

ETHICAL FIELDS 2022

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



PREPARED AND PRESENTED BY:



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1 PROPOSAL SUMMARY

Does your region have local development and investment opportunities but you struggle to secure the capital to deliver them?

Are you tired of applying for temporary and ad-hoc grant funding and philanthropic donations?

Would you like a more permanent source of capital and an investment vehicle that's owned and led by your region and understands and values your local development and investment opportunities?

Would you like to build more local ownership, self-sufficiency, resilience and prosperity?

The solution...

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** and be the founding members of the **Place Based Capital Community Of Practice**.

Vision

We envisage local organisations and communities across Australia with a dedicated and reliable source of capital to invest in local development and investment opportunities – **place based capital**. This could be achieved through a local investment system and structure. An example of this is a **local impact fund**, as shown in Figure 1. These are self-sustaining, locally-owned and managed investment funds that hold, manage and invest money in assets, ventures and/or infrastructure at a local scale.

The fund creates a pool of capital to invest in local economic and community development opportunities, directed by the priorities of local stakeholders, and provides a mechanism for local people and organisations to invest in their region and attract co-investment from outside the region.

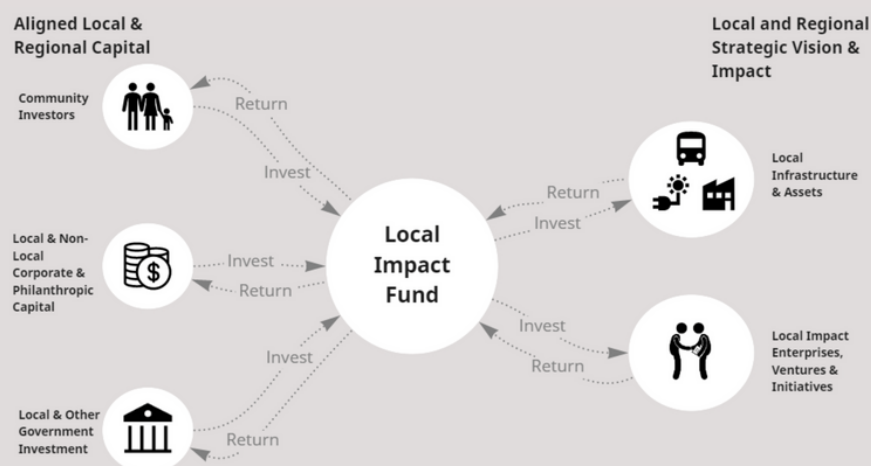


Figure 1. Local Impact Fund Diagram. Source: Ethical Fields 2022

The program builds on the learnings and challenges of others that have tried to establish a local investment vehicle alone, by exploring and designing options that utilise collaboration, aggregation and/or mutualisation with other local regions across Australia to achieve economies of scale and 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**, as shown in Figure 2.

A network and system such as this, would drive locally-led and owned development, investment, and impact. It would increase local ownership, self-sufficiency, resilience and prosperity.

This program is a step towards this vision.

Program Objectives

The **Place Based Capital Program (Proof of Concept Phase)** will bring together a group of representatives from local places and regions across Australia to create the Place Based Capital Community of Practice.

Working together, this community of practice will...

- Build knowledge and capability in community wealth building; investing and managed funds; and cooperative and aggregation benefits and structures
- Build local and collective understanding of:
 - local capital needs, challenges, opportunities and how these relate to other regions
 - aggregation & cooperation needs, challenges, opportunities and how these relate to other regions
 - setting up and running an investment fund such as governance, managerial, regulatory, technical and operational matters
- Identify, design, test and evaluate a number of solutions to create a sustainable and reliable source of place based capital for their region and a national structure to provide economies of scale (including but not limited to the the local impact fund & local impact fund mutual examples provided above)
- Engage with, learn from and test the solutions with key stakeholders, such as potential community, government and private investors
- Create a concept design of the preferred and most viable model that is ready for prototyping and commercialisation

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.

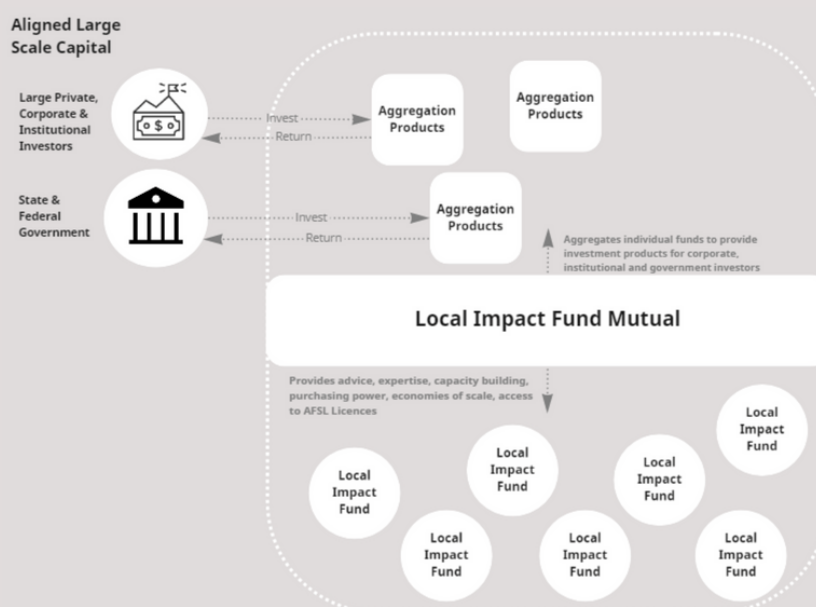


Figure 2. Local Impact Fund Mutual Diagram. Source: Ethical Fields 2022

Program Benefits

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 and Timeframes



Figure 3. Local Impact Fund Mutual Diagram. Source: Ethical Fields 2022

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 \$20,000 (excl. GST)
- Local government areas or regions with pop. under 50,000 \$15,000 (excl. GST)
- 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 By negotiation

To register for the program and for more information

Please find more detail about the program within this proposal.

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.

2 THE CHALLENGE

LACK OF CAPITAL AND LOCALLY ALIGNED INVESTMENT VEHICLES FOR LOCAL DEVELOPMENT THAT MEET THE NEEDS, ASPIRATIONS AND OPPORTUNITIES AVAILABLE IN LOCAL AND REGIONAL PLACES AND COMMUNITIES.

Ethical Fields has consulted with representatives from over fifty regions across Australia from government, non-government organisations, community and business. We heard that one of the most significant challenges is lack of capital for local investment and development opportunities. Local places and regions need capital for local infrastructure, housing, smart and regenerative initiatives like community energy projects, and funding for small business start-ups or to simply keep local cornerstone businesses afloat. They are commonly reliant on temporary and ad-hoc grant funding, philanthropy and absentee investors from outside their region. Finance options with large institutions are inflexible and do not understand and value local needs and aspirations. Further, most local people are excluded from their region's investment and development activities, and financial rewards from these investments and activities tend to flow outside of the region.

Where there is interest from local places and regions that have considered and attempted to set up local investment structures, we understand a key challenge is capability, capacity, funding and resources to establish and operate an effective investment vehicle. High design, establishment and management costs associated with fund management's legal, governance and regulatory requirements are a common barrier to exploring place-based capital and local investment solutions.



3 THE SOLUTION

PLACE-BASED CAPITAL AND LOCAL INVESTMENT VEHICLES OWNED AND CONTROLLED BY LOCAL ORGANISATIONS AND PEOPLE, ENABLING LOCAL COMMUNITIES TO INVEST IN THEMSELVES AND THEIR REGION AND ATTRACT CO-INVESTMENT FROM OUTSIDE THE REGION THAT IS ALIGNED TO REGIONAL VISIONS AND ASPIRATIONS.



Local regions and communities have individuals 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. However, to capitalise on these opportunities, they require locally aligned capital. Beyond capital, they also desire more control and influence over local capital, economic and development activity. They would like to ensure the benefits of this activity flow back into the hands of local people and organisations. That's where community wealth building comes in.

What is community wealth building?

Community Wealth Building is a people-centred approach to local economic and community development. Community wealth building is built on locally rooted and broadly held ownership. It draws on these democratic principles to deliver prosperity, wellbeing, self-reliance and resilience to local communities. This is achieved via policies, strategies and local action that enable government, industry, business and community to:

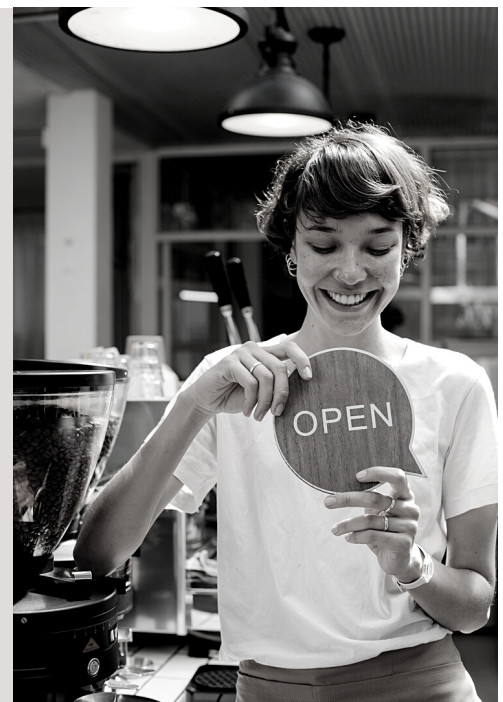
- **Empower local people and places** – By shifting more ownership, control and decision-making of the local economy and development to the people that value and rely on it the most - local residents, local business owners, local employees, local community, local agencies and organisations and local consumers.
- **Increase local ownership and prosperity** – By encouraging all local people or organisations to invest in and hold a financial and controlling stake in local assets and resources of all kinds – capital income, land, property, enterprises, infrastructure, equipment and more.

- **Anchor opportunities and prosperity to place** – By increasing industries, businesses and jobs that are anchored locally and are committed to a region and its people.
- **Make financial power work for local places** – By stopping wealth flowing out of local places and redirecting it back into the local economy. By building local financial systems and vehicles owned and controlled by local people or organisations.
- **Create an inclusive economy** – By adopting more inclusive forms of economic development and business models that build wealth and prosperity for everyone.
- **Leverage local multipliers and reinvestment** – by creating an economy and development approach that systematically reinvests in and multiplies the local impact from development and economic activity in the region.
- **Strengthen regional self-reliance and resilience** - by creating systems, institutions, enterprises, infrastructure and cultures that reinforce community ownership, leadership and wealth building.

Against this background and in consultation with representatives from across Australia, we have developed a concept that draws on the principles of community wealth building combined with local and international case studies to address this challenge.

PLACE-BASED CAPITAL, LOCAL IMPACT FUNDS & LOCAL IMPACT MUTUAL FUND

We envision place-based capital provided by a network of self-sustaining, locally-led and locally-owned place-based investment vehicles operating across Australia, supported by a nation-wide structure that provides aggregation, economies of scale and access to large scale capital. This network and system would drive locally-led and owned development, investment, and impact.



This concept seeks to build a locally-owned financial system, and infrastructure, to fund place-based, impactful projects that will benefit local regions and communities across Australia. Whilst there are a number of current projects and existing vehicles across Australia focusing on capital and investment solutions at a local scale, we are unaware of an Australian initiative that offers a locally-owned model combined with a model to leverage cooperation, aggregation and mutualisation. The concept builds on tried and tested solutions from the UK and US, but is uniquely innovative in its desired scale, ambition and impact in Australia.

What is Place Based Capital?

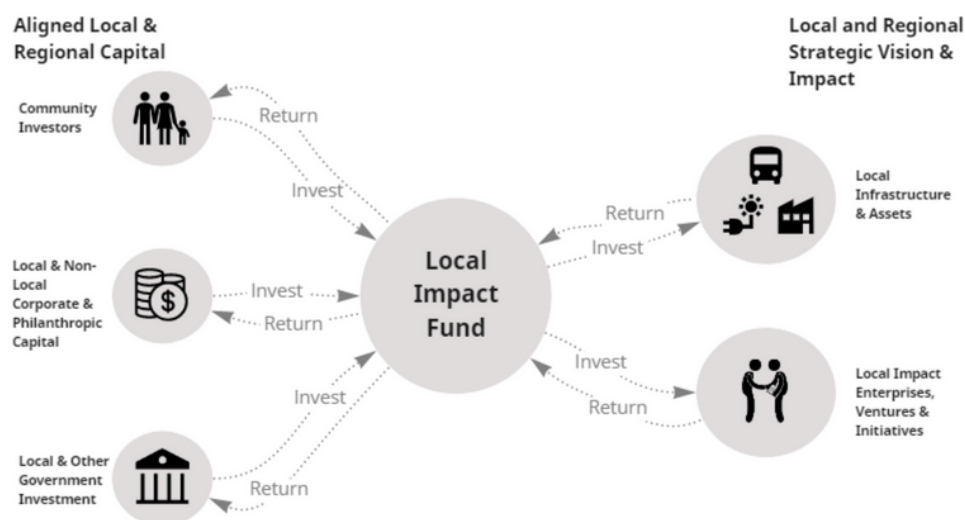
In this context, capital is defined as wealth in the form of money or other assets owned by a person or organisation or available for a purpose, such as starting a company or investing. Place-based capital is capital that is aligned to place, where place could be considered a community, neighbourhood, council 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, or capital from outside the region that is otherwise aligned and available to a place, such as impact investors seeking to contribute to local outcomes.

What is a Local Impact Fund?

A fund is a pool of money or property that is managed or held to make distributions to other entities. A local impact fund is a locally-owned and managed single or multi-sector fund that holds, manages and invests money in assets, ventures and/or infrastructure at a local scale. The fund creates a pool of capital to invest in local economic and community development opportunities, directed by the priorities of the local stakeholders, and provides a mechanism for local people and organisations to invest in their region. A local impact fund also has the potential to attract and aggregate other forms of capital to co-invest in regions and act as a catalyst for growing the local economy.

The concept of a local fund is not new. Similar vehicles are successfully operating across Australia. This program can learn and build on these activities. The difference with the proposed concept to existing structures is:

- local impact funds are underpinned by the principles of community wealth building that aim to create systems, institutions, enterprises, infrastructure and cultures that reinforce local ownership, leadership and wealth building;
- local impact funds do not rely upon charity and philanthropy, but rather are primarily investment vehicles that enables local people and aligned co-investors from outside the region to invest in a place and receive returns on their investment; and
- the concept aims to utilise cooperation, aggregation and mutualisation to optimise outcomes.

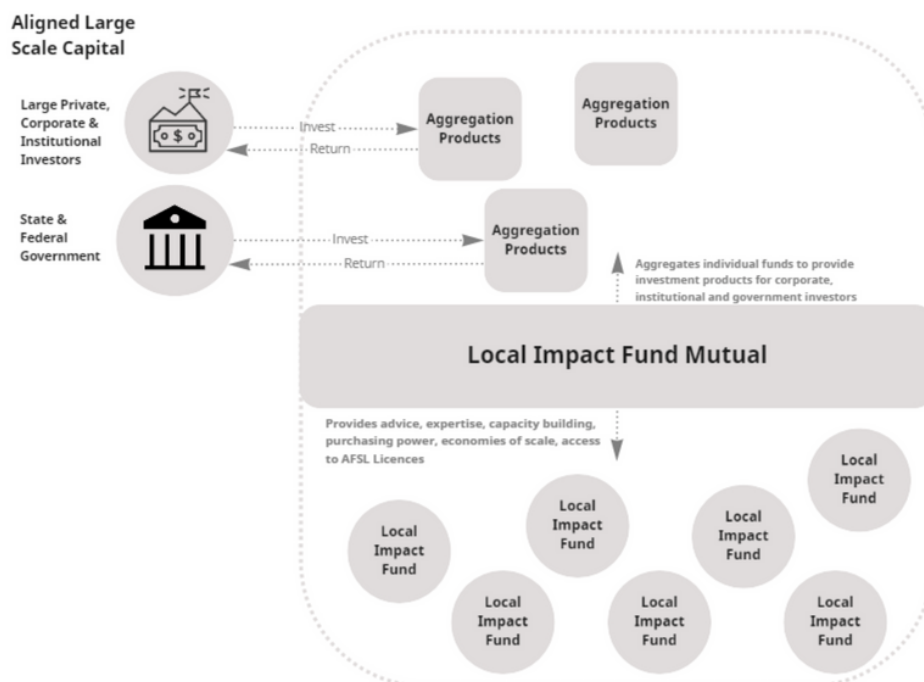


Copy of Figure 1. Local Impact Fund Diagram. Source: Ethical Fields 2022

This concept draws on elements from working examples and case studies such as the Muswellbrook Future Fund, Evergreen Cooperative Development Fund (US), North West Evergreen Fund (UK), Cheshire and Warrington Development Fund (UK).

What is a Local Impact Fund Mutual or other aggregation vehicle?

This concept aims to utilise the principles of aggregation, cooperation and mutualisation to optimise outcomes for individual local impact funds. It also creates a place-based capital system and structure that can operate at a national and institutional scale. The program will explore a range of options and entity structures for doing this. An example of a Local Impact Fund Mutual is presented here for illustrative purposes. A Local Impact Fund Mutual is a democratically governed and collectively owned entity whose role is to support a network of individual local impact funds across Australia. A mutual is a member-owned organisation where people come together to meet their shared needs. Each Local Impact Fund holds a membership share in the mutual.



Copy of Figure 2. Local Impact Fund Concept Diagram. Source: Ethical Fields 2022

Shared ownership of this structure ensures the mutual upholds the interests of the local funds that it represents. The mutual provides economies of scale in technical, managerial, financial, network and resource inputs and costs. The Mutual provides advice, expertise and capacity building for regions and individual local impact funds, addressing local capability and capacity barriers.

The mutual could hold an Australian Financial Services Licence (ASFL), allowing the mutual to provide financial product advice to the local impact funds and clients. An AFSL allows the mutual to deal in financial products, make markets for financial products and operate a registered scheme. The mutual could also provide a custodial or depository service, provide traditional trustee company services, provide a crowdfunding service and/or provide a superannuation trustee service. A mutual could aggregate investment opportunities from individual funds, thereby offering more extensive diversified products. These could be broad multi-sector products, single-sector products such as renewable energy, housing or they could be regionally focused products, such as the Hunter Region. This source of private sector capital is often difficult to access for regional projects (or an individual regional impact fund alone) due to their smaller scale and the prohibitive costs associated with creating financial products. Accessing these growing investment markets unlocks a large capital base for regional projects and initiatives.

What are the benefits of Place Based Capital, Systems and Structures?

This concept offers benefits for a range of critical stakeholders including:

- Local people, community, businesses and organisations
- Local entrepreneurs
- Local government and other development organisations
- State and Federal governments
- Investors including local investors, private and impact investors and institutional and corporate investors.

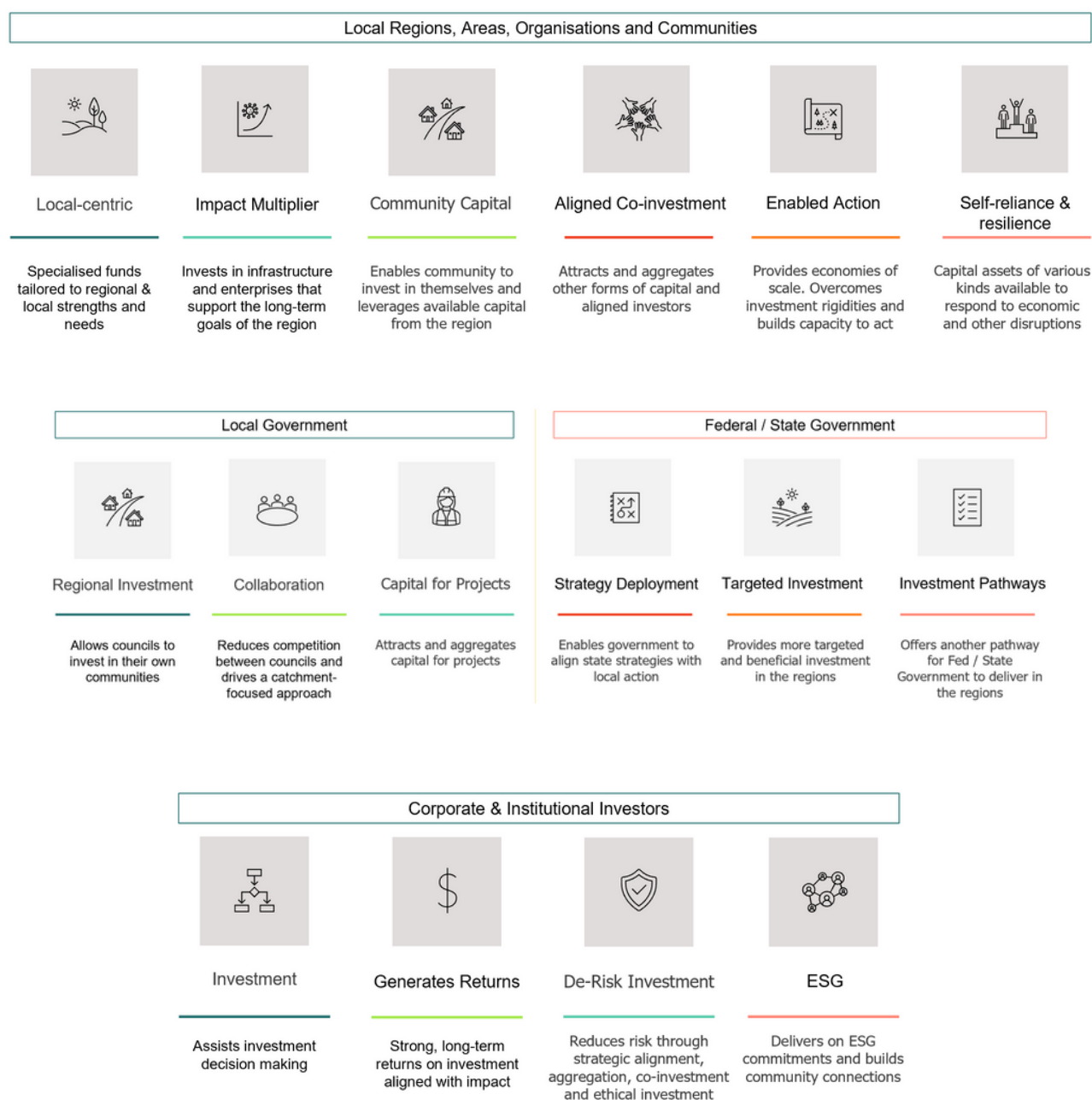


Figure 4 Advantages of place-based capital, a LIF and LIFM Model. Source: Ethical Fields 2022

4 APPROACH

A FACILITATED, COLLABORATIVE AND CO-FUNDED APPROACH WITH A COMMUNITY OF PRACTICE FROM LOCAL PLACES AND REGIONS ACROSS AUSTRALIA TO IDENTIFY AND UNDERSTAND INDIVIDUAL AND COLLECTIVE INVESTMENT AND DEVELOPMENT NEEDS, CHALLENGES AND OPPORTUNITIES, AND TO CO-DESIGN AND EVALUATE A RANGE OF MODELS THAT COULD TRANSFORM THE CAPITAL AND INVESTMENT LANDSCAPE SO THAT LOCAL PEOPLE AND PLACES THRIVE.



In conjunction with a group of local places and regions, represented by councils, economic development agencies, local organisations and/or community, Ethical Fields will facilitate a structured program to explore place-based capital opportunities in your region.

Program Objectives

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

- Build knowledge and capability in community wealth building, investing and managed funds, cooperative and aggregation benefits and structures
- Build local and collective understanding of local capital needs, challenges, opportunities and how these relate to other regions
- Build local and collective understanding of aggregation & cooperation needs, challenges, opportunities and how these relate to other regions
- Build local and collective understanding of the requirements of setting up and running an investment fund such as governance, managerial, regulatory, technical and operational matters

- Identify, design, test and evaluate a number of solutions to create a sustainable and reliable source of place based capital for their region and a national structure to provide economies of scale (including but not limited to the the local impact fund & local impact fund mutual examples provided above)
- Engage with, learn from and test the solutions with key stakeholders such as potential community, government and private investors to better understand their needs and challenges when engaging with local investment opportunities
- Create a concept design of the preferred and most viable model that is ready for prototyping and commercialisation.

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.

Program Benefits

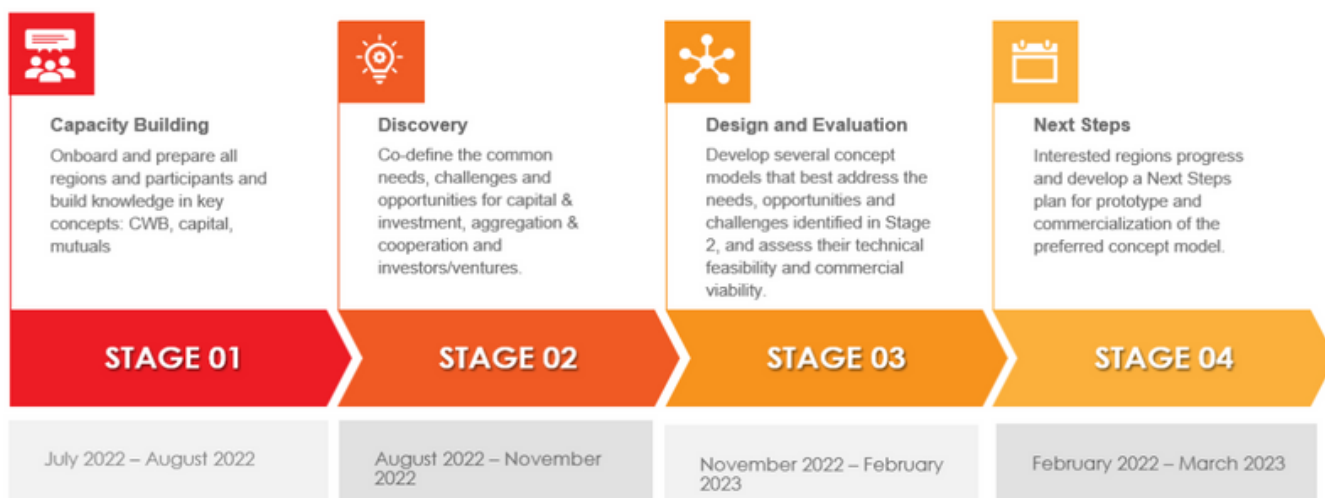
The program adopts a collaborative and co-funded model bringing together interested places and regions from across Australia to work together through a facilitated and structured process. This delivers significant value for your investment and enables your region to:

- Develop valuable relationships and a community of practice with like-minded 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 and Timeframes

The program adopts a co-design and 'learning together' approach.

Regional representatives will collaborate with Ethical Fields and the community of practice through the four stages detailed in Figure 3.



Copy Figure 3. Place Based Capital Program (of Concept Phase). Source: Ethical Fields 2022

Regional representatives will participate in initial onboarding and capacity building activities and workshops to ensure local representatives possess the foundational knowledge around community wealth building, capital, mutuals and investment necessary to confidently and effectively engage with the program.

Ethical Fields will facilitate a series of workshops, exercises and surveys that will co-define common, place-based capital needs, challenges and opportunities and the role and opportunity of aggregation and cooperation. Participants will also identify and gain an understanding of the potential needs and challenges faced by both potential investors and entrepreneurs. These insights will inform the development of several concept models that best meet needs, leverage opportunities and minimise challenges across regions.

Together, participants will evaluate the framework's technical viability and commercial feasibility, drawing on the knowledge of legal and financial experts within the finance field. Potential concept models will be evaluated, with a preferred model chosen if the option is deemed viable. With concept viability and feasibility confirmed, the co-created structure will be ready for prototyping and commercialisation which forms the basis of Phase 2 (not included in this Program). Parties interested in moving to Phase 2 will create a next steps plan to move to this next phase of prototyping and commercialisation.

For a more detailed program plan and approach please contact Ethical Fields.

5 PARTICIPATION FEES

To ensure the principles of community wealth building are embedded from start to end, and the program meets specific local needs and challenges, the program adopts a collaborative & co-funding approach with local regions and communities.

We invite 15 - 20 local regions from across Australia to participate in the program. A local region could reflect a local community, local government area, town, city or wider regional area. Each of these regions will nominate 1 - 2 representatives to participate in the program activities. These representatives will liaise with stakeholders from their local region to gather information to inform the program and report back to these stakeholders about the developments, findings and outcomes from the program. Representatives could come from local councils, development agencies, community organisations, business, non-government organisations or just passionate individuals from your community. Representatives will need to commit approximately 30 hours over 8 months.

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

ARE YOU...	COST
REPRESENTING A PLACE, LOCAL GOVERNMENT AREA OR REGION WITH POP. OVER 50,000	\$20,000 (EXCL. GST)
REPRESENTING A PLACE, LOCAL GOVERNMENT AREA OR REGION WITH POP. UNDER 50,000	\$15,000 (EXCL. GST)
WHERE THE FEE IS COST PROHIBITIVE, PLEASE CONTACT ETHICAL FIELDS TO DISCUSS ALTERNATIVE OPTIONS. WE HOPE TO OFFER PART AND FULL SCHOLARSHIPS THROUGH MATCH FUNDING.	BY NEGOTIATION

The program fees are paid upfront. Delivery of the program relies on a minimum of 15 participating regions to fund the program costs. If we cannot achieve 15 participating regions, we will seek match funding from government and non-government organisations to deliver the program. In the event that the program cannot be delivered the costs will be refunded in full.

6 BUDGET

PROGRAM STAGE	COST
STAGE 01 ONBOARDING & CAPABILITY BUILDING PART A. PROJECT INCEPTION & REGION/LOCAL REPRESENTATIVE ONBOARDING/PREPARATION	\$29,000
STAGE 01 ONBOARDING & CAPABILITY BUILDING PART B. CAPABILITY BUILDING FOR LOCAL REPRESENTATIVES	\$40,500
STAGE 02 DISCOVERY PART A. PLACE-BASED CAPITAL NEEDS, CHALLENGES & OPPORTUNITIES	\$38,250
STAGE 02 DISCOVERY PART B. AGGREGATION & COOPERATION NEEDS, CHALLENGES & OPPORTUNITIES	\$38,250
STAGE 02 DISCOVERY PART C. INVESTOR NEEDS, CHALLENGES & OPPORTUNITIES	\$31,750
STAGE 03 DESIGN EVALUATION PART A. CONCEPT MODEL - OPTION IDENTIFICATION & DESIGN	\$45,500
STAGE 03 DESIGN EVALUATION PART B. CONCEPT MODEL - EVALUATION & SELECTION	\$52,250
STAGE 4 NEXT STEPS NEXT STEPS PLAN TO MOVE TO PHASE 2 PROTOTYPE & COMMERCIALISATION	\$25,500
	\$301,000 EX-GST

Please contact Ethical Fields if you would like a detailed cost breakdown.

7 ABOUT US



MEAGHAN BURKETT
PROGRAM DIRECTOR



MOIRA WERE



GARETH PRIDAY



ROHAN CLARKE



SAM DOOVE

Program Lead - Ethical Fields

Ethical Fields works with local councils, development agencies, business and the community on Community Wealth Building. We convene partnerships that work together to design and scale programs, initiatives and ventures that foster local autonomy, resilience and prosperity; build local and regenerative industries and enterprises and transform the economy to enable local people & places to thrive.

Our team has extensive experience in community wealth building, new economy models, fund design and management, cooperative and mutual approaches, enterprise start-up and scaling, including stakeholder engagement and capability building across these areas. We have an extensive network of partners to support program delivery and a successful track record of leading co-design projects. The project team includes Meaghan Burkett (Program Director, strategy, policy, project management, community wealth building), Rohan Clarke (financing impact, capital stack development, financial instruments, cooperatives), Gareth Priday (futures thinking and living labs), Sam Doove (economic research, analysis and new economies) and Moira Were (engagement, capability building and gender investment lens). Ethical Fields may engage other experts and partners through the life of the program to support specialist needs as they arise.

We have delivered similar co-design initiatives that focus on growing individual capabilities while promoting collaborative learning to inform the design and commercialisation of new industries and enterprises. For example, Ethical Fields designed and delivered a similar program in 2020/21 using the principles of collaboration, co-design and co-funding to explore the value of cooperation, aggregation and mutualisation for farmers seeking to access finance for natural capital. This led to the establishment of a new enterprise called Regen Farmers Mutual. The Mutual is a democratically governed and farmer-owned entity designed to help farmers access environmental markets.

For more information please visit our website www.ethicalfields.com



Lead Learning Partner - The Yunus Centre Griffith University

The Yunus Centre Griffith University is an innovation Centre experimenting with new and complexity-informed approaches that accelerate transitions to regenerative and distributive futures through systems transition. As our Lead Learning Partner they will walk alongside us, observing signals and patterns, feeding back into the community so we learn and evolve as we go.

For more information please visit their website [The Yunus Centre \(griffith.edu.au\)](https://griffith.edu.au/yunus-centre)



7 NEXT STEPS

1. REGISTER FOR THE PROGRAM

You can register for the program by contacting Ethical Fields via email: TalkToUs@ethicalfields.com via phone: 0407 024 036

2. MORE INFORMATION ABOUT THE PROGRAM

Contact Meaghan Burkett, Director
meaghan@ethicalfields.com
0407 024 036

Attend an information Session via Zoom <https://bit.ly/PlaceBasedCapital>

Visit our website www.ethicalfields.com.au

3. START WITH AN INTRODUCTION TO COMMUNITY WEALTH BUILDING

If you are interested in community wealth building or place-based capital but you aren't yet ready to sign up to the Place Based Program, you may like to start with one of the following introductory opportunities:

- [Half-Day Course - Introduction to Community Wealth Building for Councils](#)
- [Half-Day Course - Introduction to Community Wealth Building for All](#)
- [Community Wealth Building Scan](#)

