

3.8 Financial Reserves Policy

Objective

The Objective of the policy is to ensure that cash funds set aside at the discretion of Council for a specific purpose are applied to that purpose and managed accordingly.

Policy

Reserves are a part of the Shire's overall equity position. Reserves are funds which have been set aside for purposes and projects to be undertaken in future years.

Reserves are established by Council to achieve Strategic Community Plan and Corporate Business Plan objectives and are to be extinguished once the Reserve purpose has been achieved. The retention of obsolete Reserves restricts cash that could be utilised for funding other initiatives and can impact on cash ratios.

In order to ensure efficient Reserve management, the Shire will:

1. Only establish Reserves for the following purposes:
 - i. Funding future projects (community infrastructure) identified in the Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan;
 - ii. Specific Projects earmarked to be funded by proceeds from the airport operations;
 - iii. Statutory requirements;
 - iv. Any other requirements at the discretion of Council
2. Review the number of, and funding of, all Reserves on an annual basis through the planning and budget process;
3. Interest earned on Reserves is to be re-allocated to the individual reserve.

Reserve Name	Purpose
Alice Springs Road	To help maintain the road link to Alice Springs from Marble Bar to the Northern Territory border
Heavy Road Plant	To fund the purchase of heavy plant that is needed for the operation of the Shire
Cape Keraudren Development	For the maintenance, development & enhancement of the Cape Keraudren Reserve
Computer Technology	For the replacement, enhancement and upgrading of computer hardware and software
Newman Airport	For the upgrading, maintenance and enhancement of the Newman Airport facilities
Employee Entitlements	To provide for payment of employee entitlements to staff.
Recreation Facilities	For the upgrading, enhancement and replacement of all recreation facilities
Staff and Community Housing	For the maintenance, upgrading and replacement of Staff and Community Housing Assets.

Newman Town Centre Revitalisation	For the revitalisation, upgrade and maintenance of the Newman Town Centre Precinct
Waste Management	For the development, maintenance & enhancement of waste management facilities
Public Art	For the development, maintenance & enhancement of Public Art within the three town of the East Pilbara Shire
Newman House	For the maintenance, upgrading and replacement of Newman House
Public Building Maintenance	For the maintenance, upgrading and replacement of all Council Public Buildings
Martumili Operations	To hold and utilise the surplus funds from the Martumili Artist operations
Martumili Infrastructure Project	For the maintenance, upgrading and replacement of Martumili Infrastructure.
Major Infrastructure	For the development or new or replacement infrastructure with total project cost of greater than one (1) million dollars. (The reserve is not to be accessed until at least 2020/2021 financial year.)

NOTE: This Policy can be varied only under legislation. E.g. if funds are needed for emergency response purposes.

Authorisation Details

References	<i>Local Government Act 1995, Reserve Accounts, Section 6.11(1) to (5). Where a local government wishes to set aside money for use for a purpose in a future financial year, it is to establish and maintain a reserve account for each such purpose.</i>		
Authorised by:	Council		
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Responsible Directorate	Corporate Services		
Responsible Officer	Manager Corporate Services		
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