

Conservative cookies

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This is the story of some self-styled “conservative cookies” in Northeast Victoria who set up a foundation in 1999 to tackle salinity and improve air quality. The story demonstrates that even small groups using existing laws can make an effective contribution to tackling climate change.

During pre-incorporation, I was awarded a research grant to compensate me for my time.⁴ I also began professional education, undertaking a law degree by correspondence.

In 1999, the foundation was incorporated as a company limited by guarantee. A year later the foundation became entitled to solicit tax deductible donations under the Deductible Gift Recipient (DGR) provisions of the Income Tax Assessment Act 1997 (Cth) (ITAA).⁵

Over the next three years the foundation ran a pilot loan program. Community groups and a private trust provided loan capital. Board members included a credit union manager, a Department of Sustainability forestry officer and a Landcare group coordinator. All loans by the foundation were repaid.

Loans were only approved by the foundation for activities accepted as priorities by government agencies. This helped avoid a perception that the foundation board would finance idiosyncratic activities. For example, John Broadhurst received a \$4500 loan to develop 4.5 ha of farm forestry adjacent to a creek-line near Violet Town. The local Catchment Authority identified the area as appropriate for forestry due to its benefit to air and water quality.

The summer of 2006/07 was a terrible one for the Molyullah/Tatong region with drought and a devastating bushfires. Yet the foundation itself remains. Financial institutions are also beginning to support microfinance initiatives such as the foundation. Two such institutions have approached proponents with a view to providing loan capital to develop the project.

A business plan has also been prepared with the aim of taking the project out of its pilot stage to provide loans throughout rural Victoria and beyond. The plan won a place in a national business plan competition conducted by Social Ventures Australia. For me, whatever the future holds, the project is a symbol that community groups, lawyers and bankers can work together to positively address issues that threaten our planet.

Endnotes

1. Public benefit must be the sole purpose of a charity although, incidentally, an individual may also derive benefit: Tax Ruling TR 2005/21[27]; *Tasmanian Electronic Commerce Centre Pty Ltd v FCT* (2005) 142 FCR 371 at [41].
2. See generally, *National Landcare Facilitator Project Annual Report 1997*, 16.
3. Public Interest Law Clearing House.
4. From the Rural Industries Research and Development Corporation (RIRDC); the full report entitled *The Landcare Revolving Loan Fund – a Development Report* (2003) is available from the RIRDC website: <www.rirdc.gov.au>.
5. ITAA 1997 Div 30 (s 30-1 to 30-320).



Photo: Derek Mortimer

The story begins with the meeting of the Molyullah/Tatong Landcare group in September 1995. While it was a cold and frosty night, the small living room we were using was warm and convivial. The open fire crackled away and we had the promise of homemade cakes for supper. Armed with butchers' paper, the committee gathered like conspiratorial elves around the table to hatch a plan.

The committee decided to set up a foundation which could provide low-cost loans to establish viable farm forestry plantations in appropriate areas to control and reduce salinity and carbon emissions.¹ The foundation would fill a gap left by governmental grant programs which focus on conservation, rather than sustainable development.² I was appointed honorary project manager.

Twelve community groups in the region became involved. Through PILCH,³ the pro bono services of a Melbourne law firm were secured in late 1996. This firm would stay with the project over the next six years. Various legal structures were researched and then discussed by the consortium of community groups. Loan contracts were also developed.