

GOLDFIELDS ESPERANCE
COMMUNITY TRUST



Goldfields Esperance Community Trust
(formerly GCU Community Trust)

Business Plan

Updated August 2018

Contents

Part 1: Introduction.....	3
1. The Community Funding Environment.....	3
2. Background to the Trust.....	5
3. Purpose	7
4. Mission Statement	7
5. Community Consultation	7
6. Board of Directors and Profiles	8
7. Management and Governance Structure	10
Part 2: Investors.....	11
8. Building Partnerships	11
9. Potential Funding Groups	11
10. Benefits of Contributing to the Trust.....	12
11. Investment Growth Strategy.....	14
14. Sustainability Strategies.....	19
15. Preliminary Risk Analysis.....	20
Part 3: Funding	21
16. Funding.....	21
17. Community Charitable Priorities.....	22
18. Eligibility Requirements.....	23
19. Project Requirements	23
Part 4: Planning for the Trust	25
20. Development.....	25
21. Marketing Objectives	26

Part 1: Introduction

1. The Community Funding Environment

Social responsibility is an ethical theory suggesting that every individual has an obligation to act to benefit society at large. Corporate social responsibility involves corporations, particularly large corporations, fulfilling an obligation to further social good, beyond the interests of the corporation and that which is required by law.

Corporate social responsibility is a concept which has been popular since the 1960s but is an increasingly important issue in business in Australia including within the Goldfields-Esperance region. Consumers have begun to understand how economic growth is linked to social and environmental well-being, and there is increasing pressure on organisations to make a positive contribution to society. Corporate social responsibility is a key issue for any organisation aiming for long term sustainability.

There is no doubt the need is there.

Not-for-profit organisations in the form of child care centres, housing providers, sporting, cultural and other charitable groups are plentiful in the region, frequently manned by volunteers with the aim of enriching the communities in which we live and work.

Existing sources of community funding are routinely unable to fund projects which would be of significant and lasting benefit to the community, by virtue of a lack of available funds. Consultation with a number of significant funding bodies in the region indicates that, in recent years, the quality of applications has improved, placing further pressure on available funds.¹

¹ Discussions held on 24 June 2014 with Lotterywest Manager, Kate Grosso and City of Kalgoorlie-Boulder, Community Officer, Chelsea Hunter

Sector Analysis

The following table identifies the features of the major funding streams available to community organisations in the Goldfields-Esperance region.

Funders	Goldfields-Esperance Region Focus	Corpus – Long-term sustainability	Local Decision-making	Various Investors – Government, Corporate and Private Philanthropic
GECT Community Trust	X	X	X	X
Lotterywest	Nil	Nil	Nil	Nil
City of Kalgoorlie-Boulder	X	Nil	X	Nil
Shire of Esperance	X	Nil	X	Nil
Federal Government – Building Better Regions Funding	Nil	Nil	Nil	Nil

Private Philanthropy in the region

Private philanthropy has grown strongly in Western Australia in recent years. In 1996, the average donation per annum per donor in Western Australia was \$142. That has increased to \$507 per donor by the end of 2012².

Information is not available to determine how much of these donations come from the Goldfields Esperance region or the extent to which they benefit our region. However, it is anticipated that a significant proportion of what is donated by donors living and working in the region will leave the region.

It is noted that of the funding streams set out above, only the Goldfields-Esperance Community Trust has the potential to tap into private philanthropic funds. It is considered likely that there is a significant pool of philanthropic funds available in the Goldfields Esperance region which, through lack of another place to put them, leave the region.

2. Background to the Trust

The Goldfields Credit Union (GCU) operated in the Goldfields-Esperance region for thirty years, from 1982 until 2012, with branches in Kalgoorlie-Boulder and Esperance.

GCU was established to address a financial need in the region at the time. In addition to providing banking services, GCU supported the regional community through sponsorships of events and funding to ensure that the credit union was making its own investment back into the communities in which it operated.

In May 2012, GCU was demutualised and listed on the Australian Stock Exchange, and changed its name to Goldfields Money Ltd. The demutualisation was the beginning of the organisation's expansion into other communities in Western Australia. In order to ensure GCU did not lose its connection with the Goldfields, and to leave a lasting legacy, the board of GCU, at the time of demutualisation, resolved that a Community Trust be established in its name to continue supporting the local community. As a result, 580,000 shares in Goldfields Money were allotted to the newly formed GCU Community Trust.

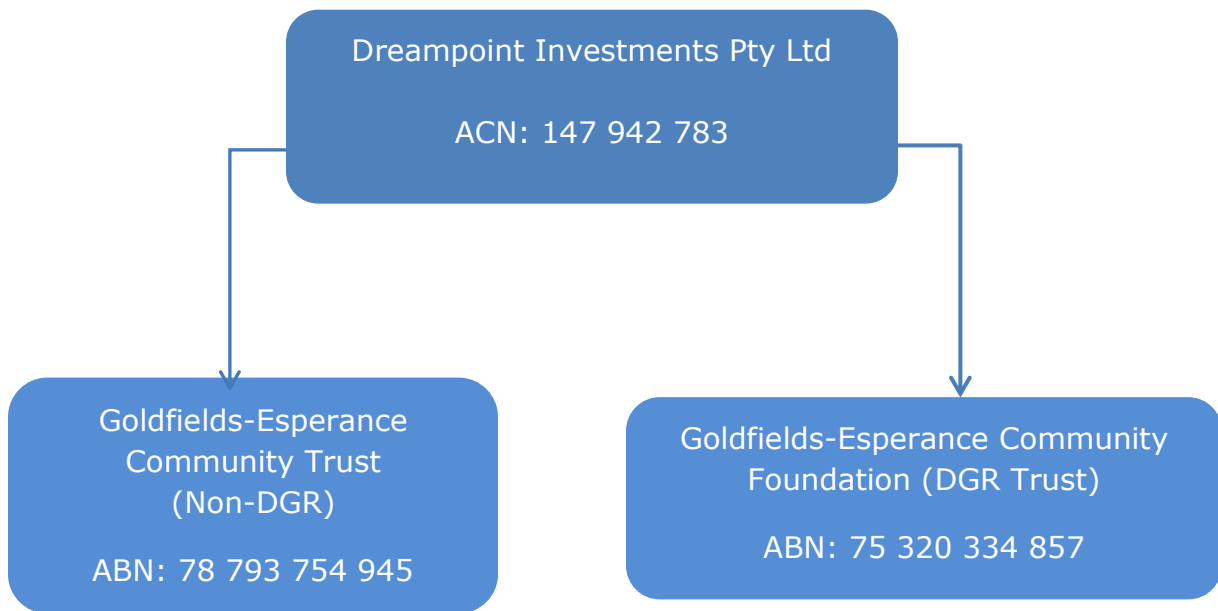
Subsequently, Dreampoint Investments Pty Ltd became the trustee for the Goldfields-Esperance Community Foundation DGR Trust (formerly known as the Goldfields-Esperance Community Foundation II), a fund endorsed as a charity by the ATO to receive tax deductible gifts.

² "Philanthropists Build on Dedicated Vehicles", Business News, May 26, 2014. This article references data from the Australian Taxation Office in support of these figures.

In October 2017 the trust sold its substantial shareholding in Goldfields Money and the proceeds of sale were added to other cash assets which it has acquired since formation. In February 2018, the trust changed its name to Goldfields-Esperance Community Trust (GECT).

Both trusts now act as investment vehicles for donors to provide community funding to the Goldfields-Esperance region. Therefore, the Trust offers the Region's disparate groups of funding bodies a one-stop shop funding organisation providing greater coordination and efficiency in the delivery of small grants.

Trust Structure



3. Purpose

The Goldfields-Esperance Community Trust (the Trust) has been established solely for the public benefit and charitable purposes, and is maintained to make distributions to other entities or people to support projects and activities that are intended to provide benefits of social value to the community of the Goldfields-Esperance region of Western Australia.

The Trust's goals include building capacity within community organisations by facilitating the sustainable development of those organisations. The Trust has regard to the Goldfields-Esperance Strategic Development plan, the Regional Investment Blueprint and other regional planning documents to ensure that the activities of the Trust are in-line with the aspirations of the Goldfields-Esperance region.

4. Mission Statement

The aim of the Trust is to make the Goldfields-Esperance region a better place to live. It seeks to recognise and value the Goldfields Credit Union's legacy of belief in our communities, and 30 years of investment into the aspirations of our people.

The Trust intends to maintain its funding independence through investments and retain its capital level whilst continuing to grow its cash base.

5. Community Consultation

The development of the Trust has enjoyed strong community and stakeholder support.


The Western Australian government through the Goldfields-Esperance Development Commission has collaborated with the Trust in its establishment and provided initial seed capital. Key regional stakeholders including current and previous members of parliament have been consulted and support for the concept has been well received.




6. Board of Directors and Profiles

The Trust's board comprises respected Goldfields residents with knowledge of our regional community's issues and needs. The board members hold positions of trust in the Goldfields community through the nature of their businesses and employment.

A locally-based board ensures that funding addresses the ever-changing needs of the Goldfields-Esperance community. It is envisaged that the board will build its membership. Further, the board intends to create an independent Advisory Committee to provide recommendations on funding requests. However, distribution and management of the funds will remain at the discretion of the board, subject to the wishes of investors.

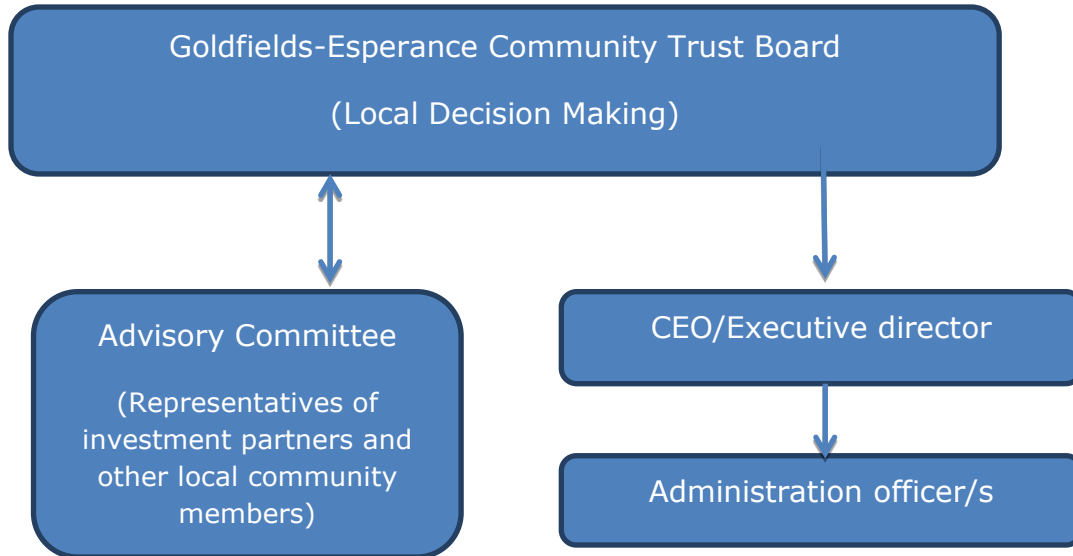
There are currently four directors of the trustee, three of whom were Goldfields Credit Union board members prior to the demutualisation. They are Lisa Ellery (Chair), Ashton George (Director), Gregory Coyle (Director) and Mia Hicks (Director).

	<p>Chair – Lisa Ellery LL.B (hons) BA(hons) GAICD</p> <p>Ms Ellery was raised on a farm at Gibson and educated in Esperance. She is a solicitor of 20 years' experience living and working in Kalgoorlie-Boulder. Ms Ellery is the principal of law firm Ellery Brookman, established in 2008, and has been a resident of Kalgoorlie-Boulder since 1998.</p> <p>In addition to her roles as Chair on the board of the Goldfields-Esperance Community Trust and Goldfields Esperance Community Foundation DGR Trust, she serves the Goldfields community on the Goldfields Esperance Regional Committee of the Australian Institute of Company Directors and as an active member of the Hannans Rotary Club.</p>
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 A portrait of Ashton George, a middle-aged man with short, graying hair, smiling. He is wearing a dark suit jacket, a white shirt, and a patterned tie.	<p>Director – Ashton George Dip. Fin. Serv. (Insurance Broking)</p> <p>Mr George is a Regional Director of EBM Insurance Brokers' Goldfields branch. He is an Associate of the National Insurance Brokers Association and holds a Diploma of Financial Services (Insurance Broking). Mr George has over thirty years of insurance and risk management experience.</p> <p>Ashton involves himself in various community activities and serves as a committee member of the AICD (Australian Institute of Company Directors) and a volunteer for various sporting bodies, particularly in his capacity as father to two active young children. He is a former director of St Mary's Primary School.</p>
 A portrait of Gregory Coyle, a middle-aged man with glasses, wearing a white shirt and a dark tie.	<p>Director – Gregory Coyle CPA</p> <p>Mr Coyle is a chartered accountant with over twenty years of public practice experience. He is the proprietor of local accounting practice G Coyle & Associates. Mr Coyle is a fellow of the Tax Institute of Australia.</p> <p>He has been a long-time contributor to local school boards, coaching junior football and basketball, and having significant involvement in other sporting organisations. Mr Coyle continues to support a number of local clubs through in-kind accounting assistance.</p>
 A portrait of Mia Hicks, a woman with long dark hair, smiling. She is wearing a red jacket over a black top.	<p>Director - Mia Hicks BA</p> <p>Mia Hicks is a business consultant specialising in the development of business cases, grants and planning documents. She specialises in assisting local governments, State Government departments and community groups access funding.</p> <p>Mrs Hicks is the proprietor of Mia Hicks Consulting which commenced trading in November 2013. Prior to starting MH Consulting, she was employed as the Senior Grants Officer responsible for Royalties for Regions funding at the Goldfields-Esperance Development Commission.</p>

7. Management and Governance Structure

The management and governance structure for the Trust, including as envisaged into the future, is as illustrated:



It is anticipated that the Trust will have sufficient resources to retain an Administration officer on a part time basis during its first five years of development.

During this time, the Board will be responsible for the financial, legal and investment raising activities of the Trust; these activities will be provided pro-bono. Once the Trust's corpus is sufficient, this role will be transferred to the CEO/Executive Director.

Part 2: Investors

8. Building Partnerships

The Trust's board intends to continue to build a permanent resource for the Goldfields-Esperance community through the creation of endowed funds from a wide range of donors comprising corporate, government, and private investors.

The Trust works and will continue to work with its partners to ensure that their giving requirements are addressed through a variety of investment options.

All net earnings, every year, are distributed to the community to ensure that the Trust is continuously providing much-needed assistance. Donors' wishes for capital to be distributed to the community are also carried out, but the board aims primarily to build and not spend its corpus, through extending its partnerships, for the long term benefit of the communities in which it operates.

9. Potential Funding Groups

The Trust sees its potential partners in the Goldfields-Esperance region to include the following:

- Mining Sector;
- Local Government;
- State Government;
- Corporate / Businesses;
- Businesses or Government with existing grant schemes; and
- Private investors including bequests from the estates of individuals.

The directors leverage off their existing networks and relationships to build corporate partnerships.

The directors actively approach potential corporate partners in the community which would benefit from a centralised granting system and are currently administering their own schemes. Investment in the Trust will allow these organisations to focus on their core business over the administration of a grants scheme.

The directors also consult with government, businesses operating in the Goldfields and private donors on the potential of the Trust to meet their needs for giving.

Working with its partners to ensure they receive the most possible benefit from their giving in terms of public recognition, marketing and promotion, on an ongoing basis, is an important priority for the Trust.

The Trust provides its partners with regular updates on funding projects and outcomes. Partners also receive the Trust's annual report. Partners or representatives may be invited to join the Advisory Committee to allow them to provide their own recommendations on funding proposals.

The Trust can act as a vehicle for managing specific purpose grants by Local and State Government.

10. Benefits of Contributing to the Trust

The benefits of contributing to the Goldfields-Esperance Community Trust include:

- 1) Permanence – one investment option that is available to donors is an opportunity to invest in the Trust's corpus.

Except where funds are the subject of donors' specific instructions to distribute capital, the corpus of the fund will never be spent. Only the net earnings will be distributed each year to the community.

Investing in the fund's corpus provides the opportunity for donors to contribute to a lasting community resource that will allow our partners to leave a legacy through the Trust.

- 2) Efficiency – the Trust calls for applications, reviews the applications of the organisations seeking funding, makes grants and monitors the progress of projects being funded.

Donors wishing to contribute to community projects can avoid the overheads associated with the administration of such funds through the Trust, increasing an individual donor's ability to direct their philanthropic funds to benefit the region.

- 3) Coordinated Approach – the existence of the Trust allows donors to direct community organisations seeking funding to one fund available to the whole of the Goldfields-Esperance community.
- 4) Corporate Social Responsibility – a key issue for any organisation aiming for long term sustainability, investment into the Trust’s fund will demonstrate a donor’s positive contribution to the community.

The Trust will maintain, as a priority, the public recognition, marketing and promotion of donors; donation arrangements will be formalised in professionally drawn contractual agreements entitling donors to ongoing rights and recognition.

The Trust’s relationship with donors will be informed by ongoing engagement in what the Trust sees as a partnership with the ability to positively influence change in the long term.

Funds donated are individually accounted for. They will never simply disappear into consolidated revenue. Unless contractually agreed, funds donated will never be used for operating costs, enabling donors to justify their funding.

- 5) Accountability – it is difficult for corporate philanthropists donating directly to the NFP sector to obtain information about how their donations are helping bring social returns.

NFPs rarely have the resources available to gather and deliver information in the form of hard data about what a donor’s investment has achieved, other than to provide anecdotal “feel good” stories.

These are becoming less and less satisfactory to corporate donors looking for greater accountability for their investment and convincing statistics they can pass on to their shareholders and customers.³

- 6) The Trust is in a far better position to provide this information than a heterogeneous collection of individual not-for-profits which do not communicate with each other to share information about outcomes.

The Trust is committed to ensuring this type of information – numerical evidence and project reports as well as good stories – are made available to partners to the extent possible.

- 7) Tax Benefits – The Goldfields Esperance Community Foundation (DGR Trust) provides an option for tax deductible giving.

³ “Measuring Social Investment: a Complex Call”, Business News, May 26, 2014.

11. Investment Growth Strategy

The current assets of the Goldfields-Esperance Community Trust are:

	Type of Asset	Value
10 August 2018	Cash (at call)	\$64,662
	Cash (invested)	\$750,000

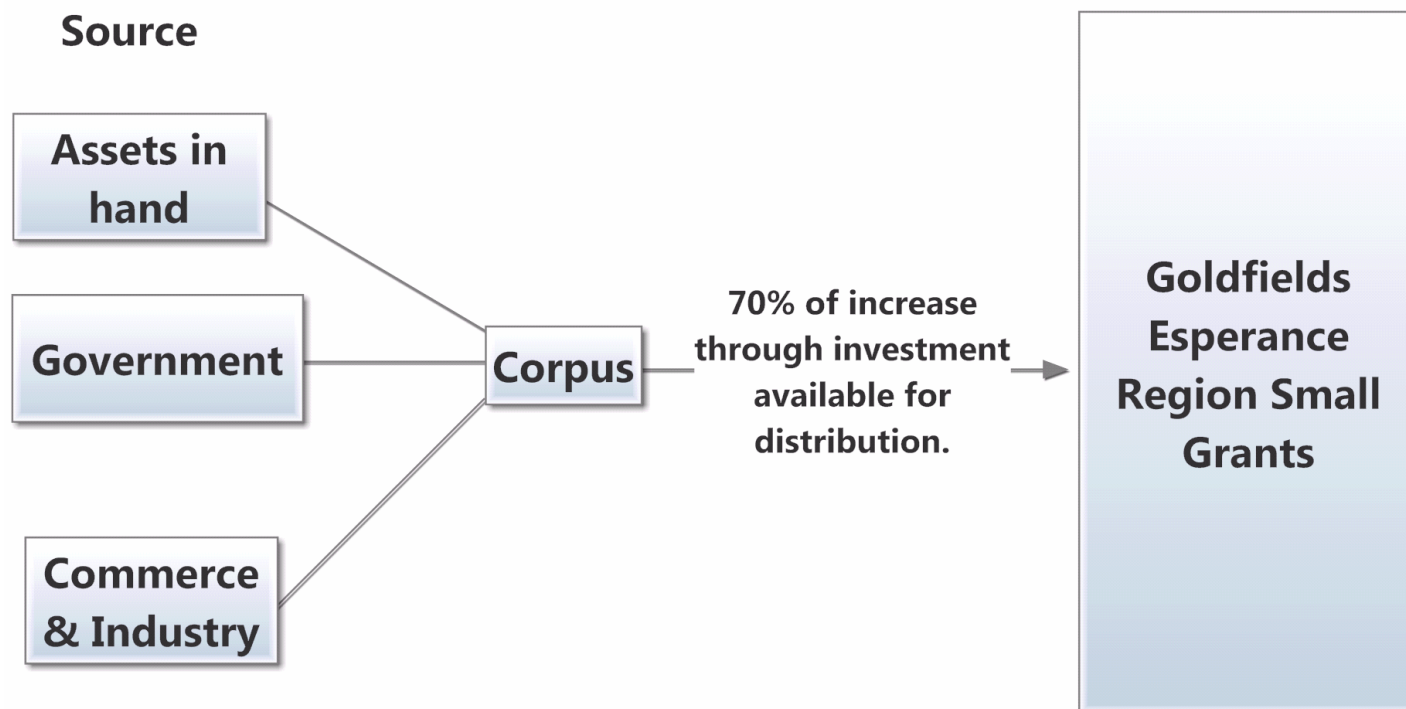
The current assets of the Goldfields-Esperance Community Foundation (DGR Trust) are:

	Type of Asset	Value
10 August 2018	Cash (at call)	\$15,550

12. Conservative Growth Scenario

It is the Trust's intention to develop and adhere to a low-risk investment policy. The potential return is a conservative estimated five per cent per annum return on corpus with 70 percent of this return being invested into the community and 30 percent being returned to the corpus. An administration fee of a maximum of one percent of the corpus is estimated.

GCU Community Trust



Goldfields-Esperance Community Trust 2018

The following scenario provides a possible growth scenario of the corpus in the coming five years of the Trust.

	2018/19	ADMIN	2019/20	ADMIN	2020/21	ADMIN	2021/22	ADMIN	2022/23
No growth	\$750,000	\$7,500	\$753,750	\$7,537	\$757,519	\$7,688	\$761,193	\$7,726	\$764,884
5% ROI	\$37,500		\$37,687		\$37,875		\$38,059		\$38,244
70% to community of ROI	\$26,250		\$26,380		\$26,513		\$26,641		\$26,770
30% to corpus of ROI	\$11,250		\$11,306		\$11,363		\$11,417		\$11,473

13. Potential Investment Scenarios

Following are example investment scenarios designed to demonstrate the impact a significant contribution to the Trust could have on the ability of the Trust to meet the community funding needs of the Goldfields Esperance region into the long-term future.

Scenario 1

An investment of \$6 million into the corpus would result immediately in an additional \$236,381 return to the community based on 5% per annum return on investment in the following year. It is noted that on this scenario an administration fee of one percent of corpus would be immediately able to support a full-time administration officer.

	2018/19	ADMIN	2019/20	ADMIN	2020/21	ADMIN	2021/22	ADMIN	2022/23
No growth	\$750,000	\$7,500	\$6,753,750	\$67,538	\$6,787,519	\$67,875	\$6,821,456	\$68,215	\$6,855,564
5% ROI	\$37,500		\$337,688		\$339,376		\$341,073		\$342,778
70% of ROI to community	\$26,250		\$236,381		\$237,563		\$238,751		\$239,945
30% of ROI to corpus	\$11,250		\$101,306		\$101,813		\$102,322		\$102,833
INVESTMENT LUMP SUM = \$6,000,000									

Scenario 2

This scenario assumes an investment of \$1.5 million per annum over four years in addition to the current invested funds of \$750,000 at 2018/19.

	2018/19	ADMIN	2019/20	ADMIN	2020/21	ADMIN	2021/22	ADMIN	2022/23
No growth	\$750,000	\$7,500	\$2,253,750	\$22,538	\$3,765,019	\$37,650	\$5,283,844	\$52,838	\$6,810,263
5% ROI	\$37,500		\$112,688		\$188,251		\$264,192		\$340,513
70% of ROI to community	\$26,250		\$78,881		\$131,776		\$184,935		\$238,359
30% of ROI to corpus	\$11,250		\$33,806		\$56,475		\$79,258		\$102,154
INVESTMENT OVER 4 YRS = \$1,500,000 P/A									

14. Sustainability Strategies

The Trust has developed strategies to ensure the sustainability and perpetuity of the fund for the benefit of the Goldfields-Esperance community. They include:

- 1) Funding – Maintain the Trust’s capital level while continuing to grow the cash base by a minimum of 10% each year.
- 2) Recruitment – Identify and recruit a CEO or Executive Director to grow the fund and manage the activities of the fund.
- 3) Governance – Continue to recruit board and Advisory Committee members as appropriate and undertake effective succession planning.
- 4) Quarterly meetings – Continue to hold quarterly meetings and an annual general meeting.
- 5) Administrative Costs – It is intended that to the extent possible administrative costs are to be kept to a maximum of one percent of the corpus, whilst recognising the need to invest in the development of the Trust and the growing of its partnerships and cash base.

15. Preliminary Risk Analysis

Risk	Likelihood of risk (1 Low – 5 High)	Strategy to Manage Risk
Fall in share price of Goldfields Money	1	Diversification of portfolio by increasing corpus
No or insufficient increase in corpus	2	Recruit Executive Director/consultant to increase corpus; increase board membership for assistance in increasing corpus
Low quality submissions	3	Provide clear feedback to applicants; recommend service providers to assist in the development of submissions
Over demand for funds available	4	Ensure community expectations are managed by being transparent in funds available each financial year
Board turnover	2	Effective succession planning to ensure Trust sustainability
Allocation of funding that could cause reputational damage to Trust and/or substantial corporate donors	3	Trust to clearly state obligations on applicants; Trust to require good quality submissions setting out proposed expenditure in detail; Submissions to be carefully reviewed and any possible negative press or potential reputational damage to be considered by the board in deciding whether to fund; sufficient resources to be allocated to enable Trust to carry out above.
Potential donors not willing to contribute to fund due to loss of public recognition, marketing and promotion benefits associated with running their own community grant schemes	3	Ensure Trust maintains as a priority the public recognition, marketing and promotion of donors; donation arrangements to be formalised in a professionally drawn contractual agreement entitling donors to ongoing rights and recognition.

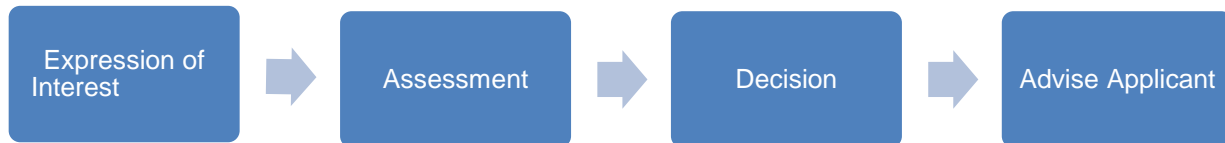
Part 3: Funding

16. Funding

The Trust assists not-for-profit voluntary organisations, community groups and individuals, for charitable purposes only. The opportunities provided to potential community applicants are as follows:

Minor Projects (funding up to \$25,000)

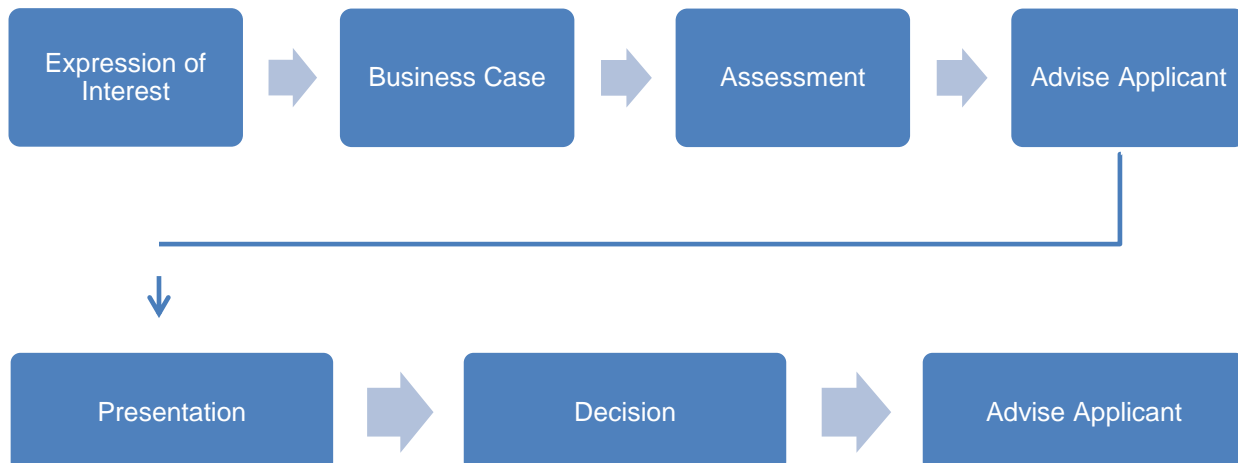
Applicants complete an expression of interest application form which will be assessed by the Goldfields-Esperance Community Trust board for a final decision. Should the applicant be successful, a funding agreement will be executed.



Where considered appropriate the applicant may be asked to submit a business case as part of the assessment process.

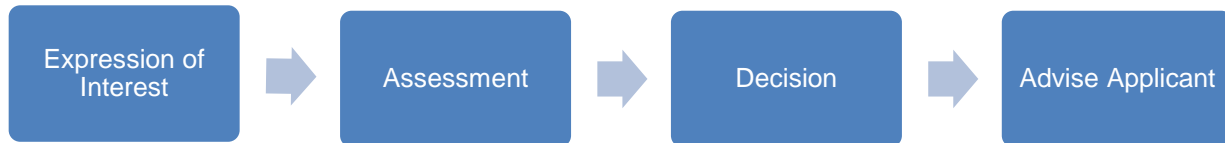
Major Projects (funding of \$25,000 or more) – (long term goal)

Applicants will complete an expression of interest which will be assessed by the Goldfields-Esperance Community Trust board. If appropriate, the board will request that the applicant complete a detailed business case for further consideration. The applicant may be asked to make a presentation to the board.



Youth Scholarships for Academic Development

This category will provide youth with up to \$500 for their academic development. Youth applicants must complete the on-line youth scholarship application form which will be assessed by the Advisory Committee and then recommendations will be provided to the board.



Notification

Each applicant will be provided with notification of the success or otherwise of their application through a formal letter from the Trust's board.

For both minor and major projects, a grant agreement will be provided to the successful applicant to outline the conditions of the grant, with funding conditional on the applicant's acceptance of the terms and conditions of the grant agreement.

17. Community Charitable Priorities

The main purpose of the Community Trust is to improve the quality of life for people living in the Goldfields-Esperance region. All projects are required to align with one or more of the following charitable priorities to be eligible for funding:

1. Develop or improve quality of life for all or a defined group of persons living in the region
2. Enhance community capacity building
3. Provide or develop services, projects and initiatives for the benefit of the public and improve community well-being and social inclusion
4. Help address or eradicate social problems or create sustainable social change
5. Support and assist organisations undertaking charitable activities in the region
6. Develop the community's – and service providers' – skills, knowledge and engagement in ways which are sustainable and replicable
7. Support youth development (academic scholarships)

18. Eligibility Requirements

The Trust provides funding to not-for-profit voluntary organisations, community groups and individuals, for charitable purposes only. Organisations must be incorporated in order to be eligible for funding.

The Trust is only available to people and organisations based in or residing in the Goldfields-Esperance region. This area includes the local government areas of the City of Kalgoorlie-Boulder and the Shires of Coolgardie, Dundas, Esperance, Laverton, Leonora, Menzies, Ngaanyatjarraku and Ravensthorpe.

The Trust will consider the granting of funds to local government where appropriate, such as in remote areas where they are the only entity with the capacity to manage and expend funds.

19. Project Requirements

Applicants for funding must demonstrate:

- how the project fits with the Community Trust's charitable priorities
- consultation with stakeholders especially with the people benefiting from the funding
- clearly defined project outcomes
- capacity for meeting ongoing operational and maintenance costs
- that the project is ready to proceed and can be completed in a timely manner
- how the Trust will be publicly acknowledged

In addition, the following factors are considered highly desirable:

- a high level of financial commitment to the project, either through a direct financial contribution or through sourcing other project funding
- community partnerships proposals

Projects must be approved prior to project commencement to be eligible for financial contribution. Retrospective payments will not be made.

Ineligible projects or applications include:

- Recurrent costs once the project is completed
- Staff salaries
- Projects that pay project wages
- Projects that do not demonstrate sustainability strategies
- State or Federal Government departments or agencies
- Registered businesses, commercial entities and individuals

Part 4: Planning for the Trust

20. Development

The Trust has recently sold its shares in Goldfields Money and has the intention to build the corpus of the Trust, its sustainability and its procedural efficiency as a funding organisation.

Since 2014, the Trust has accomplished the following:

- Developed and maintain tools and resources for small grant giving
- Promoted the existence and benefits of the trust to both investors and potential applicants for funding
- Grew its Board membership
- Launched the GECT website – www.gect.net.au
- Developed partnerships with local government to administer their grant management and distribution
- Created MOUs with several organisations to assist in administering funding for charitable purposes
- Provided an update of the status of the GECT at a stakeholder information session (July 2018)
- Developed an Expression of Interest for grant giving

21. Marketing Objectives

The primary objective of a marketing campaign will be to promote the Trust throughout the Goldfields-Esperance region. This will be achieved by:

- Raising awareness of the Trust
- Positioning the Community Trust as a local decision-making grant funder

The marketing campaign will target:

- Potential corporate partners including the State Government, the mining industry, private businesses, and private philanthropic donors
- Community and not-for-profit organisations in the region

The Trust intends to utilise the following marketing and promotional tools:

- Dedicated website
- Facebook
- Regional media outlets
- Advertorials
- Funding bodies