

Lions Licola
Wilderness Village
**Strategic
Review 2025**



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Licola Strategic Review 2025

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Background Overview

Chairperson Denis Carruthers

Fellow Lions, here is question for you: What does Licola mean to you?

Whatever your response is, depending on how attached you are to the organisation and its work, I think it is fair to say that Lions generally view Licola as a place that provides camps primarily for deserving and special needs young children, and exists to deliver and fulfill the vision of the original co-founders in 1969; to positively change young lives. And there is no doubt that thousands of young lives have indeed benefited positively from the experience of attending camps over the past 52 years since the very first camp was held over Xmas in 1973.

We have had a reasonable innings for the past 52 years as a camp operator, and managed to keep our heads above the water. But over the past two years, and more so since COVID, it has become increasingly evident to the Licola Board that continuing to fulfil our purpose following the current business model of operating the camp ourselves, is no longer financially viable due to various reasons, which I will elaborate below.

I am very aware that there are many Lions, volunteers and supporters, past and present, who will rightly say they have a strong and enduring emotional attachment to Licola, and will no doubt want it to keep going with the same model for the foreseeable future. Many other Lions will probably be ambivalent about Licola because they have had little or no involvement with it and have never been there. Others have told me Licola is past its use-by date and should have been sold years ago.

There is a broad assumption amongst member clubs that the money paid by Clubs to Licola to send young children to Lions sponsored camps enables Licola to survive financially. The reality is very different. Licola is a business in its own right, and has never been able

to make ends meet and survive financially with just the camp sponsorship income, and has increasingly had to generate more and more revenue from other sources in order to keep the gates open.

This is an important distinction which I don't believe is fully understood by many. Licola is a business that has to cover its ever-increasing costs and remain solvent. It is more than just a camp for young children up in the bush.

One thing is clear from reading through a lot of historical documentation; Licola has struggled financially pretty much from day one, and in this respect nothing has changed, and lack of money to meet operational needs, let alone capital improvement and maintenance, has always been and still is, a perennial challenge.

What has changed though is the fact that Licola is now over fifty years old, with aged plant and infrastructure. Regular maintenance and upkeep to meet compliance standards requires increasing amounts of money. Critically, there is no surplus money available to reinvest in upgrading and modernising facilities to the extent that is now required, and this applies most particularly to the accommodation houses.

Licola is very unique; it is a town in a remote location in east Gippsland, completely off the grid, and has to generate its own power. It also has to treat its own sewerage and water, and dispose of its own refuse. The wilderness village camp itself is a very large site of 34 acres, larger than many other comparable school camps which typically are just a few acres in size. All of this translates to high levels of maintenance and cost.

Then there is the general store and caravan park which is currently leased to an external operator. The

Background Overview cont.

existing lease arrangements provide minimal, if any, financial benefit to Licola as landlord.

There are positives and negatives associated with these unique aspects of Licola, but increasingly, the negatives are fast outweighing the positives.

In the aftermath of COVID there have been significant changes occur in the outdoor education and volunteering sectors which have constrained Licola's ability to run Lions sponsored camps in the way they used to be.

We also now have the dire situation where property insurance has simply become unaffordable, and this *alone is a HUGE risk factor going forward.*

So, we are at a tipping point where it is clear to the Board that Licola will not survive if it continues to operate as it has done, and it must be said that in reality, this situation has been slowly but surely coming to a head for some time.

This led the Licola Board to take stock and conduct a detailed and comprehensive Strategic Review of the business to understand our future viability and also consider alternative business models/options to continue Licola's mission well into the future.

Strategic reviews are a common business tool used to systematically evaluate and assess the performance of a business and to address all the internal and external factors that impact how the business is operating in the short-term, and how it will operate in the long-term.

This review has been undertaken by Board member Chester Allan, and on behalf of the Licola Board I want to sincerely thank Chester for his commitment and for all the dedicated hard work he has put into producing this very professional review.

You will see from Chester's profile that his extensive and unique business background at senior management level and his diverse experience in the not-for-profit sector and the Lions organisation makes

him very well qualified to undertake this strategic review.

Chester has consulted and researched widely, and our thanks to all those who contributed their time willingly and provided valuable feedback.

Chester's review was based on the SWOT method;

Strengths - Weaknesses Opportunities - Threats

Strengths and Weaknesses focus on internal (Licola specific) factors; Opportunities and Threats involve external factors.

As you will see, the result is a clear, fact-based analysis, with no stone left unturned in terms of covering all relevant matters impacting Licola now and into the future.

The review is very detailed, and I urge you to read it carefully from start to finish so that you can fully understand how and why we have arrived at the conclusions we have.

Conclusions and Recommendations

The strategic review makes it clear that business as usual is not a viable option. As it is, we are now effectively spending almost 100% of our time and effort trying to keep the place afloat, while the number of camps for children and the numbers attending the camps is in decline. The core purpose of Licola is slowly but surely being lost.

Given Licola's financial position, and particularly its inability now to properly insure most of its critical assets, a sale is the only decision that is consistent with our Director's duty to act in the best interests of the Association.

Some members might question why we don't just

Background Overview cont.

keep going on as we are, in a 'business as usual' manner. After all, we still have some (declining) financial reserves left and we are not trading whilst insolvent at the moment, although that could happen very easily. Further, Licola has always, somehow, managed to keep its head above water despite a history of financial stress, and with the right 'can do' mindset why would this change?

The Board's firm view is that this is not a responsible option.

We should not allow Licola's assets to continue declining without financial support to replace them, which is leading to reduced patronage and increasing risks. The longer a positive action is delayed, the more we put Licola's viability at risk for all the reasons outlined in the SWOT analysis and summarised in the Key Issues.

Time and circumstance have finally caught up with us.

With that in mind, the Licola Board decided that the only responsible thing to do under the circumstances, and a better way to continue with our mission to support disadvantaged children and continue Licola's legacy would be to adopt an alternative approach to the way we do business.

The following proposal was approved unanimously by the Board on November 4, 2025;

1. Sell Licola. Demand for school camps and caravan parks is currently strong, and whilst there are no guarantees, we have had good discussion about sale prospects with Brett Bowden from Australian Business Sales.

2. Create a Licola Legacy Foundation (or similar name). This is a straightforward process and can be done internally.

3. The Foundation will engage the services of a competent funds manager and invest the proceeds

from the sale of Licola. We have identified the current funds manager for the Australian Lions Foundation as a suitable entity to do this.

4. The newly created fund will make an annual donation from the investment returns to suitable camp operators, to send disadvantaged children to camps throughout the year. There are several well established and professionally run camps in operation around the State, such as Cottage by the Sea etc., that we can choose from.

This proposal ensures the following:

a) a maximum number of deserving children will get the opportunity to attend camps, and this most importantly allows the original vision of the Licola co-founders; "Wanting to Positively Change Young Lives" to continue well into the future. It is expected at this early stage, based on conservative assumptions, that many more children can be sponsored by Licola each year to attend outdoor camps.

b) Licola continues to function as an Incorporated Association and retains control over the Foundation and the funds invested. It also has the flexibility to choose from a variety of outdoor camp providers across Victoria.

c) It is expected that clubs and the foundation will share the cost of sending children to camps.

The Board discussed the need to seek the approval of Licola members to sell the property. It was unanimously agreed by all Board members that the Licola Rules (Rules 2, 5 and 41 in particular) provide the Board with the necessary authority to do all things incidental or conducive to achieve its purposes, including acquiring, holding or disposing of real or personal property. The Board agreed that the proposal is within the limits of this authority, and in furtherance of Licola's purpose, hence, member approval is not required.

Background Overview cont.

The organisation's core purpose remains the same, and it will continue to ensure disadvantaged children attend outdoor camps. Member clubs will continue to have the ability to nominate children to attend camps, something that is important to some of our members.

Back to my original question: What does Licola mean to you? If it means an organisation that positively changes the lives of disadvantaged young people, what is the best way to achieve this goal -

a) owning property and running camps ourselves with the constant threat of solvency hanging over our heads, and the certainty that we will have to close our doors in the near future due to financial viability concerns; or

b) support the alternate business model decided on by the Board that will see more children sponsored to attend camps, ensuring the viability of the organisation well into the future, and without any risks associated with being a camp operator.

Your response to this question will most likely dictate your reaction to the conclusions and recommendations arising from the strategic review. Whatever it is, the Licola Board has a collective duty of care to take the findings in this strategic review seriously, and ensure that the conclusions and recommendations are considered in a responsible and dispassionate manner. To do otherwise will be a gross failure of the duties imposed on the Board by Law.

Denis Carruthers
Chairperson

Letter from Tony Benbow

Dear Chairman Denis,

Thank you for the update and information on the proposed changes to the Lions Licola Wilderness Village. I know that there will be many emotive reactions to the proposal but the reality of our current situation must be at the forefront.

Having had the opportunity to read the extensive project review undertaken by the Board, the facts are very clear. The current financial situation of Licola, the urgent need to make significant capital upgrades to bring the facility up to the standard required for us to compete with other organisations providing these facilities is worrying is an understatement. The fact that the Lions Clubs of Victoria are not supporting the Village and the sponsoring of children to camps as done in the past years is very disappointing. Over the past years there were in the vicinity of only 23% of Victorian clubs supporting the programs and now over the last period has dropped significantly well below that.

The Board not only has a responsibility as an entity but also to the Lions of Victoria to do the right thing. It is clear that we cannot continue on this current setting and it is unlikely that the Clubs and Districts are able to provide the significant funding injection that will alleviate the situation. The Board's efforts to look at grants, philanthropic support is commendable but has not been the success needed because of the many underlying factors currently presented.

I am sure the decision has not been an easy one by any means as Licola has had a long and successful history. The issues of recent times has not helped the situation, but have been managed well and maintained a professional standard at all times.

The purpose of Licola was to provide camps for those disadvantaged in our community and give them opportunities they would not otherwise be able to experience. The proposed long term strategy, will allow the legacy of Licola to continue for many years to come with the support of the Lions Clubs in Victoria in a different way. The fact that we will be able to do this and perhaps even increase the opportunity of providing more places to those we identify, is a great outcome. Licola's aim will live on into the future and those who have been an inherent part of the Village would no doubt be pleased with that outcome.

Thank you for the incredible amount of time and effort you have personally devoted to Licola since taking on the role of Chair and to the Board for their considered and valued efforts in looking at all possible options available to them and for their foresight and deliberation in making this difficult decision. You have my full support.

Yours in Lions,

Tony Benbow

Tony Benbow
International Third Vice President

Licola Strategic Review

1. Executive Summary

The Licola Wilderness Village core purpose is to provide respite, nature-based learning and well-being programs for special needs young people. Licola is also hired out privately for school groups and other organisations

Due to changing demand, regulatory, maintenance,

financial and other circumstances, the current Licola operating model faces significant challenges.

The Licola Board considered that a strategic review is required in order to develop a strategy, to ensure Licola's mission continues.

Licola S.W.O.T.

The key Licola internal strengths and weaknesses, as well as key external opportunities and threats are summarised below.

STRENGTHS

- Lions sponsored camps for special needs youth.
- Outdoor education opportunities for schools.
- Holiday stays for a wide range of public groups.
- Small beautiful village in wilderness area, river, mountains.
- Large 34-acre site.
- Wide range of outdoor and indoor activities.
- Camp accommodation for 270.
- Facilities for dining, entertainment, sports hall.
- Green positioning – self-sufficient power water and sewage.
- Community spirit – supported by Lions Clubs.

WEAKNESSES

- Declining revenue.
- Consistent operating losses.
- Current trends - can only survive financially for 3 years.
- Reduction in Lions Sponsored camps.
- Declining number of volunteers.
- Financial support from only 25% of Lions Clubs.
- Ageing accommodation not suitable for school camps.
- Ageing power supply/batteries need replacement.
- No funds for capital improvements.
- Forced need to self-insure property.
- Remote location 3.5 hours from Melbourne.

- Sell property to raise funds.
- Service only provider to eliminate costly facility demands.
- 215,000 children living in need in Victoria.
- Partnerships with coast based outdoor camps.
- Communication
- Transition from service club supported to social impact business model.

OPPORTUNITIES

- Competitive camps offer better facilities and locations.
- Located in a fire risk area.
- Reduced support from schools.
- Potential child abuse claims.
- Increased anxiety about sending children to camps.
- Increasing costs of facility construction.

THREATS

1. Executive Summary cont.

Key Issues

Following the S.W.O.T. analysis a number of Key Issues have been identified

FINANCIAL STRESS

- On current trends Licola can survive financially for only three more years
- Declining revenue
- Consistent operating losses
- 75% of Lions Clubs do not financially support Licola (2023/24)
- Lack of funds to reinvest in capital improvements
- No net return from leasing the general store and caravan park

AGEING INFRASTRUCTURE

- Licola accommodation increasingly a less attractive option for school camps
- Many other camp alternatives offering better facilities

PROPERTY INSURANCE - Forced Need to Self-Insure

- Unsustainable increase in property insurance premiums
- Significant policy exclusions and Special Conditions
- No earthquake or flood coverage
- Excess for fire damage claims (currently) \$250,000
- Extreme financial risk/loss if a catastrophic event occurs

CORE PURPOSE OF LICOLA INCREASINGLY NOT BEING MET

- Reduction in number of Lions sponsored camps and attendees at camps
- Declining number of volunteers
- Difficulty in sourcing qualified outdoor education staff
- Increased commercialisation of Licola necessary for financial survival

MISSION

To support young people with different abilities, and from disadvantaged communities develop their self-confidence, self-esteem, and learn life skills, through the provision of group activities in a caring and nurturing environment.

1. Executive Summary cont.

Recommended Options

In order to address the Key Issues, the following options are recommended:

Option A: Sell all Licola property and create a Lions Licola Foundation.

Use the proceeds from the sale of all Licola property to invest in a Lions Licola Foundation which will fund outdoor camps for disadvantaged children, in line with the Licola Mission.

This will allow sponsorship of camps without the financial burden of providing facilities and reduce associated risks.

The potential value should be greatest if all property is sold together. Licola is a unique wholly owned village and as such could appeal to specific special interest groups who require a high degree of isolation and privacy. Groups of this nature would not want an adjacent operating caravan park and would want to control the entire site.

A sale price based on current book value is expected and the return on investment used to send children to camps.

In addition, Lions Clubs could continue contributing and the net result would be a significant increase in the number of Lions Sponsored Camps.

To ensure that the Licola Mission was met at the outsourced camps, due diligence would be conducted and only camps with the required procedures and programs would be selected.

Risks for Option A

- **Sourcing buyer** - Finding a buyer willing to pay the expected amount.
- **Reduced support from Lions** - Under a sale scenario, donations from Lions and others may decrease further while a purchaser is sourced. An increase in non-Lions support may be needed.

Option B: Sell all Licola property and purchase smaller outdoor camp.

Sell all Licola property as in Option A and purchase a smaller outdoor camp, if available within the funds raised, in an accessible location, with newer facilities, and continue to manage a camp and support children in line with the Licola Mission.

Risks for Option B

- **Sourcing buyer** - Finding a buyer willing to pay the expected amount.
- **Reduced support from Lions** - Donations from Lions and others may decrease further while a purchaser is sourced, and an alternative site is located. An increase in non-Lions support may be needed.
- **Finding a suitable site** - Locating a camp which addresses all the key issues.
- **Continuing management by Lions** - After operating Licola for over fifty years, does our organisation of volunteers want to take on another long-term ownership proposition with all the intense management obligations and associated challenges that go with it? This is a very important consideration.

1. Executive Summary cont.

Option C: Sell Licola property excluding the camp.

Sell the Caravan Park and Store which are on separate titles to raise an estimated \$1,250,000.

Sell the current managers house outside the camp for an estimated \$315,000, offset by the cost of replacement accommodation to realise a net gain of \$165,000.

Sell the 2 houses behind the Licola workshop area which are currently part of the camp subdivision for an estimated \$365,000, minus subdivision costs to raise \$340,000

\$1,755,000 Total funds from above sales.

Use \$300,000 from existing other non-current assets of approximately \$763,000, with the remainder used for emergency funding which is necessary for the large ageing infrastructure.

\$2,055,000 Total above from sale of properties and other non-current assets.

\$2,525,000 The additional funds still needed to reach \$4,580,000 required for facility improvements which will attract users, increase revenue and place Licola on a sustainable footing.

Risks for Option C

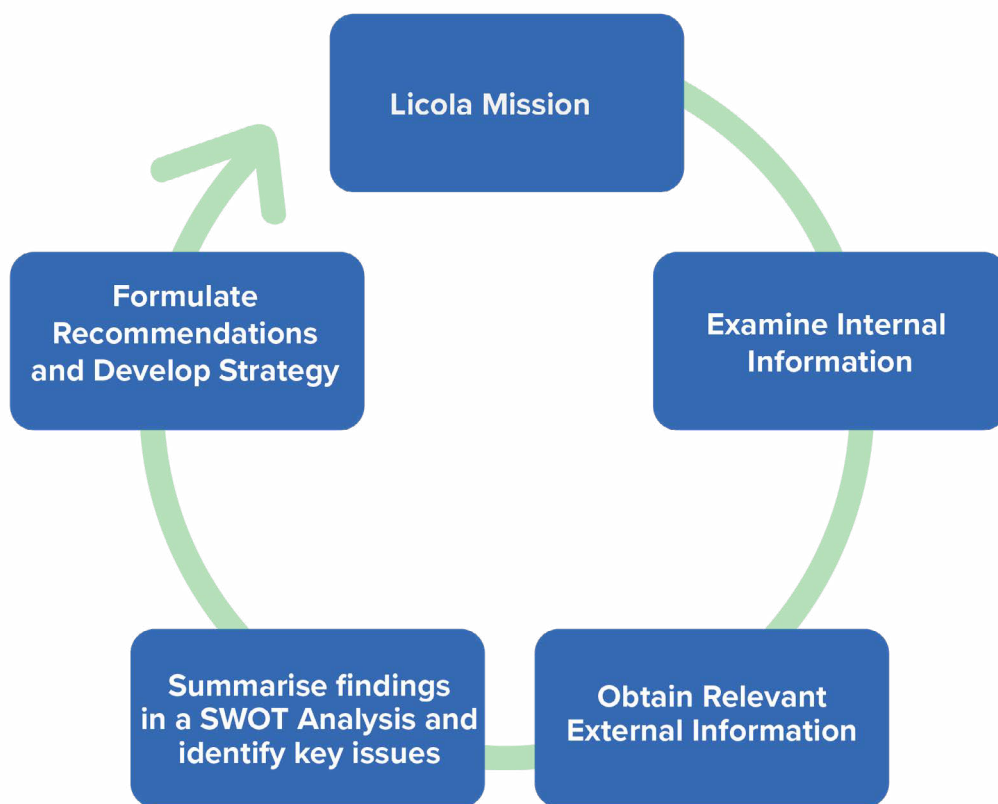
- **Obtaining significant additional funding** - ALF maximum grant \$15,000. LCIF Matching Funds grants up to maximum of US\$150,000. Even if significant funds were obtained from Lions foundations, a large gap would remain.
- **Timing** - Obtaining large grants usually takes time. An increase in revenue will not be realised until many of the replacements have been completed. This will need increased support from non-Lions which comes with potential pushback from Clubs and Lions. Is there time to be operating on a largely Lion reliant funding model for 2 to 3 years, awaiting these replacements?
- **Volunteers** - Due to the location, will sufficient suitably qualified staff and volunteers become available to allow an increase in the number of Lions sponsored camps?
- **Insurance** - Property self-insurance and extreme financial risk if a catastrophic event should occur.
- **Competition** - New owners of the properties adjacent to the camp could build accommodation which would compete with Licola and take customers.



2. Methodology

The methodology used is to examine the **internal Licola strengths and weaknesses**; obtain **relevant external information** to evaluate the **external**

opportunities and threats (SWOT Analysis); identify the **immediate Key Issues**; then **develop recommendations** which address the issues.



The scope of this review is to develop a strategy which will resolve the immediate key issues in line with the Licola Mission. Once these are addressed, longer term strategies will be developed.

Information was obtained from the following sources:

- In depth Licola site review
- Interviews with 22 people covering:
 - *Licola management*
 - *Camp users and Lions from Victorian clubs*
 - *Board members from all districts*
 - *External outdoor school camp professionals*
 - *External philanthropy and business advisors*
- Visiting competitive outdoor camps
- Desk research

3. Internal Licola Information

3.1 STRENGTHS

3.1.1 Key Licola Features

Reputation for successful Lions Sponsored Camps which provide fully funded fantastic opportunities for underprivileged, deserving, special needs, and disengaged young people.

Offering affordable outdoor education opportunities for mainstream schools and specialised programs, which broadens Licola's reach ensuring more young people benefit from the transformative power of outdoor learning.

A small beautiful village hosting a variety of events and offering holiday stays for a wide range of outdoor recreation groups, faith groups, sporting groups and the general public.

Large outdoor camp site of 34 acres, which provides space for a wide range of activities including archery, giant swing, flying fox, abseiling, climbing, campfires, leap of faith, high and low ropes, disc golf, volleyball, mini golf, swimming and bush walking.

Nestled beside the Macalister River provides the opportunity for water activities such as canoeing. A swimming pool is available which is also used for raft building.

A large sports hall accommodates most indoor stadium games such as basketball, hockey, table

tennis and more, ideal for wet weather activity.

270 beds allow accommodation for large groups.

Sixteen separate houses provide flexible accommodation options.

Excellent facilities for large group dining and entertainment, indoor and outdoor cooking, art room, library.

Green positioning; self-sufficient, generating own power, treating own water and sewage.

Established for over 50 years Licola is well regarded in the local community.

Supported by Lions clubs in Victoria and southern New South Wales gives it a strong community service component. The camp's purpose includes fostering leadership, community spirit, and social responsibility among students.

Licola's enduring appeal as a holiday destination has resulted in a significant interest from commercial visitors which has helped offset running costs. Success has been largely supported by the role played by in-house catering services, and attractive all-inclusive packages.

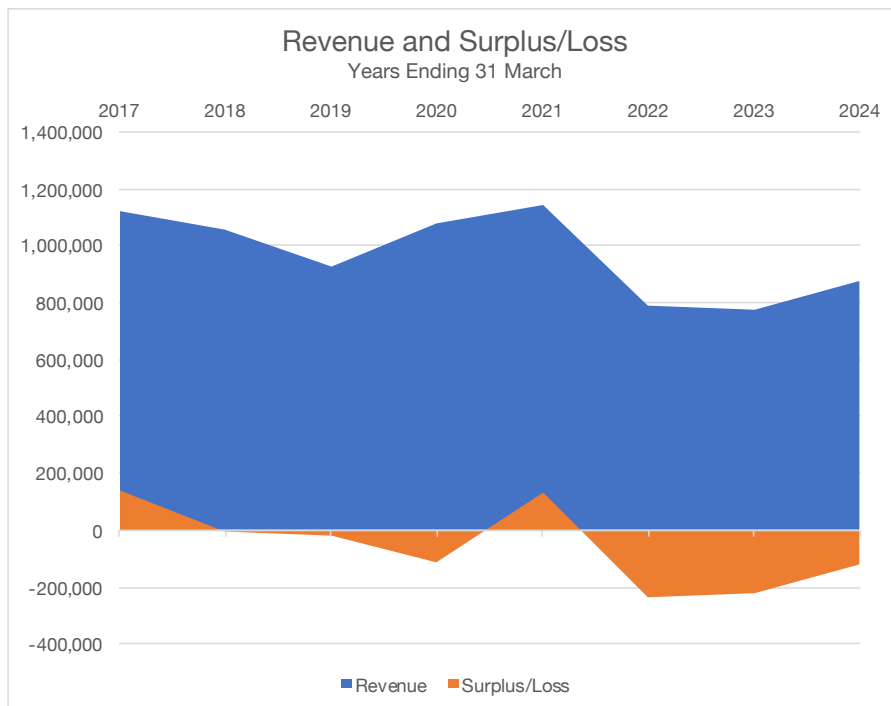
3. Internal Licola Information cont.

3.2 WEAKNESSES

3.2.1 Financials, Revenue and Surplus/Loss

Revenue has been on a declining trend since 2017 as is seen in the following chart.

There has been a consistent operating loss for 6 of the past 8 years which is shown as orange below the line in the chart below. The only recent year to realise a profit was in 2021 which was due to government funded Job Keeper funds of \$269,300 during covid.



Excluding depreciation in the 2 most recent financial years ending 31 March, there was a loss of \$2,761 in 2023, and a surplus of \$109,595 in 2024.

A surplus at this level does not allow for the accumulation of sufficient funds for maintenance and capital improvement expenditure.

3. Internal Licola Information cont.

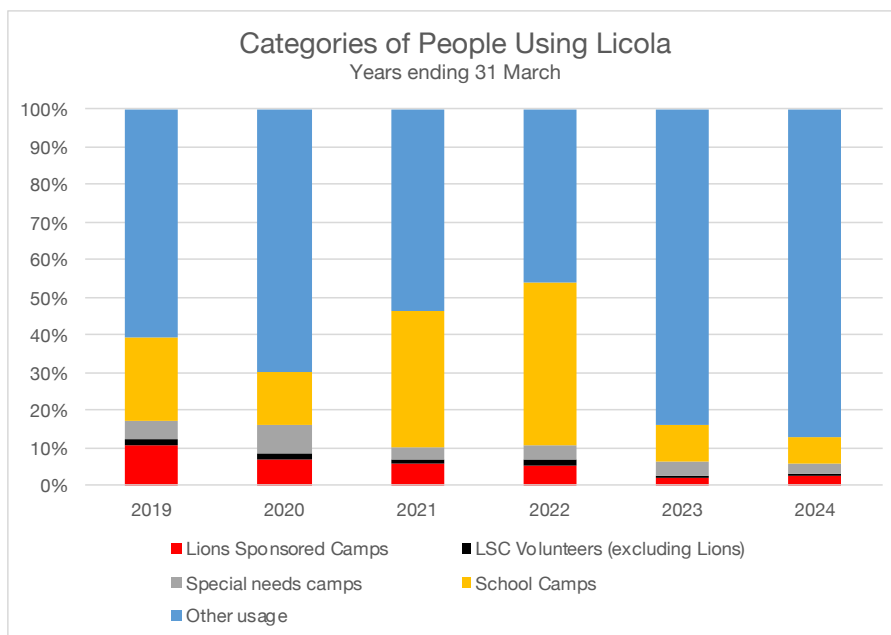
3.2.2 Change in People Using Licola

There has been a substantial change in the usage of Licola as is seen in the chart below which shows categories of people as a proportion of the total usage by year. Lion Sponsored Camps are on a consistent declining trend (See following comment).

School Camps increased as a proportion of total usage in 2021 and 2022 due to increased support from local

schools that typically booked metro or coastal camps and were hesitant to continue doing so due to the uncertainty caused by rolling lockdowns. School usage has fallen significantly since then.
(See comments under 'Threats').

Other Usage increased rapidly in 2023 and 2024 in order to offset the former declines.



3.2.3 Declining Lions Sponsored Camps

Due primarily to steadily declining numbers of volunteers, the numbers of Lions Sponsored Camps (LSC) being run have been reduced, and the numbers of attendees at the camps that do take place have also been reduced. This is causing some friction with clubs, and due to the inconsistency of camps some clubs have been reluctant to participate.

Furthermore, there is the duty of care with disadvantaged children which requires a higher ratio of carers to children. A possible solution is paying

people to assist at the camps, yet this would add significantly to the cost base of LSCs.

Feedback suggests that there is less support from Lions because: Lions are generally older and less able to physically volunteer at camps; Some clubs have less funds as after covid a number of fundraising activities have not returned; The cost of camps increased significantly from \$310 including transport to \$500 including transport in 2022, and \$650 excluding transport in 2024 (because the direct costs of running camps was not being covered).

3. Internal Licola Information cont.

3.2.4 Support from Lions Clubs of Victoria

During the 2023/24 financial year there were donations from 25% of the 320 Lions Clubs in Victoria and southern New South Wales. This means 75% of Clubs did not support Licola. Whilst the current level of donations is welcome and needed, they would need to be higher and more consistent to budget for them with any certainty.

There is a general lack of awareness of:

- The benefits of Licola and the vulnerable children helped each year.
- That clubs have a say in the running of Licola through District representatives on the Licola Board.

Should there be a 'Licola Contribution' as part of clubs annual District dues? This could provide some ongoing financial certainty for Licola. \$1,000 per club would generate \$320,000 per year. However, there could be resistance from clubs for additional dues and difficulty obtaining approval from all Districts. Current support from clubs which do support Licola may decline as some of these clubs may feel that they have already contributed.

3.2.5 Ageing Plant, Equipment and Infrastructure.

The following improvements are required for the ageing Licola Wilderness Village facilities during the next 3 years:

a. Power: The power system is critical as it provides the whole village with electricity. It runs on a combination of generators, solar panels, and batteries for backup. The lead-acid batteries were purchased 5 years ago and are starting to fail. Urgent replacement is required with lithium-ion batteries at a cost of \$530,000.

b. Houses: The 16 units are 74 years old. Two are in reasonable condition (15 and 16). The condition of the remaining 14 varies. Improvements have been made by Lions and management in some units such as new bathroom facilities and kitchens, new lighter paint work and floating floors.

Several years ago, the roof guttering was removed from houses to reduce the risk of fire from gutters filled with leaves and debris. Agi drains were not installed to absorb water from the roofs which has resulted in water running under the houses causing significant damage to the old timber foundations, causing the floors to sag, requiring some to be re-stumped which is costly.

Overall, most of the furniture and fittings are old, only curtains between rooms, some deteriorating roofs and the structures are ageing. This results in increasing cost and time for maintenance.

Increasingly the houses do not meet the expectations of school groups. Competitive outdoor school camps have better accommodation facilities. This has resulted in some schools changing to other camps with better student accommodation.

Significant refurbishment to bring a house up to fit for purpose condition would cost approximately \$125,000 to \$150,000 per house, on average. It is questionable whether this cost, which is about 40% of the cost of a new house, is justified. Furthermore, part of the house would then still be over 70 years old and need further maintenance over time.

The cost of a new house is approximately \$350,000. This would include 3 bedrooms sleeping 18 in bunks, and include the latest safety/fire features, fully installed. Replacement could be phased in at a minimum of 3 houses per year in order to increase revenue.

3. Internal Licola Information cont.

c. Modern Studio Accommodation: For school camps, duty of care is the responsibility of teachers. The accommodation for teachers is of particular concern as they now require beds, separate rooms and ensuite bathroom facilities. Without teacher support school camps are not possible. Improvements have been started with the McAlister and Wellington room upgrades. 3 additional 2-bedroom units with

ensuites are needed which will also greatly enhance accommodation offered for hire. Cost \$250,000 per unit fully installed.

d. Upgrade pool area and toilets; Recreation Enhancement; Refurbish stadium toilets:
Cost \$150,000.

Phased Facility Improvements				
	Year 1	Year 2	Year 3	Total
	\$000's			
A. Energy Storage Upgrade	530			530
<i>Lithium-ion batteries</i>				
B. Replace 3 houses per year	1050	1050	1050	3150
<i>Cost of one house \$350,000</i>				
C. Modern Studio Accommodation	750			750
<i>Cost of one unit \$250,000</i>				
D. Upgrade pool area & toilets; Recreation enhancement; Refurbish stadium toilets		75	75	150
Total	2,330	1,125	1,125	4,580

Revenue is currently not sufficient to accumulate funds for capital improvements of \$4,580,000.

Timing is extremely important for the improvement of accommodation facilities, as only after these facilities are improved can additional users be attracted to Licola and revenue increased, to place Licola on a sustainable footing.

3.2.6 Property Insurance: Forced Need to Self-Insure

For the past few years property insurance premiums have cost around \$22,000 per annum. (Note Licola has separate policies for Public Liability and Association & Directors Insurances).

The renewal for 2024/25 came through with a premium of \$179,089.

In addition, the excess for individual fire or explosion claims is \$250,000, earthquake and flood damage is not covered.

Recently the likely replacement cost of houses, buildings, plant and equipment etcetera was reassessed at \$11.6 million, up from \$7.6 million

3. Internal Licola Information cont.

which was the previous level of cover. So an increase was expected, but certainly nothing of this magnitude.

To put this in perspective, if one of the houses was to burn down, Licola would claim the \$300,000 insured cost, less the excess of \$250,000. Therefore, it would cost \$250,000 in order to receive a \$50,000 payout.

Lions have been obtaining insurance cover through JUA Underwriting Agency for several decades, and there is no doubt that Licola has been the beneficiary over the years of very favorable premiums. Those days are now well and truly over, and Licola has been advised that the \$179,089 quoted premium will very likely increase substantially again next year.

JUA has recently been sold, but will continue to act as a broker trading under the same name. The actual insurer is Lloyd's of London.

The new owner of JUA is AB Phillips, who have been providing insurance and risk solutions to residential camps and outdoor activity providers for many years. They are the preferred supplier of tailored insurance packages to the ACA (Australian Camps Association). Given their expertise and long experience with camps, it is unlikely that Licola would do any better elsewhere.

Licola have of course been actively seeking other quotes, but to date a broker or insurer willing to provide cover has not been found. A major negative for insurers is that Licola is unfortunately located in a high bushfire risk area. This is a significant factor in itself, and combined with the high replacement value of infrastructure etcetera Licola is viewed as a high-risk proposition.

In summary, Licola does not have the financial capacity to absorb a premium of \$179,089, and as noted above, this is expected to increase substantially in future years. Put another way, Licola could easily end up spending over \$1 million in property insurance premiums over the next five years alone.

Even if the \$179,089 for 2024/25 was paid, Licola would not be covered for earthquakes and floods, and there is a very hefty excess of \$250,000 for fire claims, and the policy has a long list of special conditions and other exclusions. All of which means Licola would be carrying a lot of risk.

It was therefore the reluctant view of the Licola Board that going forward Licola really has no viable option but to self-insure and carry much of the risk ourselves.

Licola will continue to insure the dining hall, which is a substantial asset and has an estimated replacement value of \$1.5million.

Licola will continue to be covered for Public Liability and Association & Directors insurance.

This is obviously not an ideal situation, and leaves Licola extremely vulnerable in the event of a catastrophic bushfire event like Black Saturday in February 2009.

3.2.7 Staff

Post covid the outdoor education and recreation industry went through significant change, and schools are now signing-up outdoor education professionals for much longer periods, which means that the once somewhat itinerant nature of many in the industry stopped. The schools are also paying well and run more consistent programs. Many worked as casuals and when payment stopped during covid, and as they were not supported by government programs, they left the industry and started new jobs. Many have not returned to the sector.

Post covid it has been increasingly difficult to attract staff to Licola. Isolation is an issue because it is 54 kilometers from Heyfield. Outdoor adventure professionals are in high demand. Licola is a hardtop camp, not an adventure camp where demand is higher.

3. Internal Licola Information cont.

3.2.8 Human Resources

The effective management of Licola is totally reliant on current management. There is currently no back-up plan if they were to leave or be unable to perform their duties due to sudden ill health or serious accident.

3.2.9 Location

Licola is 254 kilometers or 3.5 hours from Melbourne making it a relatively long journey for campers, increasing the cost of transporting children by bus.

The remote location has one main road to exit via Heyfield and a secondary Jamieson-Licola Road. Schools are more risk averse now and less likely to choose a camp that is so isolated. Concerns focus on medical emergencies, fire and weather related emergencies, and access to school staff support if there was an emergency.

A Board and staff workshop was run for the development of the key messaging to be used in an organisation case for support which included: discussions on the funding market trends, segments and funder expectations; fundraising techniques and project prioritisation.

A strategic impact review was completed which led to two cases of support documents: The 'Licola Wilderness Village Transition Project' targeted at funding for programs; and the 'Licola Wilderness Village Capital Enhancement Project' targeted at securing funds for the improvement of facilities.

A plan was then developed to identify and prioritise funders most likely to support funding. Advice was also received on how to implement a gifts in wills program. Thus far success has been limited.

Feedback received indicates that philanthropy will support programs run by staff with special needs training and social benefit outcomes. However, the current camps at Licola which are basic camps and only provide a break are no longer enough to obtain significant philanthropic support. Donations from smaller philanthropists are still possible for special needs camps at Licola.

Furthermore, philanthropists are not willing to support capital improvement projects for an organisation where the future does not appear to be certain based on the condition of the facilities. Therefore, the facilities at Licola still require much work before large philanthropy becomes involved.

Due to the difficulty of obtaining immediate funding from philanthropy, the best long-term source is gifts in wills. There are approximately 11,000 gifts in wills made every year to the value of around \$500 million (JB Were Philanthropy Report 2018) with the average gift being \$60,000. The financial return of gifts in wills is usually the highest of all forms of fundraising, and with the intergenerational wealth transfer over the next 20 years in Australia, it is expected to continue.

4. External Information

4.1 OPPORTUNITIES

4.4.1 Source of funds

The major sources for funding are: Government; Philanthropy; Income generating and Investment, which are discussed below.

Government

Government funding will be difficult to obtain in 2025 due to extreme pressure on government budgets. It has almost dried up completely for the outdoor education sector. Most of the continuing government funding is for items which are linked to services provided by government, therefore, not worth approaching at this time.

Philanthropy

During 2023 and 2024 Licola worked with Wendy Brooks and Partners to conduct research on Licola's funding history, proposals, marketing and positioning and an assessment of the key fundraising aspects of Licola likely to lead to funding.

4. External Information cont.

To obtain bequests, the story about Licola should be told so people plan to make a gift, and it would be best to start communication with Lions.

Feedback from Adam Wake, CEO at Cottage by the Sea (previously CEO at Licola) is that gifts in wills requires dedicated focus and resources, and in their case it has taken a number of years to build their gift in wills program which today delivers a substantial source of funding. This would require a paid staff member to generate and manage funds.

Income generating

Licola's advantage is that it can cater for large groups, and could accommodate commercial groups of different sizes. Improved facilities could attract support staff and volunteers so that the number of Lions Sponsored Camps may be increased. Furthermore, meeting the requirements of commercial groups such as schools and teachers, and appealing to a range of other paying groups would increase revenue. This could be a longer-term solution. However, the facilities must first be improved to allow this to occur.

Investments and Divestiture

Returns from investments may be used to fund not-for-profit activities. However, a significant amount is needed to generate a return large enough to achieve this, which Licola currently does not have. A way to achieve this is to sell some or all of Licola's assets.

The sale of Licola could result in a Lions Licola Foundation being created which funds sending children to camps from the returns generated from investments made by the foundation, thus continuing to honour the original vision of creating Licola.

If a divestiture was to be considered, a question is will enough be realized to fund a foundation? From the point of view of a potential investor, some of the assets are old and need to be replaced which could reduce the sale price. Alternatively, Licola is a

relatively large site, unique in that the village has one owner, in a beautiful wilderness location, which could provide a significant number of opportunities for an investor. Only testing the market will determine how much could be obtained.

Currently there is insufficient support from Lions clubs to fund operations at Licola, and there are fewer Lion Sponsored Camps. So, does all the other work at the large Licola site justify keeping it going? An alternative could be to investigate selling and buying another smaller camp with better, newer facilities and better access.

The caravan park and shop at Licola could be sold and the funds raised then used to fund investment in improving Licola assets. There may be risk with this approach as a new owner could build accommodation which would compete with Licola and take customers. Furthermore, the potential value should be greater if all property is sold together.

The General Store and Caravan Park are currently leased at a rent of \$2,200 per month with onerous financial maintenance obligations on Licola as landlord. The Licola net financial return is close to zero. The current lease expires end January 2026. In considering if Licola should run it as a new profit centre, more work needs to be done on it to properly understand the potential upside and the capital costs of getting the site up to scratch. From a broader Wellington Shire perspective, Licola has a lot to offer.

In the meantime the Board has voted not to renew the lease when it expires, and this will enable Licola to preserve its options over the site.

It is noted that the Uniting Church sold 5 camps in Victoria in 2023 due to a drop in volunteers, capital costs and ageing infrastructure, which is similar to the situation at Licola.

4. External Information cont.

4.4.2 Need

According to the Victorian Council of Social Service, which serves as the peak body of Victoria's social and community sector, there are over 215,000 children living in need in Victoria.

4.4.3 Board Composition

Continue to build a skills-based Board qualified to set the strategic direction and ensure governance compliance. This should include people currently involved in their areas of expertise, who could help attracting philanthropic contributions from those who support vulnerable youth programs.

4.4.4 Partnerships

Outdoor camps are competitive with many participants, and there are two types of providers:

- Service only providers who market and arrange participants, and outsource the actual camps
- Service and camp providers

The main challenge with providers who own real estate is the cost of maintenance. The facilities need to be presented in a way which is attractive, this is costly. Service only providers are different, they source the campers, then arrange a camp to accommodate them. Should Licola continue to provide both service and camps?

A different opportunity could be to use Licola's remoteness to partner with an outdoor education group, or provide a wilderness alternative by partnering with a beach-based camp.

Examples of potential partners:

- The Outdoor Education Group works with private schools, sending children to camps. They have a foundation and are successful.
- Flying Fox provide camps for those with disabilities.
- The Portsea Camp and Cottage by the Sea are located on the coast.

4.4.5 Communication

Support from Lions clubs is lower than it could be because many Lions do not know about Licola. There appears to be a disconnect. Feedback is that the Licola Corner newsletter (reinstated in December 2022) does not go to all clubs because the secretaries/gatekeepers do not forward it, which would require leaders to be involved to address this.

Communication could be improved through the use of a range of formats, for example, email pdf's; print; videos; present at conventions. Regular videos could be sent to clubs and on YouTube, such as the history of Licola, and how to use LSC's. Champions and people who had good experiences at Licola may be interviewed.

4. External Information cont.

4.4.6 Connecting to the Electrical Grid.

The possibility of connecting to the electrical grid was discussed with Aus Net. The response was that it would cost millions of dollars. The closest connection point is 48kms away; poles and wires are not placed above ground anymore as connections must go underground to mitigate risk of starting bushfires (as occurred in the Black Saturday fires). Further, it would be almost impossible to dig across most of the country between Licola and the connection point as much of it is rock, which can be seen along the drive on the last 45 kms to Licola. Therefore, it would not be worthwhile pursuing.

4.4.7 Link to a public school

Would it be possible for Licola to be linked to a public school? An example is Garfield North Outdoor Education Centre which is linked to Ashwood school and a number of other special needs schools. Funds are generated from the schools. In 1995 facilities needed to be refurbished and a grant was obtained from the Bushfires Preparedness Program. It is also funded by government as part of a school campus.

For this to be considered, the school should ideally be close to Licola, such as in Heyfield. The school would need to see the benefit of the association with Licola, and possibly make Licola a second campus. The advantage for Licola would be local school support, as well as government support. However, the process to gain such approval usually takes several years, and changes would need to be agreed with Lions.

4.4.8 Sustainability

Develop Licola's sustainability positioning with ideas such as: Building a vegetable garden which would provide food and involve children; Acquiring a composting machine for the food waste to form a closed usage loop back to the gardens. An issue is the lack of power, so reconsider pumped hydro - pump water to the top of the hill during the day, run it down at night to generate power, this would require a pump, pipes, turbine and tanks.

4.4.9 Licola Wilderness Village Transition Project

A plan has been developed which may be used to transition Licola from a service club supported, volunteer-run model, to a new social impact business model. The new model will enable Licola to employ an enhanced core team, giving it the capacity and agility to draw on a broader range of volunteer and tertiary student placement programs and deliver new therapeutic activities. In the longer term, this will allow Licola to sustain staff numbers and capital improvements, and to offer free camps to disadvantaged children.

The facilities at Licola will need to be improved before a change to the business model may be considered.

4. External Information cont.

4.2 THREATS

4.2.1 Competition

According to the Australian Camps Association (ACA), there are 190 camps in Victoria, offering experiences to groups from all backgrounds – schools, faith-based groups, families, sporting clubs, special interests, etc. The sector totals 24,000 beds and turns over around \$285 million per annum.

The ACA estimates that the camps sector provides outdoor education programs (focusing on personal development qualities such as resilience, independence, leadership and communication) for in excess of 145,000 Victorian primary and secondary students per annum. This is a competitive market with 120 accredited camps listed in Victoria by the ACA.

Schools using residential campsites for overnight camping must use accredited campsites, to ensure these venues meet minimum criteria regarding safety and suitability.

4.2.2 Competitive Analysis

Cave Hill Camp

- **Target Audience:** Primarily schools, youth groups, and corporate teams.
- **Activities:** Team-building exercises, outdoor adventure activities, bushwalking, archery, rock climbing, and canoeing. 10+
- **Accommodation:** Cabins, dormitory-style rooms, and camping areas. 120 beds.
- **Distance from Melbourne:** Approximately 1.5 hours (169 km).
- **Key Selling Points:** Natural bushland setting, emphasis on adventure and team-building, a variety of activities for different group types (schools, families, corporate).

- **Pricing:** Moderate. Prices vary by group size and accommodation type, with school groups typically having discounted rates. School holiday programs: 1st child \$999; 2nd \$799; 3rd \$699. Only transport from Southern Cross station \$45 each way.

Golden Valley Camp

- **Target Audience:** Schools, youth groups, and church groups.
- **Activities:** Canoeing, archery, orienteering, bushwalking, team challenges, and outdoor sports. 8-10.
- **Accommodation:** A mix of cabins, dormitories, and camping options. 150 beds.
- **Distance from Melbourne:** Approximately 1.0 hours (96 km).
- **Key Selling Points:** Focus on nature-based activities and educational experiences, strong emphasis on building life skills through outdoor challenges, and beautiful natural surroundings.
- **Pricing:** Affordable, with different pricing structures for schools, youth groups, and private bookings. School holiday programs \$650. No transport.

Campaspe Downs

- **Target Audience:** School groups, community organisations, sports teams.
- **Activities:** Canoeing, archery, high ropes, campfires, orienteering, team-building games. 10+
- **Accommodation:** Cabins and dormitory-style rooms, camping. 250 beds.
- **Distance from Melbourne:** Approximately 1.0 hours (90 km).

4. External Information cont.

- **Key Selling Points:** Strong focus on adventure activities and leadership programs. Wide variety of activities, great for larger groups
- **Pricing:** Medium to high, depending on the activity level and the time of year. Discounts for schools and large groups. School holiday programs \$950. No transport.

The Portsea Camp

- **Target Audience:** School groups, youth groups, and families.
- **Activities:** Beach-based activities (surfing, bodyboarding), hiking, nature walks, team-building exercises, arts and crafts, and recreational sports.
- **Accommodation:** Cabins and dormitories. 140 beds.
- **Distance from Melbourne:** Approximately 1.5 hours (110 km).
- **Key Selling Points:** Proximity to the beach (Port Phillip Bay), wide range of water-based activities, and its coastal setting make it ideal for beach-focused camps. Great for school excursions and group retreats.
- **Pricing:** Affordable. Rates vary by group size, accommodation, and activity choice, with discounts for schools and longer bookings. School holiday programs \$650. No transport.

Wombat Corner Camp

- **Target Audience:** School groups, youth groups, family groups, and community organizations.
- **Activities:** Hiking, campfire activities, bushcraft, outdoor games, nature studies, and obstacle courses. 6-8.
- **Accommodation:** Cabins, dormitories, and camping options. 100 beds.

- **Distance from Melbourne:** Approximately 1.5 hours (95 km).
- **Key Selling Points:** Situated in the Wombat State Forest, offering a true bush experience. Great for outdoor education and nature immersion. More affordable and offers a rustic, back-to-nature experience.
- **Pricing:** Moderate, with packages available for school groups and larger bookings. School holiday programs \$690. No transport.

Edmund Rice Camp

- **Target Audience:** Primarily youth from disadvantaged backgrounds, church groups, and volunteers.
- **Activities:** Outdoor adventure activities, team-building, educational programs, hiking, and community service projects. 10+
- **Accommodation:** Cabins, dormitories, and camping. 120 beds.
- **Distance from Melbourne:** Approximately 0.5 hours (34 km).
- **Key Selling Points:** Focus on youth development and support for disadvantaged individuals. Strong community and social justice ethos, with many of the programs aimed at providing empowerment and personal growth for at-risk youth.
- **Pricing:** Generally low or subsidized, as the camp often targets underprivileged groups. School holiday programs 2-night, 3 day, \$500 plus \$60 per volunteer. No transport.

4. External Information cont.

Waratah Beach Camp

- **Target Audience:** Schools, youth groups, and families looking for a coastal retreat.
- **Activities:** Beach activities (surfing, bodyboarding, beach volleyball), bushwalking, wildlife observation, and outdoor games. 8-10.
- **Accommodation:** Beach cabins, dormitories, and campgrounds. 130 beds.
- **Distance from Melbourne:** Approximately 2.5 hours (187 km).
- **Key Selling Points:** Beachfront location offering a relaxed environment for school groups and families. Emphasis on aquatic activities and environmental education. Ideal for both recreational and educational programs.
- **Pricing:** Mid-range. Discounts for larger groups or extended stays.

The Summit

- **Target Audience:** Schools, youth groups, corporate teams, and outdoor enthusiasts.
- **Activities:** High ropes courses, rock climbing, abseiling, archery, hiking, and team-building activities. 10+
- **Accommodation:** Modern cabins, dormitory-style rooms, and camping options. 180 beds.
- **Distance from Melbourne:** Approximately 1.5 hours (129 km).
- **Key Selling Points:** High-energy adventure camp with an emphasis on leadership and personal growth. Offers a range of challenging activities designed to push personal limits and foster teamwork.
- **Pricing:** Moderate to high, with pricing depending on accommodation and activity options.

Camp Rumbug

- **Target Audience:** School groups, youth groups, and families.
- **Activities:** Archery, bushwalking, rock climbing, team-building challenges, and environmental education. 10+
- **Accommodation:** Cabins, dormitories, and camping options. 160 beds.
- **Distance from Melbourne:** Approximately 2.5 hours (172 km).
- **Key Selling Points:** Secluded bush setting with a focus on outdoor adventure and education. Offers a rustic experience in a peaceful and quiet environment.
- **Pricing:** Moderate. Prices vary based on the group type and activity level.

Cottage by the Sea

- **Target Audience:** School groups, youth groups, emphasis on disadvantaged children.
- **Activities:** Swimming and water-based activities, low ropes course and team building, outdoor games, environmental education, wellness and social programs.
- **Accommodation:** Dormitories. 60 beds.
- **Distance from Melbourne:** Approximately 1.5 hours (120 km).
- **Key Selling Points:** Coastal location allows for unique beach and water-based activities. Programs aimed at supporting disadvantaged youth, including emotional, social, and behavioural development. Offers a wide variety of programs for different age groups.
- **Pricing:** It costs the Cottage (not price) approximately \$600 per child per camp. Camps usually run for 3 to 5 days.

4. External Information cont.

Licola Wilderness Village

- **Target Audience:** Schools, church groups, youth groups, and club groups.
- **Activities:** Canoeing, hiking, rock climbing, team-building exercises, wildlife spotting, and environmental education programs. 8-12
- **Accommodation:** Cabins, dormitories, and camping options in a wilderness setting. 270 beds.
- **Distance from Melbourne:** Approximately 3.5 hours (254 km).
- **Key Selling Points:** A remote, nature-based camp located within the scenic Licola Wilderness. Great for outdoor education, environmental studies, and team-building. Known for its strong educational focus and serene location.
- **Pricing:** Moderate, depending on group size and duration of stay. School holiday programs \$650 plus transport.

Summary

The camps vary in terms of size, target audience, activities, and pricing. **The Summit** and **Licola Wilderness Village** stand out as the largest, with around 200 beds and a wide variety of adventure-based activities. **Golden Valley Camp** and **Campaspe Downs** are also large, catering to school groups with extensive facilities and activities. **Cave Hill Camp**, **Wombat Camp**, and **Edmund Rice Camp** provide strong outdoor education experiences and cater to different target audiences, including disadvantaged youth and smaller groups. **The Portsea Camp**, **Waratah Beach Camp** and **Cottage by the Sea** leverage their proximity to the coast for water-based activities, while **Cave Hill Camp** and **Wombat Camp** focus more on traditional bush activities. Pricing tends to be moderate across most camps, with camps

like **Edmund Rice** offering subsidized rates for at-risk groups.

Overall, the key positives for **Licola** versus other outdoor camps is that it has a large site, able to accommodate large groups, in a beautiful wilderness setting. The key negatives are the age of accommodation with fewer facilities, and distance from Melbourne.

4.2.3 Natural Disaster Risk

Licola is in a bush fire risk area. Adjacent to a river increases the risk of flooding.

4.2.4 Reduced support from Schools

The Victorian Government Schools Agreement 2022 required that school staff attending camps be paid time in lieu. However, additional funding was not made available to fully cover this cost. Therefore, camps were stopped, or reduced from five days to two or three days per week. Some campsites diversified, for example, hosted weddings or added courses for different skills.

For example, a camp at Licola from Traralgon School worth \$50,000 was stopped because of the cost of teaching staff time in lieu.

In recent years, households have faced rising inflation, increased housing costs, and a decrease in real household incomes. According to the Australian Bureau of Statistics, household disposable income has fallen, and with inflation remaining elevated, the strain on family budgets has increased. These economic pressures mean Victorian families are now saving more cautiously, and spending priorities have shifted, particularly regarding discretionary expenses like school camps.

4. External Information cont.

4.2.5 Historic Child Sexual Abuse Claims

As a part of this strategic review, the following major risk that is inherent in the nature of services delivered by Licola is considered in detail.

There are financial, operational and reputational risks posed by historic child sexual abuse claims, and the potential for future claims of such nature, given that Licola's core business is hosting wilderness camps for children and young people under the age of 18 years.

The following paragraphs provide some context to these claims, and Licola's involvement so far.

The Australian Government set up a Royal Commission in 2013 to undertake an enquiry into historical child sexual abuse in institutions across Australia. The Commission heard accounts from people who experienced abuse and handed down its report in 2017, to the Australian Government with several recommendations.

One of the recommendations was to set up a National Redress Scheme whose purpose was not only to acknowledge that sexual abuse of children occurred in Australian institutions historically but to also provide tangible support to people who experienced sexual abuse in these institutions, through services including counselling, and payment of monetary compensation for the harm suffered.

People who experienced child sexual abuse in Australian institutions, can make a claim under the Redress Scheme or choose to make a civil claim at Common Law. They cannot do both. The Redress Scheme was set up for a period of 10 years commencing from 1 July 2018 until 30 June 2028. The maximum compensation that can be claimed under the Redress Scheme is \$150,000 where severe abuse is proven.

Once an applicant chooses to file a claim under the Redress Scheme, the institution that has been

named in the claim application is invited by the Commonwealth to join the Scheme and is admitted to the Scheme after an assessment of eligibility, and an onboarding process.

Benefits for the institutions joining the Redress Scheme include:

- Being released from any potential future civil claim relating to the abuse for which they are found responsible by the Scheme, and where the applicant has accepted the offer of redress;
- Access to Commonwealth Government grant funding to support the payment of compensation;
- Avoiding any potential adverse impact on charitable status and associated tax concessions and benefits that may arise from refusing to join the Scheme.

The definition of an institution is broad under the Redress Scheme, and includes organisations that provide camps and outdoor activities.

To date, Licola has had three historic sexual abuse claims that date back to the 1970s and 1980s.

Licola participates in the Redress Scheme and to date, there has been one claim against Licola made under it, which has been settled.

Outside of the Redress Scheme, Licola also currently has two active historic child sexual abuse claims that have been made under Common Law. Licola is currently being supported by the Lions Club International's legal team with regard to these two claims.

While the participation in the Redress Scheme and the support provided by the Lions Club International go a long way towards alleviating the financial burden on Licola, the Licola Board must consider the following carefully:

- The full extent of the risks from the two active historic sexual abuse claims;

4. External Information cont.

- The nature and adequacy of our existing risk management/mitigation strategies to avoid any potential risk of abuse of children and young people who attend camps in our facility in the future;
- The possibility of further historic sexual abuse claims against Licola in the future, both under the Redress Scheme that is open for a further three and a half years until 30 June 2028, and under Common Law, for which there is no limitation under law.

It is proposed that a Board Governance sub-committee be established to investigate the above and recommend action to the Board.

4.2.6 Covid Impact on Children

During covid, children spent 2 or 3 years at home. This made it difficult for some to adjust to a dormitory setting in camps. Many children have low resilience, and due to the issues seen to be confronting the world such as wars and climate change, despair. Parents are nervous about the mental health of these children and there is anxiety about sending them to camps.

4.2.7 Construction market pressures

Key construction trend

- Accessing labour/skills is the biggest issue facing the industry.
- Global supply chain risks, geopolitical tensions strain materials procurement
- Government spend on major public transport, health, utilities and resource projects is driving up demand.
- Strong population growth continues to push up demand for residential development.
- Productivity issues. Greater regulation, union impacts and wage growth resulting in more labour/capital required to achieve the same output.
- Contract risk allocation. Contractors are using the current market dynamics to shift key risk back to developers.
- The cost of tradespeople working at Licola on major projects would be expensive as they would need to travel from places such as Heyfield (54 kms) and Traralgon (85 kms), or if they stayed overnight, would need to be compensated accordingly.

5. Recommended Options

The Licola Board is requested to review the following possible options which may address the Key Issues, and following discussion and changes as required, decide on a recommendation which would need to be formally confirmed by the Board.

Option A: Sell all Licola property and invest

Use the proceeds from the sale of all Licola property to invest in a Lions Licola Foundation which will fund outdoor camps for disadvantaged children, in line with the Licola Mission.

This will allow sponsorship of camps without the financial burden of providing facilities and reduce associated risks.

The potential value should be greatest if all property is sold together. Licola is a unique wholly owned village and as such could appeal to specific special interest groups who require a high degree of isolation and privacy. Groups of this nature would not want an adjacent operating caravan park and would want to control the entire site.

A sale price based on current book value is expected and the return on investment used to send children to camps.

In addition, Lions Clubs could continue contributing and the net result would be a significant increase in the number of Lions Sponsored Camps.

To ensure that the Licola Mission was met at the outsourced camps, due diligence would be conducted and only camps with the required procedures and programs would be selected.

Risks for Option A

- **Sourcing buyer** - Finding a buyer willing to pay the expected amount.
- **Reduced support from Lions** - Under a sale scenario, donations from Lions and others may decrease further while a purchaser is sourced. An increase in non-Lions support will be needed.

Option B: Sell all Licola property and purchase

Sell all Licola property as in Option A and purchase a smaller outdoor camp, if available within the funds raised in an accessible location, with newer facilities, and continue to support children in line with the Licola Mission.

Risks for Option B

- **Sourcing buyer** - Finding a buyer willing to pay the expected amount.
- **Reduced support from Lions** - Donations from Lions and others may decrease further while a purchaser is sourced, and an alternative site is located. An increase in non-Lions support will be needed.
- **Finding a suitable site** - Locating a camp which addresses all the key issues.
- **Continuing management by Lions** - After operating Licola for over fifty years, does our organisation of volunteers want to take on another long-term ownership proposition with all the intense management obligations and associated challenges that go with it? This is a very important consideration.

5. Recommended Options cont.

Option C: Sell Licola property excluding the camp.

Sell the Caravan Park and Store which are on separate titles to raise an estimated \$1,250,000.

Sell the current managers house outside the camp for an estimated \$315,000.

This would then require investment in improving the small accommodation behind the office building in Licola to provide suitable accommodation for a manager and family. Cost of improvements estimated at \$150,000 to realise a net gain of \$165,000.

Sell the 2 houses behind the Licola workshop area which are currently part of the camp subdivision. New subdivisions would be subject to planning approvals, and involve further costs and take time to complete. The estimated sale price is \$365,000, minus approximately \$25,000 subdivision costs, to raise \$340,000

\$1,755,000 Total funds from above sales.

Use \$300,000 from existing other non-current assets of approximately \$763,000. \$463,000 would remain for emergency funding which is necessary for the large ageing infrastructure.

\$2,055,000 Total above from sale of properties and other non-current assets.

\$2,525,000 The additional funds still needed to reach \$4,580,000 required for facility improvements.

Risks for Option C

- **Obtaining significant additional funding** - Australian Lions Foundation maximum grant \$15,000. Lions Clubs International Foundation Matching Funds grants US\$10,000 to maximum US\$150,000. Even if significant funds were obtained from Lions foundations, a large gap would remain.
- **Timing** - Obtaining large grants usually takes time. An increase in revenue will not be realised until many of the replacements have been completed. This will need increased support from non-Lions which comes with potential pushback from Clubs and Lions. Is there time to be operating on a largely Lion reliant funding model for 2 to 3 years, awaiting these replacements?
- **Volunteers** - Due to the location, will sufficient suitably qualified staff and volunteers become available to allow an increase in the number of Lions sponsored camps?
- **Insurance** - Property self-insurance and extreme financial risk if a catastrophic event should occur.
- **Competition** - New owners could build accommodation which would compete with Licola and take customers.

6. Appendix

6.1 Legal Structure

Licola is an Incorporated Association in its own right - **Lions Village Licola Incorporated**. Its structure establishes it as a legal entity separate from its members, and it is the legal owner of Licola. This structure was put in place in 1988.

Each chartered Lions Club in Victoria is automatically a member of the Association under the Licola constitution, giving it the right to nominate one of its members to represent the Club and vote at all meetings of members of the Association.

Association membership does not constitute ownership i.e. the Lions Clubs of Victoria do not collectively own Licola. However, by virtue of their membership, the Lions Districts and Lions Clubs have a say in how Licola is run. For example:

- Each of the five Districts nominates two members to the Licola Board who are collectively responsible for governing Licola and ensuring it fulfils its purpose.
- Each nominated Lions member attends general meetings of Licola and has a right to vote on resolutions, be heard at the meeting, and submit items for consideration at a general meeting of its members.

There is no legal liability attached to Licola members for decisions made by the Licola Board, in good faith, in furtherance of its business. If Licola was to close down with substantial debts or liabilities, Association members will not be pursued to settle the debts. This flows from the legal status of Licola as an Incorporated Association, which protects its members against personal responsibility for any debts or liabilities incurred by the Association.

In the event Licola was to be sold, surplus funds or assets of Licola cannot be distributed to any members or former members of the Association.

Surplus assets must be given to a body that has similar purposes to the Association.

This is exactly the same situation with our individual Lions Clubs which are also Incorporated Associations.

6.2 Licola Rules of the Association (Constitution)

The previous Rules of the Association of Lions Village Licola Inc. were updated in 2010. Since that time, the Associations Incorporation Act has been amended in 2012, and the Associations Incorporation Regulations have been amended twice, in 2012 and more recently in 2023.

The Licola Board decided that the Rules of the Association needed to be updated to reflect the changes to the legislation and regulations, and to adopt the most recent version of the Model Rules for Associations developed by Consumer Affairs Victoria, with some modifications to meet the specific needs of Licola.

Copies of the proposed new Constitution were provided to all Districts and Clubs before and after the Licola AGM in June 2024 along with detailed explanations of the changes and why they were made in order that all concerned were fully informed of what was going on.

The new Rules were passed unanimously at the Licola AGM by its members.

The updated Constitution was ratified by Consumer Affairs Victoria on July 19, 2024. Districts were advised accordingly by an email from Board Secretary PCC Steve Boyce on July 25, 2024.

6. Appendix cont.

6.3 Chester Allan - Profile

Studied at university in South Africa and worked primarily in the corporate world for Unilever and the Gillette Company in Research, Marketing and General Management.

Town Planning Johannesburg CED 1976 - 1980

Research - Unilever 1980 - 1982

Marketing - Gillette 1982 - 1992

General Manager Gillette New Zealand 1992 - 1995

President Director Gillette Indonesia 1995 - 2000

General Manager Gillette Thailand 2000 - 2004

Arrived in Australia in 2004

**Business Director Australia and New Zealand
Gillette Australia 2004 - 2007**

Not-for profit experience includes 11 years as a board member and then Chair of the TaskForce Community Agency which supports Victorians in need, with a focus on substance misuse, as well as youth and family services.

As Chair facilitated the merger of Windana and Taskforce, two of Victoria's leading community care providers, into a single organisation in November 2023.

Joined the Lions Club of Wheelers Hill in 2010 and has been Vice President, President for two years and is currently Club secretary.

Lions V5 District roles include opening Leo Clubs, Strategic Planning Chair and on the District Executive as Leadership Development Chair.

Joined the Licola Board in June 2024 as the second V5 representative.



Licola Strategic Review

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