



Establishing WSI as a Member Based Organisation (WSI Australia)

April 2009

Executive Summary

Founding member proposal

- The Water Stewardship Initiative is evolving to become an Australian not-for-profit, membership-based organisation. This document is a proposal to prospective Founding Members. It sets out the core purpose of the organisations, proposed governance arrangements, membership requirements and long-term strategy.

A new Australian organisation (WSI Australia)

- The proposed new organisation, Water Stewardship Initiative Australia Limited (WSI Australia), will have an elected Board and be responsible for further developing water stewardship in Australia (including standards development, marketing and communication and organisational development) as well as providing Australian input to the international Alliance for Water Stewardship (AWS).

Empowered by membership

- The funding core for core activities of the WSI Australia will come from annual membership fees. This will enable the organisation to operate in pursuit of Pilot programs and other activities to be individually funded through participating member donations, grant applications and IP license fees.

Piloting water stewardship applications in Australia

- A primary aim of WSI Australia will be to develop and manage a water stewardship Pilot program in Australia, which will lead directly to the establishment of a commercially viable, on-going water stewardship enterprise to operate in this region. A key benefit of WSI Australia membership will be the opportunity to actively participate in the piloting process, and so help to mould the ultimate form of the Australian water stewardship enterprise.

Engaging with international partners through AWS

- A second key benefit of membership in WSI Australia will be to link with the AWS to become part of the international effort to establish globally recognised standards and an operating framework for water stewardship certification. This involvement will be essential to the international credibility of the locally developed enterprise, which is of prime importance to organisations seeking to export or promote investment outside of Australia.

Moving forward together – do you wish to become a founding member?

- Work is already underway to develop a number of pilot programs, and we are keen to establish WSI Australia as soon as possible. The following sections outline a proposed model for establishing and operating WSI Australia. While many of you have already indicated in-principle willingness to join a representative organisation we would ask each of you to please confirm your willingness by completing the form attached to the end of this document, and either faxing it to +61 3 9348 122 or emailing it to info@waterstewardshipinitiative.com.

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Evolving from WSI to WSI Australia

To this point, WSI has been a partnership between four individuals with an interest in promoting water stewardship and expertise in various elements of the stewardship model, supported by a reference group drawn from a wide range of supporting organisations.

At the conclusion of the third Water Stewardship Forum in October 2008 it was proposed that WSI evolve into a not-for-profit membership-based organisation that could involve a broader group of people interested in water stewardship and represent Australian interests in the international AWS program. This proposal was received positively by participants.

Accordingly, we are developing a constitution for a not-for-profit company limited by guarantee, which will be registered in Australia and primarily focus on developing and commercialising regional applications of Water Stewardship, which will be referred to hereafter as Water Stewardship Initiative Australia (WSI Australia).

This will require endorsement by 'founding members'. We will be asking the existing Reference Group members if they could continue as an interim Board pending development of the new organisational structure (and hopefully beyond).

Purpose of WSI Australia

The purpose of WSI Australia would be the following:

- To oversee further development of the water stewardship standard;
- To oversee the pilot testing program;
- To be the Alliance for Water Stewardship affiliate in Australia (possibly Asia);
- To be the owner of any assets (tangible or intangible);
- To develop and promote the WSI Australia brand;
- To provide the governance body for future management of the water stewardship system;
- To offer education, outreach and stakeholder relationship building;
- To develop a sustainable business model for the above activities, and;
- To raise adequate funds to support the above activities.

All activities would be undertaken in pursuit of the long term goal of a commercially viable water stewardship enterprise that can promote and administer a certification program for major water users as part of a global system for recognising and rewarding water stewardship.

The diagram below illustrates the developmental process outlined at WSF3, in which the proposed role of WSI Australia will be to manage the commercialisation stage, and most likely, make the transition to become the on-going, self-sustaining operator of the water stewardship system in Australia.



How WSI Australia would operate

WSI Australia will undertake basic business activities necessary for the on-going promotion and management of the tasks outlined above. Its primary operational focus during the commercialisation phase will be management of the standards development activities and pilot testing program as well as stakeholder outreach and consultation. The functions of WSI Australia will be broadly divided into two key streams:

- **Core management functions** that will enable WSI Australia to operate as an interim business entity
- **Pilot program functions** that will underpin development of an on-going business model

Core management functions

WSI Australia will undertake a range of core functions to operate as an interim business entity.

Global standards development

- WSI has led water stewardship standards development to date and we envisage that WSI Australia will play a leading role as water stewardship standards are adopted internationally.
- Once the AWS global standards development program is operating, WSI Australia will be involved by providing Australian input to this process and developing local specification and refinement of the standard based on the internationally agreed core principles.
- This process requires on-going participation in the international discussions that have been so far conducted by telephone and attendance at international forums such as the World Water Week as well as liaison with WSI Australia members and other stakeholders.
- A critical benefit of this role will be to ensure that locally applied standards are recognised by multinational corporations and international institutions and that Australian conditions and issues are recognised in the global standard.

Stakeholder engagement

- A major component of WSI Australia's day to day operations will revolve around the need to actively recruit and engage stakeholders whose understanding and cooperation will be necessary for the effective development of a water stewardship system (in both governance and standards development activities in particular).
- This task involves maintenance of core communications tools such as a web-site to enable inbound inquiry and outbound communications, as well as the on-going engagement of key stakeholders and interest groups through face to face meetings and seminars.
- A primary outcome of stakeholder engagement will be increasing the base of WSI Australia members who will contribute revenue and provide other forms of support, will also be establishing opportunities for other forms of financial and in-kind contributions towards the development of the Water Stewardship enterprise.

Governance

- Governance will provide the opportunities for members to participate in the development of the water stewardship system in Australia. WSI Australia must embody the core principles of transparency, accountability and democracy in order to be an effective stewardship system.
- Basic legal requirements, such as financial reporting and audits, will be required as well as an on-going requirement for developing the constitution, for convening, managing and reporting board meetings, and so on.
- The value of Governance efforts will not only be to ensure that probity is maintained throughout the commercialisation phase, but to ensure that transition to an operational phase will be made as smoothly as possible in line with a proposal that has been widely reviewed and approved by the majority of key stakeholders.

Pilot program functions

WSI Australia will seek to undertake a series of pilot programs aimed at developing and establishing the commercial arrangements, tools and procedures required to operate an Australian water stewardship enterprise. This will involve a range of different functions.

Project planning and coordination

- Each pilot program will require substantial commitments of personnel time and other forms of in-kind contributions from the participating organisations, which WSI Australia personnel will need to define, negotiate and coordinate in their role as project overseers and managers.

Local standards development

- WSI Australia will build on core standards developed by WSI and other members of the AWS to develop sector-specific standards for Australian market applications. Learnings from this process will feed back into the further development of globally consistent core standards, as described in the preceding section.
- In applying globally agreed principles to local standards definition it will be vital to ensure that all players in the sector will have the chance to be engaged and involved in the standards development process. This local engagement and negotiation process will form a major part of WSI Australia's role as the independent overseer of the Pilot process.

Commercial arrangements

- In the first instance WSI Australia personnel will need to negotiate contracts for delivery of Pilot programs, which will form the initial platform upon which to establish on-going commercial arrangements. A key deliverable of the Pilot programs will be clearer definition of the business models required to underpin the ongoing, financially self sustaining operation of the Water Stewardship enterprise.

Review of pilot program and identification of issues

- The experience of each pilot will need to be evaluated for further development of the standard and commercial arrangements underpinning their application. WSI Australia will need to establish a stakeholder-based process for evaluating the experience and identifying key issues for the next iteration of the water stewardship model.

Day to day management of WSI Australia

It is expected that WSI Australia will be a virtual organisation (at least until it reaches a point where the Board may decide otherwise). To this end, it is proposed that day to day operations of WSI Australia will be undertaken by contractors rather than by employees, whose roles, responsibilities and remuneration be linked to their satisfactory delivery of specified outcomes.

It is envisaged that responsibility for the core management functions will be largely undertaken by a single individual, who will be authorised to delegate specific tasks (such as web site maintenance) to suitably qualified sub-contractors.

Responsibility for developing and scoping Pilot projects will be granted to a number of individuals who have demonstrated their understanding and capacity to the satisfaction of the board, and who will be bound by confidentiality and other agreements to ensure that the IP developed during the Pilot will be adequately protected and captured by WSI Australia.

WSI Australia Limited Corporate Structure

WSI Australia will be established as a company limited by guarantee (not for profit membership based organisation). It will have enshrined in its constitution clauses required of all not-for-profit entities including that it will not be able to distribute profits and that all assets remain the property of members and, should the organisation be wound up, can only be distributed to another not for profit with similar objectives). It will also include clauses required of organisations with Deductible Gift Recipient (DGR) status for taxation purposes (allowing the organisation to receive tax deductible gifts).

Initially, the organisation will be managed by an Interim Board of Directors that will, in so far as it is possible, reflect the diversity of the prospective membership base and be composed of people who are committed to the objectives of WSI Australia. The Interim Board will be between six and ten people drawn in the first instance, from the WSI Reference Group established for the October 2009 WSI workshop. The Interim Board will see WSI Australia through to its first Annual General Meeting.

Members of WSI Australia will be allocated to a particular sectoral interest group within the membership structure. The Board will be structural in order to reflect, in so far as it is possible, the different sectoral interest groups represented in the membership base. Each major sectoral interest group will be invited to submit a member to the Board of Directors. Where there is more than one member, an election will be held amongst all members for that position.

The process for developing WSI Australia Governance is set out in the following diagram:



Funding WSI Australia Limited

Membership

Membership will bring with it a right to participate in the governance and development of WSI Australia. Members will be invited to contribute to all future consultations about the development and application of Water Stewardship principles in Australia.

As a founding member of the AWS, WSI Australia will provide its members with access to this peak international forum for development of internationally recognised water stewardship principles and practices. Ultimately it is expected that WSI Australia will establish an on-going arrangement with the envisaged international entity currently referred to as the Water Stewardship Enterprise (WSE), which will be established by the AWS as the international IP owner and ultimate source of accreditation for all forms of WSI Australia certification.

To accommodate the diverse array of stakeholders who might seek to become members, WSI Australia will offer a variable rate of membership fee depending on the status of the member:

Annual Fee	Membership type
\$100	Private member – individuals who may work in academia or as self-employed consultants
\$100	Not for Profit members – registered NFP organisations
\$200	Community members – local councils, catchment authorities and other community funded groups
\$1,000	SME members – organisations employing 50 or fewer persons
\$5,000	Government members – state and federal government funded entities
\$5,000	Corporate members – organisations employing more than 50 people
\$10,000	Key Supporters – organisations who will gain the right to use the WSI Australia logo to promote their association with the development of the initiative
\$20,000	Partners – organisations who will gain the right to use the WSI Australia logo to promote their association with the development of the initiative, to actively participate in the governance and direction of the organisation, and to obtain IP at a discounted rate to undertake pilot projects

Membership fees will form the primary basis of the WSI Australia annual operating budget, associated with maintenance of basic legal requirements and good governance practices, effective stakeholder communications, maintenance and development of IP such as interactive web-site and endorsement brands, as well as executive management and business administration functions.

Donations

As a registered not for profit entity WSI Australia will solicit donations from relevant environmental and social foundations and trusts. These will primarily be aimed as enabling WSI Australia to remain an active participant in the global debate regarding water stewardship standards and practices, and to actively promote the initiative through seminars and other targeting communications programs.

Grants

WSI Australia will actively pursue grants from government and other statutory authorities (such as Victoria's Smart Water Fund).

The main focus of grant applications will be to assist in the development and piloting of new water stewardship applications, particularly those which will impact at the community and SME level where licence fees and other Pilot project costs may not be readily met through corporate investments.

Another focus for Grants will be to undertake research relating to product development and marketing of Water Stewardship amongst key audiences including business decision makers, retail and institutional investors as well as the wider public.

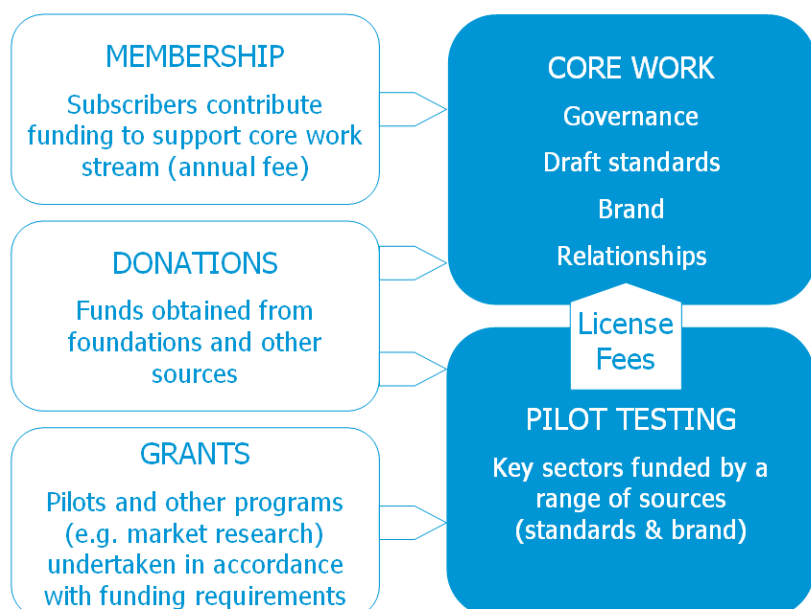
License fees

Opportunities to charge Licence fees will arise both from the IP that is owned by WSI Australia (e.g. the Brand, business models, certification procedures), and from the IP to which it has access as a member of the AWS (e.g. Core Water Stewardship standards).

Note that Pilot license fee will be offset for Partners (i.e. members who contribute \$20,000 per annum).

Summary of WSI Australia Funding Arrangements

The diagram below summarises the various sources of funds and their application to the two broad types of tasks that will be undertaken by WSI Australia. Please note that Pilot project funding will in large part be in the form of participant's contribution of internal overheads and other forms of in-kind support.





FEEDBACK FORM – PLEASE COMPLETE AND RETURN ASAP

WATER STEWARDSHIP INITIATIVE AUSTRALIA

Foundation Membership Opportunity

April 2009

Please complete the following form and return it either by faxing it to +61 3 9348 122 or emailing it to info@waterstewardshipinitiative.com

Please provide your details:

Name: _____

Title: _____

Organisation: _____

Mail address: _____

Email: _____

Do you wish to become a foundation member of WSI Australia? Yes

No

If Yes, please complete the following sections.

In which of the following membership categories will your organisation belong?

Private – individuals who may work in academia or as self-employed consultants

Not for Profit – registered NFP organisations

Community – local councils, catchment authorities and other community funded groups

SME – organisations employing 50 or fewer persons

Government – state and federal government funded entities

Corporate – organisations employing more than 50 people

Do you wish to take up the option of promoting your association with WSI Australia or actively participating in WSI Australia governance through a higher level of membership?

If so, please indicate which of the options you wish to take up:

Key Supporter

use the WSI logo to promote your association with WSI Australia

Partner

use the WSI logo to promote your association with WSI Australia, actively participate in the governance and direction of the organisation, and obtain IP at a discounted rate to undertake pilot projects