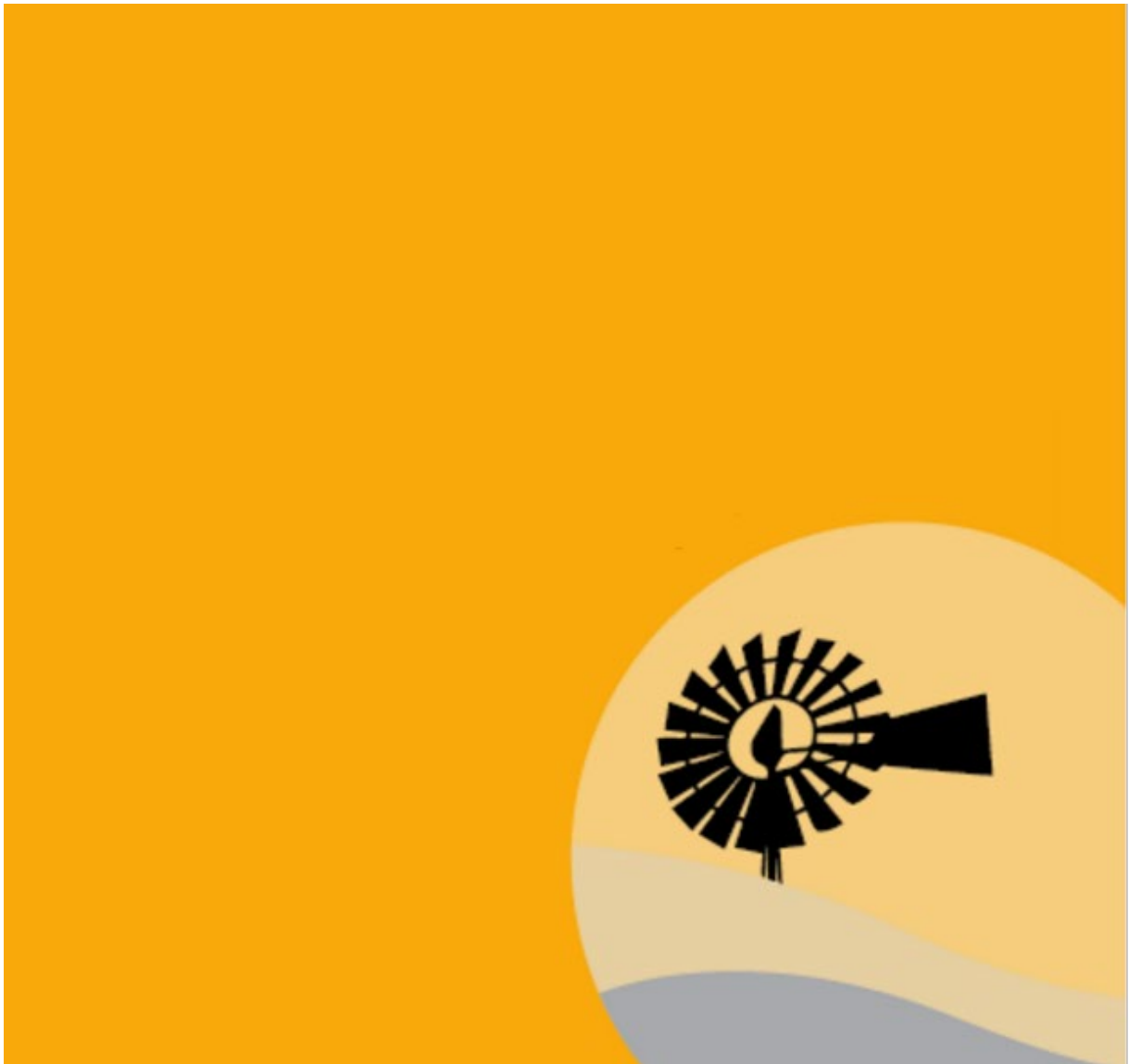




**Western Murray
Land Improvement Group**

Community Foundation

March 2022



WMLIG has sourced funding to examine the establishment of a Community Foundation from Murray River Council (MRC) and Building our Community in Advance Project. The project is delivered in partnership with Murray River Council (MRC) via funding from the Federal Government through the Drought Communities Program.



Proudly funded by the NSW Government in association with Local Government NSW

Contents

Executive Summary	4
Section 1	5
Purpose and Mission.....	5
Section 2	7
The Business	7
Current Resilience Policy Development.....	8
Why Wait for Government?	9
Location and Range	9
Market Position	10
Needs Identified in the Wakool Footprint	11
Section 3	13
Governance.....	13
Structures and Governance Models	13
The Two Entity Proposal	13
Financial Options	16
Memberships and Supporters	17
Volunteers	18
Governance and Legal Considerations.....	18
Grant Processes	19
Acquittals Process.....	20
Legal Considerations	20
Advertising and Sales	22
Risk Assessment.....	22
Creating the Two Entity Model	23
Appendices	25
References:.....	25

Executive Summary

The establishment of a Community Foundation or other philanthropic body is a pilot project based on the Wakool Community Foundation Proposal completed for the former Wakool Shire Council in 2014.

This Community Foundation model is based on building on and applying the resilience principles a severely affected community has acquired and identified, that can be directed towards building greater self-reliance, enhancing liveability, and growing community wealth.

Employing these learnings can greatly enhance the ability to prepare for and recover from the impact of ongoing or unforeseen adverse events and is aligned to Murray River Council's Adverse Event Plan developed in 2020.

Its aim is to inspire and enable accessible philanthropy to build vibrant, resilient and liveable communities.

The project is tied to one of several project milestones associated with the Building our Community in Advance Project funding that if successful, and adopted by the community, is anticipated to provide additional income streams to a Community Foundation.

The potential income streams are outlined in The Business section.

Strong momentum and support has already been determined for establishment of a Community Foundation in the region. (The Wakool Region Community Adaptability Report Appendix A).

The next step in the process is the establishment of a skilled, business-focused working party, with a clearly defined agenda to produce a business case for a 'two-entity' Foundation governance model that can be supported by an established, independent community organisation and completed in a relatively short timeframe.

Enshrining a strong, ongoing resilience-building capacity from its inception – such a Community Foundation would be able to perform a valuable and sustainable role that complements and adds to other existing and proposed wealth building initiatives for a community-wide and agreed outcome.

It is vital that such an entity is designed as a best practice model and strongly supported by the community.

Section 1

Purpose and Mission

The setting up of community philanthropic foundations and co-operatives to fund a targeted and prioritised approach to community growth – or specific needs - is not a new concept.

However, there is now a valuable opportunity to apply the extensive learning and growth in community wealth building and sustainability generally and that has been identified in the Wakool footprint in particular, to create a new Foundation that can employ business best practice and attract strong community inputs.

With an increasing desire by all levels of government to maximise investment of resources and outcomes at the community level, reliance on philanthropic and grant funding for non-government core service delivery has continued to grow.

All governments and communities are facing a common set of challenges, as a complex set of acknowledged general and imposed influences become entrenched and affect policy making.

While each region has its own unique set of impacts, they can be divided into two major categories:

Chronic events – slow moving and that have a long-term and ongoing effect

Episodic events – short-term and sudden natural disasters and other unpredictable impacts.

These events are further defined in the Business section.

These dual impacts have demonstrably affected not only the community's wellbeing and liveability, but also its ability to effectively continue to provide ongoing services, retain skilled workers and volunteers, recover and implement ways to develop and grow.

At the same time, revenues - particularly in many rural and regional areas – are continuing to stagnate, along with business investment, which stood at around a 5% share of nominal GDP in 2021, from a high of 18% in 2021 (*source: Australian Bureau of Statistics*).

This has further reduced the ability of business to enter into philanthropic sponsorships, while others are employing a more targeted approach to relevant causes, such as climate change, resilience-building, or direct community wealth building.

Competition for philanthropic funds has intensified, particularly where community groups and organisations do not have an 'umbrella' of strong community leadership and advocacy.

The outcomes are felt across the demographic with economic, social, environmental and cultural consequences that can inhibit the ability to pursue growth opportunities and to ensure the viability of community organisations, particularly those run on a voluntary basis.

It is however, recognised in ongoing government policy development that effective planning and management can mitigate and reduce hazards and build on, or employ existing resilience factors to shocks and stresses.

While Federal, State and Local Governments are refining policies on general resilience-building, the ability of existing philanthropic foundations to adapt their direction rapidly is often influenced by needs for governance and constitutional changes, as well as the requirement to embrace the central resilience-building approach and understand and cater for this growing need.

A clever and empowered community seeking to play a greater, hands-on role in the local management of applying its already acquired resilience, has a powerful opportunity to focus a new community foundation's efforts and governance in this direction from its inception.

With a skilled business plan, the most effective governance structure in place; an in-depth understanding of its mission and community demographics; a consultation process that has already

determined priorities and can continue to do so; and strong risk management skills; such a Foundation could be positioned to be a key player in the suite of initiatives that comprise the Building Our Communities in Advance Project.

Section 2

The Business

The creation of any philanthropic community foundation begins with defining its primary purpose for its specific area of operation.

These range from delivering smaller-scale grants confined to volunteer-based groups, to specific focus foundations that may concentrate, for example, on disaster recovery, the environment, community wealth building or specific social need – or a combination of these requirements.

They can also allow for engagement in funding co-designed projects with other funding bodies, government institutions or private enterprise, if they choose to do so.

Many volunteer organisations and grassroots community groups would struggle to survive without ongoing program funding from such foundations.

Others can be assisted to achieve sustainability with initial 'seed funding' and assistance with business planning and the application of the right governance provisions.

This applies whether at one end of the spectrum it's a local scout group, service club, historical society, art group, children's activities group, charity foodshare program, market, community garden, business promotion activities, educational/skill acquiring opportunities and job creation, events, or whole-of-community initiatives.

A Community Foundation business model can also ensure that community groups are not restricted in being able to perform their own fundraising activities, but rather are encouraged.

At the other end of the spectrum, many larger projects – whether economic, social, cultural or environmental – rely on philanthropic funds to occur.

In this proposal, a Community Foundation has the strong potential to deliver within an already well-defined regional growth plan and also to cater for funding at the most grassroots level.

It is only in relatively recent times that all levels of government have begun to refine and invest in the economic and social impacts that resilience-building can deliver, as both chronic and episode shocks taking an increasing economic toll. (see Current Resilience Policy Planning)

In the case of the Wakool footprint, a Community Foundation is already a resilience foundation from inception, with the knowledge and experience to also be in a position to provide a crucial extra resource in the disaster recovery space – a resource that could dramatically cut the time currently taken to distribute recovery funds to an affected community.

Many Community Foundations have been established in areas severely affected by natural disaster, with the specific aim of distributing ongoing recovery funds provided by publicly raised money.

While these foundations generally have a limited life, a Community Foundation in the Wakool footprint can make provision in its founding governance to be in a position to accept such disaster recovery funding should the need arise and thus pre-empting the expense and duplication of setting up a new entity.

The Western Murray region has been and will continue to be severely affected by both chronic stresses and episodic shocks. (See appendix A - Wakool Region Community Adaptation Strategy).

The combined challenges are defined as:

Chronic Stresses

Chronic stresses are defined in government policy planning mechanisms as 'slow moving' or 'challenges that weaken the community on a day-to-day basis or a cyclical basis'.

The demographics of the geographic area a proposed foundation would cover are clearly determined and broken down into agricultural, business and tourism, townships, vulnerable groups, social and cultural profiles and environmental requirements.

All elements in this regional profile have seen chronic impacts from a millennium drought; the effects of national water policies in irrigation-dependent sectors; ongoing effects of climate change; a reduction in accessible government and social services; poor communications connectivity and; the Covid Pandemic.

Episodic shocks

Sudden, short-term events that threaten a community including:

natural hazards, such as heatwaves, bushfires, floods, and extreme weather

disease outbreaks

infrastructure failure

Current Resilience Policy Development

In New South Wales, this is led by Resilience NSW

This government-appointed body is administering funds to projects that focus on significant state level initiatives to support the prevention, mitigation and management of disaster risks

The NSW Government is seeking to create greater resilience in our communities through the planning system.

Consideration of broad resilience includes acknowledging a variety of shocks and stresses, including natural hazard risk management, emergency management, climate change and adaptation, human health and social wellbeing, and environmental management.

The State Government sees the land use planning system as playing an important role in creating places and communities that are more resilient to chronic stresses and episodic shocks.

This is aimed at providing a planning system that would see the building of resilient settlements, industry and community, that would be capable of coming together to understand the values, vulnerabilities and capabilities of that location.

Social, cultural, economic, environment and built interests can be balanced, co-ordinated and co-located to meet local needs and values.

“While the planning sector plays a fundamental role in building resilient places and communities, it also needs to consider its interconnections with other sectors such as embedding emergency management considerations upfront (such as evacuation planning) as part of decision-making processes”.

The State Government’s policies see social resilience as including protecting wellbeing, livelihoods and social fabric, community values and identity, which are at the very heart of why people choose to live, work and play where they do.

Environmental resilience may include supporting the ability of the environment to resist shocks and stresses and recover quickly from events.

For the next layer of government, Local Government New South Wales (LGNSW) has highlighted the impacts of maintaining services and infrastructure in the face of growing chronic and episodic shocks.

The forced closure of facilities and services through the Covid Pandemic has further severely impacted already increasing costs and declining revenues.

LGNSW is advocating for greater state and federal economic stimulus to deliver the essential services and to protect community health and livelihoods.

Local councils are, however, well placed to drive stimulus through employment, services, community programs and construction of shovel-ready infrastructure projects.

The co-operative activities of a community foundation provides a valuable opportunity to increase the delivery of community programs, while continuing to attract ongoing funding from other sources.

Why Wait for Government?

The title is taken from a University of Sydney (The John Grill Centre) policy paper, which includes:

- A Community Capital Enterprise is a critical element of the co-creation eco-system – it is independent of the idea generation and this enables independent assessment based on community impact criteria and funding decisions from a range of potential sources (philanthropic, government, equity, debt etc.).

As is currently being demonstrated in the creation of sustainable community energy systems, communities are capable of banding together to finance, fund, manage and build their own social and community infrastructure.

The strongest identified need is to ensure a community foundation is – from the time of its inception – led by a group that delivers trusted leadership, community confidence and a track record in convening power, but that can operate as a standalone entity. (see Structures and Governance options).

Location and Range

The geographic footprint of the previous Wakool Shire Council was chosen for the Community Foundation establishment.

As the project lead, WMLIG has already conducted extensive community consultations and established group networks and can readily approach community leaders to be part of a skills-based leadership working group that can refine the business modelling for a Community Foundation.

The initial location was proposed as being:

The Moulamein Community Hub, 45-51 Morago Street Moulamein.

A business planning case would need to examine the final location of a community foundation based on:

- Accessibility for a volunteer board – whether employing in-person or virtual meeting requirements
- Any costs associated with a location
- The degree of public accessibility to Board members or future “shop front” staff required
- Potential for nearby shared resources and services
- Determination of costs for employment of a part-time administrative manager that would also service community

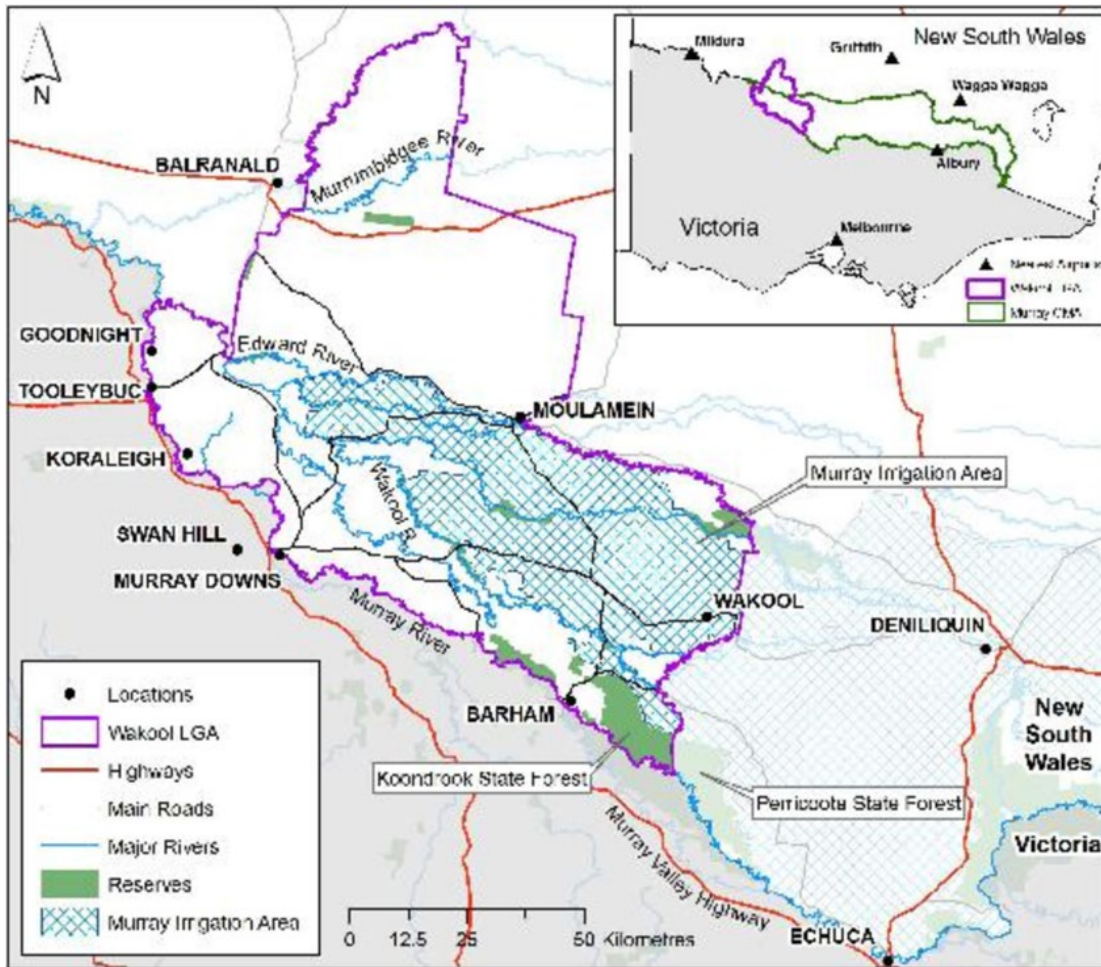


Fig. 1 Map of Wakool Shire Footprint

Market Position

The Foundation would cover community and business groups within the old Wakool Shire Council geographic footprint – approximately 7,500 sqkm (approximately 750,000Ha).

This is roughly the same footprint as the WMLIG focal area of operation.

Target groups will be predominantly community or business-based not-for-profit organisations that contribute to the liveability of the region – including contemporary requirements for resilience-building – and that have a direct effect on the ability to retain or attract community members.

A strong defined 'image' for the community, combined with an ethical and effectively managed philanthropic trust administration, best practice investment processes and transparency will be at the forefront of all marketing campaigns.

An annual Board review of community needs would be undertaken, along with an update of community groups and not-for-profits operating in the region.

This would be accompanied by an annual survey of business and community to determine the key liveability outcome factors of grant rounds and to determine the future focus for funding targets.

Consultation activities throughout the former Wakool Shire footprint have demonstrated overwhelming support for the formation of a Community Foundation along these lines.

This is a strong indication of a high level of community buy-in and ability to attract initial funds.

In community consultation processes, letters of support from business and community groups identified over 60 projects that would enhance the liveability of their communities. These projects had no other clear source of immediate funding opportunities.

An open letter signed by the Shire's major employers also strongly confirmed the importance of maintaining liveable communities, in order to retain and attract skilled employees.

The foundation would provide avenues not currently available for local philanthropic donations, as well as potentially providing grants to supplement existing grant programs or fill gaps that current grant programs do not address.

A campaign to explore the potential cost all of these options – including with the legal profession to promote bequests – would be carried out in detail in the development of the business case.

All contributions are used by the foundation for philanthropic purposes, and it is a not-for-profit organisation, with administration costs kept to a minimum.

It would include Deductible Gift Recipient and Income Tax Exempt Charity Status.

Currently, there is no opportunity for community members to donate to an independent, community-run philanthropic foundation in order to support their communities.

This situation has been verified by legal practitioners within the region.

Many local community and business groups encounter difficulties sourcing funding to support their activities, and this can be exacerbated by increasing competition for philanthropic funds; or a lack of skills in navigating application processes.

The creation of a community foundation will provide a unique opportunity for local donors to ensure their contributions are retained and distributed locally.

It can also play a considerably bigger role in community wealth building by providing funding to assist groups with grant applications; seed funding for start-ups and assistance with business planning; project management and support; and governance training.

The context of discussions around these issues have included:

- ensuring that all activities contribute to protecting and improving the natural environment
- leaving an improved legacy for the future
- creating connections to the land for education, tourism, visitors, schools and locals
- connecting people back to the land – hands on education and engagement
- developing a market for tourism and day visits
- developing strategic linkages between existing projects and ensuring greater coordination of effort
- establishing a body that informs, guides and directs planning for community benefit.

Needs Identified in the Wakool Footprint

The extensive Community Profile analysis conducted by WMLIG between 2001-2016 and reported in The Wakool Region Community Adaptation Strategy reinforce the need for ongoing well facilitated and networked community leadership and program planning and delivery.

The community has already been and is continuing to be impacted by major chronic challenges such as the Millennium Drought; the Murray Darling Basin Plan and associated water reform process; the creation of Red Gum National Parks (and associated loss of timber industry jobs); and farm consolidation.

These changes have resulted in a reduction of employment opportunities, and community and government services in the area. The socio-economic wealth decile for the region has diminished considerably reducing financial capacity for businesses to adapt to change.

Many of the services and expertise necessary for adaptation and innovation are not accessible locally. Community facilities are rapidly declining, with numerous local sporting and other clubs and schools closed due to lack of participants.

Continuing effects of the Covid pandemic are further exacerbating the ability of existing community groups and events to recover across the board.

Key findings in the Wakool Community Profile analysis of the period between 2001-2016 was that the;

- Area population decreased by 45.6% (715 people)
- Total area workforce decreased by 53.7% (288 Full Time Equivalent jobs)
- Agricultural workforce decreased by 61.5% (158 FTE)
- Agricultural manufacturing workforce decreased by 44% (8 FTE)
- Non-agricultural private workforce decreased by 57.3% (96 FTE)
- Government service workforce decreased by 35.1% (34 FTE)
- Socio-economic wealth decile ranking for town went from a wealth rating of 5 in 2001 to a wealth ranking of 2, which leads to diminished capacity for adaption or change in response to circumstances.

In spite of these findings, there was an overwhelmingly positive response to adopting the strategies that will bring about change in order to build community capabilities and capacity, create economic development and ultimately, increase employment.

When workshop outcomes were conducted and community participants were asked what a successful outcome would look like, the overall answer was:

“We are adapting to a changing world; people are coming here and staying here, they have jobs and money in their pockets, there are more kids in schools and we have access to the very best technologies. We live in a healthy environment growing the best, safest food, and we are proud that our community can all pull together to be the very best that we can be”.

To bring this about would require “A connected, dynamic, and resilient community that is supported by transformational leadership”.

The resources required were defined as people with skills, drive and foresight who are leaders, connected, united, skilled, innovative, adaptive, strategic, vibrant, and resilient.

These requirements would form part of the skills-based recruitment required for a Community Foundation working group in order to form part of the targeted project funding potential.

Section 3

Governance

There is a strong priority need for Community Foundation governance structures to be best practice for the contemporary environment they operate in and to ensure there are clearly articulated assessment criteria for all projects, initiatives and outcomes that are based on 'community benefit'.

Establishing a trusted and transparent business model from inception, that incorporates the clearly stated community desires will be crucial for attracting funds and donations if a Community Foundation is to deliver on the ground outcomes that are demonstrably beneficial.

Structures and Governance Models

Modelling carried out by the University of Sydney identified the main areas of support for a Community Foundation – or cooperative – model and the overarching general themes that were stated community desires in extensive consultations and modelling processes.

This included strong recommendations on how a Community Foundation could be set up alongside an existing, independent and successful community leadership group – The Two Entity Model.

While each community identity is different, the general themes can form the core of a renewed consultation and community discussion phase in the initial 'start up' process.

These were:

- Brand and identity – Most communities want a brand and identity – this was a critical theme identified throughout and the question was how a community might proactively define a desired identity, brand and character and then collectively work to build and preserve this image.
- Integrated communication – a desire to establish processes to ensure reliable and trusted communication for emergency management, tourism and community development.
- Themed community working groups – a clear recommendation from community was the need for further collaborative work to identify opportunities to refine and improve coordination between projects and initiatives for the best outcomes and to avoid duplication.

Community Forums held to determine the desire for community foundations have also determined clear directional outcomes arising from table and plenary discussions.

While it is understood that each community will have its own set of priorities, geographic and aspirational differences, specific social and cultural interest areas and socio/economic underpinning, some of the common general outcomes include:

- Confirmation of a desire to set in place the 'community-based institutions' in the area that are necessary to meet the community's long-term needs. This goes to the heart of representation, needs of the majority, and highest participation rates.
- When seeking to establish another new community institution in the form of a broad-based 'community foundation or cooperative', it should work alongside the most trusted community leaders/facilitators.
- The potential establishment of a 'community foundation or cooperative' that requires a broad membership/ownership base, should have a community-wide development vision and social enterprise goals.
- A requirement that key community-based institutions actively work together collaboratively if effective community leadership, advocacy and governance are to be the result.

The Two Entity Proposal

For any Community Foundation to begin to achieve this in a short timeframe as a standalone entity is extremely challenging.

However, establishment of a two-entity governance model – with WMLIG as the established entity – can provide the overarching governance and administrative support for the business planning for an

independent Community Foundation, that then develops its own skills-based Board, ongoing business structure, mission and governance.

The 'two-entity' governance model would be able to do this work on behalf of the broader community if well-designed and well-supported.

The separate community-led Community Foundation or Co-operative would broaden community programs wider than the WMLIG mission.

WMLIG however is developing social enterprises that can provide funding to the Community Foundation, as well as for existing Landcare focused activities. WMLIG can also convene action-oriented groups, remove barriers and prevent duplication and assist with economic, social, cultural and environmental development funding, as well as:

- The established entity sharing its convening power and research to continue to determine strategic issues, community need, undertake careful advocacy, coordinate investment and partnerships and strategic planning.
- Provide a venue for meetings or planning sessions
- Assist with the development of a plan for promoting and marketing the foundation's establishment

The separate community-led corporate entity (the Community Foundation) can undertake a range of functions, that might include:

- developing and operating social enterprise activities
- convening 'action' oriented groups
- removing barriers and preventing duplication
- assisting with economic, social, cultural and environmental development funding

Other identified or potential benefits of the two-entity structure that would be included in the development of a business model might include:

- Ongoing provision of expertise in the establishment and management of a not-for-profit organisation with charity status, post the business case development and start-up phase
- Sharing of networks and community research knowledge to prioritise ongoing business planning
- Community mapping to determine existing, properly constituted, community groups and their participation rates, with a view to coordinating and reducing the workload of existing service clubs, community groups and committees through shared services and joint governance
- options for ongoing governance training to strengthen the performance and viability of community organisations
- links into building community resilience and increasing community capacity to prepare for and recover from ongoing influences and future emergencies
- significant opportunities for better coordination of time and investment and delivery of quality outcomes for the community through focused and prioritised grant programs
- effective community-led decision making that can focus available community energy and resources on a smaller number of initiatives to increase the possibility and likelihood of success and sustainability
- facilitated strategic planning and decision-making for and on behalf of the community to ensure alignment and coordination of effort
- building and protecting a 'brand and identity' that all parts of the community can commit to and work towards proactively promoting
- the identification and encouragement of local business opportunities that could reinvest profits or retained earnings into community development activities or into the corpus of the primary foundation entity to build community wealth
- further development and implementation of project concepts and initiatives that might attract local community and external investment
- a coordinated and agreed approach to community governance could provide an independent platform for sustained and effective majority advocacy to all levels of government and other relevant authorities; as well as co-designed project opportunities

Research at the community level has identified the following issues:

- the need to democratise existing and any new community institution (subject to legal requirements and the need for skills-based boards)
- the need to draw new participants into the governance realm - there are skilled and capable people who are currently not active or participating in community life
- the need for self-interest and potential conflict of interest to be removed from the governance roles with strong policies in this regard
- whole of community buy-in is essential if a new governance structure is going to operate effectively.

The community surveys carried out were designed to not replicate any previous surveys, but to concentrate on the community leadership structure and governance.

This provided important assessment information that would determine criteria for the two-entity model.

The appointment of a skills-based Interim Board armed with the best practice business-based constitution and business model from the outset is crucial to ensure the Foundation can 'bed down' professionally before its first mandatory reporting requirements and Annual General Meeting are due.

A key factor that is also seen as very important is that decisions regarding prioritisation and project/program investment are made without direct or indirect conflicts of interest. (See Grant Making Details)

The basis for building a strong local economy is a priority for most communities and while this is broad-based; the strengthening of a viable small business 'eco-system' is important as is its involvement in any new community governance structure, that must be open, transparent and trusted.

Another priority identified is the strong interest in exploring ways to improve outcomes for the community through better provision of fundamental services such as health and community services.

The community's role in achieving this is through advocacy and influencing key stakeholders as well as better local collaboration and coordination to deliver on-the-ground initiatives that most benefit the community based on need and that reduce duplication.

A new Community Foundation governance structure would provide the logical framework for a sustained advocacy program around health and wellbeing, as an integral deliverable under the resilience-building and social outcomes banner.

Also high on the community's list in the consultation processes undertaken during the initial Foundation proposal, is protecting and preserving the natural environment and in the local case a strong interest in the development of an 'identity and brand' embedded within these values.

There are strong initiatives and ideas for projects around sustainability and renewable energy, but these will require coordination and further development through strong local governance and engagement processes.

Clear delineations can be made in regard to what community initiatives can and cannot be funded in the Community Foundation business model.

These can, for example, include or exclude:

- Not providing funding for what are clearly defined as core or primary service delivery of governments – including core education, health, social welfare, major infra-structure, or major sporting codes that are core funded by national codes and based on participation rates
- Extra-curricula activities not directly funded by governments within such categories – such as additional school programs; sporting ground improvements where there is wider community use; extra requirements for volunteer-based emergency services
- Community and township-wide business promotions, but not individual business funding
- Tourism attraction event development, but not tourism infra-structure

- Educational programs, leisure programs, cultural awareness programs, or social assistance initiatives that could be run from an existing 'hub' in order to bring community members together and share knowledge

As part of the business plan, preferred funding directions and exclusions would be subject to further community consultation, but central to this is community understanding of the parameters within which a Community Foundation would operate.

See appendix C for an example of what can and can't be funded in regard to a major natural disaster recovery foundation – Source: Ranges Foundation funded by the Victorian Bushfire Appeal Fund (VBAF).

Financial Options

An initial estimated cost of \$50,000 to establish and support a skilled working group to develop a complete business model has been calculated.

Once established, the Community Foundation would aim to grow financially at a rate of \$100,000 a year, from a variety of sources.

Funding sources for the working group's business model creation could be sourced from:

- Resilience NSW
- Regional development funding streams
- Other grant bodies such as the Foundation for Rural and Regional Renewal (FRRR)
- A community fund-raising drive by way of a shareholding
- Local Government

Once established, ongoing financial contributions to the community foundation can be sourced from several primary sources, including:

- Donations
- Bequests
- Memorial donations
- Sponsorship
- Membership
- Family Trusts
- Groups such as progress associations
- Business and industry – both individual and peak body representative groups
- Disaster recovery funds when this may arise – whether sourced from government or public fund raising activities

An initial injection of core capital for the Foundation can be sought from the Murray Darling Basin Regional Economic Diversification Program.

Other initiatives that are in the business case or feasibility planning stages that could potentially provide future funds include:

- A community social enterprise
- A community energy retail hub
- A community water bank – water entitlements either purchased by the Community Foundation as an investment, or granted to the foundation as bequests
- Potential for income from Bioenergy projects

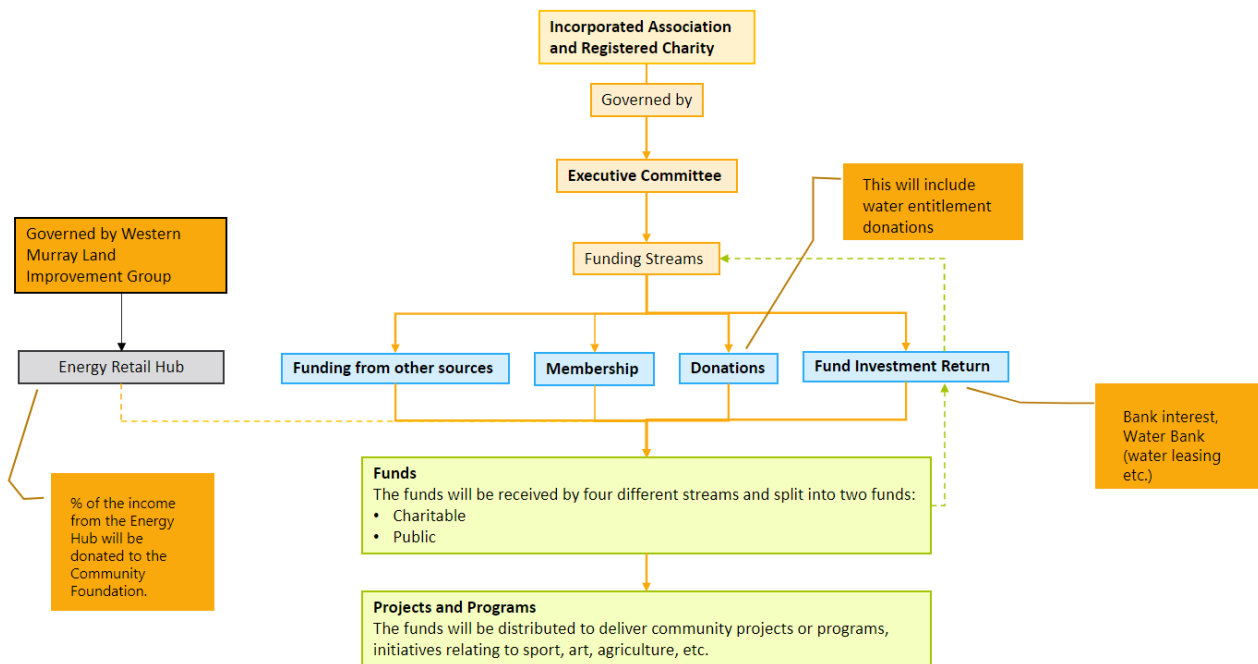


Fig. 2 Financial and Governance Model

Memberships and Supporters

Foundation membership fees would be set at a level that encourages a broad uptake that is inclusive of all levels of the community in terms of affordability.

This diverse membership base can in turn advocate for the Foundation, provide feedback through membership functions and actively participate in electing Board members.

At the Foundation's inception, an ordinary membership fee could be set at, for example, \$22, with a target of 50 members within the first 12 months of operation.

A parallel supporters program would be established to assist in covering administration costs.

The supporters can be individuals or organisations with initial categories, for example, set at:

- Platinum - \$11,000
- Gold - \$5,000
- Silver - \$2,750
- Bronze - \$1,100

All prices are GST inclusive

It is estimated that the Foundation's Trust Fund would grow by \$100,000 a year for 10 years through the range of ongoing funding sources.

There is limited community capacity to progress all projects simultaneously and therefore there is a need for prioritisation, coordination and concentration of community effort. This will take 'like-minded' groups and individuals working together to develop an integrated program of projects and initiatives that might be resourced and implemented over time.

For this to progress the community needs to examine the potential for 'themed sub-working groups' to refine, develop and combine project concepts, these themes might include:

- Natural Environment – for example, a group encompassing Landcare, public land uses, and renewable energy.

- Public Infrastructure – Streetscapes, tourist and public space facilities and improvements, transport and other public infrastructure initiatives.
- Social Infrastructure – improvements to existing facilities – community hubs with potential to deliver social programs etc
- Tourism and Business Development – utilise and expand membership of existing structures such as a business networks to engage in a whole of community response to tourism, visitor attraction, event planning and commissioning.
- Community Development – a group incorporating community services, food shares, community leadership, planning for younger people and older adults, educational opportunities, job creation and associated development activities.
- Independent from the working groups there will need to be a process of feasibility testing and assessment against community benefit criteria.
- This mechanism will help refine the allocation of community resources and manage the process of seeking additional funding through grants and philanthropic contributions.

Volunteers

Critical to the fundamental role in building and strengthening communities are volunteers and the same applies to the setting up of entities such as community foundations.

An Interim working party would be engaged on a voluntary basis and a subsequent start-up Interim Board would require non-executive Directors.

During the Covid Pandemic there has been an estimated reduction of at least 45% in volunteer availability nationwide, ongoing engagement and ability to perform functions.

This is having a severe impact on the ability of communities to sustain programs, events, and planning initiatives, particularly in rural and regional areas.

For economic modelling purposes, the value of an 'unskilled' volunteer is costed at around \$25 an hour and a 'skilled' volunteer at around \$45 an hour.

A regionally focused re-engagement campaign to set up a community foundation could provide the opportunity to attract volunteers back where their input can be focused, and demonstrated as having an important leadership impact on a holistic, region-wide, democratic approach to community program funding, wealth-building, resilience-building, recovery, and a hands-on role in their community's future.

Governance and Legal Considerations

The key priorities for action out of facilitated community forums to set up community foundations have included:

To: meet/communicate/ be cohesive/respectfully create a vision

- establish Groups or Cooperatives that can guide the work on smaller projects
- regularly re-check and update the plan
- establish an inclusive governance structure to include the smaller projects
- proposals need to have a clear business case and ongoing plan for viability
- governance structure (or directional group) with skilled people on committees and sub-committees
- develop an inter-connected vision of the proposed themes
- linkages with other themes – synergies with emergency services
- funding to kick-start longer term investment in sustainable finance – attract investors
- trust in community representatives and decision makers.

A skilled working party would examine the most appropriate legal entity for a community foundation – one that can deliver on the determined mission and publicly agreed to goals.

Each brings different benefits, restrictions, business registration requirements, financial and other reporting requirements.

These legal entities include:

- an incorporated association
- a cooperative
- a public company
- a trust
- a company limited by guarantee
- a shareholding
- a combination of several of the above

Grant Processes

The annual grant funding processes would be enshrined within the adopted preferred business model.

The definition of these core Community Foundation provisions not only delivers clear and transparent 'rules of engagement', but has the important flow-on effect of raising the standard of community group and organisation management via assistance provided in regard to financial management, good governance practices and training and responsibility for outcomes.

These processes cover and include the following:

- Clear determination of the geographical boundaries within which grants can be given
- Clear determination of what can and cannot be funded – see example Appendix C (Bushfire relief foundation funding rules)
- Demonstrate that they meet the core aims of the Community Foundation
- Strict deadlines for applications
- A user-friendly application process, with assistance to complete if required, that requires strict adherence to and demonstration of the stated aims of the funding
- A cap on grant amounts that can be approved in any given round – for example, amounts up to a cut-off sum
- Demonstration of community support and input
- Grants only considered for incorporated community groups and organisations
- Have clear outcomes and performance indicators
- Grants that can deliver across economic, social, cultural and environmental outcomes
- May involve partnerships, co-designs and non-duplication of existing programs
- Have a business plan to demonstrate longer term sustainability
- Are short-term and do not fund ongoing staff positions
- That funding for existing programs/events is aimed at growing or expanding the program/event
- Can demonstrate value for money
- Can demonstrate the capacity for project management and the financial viability of the organisation
- Can capture the participation rates
- Have an innovative value that may not attract funds from elsewhere
- Larger grant amounts for longer-term projects to be managed in tranches, with strict acquittal requirements required before a subsequent tranche is paid
- Recipients required to acknowledge their funding source in marketing material

- The power to provide ‘discretionary’ grants outside of strict grant rounds on a needs basis and after a decision by the full Board
 - Where a group or organisation is in receipt of funds from other grant bodies, contact to be made with those bodies to ensure grants are not being replicated for the same purposes
 - Strong governance policies on conflict of interest definitions in a Board constitution
- See example of small scale grant agreement – Appendix B (source: Kinglake Ranges Foundation - Black Saturday bushfire relief – Victorian Bushfire Appeal Fund (VBAF))

Acquittals Process

The strict acquittal of distributed grant funds is central to the annual reporting required by the mandatory authorities overseeing philanthropic funds – The Australian Charities and Not-for-Profits Commission (ACNC).

The failure to enshrine these processes in the early planning stages to ensure strong management constitutes a major ongoing risk for these funding bodies and can be addressed by ensuring the following processes are in place from inception:

- Legally struck grant agreements outlining the recipient’s required reporting and performance/outcome requirements
- Grant monies not paid until both parties have signed the agreement and provided proof of the repository for said money being held by a properly constituted group or organisation
- Extensions of time for reporting purposes not granted, except in exceptional circumstances
- Provision for grant money, or part thereof to be returned to the Foundation where a breach of an agreement has been shown
- All acquittals to be approved by the Foundation Board
- Where a group or organisation is detected as being insolvent, or may be trading while insolvent, immediate action to be taken to seek a legal ruling on the situation and be part of any recovery action.
- In the event that a group demonstrates difficulty in producing an accurate acquittal, assistance to be offered to achieve this
- Where there may be unspent funds at the conclusion of a grant recipient’s program or project, examine ways that these could be effectively utilised to enhance a project; or require the return of any unspent funds – this can be achieved at the discretion of the Board

Legal Considerations

As a not-for-profit registered charity, the Foundation has clear ongoing obligations to the Australian Charities and Not-for-Profits Commission (ACNC).

It must

- Keep records
- Submit annual Information Statements and other information as requested
- Notify the ACNC of any changes to its key operating details
- Remain eligible for registration by meeting the minimum required governance standards and other requirements
- Obligations vary depending on the registered body’s size based on annual revenue, with small being less than \$250,000 and medium at \$250,000 or more, but less than \$1 million.
- As annual revenue increases, the Foundation will be required to vary its obligations

S.W.O.T. analysis

Wakool Shire Communities

Strengths	Weaknesses
<ul style="list-style-type: none"> • <i>Strong community spirit and commitment</i> • <i>Wide range of community groups engaged in improving their communities</i> • <i>Innovative agricultural sector</i> • <i>Urban population remained relatively stable over last ten years</i> • <i>Proximity to riverine environments of most urban communities</i> • <i>Lowest crime rate in Central Murray</i> • <i>Cluster of artists in Moulamein</i> • <i>'Safe', clean, quiet and friendly townships</i> 	<ul style="list-style-type: none"> • <i>Lack of resources to undertake community projects</i> • <i>Current economic circumstances inhibiting contributions from Council and business community for enhancing liveability of communities</i> • <i>Exposure to impacts from Murray Darling Basin Plan reduction in water entitlement targets</i> • <i>Limited number of community members engaged in community groups</i> • <i>Lack of awareness of the region</i> • <i>Scarce or aging infrastructure</i>
Opportunities	Threats
<ul style="list-style-type: none"> • <i>Resource and assist community groups to undertake projects that increase liveability</i> • <i>Provide a local philanthropic capability to encourage local giving for local initiatives</i> • <i>'Greater Melbourne' is growing closer to Wakool Shire each year</i> • <i>Improving 'liveability' of Wakool Shire communities to assist in retaining and attracting skilled workers</i> 	<ul style="list-style-type: none"> • <i>Reducing rural population impacting on sustainability of urban communities</i> • <i>Competition from surrounding regions for business investment and labour</i> • <i>Reducing availability of government programs to support community and economic development</i> • <i>Changing community social profile which erodes the diversity of character and community 'spirit'</i>

Advertising and Sales

A full advertising/marketing and promotional strategy would be determined as a central factor in the Foundation business plan and would include the following:

Planned promotion /advertising type	Expected business improvement	Cost (\$)	Target date
Public launch of Foundation	Increase awareness of Foundation and its activities, including opportunities to donate, grant program and membership and supporter opportunities.	Nil (Sponsored)	First month after incorporation
Regular media articles in local press	Raise awareness of Foundation and its development. Build awareness of donor opportunities.	Nil	Monthly
Publish quarterly members newsletter	Increase engagement with members and supporters and build member base to a target of 50 members and supporter base of 5.	Nil	Commence in month 3
Member and community forums	Engage community and members to build awareness of community needs as part of developing first round of community grants.	Nil (Sponsored)	Months 6 to 9

The Foundation will have two distinct marketing objectives:

- To build the Public Fund, Charitable Fund and associated sub-funds by a total of \$100,000 per year for ten years; and
- To distribute the earnings from funds invested through a rigorous grants program that supports the social and economic wellbeing (liveability) of the Wakool community.

Risk Assessment

A full risk assessment matrix would be developed by the business case working group from its appointment.

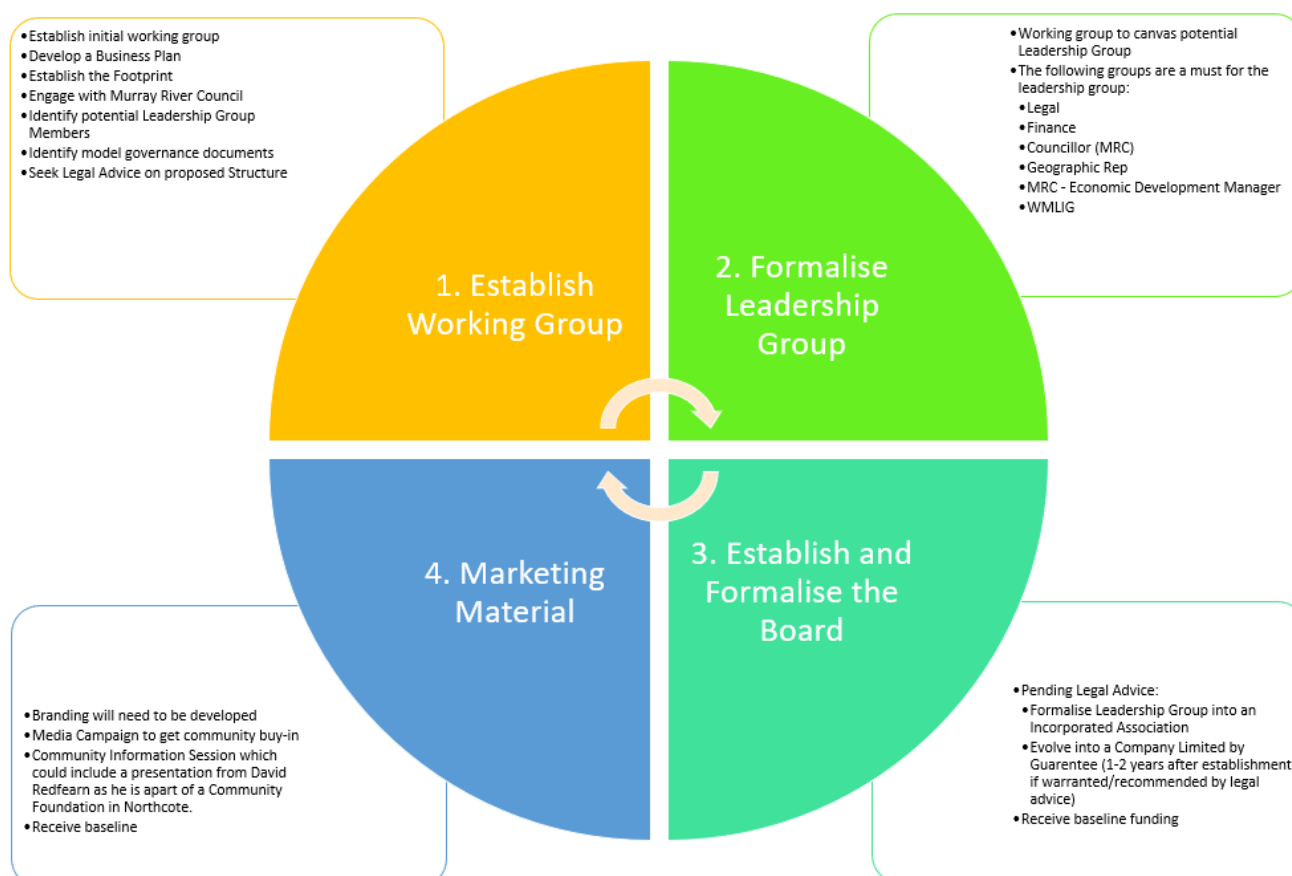
The risk assessment process would continue to be a work in progress throughout the groups tenure and then applied ongoingly to the Board governance requirements.

Some of the key risks identified in this context include:

Risk	Likelihood	Impact	Strategy
Lack of interest/support for the Foundation by local community members and businesses	Low	High	Robust regional benefits statements, membership drive and communications strategy
Oversubscription for annually allocated grant funds	Medium	Medium	Development of transparent grant application and allocation process
Requirement for specialist Director skills	Low	Medium	Develop process for identification and targeting of specific skills
Lack of financial support for administration requirements for the ongoing Foundation	Low	Medium	Provision of facilities and secretarial support in the initial years of the Foundation
Poor management of Foundation funds resulting in poor returns for community	Low	High	Development and implementation of comprehensive funds management strategy and engagement of suitably qualified funds manager

Unbalanced distribution of funding support throughout Shire	Medium	Medium	Ensure directors represent all communities within Shire and implement a transparent and equitable grants program
Failure to obtain or retain Tax Exempt and Deductible Gift Recipient Status	Low	High	Engage specialist assistance to apply for status and to oversee annual compliance and reporting processes
Failure to attract additional gifts and donations to build capital base of funds	Medium	Low	Implement strategy to promote benefits of donating and engage key stakeholders such as solicitors and accountants to encourage donations
Loss of geographic boundaries due to local council amalgamations	Medium	Low	Ensure geographic boundaries of Foundation are aligned with current Wakool Shire boundaries and included in constitution and trust deeds.

Creating the Two Entity Model



To expedite the two-tier 'community cooperative' model business planning process, it is recommended that a five-member voluntary interim community working group be established.

Larger working groups involved at this initial planning and start-up phase have shown in various community foundation models to be unwieldy and time consuming.

However, this focused, smaller, skilled, business-oriented working group can set up informal sub-groups that cover other representative community sectors where identified.

This would require the early determination of a business name that could be registered and a governance structure to ensure outcomes are met and have been conducted by a properly constituted and representative body.

This interim working group could, under current governance rules, be put in place for a set period of time, with clear goals and outcomes established.

The working group, would aim to have developed a full business plan, including funding options, within the allotted timeframe and be in a position to transition to a fully constituted Committee Foundation, with an Interim Board, once funding and viability is established.

When that stage is reached and initial funding has been secured, an Interim Board can be appointed with the same members of the business plan working group if appropriate – or with an expanded Board.

The Interim Board would have a 12-month period of initial full operation before holding its first Annual General Meeting and conducting its mandatory financial reporting requirements.

Expressions of interest for a fully constituted Board would be invited and put to the vote at that point in time.

For example, this could be:

- A member from WMLIG – bringing community knowledge and data capture; strategic planning; business planning; governance expertise; administrative support; geographic and demographic knowledge; understanding of the philanthropic grant process; independence and the ability to access a range of vital networks.
- A member of the business community – whether from the small to medium business sector; industrial, retail, finance/banking sector, or legal with business planning expertise.
- A member representative of the general community with a track record of working in community organisations that represent and understand a range of community stakeholders; is governance-trained; understands the need for efficient systems; and has a demonstrable communications network.
- A member or members who can represent the major stakeholders – agriculture, the environment, and/or Traditional Owners, for example.

An independent Chair would need to be determined

Appendices

Appendix A – WMLIG Community Adaptability Engagement Research

Appendix B – Example of a Community Foundation grant agreement (source: Jane O'Connor, Secretary Ranges Foundation, Bushfire relief and recovery foundation funded by the Victorian Bushfire Appeal Fund)

Appendix C – Example of what can and can't be funded (source: Jane O'Connor, Ranges Foundation, funded by the Victorian Bushfire Appeal Fund)

References:

Appendix A – WMLIG Community Adaptability Engagement Research

Appendix B – Example of a Community Foundation grant agreement (source: Jane O'Connor, Secretary Ranges Foundation, Bushfire relief and recovery foundation funded by the Victorian Bushfire Appeal Fund, February 2011)

Appendix C – Example of what can and can't be funded (source: Jane O'Connor, Ranges Foundation, funded by the Victorian Bushfire Appeal Fund, February 2011)

References:

Australian Bureau of Statistics – Business Investment as a percentage of GDP 2021/22

Australian Charities and Not-For-Profits Commission- *Guide to charity responsibilities*

ASIC – Business registration processes

Business Council of Australia Co-operatives and Mutuals, Website 2013

Resilience NSW, March 2022

Community Foundations Australia, Website, Estd 1997

The John Grill Centre for Project Leadership, University of Sydney, *Why Wait For Government, Foundation Governance*, Garry Bowditch, Gordon Noble, Glen Kierse, Vanessa Buchmann, 2017

Wakool Region Community Adaptation Strategy Report and research – WMLIG, February 2019

Ranges Foundation (One of five Community Foundations established by the Victorian Bushfire Appeal Fund, February 2011)

Wakool Shire Map, Source: *Taking Transformative Action in the NSW Murray Catchment Region*, Michael Miktchell, Charles Sturt University, February 2013