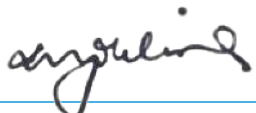
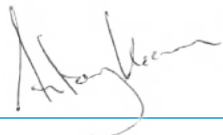


POLICY

Proceeds of 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 of Sale of Scouts NSW Real Property

1 Background

In accordance with the Scouts NSW Constitution, The Scout Association of Australia New South Wales Branch (“Scouts NSW”) is the relevant legal entity in relation to real property and the sale of properties may only be undertaken with approval of the Board of Scouts NSW (“Board”).

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 purpose. 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).

As the property portfolio of Scouts NSW is a key enabler to the delivery of the Scout program and the level of associated assets and liabilities is very significant, relevant policies and processes are required to ensure property transactions are in the best interests of Scouts in NSW as a whole.

This policy should be read in conjunction with the policy Sale and Long Term Lease of Scouts NSW Property.

2 Purpose

The purpose of this policy is to outline the arrangements for distributing the proceeds from the sale of Scouts NSW real properties.

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.

It is recognised that the proceeds of the sale of property is one of the largest opportunities for Regions to reinvest and that Regions should benefit from the sale of properties within their region.

Property is the largest asset of Scouts NSW and is a key enabler to ensure Scouts NSW remains solvent.

It is also recognised that the value of properties can vary significantly between Regions.

Other sources of funding should still be pursued such as Government or Corporate Grants, donations and bequests.

5 Policy Objectives

The objectives of this policy are to:

- a. Ensure Scouts NSW remains solvent and has enough liquidity to meet its liabilities;
- b. Ensure proceeds of sale of property is used to grow membership or retain membership in accordance with the *Scouts NSW Strategic Plan 2019-2022 and Scouts NSW Property Strategy 2019-2029*¹;
- c. As a secondary priority to growing and retaining membership, provide an ongoing commercial return to Scouts in accordance with the Scouts NSW Property Strategy 2019-2029;
- d. Ensure the proceeds from the sale of real property are utilised to achieve Scouts NSW charitable purpose.

¹ *The Scouts NSW Property Strategy, approved by the Board in April 2019, links to the Scouts NSW 2019-2022 Strategic Plan in its ultimate objective to Increase Membership (youth & adults) and Become Financially Stable through improving Member Experience, People & Culture and Sustainability & Operations. The Property Strategy aims to support the Strategic Plan through Improving property standard, Improving property management practices, Balancing property network to meet population and membership needs, Improving financial sustainability, Improving relationships/partnerships with key stakeholders.*



6 Criteria for distributing Proceeds of Sale of Real Property

The Board reserves the right to determine proceeds of sale outside of this policy to ensure the solvency and liquidity of Scouts NSW.

Once a property is sold, proceeds of sale are to be held by State Office until they are approved to be released by the Board.

A Board paper should be prepared by the State Office as soon as possible after the sale outlining how the funds will be distributed in accordance with the guidance below. The Region Commissioner, where the property was located, is to be advised of the distribution prior to being submitted to the Board for decision.

If the Board has determined that it has the ability to distribute proceeds of sale, following is the net distribution of the proceeds of sale of Scouts NSW real property once expenses relating to the sale are met (such as marketing, preparing the site for sale, legal & agency costs):

- a. Up to \$15,000 of the proceeds are returned to the Region, where the property was located, for the Region to use as they see fit for the benefit of Scouting (for the avoidance of doubt, a business case is not required but noting existing Limits of Authority). If the proceeds of the sale, after expenses have been met, is less than \$15,000, then the Region will receive the full proceeds of sale.
- b. Up to \$35,000 to be held in the Scout Development Fund to provide an opportunity for all Regions (regardless of where the property was located) to apply to the Board with a business case to access these proceeds. If the application is less than \$5,000, a business case is not required (just a written request with description).
- c. The remaining funds to be used for the operations of Scouts NSW.

The Board reserves the right to withhold distribution of funds if the region has not met its other financial obligations, such as outstanding debt.



7 Business Case Guidance and Process

When submitting a business case to be determined by the Board, following are the key objectives to be met:

- a. Ensure proceeds of sale of property is used to grow membership or retain membership in accordance with the *Scouts NSW Strategic Plan 2019-2022* and *Scouts NSW Property Strategy 2019-2029*;
- b. As a secondary priority to growing and retaining membership, provide an ongoing commercial return to Scouts in accordance with the *Scouts NSW Property Strategy 2019-2029*.

7.1 Process to submit a Business Case for approval

The business case must be submitted through the Region Commissioner.

1. Submit to the Scouts NSW Asset Committee for endorsement
2. Submit to the Scouts NSW State Finance Committee for endorsement, after endorsement from the Scouts NSW Asset Committee
3. Submit to the Scouts NSW Board for approval, after endorsement from the Scouts NSW Asset Committee and Scouts NSW State Finance Committee.

If the business case includes acquisition of a new property, the Capital Investment in New Real Property policy must be followed.

7.1.1 Applications under \$5,000

For applications under \$5,000, a written application must be submitted by the Region Commissioner to the Scouts NSW State Finance Committee for approval.

7.2 Business Case Guidance

Following is some guidance on the preparation of a business case and covers some key elements to address.



Item	Description
Describe how the proceeds of sale will be used to either grow membership, retain membership or provide a commercial return .	<p><i>Property is an enabler to the Scouting program. Having a well presented and well maintained hall demonstrates to the community that Scouts NSW is a professional organisation that will provide their children an exciting, modern, youth-focused program that encourages young people to develop at their own pace by leading, assisting and participating in a broad range of activities and adventures designed to spark their curiosity and inspire growth.</i></p> <p><i>A well presented hall also presents branding opportunities for the Scouts NSW brand to assist in awareness and attracting new members.</i></p> <p><i>A well maintained hall may assist in retaining adult membership with a lesser reliance on peoples time to maintain and fundraise for the maintenance of halls.</i></p> <p><i>The Scouts NSW Property Strategy provides insight into growth areas to help target those halls that would be of greater benefit to grow membership.</i></p> <p><i>Scout property can also be used to provide a commercial return through sub-leasing, hiring, advertising or other opportunities. A commercial return assists Scouts to reinvest in other Scouting activities.</i></p>
What is the property type?	<i>i.e. freehold, crown land, council lease</i>
What is the key purpose of this Capital Expense?	<i>i.e. major repairs, upgrade, re-purpose of the property</i>
Is the property currently being used by Scouts and how many youth and adult members does it have?	
Is this property in a “population growth” area as identified in the Property Strategy?	<i>The State Office property team can assist in providing this information</i>
Is this property in an “Over Supply” or “Under Supply” Zone identified in the Property Strategy?	<i>The State Office property team can assist in providing this information</i>
What is the estimated annual revenue over the next 3 years?	<i>Revenue sources may come from membership, sub-leasing, hiring, advertising etc...</i>
What are the estimated annual operating expenses over the next 3 years?	<i>Expenses may include council rates, utilities such as electricity, water or sewage, ongoing minor maintenance, asset fees to state office for insurance etc...</i>
What are the estimated major maintenance expenses expected over the next 10 years?	<i>Major maintenance expenses may include items such as re-painting, roofing, recovering floors, bathroom repairs etc...</i>
Can the site be used to generate revenue other than Scouting?	<i>This may be from hiring to commercial businesses, other community groups etc...</i>
Do these proposed capital improvements require a Development Application or re-zoning?	<i>The State Office property team can assist in providing this information</i>
What is the current valuation of the property?	<i>The State Office property team can assist in providing this information</i>

