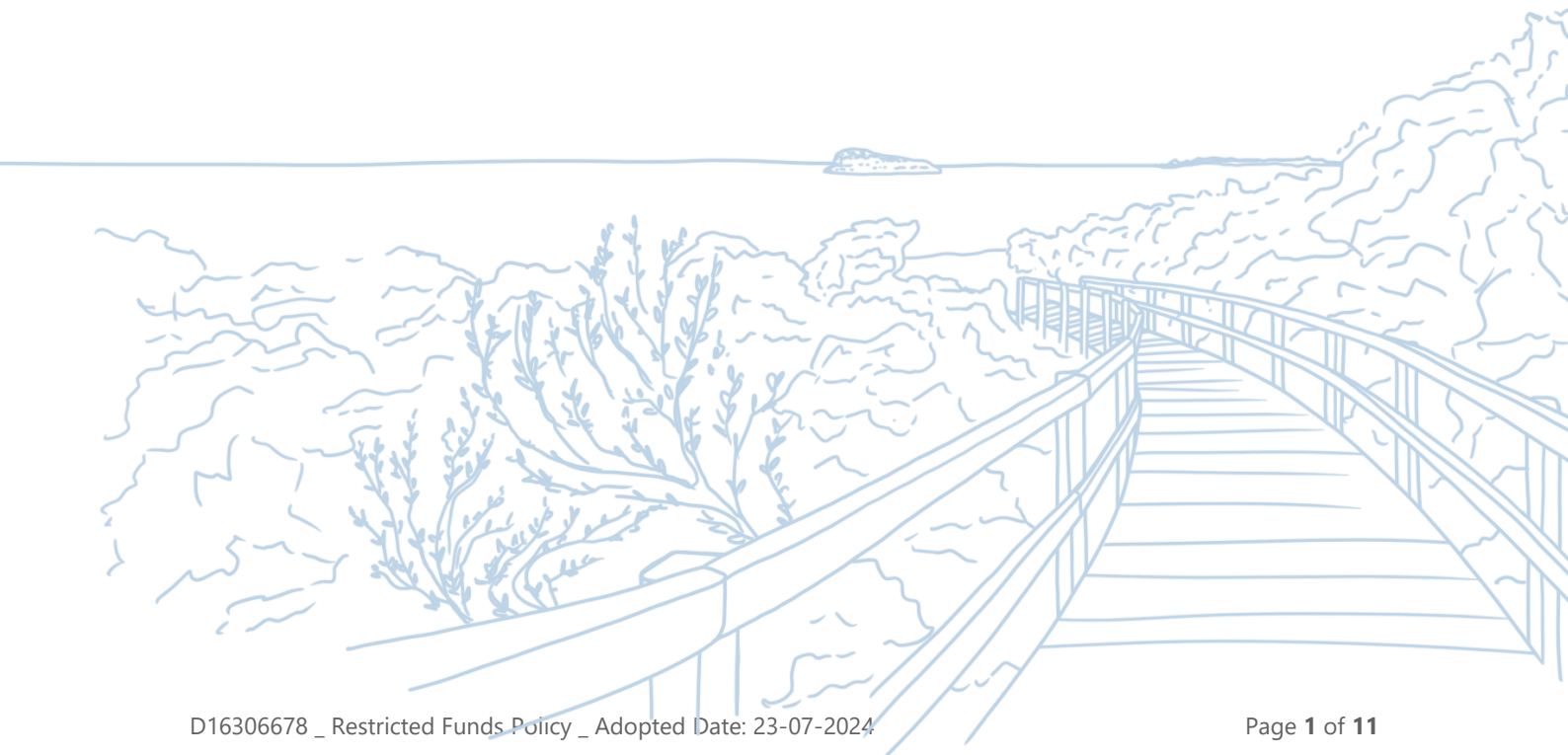


# Central Coast Council

## Restricted Funds Policy

Date Adopted: 23/07/2024  
Revision: 3



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## 1. Policy Objectives

- 1.1. The purpose of this Policy is to provide a framework for the establishment and management of Central Coast Council's (**Council**) restricted cash.
  - 1.2. The Policy details the cash that Council recognises as externally or internally restricted, the reason for the restriction, and the purposes for which the restrictions will be applied.
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## 2. Policy Scope

- 2.1. This Policy applies to all cash restrictions held by Council and covers all personnel employed by Council, either as an employee or contractor.
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## 3. Policy Statement

- 3.1. Council has significant cash, cash equivalents and investments. Restrictions are established to set aside funds for Council in accordance with legislative requirements, or to allocate funds against future projects and activities and to ensure sufficient funding is available to meet current and long-term financial obligations.
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## 4. Restricted Cash

- 4.1. Restrictions are cash amounts that are limited to specific purposes. Council's restrictions are held within Council's funds being General Fund, Water Fund, Sewer Fund, Drainage Fund, and Domestic Waste Fund.
- 4.2. There are two types of restrictions: external and internal.
- 4.3. *External Restrictions* over cash, cash equivalents and investments are those where there is a legislative obligation to use the funds for the purpose for which they were paid to Council. Council **must not** utilise these funds for any purpose other than the purpose for which the funds are restricted by legislation.  
  
Under section 409(3) of the *Local Government Act 1993* they are of three categories:
  - 4.3.1. Money received as a result of levying a special rate of charge for a particular purpose (e.g., Domestic Waste Management charges)
  - 4.3.2. Money that is required by legislation to be set aside of a specific purpose (e.g., developer contributions)
  - 4.3.3. Money received from Federal or State Government for a specific purpose (e.g., specific purpose grant funding)
- 4.4. *Internal Restrictions* over cash, cash equivalents and investments are those funds restricted only by a resolution of the Council. Council resolves to set aside

cash for a specific purpose in the future. Internal restrictions should not be used to accumulate funds without an identified purpose. Council can remove an existing internal restriction or create a new internal restriction by Council resolution.

- 4.5. *Unrestricted Cash* is cash available to cover operational needs (working capital) and unexpected or emergency costs within each Fund. Unrestricted money in Water, Sewer or Drainage Funds cannot be utilised by other Funds without Ministerial Approval to do so.
- 4.6. Council will hold the external and internal restrictions as listed in Appendix 1.

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## 5. Responsibilities

### Compliance, monitoring and review

- 5.1. This Policy will be reviewed at a minimum every four years to evaluate its continuing effectiveness and to ensure alignment with relevant legislation.
- 5.2. Suspected breaches or misuse of this policy are to be reported to the Chief Executive Officer. Alleged breaches of this policy shall be dealt with by the processes outlined for breaches of the Code of Conduct, as detailed in the Code of Conduct and in the Procedures for the Administration of the Code of Conduct.

### Reporting

- 5.3. Council's external and internal restrictions are reported to Council monthly as part of the Investments Report, quarterly as part of the Quarterly Budget Review Statement and annually as part of the Annual Financial Statements included in the Annual Report.

### Records management

- 5.4. Staff must maintain all records relevant to administering this Policy in accordance with Council's [Information and Records Management Policy](#).

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## 6. Policy Definitions

<b>Act</b>	means the <i>Local Government Act 1993</i> (NSW)
<b>Council</b>	means Central Coast Council

## 7. Policy Administration

<b>Business Group</b>	Corporate Services
<b>Responsible Officer</b>	Chief Financial Officer
<b>Associated Procedure</b>	Nil
<b>Policy Review Date</b>	Four years from date of adoption unless legislated otherwise.
<b>File Number / Document Number</b>	D16306678
<b>Relevant Legislation</b>	<p>This Policy supports Council's compliance with the following legislation:</p> <ul style="list-style-type: none"> <li>▪ <a href="#">Australian Accounting Standards</a></li> <li>▪ <a href="#">Environmental Planning and Assessment Act 1979</a></li> <li>▪ <a href="#">Local Government Act 1993</a></li> <li>▪ <a href="#">Local Government Code of Accounting Practice and Financial Reporting</a></li> <li>▪ <a href="#">Local Government (General) Regulation 2021</a></li> <li>▪ <a href="#">Water Management Act 2000</a></li> </ul>
<b>Link to Community Strategic Plan</b>	<p>Theme 4: Responsible</p> <p><b>Goal G: Good governance and great partnerships</b></p> <p>R-G3: Provide leadership that is transparent and accountable, makes decisions in the best interest of the community, ensures Council is financially sustainable and adheres to a strong audit process.</p>
<b>Related Policies / Protocols / Procedures / Documents</b>	<ul style="list-style-type: none"> <li>▪ <a href="#">Information and Records Management Policy</a></li> <li>▪ <a href="#">Code of Conduct</a></li> <li>▪ <a href="#">Delegations Register</a></li> </ul>

## 8. Policy Authorisations

No.	Authorised Function	Authorised Business Unit / Role(s)
TBA	Authorise the operation of restricted funds in accordance with this Policy	Finance Unit

## 9. Policy History

Revision	Date Approved / Authority	Description Of Changes
1	26 April 2022 Minute No. 64/22	New policy adopted to establish what funds Council will hold as restricted and the purposes for which those reserve funds will be applied.
2	22 November 2022 Minute No. 198/22	Updated to include two additional internal restrictions
3	23 July 2024 Minute No. 270/24	Periodic review of policy, including moving to new template and review of certain restriction types.

## 10. Appendices

Appendix 1: External and Internal Restrictions

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**Table 1: External Restrictions**

Restriction Name	Restriction – Legislative requirement
Biobanking Agreement 161	<p>Income received in accordance with Biobanking Agreement ID number 161, under the Threatened Species Conservation Act 1995, between former Gosford City Council and NSW Office of Environment and Heritage, dated 13 April 2015, will be restricted for use as per the agreement.</p> <p>Contributions are received annually (in perpetuity) for conservation works at the site.</p>
Cemeteries	<p>Income from Council’s Cemeteries that are situated on Crown Land will be restricted to be used for maintenance, perpetual maintenance, and asset renewal in line with relevant asset plans for these cemeteries.</p> <p>The restricted funds may be used to fund new initiatives at these locations where a business case supports the investment.</p>
Crown Land	<p>Income from the leasing of, or operating activities associated with properties situated on Crown Land will be restricted to be used for maintenance and asset renewal in line with relevant asset plans. Funds remaining in the restriction will be applied to other expenditure on Crown Land managed by Council.</p> <p>The restricted funds may be used to fund new initiatives at these locations where a business case supports the investment.</p>
Coastal Open Space System (COSS)	<p>Money set aside in accordance with the <a href="#">Conservation Fund Policy</a> adopted by Council in October 2023.</p> <p>This restriction holds money for Coastal Open Space System (COSS) land acquisition and management.</p>
Developer Contributions	<p>Income received by way of levying developer contributions is restricted for the provision of local public infrastructure and facilities required as a result of development. The money collected is to be applied to expenditure associated with works as identified in the relevant Contribution / Servicing Plans, and as permitted by the legislation governing the Plan.</p> <p>Contributions include:</p> <ul style="list-style-type: none"> <li>▪ S7.11 Contributions</li> <li>▪ S7.12 Levies</li> </ul>

Restriction Name	Restriction – Legislative requirement
	<ul style="list-style-type: none"> <li>▪ S7.4 Planning agreements</li> <li>▪ S64 Contributions – Water</li> <li>▪ S64 Contributions - Sewer</li> </ul>
Domestic Waste	<p>Income from the levying of domestic waste charges is restricted to permitted expenditure associated with the delivery of the domestic waste management service in accordance with the applicable legislation.</p> <p>This restriction will also include funds received by way of grants and contributions associated with the service.</p>
Drainage	<p>Income received from levying the drainage charges is restricted to permitted expenditure associated with the delivery of the drainage service in accordance with the applicable legislation.</p> <p>This restriction will also include funds received by way of grants and contributions associated with the service.</p>
Sewer	<p>Income received from levying the sewer charges is restricted to permitted expenditure associated with the delivery of the sewer service, in accordance with the applicable legislation.</p> <p>This restriction will also include funds received by way of grants and contributions associated with the service.</p>
Water Supply	<p>Income received from levying water supply charges is restricted to permitted expenditure associated with the delivery of the water supply service, in accordance with the applicable legislation.</p> <p>This restriction will also include funds received by way of grants and contributions associated with the service.</p>
Stormwater Levy	<p>The balance of funds collected through the levying of a Stormwater Levy by former Wyong Shire Council is restricted for works that are undertaken on Lake Macquarie and Ocean.</p> <p>There are no further funds being received into this restriction.</p>



Restriction Name	Restriction – Legislative requirement
Tourism Special Rate	<p>Income received from levying the Tourism Special Rate is restricted to expenditure for which the Rate was approved.</p> <p>Approved uses include:</p> <ul style="list-style-type: none"> <li>- the provision of facilities</li> <li>- services and activities contributing to business and tourism development</li> </ul>
Town Centre Special Rates	<p>Income received from levying the Town Centre Special Rate is restricted to expenditure for which the Rate was approved.</p> <p>Approved uses include:</p> <ul style="list-style-type: none"> <li>- promoting economic development</li> <li>- enhancement of town centres</li> </ul> <p>The relevant Town Centres are:</p> <ul style="list-style-type: none"> <li>- Gosford CBD</li> <li>- The Entrance</li> <li>- Toukley</li> <li>- Wyong</li> </ul>
Gosford Parking Station Special Rate	<p>Income received from levying the Gosford Parking Station Special Rates is restricted to expenditure for which the Rate was approved.</p> <p>The approved use is the operation of the Baker Street Parking Station.</p>
Unexpended Grants and Specific Purpose Contributions	<p>Income received by Council from either Federal or State Governments or other third party for a specific project or purpose, subject to contractual obligations or other legislation not restricted elsewhere, is restricted for the approved purpose.</p> <p>Funds are released from this restriction as the project or specific purpose obligations are met.</p>

**Table 2: Internal Restrictions**

Restriction Name	Restriction – Council Resolution
Conservation Fund	<p>Money set aside in accordance with the <a href="#">Conservation Fund Policy</a> adopted by Council in October 2023.</p>

Restriction Name	Restriction – Council Resolution
Emergency Loan Repayment	Money set aside to support the extinguishment of the emergency loans taken out in late 2020. The amount and timing of money being set aside is subject to ongoing review based on Council's financial performance.
Employee Leave Entitlements	Money set aside as a partial cash reserve for liabilities associated with employees' leave payments that are in excess of employee costs provided for in the annual budget e.g. employee termination payments upon resignation or retirement. The amounts to be held are to be based on any applicable industry benchmarks.
Self-Insurance Workers Compensation	Money set aside, and reviewed annually based on the security that Council is required to provide under the Workers Compensation Act 1987 and the associated requirements for self-insurers for the purposes of Workers Compensation.
St Huberts Island	Money previously set aside from funds collected through licence fees for structures and mooring spaces on St Huberts Island. The current money set aside will be expended on works on St Huberts Island until fully expended. There are no further funds being received into this restriction.
Strategic Priorities	<p>Money set aside to provide additional capacity to accelerate General Fund planned projects or to introduce additional projects to deliver on strategic priorities.</p> <p>Money set aside is partly allocated to employment generating projects, economic development opportunities, community educational and other opportunities including Gosford CBD and waterfront and Airport master planning. The remaining funds may be allocated to other strategic priorities as they emerge.</p> <p>Additional money may continue to be set aside by Council resolution from Council's General Fund unrestricted cash, for the purpose of funding future identified strategic priorities.</p>

Restriction Name	Restriction – Council Resolution
Regional Library	<p>Money set aside for the construction of the Gosford Regional Library.</p> <p>Money in this restriction will be fully expended on the construction of the Gosford Regional Library. There are no further funds being received into this restriction.</p>
Tip Rehabilitation	<p>Money set aside as a cash reserve for the liability associated with rehabilitation of Council’s landfill sites. Rehabilitation of closed sites is required to meet requirements under the Contaminated Lands Management Act 1997 following Council notification of sites to the NSW Environment Protection Authority (EPA).</p>
Waste Management Infrastructure	<p>Money set aside to support the provision of infrastructure required for waste management services.</p>
Multi Year Projects	<p>Money set aside at the end of each financial year to capture funding budgeted in that year for projects committed and in progress as at 30 June each year. The money required to be set aside is refreshed at the end of each financial year to reflect the relevant budget and projects. All money set aside will be fully allocated at all times.</p>