13. Finances

This chapter covers:

* the powers of a committee to enter into contracts, borrow money, set fees and charges, and spend revenue.
* what financial records must be kept by a committee.

## 13.1 Revenue and spending

Revenue received by a committee must be directed to activities associated with the reserve. Revenue can come from sources such as grants, user fees, rentals, fundraising activities, donations, and so forth.

**Grants to assist committees in their work may be available from a number of sources. See the links below for more information.**

* [Grants Victoria](http://www.vic.gov.au/grants.html)
* [Community Crime Prevention, Victoria](http://www.crimeprevention.vic.gov.au/home/our+grants/)

Committees are not required to spend all their revenue in the year it is received. Indeed, it is wise to carry forward some funds into the next year. It is also acceptable to accumulate the funds required for large developments, major renovations, or other projects the committee is planning.

It is strongly recommended that committees do not carry excessive funds for no foreseeable purpose. Crown land reserves are a public asset and funds should be spent to maintain or enhance them.

## 13.2 Fees and charges

The regulations for a reserve determine what fees and charges may be made (see chapter 6 Regulating the reserve). Fees can be either:

* non-discretionary - e.g. ‘every adult person seeking admission to the grandstand shall pay a fee of $2.50’, or
* at the discretion of the committee - e.g. ‘the committee may from time to time determine a scale of fees for admission to the grandstand’.

Fees and charges must be used responsibly and:

* be in line with similar rates in the area, so that the maximum public benefit is gained for use of a public asset
* not use the advantage of lower overheads associated with Crown land to the disadvantage of competing activities on private land.

If normal rates do not seem appropriate, reasonable fees for the purpose will have to be set. Non-profit community groups, for example, may receive a discount rate. ‘Similar rates’ is defined as fees and charges that are in line with [DELWP fees and charges](http://www.depi.vic.gov.au/about-us/doing-business-with-us/fees-and-charges), or are on a par with the general rates operating in the area at the time.

## 13.3 Mandatory expenses

If applicable to the reserve, water and sewerage charges and council rates are two particular expenses a committee must pay. A committee will be invoiced for the usage and service of any water and sewerage services for its reserve.

Council rates

Under the *Local* *Government Act 1989*, Crown land used exclusively for public or municipal purposes is non-rateable. This exempts many committees from council rates. However, the definition of ‘public purposes’ usually includes unrestricted public access. Limiting public access to a reserve in any way may make it subject to rates.

Areas that are leased (e.g. kiosks and clubhouses) are subject to council rates. However, depending on the purpose and extent of public access, land a committee has licensed may not be subject to rates. If leased or licensed land does become subject to rates, the lessee or licensee is responsible for payment. Committees should ensure that this is specified in the lease or licence documents. See chapter 8 for further details on leasing and licensing.

Councils often strike differential rates. A council may have a general rate, a farming rate that is half the general rate and a recreation rate that is one-quarter of the general rate. Reserves subject to rates are usually eligible for the recreational rate if differential rating applies. If differential rating does not apply, committees may apply for a rate reduction under the provisions of section 4(1) of the Cultural and Recreational Lands Act *1963*. It is the council’s decision whether a Crown land reserve meets the criteria for non-rateable land, based on its use and access.

Fire Services Property Levy

Under the *Fire Services Property Levy Act 2012*, Crown land which is not leased or licensed to another person is exempt from the fire services property levy. Therefore committees of management are not required to pay the levy on the Crown land reserve which they manage.

However, if a committee of management leases or licences part of its reserve, the lessee or licensee may become liable for the fire services property levy. For general information regarding the fire services property levy and its application to committees of management, visit the [State Revenue Office](http://www.sro.vic.gov.au/). website.

## 13.2 Purchasing contracts

Generally, a committee can only enter into contracts that are directly related to its reserve and within its area of responsibility. Committees may enter into a contract to buy services (for example, lawn mowing) or goods (for example, plants and garden supplies) or to undertake a project or works (for example, construction of a new clubhouse).

It is good business practice for a committee to invite quotations or tenders for contracts it wants to let. The committee needs to judge whether the good or service required is of a significant value or specialist nature, to the extent that requires it to seek quotations or undertake a tender process.

If a committee needs to purchase expensive equipment (eg a ride-on mower) it should seek two or three written quotes. A committee wanting to undertake major development works should invite tenders. Obtaining written quotations or tenders helps committees to obtain the best value for their money.

If a committee seeks to let a contract by inviting quotations or tenders, it should:

* ensure that it is getting value for money
* have open and fair competition for all potential providers
* operate with professional integrity
* provide clear and consistent specifications and documentation to all
* ensure that a contract is drafted suitable to the purchase
* make and record decisions in a clear and transparent manner.

See chapter 12 Employment for further details on employment contracts.

Inviting tenders

Advertise in the tenders section of a newspaper with at least a good local circulation. Depending on the scale of goods or services required, it might also be necessary to advertise in the regional, state-wide or national press. Tenders should remain open for a reasonable period and those received must be treated as commercial in confidence information. For further information regarding quotes and tenders, contact the [local DELWP office](http://www.delwp.vic.gov.au/about-us).

## 13.3 Borrowing money

An incorporated committee has the power to borrow and invest money in its name with the approval of the Treasurer of Victoria, but this approval is not given automatically and may be subject to terms, conditions and limitations. For details on how to seek the Treasurer’s approval, contact the [local DELWP office](http://www.delwp.vic.gov.au/about-us).

## 13.4 Asset management

As part of its financial records, a committee is strongly urged to maintain an asset register with details of all assets it owns or manages including buildings and facilities. The register should contain:

* a description of each asset
* the date it was bought
* an estimate of its value.

The asset’s value should be adjusted each year, to reflect depreciation for physical assets such as buildings, equipment and stock.

There is no requirement for a committee of management to record the value of the reserved land.

## 13.5 Taxation

Australian Business Number

In 1999, all committees of management of Crown land reserves in Victoria were allocated an Australian Business Number (ABN) by the Australian Tax Office. Since that time, many committees have become incorporated and the Australia Business Register requires names to be amended. For example:

If ‘Smiths Reserve Committee of Management’ became incorporated since 1999, the Australian Business Register must be updated so that the registered name is ‘Smiths Reserve Committee of Management Incorporated’.

A committee’s ABN can be checked at [abr.business.gov.au](http://abr.business.gov.au/)

To update a committee’s details go to [Keep your organisation's registration details up-to-date](https://www.ato.gov.au/Non-profit/Getting-started-for-non-profit-organisations/Registering-your-organisation/Keep-your-organisation-s-registration-details-up-to-date/)

To amend a committee’s name a Change of Registration form (Nat2943) should be completed by the treasurer and submitted by post along with proof of the treasurer’s authority to represent the committee, such as their letter of appointment.

Goods and Services Tax

Committees of management are non-profit organisations. The requirement register for Goods and Services Tax (GST) largely depends on the scale of a committee’s operations, and whether the committee is considered to be an entity carrying out an enterprise.

Land tax

Crown land is exempt from land tax, but if land is leased from the Crown the lessee may be obliged to pay tax.

The [Australian Taxation Office website](http://www.ato.gov.au) has a comprehensive range of resources available on the tax system.

## 13.6 Financial reporting – Annual return to DELWP

The Crown Land (Reserves) Act *1978* requires that annual financial returns be submitted to DELWP. The local [DELWP office](http://www.delwp.vic.gov.au/about-us) will advise committees on reporting requirements.

The committee’s financial records should be maintained to a standard that will allow auditing. It is recommended that a committee’s financial records be audited annually.