

Schedule 5

Model by-law about financial management of trust land

Section 4 of the current Land Regulation

Trust Land Financial Management Model By-law

Part 1 General

1. Short title

This model by-law may be cited as the *Trust Land Financial Management Model By-law*.

2. Purpose of model by-law

The purpose of this model by-law is to provide for the prudent financial management of the business of the trust.

3. Definitions

In this model by-law—

trust means the trust under which the trustee holds the trust land.

trust land means the trust land in relation to which the trustee has adopted this model by-law.

trust member means—

- (a) if the trustee consists of only 1 person for the time being—the person for the time being comprising the trustee; or
- (b) if the trustee consists of 2 or more persons for the time being—each person for the time being comprising the trustee.

Part 2 Financial management

4. Financial management by 1 trust member

- (1) This section applies if the trustee consists of only 1 trust member.
- (2) The funds of the trust must be kept in an account (the **trust land account**), in the name by which the trustee is described, in a financial institution decided by the trust member.
- (3) The trust member must ensure that all moneys received for the trust are paid into the trust land account as soon as practicable after the moneys are received.
- (4) All accounts presented for payment by the trust must be approved for payment by the trust by the trust member before they may be paid.

- (5) An approval under subsection (4) must be recorded in the books or documents kept by the trust member relating to the financial management of the trust.
- (6) All payments from the trust land account must be made by cheque signed by the trust member.

5. Financial management by 2 or more trust members

- (1) This section applies if the trustee consists of 2 or more trust members.
- (2) The funds of the trust must be kept in an account (the **trust land account**), in the name by which the trustee is described, in a financial institution decided by the trust members.
- (3) The trust members must ensure that all amounts received for the trust are paid into the trust land account as soon as practicable after the amounts are received.
- (4) All accounts presented for payment by the trust must be approved for payment by the trust at a meeting of the trust members before the accounts may be paid.
- (5) An approval under subsection (4) must be recorded in the minutes of the meeting of the trust members.
- (6) All payments from the trust land account must be made by cheque signed by at least 2 trust members.

6. Public liability insurance

The trustee must maintain, or take out and maintain, a public liability insurance policy applying to the trust land and complying with all of the following requirements—

- (a) the policy must be in the name of the Minister and the trustee for their respective liabilities;
- (b) the insurer under the policy must be authorised under *the Insurance Act 1973* (Cwlth) to carry on insurance business;
- (c) the cover under the policy must include loss of or damage to property and death of or injury to persons;
- (d) the cover under the policy must be for an amount the trustee considers appropriate in the circumstances of the likely use of the trust land.