Community Leasing of Council-owned Land & Facilities

An Information Kit

Redland
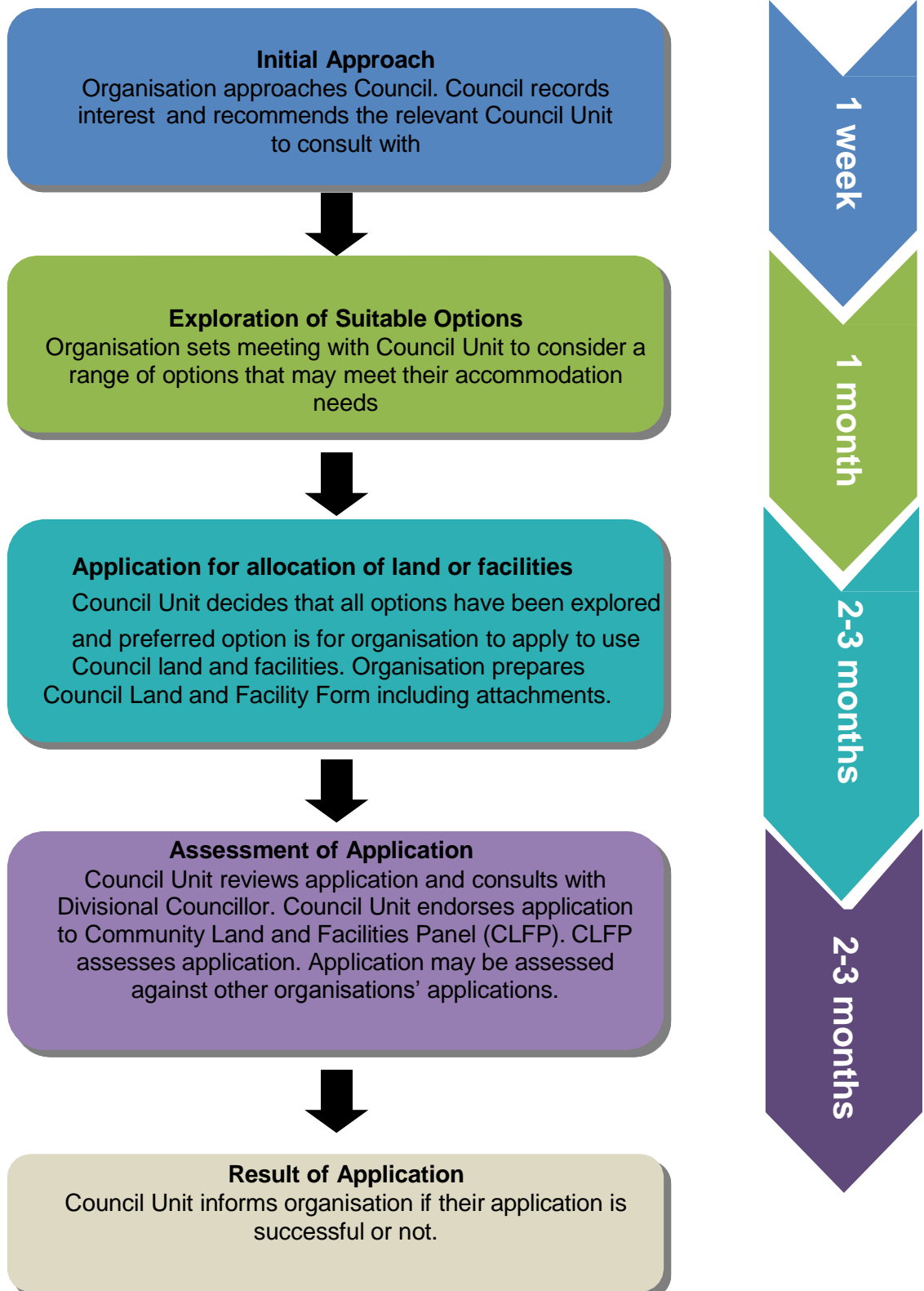CITY COUNCIL

Table of Contents

Council Land & Facilities Application Process

Approximate Timeframes

Initial Approach
Organisation approaches Council. Council records interest and recommends the relevant Council Unit to consult with

1 week

Exploration of Suitable Options
Organisation sets meeting with Council Unit to consider a range of options that may meet their accommodation needs

1 month

Application for allocation of land or facilities
Council Unit decides that all options have been explored and preferred option is for organisation to apply to use Council land and facilities. Organisation prepares Council Land and Facility Form including attachments.

2-3 months

Assessment of Application
Council Unit reviews application and consults with Divisional Councillor. Council Unit endorses application to Community Land and Facilities Panel (CLFP). CLFP assesses application. Application may be assessed against other organisations' applications.

2-3 months

Result of Application
Council Unit informs organisation if their application is successful or not.

*An Expression of Interest (EOI) process may have variations from the approach shown above.

1 Introduction

Background

Redland City Council is committed to supporting strong and connected communities through a full range of services, programs, and facilities. This information kit will be a step by step guide for groups wanting to access land and facilities in order to conduct their activities. It also supports Leasing of Council Land/Facilities Policy. The illustration on the previous page provides a snapshot of the general leasing process.

Policy

Council recognises that community, cultural, sport and recreation organisations have a vital role in providing services to the community. These services affect health and wellbeing and the overall quality of life of the community. It is essential, therefore, to provide support to these organisations as they continue to enable communities to reach their full potential.

Council supports the provision of community access to Council owned or managed land and facilities for the delivery of opportunities which contribute to building safe, strong and self-reliant communities.

Council is committed to:
- Maximising the community benefit and use of Council owned and controlled land and facilities
- Ensuring equitable, needs based distribution of facilities and land
- Ensuring consistent tenure conditions
- Defining responsibilities and costs associated with the construction, maintenance and operation of facilities

- ▪ Acknowledging the contribution of community organisations through the development of partnerships and provision of services and facilities
- ▪ Working with community organisations to support appropriate financial and asset management practices

Definitions

Community Organisation – a non-government entity that has organised itself to offer certain programs, goods and services to the community. Community organisations are usually legally incorporated, able to receive grants and own property, and operate on a not-for-profit basis governed by an elected committee of members from the community.

Council Land and Facilities Panel (CLFP) – is a panel of designated Council Officers who meet to assess applications by not for profit organisations for Council facilities and land.

Cultural Organisation – a non-government group which exists primarily to undertake cultural service activities e.g. arts groups.

Environmental Organisation – a non-government group that exists primarily to undertake environmental activities like native animal care and rescue organisations.

Expression of Interest (EOI) – a competitive process where organisations are asked to demonstrate their interest, capacity and proposed usage of an available Council land or facility.

Lease – is an exclusive use tenure arrangement for the use of Council land and facilities. A lease is appropriate where long term tenure is proposed and/or a high risk activity is undertaken e.g. tennis courts. The period of a standard lease will be up to 10 years. Where the lessee invests significant infrastructure, the lease term will be up to 20 or 30 years.

Not for Profit Organisation – includes Sport, Recreation, Community, Cultural and Environmental organisations within Redland City.

License to Occupy (LTO) – is a non- exclusive tenure arrangement for the use of Council land and minor facilities e.g. shed or playing fields. LTO can be granted over land and buildings where a community group is trying to establish a new service or program. The term of a LTO will be up to five years with the maximum being three years on Crown Land.

Recreation Organisation – a non-government group which exists primarily to undertake recreational activities e.g. sporting clubs and hobby clubs.

Eligibility

For your organisation to be eligible to lease Council land and/or facility, you must
- be any one of the following categories
  - Sporting
  - Recreational
  - Community
  - Cultural
  - Environmental
- be an incorporated association or equivalent
- be a not-for-profit community based organisation
- have $20 million public liability insurance.

2

4 Step Process

There are 4 practical steps that an organisation can undertake to access land and/or facility.

Step 1

Getting Started

Know and understand what your organisation's intention is in accessing land and/or facility.

Step 2

Planning for a Facility

Do some research. Seek assistance and advice from Council on identifying your needs.

Step 3

Preparing Application

Be clear about your plan. Show your organisation's capacity to manage the facility and to implement your program/project.

Step 4

Submitting Application

Be ready to discuss your plans as your application is assessed.

Congratulations! You have taken the first step to pursuing your organisation's intention to access land and/or facility so you can provide new services and programs to the community. This toolkit is designed to assist you in looking at your options and what you should do if you would like to access Council land and/or facility.

1.1 *Take time to consider your plans*.

Be clear about why your organisation wants to use land and/or facility. Do some brainstorming and weigh your alternatives. Your organisation needs to think about:

- Why is the service or program important to the Redlands?
- Who is the target clientele?
- Will your service or program run for a short term or long term? If the service is going to run short term, your organisation might opt to hire facilities.
- Are there other ways of delivering the service or program without having to access land or facility?
- What other resources would you need to run the service or program?

Careful planning can significantly assist you in achieving your goals as an organisation.

1.2 *Connect with organisations that have related or similar interests.*

Meet with existing organisations and learn how they implement their program. Understand what issues they faced and if they are using someone else's land or facility, find out what sort of arrangements they have with the land owners. Do they have a partnership in place? Or do they have lease agreements?

Step ② Planning for a facility

Developing your program or service takes a great deal of time and commitment especially if you are a new organisation. For more established organisations who are already operating a service, they may find that sustaining it can be a challenge. To achieve what you have set out to do, you need to research and plan thoroughly. Consider all potential locations or facilities for conducting your activities like church halls, schools, and other commercial premises. Council owned land and facility are not often readily accessible. In some cases where there is available Council land and facility this might not necessarily suit an organisation's need or requirement for a space.

2.1 Do some preliminary research.

Think about how much space you need to successfully deliver your service or program. There is diverse range of facilities across the city with varying capacity and size. Some are equipped with kitchens. Others have meeting rooms and some have open areas that can host large groups. Websites are often good sources of information to help you understand what your spatial requirements are. Council's website (www.redland.qld.gov.au) provides details of halls and other facilities in the Redlands.

There are several questions you have to consider when identifying possible sites:
- What type of land or facility do you need?
- What size of land/facility would be suitable for your organisation?
- Does your site need to be accessible by public transport?
- What are your facility requirements? Kitchen? Toilets? Meeting rooms?

2.2 Approach and meet with relevant Council Unit.

Ask Council for assistance and advice on identifying your needs. Be well prepared before you set any meeting. Make sure that you have your business plan (see Step 3 on what constitutes a business plan) ready to facilitate discussion.

The main point of contact in Council would be the Senior Property Officer. The officer would be directing you to the relevant Council unit that you need to consult with.

If you are.....	Primary contact in Council
▪ **Recreation Organisation (sports clubs, hobby clubs)**	City Sports and Venues Unit
▪ **Community or Cultural Organisation**	Strengthening Communities Unit
▪ **Environmental Organisation (native animal care and rescue organisation)**	Environmental Education Unit

Council can advise you on your proposed program or service. They can provide information about resources particularly on how and where to access grants or funding.

Your organisation needs to consider other available options such as halls or sharing existing available facilities. If the land or facility does not match your spatial requirements and Council officers have deemed that the preferred option would be to access Council land or facility, you will be asked to complete **Council Land and Facility Application Form.**

You need to remember that when you are planning to build on land or do some improvements on existing facilities, you will need permission from Council land owner as well as the necessary approvals. Your organisation needs to complete and submit a development application. Make sure that you understand how this process works and the costs it entails. More details can be found in Section 6.

Step ③ Preparing your application

You are now ready to do your **Council Land and Facility Application Form**. In preparing your form, there are important attachments that you need to include:

Strategic Plan

This document describes the direction of the organisation over a long time frame usually 3 to 5 years. It articulates what your organisation wants to do and explains the reason why (see Appendix 1 for a sample template). The plan constitutes an organisation's

- Vision – a statement that shows the desired future for the organisation and members
- Mission – a succinct statement about the purpose of organisation
- Goals – the areas that an organisation would like to focus on
- Objectives – more detailed statements about how to achieve each goal
- Strategies – specific actions to be undertaken to accomplish the objective. Strategies need to be **S**pecific, **M**easurable, **A**chievable, **R**eviewable and **T**ime bound (SMART).

Constitution

This states the policies, rules and guidelines of the organisation. It indicates the governance structure of the organisation as well as the responsibilities of the appointed or elected officers. A constitution is relevant for an organisation for the following reasons:

- to establish the governing body of the organisation and clarify lines of accountability
- to define members' rights and responsibilities to identify a process of making decisions and resolving conflicts

Areas that might be dealt with by organisational policies, rules and guidelines include:

- Health and safety policy
- Code of conduct of members and grievance procedures
- Risk management

Certificate of Incorporation

Incorporation is a process of registration that provides an organisation with legal advantages in return for accepting certain legal responsibilities. The certificate is what you receive from the Office of Fair Trading after your organisation's application for incorporation has been received.

Your organisation needs to be incorporated to be eligible for leasing Council land or facilities. For further details, visit www.fairtrading.qld.gov.au

Certificate of Currency

The document is from the insurance company to show that your organisation has insurance. Council will ask you to provide your Certificate of Currency for public liability cover.

Audited Financial statements

These are records of an organisation's financial operations. The statement indicates your organisation's financial position and needs to be audited by a third party. New organisations will only be asked to provide a financial statement.

Business or Project Plan for Facility

The business or project plan sets out what you would like to implement in order to achieve your organisation's objectives. At a minimum, the plan should include the following:

- **Evidence of community need.** You need to show that your program or service would address an identified need of the community. These needs can either be felt needs (needs that are identified through surveys, questionnaires, discussions, public forum), demonstrated needs (needs shown through observable actions and are documented through gaps in services) or comparative needs (needs that are identified through comparison of groups, organisations or communities and supported by statistics and research). A combination of the different methods would create a substantive argument for your program or service. You need to keep in mind the following questions
    - How will your program address the needs of the community?
    - What are the specific benefits your program provides?

- **Details of the proposal.** This section of the plan shows how your program is divided into manageable or workable chunks that include
    - objectives or goals of the project
    - the specific tasks and activities

- target groups
- outcomes that have to be achieved
- timeframes, and
- resourcing needs which consist of materials, tools, equipment, and human resources or personnel.

It is also important to illustrate how the activities will lead to the achievement of project outcomes.

- **Conceptual and/or technical plans.** Part of your business or project plan should illustrate your land/facility requirement and should include proposed development like building plans and/or site plans.

- **Accessing funds.** Building new facility or renovating old ones entail large amount of capital outlay. Funds are also needed for operational purposes. The costs of the program and how funds will be sourced out should be reflected in the plan. How will you fund your project?

- **Demonstration of sustainability.** Managing and sustaining your organisation is a difficult challenge. Some organisations may fail because they are unable to continue operating as a consequence of inefficient and ineffective use of resources. In some cases, organisations struggle with retaining their membership base. Part of your plan needs to demonstrate

  - **Financial planning and accountability.**
    You need to show that your organisation has a system set up to manage your finances. Box 2 provides an idea of the components of a financial system. It is also critical to identify sources of funding or revenue streams that can support your organisation through the long term. Section 5 provides more information on Financial Sustainability.

- *Membership.* The recruitment and retention of members is an important consideration for your organisation's sustainability. Being able to recruit new members is anchored on having a good communication and marketing plan. You should be able to show how you are able to attract new members. More importantly, you need to demonstrate how you are able to retain existing members.

- *Program sustainability.* The ability to sustain your program and be able to respond to community issues over time is a significant hallmark of an organisation's capacity. While program continuity is often related to financial sustainability, it is not solely dependent on having constant monetary resources. Strategies can be identified to ensure that the program is able to provide continued community benefit. In some cases, building partnerships can play an integral part in program sustainability. Other organisations opt to alter their format of delivery but still maintaining constant goals and objectives. You should be able to show how you are able to implement the program in the long term.

Appendix 1 provides a template of a business plan.

Step 4 Submitting application

Once you have completed your Application and the pertinent attachments, you are now ready to submit your application to Council

4.1 Submit application to Council. Make sure that you have identified the primary contact for your organisation in the application form. The representative of your group will be contacted if the Council Unit you have worked with has any queries or clarifications. Your local Councillor will be consulted about your application as part of the assessment process.

4.2 Council Land and Facilities Panel (CLFP) will assess your application. After the Council unit reviews your application and is satisfied with the attachments and documentation, the unit will provide your application and recommendations to the Council Land and Facilities Panel.

The panel can recommend either of the following:
- Defers application process if there is no available land or facility. Once land or facility is available, either an Expression of Interest (EOI) process will be undertaken or direct allocation if a suitable match is determined as having merit.
- If there is available land, endorses application of organisation and either
  o Recommend available land or facility to organisation.
  o Or recommend that an open competitive process for available Council land or facility be undertaken.
- Suggests other options than leasing Council land or facility. Recommends alternative land arrangements with other groups.

3 Community Grants

Having ample financial resources can assist an organisation in achieving the goals it has set out to do. However, in most cases organisations don't have sufficient money to undertake new projects or improve current programs. To assist groups, Council has a community grants and sponsorship program that is run in two rounds per financial year. Grants and sponsorships are offered across the arts, cultural, heritage, environment, community development, enterprise development and sport and recreation. More information can be found on Council's website www.redland.qld.gov.au/grants. The table below provides a brief description of the types of funding available from Council.

Category	Funding	Dates
Organisation Support To provide funding for organisations to undertake projects to become more sustainable and to improve their capacity to deliver services within the community	Up to$3,000	**Applications are accepted once per year**
Project Support Support for specific one-of projects or activities with objectives that deliver long-term positive outcomes for the community	Up to $10,000	

Conservation Grant Support for direct conservation projects that benefit the environment and wildlife	Up to $10,000	

Category	Funding	Dates
Regional Arts Development Fund (RADF) Funding provided in partnership with Arts Queensland to assist new and emerging artists to further develop the skills and profiles of artists in the Redlands	▪ Negotiated value	**Applications are accepted once per year**
Capital Infrastructure To help build, renovate or refurbish community facilities	▪ **Small Capital up to $10,000** Applicants are required to make a 20% cash financial contribution towards the project ▪ **Major Capital up to $50,000** Applicants are required to make a 50% cash financial contribution towards the project	**Applications are accepted once a year**
Councillors' Small Grants To assist groups requiring a small amount of assistance. To support individuals for achieving high-level excellence.	▪ Up to $3,000	**Applications are open all year round**
Sponsorship Financial contribution or value-in-kind to support an event, project, service or activity. All sponsorships	▪ Negotiated value	**Applications are accepted once per year**

Category	Funding	Dates
must provide tangible and measurable commercial benefits to Council and the community		

There are also funding opportunities available at the State and Federal levels however, the grants process can be highly competitive. Your organisation stands a better chance of accessing these funds if you know what you want to do and how you are going to do it. Obtain information on funding sources by visiting websites. A large number of organisations including government departments are putting grant information on the internet.

Learning about the timeframes, the criteria and the nature of these funding sources can also prove to be advantageous to your organisation as you are better prepared in completing your application and requirements. When completing your grants application ensure that you write your proposal professionally and that you adhere to and address the grant guidelines specific to the funding agency. Your narrative should be supported by evidence. This gives an indication that you know your community well. Do not be afraid to ask for advice or clarifications on requirements from funding agencies.

Local Government Association of Queensland (LGAQ) provides questions for you to consider when preparing your application and proposal:
- Is your proposal written in a positive tone, focusing on solutions rather than problems?
- Is it easy to read and organised in an eye-pleasing way?
- Is it logical in its structure and organisation?
- Does it avoid jargon and excessive acronyms?
- Does it look professional?
- Does it meet all of the guidelines in terms of style, length and sequence?

4 Responsibilities of a Lessee

A lease agreement outlines the general responsibilities of the lessor (or owner, in this case Council) and lessee (or tenant). If your organisation has been granted a lease, there are certain responsibilities you need to bear in mind as a lessee. Remember a lease agreement is a legal and binding document so it is important for organisations to understand and meet the terms and conditions stipulated on the agreement that they signed.

4.1 Lease Fees and other Charges

Prior to a lease being granted, it is important to note that there are establishment fees involved. The lessee will bear the costs associated with the preparation and registration of the lease document including survey, legal, registration, Department of Environment and Resource Management fees, stamp duty and the like.

Council has a range of annual fees for community leased facilities that it charges depending on the type of organisation. The Council's lease fee schedule is as follows:

Category	Description	Annual Lease Fee (inclusive of GST)*
A	Organisations without a liquor license	$1
B	Organisations with restricted liquor license	$1
C	Organisations with full liquor licenses	$718.20
D	Organisations with license for 30 gaming machines or less	$1324.60

Category	Description	Annual Lease Fee (inclusive of GST)*
E	Organisations with license for more than 30 gaming machines	$6625.50

The lessee has the responsibility of paying the annual rent in advance, not later than the first day of each lease year upon demand. Cost of utilities like gas, water and electricity associated with the use of facilities will be borne by the lessee.

4.2 Use of Premises

Leasing of Council land and facilities must benefit the wider community. To maximise the use of the leased premises, Council ensures that they are managed effectively and efficiently.

The lessee must use the premises only for the activities specified on the lease agreement and it should comply with the requirements of the City Plan and the conditions of any relevant Development Licence. The lessee is also expected to conduct the licensed use of the facility in an orderly, responsible and reputable manner.

4.3   Maintenance of Site

The lessee is responsible for the upkeep of the leased premises in line with the terms of the lease. The lessee must facilitate relevant maintenance of the premises, including all fixtures and fittings, to keep them in good repair, working order and condition with allowance for fair wear and tear. Maintenance is also required to meet statutory obligations.

Report

The lessee must inform Council of any damage to the premises including

- damage to or the defective operation of a service
- an unsafe condition of the premises or another part of the land
- an unsafe condition in an area adjacent to the land in which persons access the land or the premises

4.4 Facility Alterations and Additions

The lessee must not make improvements, alterations, or additions to the premises or leased area without the consent of Council. In certain cases and depending on the scope of work, a planning Licence may be required.

Box 1. Avoiding traps for inexperienced lessees

Organisations are often not fully aware of their obligations under the agreement until informed by Council following an unintentional breach of conditions. Some of the important responsibilities you need to keep in mind are:

- Understanding that your lease is a legally binding document.
- The payment of annual lease charges if any, by the due date each year.
- The payment of Council rates and charges by the due date on rates notices.
- Keeping the leased area free of rubbish, litter etc.
- The need to obtain regulatory approvals relevant to Planning Scheme and Building Code of Australia when constructing new or renovating old buildings, stands, etc.
- Keeping the area well maintained on a year-round basis.
- Acting within the best interests of Council and the residents surrounding the leased area, i.e. illegal, improper, immoral, noxious or offensive activities in and around leased areas are avoided. The lessee must ensure the leased areas are safe.
- Having public liability insurance to the required level.
- Complying fully with the insurance provisions of the lease agreement

External Lighting

Council approval may be needed if the lessee proposes to install external lighting upon the premises.

Signage

If the lessee wishes to put up advertising signs, bills, placards, notices and other signage, they first need to seek permission from Council.

4.5 Annual Reporting

The lessee is required to report to Council annually as stipulated in the lease agreement. The reporting requirements are to be collected following the organizations' annual general meetings. The reports will come in the form of the following (or a combination thereof):

- Annual report and audited financial statements
- Copy of licensing permits
- Current insurance coverage
- List of current officers and members

Organisations should inform and update Council If any changes to officers or committee members has taken place. Council may also request other reports which it deems necessary in the management of leased premises. These can include (but are not limited to) 5 year Development plans, asset management plans and risk management plans.

4.6 Risk Management

Council is committed to ensuring safety in all its facilities and in the conduct of activities and events. Council strongly supports the management of risks. As the primary users of leased facilities and organisers of events in these premises, lessees have the primary responsibility of managing risks associated with the implementation of programs and activities. Lessees must thus ensure that risk assessments have been done and that appropriate risk management processes are in place to treat potential risks. The preparation and development of a comprehensive risk management plan is important for organisation in order to control and/or mitigate risk. Appendix 1 provides a template of a risk management plan.

4.7 Termination of Lease

Once lease has terminated, the lessee must return ownership of the leased premises to Council. In certain cases, lessees can apply to take the structure with them. The lessee must ensure the leased premises or facility should be returned in good, tenantable repair and condition prior to vacating the area.

Helpful tips and Useful Websites

- Ensure that you fully understand the terms and conditions of your lease agreement. Seek appropriate professional advice if you have any queries about the clauses of your agreement.

5 Financial Sustainability

Financial sustainability is defined as the ability of the organisation to mobilise, manage and efficiently use all its resources (financial, human and mission resources) on a reliable basis to achieve its core objectives (Foresters Community Finance and Knodes, 2011). The ability of an organisation to have funds set aside for current, future and unexpected expenses allows for financial sustainability to be maintained.

In simple terms, having enough cash in the bank to pay for all services rendered now and in the future!

While an organisation's survival is dependent on obtaining funds to be able to plan and implement activities to achieve their mission, it is also equally important for an organisation to have the ability to properly manage its finances. A system needs to be in place to keep track of the money that your organisation spends or receives. This not only ensures sound financial standing, but also sets the foundation for an organisation to develop financial capacity.

There are several elements that you need to remember when pursuing financial sustainability:
- Understand and manage your costs
- Identify your revenue resources
- Conduct financial planning and develop strategy

5.1   Understand and manage your costs

Costs are involved when your organisation runs program and services. Expenses are also incurred for day-to-day administration. Sufficient time should be allotted in analysing the costs that your organisation faces particularly since these can result in the misappropriation of limited resources which can undermine your organisation's mission. The initial step is to define your organisation's programs. In cases where you deliver or plan to offer many programs it is important to delineate them in different areas since these will constitute the categories into which you will distribute your costs.

The costs that an organisation faces are:

- ***Up-front or start-up costs***. These are costs that are incurred for establishing and starting up an organisation. These expenses involve
    - o   Initial application fee for incorporation
    - o   Application for public liability insurance and other relevant insurance
    - o   Meeting requirements for tax purposes
    - o   Council lease fees and planning fees

- ***Direct Costs.*** Expenses that are directly and exclusively related to the project, program or service (Leon 2001). These costs can include
    - o   Personnel/Staff cost such as wages, salaries, benefits
    - o   Supplies costs which covers consumable supplies used for the project. These may also include cost for special permits or licenses or special insurance coverage.
    - o   Travel cost such as transport expenses, meal costs and venue hire related to the project
    - o   Publications both print and online
    - o   Contingency is usually calculated at 5% of total budget for things that are unplanned or occurred unexpectedly

- ***Indirect costs/Ongoing/Overhead costs.*** Costs that are integral in the proper functioning of the organisation and are shared across the program areas. This include expenses that are not directly related to the implementation of a specific program such as

- General administration and management costs like wages, stationary/office supplies, permits and licenses
- Infrastructure expenses like rents, utilities, transportation, equipment depreciation, technical licenses
- Other costs that are incurred for the benefit of all programs within the organisation (marketing and advertising costs etc.)

Estimating costs requires that you do a bit of research. You can call suppliers for quotes or consult websites to determine the appropriate remuneration and benefits of staff. Appendix 2 provides the potential costs involved when organisations access Council land and/or facility.

Organisations are also strongly advised to allocate funds towards a sinking fund, which is typically a fund established to set aside revenue over a period of time to fund future capital expenditure or unexpected costs. It is imperative that organisations consider the life of an asset and the cost (in the future) to replace them, items to consider could include:

- Existing lights
- Goalposts, poles, hoops, dugouts, nets or fencing
- Water Tanks and Irrigation Systems
- Equipment (such as mowers)
- Road Entrances & Car Parks
- Buildings
- Maintenance of playing surfaces (i.e. sports fields, hard courts, greens or lawns and any other playing surfaces)

The most common way to allocate money into a sinking fund is by using the life of an asset, its associated replacement value and then allocating a portion of this value each year into a sinking fund. An example is provided.

Description	Quantity	Life of Asset	Value	Asset Sinking Fund Allocation
Building	1	20 years	$500,000	$25,000 (Calculations based on Value of Building/Life of asset)
Building Perishables	n/a	1 year	$1,000	$1,000
Sports Field Light Bulbs (2 Bulbs for 4 Light Poles)	8	2 years	$16,000 ($2,000 each)	$8,000
Equipment (Mowers)	1	7 years	$5,000	$714
			TOTAL	**$34,714 per year**

Note: Building Perishables include items such as light bulbs, fans and other minor perishables located within the building.

It is possible for organisations to utilise funds out of their sinking funds for capital improvements which could prolong the life of an asset. Using the building example above, it could be deemed appropriate to allocate 50% of the yearly allocation into capital maintenance and/or development of the building. This could mean that your organisation is spending $12,500 per year to maintain the facility and prolong its life.

5.2 Identify revenue sources

Some organisations are heavily reliant on external funding such as grants or donations to sustain operations. Others are dependent on membership fees. The key is having a diverse range of income streams to ensure financial capacity. One way of ensuring this is to develop your own income generating strategy. You need to
- Identify your needs
- Research possible income sources
- Develop a project plan for each appropriate option

Our Community (www.ourcomunity.com.au) which is a resource organisation for community groups identified six pillars of a good fundraising plan:
- *Donations*. Explore personal donations, general appeals, direct mail and appeals to your email database of members and supporters. Research whether you can arrange to receive online donations.
- *Grants.* Federal, State or local government provide grants on a regular or one-off basis. It can be a highly competitive process so it is important for your organisation to be clear on what you want to do. Philanthropic and corporate grants programs are also available.
- *Community-business partnerships* like possible major and minor sponsorship arrangements.
- *Membership* fees or fee-for-service arrangements (charging clients or members a fraction of the cost of providing services)
- *Special events*, includes
    - Sales, fetes
    - Trivia nights, fashion parades, talent contests, art shows , film nights
    - Various events, with community members gaining sponsorship for a walkathon, readathon, skillathon etc.
    - Games nights
    - Raffles, competitions auctions
- *Earned income* through selling merchandise, goods, and services

Your organisation needs to identify and explore fundraising options that are achievable and profitable. Be creative and make sure that a lot of people are involved in raising money for your organisation.

5.3 Conduct financial planning and develop strategy

Financial planning is a key element to the success of any organisation. Financial planning involves the identification and establishment of processes to monitor the financial health and wellbeing of an organisation. A financial plan is informed by an organisation's strategic plan and defines key priorities for the organisation. At a minimum, it includes

- Budget which forecasts income and expenses in the coming 12 months
- Cash flow forecast which is a monthly breakdown of money that comes in and goes out. You can plan your activities according to the increases and decreases in your income

Financial planning also involves the identification and establishment of processes to monitor the financial health and wellbeing of organisations. In conjunction with these 2 planning tools it is imperative that an organisation has in place a system to generate information that would assist staff to make sound financial decisions. This includes the preparation of financial statements like the Balance Sheet, State of Income and Expenses and budget versus actual. Having a reliable financial strategy of how your finances are managed will contribute to the overall success of your organisation. Organisations are often faced with unstable revenue cycles partly because of over reliance on grants and donations. Financial planning can help in anticipating decreases in income such as losing a major grant and hence determining a reasonable cash flow which may entail reducing on expenses.

Key points you need to remember:

- *Annual budget*. An organisation should develop an annual operating budget which includes costs for all program, management and fundraising and all sources of funding. The budget spells out in monetary terms what the organisation has set out to do to fulfill its mission.

While it is important to have enough money in the budget to meet all resources and expenses, organisations also need to target a surplus which can be put in reserve. Building a reserve ensures that organisations are able to respond to unexpected threats or budgetary shortfalls in the short term and sets the foundation for financial sustainability in the long term.

- ***Record keeping and reporting.*** An organisation has to have in place a system to generate information that would assist staff to make sound financial decision. Policies and procedures should be in place for effective financial management and reporting. These should cover
  - Cash receipting
  - Process of making payments

  Financial recording requirements for any incorporated association include keeping:
  - A cash book or statement of amounts received or paid
  - A receipt book of receipt forms
  - All association bank statements
  - A register of assets, and
  - A petty cash book

  Any incorporated association must provide annual financial reports to the Office of Fair Trading (OFT) and Redland City Council and must include:
  - Profit and loss statement (income and expenditure)
  - Balance sheet (asset & liabilities)
  - All mortgages, charges and securities that affect any of your incorporated association's property at the close of the financial year, and
  - Copy of the accountant or auditor's report, or the verification statement, signed in accordance with your incorporated association's reporting requirements

  These documents must be audited by a certified accountant or an auditor must audit the financial statements and sign off on them. These forms must be lodged with both Council and the Officer of Fair Trading within one month of the Annual General Meeting (AGM).

Organisations also need to monitor their financial performance. Appendix 2 provides a snapshot of key financial indicators to assess an organisation's financial standing and various approaches to achieve financial sustainability.

Planning and Building

When your organisation plans to build a project, you need to check if you need Council authorisation. Some projects may need building approval or both planning and building approval. In both cases, organisations need to lodge an application and prepare the necessary requirements to seek approval from Council. Contact rcc@redland.qld.gov.au for more information.

6.1   Additional Approvals

Organisations undertaking planning and/or building work might be required to submit additional approvals or requirements prior to commencement of any work. Check Council's website for information on planning, building and development approval requirements.

- ***Workplace Health and Safety Requirements***

The project may require additional approvals to ensure that workplace health and safety (WH&S) requirements are met. If the organisation decides to engage with a principal contractor to undertake works on site, the contractor assumes responsibility for ensuring that

- o a Workplace Health and Safety Plan is developed
- o all workers (paid or voluntary) on site have insurance
- o all workers (paid or voluntary) hold white cards which is a General Safety Induction (Construction Industry) Card.
- o an induction of all workers on site is undertaken

A principal contractor is licensed by the Building Services Authority. Other licenses may be required depending on the scope of the project.

If the organisation, however, decides to undertake all works on site, the organisation would then assume responsibilities as that of the principal contractor including obtaining an Operational Works Permit and other required permits (examples would be Permit to Work for working at heights or demolition). The organisation should ensure that all required

permits are obtained before commencement of any relevant activity.

Council may conduct site inspections when work is ongoing to ensure that work place health and safety are regularly monitored and implemented.

- **Aboriginal and Torres Strait Islander Cultural Heritage Duty of Care**
  According to the *Aboriginal Cultural Heritage Act 2003* and *Torres Strait Islander Cultural Heritage Act 2003*, organisations wishing to carry out land-use activity need to exercise a duty of care and to ensure their activity does not harm Aboriginal or Torres Strait Islander cultural heritage. Consultations with the Aboriginal or Torres Strait party in certain cases might be necessary if the activity has a high risk of causing harm on Aboriginal or Torres Strait Islander cultural heritage.
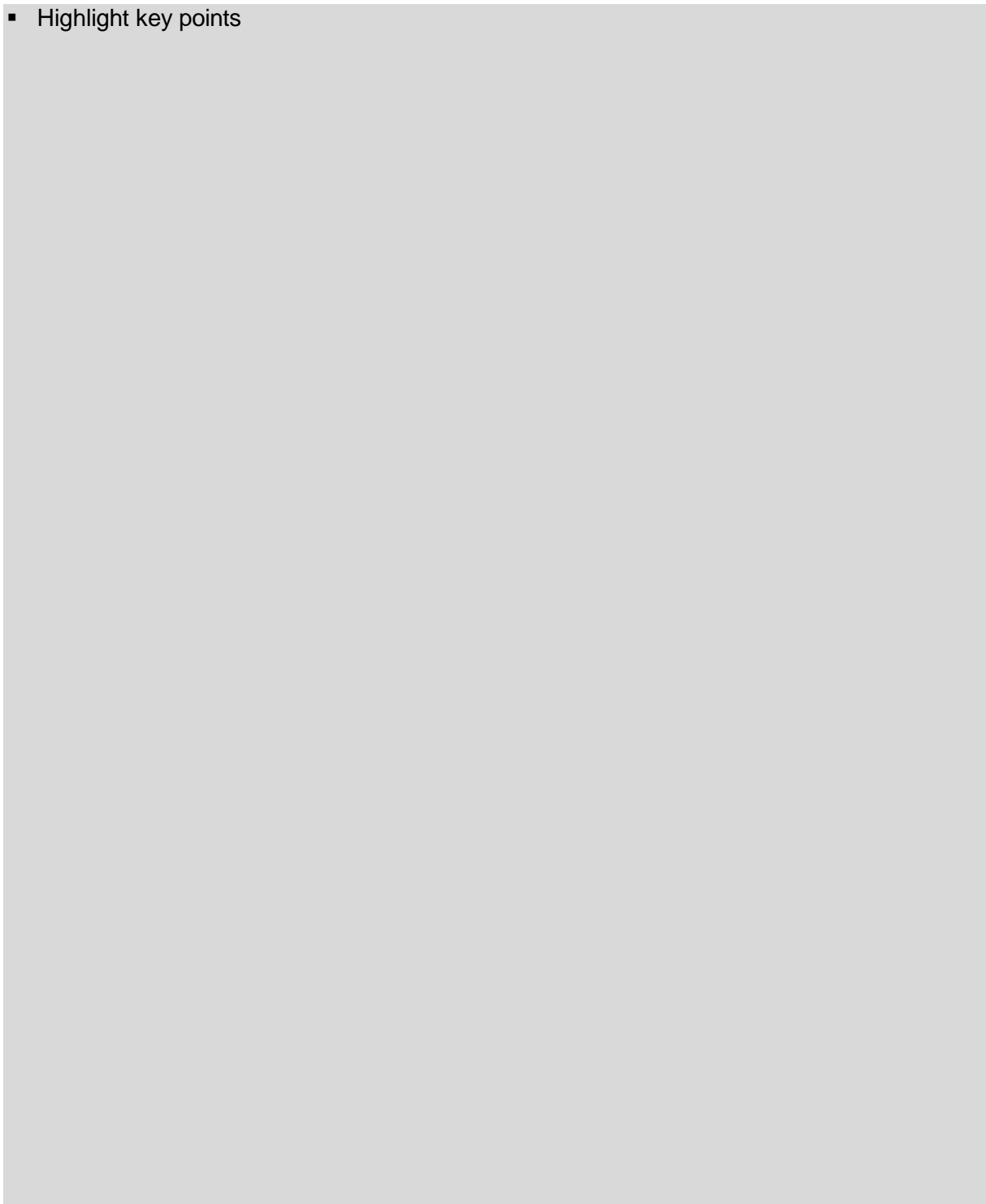
  For further information on the cultural heritage duty of care, contact the State Government Cultural Heritage Unit on telephone 13 74 68 or email cultural.heritage@datsip.qld.gov.au.

Appendices

Appendix 1
Business/Project Plan for the Facility Template

1. Executive Summary

- Highlight key points

2. Background of Project

- Demonstrate community need
- Provide evidence to support the identified community need (statistics and data)
- Target population
- Project objective- what is your intended purpose
- Illustrate how project will address the objective
- Outcome/s you would like to achieve including how to measure them

3. Specific Details of Proposal

- Description of the project/service. Be specific
- Indicate staffing structure of who will deliver the project including key skills and/or qualifications
- Conceptual and technical plans
- Describe land facility requirements
- Time frames of key tasks and activities
- Resourcing (equipment, services, people, tools etc.)
- Project costs
- Project funding source

4. Risk management
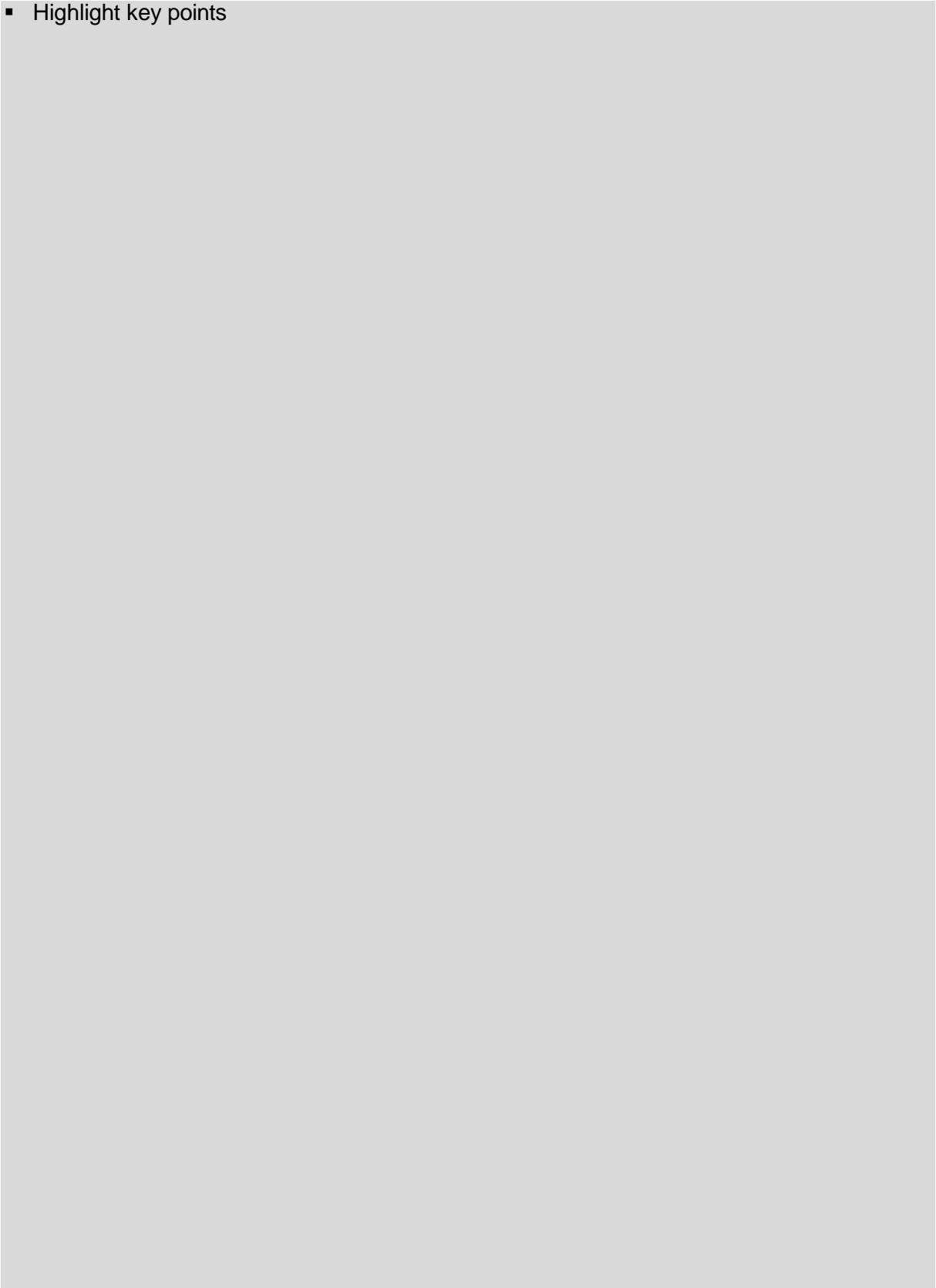
This is a process of identifying and assessing risks as well as developing strategies to manage the risks that may directly affect the program or service. The questions that need to be considered are:

- When, where why and how are risks likely to happen in your program?
- Are the risks internal or external?
- Who might be involved or affected if an incident happens?
- How do you avoid or mitigate the risks?

Risk description	Likelihood	Impact	Priority	Preventative action	Contingency plans
Rating Categories: L = low VL = very low M = medium H = high VH = very high					

Strategic Plan Template

1. Executive summary

- Highlight key points

2. Organisation history

Highlight
- Date the organisation was formed
- Reasons why the organisation was formed/Role in the community
- Geographical area your organisation represents

3. Management/Governance structure

Includes organisational chart and may show operational (staffing) level and governance (board) level. Need to also list down the staff –their job titles and main responsibilities-and/or committees

4. Vision of the organisation

Focuses on what the organisation wants to achieve

Mission statement

Focuses on what the organisation sets out to do. Reason for your organisation to exist

5. *Goals and objectives over the long term*

- Sets out what needs to be done to achieve the vision. It would be good to organise these goals and objectives against key performance areas.

- Key performance areas (KPA) are general areas of operation within an organisation where a desired outcome is required over the period of the strategic plan and beyond.

- Focus area are specific operational areas within a key performance area.

- Goals are broad statements of overall intent and should be consistent with the vision and mission of the organisation

- Should include Tables identifying key performance areas, goals, objectives, strategies, action plans (see below for format)

Samples shown below:
5.1 Table summary of KPAs

KPA	Focus area	Goal	Objective
Administration	Office administration		Produce agendas for and minutes of meetings
	Corporate governance	To introduce best governance and management practices	Develop a governance manual
Marketing	Sponsorship	To pursue financial stability and viability	Obtain two sponsors for activity
	Fundraising		Increase fundraising money by 20%
	Merchandise		Sales of branded goods
	Promotions		Produce registration flyer to be distributed
	Communications		Produce monthly newsletter

5.2 Table of detailed KPAs, goals and objectives

KEY PERFORMANCE AREA:	Marketing
Focus area:	Sponsorship

Goal: To pursue financial stability and viability
Objectives: To recruit sponsors for the activity

Strategies	Actions	Responsibility	Timeline					Forecast	Performance outcome	Priority
			01	02	03	04	05			
Promote activity to various stakeholders	Write letter of invitation Meet with interested stakeholders	Marketing officer						Nil	To conduct a well-attended and supported activity	Medium

6. *SWOT analysis*

Identifies factors both internal (what you can influence) and external (what you can't) that can affect your organisation

Table: SWOT Analysis template

Internal factors (things about your organisation)	Strengths	Weaknesses
External factors (things outside of the organisation)	Opportunities	Threats

7. *Annual budget*

Financial Year covering _____	
Total Income	**Amount**
▪ Ensure that income or funding sources are broken down into categories ▪ List actual figures or estimates your organisation expects from funding sources ▪ Estimate amount you will raise through fundraising ▪ Estimate amount your organisation receives for services provided ▪ Estimate amount from membership fees ▪ Estimate amount from merchandise sales ▪ Estimate income from investment, interest income etc. ▪ List and estimate other sources of income and/or revenue	
Total expenses	
▪ Develop ways of estimating expenses (assumptions and projections of cost) ▪ Ensure that expenses are broken down into categories ▪ List yearly expenses for absolute necessities ▪ List estimated expenses for things needed to conduct activities/programs of organisation ▪ List estimated expenses for miscellaneous costs	

SAMPLE

Items	Financial Year _____ Months											
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Legal fees												
Motor vehicle expenses												
Newsletter												
Office expenses												
Printing and stationery												
Promotions												
Purchases (merchandising)												
Registration fees												
Rent												
Repairs and maintenance												
Salaries and wages												
Staff training												
State team expenses												
Subscriptions												
Superannuation												
Telephone and fax												
Travel and accommodation												
TOTAL EXPENSES												
NET INCOME												
CASHFLOW $												

9. Balance Sheet

This shows an organisation's assets (what you own), liabilities (owe) and owner's equity (total assets minus total liabilities) at a given point in time.

Assets	
Current assets	
Cash	
Short-term investments	
Stock on hand	
Accounts receivable	
Other	
Non-current assets	
Land and building at cost	
Plant and equipment at cost	
Motor vehicle at cost	
Office equipment at cost	
Leasehold improvement at cost	
Less depreciation	
Intangible assets	
Goodwill	
Other	
Total assets	
Liabilities	
Current liabilities	
Bank overdraft	
Short-term loans	
Trade creditors	
Other	
Non-current liabilities	
Proprietor's loans	
Secured loans	
Other	
Total liabilities	
Owner's equity	
Total assets	
Less total liabilities	
Owner's equity	

Appendix 2
Potential Costs of Organisations

Initial Costs Involved

- Application cost for incorporation

- Lease costs

- Planning fees

- Building fees

- Design costs, professional reports & certifications

- Car park / lighting

- The building itself

Annual Costs

- Services component of rates

- Electricity cost

- Insurance – building /public liability

- Regular tests: Fire extinguishers, Emergency lighting, Safety switches, Termites & Pest

- Maintenance fund / carpets / paint / light fittings

- Building depreciation

- Graffiti removal/ vandalism repair

- Vegetation & car park maintenance

Appendix 3
Financial Indicators for Organisations

There are essential key indicators (Foresters Community Finance and Knodes 2011) to assess an organisation's financial health:

No.	Indicator	What to aspire for
1	**Consistent surpluses**	Consistent surpluses covering full operational costs and contributing to healthy balance sheet
2	**Revenue Stability and Reliability**	Organisation has a strong base of attracting recurrent funding, and this constitutes the majority of the organisations current revenue base
3	**Revenue Diversity/composition**	The organisation has a diverse revenue base comprised of different types and sources
4	**Expense size and growth**	The organisation regularly reviews expenses and takes action to ensure that expenses align to budget projections
5	**Full cost coverage**	The majority of programs/activities in the organisation operate in ways that ensure full cost coverage
6	**Program/activity financial performance**	Financial performance of programs and activities regularly undertaken and used in strategic and operational decision-making
7	**Diversity of program/activity portfolio**	Diverse and sustainable portfolio of programs/activities that align social impact and financial sustainability measures as much as possible
8	**Current Ratio Current Assets/ Current Liabilities**	Ratio of current assets to current liabilities is greater than 3:1
9	**Reserves**	The organisation has a reserve of between four and twelve months of operating expenses
10	**Asset Development & Composition**	The organisation has plans which are being realised to develop assets, and to use these assets to leverage greater sustainability and impact
11	**Investment**	Idle cash and reserves are appropriately managed, reviewed and invested in accordance with organisational investment policies
12	**Cash flow**	Cash flow is either not an issue or is appropriately managed through forward planning and projections and/or a line of credit. Cash flow projections are part of management and strategic decision-making
13	**Budget Variances**	The budget is regularly reviewed and the organisation's income and expenditure is on track for the year. Budget planning and review are part of the board and management decision-making cycles

These indicators can give your organisation areas that you can focus on to build financial sustainability. The table below shows some of the pathways that your organisation can pursue and may give some starting points (Ibid):

REVENUE FOCUS: (Indicators 2 and 3; and also 1, 5, 6,12 & 13)
If your financial health check indicates a few issues in the stability, reliability and/or diversity of your revenue base, you may consider exploring other opportunities. Do you need to invest in building capacities in other areas? Do you need to tap into your networks more effectively? DO you need to review particular sources of revenue that don't allow for cost recovery or surplus development?

EXPENSE FOCUS: (Indicators 1, 4 and 5; and also 6, 7, 12 & 13)
If expenses are growing, or deficits are becoming more common, or there are growing numbers or ranges of budget variances, and if there are numbers of programs that are now operating in deficit, even though they are delivering well on impact goals, then it may be time to take a closer look at expenses, and how they can be more effectively managed. In the short term this may not mean cuts necessarily, but maybe investing in greater productivity.

SURPLUS and PERFORMANCE FOCUS: (Indicators 1,5,6 and 7; and also 11 & 13)
If both organisational and program/activity deficits are increasing, and it's becoming more difficult to get to cost recovery, then you could look at either of the above, or at greater focus on tracking performance over time, and strategically monitoring those funding sources that make surplus generation (or even cost recovery) increasingly impossible.

ASSET and INNOVATION FOCUS: (Indicators 9, 10 and 11; and also 3 & 1)
If your organisation is doing well on most of the earlier indicators, and is looking to grow, strengthen, deepen or expand its base, then you could be looking at an asset and innovation focus, particularly if you have a diversified income base and good net worth.

PLANNING, GOVERNANCE and ANALYSIS FOCUS: (Indicators 6, 7, 8 and 13: and also 1, 9 & 11)
If you could not answer many of the questions, or you have not scored well on those that require, for example, performance measures, or well developed budgets, the focus may not be on financials as such but on developing systems for planning, governing and analysing your financial performance and position