

ETHICAL FIELDS 2022

PROPOSAL SUMMARY:
**BUILDING
PLACE-BASED CAPITAL**
PROGRAM, PROOF OF CONCEPT PHASE



PREPARED AND PRESENTED BY:



1 PROPOSAL SUMMARY

Place Based Capital Program

We invite local councils, development agencies, government, NGOs, local communities and other interested parties from across Australia to participate and/or partner in the Place Based Capital Program.

Background

Local places have individuals and organisations from local government, business, industry and community eager to make a difference in their region. They report that there are strong development and investment opportunities in their local area. To realise these opportunities, they require sources of funding and capital that are readily available, flexible, and supportive of local aspirations, opportunities, needs and challenges – **place based capital**.

Beyond capital, they also desire more engagement, control and influence over local investment, development and economic activity. They desire opportunities for all members of the community to participate, co-invest and share in the risks and returns of local economic and community development. Ultimately, they would like to ensure the benefits of this activity flow back into the hands of local people and organisations.

Whilst the existing funding and financial system services many areas, there are gaps and challenges with these options. Local places and organisations that have considered and attempted to set up local capital and investment structures alone, have encountered barriers with capability, capacity, funding and resources.

A range of place based capital and local finance and investment solutions are available. This program will learn and build on tried and tested solutions from Australia, the UK, US and other countries. The program builds on these examples, but is uniquely innovative in its desired scale, ambition and impact in Australia.

Aims

The aims of the Place Based Capital Program are to create:

- place based capital,
- a financial system and vehicle that supports place based capital and locally-led, owned and inclusive development, investment, returns and impact,
- a national network and vehicle to utilise collaboration, aggregation and/or mutualisation with local places across Australia to achieve economies of scale and access to larger forms of capital.

These aims are described in more detail below.

A. Place based capital

Place-based capital is capital that is aligned to place, where place could be considered a community, neighbourhood, local government area, town or region. It may be either capital that is owned or managed by local people and organisations which are inherently aligned to place such as local businesses and council; or capital from sources outside the region that are

otherwise aligned to place, such as federal/state government and impact investors seeking to contribute to local outcomes. Place-based capital is aligned to and respectful of the vision, opportunities and challenges of local places and people. It provides more flexibility and addresses the local infrastructure and investment opportunities not being serviced by current financial systems. It is a source of capital to fund place-based, impactful projects that will benefit local regions and communities across Australia.

B. A financial system and vehicle that supports place based capital and locally-led, owned and inclusive development, investment, returns and impact

A financial system and investment vehicle focused on local economic and community development opportunities. This vehicle would be directed by the priorities of local stakeholders, and provide a mechanism for local people and organisations to invest in their region and attract co-investment from outside the region. It would increase local ownership, control, influence and returns; leading to greater local self-sufficiency, resilience and prosperity. An example of this is a local impact fund - a self-sustaining, locally owned and managed investment fund that holds, manages and invests money in assets, ventures and/or infrastructure at a local scale. Such a fund can attract and aggregate other forms of capital to co-invest in regions and act as a catalyst for growing the local economy.

C. A national network and vehicle to utilise collaboration, aggregation and/or mutualisation with local places across Australia to achieve economies of scale and access to larger forms of capital

Aggregation, cooperation and mutualisation between local places and funds to create a national place-based capital system and structure. This national vehicle will optimise the outcomes for local places and their local finance and investment vehicles, achieve economies of scale and provide access to larger forms of capital. An example of this is a network of local impact funds across Australia supported by a democratically governed and collectively owned national enterprise whose role is to support individual local impact funds - local impact fund mutual.



Program Objectives

The Place Based Capital Program (Proof of Concept Phase) will bring together a group of local places from across Australia to create the Place Based Capital Community of Practice. Working together, this community of practice will...

1. Explore the individual and common economic development, community development and investment opportunities and challenges of local places and people
2. Research and explore alternative and innovative funding, finance, and investment solutions to support local economic and community development goals. Specifically, solutions that support locally-led, owned and inclusive development, investment, returns and impact
3. Research and explore funding, finance, and investment solutions that use cooperation and aggregation across regions to leverage economies of scale and access larger forms of capital
4. Design and evaluate these solutions
5. Create a next steps plan to implement the preferred solutions in your region and across Australia

By this point, and having worked together through this process, the community of practice can be confident they have a ready to build solution, effective partnership, mandate and the collective ability to engage the stakeholders and resources required to establish place based capital in their regions.



Value and benefits for local places and people

Community Development Value

1. Stop wealth, ownership and control leaking out of local communities and redirect it back into the local economy
2. Enable local organisations and people to invest in their own region and receive a return from that investment
3. Enable local organisations and people to have more control and influence over local economic and investment activity. Investment is directed by the priorities of local stakeholders
4. Enable disadvantaged local people to participate in local investment opportunities

Local Economic Development Value

1. Create a pool of capital to invest in local business, assets, infrastructure and other development and investment opportunities
2. Leverage local capital for local opportunities (currently invested outside the region or not at all)
3. Attract and access government, corporate and institutional capital through aggregated and diversified investment offerings
4. Increase local returns for local organisations and business
5. Reduce the costs of setting up and running local fund solutions by working with other regions across Australia
6. Increase individual and regional wealth and prosperity

Return on Investment Value

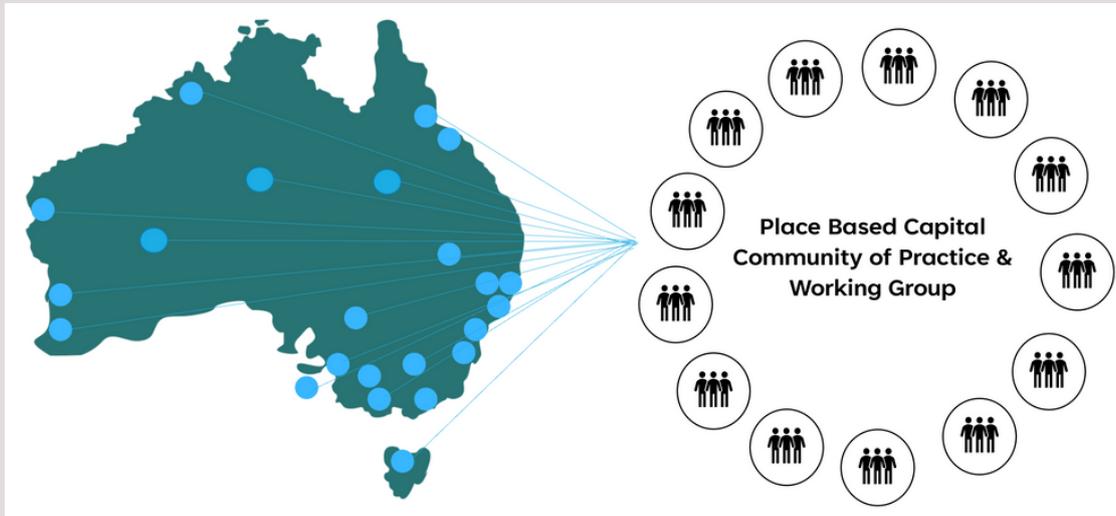
The program adopts a collaborative and co-funded model bringing together interested places and regions from across Australia to work together through a facilitated and structured process. This delivers significant value for your investment and enables your local region to:

- Develop valuable relationships and a community of practice with like-minded places, regions and peers to support your journey
- Learn more and achieve more together than you could alone
- Receive the outcomes and outputs for a fraction of the total cost
- Be in a stronger position to move forward with your place based capital goals.



Approach

Co-design and co-create these solutions with a group of local councils, communities and organisations from across Australia.



Process

The Community of Practice will work together through the following process:



Program Fees

The fee for program participation is based on capacity and we have provided a guide below:

- Local government areas or regions with pop. over 50,000 - \$15,000
- Local government areas or regions with pop. under 50,000 - \$20,000
- Where the fee is cost prohibitive, please contact Ethical Fields to discuss alternative options. We hope to offer part-payments and scholarships through match funding

To register for the program and for more information

To register for the program or for more information, please contact: Meaghan Burkett, Director Community Wealth Building via: email: meaghan@ethicalfields.com or mobile: 0407 024 036.