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| Chapter 17 – Finances  |
| This chapter looks at financial obligations, considerations and record keeping. |

# 17.1 Introduction

Your committee has a responsibility to manage and record its finances responsibly, in accordance with:

* any relevant legal and policy obligations
* good public sector governance practice.

# 17.2 Revenue/income and spending

Committees can receive revenue/income from a range of sources, such as grants, user fees, rentals, fundraising activities and donations.

It is a legal requirement that any money your committee receives must only be spent on the management of the reserve consistent with the requirements of the *Crown Land (Reserves) Act 1978*. This means that it must be:

* consistent with the **purposes** for which the land is reserved, and
* consistent with the **powers** of the committee under section 15 of the Act.

Example

Your committee must not spend revenue received for the reserve to sponsor a person who is riding around Australia to raise awareness and funds for a charity.

Further to this legal requirement, any revenue that your committee receives for a **specific purpose** can only be used for **the purpose for which it is received.**

Example

If your committee receives a grant for pest and weed control, the money must be used for that purpose, not to buy paint for the maintenance of a building on the reserve.

## Holding over funds

Committees are not required to spend all their revenue in the year it is received. 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.

Committees should 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.

# 17.3 Sourcing funds

Your committee can source funds to help its management of the reserve in a number of ways, for example:

* income from leases and licences issued by the committee over part, or all, of the reserve (see chapter 10 ‘Leases and licences’)
* hiring out buildings on the reserve, for example, for a social event
* applying for suitable grants
* crowd-funding
* events and activities
* a wide range of other fundraising activities.

# 17.4 Regulations enabling fees and charges

Occasionally, the Minister will issue regulations that are specific to the reserve (see 8.11 ‘Reserve-specific regulations issued by Minister’). These regulations may enable fees to be charged in certain situations. If your committee is authorised under the regulations to charge a fee, it may either be:

* **non-discretionary** such as, ‘every adult seeking admission to the grandstand must pay a $2.50 fee’, or
* **discretionary** such as, ‘the committee may from time-to-time determine a fee for admission to the grandstand’.

Any fees and charges must:

* be in line with similar rates in the area, so that maximum public benefit is gained for use of a public asset
* avoid using lower overheads associated with Crown land to disadvantage 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](https://www2.delwp.vic.gov.au/doing-business-with-us/fees-and-charges) or are on a par with the general rates operating in the area at the time.

# 17.5 Mandatory expenses

## Utility charges

The committee will be invoiced for the supply and use of any utility services, such as water, electricity, sewerage, and gas.

## Council rates

Under the *Local Government Act 1989*, Crown land used exclusively for public purposes is usually 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.**

It is the council’s decision whether your reserve meets the criteria for non-rateable land, based on use and access. If rates apply, councils often set 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. If your reserve is subject to rates, it will usually be eligible for the recreational rate. If differential rating does not apply, your committee **may** be eligible for a rate reduction under section 4(1) of the *Cultural and Recreational Lands Act 1963*.

### Leased and licensed areas

Areas that are leased are subject to council rates. However, depending on the purpose and extent of public access, land that is licensed may not be subject to council rates. The tenant or licensee is responsible for payment if leased or licensed land becomes subject to rates. Committees should specify this in the lease or licence documents. See chapter 10 for further details on leasing and licensing.

## Fire Services Property Levy

The Fire Services Property Levy helps fund the services provided by the Metropolitan Fire Brigade and the Country Fire Authority. This levy is collected by the local council. 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. This means your committee does not pay the levy. However, if the committee leases or licenses the reserve or part of the reserve, the lessee or licensee may become liable for the levy. For details see the state revenue office [website](https://www.sro.vic.gov.au/fire-services-property-levy).

# 17.6 Purchasing contracts

A committee can only enter a contract that directly relates to reserve management and that falls within its powers. Typical types of purchasing contracts include:

* buy services, for example, lawn mowing
* buy goods, for example, plants and garden supplies
* undertake a development project or works, for example, to construct a new clubhouse.

The information in chapter 14 ‘Hiring contractors’ about the hiring process deals with ensuring that a **fair, transparent and accountable** process occurs when purchasing services (see 14.5). This process should also be followed for purchasing goods, and for other purchasing contracts, such as development projects or works.

See chapter 9 ‘Developing the reserve’, for information about the consent and approvals that may be required, such as planning permits, for development projects or works.

**Remember:** committee members are actively discouraged from applying for contracts with the committee. If a committee member does apply for a contract, follow the conflict of interest process *strictly*. Do not award a contract to a committee member without first contacting the local DELWP [regional office](https://www2.delwp.vic.gov.au/communities-and-regions/regions-and-locations) to seek advice on the matter.

# 17.7 Borrowing money

If your committee is incorporated under the Crown Land (Reserves) Act, it has the power to borrow and invest money provided it receives the approval of the Victorian Treasurer. Approval is not given automatically and may be subject to terms, conditions and limitations. Requests for loans are rare as the fixed assets on the reserve belong to the Crown and cannot be borrowed against.

For details on how to seek the Treasurer’s approval, contact your local DELWP [regional office](https://www2.delwp.vic.gov.au/communities-and-regions/regions-and-locations).

# 17.8 Taxation

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

## Australian Business Number

In 1999, all Victorian committees of management were allocated an Australian Business Number (ABN) by the Australian Tax Office. If your committee has since become incorporated, then its ABN needs to be amended.

Example

If ‘Smiths Reserve Committee of Management’ became incorporated *after* 1999, its ABN must be updated so that its 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 [‘Are your ABN details up to date?’](https://www.abr.gov.au/) or go to [Update your ABN details](https://www.abr.gov.au/business-super-funds-charities/updating-or-cancelling-your-abn/update-your-abn-details). Forms can also be [downloaded](https://www.abr.gov.au/contact-us/lodge-form-mail) and then lodged by mail, along with proof of the treasurer’s authority to represent the committee, such as a copy of their letter of appointment.

Occasionally, a committee will cease to exist. It is the committee’s responsibility to [Update your ABN details](https://www.abr.gov.au/business-super-funds-charities/updating-or-cancelling-your-abn/update-your-abn-details) to reflect this.

## Goods and Services Tax

Committees of management are non-profit organisations. The requirement to 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 carrying out an enterprise. For further information visit the [Australian Taxation Office](https://www.ato.gov.au/) website, for example the [GST](https://www.ato.gov.au/Non-profit/Your-organisation/GST/) and [Annual GST returns](https://www.ato.gov.au/Non-profit/Statements-and-returns/Annual-GST-returns/) pages for non-profit organisations.

## Land tax

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

# 17.9 Electronic copy

An electronic copy of this document is available from the DELWP website ([www.delwp.vic.gov.au/committees](http://www.delwp.vic.gov.au/committees))