is proposed to expend the moneys when withdrawn from the reserve fund, and the Minister approves of the money being so expended.

Moneys in reserve fund may be invested.

9. Subject as hereinafter provided, a local authority may invest all or any part of the moneys from time to time in the reserve fund in any investments authorised by law for the investment of trust moneys:

Provided that the said moneys shall be invested only in investments of a kind which can readily be converted into money at any time.

Local authorities not to maintain reserve fund after the present war.

10. Where pursuant to section four of this Act a local authority has established and during the present war maintains a reserve fund, nothing in this Act shall be deemed to authorise the local authority to continue to maintain such reserve fund for longer than twelve months after the cessation of the present war, except for such further period as may be necessary to enable the local authority to close and wind up the reserve fund in accordance with directions to be given by the Minister and to realise the investments in which moneys in the reserve fund have been invested.

11. While a local authority continues to maintain a reserve fund established by it under this Act, and notwithstanding any provision of the Local Government Act to the contrary, it shall not be lawful for the local authority to raise any loan in respect of any works or undertakings, except in so far as the moneys in the reserve fund or any investments representing the same are not sufficient to meet the whole of the expenditure which would be incurred in carrying out the proposed works or undertakings, in which case this section shall not prohibit the raising of a loan to meet the amount of the difference between the amount of the moneys in the reserve fund or the investments representing the same and the amount of the estimated cost of the proposed works and undertakings.

Local authority prohibited from raising loan while it maintains a reserve fund.

12. When pursuant to section four of this Act a local authority has established, and while it continues to maintain a reserve fund, and notwithstanding anything to the contrary contained in the Local Government Act of the local authority, the local authority, when preparing its annual estimates and statements for the purpose of determining and fixing the rate for the general rate of the local authority to be levied from time to time under its local Government Act may:—

Moneys in reserve fund not to be taken into account when estimates for rating purposes are being prepared.

- (a) exclude from such estimates and statements the amount of the moneys then in the reserve fund or the amount of any investments for the time being representing the same;
- (b) estimate the cost which would be incurred in carrying out during the ensuing year maintenance and other works which might then be properly carried out but cannot owing to the present war conveniently be carried out, and include the amount of such cost as an item under the heading "Works Reserve Account" in the said annual estimates and statements; and
- (c) determine and fix the rate for the general rate aforesaid as if the reserve fund did not exist and there were no moneys therein and the amount stated under the heading "Works Reserve Account" aforesaid were proposed to be expended during the ensuing year.

Duration of
this Act.

13. Except for such further period as may be reasonably necessary to enable local authorities which have established reserve funds under the authority of this Act to close and wind up such reserve funds in accordance with directions to be given by the Minister, this Act shall continue in force and have effect only until the Governor General of the Commonwealth shall in accordance with the laws of the Commonwealth declare that the present war has ended, and no longer.
