

6.6. RESERVES GENERAL POLICY

REPORT AUTHOR Chief Financial Officer

MANAGER General Manager TC Jasper Corporate and Communities

DEPARTMENT Finance and Corporate Services

RECOMMENDATION

That Council adopts the Reserves General Policy.

EXECUTIVE SUMMARY

The Reserves General Policy was last adopted on 29 March 2022 and is due for revision.

The Reserves General Policy establishes an accounting policy for reserves for Council, in line with Council's Budget and Operational Plan.

There are currently three Reserves as outlined in Appendix A of the Policy, the Constrained Works Reserve, the Daintree Ferry Reserve and the Public Art Reserve. There are no funds currently held in the Public Art Reserve.

The Constrained Works Reserve contains State/Federal Grants and developer contributions provided to fund specific capital expenditure such as roadways, drainage and parks.

The Daintree Ferry Reserve is to constrain revenue generated from Daintree Ferry operations to cover any costs associated with providing the Daintree Ferry Service. Further details are available in Council's Daintree Ferry Revenue Policy.

The Public Art Reserve is used to hold funds to support streams of the public art program and all ancillary costs.

PROPOSAL

That Council adopts the Reserves General Policy.

FINANCIAL/RESOURCE IMPLICATIONS

The purpose of creating reserves is to provide a source of funds for anticipated future capital works projects and any operational expenditure related to the associated reserve. The amount in each reserve relates to an anticipated future requirement which is not currently a liability.

RISK MANAGEMENT IMPLICATIONS

The utilisation of reserve funds for capital funding purposes will be managed via the Capital Works program Source of Funds. The utilisation of reserve funds for operational purposes will be managed through the Operational Budget.

SUSTAINABILITY IMPLICATIONS

Economic: The Reserves General Policy allows for the longer-term planning and provision of a source of funds dedicated to the identified reserve.

Environmental: Nil

Social: Nil

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

Goal 1 - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

Goal 3 - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

Operational Plan 2024-2025 Actions:

Legislative requirement.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Regulator Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes-based approach that balances the needs of the community with social and natural justice.

CONSULTATION

Internal: Finance Team

External: Nil

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

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19. RESERVES GENERAL POLICY

Intent

To establish an accounting policy for reserves for Douglas Shire Council, in line with Council's Budget and Operational Plan.

Scope

This policy applies to the Douglas Shire Council budget and audited financial statements.

Provisions

The purpose of creating reserves is to provide a source of funds for anticipated future capital works projects and any operational expenditure related to the associated reserve. The amount in each reserve relates to an anticipated future requirement which is not currently a liability.

Each reserve approved by Council must have the following identified:

- The name of the reserve;
- The purpose of the reserve;
- The source of funds of the new reserve;
- The use of funds in the reserve.

Once the new reserve has been approved, appropriate funds must be debited against retained funds and credited against the new reserve.

In accordance with this policy, transfers to and from a reserve can only be made by Council resolution, or by inclusion in Council's annual budget or adopted Annual Financial Statements. Transfers to and from reserves must be made for the stated purpose of the reserve, as outlined in this policy.

All reserves are to be cash backed. Cash representing the reserves will be held in Council's operating bank account or authorised investment.

If the purpose for which the reserve was created no longer exists, Council may close the reserve. In the event that this occurs, the funds held in the reserve must be credited to retained funds.

The utilisation of reserve funds for capital funding purposes will be managed via the Capital Works Program Source of Funds. The utilisation of reserve funds for operational purposes will be managed through the operational budget.

This policy provides for the establishment of the following reserves (refer Appendix A for more details):

- Constrained works reserve
- Daintree Ferry reserve
- Public art reserve

Related Legislation

Local Government Act 2009

Local Government Regulation 2012

Policy Review

This policy is to be reviewed whenever legislation changes, or every 3 years if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

Policy Details

Policy Name	Reserves General Policy
Policy Number	19
Policy Version	6
Document Number	815027
Endorsed by	Chief Executive Officer
Policy Type	Council
Approval Authority	Council
Date Adopted	25/03/2025
Time Period	3 Years
Review Date	01/03/2028
Policy Department	Finance and Corporate Services
Link to Corporate Plan	Robust Governance and Efficient Service Delivery
Revoked/Superseded	

This policy is to remain in force until otherwise determined by Council.

APPENDIX A

The following reserves have been established by Council:-

Constrained Works Reserve

Introduction:

State/Federal grants and developer contributions are constrained for the purpose of ensuring that funds are available for capital works projects such as roadways, drainage and parks etc.

Source of Funds:

This capital reserve sources funds from developer contributions, state and federal grants and other sources which have been provided for the purpose of funding specific capital expenditure.

Use of Funds:

The funds held in this reserve will be utilised through infrastructure works for the identified purpose.

Officers responsible for reserve: Senior Leadership Team

Daintree Ferry Reserve

Introduction:

The purpose of this reserve is to constrain revenue generated from Daintree River Ferry operations to ensure that future capital and operational expenditure will be funded.

Source of Funds:

At the end of each financial year, Council will transfer the net operating position of the Daintree Ferry operations into this reserve, up to a capped maximum of \$500,000 per annum as per the Daintree Ferry Revenue Policy.

Use of Funds:

Funds in the reserve will be used to cover any costs associated with providing the Daintree Ferry Service.

Further details are available in Council's Daintree Ferry Revenue Policy.

Officer responsible for reserve: Chief Financial Officer

Public Art Reserve

Introduction:

The purpose of this reserve is to build up a public art "bank" to support streams of the public art program and all ancillary costs.

Source of Funds:

Funds allocated to this reserve will be as determined by Council.

Use of Funds:

Funds from this reserve will be used on public art projects and associated ancillary costs.

Officer responsible for reserve: Manager Community Services