



muswellbrook shire council

DRAFT

Future Fund Policy MSC03E

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1. Preamble

For over 100 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;
- Mine and power station scheduled closures beginning in 2022
- The impact of intensive coal mining on local liveability;
- The impact on flora, fauna, air, soil and landscape from the disturbance associated with coal mining.

Council wishes to ensure that future generations benefit from mining revenue generated in 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 half the mining rates revenue category in line with anticipated decline (in mine rates) with dividends derived from investments;
- Support local industry and facilitate new and emerging services and industries;
- Improve council services; the shires liveability and amenity.

To this end Council established a Future Fund in 2014, transferring certain assets from the then Commercial Fund.

2. Policy Objective, & Scope

- 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.
- The Fund is to provide an annual dividend to the General Fund, to fund service delivery to the community, with sufficient reserves for sustainable maintenance and growth of the Fund.
- The schedule is to be maintained and updated within 30-days of an asset being acquired, disposed or moved out of the Fund.
- Generate a commercial dividend to Council's General Fund.
- Maintain and grow the Future Fund.
- Maintain a diversified portfolio of assets including, but not limited to, the diversification of assets by purpose and geography.

3. The Future Fund will have the following considerations

- The improvement of the quality of 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 car parks 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;
 - 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.

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 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 are held to provide a greater level of access to loans to continue sustainable growth. Type B 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.

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 B will not have the street addresses disclosed in the Schedule.

5. Governance

There is to be a Future Fund Advisory Committee (the **Committee**) as a sub-committee of council.

The Committee shall be constituted by the following positions:

- The Mayor, or a delegate,
- A Councillor,
- General Manager,
- Chief Financial Officer,
- Manager Works, Property and Building Services, and
- Independent Financial Advisor.

The committee is to provide the Future Fund a level of oversight independent review and recommendations for Council.

6. Reporting

At least quarterly, the Committee shall provide a report to Council and Council shall provide a report to the community annually 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	[REDACTED]	[REDACTED]	A	5
2	[REDACTED]	[REDACTED]	A	5
3	[REDACTED]	[REDACTED]	A	5
4	[REDACTED]	[REDACTED]	A	5
5	[REDACTED]	[REDACTED]	A	5
6	[REDACTED]	[REDACTED]	A	5
7	[REDACTED]	[REDACTED]	A	3
8	[REDACTED]	[REDACTED]	A	2
9	[REDACTED]	[REDACTED]	A	3
10	[REDACTED]	[REDACTED]	A	1
11	[REDACTED]	[REDACTED]	A	1
12	[REDACTED]	[REDACTED]	A	5
13	[REDACTED]	[REDACTED]	A	5
14	[REDACTED]	[REDACTED]	A	5
15	[REDACTED]	[REDACTED]	A	5
16	[REDACTED]	[REDACTED]	A	2
17	[REDACTED]	[REDACTED]	A	5
18	[REDACTED]	[REDACTED]	A	1
19	[REDACTED]	[REDACTED]	A	5
20	[REDACTED]	[REDACTED]	A	5
21	[REDACTED]	[REDACTED]	A	5
22	[REDACTED]	[REDACTED]	A	2
23	[REDACTED]	[REDACTED]	A	2
24	[REDACTED]	[REDACTED]	A	2
25	[REDACTED]	[REDACTED]	A	2
26	[REDACTED]	[REDACTED]	A	5
27	[REDACTED]	[REDACTED]	A	5
28	[REDACTED]	[REDACTED]	A	1
29	[REDACTED]	[REDACTED]	A	2

Staff Housing Muswellbrook				
30			B	3
31			B	3
32			B	4
33			B	3
34			B	3
Staff Housing Denman				
35			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

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Minute No:	XXXXXX
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Details History

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F28/1	XXXXXX	External	David Walsh	Included asset category & MCR Included limitations to asset management Updated Schedule Added Appendix A