



# muswellbrook shire council

## Future Fund Policy MSC03E

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## 1. Policy Background (Preamble)

For almost 150 years, coal mining in the Muswellbrook Shire Council area has been a key local industry and employer. Coal mining, and particularly thermal coal mining, has increased substantially from the turn of the millennium and, together with thermal coal power generation, accounts for a significant proportion of the Shire's employment.

Council acknowledges:

- the employment benefits derived from local coal mining;
- the importance of sustaining local employment and economic activity in the long-term after the period of intensive local coal mining finishes;
- the impact of intensive coal mining on local liveability; and
- the long-term sterilisation of land and the compromising of agricultural productivity following soil, vegetation and water disturbance associated with coal mining.

As thermal coal mining and thermal coal power generation become less significant as a local industry and employer, Council wishes to ensure that future generations enjoy some of the benefits of mining that occurred within the Shire. This will be achieved by investing revenues associated with coal mining to generate a permanent dividend and, more particularly, to ensure that Council is able to:

- offset the mining rates category with dividends derived from investments associated with coal mining revenues;
- support local industry and facilitate new and emerging services and industries;
- improve landscape native vegetation connectivity and agricultural productivity.

To more transparently document how Council proposes to achieve these objectives, appropriately manage investments and to ensure the proper and orderly expenditure of such dividends, Council has resolved to create this Policy.

## 2. Policy Objective

The objective of this Policy is to:

- establish a Future Fund from;
  - certain assets held in Council's Commercial Fund as at the date of the first adoption of this Policy,
  - certain other buildings held in the General Fund as determined by Council, and
  - such revenues as Council may from time to time determine to allocate to the Future Fund;
- set out the purposes & scope of the Future Fund and it's committee; and
- set out the provisions for ensuring the good governance of the Future Fund.

## 3. Policy Statement & Scope

### Constitution of the Future Fund

- There is to be a Muswellbrook Shire Council Future Fund (the **Future Fund**).
- The Future Fund is to comprise the assets set out in the Schedule of this Policy as amended from time to time in accordance with this Policy and considering operational imperatives.
- The schedule is to be maintained and updated within 30-days of an asset being acquired, disposed or moved out of the Fund.

## 4. Asset Classes & Sub-Categories

The Future Fund is only to hold the following types of assets:

- land;
- improvements to land; or
- cash investments made in accordance with the Local Government Act, 1993 (the Act).

Assets are to be assigned a category which allocates them to different operational outcomes. These categories and/or their limitations are:

- **Type A:** Assets that meet the Primary Purposes of the fund. That is, commercial assets designed to provide the fund a consistent and market-based income stream or will provide an increase in value over the life of the asset.
- **Type B:** Assets that meet the Secondary Purposes of the fund.
- **Type C:** Assets that are held to provide a greater level of access to loans to continue sustainable growth. Type C Assets are provided to either staff or for social justice purposes. They can generate an income below market-value and are to be held in the fund at the discretion of Council on the recommendation of the General Manager. Type C properties cannot be sold, interfered or otherwise modified by the Future Fund Committee.

The final arbiter of determination of an assets type classification will be made by Council.

Assets which are residential dwellings or have been classified as Type C will not have the street addresses disclosed in the Schedule.

## 5. Administration of the Future Fund

### 5.1 Primary purposes of the Future Fund

The primary purpose of Future Fund is to:

- generate a commercial dividend to Council's General Fund;
- grow the Future Fund; and
- maintain a diversified portfolio of assets including, but not limited to, the diversification of assets by purpose and geography.

### 5.2 Secondary purposes

The Future Fund is to have the following secondary purposes:

- the improvement of the quality of commercial and residential buildings in the Shire having regard to, without limitation;
  - principles of equal access,
  - principles of health and safety (including fire safety), and
  - energy efficiency & environmental sustainability.
- the maintenance of an appropriate number of carparks in the commercial precincts of the Shire;
- the reduction of the public subsidisation of car-parking provided to commercial activities in the Shire by the consolidation of publicly provided car-parking with adjoining privately provided car-parking;
- the preservation and maintenance of significant heritage items;
- the construction of planned public infrastructure, drainage, liveability or environmental facilities or embellishments (as the case may be);
- the development or provision of;
  - the aged care industry in the Shire,
  - liveability infrastructure and businesses in the Shire,
  - the tourism and, particularly, the eco-tourism industry in the Shire,
  - the intensive agricultural industry in the Shire,
  - the renewable energy industry in the Shire,
  - social justice facilities or community services in the Shire,
  - innovative and growth industries, and
  - a town square in Muswellbrook's central business precinct;
- any matter set out in Council's Integrated Planning and Reporting Framework; and
- the furtherance of a function of Council set out in the Act.

### **5.3 Future Fund to have a Committee**

There is to be a Future Fund Committee (the **Committee**) established under s355 of the *Local Government Act, 1993*.

The Committee shall be constituted by not less than three persons with an appropriate mix of the professional skills set out in this section (s5.3) of this Policy.

A Committee member must have relevant qualifications and substantial experience in any of the following professions:

- Strategic or development assessment planning, or;
- Accounting or finance, or;
- The law, or
- Property management or real estate;

When no independent members are available, Councillors or, at the recommendation of the General Manager, qualified Staff members will fill the vacant positions on the Committee.

A Councillor or staff member who is serving as a Committee member must not be remunerated except for the reasonable expenses relating to the work of the Committee.

A Committee member must agree that it is a condition of the appointment that they are bound by Council's Code of Conduct in the same way that a Councillor would be bound.

### **5.4 Acquisition, maintenance, development and disposal of assets in the Future Fund**

The Committee shall review, not less than quarterly, the budget and assets in the Future Fund to ensure consistency with s5.1 and the purposes set out in s5.2 of this Policy.

The Committee may, after considering the matters set out in s5.1 and s5.2 and subject to the matters set out in s4 of this Policy, make such recommendation as to the acquisition, development, demolition or disposal of (whether or whole or in part) any asset (whether set out in the Schedule or not)—or anything properly incidental to those activities—to Council as it thinks fit.

The Committee shall ensure that all properties are to be maintained to an appropriate standard as determined by Council, taking into consideration equal access, health & safety, energy efficiency & environmental sustainability. Council will assign each property in the fund a Minimum Condition Rating ("MCR") that each building is required to maintain (Refer Appendix A). As such, the operational budgets for each asset within the Future Fund are to be largely based on the advice of the Council Officer charged with managing and maintaining those assets held in the Fund.

Nothing in this policy prevents the Committee from recommending the use of loans to finance the activities of the Fund, however, debt is to not exceed 50% of the value of assets held by the fund.

Council may choose to adopt, vary or reject the Committee's recommendation relating to all aspects of s5.4.

## **6. Reporting**

In August each year, the Committee shall provide a report to Council and Council shall provide a report to the community which sets out the performance of the Future Fund against its purposes.

Reporting shall include, but is not limited to:

- Operational Performance,
- Financial health of the fund, including;
  - Operational result,
  - Portfolio distribution by asset type,
  - Capital Growth by asset type,
  - Any other matter Council requests.

## **7. Protocols**

Council's General Manager may make protocols dealing with any aspect of this Policy not inconsistent with this Policy including, without limitation, to the conduct of Committee members.

## **8. Review**

This Policy is to be reviewed within the first twelve months and not less than every four years thereafter.

## The Schedule

No.	Common Name of Asset	Lot and Deposited Plan No.	Asset Type	MCR
1	88 Bridge Street, Muswellbrook	LOT: 3 DP: 219503	B	5
2	93A Hill Street, Muswellbrook	LOT: 1 DP: 1183406	B	5
3	98 Bridge Street, Muswellbrook	LOT: 11 DP: 511889	B	5
4	106 Bridge Street, Muswellbrook	LOT: 30 DP: 591020	B	5
5	108 Bridge Street, Muswellbrook	LOT: B DP: 161185	B	5
6	140 Bridge Street, Muswellbrook	LOT: 2 DP: 11221	B	5
7	63 Palace Street, Denman	LOT: 55 DP: 869289	B	3
8	5 Stanton Road, Seven Hills	LOT: 16 DP: 209284	A	2
9	Brook Street Plaza, 30 Brook Street Muswellbrook	LOT: 1 DP: 76058 & LOT 6 DP: 219503	B	3
10	Campbell's Corner, Ground Floor, 60 Bridge Street, Muswellbrook	LOT: 101 DP: 606303	A	1
11	Upper Hunter Conservatorium of Music, Campbell's Corner, First Floor, 60 Bridge Street, Muswellbrook	LOT: 101 DP: 606303	B	1
12	Glen Munro Road, Muswellbrook	LOT: 9 DP: 1131270	A	5
13	Glen Munro Road, Muswellbrook	LOT: 15 DP: 1131270	A	5
14	Glen Munro Road, Muswellbrook	LOT: 16 DP: 1131270	A	5
15	Glen Munro Road, Muswellbrook	LOT: 18 DP: 1131270	A	5
16	HACC Building, 155 Maitland Street, Muswellbrook	LOT: 2 DP: 118310	A	2
17	Industrial Land Bank, 24 Caramere Road, Muswellbrook	LOT: 22 DP: 1131270	A	5
18	Loxton House, 142 Bridge Street Muswellbrook	LOT: 1 DP: 11221	B	1
19	Land Development – Queen Street, Muswellbrook	LOT: 589 DP: 835738	A	5
20	Land Development – Adams Street, Muswellbrook	LOT: 319 DP: 1131731	A	5
21	Land Development – Turner Street, Denman	LOT: 42 DP: 771226	A	5
22	Market House, 2-4 Market Street, Muswellbrook	LOT: 1 DP: 229730	A	2
23	Marketplace, 72-78 Brook Street, Muswellbrook	LOT: 11 DP: 1046939	B	2
24	Sam Adams College, 63 Maitland Street, Muswellbrook	LOT: 2 DP: 857936	B	2
25	Upper Hunter Tertiary Education Centre, 87 Hill St, Muswellbrook	LOT: 3 DP: 11221	B	2
26	Wollombi Future Residential, 35-53 Wollombi Road, Muswellbrook	LOT: 48 DP: 261812	B	5
27	Wollombi Future Residential, 149-151 Wollombi Road, Muswellbrook	LOT: 70 DP: 261812	B	5
28	Weidmann Cottage, 132-134 Bridge St, Muswellbrook	PT: 8 ALT: B SEC: 6 DP: 758740	B	1
29	Wonderschool (Throsby) 54 Kunapalari Street, Throsby ACT	Title identifier 2433:18, Section 17, Block 4	A	2

Staff Housing Muswellbrook				
30	[REDACTED]	[REDACTED]	C	3
31	[REDACTED]	[REDACTED]	C	3
32	[REDACTED]	[REDACTED]	C	4
33	[REDACTED]	[REDACTED]	C	3
34	[REDACTED]	[REDACTED]	C	3
Staff Housing Denman				
35	[REDACTED]	[REDACTED]	B	3

## Appendix A

Condition Rating	Condition	IP&R Description	IPWEA Description
1	Excellent / Very Good	No work required (normal maintenance)	New or as new condition. Only planned cyclic inspection and maintenance required.
2	Good	Only minor maintenance work required	Sound or good condition with minor defects. Minor routine maintenance along with planned cyclic inspection and maintenance.
3	Satisfactory	Maintenance work required	Fair condition with significant defects requiring regular maintenance on top of planned cyclic inspections and maintenance.
4	Poor	Renewal required	Poor condition with asset requiring significant renewal / rehabilitation, or higher levels of inspection and substantial maintenance to keep the asset serviceable.
5	Very Poor	Urgent renewal / upgrading required	Very poor condition. Asset physically unsound and/or beyond rehabilitation. Renewal required.

## Authorisation Details

<b>Authorised by:</b>	Council
<b>Minute No:</b>	1315063
<b>Date:</b>	12-October-2021
<b>Review timeframe:</b>	1 Year
<b>Department:</b>	Planning & Building Services
<b>Document Owner:</b>	Manager, Planning & Building Services

### Details History

Version No.	Date changed	Policy type	Modified by	Amendments made
1	2021	External	David Walsh	Included asset category & MCR Included limitations to asset management Updated Schedule Added Appendix A