

Draft Future Fund Policy

MSC03E

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1. Policy Background (Preamble)

For over 100 years, coal mining in the Shire has been a key local industry and employer. Coal mining, and particularly thermal coal mining, increased substantially from the turn of the millennium and, together with thermal coal power generation, accounts for a significant proportion of Shire 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; and
- the importance of sustaining local employment and economic activity in the long-term after the period of intensive local coal mining finishes.

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 by investing revenues associated with coal mining to generate a permanent dividend and, more particularly, to ensure that Council is in a position 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 through commercial property development; and
- improve the Shire's liveability and amenity.

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

So as to more transparently document how Council proposes to achieve these aims and objectives, to most appropriately manage the investments of such revenues and to ensure the proper and orderly expenditure of such dividends, Council has resolved to create this Future Fund Policy.

2. Policy Objective

The objective of this Policy is to:

- (a) grow the Future Fund from:
- (b) assets set out in the Schedule of this Policy as amended from time to time in accordance with this Policy;
- (c) such revenues as Council may from time to time allocate derived from mining;
- (d) set out the purposes of the Future Fund; and
- (e) set out the provisions for ensuring the good governance of the Future Fund.

3. Risks being addressed

This policy aims to achieve the efficient, effective, and responsible use of its present revenues associated with coal mining to address, or partly address, risks associated with the decline of thermal coal mining and thermal coal power generation in the longer term.

4. Policy Statement

4.1 Constitution of the Future Fund

There is to be a Shire Future Fund (the **Future Fund**).

The Future Fund is to comprise the assets set out in the Schedule of this Policy.

Maintain a diversified portfolio of assets including, but not limited to, the diversification of assets by type, purpose, and geography.

4.2 Future Fund limited to holding certain assets

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

- vacant land;
- land with improvements to land (structures or works added to land including buildings); or
- cash investments made in accordance with the Local Government Act, 1993 (the Act).

4.3 Assets, which are residential, not to have street addresses disclosed

Assets which are residential dwellings will not have street addresses disclosed in the Schedule.

4.4 Administration of the Future Fund

4.4.1 Primary purposes of the Future Fund

The primary purposes of the Future Fund are to:

- be in a position to provide an annual dividend to Council's General Fund, to assist in offsetting half the mining rates revenue category in line with anticipated decline;

- enhance commercial property development in Muswellbrook Shire to improve the quality of commercial, industrial, and residential land; and
- achieve sustainable maintenance and growth of the Future Fund.

4.4.2 Future Fund to have a Committee

The Future Fund Committee (the Committee) is a committee of the Council of which all the members are Councillors.

The Committee shall be constituted by the following members:

- the Chair and Deputy Chair, as elected, and
- all other Councillors.

The following Council officers will act as liaison officers to the Committee:

- General Manager
- Chief Financial Officer
- Director - Infrastructure & Property
- Director - Community and Economy
- Director – Planning & Environment
- Legal Counsel
- Manager Property & Building Services

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

The committee may seek advice from independent advisors for fund management, property acquisition/disposal, and risk management.

4.5 Acquisition, 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 purposes set out in 4.4.1 of this Policy.

The Committee may, after considering the matters set out in 4.4.1 and subject to the matters set out in 4.1 and 4.2 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.

Council shall at all times adhere to the principles of competitive neutrality.

Any financial surplus in the Fund is to be transferred to the General Fund or retained in the Fund in such proportions as Council may from time to time determine.

Nothing in this policy prevents the Committee from recommending the use of loans to finance the activities of the Fund.

Council may choose to adopt, vary or reject the Committee's recommendation.

4.6 Reporting

At least quarterly, the Committee shall provide a report to Council and Council shall provide a report to the community in Council's Annual Report 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,
- Return on Investment,
- Performance of each asset,
- Portfolio distribution by asset type,
- Capital Growth by asset type, and
- Any other matter Council requests.

4.7 Protocols

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

5. Roles, Responsibilities and Delegations

The Committee is a committee of the Council under section 355 of the *Local Government Act 1993* (NSW). The Committee is delegated its functions by resolution of the Council and is subject to the restrictions contained in section 377 of the *Local Government Act 1993* (NSW).

Role	Responsibility
Councillors	Members of the Future Fund Committee
Directorate Leadership Group Members	Act as liaison officers to the Committee (non-members)
Manager Property & Building Services	Act as liaison officers to the Committee (non-member)

6. Dispute Resolution

The General Manager is the interpreter of this policy and shall be the sole arbiter in respect to the application of this policy.

7. Related Documents

Legislation and Guidelines

- Australian Consumer Law
- Government Information (Public Access) Act 2009 (NSW)
- Local Government (General) Regulations 2021 (NSW)
- Local Government Act 1993 (NSW)
- Public Interest Disclosures Act 2022 (NSW)

Policies and Procedures

- Code of Conduct
- Councillor Expenses and Facilities Policy

Other Supporting Documents

- Future Fund Committee Terms of Reference

8. Version History

This section identifies authors who reviewed the Policy and the date that it became effective.

V.	Date	Modified by	Amendments/Previous adoption details
1	12/10/2021	Council	Adopted by Council, minute number 24.
2	17/06/2025	Director Property and Place	Policy reviewed and updated.

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