



# POLICY

## Capital Investment in New 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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# Capital Investment in New Real Property

## 1 Background

In accordance with the Scouts NSW Constitution, Scouts NSW is the relevant legal entity in relation to real property. As a registered charity Scouts NSW has a responsibility to ensure capital investment in new real property<sup>1</sup> is consistent with its not for profit and charitable purpose<sup>2</sup>. 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 capital investment in new real property are consistent with Scouts NSW charitable purpose and is made by the *Responsible Persons* (the Board).

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<sup>1</sup> New Real Property is a freehold property proposed to be owned by Scouts NSW or a new property over which Scouts NSW will hold a long term lease. 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.

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



## 2 Purpose

This policy describes the arrangements for determining capital investment in new real property for Scouts NSW. The purpose of the policy is to:

- a. Ensure capital investment in new real property is consistent with Scouts NSW charitable purpose.
- b. Ensure capital investment in new real property considers the current and future needs of Scouting in NSW and in the proposed Local Government Authority area.
- c. Ensure capital investment in new real property considers the property related needs of Scouts NSW consistent with its Strategic Plan against other priorities identified through the Strategic Plan requiring capital investment.

## 3 Scope

Capital Investment in all new real property for Scouts NSW is subject to this policy.

## 4 Considerations

Scouts NSW manages a significant portfolio of properties with a variety of tenure arrangements. The property portfolio has grown and evolved significantly since Scouting began in NSW in 1908. NSW Department of Planning and Environment suggests the population will grow by 1.7 million by 2036 requiring an additional 725,000 homes.<sup>3</sup> Continued growth of Scouting and the establishment of new Groups in Regional and Urban Growth Areas will likely require capital investment in suitable infrastructure to deliver and support Scouting.

Regions, Districts, and Groups have an integral role in advising the Board, through the Chief Commissioner, on new infrastructure needs in their communities. Similarly, the CEO has a role in advising the Board on capital investment in new infrastructure which generates a return on investment to support Scouting.

In assessing requests for capital investment in new real property the Board shall, subject to funds being available, consider the development plan of the Group, District, and Region in which the property is located weighed against development plans across Scouts NSW, proposed tenure arrangements, alternate investment opportunities which benefit Scouts NSW, and impact on the Strategic Plan.

<sup>3</sup> <https://www.planning.nsw.gov.au/Plans-for-your-area/Priority-Growth-Areas-and-Precincts> Accessed: 10/07/2018



## 5 Policy Objectives

The objectives of this policy are to:

- a. Ensure capital investment in new real property achieves Scouts NSW charitable purpose.
- b. Ensure decisions relating to capital investment in new real property are informed by Scouts NSW Strategic Plan together with development plans, which include demographic, financial, and utilisation projections, from Groups, Districts, and Regions.
- c. Ensure decisions relating to capital investment in new real property are equitable across the State.

## 6 Criteria for Determining Capital Investment in New Real Property

The following criteria are to be assessed:

- a. Proposals for capital investment in new real property, where the primary purpose of the property is to deliver the Scout Program in whole or a specialist activity, will require a fully completed *Application for Capital Investment in Real Property* to be presented to the Board endorsed by the Chief Commissioner.
- b. Availability of suitable existing Scouts NSW managed properties.
- c. Where capital investment in new real property is proposed for any tenure arrangement other than freehold land consideration shall be given to the length of tenure and quantum, either as a fixed dollar or percentage of total cost, shall be reflective of the length of tenure.
- d. *Applications for Capital Investment in Real Property*, under consideration and likely to receive endorsement from the Chief Commissioner, yet to be brought before the Board.
- e. Alternate capital investment opportunities endorsed by the Chief Executive Officer which provide long term financial benefit to Scouts NSW members



Scouts Australia NSW

## 7 Policy Statements

Capital Investment in New Real Property shall be undertaken in accordance with the following policy statements:

- a. Capital Investment in New Real Property shall, in the first instance, be subject to the availability of funds to meet the capital investment without reduction in the cash asset ratio<sup>4</sup> below 1.0
- b. The Board shall take into consideration the *Criteria for Determining Capital Investment in New Real Property*
- c. Capital Investment in New Real Property shall be reported in the Branch Annual Report.

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<sup>4</sup> 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.

