



POLICY

Proceeds from the Sale of Scouts NSW Real Property



Issued with the authority of the Board of Scouts Australia NSW

Board Chair Signature		Director Signature	
Sponsor	Chief Executive Officer		
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Proceeds from the sale of Scouts NSW Real Property

1 Background

In accordance with the Scouts NSW Constitution, Scouts NSW is the relevant legal entity in relation to real property¹. As a registered charity Scouts NSW has a responsibility to ensure any funds received through the disposal of real property are utilised in accordance with its not for profit and charitable purpose². This responsibility rests with the Board, members of which are listed as *Responsible Persons* with the Australian Charities and Not-for-profits Commission and cannot be delegated.

It is therefore paramount to ensure decisions regarding the utilisation of funds received through the disposal of real property are consistent with Scouts NSW charitable purpose and are made by the *Responsible Persons* (the Board).

Collaboration and transparency with those enacting Scouts NSW Mission at a local level will benefit determinations on the appropriate use of funds received through the disposal of real property.

¹ Real Property differs from real estate in that it includes the following bundle of rights:

The right to possess is the right to occupy the property.

The right to control is the right to determine interests and uses for others.

The right to enjoy is the right to use the property without outside interference.

The right to exclude is the right to refuse others' interests or uses for the property.

The right to dispose is the right to determine how and if the property is sold or given to another party.

² Australian Charities and Not-for profits Commission [Governance Standard 1](#)



Scouts Australia NSW

2 Purpose

This policy describes the arrangements for managing proceeds from the sale of Scouts NSW real property. The purpose of the policy is to:

- a. Ensure utilisation of proceeds received from the sale of real property is consistent with Scouts NSW charitable purpose and reported in the Branch Annual Report.
- b. Ensure utilisation of proceeds received from the sale of real property considers the current and future property related needs of the District and Region in which the property was located.
- c. Ensure utilisation of proceeds received from the sale of real property considers the property related needs of Scouts NSW consistent with its Strategic Plan.
- d. Ensure proceeds from the sale of real property is not used to meet ordinary operational expenses excluding meeting *Provisions* made in accordance with Accounting Standard AASB 137.

3 Scope

All Scouts NSW freehold properties are subject to this policy.

4 Considerations

Many properties have been in the possession of Scouts NSW and have supported Scouting and community activities over a long period of time. The attraction of significant interest in the Scouting and broader community regarding the sale of a property is likely to extend to the utilisation of proceeds from that sale.

Regions, Districts, and Groups have an integral role in advising the Board, through the Chief Commissioner, regarding the sale of real property. Similarly, local formations have a key role in making submissions to the Board regarding the utilisation of funds to support local development plans.

The Board shall consider the development plan of the District and Region in which the property was located weighed against development plans across Scouts NSW, alternate investment opportunities which benefit Scouts NSW, and impact of meeting short to medium term liabilities from other funding sources.



5 Policy Objectives

The objectives of this policy are to:

- a. Ensure the proceeds from the sale of real property are utilised to achieve Scouts NSW charitable purpose.
- b. Ensure consultation with Groups, Districts and Regions in considerations of the utilisation of proceeds from the sale of real property.
- c. Ensure any outstanding debt on the property and any costs associated with the sale have first call on the proceeds.

6 Criteria for Determining the Utilisation of Proceeds from the Sale of Real Property

The following considerations are to be taken into account:

- a. That all non-transferable debt³ directly attributable to the property and any costs associated with the sale of the property shall have first call on the proceeds.
- b. That the provisions of any Trust Deed associated with the property continue to be met as required by Law.
- c. The development plan for the District and Region in which the property was located. The development plan shall include:
 - i. a report on condition and suitability of other properties
 - ii. an assessment of the performance of those properties including group size, financial viability, and usage
 - iii. an assessment on the capacity of the property to accommodate predicted growth
 - iv. population growth forecast over the next 15 years at LGA level in the 5-24 year old age range⁴
- d. The development plans of other Districts, Regions, Activity Centres, and Campsites

³ Where a mortgage or other incumbrance is held on the property the Board may make a commercial decision to provide alternate security.

⁴ To be sourced from <http://www.planning.nsw.gov.au/Research-and-Demography/Demography/Population-projections> noting that data is subject to change over time.



- e. Alternate investment opportunities which provide long term financial benefit to Scouts NSW members
- f. The impact on Scouts NSW in meeting short to medium term liabilities from other funding sources.

7 Policy Statements

Proceeds from the sale of real property shall be applied in accordance with the following policy statements:

- a. The proceeds from the sale of real property shall in the first instance be placed into a Branch account and utilised at the sole discretion of the Board.
- b. The Board shall take into consideration the *Criteria for Determining the Utilisation of Proceeds from the Sale of Real Property* when utilising proceeds from the sale of real property.
- c. The utilisation of proceeds from the sale of real property shall be reported in the Branch Annual Report, and
- d. Utilisation of the process from sale of real property shall, in the first instance, be subject to the availability of funds without reduction in the cash asset ratio⁵ below 1.0

⁵ The **cash asset ratio** is the current value of current assets divided by the organisation's current liabilities. Also known as the **cash ratio**, the **cash asset ratio** compares the amount of highly **liquid assets** to the amount of short-term liabilities.

