
Community Wealth Building



Discussion Paper

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Front Cover: Petal and Fern, Potts Point. Photo: Katherine Griffiths / City of Sydney

Overview

Background

In July 2020, Council resolved to investigate how the principles of Community Wealth Building could be developed into a policy that informed the operations of the City of Sydney. The application of these principles requires consideration of how the City can contribute to the building and retention of wealth in our area through targeted procurement, employment practices, use of City land and assets, and support for the diversification of the city economy.

The City was also to investigate the potential for a network of partner organisations to be established so that the benefits of this approach could be magnified.

Purpose of this document

This discussion paper is the first step in the policy development process.

Its purpose is to illustrate the Community Wealth Building model and its application in other cities and regions. It also identifies actions previously taken by the City of Sydney that align with the model and proposes some future actions that could be taken by the City to progress its implementation here in Sydney.

It is intended as a prompt for discussion of Community Wealth Building with a view to developing a policy that will be considered by Council in 2022.

The inclusion of actions already taken by, or supported by, the City of Sydney that align with the model should not be read as a comprehensive set of actions. Rather, they are included to illustrate how the principles of Community Wealth Building might be implemented. We hope they spark ideas for others to act.

Similarly, the ideas proposed where the City might act next should not be considered a comprehensive action plan. They have been included to promote discussion.

The policy to be developed in 2022 will be shaped by the feedback gained from the ideas that are proposed.

Through this process, we also hope potential partners and collaborators will come forward to join the City in implementing the Community Wealth Building approach.

Approach

Community Wealth Building is a model of economic development that aims to create an inclusive, sustainable economy embedded in local and broadly held ownership. It aims to reduce inequality (and other social disadvantages particular to a local area) and improve collective wellbeing and local resilience¹.

The Community Wealth Building model aims to generate wealth for a local area and its communities. This is achieved by growing the overall economy as well as the retention and distribution of as much wealth as possible within that area or to those targeted communities (including sectors of the economy).

Community Wealth Building

The local market and local or targeted business opportunities are given much greater focus under this model, potentially creating efficiency gains and productivity improvements due to better integrated supply chains, reduced logistics costs and improved business intelligence.

It differs from traditional economic development models in that it seeks to influence the structure of the economy by diversifying the ownership of businesses and in doing so, widen the distribution and localise the retention of wealth rather than relying principally on investment attraction.

The retention and recirculation of wealth through local supply chains and by increasing local employment is known as the multiplier effect. It serves the purpose of magnifying the outcomes that can be achieved.

Implementation of the model is primarily place-based, although some outcomes are focussed on economic sectors that span geographic boundaries. Actions are designed to respond to the unique circumstances of local communities and economic conditions.

Success is achieved through the collaborative actions of local communities and major institutions who are embedded in the community, often known as 'anchor institutions'.

Local government often plays several roles; leading by example as well as facilitating and coordinating the efforts of other anchor institutions.

In creating an inclusive economy, economic success must be redefined.

Overall economic growth (measured by an increase in GDP) has been a traditional measure of economic health. Yet evidence shows that despite almost three decades of economic growth in this country, some members of our community have not participated in, or shared in, the resultant wealth.

The Community Wealth Building approach encourages qualitative measures as well as quantitative measures to be included in any assessment of success.

It is not enough to measure success by the number of jobs created for example. It is important also to understand the quality of those jobs - whether they are full-time or part-time, permanent or temporary, the diversity of people able to secure those jobs and whether those who have the most barriers to employment were able to secure meaningful work.

Similarly, it is not enough to consider an economy healthy and thriving when there is not adequate representation from all types of business structures. Small businesses, for-purpose businesses, co-operatively owned businesses and businesses owned by Aboriginal and Torres Strait Islander people for example should all be adequately represented in the city economy.

Likewise, growth in GDP alone is not an adequate measure of success. The extent to which profits are retained and recirculated in the local community can be more impactful for a local area than growth alone.

As well, there must be alignment with the broader aspirations of the community including environmental, social, cultural and economic goals.

The Community Wealth Building approach is seeking to find a balance between local economic and community development and our city's national and global role. It is trying to strengthen elements of our local economy and community and build capacity and capability in targeted economic sectors. At the same time, we will continue to embrace an open and global economy that thrives on cross-border collaboration, trade, talent and knowledge exchange.

Principles

The Community Wealth Building model is built around five principlesⁱⁱ:

- *Building the generative economy:* By nurturing the growth of enterprises with diverse ownership models, not only are jobs created across a range of sectors but wealth in the

form of retained profits is more broadly shared and held in the community. Diversity amongst the cohort of business leaders will also add to the voices yielding influence in the community

- *Progressive procurement*: When major institutions maximise their expenditure in the local area as well as deliver economic, social and environmental benefits from that expenditure, local jobs are created, new enterprises are nurtured, and alternative business models are encouraged. The multiplier effect is maximised when supply chains are engaged, and their expenditure is also harnessed toward those economic, social, cultural and environmental and outcomes.
- *Employment*: Prevailing employment issues in the local area can be addressed by key institutions, either individually or by encouraging partner organisations to also commit and act.
- *Land and property*: Land and assets held by key institutions are a platform for generating community wealth or benefits. Who has access to or benefits from those assets should always be examined to ensure issues of equity and public good are optimised.
- *Finance*: In some communities, access to capital is restricted. Where this is the case, by harnessing the capital from within the community, investment can be facilitated while delivering appropriate returns to investors. Alignment of capital with the broad environmental and social goals of the community is also important.

While each of the principles can be considered on their own, integration across the principles results in multiple benefits and outcomes arising from each action. This is achieved while providing high quality services and outcomes for the community.

The principles are explored in more detail in the subsequent sections of this paper, along with recent actions taken by the City of Sydney and possible future actions.

The role of anchor institutions is also discussed in more detail.

Origins

Community Wealth Building has its origins in the United States and the United Kingdom. It emerged as a response to years of austerity, rising inequality, inaction on climate change and increasing frustration with economic systems and structuresⁱⁱⁱ.

Over the last decade, the model has been applied to regional as well as urban areas. The United Kingdom has seen rapid take up of the model in communities that include Preston, Wigan, Islington, Birmingham, Manchester, and Leeds^{iv}.

Recently, the Scottish Government has committed to exploring the potential for Community Wealth Building as an approach to delivering inclusive growth across Scotland and has several projects underway^v.

The most well-known example in the United States is the Evergreen Co-operative Initiative, often referred to as the 'Cleveland model'. Its aim is to create employee owned businesses that scale up to recruit and train residents and in doing so, rebuild the economy and community in Cleveland Ohio from the ground up. The businesses leverage the \$3 billion annual purchasing power of the anchor institutions and have become suppliers to them^{vi}.

It is an emerging economic development model in Australia. One example is GROW: G21 Regional Opportunities for Work initiative. A compact signed by over 110 partners in the Geelong region in Victoria is the first step toward a community wealth building initiative. Signatories to GROW have committed to preferencing local procurement and offering employment to those who experience significant barriers to work^{vii}.

In those places where implementation of the model has been evaluated and the results quantified, it is evident that jobs in the local area have increased, decent wages have been paid, local supply

chains have been invigorated and greater concentrations of local businesses have benefited from increased local spending. Other non-quantifiable benefits have also been recorded^{viii}.

Relevance to Sydney

Australia and Sydney have until early 2020, enjoyed nearly 30 years of uninterrupted economic growth. Despite this success, it is apparent that not all members of our community have benefitted from or shared in this prosperity.

The Covid-19 pandemic has exacerbated the inequities that already existed and created new vulnerable groups within our communities and economy.

As the economy and our communities recover from the economic downturn, the principles of the Community Wealth Building model should be part of any plans. By considering and applying new economic models, there is an opportunity to not simply return to pre-existing conditions but to bring about economic and social change that in the longer term, creates a more inclusive economy and strengthens our city's resilience.

Building the generative economy



Graduates from FoodLab Sydney, a training and support program for entrants to the food industry

Background

It has long been held that city economies benefit from diversity in all its forms. This includes population diversity – the richness of the cultural, ethnicity, gender, education, experience, knowledge and skills mix of the people who live and work in our cities. As well, it includes the diverse mix of industries and businesses who populate our urban centres.

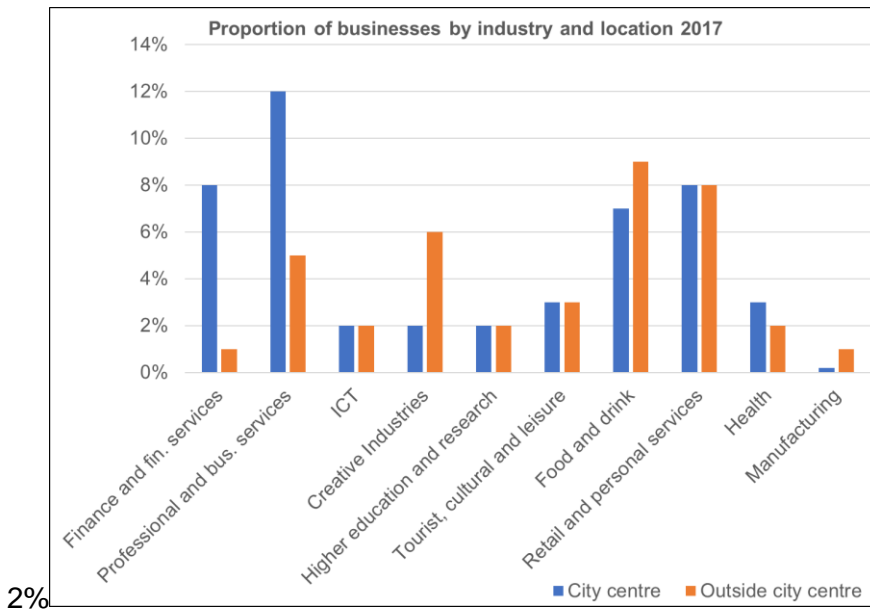
Diverse businesses clustered in the urban environment are likely to lead to the exchange of ideas - the prerequisite for innovation in the knowledge economy and the basis for growth. Additionally, empirical evidence shows that individual businesses that support diverse workplaces outperform those that don't^{ix}.

Economic resilience is also more likely to be found in diverse economies. In more concentrated economies, a shock to a major sector causes significant disruption to the entire economy. Generally, more diverse economies can withstand shocks that affect individual sectors.

A healthy, thriving economy requires a mix of business types and sizes across a diverse industry mix, all of whom employ a diverse range of people across a full spectrum of jobs.

Business mix across industries and location

In the City of Sydney at last count (2017), there were 26,203 places where business activity took place. This was an increase of 1,875 from 2012. Of these, 53 per cent were in the city centre and 47 per cent across the rest of the local area. This geographic distribution has remained stable over the last decade^x.



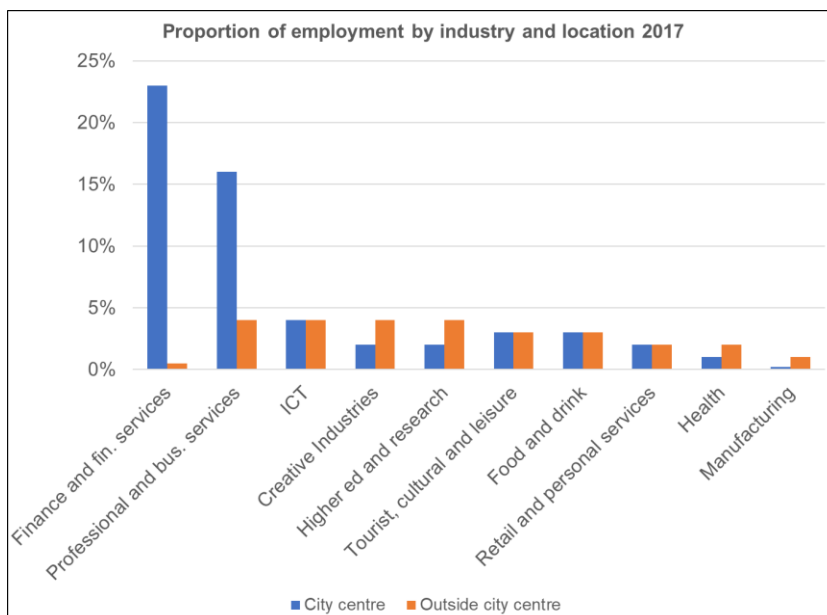
In terms of the diversity of industries within the City economy, the top five industries by business number are professional and business services, finance and financial services, food and drink, retail and personal services and creative industries^{xi}.

In the city centre, businesses are even more highly concentrated toward professional and business services and finance and professional services. Outside the city centre, there is a slightly better distribution across a wider range of industry sectors^{xii}.

This is illustrated in the chart opposite.

Employment across industries and location

When the distribution of jobs across industries is examined, the 2017 data showed extremely high concentrations in the city centre.



At that time, 67 per cent of the workforce were in the city centre while only 33 per cent were in other parts of the local area^{xiii}.

As illustrated in the chart opposite, jobs in the city centre are highly concentrated in just two main industry sectors – finance and professional services (23 per cent) and professional and business services (16 per cent), reflecting a small number of very large firms.

Outside the city centre, jobs are relatively evenly distributed across all industry sectors, albeit at much lower numbers^{xiv}.

Diversity in size

	Number of businesses	Total employment (2017)
Small (1-19 employees)	19,698	115,929
Medium (20-199 employees)	3,457	173,527
Large (200+ employees)	353	211,202

Business size is another way in which diversity can be measured.

The table above provides a picture of the city economy in 2017.

Most businesses were classified as small, that is having fewer than 19 employees^{xv}.

However, the greatest number of jobs are concentrated in just a few hundred large businesses.

Additional perspectives on diversity

The Community Wealth Building model also considers diversity from two additional perspectives.

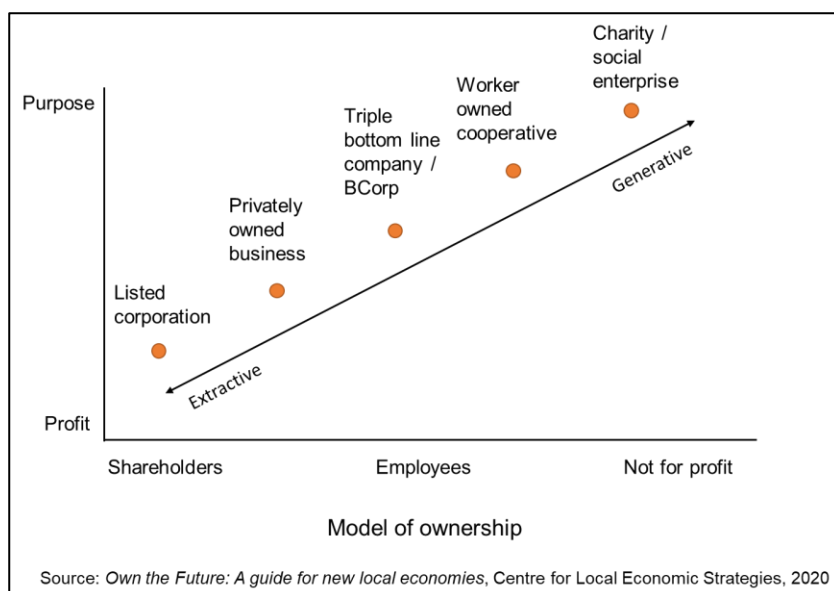
The first is that of **corporate structure**. A variety of corporate structures should be evident in a healthy and diverse economy. This includes not for profit enterprises, social enterprises, mutuals and co-operatives, sole-traders, start-ups and scale-ups, as well as small and medium enterprises, and major companies listed on national and global stock exchanges.

The coexistence of businesses of different sizes and structures within the same market can deliver benefits for all. These include enhancing competition, creating supply chains for the development of products and services, creating distribution networks, and adding to the overall customer base within the market^{xvi}.

An additional way to consider diversity is also to examine the **purpose** of an organisation.

The Community Wealth Building approach describes businesses along a continuum from 'extractive' to 'generative'. Extractive organisations are typically major corporations owned by shareholders. Generative organisations can take many forms, but all are purpose driven. Most are for-profit organisations, and some operate in the not-for-profit charitable sector^{xvii}. A healthy economy relies on the vast majority being financially sustainable businesses, including those described as 'generative organisations.'

Community Wealth Building



The diagram above illustrates the continuum.

It shows that there are a range of organisations that balance both profit and purpose. These include companies that pursue triple bottom line outcomes as well as organisations that participate in more formal certification programs such as Certified B Corporations (organisations that are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment^{xviii}).

Mutuals and worker-owned co-operatives are often attributed as ‘for-purpose’ organisations. Although not represented on this diagram, listed corporations and privately-owned businesses who make significant contributions to their community or society more generally can also be represented in this mid-point on the extractive – generative continuum.

Generative organisations have two defining features.

- They have business ownership models with a structure and/or purpose that centres on ensuring local social and economic value is maximised.
- They distribute the wealth they create in several ways, including by ensuring high rates of local employment and spending in local supply chains, investing in local assets and sharing the surpluses they generate with workers, consumers or beneficiaries^{xix}.

Examples of some generative business models follow.

Social enterprises

Social enterprises are businesses that trade to intentionally tackle social problems, improve communities, provide people access to employment and training, or help the environment. Social enterprises lie at the intersection of traditional not-for-profit and for-profit businesses. Some operate in a similar fashion to the charitable sector. Others are privately owned and funded and operate more akin to a commercial business. However, the proceeds from activities are generally reinvested in programs or operational costs.

In Australia in 2016 there were over 20,000 social enterprises operating across industry sectors, including in arts and recreation, education and training, healthcare and retail.^{xx} It is reported these enterprises accounted for up to 3 per cent of GDP and employed an estimated 300,000 Australians.

Co-operative and mutual enterprises

Co-operative and mutual enterprises are businesses that are owned by members rather than shareholders. They are described as democratic forms of organisations that are legally required to embed democratic control, accountability and reinvestment in their organisation. As organisations,

they say this enables them to plan for the long term as well as represent and reinvest in their local community^{xxi}.

Their members can be their customers, as in the case of a mutual bank, their policy holders, such as a mutual health insurer, their suppliers, as in a farmer owned co-operative or their members can be small or medium enterprises themselves.

In 2019 there were more than 2,040 active co-operative and mutual enterprises in Australia collectively employing more than 69,800 people^{xxii}. Because of their shared local ownership, co-operatives and mutuals are domiciled in Australia, distribute wages and profit back into their community and are taxed in Australia^{xxiii}.

It is estimated that more than 50 co-operatives and mutual enterprises are located within the City of Sydney local area. Some examples include:

- Australian Mutual Bank, trading as Sydney Mutual Bank, a customer-owned financial services business
- HCF, a customer-owned health insurance business
- Tranby National Indigenous Adult Education and Training, a community-owned education and training organisation
- The Co-operative Life, a worker-owned care service
- Common Equity Housing NSW, tenant-owned housing co-operative

Research conducted in 2009 by the International Labour Organisation pointed to the resilience of the co-operative sector globally. They found it to be a sustainable form of enterprise able to withstand crisis, continuing to contribute to the community in which they were operating.

Consideration of wider stakeholder interests

Although not a new debate, in recent times there has been renewed focus on whether corporations should have their shareholders' interests as their primary area of concern or whether there is an obligation on corporations (and all types of organisations) to take account of broader stakeholder interests^{xxiv}.

Proponents of shareholder capitalism as it is described, include Milton Friedman, a Nobel prize winner who in the 1970's asserted that the only responsibility of a corporation was to ensure its owners (shareholders) see a profit^{xxv}.

More recently, proponents of shareholder capitalism assert that organisations must consider interests beyond profit to operate ethically and sustainably. The interests that should be considered of those of customers, employees, suppliers, the community (which includes the environment) and shareholders^{xxvi}. It has been said that balance must be struck between competing priorities and that the focus should remain on the long term, not the short term.

It could be concluded that those organisations that do take account of broader stakeholder interests are contributing to the generative economy, regardless of their business size or structure.

A relevant example is the Australian Sustainable Finance Initiative, the purpose of which is to "set out a roadmap for the finance sector to support greater social, environmental and economic outcomes" for Australia.^{xxvii} Commitments were secured from major banks, insurers, financial sector peak bodies, regulators, civil society and academia to develop and implement the roadmap which seeks to realign capital and key environmental and social challenges.

Evolution of the Social Economy

There are multiple ways the concept of a generative economy can be explored. One is by considering the model of the social economy.

Traditionally, the social economy was a descriptor for the organisations and activities associated with the delivery of social services. These were welfare organisations, cooperative enterprises,

mutual aid societies, civic associations and the like delivering social programs and services.^{xxviii} A subsidy in some form was likely involved.

More recently, the social economy and the business models and types of organisations operating within it have evolved. Some have described its broader role as that of promoting a green and social transformation, based on the principles of inclusion, equity and responsibility. It has been suggested that the social economy is an alternative way to think about and organise the entire economy and society^{xxix}

The democratisation of decision making, inclusive practices and collaborative processes are features of the organisations that make up the social economy. Organisations in the broader economy could benefit from these practices.

Social innovation is a strong feature of the social economy, where innovation is embedded in all organisations and contributes to solving social issues^{xxx}.

Benefits of a Generative Economy

Regardless of the model, a flourishing economy includes a mix of generative organisations as well as more traditional business models as well as diversity in more traditional measures – business size, industry mix and range of jobs. And the quality or security of employment is also important.

Economies with a healthy mix of generative organisations benefit from the multiplier effect that they create. If their purpose is centred on local social and economic value maximisation, more of the proceeds of their enterprise is invested in the local community in the creation of jobs, purchase of goods and services from other local businesses or through the distribution of profits if the organisation is a co-operative or employee owned. If their purpose is on broader environmental or social goals, then the benefits are distributed more widely.

Where gaps exist in relation to the diversity of business structures that can be found in the local economy, consideration should be given as to the support mechanisms that can establish and grow these successful business models.

What are we already doing?

In recognising that social enterprises are an important part of a mixed economy, the City was keen to better understand the sector and how to strengthen and grow it. A baseline of the sector in our local area has been established and commitments to actions have been made.

The City supported the newly formed Social Enterprise Council of NSW and ACT. The Council used the funding to run networking workshops aimed at strengthening the sector and to develop digital platforms aimed at promoting the sector to the wider community.

As well, the City has supported FoodLab Sydney, an innovative and inclusive program designed to provide training and support to people who want to work in food, and to develop their own local food enterprises. It is a collaboration that includes the Sydney Environment Institute, TAFE NSW and FoodLab Detroit. By July 2020, the program had welcomed its fourth cohort of participants.

The City has provided support to OzHarvest in their efforts to create sustainable revenue that can support a social enterprise mobile kitchen to deliver educational workshops and provide free nutritious meals to charities who help people in need in the local area.

More recently, the City has provided support to the Co-operative Federation Ltd to assist in the creation of a new rider-owned delivery service in the local area that delivers secure employment and profits to riders and reduced costs for local businesses.

The City's support enabled the Sydney Commons Lab to host a one-day Forum to explore Community Wealth Building and launch the Sydney Commons Lab. The forum included speaking events, workshops and networking sessions as well as the exploration of one or more community wealth building pilot project in the local area.

Throughout the Covid-19 pandemic, demand for services from the community sector grew considerably at a time when their capacity to raise funds was diminished. Support from governments at all levels was necessary for perhaps the first time, or at an unprecedented level.

The City supported many such organisations to continue their work in the local area. Some examples include OzHarvest, the Chicken Soup Project, Lentil as Anything, Mission Australia (who partnered with Colombo Social to provide nutritious meals along with employment and training opportunities), the Bread of Life breakfast project run by the Vine Church, the Rainbow Recovery Club, Moving Against Domestic Violence, the National Centre for Indigenous Excellence and the Inner City Legal Centre.

As well, the City supported the Pure Foundation's social enterprise team to produce meals for partner charities within the local area, to provide meals for those who needed them and to keep staff employed and training programs active.

We also assisted Good360, a not for profit organisation that matches brand new goods with charities and schools. During the pandemic there was a significant increase in demand for items to be delivered to the most vulnerable in the community.

More generally, the City considers it essential that our economy includes businesses that are diverse in size and form, distributed across a wide spread of industry sectors.

We provide programs, commissioning industry experts to assist in their delivery. Most of our efforts have been to provide financial support for initiatives led by industry. Our actions span a range of sectors including tech startups, retail and the visitor economy as well as small to medium businesses and Aboriginal and Torres Strait Islander owned businesses. Recent examples are listed below.

Initiatives that have resulted from the Eora Journey Economic Development plan included providing funding for the NSW Indigenous Chamber of Commerce to run a business accelerator focused on mentoring and access to business skills for Aboriginal businesses.

The City has also supported Indigenous Business Month and run workshops to encourage Aboriginal and Torres Strait Islander businesses to participate in procurement.

IndigiSpace were supported by the City to deliver two Indigenous Business Accelerator Programs. The aim of the programs was to empower and grow successful Indigenous businesses by providing mentoring, upskilling and resources to develop creative talents and grow business ideas. A total of 30 businesses participated across the two programs.

One of the key programs arising from the City of Sydney Tech Startup Action Plan is the Visiting Entrepreneur Program (VEP). Since its November 2017 launch, the VEP has brought high-profile international entrepreneurs to Sydney to share their expertise and knowledge with the local tech startup community. By 2020, the program had delivered 74 events for over 6,500 founders, and in doing so, helped to foster a culture of entrepreneurship and innovation and raise awareness of Sydney's tech startup ecosystem globally.

The City supported Generation Entrepreneur's programs designed to build entrepreneurial skills in high school students. The programs included Summer Bootcamp, designed to accelerate existing and prospective student-run startups through the provision of mentoring, workshops and physical co-working space; and The Incubator, which took startups from the Summer Bootcamp and placed them through three months of intensive validation.

Our support has also enabled Intersective to run the City of Sydney Youth Innovation Challenge - an online 6-week challenge for over 1,000 students to develop a high potential business, startup or social innovation concept for positive impact in Sydney.

The City of Sydney's Reboot Series is a series of free upskilling webinars developed in direct response to a survey of business needs. The program will give local businesses in the retail, hospitality, arts and cultural sectors and tech startups access to some of the best business minds in the country and showcase local business expertise.

The Retail Innovation Program was launched in 2019 in partnership with leading business development company Investible Pty Ltd. The business accelerator program aims to develop more entrepreneurial and innovative mindsets among Sydney retail and hospitality owners. The program involves mentoring, in-depth workshops, coaching and tools for planning, innovation and validation, the program had welcomed its third cohort of business participants.

The City also offers a program of training to support community organisations. 'Connect Sydney' is designed to help organisations operate sustainably and effectively while providing an opportunity to network and share their experiences. Connect Sydney training workshops cover topics such as, board development, grant submissions, event management, cultural intelligence, meetings and workshops facilitation, project management and strategic planning.

The City also supported the Purpose Conference which was an annual celebration of the network of purpose-driven businesses in Australia.

What else might we do?

To encourage a healthy economy that includes diversity in business size, structure and purpose, and representation across industries and innovation in new business models, the City will continue to offer support in areas that require strengthening. These could include:

- Provide capacity building programs in collaboration with member based or industry led organisations to increase the number of purpose-driven businesses in Sydney;
- Promote certifications (B-Corp being one example) that will enhance the diversity of the business ecosystem in our local area;
- Provide education and capacity building programs to create procurement opportunities for social enterprises, mutuals, co-operatives, BCorp certified businesses, small to medium enterprises and other targeted business types.
- Support circular economy initiatives led by local businesses and industry peak bodies;
- Support wealth building pilot programs in the local area;
- Support initiatives that increase the number of culturally and linguistically diverse entrepreneurs in Sydney and which foster a culture of diversity in the workplace; and
- Provide City owned and managed spaces for purpose-led community groups to meet, network and share ideas.

Progressive procurement



Desk Space, William Street Sydney, a hybrid co-working space and incubator. Photo: Katherine Griffiths / City of Sydney

Background

The Community Wealth Building approach harnesses the wealth that already exists within the local community and recirculates and retains as much as possible within that area.

Much of the wealth already resides within the major institutional organisations (known as anchor institutions) such as local government, hospitals, universities, member-based organisations, civil society and large corporations who have strong and long-term connections to the local area. These organisations generally have significant spending potential (refer to page 41 for more detail on anchor institutions).

A key action and a major focus of the Community Wealth Building approach is to harness the spending potential of the anchor institutions to maximise its economic, environmental and social benefit. This is done while still achieving 'value for money' purchasing outcomes for each institution.

The benefits are magnified in two ways. Firstly, when the organisations work collaboratively toward the same goals their spending power can be significant. Secondly, when those

organisations also engage with their supply chains and influence their spending power to also work toward the same goals, the effects are even greater. This is known as the multiplier effect.

Transforming how organisations spend money can also be transformative for the beneficiaries of progressive procurement policies – whether they are small to medium enterprises, social enterprises, start-ups or co-operatives in the local community or sectors of the economy or society more broadly.

Increased revenue opportunities on an ongoing basis can lead to sustainable enterprises.

It opens the potential for their expansion and the creation of additional and/or targeted employment opportunities. When those enterprises are owned and operated by members of the local community, the wealth that is generated is retained within the local area. Depending on the scale of investment, it also has the potential to contribute to the development of strategic capability within industry sectors.

Involvement of the supply chains is crucial to maximising the multiplier effect from wealth recirculating through the local economy. When major suppliers to local government (and its partner institutional organisations) also implement progressive procurement policies and practices, the potential to achieve community, environmental and social outcomes is significantly expanded.

Australian government context

Government procurement policies at a Commonwealth and state level provide for broader economic and social outcomes while remaining focussed on delivering best value procurement outcomes.

The latest procurement guidelines for the Commonwealth government require consideration of the broader economic benefits to the Australian economy for procurement valued above \$4 million (\$7.5 million for construction services). Additionally, an Indigenous procurement policy is in place designed to increase the opportunity for and participation of Indigenous businesses in government procurement. Targets relating to the number, volume and value of contracts secured annually have been established and results are monitored and reported.

Recently the Australian tech sector has begun to urge the Federal government to consider how the \$13 billion in government procurement could support the development of strategic capability within the local IT industry in a similar manner to which capability in the defence industry is supported. The concept proposed by the IT industry is that of Retained Economic Benefit.

NSW government context

The NSW government also recognises that procurement has a role in delivering broader economic, social and environmental outcomes for NSW.

One policy is the Small to Medium Enterprise (SME) and Regional Procurement Policy. The policy aims to increase SME participation in procurement opportunities within the NSW Government and improve economic, ethical, environmental and social outcomes.

It is anticipated that as a result of this policy, more contracts will be awarded to SMEs and more SMEs will participate on large contracts. It is also expected that there will be an increased spend with SMEs in absolute terms as well as a proportion of total government procurement expenditure. An improved capability of SMEs and regional businesses is also expected to be an outcome.

An SME first approach has been put in place. That means for low value purchases, transacting directly with an SME or regional supplier is permitted. For procurements up to \$3million, consideration must be given first to purchasing from an SME where the agency is permitted to directly purchase goods and/or services from a supplier, including from prequalification schemes and panels. For contracts in excess of \$3 million, a SME participation and local content plan must be included, and weighting is given in the assessment to SME participation as well as commitment to the Government's economic, ethical, environmental and social priorities.

The definition of SMEs includes businesses with fewer than 200 employees, local businesses, Aboriginal-owned businesses, social enterprises and disability employment organisations. More information can be found at <https://buy.nsw.gov.au/policy-library/policies/sme-and-regional-procurement-policy>.

Additionally, the Aboriginal Procurement Policy aims to increase the participation of Aboriginal owned businesses and employment opportunities for Aboriginal and Torres Strait Islander peoples. The mandatory policy has targets against which progress is measured and reported. These include targets to increase the value of expenditure, increase the number of contracts across government and to increase the number of full-time equivalent employment opportunities supported through procurement activities. Additional information can be found at <https://buy.nsw.gov.au/policy-library/policies/aboriginal-procurement-policy>.

These policies are not able to be implemented by Councils across NSW but the principles can be translated to suit the procurement framework within which local government operates.

Opportunity for City of Sydney

The Community Wealth Building approach to use procurement to achieve broader economic, social and environmental outcomes accords with procurement policies and practices in place at a federal and state level in Australia. The difference however is the extent of the impact that can be achieved as a result of collaborating with institutional partners and the involvement of their collective supply chains.

For the City of Sydney, this approach offers a mechanism to align economic, environmental and social policy outcomes with expenditure on goods and services. Through continually refining the implementation of the City's Sustainable Procurement policy, it is possible to derive additional (and multiple) benefits from existing procurement expenditure, while still achieving value for money in relation to the procurement outcomes. Without such an approach, additional expenditure on economic, environmental and social programs would be required.

The actions to achieve these benefits involve the articulation of the economic, environmental and social aspirations, require significant data analysis and then focus on education and capacity building initiatives through the existing and prospective supply chain. The intention is to increase the participation rate of prospective suppliers in procurement activities and in doing so, increase the likelihood that those suppliers will secure contracts. It is in accordance with the City's procurement policy.

Success is measured over the medium to longer term. The actions will take some time to implement and have effect, particularly throughout supply chains. Once implemented and embedded in organisational practices however, the benefits will likely be delivered year on year.

What are we already doing?

The City put in place our first Sustainable Procurement policy in 2014 and our implementation of it has evolved since that time. It was most recently updated in 2020. The policy requires us to consider and prioritise relevant social and ethical implications, energy efficiency outcomes, sustainable resource use, and economic opportunities, along with the underlying requirement to achieve value for money outcomes. Implementation of the policy is ongoing and includes outcomes that range from the elimination of single-use plastics to increasing the recycled content in construction (steel, concrete, reuse of fitouts, design for end-of life etc.) and other circular economy initiatives.

By thoughtfully developing procurement opportunities, it is possible to deliver multiple outcomes through a single transaction. The City is certified carbon neutral and procures carbon offsets for those emissions that cannot be avoided. In 2020, some of those offsets were procured from the not-for-profit Aboriginal Carbon Foundation. This transaction met the objectives of the City's Stretch Reconciliation Action Plan 2020–2023 that requires us to look at climate action from a

broad Indigenous perspective that includes traditional knowledge, innovations and practices. As well, it met our economic objectives to increase the number of Aboriginal and Torres Strait Islander businesses from whom we procure goods and services. From a procurement perspective, the Sustainable Procurement policy objectives, including best value, were met.

Multiple outcomes were also met when the City of Sydney procured 100 per cent renewable electricity. Included in the tender documentation was encouragement for proponents to consider sourcing at least some of the renewable electricity from community-generated power sources. The successful tenderer, Flow Power, proposed that some of the City's requirements be sourced from the Shoalhaven Solar Farm. Repower Shoalhaven operates the Shoalhaven Solar Farm, a not-for-profit volunteer community enterprise that develops community solar projects. This project has demonstrated the viability of community based renewable electricity generation, while also creating local jobs and accelerating the growth of the renewables sector.

The City has established a local supplier register that includes more than 13,000 businesses who receive notifications of tenders. Local suppliers include those businesses with a registered address in the City of Sydney local government area. The register also includes 300 vendors who have NSW Government contracts, 600 Supply Nation certified Indigenous businesses, 40 co-operatives (class of social enterprise) as recommended by Co-ops NSW, BCorp certified businesses, and incubators in the local government area as a conduit to reach startups. For these latter categories of businesses, our geographic definition of 'local' is NSW. The local supplier register is available for use for procurement valued at less than \$50,000 (a significant proportion of City of Sydney spend).

A baseline of the City's local expenditure has been established and progress is being monitored and reported.

To support the education of businesses who might not have previously engaged with the City's tender processes, the City has collaborated with the Association of Record for Bid, Proposal, Business Development, Capture and Graphics Professionals (APMP ANZ), a not for profit organisation who assist small to medium enterprises to develop tender writing capability. Businesses who would benefit from skills development receive referrals and a joint webinar was presented in the latter half of 2020.

The City of Sydney is also participating in a pilot program with givvle.com – a technology platform that helps companies find, source and track the sustainable impact of their spending.

The City has made commitments to support the following economic sectors through progressive procurement and/or targeted programs:

- Aboriginal and Torres Strait Islander businesses (Stretch Reconciliation Action Plan 2020 – 2023 and Eora Journey Economic Development Plan 2016)
- Social Enterprises (A City for All Social Sustainability Policy and Action Plan 2018 – 2028)
- Tech Startups (Tech Startups Action Plan 2016)
- Suppliers who provide employment opportunities for people with disability (Inclusion (Disability) Action Plan 2017-2021)

As well, small to medium enterprises have been the focus of 'shop local' campaigns including campaigns to support recovery from COVID-19 as well as prior campaigns such as those listed below.

Since 2017, the City has led the '365 Days of Local Economies' initiative – a marketing initiative in collaboration with local online publishers to promote local businesses and precincts to both visitors and locals. The initiative aims to encourage an increase in visitation and spend among our local economies. Since its inception, this initiative has featured more than 6,000 business mentions across the City of Sydney Local Government Area through articles, videos and social media posts.

Our latest campaign as part of this initiative (September 2020 to April 2021) in partnership with Concrete Playground - "Our Sydney" - encourages Sydneysiders to rediscover the city and shop locally to support businesses in their recovery from the economic impact of the pandemic.

Since 2017, the City has also encouraged Sydneysiders to use the “sydneylocal” hashtag to promote their favourite businesses and precincts in Sydney through social channels. This hashtag has more than 1.3 million posts to date and has resulted in an increase in usage since 2017.

What else might we do?

To apply the Community Wealth Building model to its fullest extent takes many years as evidenced by the case studies that follow in the next section. It would require the City and any potential institutional partners to undertake policy development as well as implementation of a range of actions, the scale and nature of which will of course be constrained by the available resources. In general terms, for the City of Sydney these could include:

- Secure commitment from prospective partners including major institutions in the City of Sydney local government area and other local government organisations.
- Establish a network of practitioners from the participating institutions to enable the sharing of information and the development of a collaborative approach to progressive procurement
- Review existing policies (eg. the City’s Sustainable Procurement Policy) and develop a ‘Statement of Intent’ that sets out the desired social, economic and environmental outcomes to be achieved through the implementation of a comprehensive approach to progressive procurement. For the City, this will include furthering our commitment to circular economy initiatives and confirming our commitments to priority economic sectors. We may consider increasing the level of social value weighting criteria as well as the potential for specific employment and training outcomes to be embedded in major contracts.
- Analysis of City of Sydney expenditure (and that of institutional partners) to understand the extent and nature of current expenditure to which this policy could be applied. In doing this work, a baseline would be established against which future success would be measured.
- Continue to implement programs to increase the number of local suppliers or suppliers in priority sectors to engage in the procurement activities of City of Sydney and its institutional partners. These might include education and capacity building programs to increase the participation rates of targeted sectors as well as streamlining processes (if necessary) to remove barriers to participation. By integrating priorities across the pillars, there is an opportunity to add strength to each of the actions. For example, capacity building programs that support social enterprise to access procurement opportunities also strengthen initiatives to increase the number of for purpose businesses in Sydney.
- Create and deliver a range of actions within the City of Sydney, its partner organisations and in their collective supply chains to improve the extent of procurement spend that is secured by local suppliers or suppliers in priority sectors.
- Implement a monitoring and evaluation program, including conducting a second and subsequent audits to measure the quantifiable benefits of the program.

An initial step for prospective partner institutions might be to work together to accelerate the impact of existing commitments. Organisations with Reconciliation Action Plans have commitments to increase employment opportunities for Aboriginal and Torres Strait Islander people through recruitment and by supporting the growth of businesses owned by Aboriginal and Torres Strait Islander people. Collaborative action could deliver greater outcomes than each institution could realise on its own and provide a pathway to more extensive collaboration on broader Community Wealth Building initiatives.

Case Study: Procurement in Manchester

Results^{xxxi}

Manchester City Council understands the value of its expenditure to its local business community.

In 2019-20, it spent £511m with its top 300 suppliers. Of that expenditure, 69.2% (£353m) was spent with Manchester based organisations. This compares with 51.5% in 2008-09.

The proportion of Manchester City Council's procurement spend with SMEs has increased from 46.6% in 2014-15 to 62.9% in 2019-20.

Multiplier Effect

An estimated 2,251 jobs were created in Manchester in 2019-20 by suppliers to Manchester City Council.

The top 300 suppliers were estimated to have re-spent £143m back into the Manchester economy on local employees and through their supply chains.

Social and Environmental Benefits

An estimated 6,189 employment opportunities for 'hard to reach' individuals were created in the Greater Manchester area in 2019-20 by suppliers to Manchester City Council.

An estimated 576 apprenticeships in Manchester were created by suppliers to Manchester City Council in 2019-20.

Suppliers to Manchester City Council provided an estimated 55,385 hours of support to the voluntary and community sector in 2019-20.

What has caused the change?

More than a decade of effort has produced these results. In 2007, the initial action was to create a corporate procurement team. This followed in 2008 with the creation of a Sustainable Procurement Policy and Statement of Intent. The Statement of Intent set out in general terms broader social outcomes that were sought such as skills development, job creation and the involvement of the community sector.

In 2009 during a time of austerity, the value of local government expenditure to the local economy took on more significance. An audit was conducted to independently verify the extent to which Manchester City Council's £900m budget was spent locally and then what happened to that money when it reached the local supply chain. The work also gained an understanding of the values (or ethos) of the businesses within the supply chain with regard to local economic, social and environmental considerations.

A baseline was created against which future progress could be measured.

The data could be analysed more deeply for example by geographic area, industry sector, size of organisation and organisations who attract the highest value spend by the Manchester City Council.

The top 300 suppliers were then analysed as to the extent to which they re-spent back into the Manchester economy on employees and with Manchester based suppliers to their organisations. They were also engaged regarding the approach and potential impact that could be achieved through more progressive procurement.

In 2010 "The Power of Procurement" was launched by Manchester City Council. It included the findings of the audit as well as a set of recommendations for future action.

Community Wealth Building

Recommendations included setting targets, providing advice to suppliers, streamlining processes, facilitating learning amongst suppliers and understanding the potential impact at different geographical scales.

The change has been embedded across the organisation and across the city with suppliers. Manchester City Council is now recognised to be at the forefront of progressive procurement practices.

The 'Power of Procurement' was updated in 2017.

The results are wide-ranging and include (but are not limited to) the quantifiable benefits that are measured annually through spend analysis and a survey of suppliers.

Social value has become a weighted criterion in procurement evaluation. Originally set at 10 per cent, it has moved to 20 per cent and now 30 per cent. Social value (which includes environmental) competes more equally with cost and quality in decision making.

A Social Value Toolkit has been created to assist suppliers. It sets a range of possible options that suppliers can practically achieve to meet Council's expectations. You can access a copy [here](#).

The Greater Manchester Combined Authority (comprising the Councils of Bolton, Bury, Manchester, Oldham, Rochdale, Salford, Stockport, Tameside, Trafford and Wigan) and the Association of Greater Manchester Authorities have also initiated change, implementing a social value policy and dedicated procurement hub.

Case Study: Community Wealth Building in Preston

Results

In 2012-13 Preston established a baseline of its expenditure.

- £750m was spent by six anchor institutions
- 5 per cent spent in Preston City Council area
- 39 per cent in broader Lancashire area
- £450m leakage from the Lancashire economy

In 2016-17, the analysis was undertaken again. It revealed:

- £620m was spent by six anchor institutions
- 19 per cent spent in Preston City Council area
- 81 per cent in broader Lancashire area

What has caused the change?

In 2012 Preston City Council was accredited as a Living Wage Employer, the first local authority in the north of England to do so. The Real Living Wage is a voluntary wage rate based on a typical basket of goods and services people need for their daily lives and includes an allowance for higher costs associated with living in London. It is above the national minimum wage, introduced in 2016.

In 2013 Preston City Council and their five anchor institution partners undertook an analysis of their expenditure. Of their combined £700 million in expenditure, it revealed only 5 per cent was spent locally in Preston, although 39 per cent was spent in the broader Lancashire area. 61 per cent was leaving the area.

Actions included a greater focus on collaboration between the institutions, development of a 'statement of intent' or policy, improved understanding of the extent to which their collective expenditure could be influenced or directed more locally and a better understanding of the market. As well, showcasing best practice examples, examining the wider impact of expenditure and evaluating the success of other Community Wealth Building initiatives also took place.

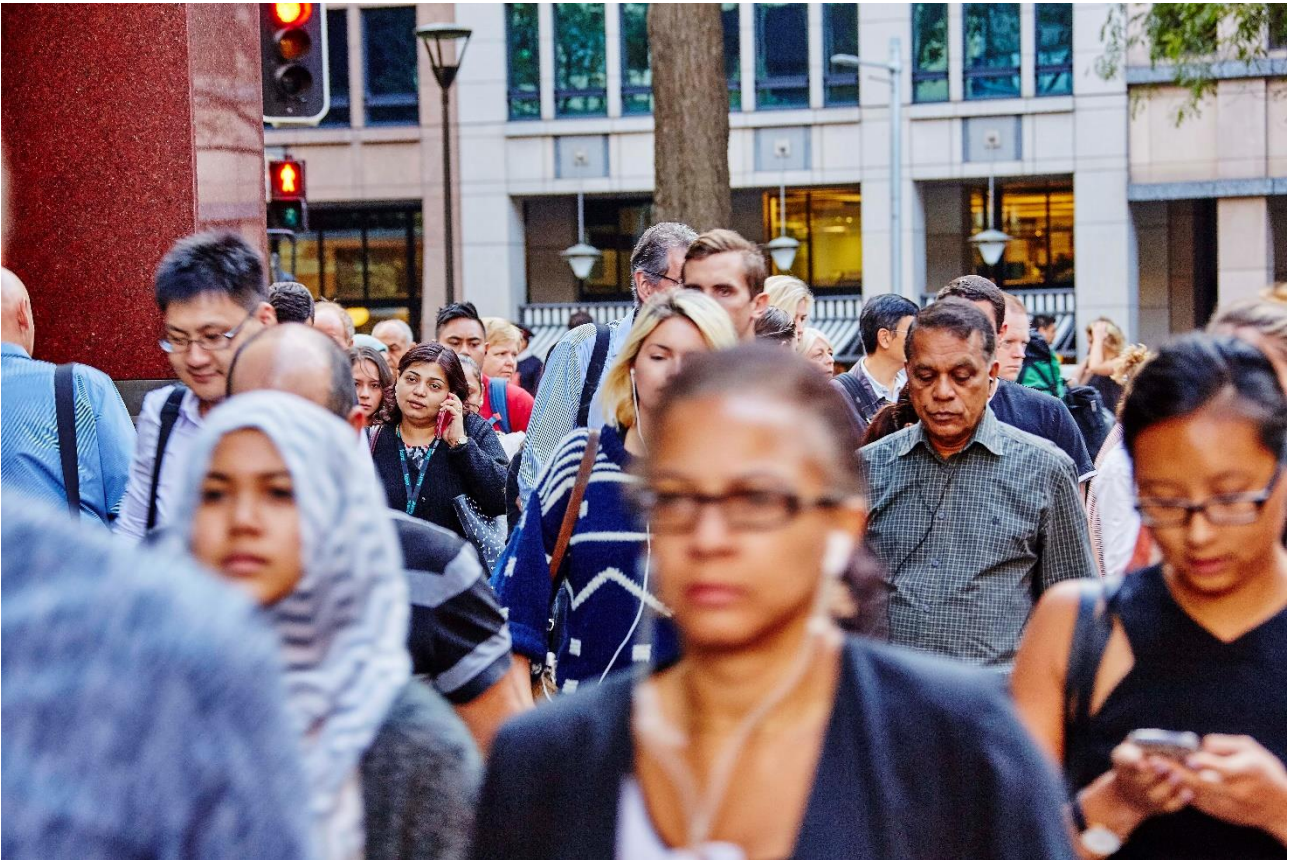
The audit of expenditure was repeated in 2016/17 and the results were significant.

Although overall expenditure by the six institutions was lower, the proportion spent in Preston had increased from 5 per cent to 19 per cent. In the broader Lancashire area, the proportion of expenditure had increased from 39 per cent to 81 per cent.

In 2017 Preston City Council extended their commitment to the broader Community Wealth Building program. Initiatives included a community bank; developing the co-operative sector; and investing pensions in locally developed student housing.

In 2019 The 'Preston Model' received broader UK recognition. It is cited as an example of a city taking back control, inspiring a wave of local authorities to act.

Employment



City workers. Photo: Tyrone Branigan / City of Sydney

Background

The Community Wealth Building principle relating to employment is to counter the prevailing issues that are occurring at the time in the local labour market through the employment practices of the anchor institutions and their supply chains. Additionally, those organisations may take an advocacy position, seeking changes in the practice of the wider business community as well as regulatory reform by other levels of government.

Anchor institutions as large organisations, are often significant employers in their local areas. Their employment practices can influence the employment prospects and incomes of their local community. Leading by example and committing to fair employment practices is an important first step before seeking similar commitments from others in the business community.

In the UK, often the first actions have been to commit to paying employees the Living Wage (a voluntary wage rate based on what people need to live which is above the mandatory national minimum wage introduced in 2016).

Other issues addressed vary from community to community but include adopting inclusive employment practices, creating employment pathways for those who find it difficult to access employment, committing to secure work and regular hours and recruiting from lower socio-economic communities.

In the Australian labour market, the issues currently relate to the nature of tenure – the rise of insecure work and the challenges this creates in earning enough income, the related issue of wage theft and the equitable access to jobs. Each of these issues is explored below.

In 2016, it was estimated that the number of ‘non-standard’ jobs nationally was as high as 40 per cent of the workforce, representing at that time more than 4 million people^{xxxii}.

There is no official definition of ‘non-standard employment’ however the International Labour Organisation describes it as “an umbrella term for different employment arrangements that deviate from standard employment. They include temporary employment; part-time and on-call work; temporary agency work and other multiparty employment relationships; as well as disguised employment and dependent self-employment. Non-standard employment features prominently in crowd work and the gig economy”^{xxxiii}. It describes work that is precarious or insecure and without the benefits that come with secure employment.

Additionally, we have also seen the rise of gig-workers who are required to bid for and compete for work such that their earnings can be well below minimum hourly rates.

All these arrangements represent insecure work. The consequences of which have been exposed during the Covid-19 pandemic. Insecure work leaves people vulnerable – to unemployment, to poverty and to wage theft or exploitation^{xxxiv}.

Often, people in this type of work are unable to earn an adequate income from one job. It was reported in 2019 that one in four people under the age of 30 are working two jobs to survive. This number is likely to be an underestimate as contractors and those in the gig economy were not counted.

Where data is available, we have seen numbers rise. In the year to 2020, the ABS reported a 17 per cent increase nationally in the number of people holding secondary jobs – from 802,000 to 938,000^{xxxv}. While we cannot identify who those people are, we can make a reasonable assumption that the reason for those secondary jobs is the need to piece together income from a range of sources.

At the height of the Covid-19 pandemic, many casual and insecure workers as well as temporary visa holders and international students who lost hours or became unemployed were ineligible for the Federal Government wage subsidy packages and other social and health support because of their visa status or job type. This inequitable situation left those workers in a desperate situation.

Insecure work has social as well as economic consequences.

A related issue to that of insecure work is that of wage theft. It can be described as the underpayment of employees by employers which can occur in a range of ways including: underpaying wages; not paying penalty rates or overtime; not making superannuation payments; not paying entitlements such as sick leave, annual leave or carers leave; requiring employees to repay money earned or making unauthorised deductions from employees’ wages^{xxxvi}.

Obtaining good data on the prevalence of wage theft is difficult. The Fair Work Ombudsman conducts audits across various industry sectors and these are selected based on complaints received as well as random selection. The results show an increase over time of the proportion of audits that find wage theft as well as an increase in the average amount of wages recovered through this process.

Research indicates that all workers can be at risk, however there are groups who are most vulnerable to wage theft. These include migrant workers, young people and women. The reasons for this include language skills, lack of knowledge about workplace laws, and likelihood of being in insecure work^{xxxvii}.

Commitments to secure, long term work to the greatest extent possible has benefits for employees and the local community. With a stable income an individual can plan, provide for their family, improve their prospects when interacting with the housing market or financial institutions and is likely to have improved physical and mental wellbeing. The converse is true for those who experience insecure work as their only source of income.

Commitments to secure, long term work should consider more than the tenure of the job. The quality of those jobs should also be considered. This can be measured by the level of skill involved – higher levels of skills that are transferable between jobs are preferable. As well, the nature of the industry should be considered, including its contribution to society and long-term prospects.

Another long-term issue is that of equity of access to jobs.

Research undertaken by the City^{xxxviii} identified groups within our City of Sydney community who have not had the same experience of employment and income as others. Despite decades of economic growth prior to the Covid-19 pandemic, some people were, and continue to be, left behind.

People with a lived experience of disability and Aboriginal and Torres Strait Islander people are more likely to be living on low incomes and less likely to be in high-skilled, high income employment.

Gender inequality is also evident. While women and men are in high-skilled jobs in similar proportions, men are nearly twice as likely to be high-income earners.

Citizenship status is also associated with inequalities in relationship to labour market participation. Migrant workers in our community are more likely to be employed in low-skilled work compared to Australian citizens who are more likely to be employed in high-skilled professions.

In 2020, two groups within the workforce were identified as initially bearing a greater burden of job losses because of the Covid-19 pandemic^{xxxix}. Data revealed that women were initially losing jobs at a higher rate than men and would face more dire long-term consequences due to the economic decline.

Impacts were also expected to be particularly severe for young people. Research suggested they bore the brunt of job losses and cuts to working hours with expected social impacts to flow on for years to come.

Work by the OECD suggests that widening income inequality affects us all^{xl}. The consequence of widening inequality is declining incomes for the lowest earners and low-income households in the community. As well as the personal and household financial implications, there are broader societal costs. And it results in lower overall spending in the economy and thus, lower overall growth in GDP.

What are we already doing?

The City of Sydney has approximately 1900 employees as at the end of December 2020. Most City's employees (70 per cent) are in full-time roles. The remainder occupy a mix of part-time roles (13 per cent) and casual roles (9 per cent) with a further 8 per cent of roles occupied at that time by contingent staff.

Consistent with the ideas in this Discussion Paper, the City has been working to address this.

Compared with the same period twelve months prior, there have been increases in the proportion of full and part-time roles (+4 per cent and +1 per cent) with commensurate decreases in casual roles and the use of contingent staff (-2 per cent and - 3 per cent).

The nature of the City's programs, services and seasonal events means that some roles will always be casual, and that contingent staff will be used to manage peaks and troughs in demand.

Addressing gender equity in the workplace and the broader community has always been a priority for the City especially when research indicates that Australian women earn an average 14 per cent less than men.

In 2015-2016 the City of Sydney became the first local government organisation in Australia to monitor and publicly report on its gender pay equity.

According to the 2019-20 review, the City is well ahead of both public and private sector employers in terms of its gender pay equity. We have an overall gender pay gap of 6.8 per cent in favour of women. This contrasts with Australia's national gender pay gap which is currently 15 per cent in favour of men as per the Workplace Gender Equity Agency (WGEA). As per the Australian Bureau of Statistics (ABS) the 2019-20 pay gap nationally was 10.7 per cent for public sector and 16.6 per cent for private sector organisations in favour of men. Overall the pay gap for NSW was 12.2 per cent in favour of men.

Women make up more than 40 per cent of our workforce and almost half of our managerial roles.

In 2020 our CEO Monica Barone was awarded the "Champion of Change Award". The City of Sydney won the Minister's award for 'Employment Diversity'.

In 2019, the Australian HR Awards recognised the City of Sydney's work "for Best Workplace Diversity and Inclusion Program."

Actions to support gender equity include:

- continually reviewing conditions of work, ensuring availability of benefits in all areas and at all levels of the organisation
- providing generous parental leave, including adoption and long-term fostering and a flexible, supportive return-to-work policy
- launching Sydney's Women4Climate mentorship program as part of the C40 network to support emerging women leaders to become more expert influencers in accelerating action on climate change
- hosting events that raise awareness and celebrate women at work such as International Women's Day events and our committee-organised lunch-and-learn sessions
- payment of superannuation for up to 52 weeks of parental leave

The City through its grants program has provided support for a program designed to help women who have lost work due to Covid-19 regain economic security by launching their own sustainable business. This program delivered a series of workshops to equip women with the skills, knowledge and mindset required to build and grow a sustainable business, including one-on-one mentoring for participants.

The City has also supported a number of programs to encourage more women to become entrepreneurs and grow global businesses - programs led by local organisations such as Springboard, Tech Ready Women and Inspiring Rare Birds – as well as programs like Emerge STEM Career Fair 2020 to encourage more women into STEM careers and jobs.

The City seeks to reflect the diverse communities that live in the local area in our own organisation. We can only do this when everyone is confident that people from all backgrounds have fair access to work opportunities.

Actions to support diversity include:

- sponsoring the 2020 Counting Culture research with the Diversity Council Australia and The University of Sydney to create a baseline measurement on cultural diversity and to inform future policy initiatives
- expanding the cultural awareness of managers and employees through a range of learning and development initiatives
- celebrating events of cultural significance throughout the year
- supporting refugees and asylum seekers to gain experience in the Australian job market by offering internships and entry-level programs

The City also supported Intersective Pty Ltd to deliver a program designed to expand the scope and scale of the employment opportunities available to international students studying with City of Sydney education providers, particularly those whose 2020 student experience was impacted by

Covid-19 travel restrictions. The program offered 644 students an opportunity to have micro digital industry project experiences with teams completing 107 project deliverables for the industry clients from June to December 2020. The research projects emphasised the value in the student's diverse cultural, geographic and linguistic backgrounds and their ability to bring a variety of perspectives, both local and global.

One in five Australians live with disability, including people with mental health conditions according to Australian government data however this group is under-represented in the national workforce and our own organisation. In 2020, 1.4 per cent of the City's workforce identified as living with disability.

The City's Inclusion (Disability) Action Plan 2017-21 sets out a range of actions designed to address barriers faced by people with disability. Workplace initiatives include:

- ensuring recruitment is accessible for people with disability
- training for managers and employees in disability awareness
- reviewing the City's approach to workplace flexibility to ensure our workplace enables fair and transparent flexible work arrangements, particularly those with a disability and/or caring responsibilities.

The City is also striving to increase the participation of Aboriginal and Torres Strait Islander people in our workforce. The City's second Reconciliation Action Plan 2020-23 adopts the stretch model. Actions include:

- promoting reconciliation and build relationships by celebrating events such as National Reconciliation Week
- promoting positive race relations through anti-discrimination policies, education programs, campaigns and other strategies
- increasing understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning
- improving employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development.

The City has also supported initiatives such as *Indigi Tech* – 12-month incubator program and co-working desks for Aboriginal and Torres Strait Islander entrepreneurs ran by local business IndigiSpace; as well as *Indigi Hack* – a hackathon run by Indigi Lab Pty Ltd. Indigi Hack was designed to bring together Indigenous entrepreneurs and thought leaders across three days to develop prototype solutions to an identified challenge.

The City's support for Ability Social, a 20-week commercial cookery program at the Tranby National Indigenous Adult Education and Training Centre, provided opportunities for skills development and paid experience for participants who want to enter the hospitality sector.

The employment of young people adds to the diversity of a workforce and the way it operates. We are committed to be an attractive place to work for young people and to support young people to gain the skills and support required for meaningful employment. We are proud to have signed the National Fair Internship Pledge, supporting the fair treatment of young people undertaking internships.

We have also supported programs such as Wingspan run by Wayside Chapel which help marginalised young people build their confidence and become work-ready through gaining practical experience in the supportive the workplaces of social enterprises.

The City acknowledges the contribution that LGBTQI culture and history has made and continues to make to Sydney and the significance of the local government area to the local, national and global LGBTQI community. It is our aim to create an organisation where LGBTQI people want to work; a diverse and inclusive workplace that is safe and respectful, where everyone is treated equally and feels included and valued. Our active employee networking group, City Pride, provides advice to ensure City policies, practices and procedures support our aims.

The principles associated with fair employment and labour markets also extend to the support provided to those in the community who find themselves out of work. The City has supported the Australian Council of Social Services (ACOSS) Raise the Rate campaign, advocating for an increase in the rate of Jobseeker payments to a level just above the poverty line. At a time (end of 2020) when the underemployment rate is 9 per cent^{xli} and the unemployment rate is 6.6 per cent^{xlii}, we consider it is essential that people can cover the basics and get the security they need to rebuild their lives.

What else might we do?

The ongoing focus for the City of Sydney is to create and retain meaningful employment opportunities for people who would otherwise face barriers to employment or career progression.

We will continue to implement our Stretch Reconciliation Action Plan 2020-2023 and in doing so, focus on developing the cultural intelligence within our workforce, as well as creating pathways for the progression of Aboriginal and Torres Strait Islander people within our organisation.

We strive to be an inclusive organisation. We will implement our Inclusion (Disability) Action Plan 2021-25 and will continue our work to ensure we are a culturally diverse workplace. We will focus on removing bias from recruitment pathways and processes, training hiring managers on unconscious bias and ensuring reasonable adjustment and support is available for an accessible and mentally healthy workplace.

We will implement strategies that support all employees and move our organisation forward. These will include digitisation skills and training for older employees, developing our organisation's resilience capability and furthering our organisation's leadership skills.

We will implement our Digital Strategy, supporting older people to enter our workplace and making the organisation smarter to meet the needs of younger people and the community.

The City will advocate for the inclusion of training and employment opportunities in urban renewal and major development projects for groups such as Aboriginal and Torres Strait Islander communities, young people, or others who face barriers to employment.

The City will review grants and sponsorship guidelines and the processes with which we commission programs to ensure those initiatives deliver best practice employment outcomes for creatives and others who typically work in the 'gig economy'. The reviews will consider whether more secure employment or more adequate remuneration is achievable through reform of our guidelines or practices.

The City will work to embed the desired employment outcomes in our supply chain over time, ensuring our expenditure supports sustainable, meaningful and culturally diverse employment opportunities.

The City will advocate for reform to reduce the extent of insecure jobs and we propose to monitor and report on the proportion of insecure jobs compared with overall job numbers for our local area.

Case Study: Jobs, Skills and Industry Participation Program, Transport for NSW

The NSW regional rail fleet of XPT, XPLOER and Endeavour trains is being replaced and in 2019 a contract was awarded to an international consortium to deliver this project.

A component of the project is the development of a new maintenance facility in Dubbo. It is intended to support the new fleet, stimulate the regional economy and create long term job opportunities and skills.

Key objectives are to increase employment opportunities for Aboriginal and Torres Strait Islander people and to build the capability of local small to medium enterprises so they can secure work on the project.

Quarterly reports are published, reporting on achievements. They include details of local businesses who have participated in the capacity building programs and who have subsequently secured contracts for components of the project.

<https://www.transport.nsw.gov.au/projects/current-projects/jobs-skills-and-industry-participation#What is Jobs, Skills and Industry Participation?>

Land and property



Affordable housing, Portman Street, Zetland. Photo: Paul Patterson / City of Sydney

Background

The socially just use of land and property is a community wealth building principle. Land and property can be regarded as the source of wealth creation and benefit for the community if we choose to use it for these purposes.

Equitable forms of ownership, management and development can ensure that land and property assets realise benefits for the wider local community and that those benefits are equitably distributed. They also ensure that land and property can be used for the provision of high-quality services and outcomes for the community and is not privatised or used in such a way that only a few in the community benefit from them.

By optimising the equitable public benefit from land and property, shared community facilities, public places, parks, and other public assets, they can contribute to building strong local communities and economies. They can also support the environmental, social and cultural goals of the community.

In the UK, concentrated land ownership, property speculation and landlord absenteeism have reportedly contributed to rising inequality. The consequences of these issues have been unaffordable housing, lack of access to land for businesses and lack of investment in the local economy^{xliii}. The trends have been exacerbated by conditions of austerity, with local authorities under pressure to realise the proceeds from the sale of land and property assets rather than invest in them for long term community social, cultural, environmental or economic outcomes^{xliv}.

To address these issues, various solutions have been implemented. One such example is that of community asset transfers in Wigan, where the assets such as sporting facilities and libraries once owned by the Council have been transferred to community organisations to own, manage and provide services^{xlv}.

Another example is the use of land to support the community. The University Hospitals Birmingham NHS Foundation Trust allow community groups and organisations to use their facilities and grounds at no charge for events such as farmers markets and conferences^{xlvi}.

Models that have been described as ‘emerging practice’ include the use of land held by anchor institutions for the development of affordable housing. The East Lancashire Hospitals NHS Trust are involved in two projects. The first is to develop affordable housing on their land in partnership with a local housing association. The second is a partnership with Burnley Council, to develop key worker housing for low income workers within the NHS Trust who cannot afford to rent or buy a property in the local area^{xlvii}.

Community land trusts have also been used in the UK and US. These are community led development models often associated with the creation and management of affordable housing or creative assets^{xlviii}.

Although not yet implemented, some consideration has also been given to the establishment of public-commons partnerships, replacing the more traditional public-private partnership model. Examples of this approach exist in Europe, where citizens of Hesse are part of an energy co-operative and receive an annual dividend from its operation^{xlix}.

During the Covid-19 pandemic Manchester and Liverpool City Councils negotiated agreements with local hotels to accommodate rough sleepers. It has been suggested that this might lead to more transformative outcomes at a later stage, matching homeless people with vacant housing stock in cities across the UKⁱ. A similar arrangement was put in place at the height of the pandemic regarding the use of hotels in Sydney to accommodate rough sleepers.

Assets that the community values, regardless of who owns those assets, have also been afforded some protection in the UK. These are places that are nominated by the community that further the social wellbeing or social interests of that community. The places that have been nominated include pubs, parks, sporting stadia and the like. The purpose of the protection is to ensure that when privately owned assets are to be sold, there is a six-month moratorium during which time the community has an opportunity to raise funds and acquire the asset. The equivalent legislative framework and protection for assets of community value does not yet exist in New South Wales.

In Sydney, the high cost of housing is an important economic and social issue. Housing prices are among the highest in Australia. The inability to access affordable housing pushes lower income households to the suburban fringes, causing essential workers to travel long distances to their jobs. Most lower income households who remain in the private housing market are increasingly in housing stress or crisis and will eventually be forced to move as housing costs continue to escalate ahead of wage growth. The provision of enough affordable rental housing is critical social and economic infrastructure necessary to support a diverse and well-functioning cityⁱⁱ.

The high cost of commercial real estate in our local area is a further economic and cultural issue. It is a barrier for emerging businesses, particularly those in the creative or innovation economy. Research shows that price and availability of space are factors in the decline of Sydney’s music venues, small gallery and performance spaces, studios and workshops, community-run spaces and small creative businesses. Enterprises requiring small scale manufacturing and production space have suffered. They’ve declined as their space for new product development has diminished over time; gradually redeveloped for housing in the inner cityⁱⁱⁱ.

In our city, we have seen the creative workforce decline during a time when the economy was in a high growth period. The impact of the Covid-19 pandemic has further exacerbated the pressure on the creative professionals in our area. Our city needs culture and creativity. It brings “narrative, identity, memory, self-expression, ritual and gathering places”. Importantly, it is the basis from

which we compete in a highly competitive global economy built on innovation and the production of knowledge^{liii}.

The Covid-19 pandemic has also highlighted the need for protection of open and natural spaces, more walking and cycling opportunities and the need for rental protection. The impacts of unequal access to open space, high quality housing and secure housing tenure have been exacerbated during Covid-19.

The Community Wealth Building approach continues to evolve and the land and property assets to which it is applied will also continue to change.

What are we already doing?

The City recognises that practicing culture is vital to maintaining personal identity and connection to culture for Aboriginal and Torres Strait Islander people, as well as sharing cultural knowledge with the community and visitors to Sydney. The practice of Aboriginal and Torres Strait Islander Cultural heritage in public spaces is therefore exempt from the approvals required for busking in public spaces.

The City is developing new plans of management for the 46 crown reserves that are under its care, control and management. The City recognises the important relationship Aboriginal communities have to these places and through this work is seeking to strengthen its relationship with the Aboriginal community. The plans of management provide an opportunity to further develop and foster custodianship, living culture and connection to these places.

The City's support for the development of affordable and social housing is through the implementation of contribution schemes, sale of subsidised land, and financial grants. As well, the City advocates for increased supply through submissions to other levels of government, planning proposals and state significant planning strategies. More than \$372 million has been made available as at February 2021 through these mechanisms.

To date (February 2021) a total of 1,070 affordable rental dwellings have been built. A further 745 dwellings are in the development pipeline; that is a development application has been lodged, approved or the development is under construction.

The City has also facilitated the development of 801 social housing dwellings.

Financial grants are made available through the Affordable and Diverse Housing Fund, established in 2015 with the proceeds from the sale of land at Harold Park. Since that time, the following projects have been supported and are underway or have been completed:

- \$1.5 million to HammondCare for the development of 42 affordable aged care places for people who are homeless or at risk of homelessness in Darlinghurst.
- \$3 million to St George Community Housing for the development of 51 youth foyer rooms and additional general affordable housing dwellings in Chippendale.
- \$1 million to Wesley Mission for the Wesley Edward Eager Centre redevelopment. The Wesley Edward Eager Centre provides accommodation for men and women experiencing homelessness.
- \$150,000 to St George Community Housing for their initiative to increase opportunities for Aboriginal and Torres Strait Islander persons to access affordable housing.
- \$1 million to UTS for their Indigenous Residential College.
- \$3 million to Wesley Mission for the redevelopment of the RJ Williams in Glebe which will result in 74 new affordable housing dwellings.

The City continues to explore other models to increase the supply of affordable housing. In 2017, we assisted Bridge Housing to establish HomeGround Real Estate – Sydney's first not for profit real estate agency that aims to increase the supply of affordable housing in Sydney.

HomeGround's portfolio includes properties from owners willing to accept a lower than market rental return as well as properties developed by community housing provider, Bridge Housing.

In 2019, the City held an Alternative Housing Ideas Challenge. It was an international call for ideas for new models to increase the supply of affordable housing. The concept of a Community Lands Trust as an inclusive and equitable development model emerged, as did a Housing Co-operative model. The two concepts were combined in a final proposal. While international examples of these types of development exist, further work is needed to take the proposal from concept to being able to be delivered in Sydney.

City manages approximately 110 properties across our community property portfolio. These include community facilities, early education and care facilities, recreation facilities, grandstands, aquatic centres, tennis courts, arts and cultural facilities and libraries.

The community property portfolio is used by the City to deliver programs and services to the public. This includes an extensive range of free or low-cost programs designed for community members at all stages of their lives. They support lifelong learning (language and computer skills for example), health and wellbeing (exercise classes, dancing, tai chi) as well as provide creative activities (music and movement, singing, and painting) and sports programs.

Currently, there are 76 leases held by 67 organisations located across 49 of the community properties managed under the Accommodation Grants Program (AGP). The AGP provides community and cultural organisations with subsidised rent to enable those organisations to operate within the city.

The portfolio expands over time through the development and acquisition of new properties. One of which is the Business Innovation Space which will open in 2022 in the city centre. When operational, it will provide subsidised rental space for Australian IP-based scale-ups (innovative enterprises with 20 employees or more), from sectors such as Cleantech and DeepTech supporting them to grow, create jobs, attract investment and access global markets.

We understand that access to affordable workspace is a key issue for our city and a barrier to economic participation. The high cost of commercial real estate places pressure on emerging businesses, particularly in the creative or innovation economy – the skills and sectors our future growth relies on. The AGP plays a significant role to ameliorate the high cost of property but we cannot provide enough space for all the organisations who need it. Partnerships and new models are required.

The City supported the Making Space for Culture Incubation Program. This program was intended to upskill Sydney's cultural organisations and property owners/developers to work on the creative space shortage. A series of workshops, networking events and one-on-one mentoring were designed to develop the capabilities and connections between Sydney's cultural organisations and property owners and developers to aid in the delivery of secure and affordable space for culture and creativity.

In our quest to explore new models for public facility development and management, the City has partnered with the NSW government to develop a new primary school in Green Square; sharing open space, sporting and other facilities with the community.

The City has also advocated for the reconfiguring of Moore Park Golf Club, reducing the golf course from 18 holes to 9 and in doing so, creating up to 20ha of new public parkland to provide more access to significant open space for the community.

The City is committed to achieving net zero emissions, minimising the use of potable water particularly for non-potable purposes, greening the city and effectively reaching zero waste through minimising the use of original resources and maximising their re-use. These aspirations are achieved through a range of actions including those that change the City's own operations, grants and sponsorships to support initiatives across the local area, planning policies, the delivery of

programs and advocacy for regulatory reform by other levels of government. The use of public and private land and property is integral to our actions.

Business and community working together

In 2020, **Mirvac** donated retail space at harbourside, Darling Harbour, so that Oz Harvest could establish weekly Hamper Hubs, providing food for people in need.

Colombo Social, a Sri Lankan social enterprise restaurant, used its kitchen to prepare meals for vulnerable community members during the Covid-19 crisis. By working with local partners such as Mission Australia and the Redfern Aboriginal Medical Service, Colombo Social delivered nutritious meals to those who most needed them.

Examples include:

- From July 2020 all the City's operations, including pools, sports fields, depots and buildings, are powered by 100 per cent renewable electricity. Three-quarters of the City's power needs will be sourced from wind generation and one-quarter from solar.
- The City is rolling out solar PV to sites it owns and manages to generate clean electricity as well as the installation of a large lithium ion battery at our depot in Alexandria.
- Supporting the hotel and accommodation sector to undertake energy and water audits to identify cost effective solutions to reduce consumption.
- Supporting a community renewables organisation to undertake a feasibility study to build a community-driven roadmap of solar energy solutions in Ultimo with the aim of increasing the uptake of solar in that neighbourhood.
- Support for a demonstration project that aims to reduce concrete slurry from building sites from contaminating waterways and the urban environment through the introduction of a filtering system into building site processes.
- Supporting the development of a feasibility study investigating the potential of industrial rooftop spaces for solar installations that benefit both the landlord and their tenants.
- Support for a demonstration project to reduce wastage caused by fast fashion, using separation technology to transform unwanted clothing into their original fibres ready for reuse.
- Support for a community-controlled solar project at Stucco (affordable student housing co-operative) in Newtown.

As our city grows, access to high quality space in the public domain is critical for supporting health and wellbeing, reducing social isolation in our communities, encouraging civic participation, and enhancing our competitive offerings.

There are other benefits as well from introducing more green spaces, plants and trees into our city. These include reducing the effects of heat, providing more social and recreation spaces for people living in apartments and opportunities to connect to nature, and improving the amenity of our city.

Public spaces continue to be developed. We've recently released the first designs for Central Square – an expansive public space with connecting green spaces and walkways near Sydney's biggest public transport hub at Central Station.

The City manages and maintains approximately 209 hectares of open space in our local area (February 2021). There are 22 iconic parks, including Hyde Park and Sydney Park. As well, there are 39 neighbourhood parks, 287 pocket parks, 14 sports fields and 996 streetscapes.

Recognising the important role community gardens play in the wellbeing and connection of community members, their establishment is supported on public and private land across the local area. Currently there are 21 community gardens and 2 footpath gardens in our area (February 2021). Gardens that operate within the City's guidelines are eligible for grants to assist with start-up costs, construction or ongoing costs. Initiatives that have recently received financial assistance include:

- In Kings Cross, an upgrade to the garden's capacity for recycling by providing more composting bins and worm farms to convert organic waste into plant food.
- The establishment of three community garden beds at the Millers Point Community Centre to grow organic edible fruits and vegetables, based on principles of minimal water use, biodiversity, sustainability and community engagement.
- In Pyrmont Ultimo, a trial of tumbler composters at two gardening sites was supported - Wentworth Park light rail and Quarry Master Drive - to recycle green and food waste for composting the community gardens.

City Farm at Sydney Park in St Peters was instigated by the community in 2011. It is designed to promote the role of agriculture and sustainable farming practices to diverse urban communities. It is a place for food production, community participation, innovation and collaboration, and it showcases excellence in sustainable design and management. The City of Sydney has led the development of City Farm with advice from a Community Advisory Group.

The City's grant program has recently provided support to a project partnership driven by the community of Camperdown social housing tenants who are transforming unused space into a sustainable community-based food garden, training and cultural hub, and a grocery enterprise selling produce grown onsite. As well, it has provided support for the transformation of an overgrown space in the shared courtyard in an apartment building in Redfern into a shared communal vegetable garden.

What else might we do?

We will build on the work we have done to develop the Crown Lands Plans of Management and our Reconciliation Action Plan and continue to work to deepen the relationship with the Aboriginal community and in doing so, explore cultural, social and economic opportunities.

We will work with organisations who partner with the City to deliver programs and services, or who occupy our properties and spaces, to ensure that inclusion and equity principles remain at the forefront of programs and services.

The City continues to encourage more investment in social and affordable housing including advocating for actions that the federal government could take. These include the development of a national housing and homeless strategy as well as investment of \$200 million over four years in a Capital City Housing First Fund that could generate up to 2,000 tailored housing units for people sleeping rough and or at risk of primary homelessness across our capital cities. We have also encouraged the federal government to build on their Affordable Housing Bond Aggregator program and develop innovative financing and delivery mechanisms to incentivise private investment in

social and affordable housing, including loan guarantees, trusts and lower income housing tax credits. Additionally, we have recommended the establishment of a social investment mechanism to direct private sector philanthropic investment into priority housing and homelessness solutions.

The City is open to exploring models of community gardening that utilise private and public land for community engagement, productive as well as employment and skills development purposes.

The City will explore how we can work with the private sector to identify the type of unused/underused space available in privately owned buildings and who is best placed to coordinate the provision of affordable space for creatives, especially among the type of spaces in most need.

The City will advocate to Heritage NSW that they explore ways assets that the community values can be protected in a time-limited manner as they are in the UK under existing legislation such as the Heritage Act.

The City will continue to explore models of property development, ownership and tenure that extend beyond those that are already in place in Sydney.

Case Study: Farm it Forward

Community gardens are places where people come together to learn new skills, meet new people and grow food. They are self-managed places where everyone can participate.

Building on this model is the urban farm social enterprise. One such example is Farm it Forward which operates in the Blue Mountains.

Farm it Forward uses multiple parcels of private land to grow enough produce for sale. In exchange for the use of their land, landowners receive fresh vegetables and become part of the community. Young people are trained and employed in the production of food. As well they develop other skills, connect with one another and find purpose in their enterprise.

The excess produce is sold to local cafes, restaurants and local food co-operatives who support the project.

<https://www.farmitforward.com.au/>



Charlie's Garden, Darlington, a community garden in the City of Sydney. Photo: Mark Metcalfe / City of Sydney



Finance

OzHarvest supermarket in Waterloo, which operates on a take what you need, pay what you can basis.

Photo: Mark Metcalfe / City of Sydney

Background

A thriving local economy and community need access to capital and financial products. More than this, the capital and financial system must contribute to the same goals as those held by the community.

This is the position set out in the Sustainable Finance Roadmap^{liv}, launched in November 2020. Its aims are to reposition the Australian financial system over the decade to 2030 to one that is better prepared to withstand the consequences of our changing climate. It aims to find a balance between the short-term needs of Australians and their longer-term needs for a sustainable future. Importantly, it seeks to improve financial inclusion and wellbeing, including of the most vulnerable in the community. And it seeks to direct capital to support our country's transition to a net zero, resource efficient and inclusive economy.

The Australian finance and financial services sector are highly concentrated within the City of Sydney local area, representing 23 per cent of all jobs in this sector nationally (2016)^{lv}. Overall our area has 4 per cent of national jobs.

It has significance therefore for our local economy when the sector itself sets out a roadmap to reposition itself over the next decade. Through the redirection of capital, the sector has identified an opportunity to deliver better social, environmental as well as economic outcomes locally as well as nationally.

For individual businesses to thrive, they each must have access to capital. It is essential to finance new ventures as well as business expansion and innovation.

The capacity to borrow, whether on a large scale for business expansion or a smaller scale to finance working cash flow, is fundamental to survival for most businesses. Without access to affordable credit, many small to medium businesses struggle to compete.

For many years small businesses in Australia have reported difficulties in accessing capital to finance their businesses. According to the Reserve Bank of Australia, many banks apply to small businesses, the type of lending obligations that are applied to consumers^{lvi}. These are often considered onerous. Small businesses are often required to provide higher levels of security or guarantees than their larger counterparts. Real estate, often residential homes, can be required as collateral. Additionally, even in a low interest rate environment, the rates charged to small business can be much higher than those charged to larger businesses. Simply finding information about the most appropriate or competitive financial products available can be difficult for entrepreneurs and small businesses.

For social enterprises, co-operatives and mutuals and other less familiar business structures, gaining access to capital can at times be more challenging. Changes were made in 2016 to the regulatory environment for capital raising for co-operatives and mutuals that widened the options available. In addition to raising capital from members, winning grants, or securing loans from

financial institutions, co-operatives and mutuals can now raise funds by issuing securities to members or non-members^{lvii}.

For start-ups, banks can be reluctant to loan money given the risks involved and entrepreneurs can be forced to use personal credit products such as credit cards to finance their operations. Accessing venture capital can be equally as challenging. Equity financing has been suggested as a more appropriate solution, albeit there are few avenues for such financing in Australia. When entrepreneurs are seeking to expand their businesses, the Reserve Bank of Australia reported that banks are reluctant to lend enough capital unless it is backed by real estate or other guarantees, thus stalling expansion until it can be financed from retained profits^{lviii}.

According to the Global Startup Ecosystem Report^{lix}, a key measure of success for a healthy start-up ecosystem is access to high volume early-stage funding and growth in funding (which is generally available when there is a significant number of experienced investors as well as new investors active in the marketplace). Sydney's 2020 ranking was poor in this regard. Nevertheless, Sydney hosts some of the largest venture capital firms in Australia including Blackbird Ventures (largest venture capital firm in Australia), Brandon Capital (largest life sciences investment firm in Australia) and AirTree Ventures (focused on early stage startups).

For some small businesses, their financial challenge relates to delays in payments. An issue highlighted by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO) in 2017 was that some larger organisations required payment terms in excess of 30 days, or their practice was to delay payment for as long as possible^{lx}. In response, the Business Council of Australia published the Australian Supplier Payment Code which commits signatories to pay suppliers on time and within 30 days. However, according to the Reserve Bank of Australia not all large businesses were signatories or paid within this timeframe^{lxi}. Regulation has been introduced to improve outcomes, commencing in January 2021.

Many solutions have been proposed by the Australian Small Business and Family Enterprise Ombudsman; some of which include the establishment of a business growth fund enabling both debt and equity financing, a government guarantee scheme to obviate the need for real estate as security, changes to prudential requirements, assisting small and medium businesses to become 'finance ready', reforms to open banking and producing guides to financial products^{lxii}. The involvement of the Federal government is key to a number of these solutions.

The principle informing the Community Wealth Building approach is to make financial power work for local communities and address financial exclusion such as that experienced in our local economy by the small to medium business sector and start-up community.

The examples in the UK primarily do this by harnessing the wealth that exists in the local community while at the same time, delivering financial returns to investors.

For example, the Community Savings Bank Association is working with community development corporations, community development finance institutions, local social investment funds, and others to create a network of 19 regionally focussed, customer owned and mission driven banks in the UK. The community banks will offer savings and loan products to residents, community groups as well as small to medium businesses^{lxiii}.

One of these, Banc Cambria, has been established with financial support from the Welsh Government. It aims to have a full banking license during 2021. It has been established as a co-operative, with customers part of its ownership and governance structure. It seeks to address the lack of financial infrastructure owned and controlled within Wales that has as its core interest, a prosperous Welsh economy^{lxiv}.

A further example is that of North West Mutual, a community bank being set up by Wirral, Preston and Liverpool councils to help local businesses and tackle inequality. It is intended to have several branches of the bank across the region to counter the closures of many high street bank branches. One of its aims is to increase the level of lending to small to medium enterprises in the area^{lxv}.

Another use of capital is where the local authority pension funds have created positive social and environmental outcomes at the same time as delivering financial returns to members. In

Lancashire, this has led to investment in housing. In London, three organisations are working together to create a fund that invests in assets such as affordable housing, community regeneration projects, digital infrastructure and clean energy^{lxvi}.

It is difficult to compare financial systems across countries. In Australia superannuation funds are not locally held or controlled. They do, however, invest in assets that are sustainable, provide community benefit and deliver long term financial returns. This includes investments in public transport, affordable housing, energy infrastructure and hospitals. In aggregate, approximately \$349 billion was invested in unlisted equity, unlisted property, infrastructure or other similar assets (September 2020)^{lxvii}.

Alternatives to major banks exist here although data from the Reserve Bank of Australia in 2017 showed that the four major banks captured some 83 per cent of all lending to small businesses^{lxviii}.

The Customer Owned Banking Association has 66 member institutions comprising credit unions, mutual banks and a building society. Many of these institutions are in metropolitan Sydney and our local area^{lxix}.

One of these, the Sydney Mutual Bank, had its origins as a not for profit organisation providing credit for employees of the City of Sydney Council in the 1960's. It subsequently broadened to include employees of twelve other Councils, then employees in other industries before merging with credit unions with similar purpose and values. In 2019 it merged with Endeavour Mutual Bank to form Australian Mutual Bank, while continuing to operate the Sydney Mutual Bank brand.

What are we already doing?

The alignment of capital toward the achievement of environmental and social outcomes is important to the City and is one of the criteria that determines the City's strategy that guides the investment of its surplus cash and investments.

However, the scope of Council's investments and the wider NSW local government sector is limited. It is mandated under the Local Government Act 1993, through a Ministerial Investment Order, that constrains Council investments to deposits and / or bonds in Federal, State (including NSW TCorp) or Local governments and in banks that are Approved Deposit-taking Institutions under the Banking Act. Councils are not permitted to invest in equities and therefore not permitted to invest directly in individual companies.

The City was the first organisation to invest in Westpac's Green Tailored Deposit Scheme, an independently certified scheme launched in 2018, for green investments that support renewable energy, sustainable transport, waste and water projects. Since November 2018, the City has invested \$85 million in thirteen tranches with this Green Tailored deposit.

In December 2019, the City invested \$5 million in a Floating Rate Note / Sustainability Bond issued by Bank Australia, based on an investment framework that meets the main guidelines for issuance of Green, Social and Sustainability Bonds in the global capital markets.

Since March 2020, the City has invested in sixteen tranches, totalling \$95 million, in Climate Bond-certified Green Term Deposits with the Commonwealth Bank of Australia.

The City has also assisted commercial building owners access capital to upgrade their buildings through what is known as an environmental upgrade agreement. The purpose of the agreement is to encourage building owners to invest in environmental improvements to their existing buildings by providing access to reduced interest and longer-term finance. Both owners and tenants reap the benefits of a more sustainable and efficient building. The funds are made available from a commercial lender and repaid through the City's existing rates collection process, as an environmental upgrade charge.

The City is not a source of loan funds for business, but it does provide some \$20 million annually in grants and sponsorship across economic, social, cultural and environmental programs. The

eligibility criteria comprise a range of business structures, including charities, social enterprises, not-for-profit and for-profit co-operatives, sole traders, trusts and companies.

The Covid-19 pandemic highlighted an urgent need for funding for businesses to adapt to changed operating conditions, for organisations to support the most vulnerable in the community and for those in the creative sector who were not able to access any financial support from other levels of government. The City's grants and sponsorship program was expanded, and programs aligned with critical needs in order to deliver this essential funding. The first funding round provided 770 cash grants and donations totalling \$10.67 million.

Subsequent programs included activation of the CBD with \$3 million in funding to support these initiatives, cultural sector innovation programs (\$500,000 in funding), and community services programs (\$800,000 in funding).

This investment in programs to support businesses and organisations adapt and recover from the Covid-19 pandemic was in addition to the City's annual \$20 million investment.

The City of Sydney's Tech Startup Action Plan identified the role the City could play in supporting industry activities that increase awareness of startups among investors, promote investment support and connect entrepreneurs with investors and businesses. Some examples of activities the City has supported are included here.

The City of Sydney was a founding partner of Springboard Enterprises who have run various accelerator programs for female entrepreneurs since 2013 designed to support them gain access to the tools, skills, networks and knowledge to build and scale global, sustainable businesses in high growth industries.

The City also hosted the founder of SheEO (a global initiative to support and finance female entrepreneurs through no-interest loan funding) as a key speaker of our inaugural Visiting Entrepreneur Program in 2017, leading to the launch of SheEO Australia in 2018. Since then, Australians have pledged \$500,000 to fund SheEO loans.

Antler is a global startup generator and early-stage venture capital fund that launched in Sydney in March 2019. The Antler program helps entrepreneurs find the right co-founders and connects them to a network of advisors and experts worldwide. The Antler Sydney program is expected to support 800 Sydney founders to create 200 new businesses and 4,000 jobs over the next five years. The City supported the Demo Day, the culmination of the first six-month program run in Sydney.

In 2020, the City supported the Surry Hills Creative Precinct to develop the Local Rewards Program. The program is a local merchant funded rewards program designed to keep spending local and rewards both the business and the consumer. This helps to build strong and healthy local economies at a time when communities are looking to support high streets and local small businesses. Local Rewards also has a role to play in funding local business chambers. Participating chambers receive a share of any profit generated from the program.

Shoppers are encouraged to use their loyalty card (a pre-loaded gift card) at participating businesses and when they spend, they get a 'reward'. This reward can be anything from a small discount, to an item such as a coffee or a glass of wine – the aim is for Local Rewards to be as versatile as possible to suit any and all business types.

What else might we do?

The City will continue to provide approximately \$20 million annually in grants to achieve economic, social, cultural, and environmental outcomes for our city. We will work to align grant programs and outcomes with the principles of community wealth building where appropriate.

Where other levels of government make available funds through grants, low interest loans or equity funding, the City will advocate on behalf of social enterprise, co-operatives and mutuals and other

Community Wealth Building

less frequently used business structures so that they are also eligible to access these funding opportunities.

As we implement our Tech Startups Action Plan, we will continue to support entrepreneurs, particularly female entrepreneurs, to access funding. In doing this, we will explore ways to leverage funding from others, or ways to nurture early stage ideas through to their realisation.

The City will continue to advocate for the increased availability of investment products that meet our financial, social and environmental goals and which are permitted within the investment options available to NSW local government.

Anchor institutions

Successful implementation of the Community Wealth Building model can only be achieved through the collaborative actions of local communities and major institutions who are embedded in the community. These organisations are often referred to as anchor institutions^{lxx}.

Local government often plays several roles; leading by example as well as facilitating and coordinating the efforts of other anchor institutions.

The types of organisations that become anchor institutions and partner with local government include universities, religious organisations, utilities, ports, hospitals, or a large business with strong local links or connection to a community (eg. a regional bank). Partners can also include member-based organisations, trade unions, financial institutions or other organisations with aligned interests.^{lxxi}

The defining characteristics of anchor institutions are that they are unlikely to move from their local community; they have capital invested in their local area; their purpose as organisation is broadly aligned with that of their community or the goals of their community; and they may have a unique relationship with customers, the community and employees^{lxxii}.

The types of organisations described above are generally, but not exclusively, not for profit. More importantly, it is their capacity to plan for the long term so that their institutional interests are aligned with those of the community. (The case study that follows this section highlights the Better Building Partnership, an example of a successful collaboration between large corporations that is delivering on shared community goals.)

As large institutions or organisations, they employ large numbers of people and have significant purchasing power and investment capacity. When they collaborate and involve their supply chains, the effect is multiplied. Their collective expenditure and employment capacity can be targeted towards the achievement of social (more equitable and inclusive) and environmental outcomes for the local community.

There are benefits as well for the anchor institutions, including becoming more integrated in their local communities as a result of these partnerships.

Potential partners and collaborators

The City of Sydney in developing this discussion paper, has not sought to identify the potential partners or collaborators who could be part of a future Community Wealth Building network in Sydney. It is our hope that through the public exhibition period prospective partners and collaborators will emerge, either to be part of an anchor institution network or to collaborate on specific initiatives.

Case Study: Better Buildings Partnership

The Better Buildings Partnership is now in its tenth year. Its membership comprises Sydney's leading commercial and public sector landlords, including founding partner members, AMP Capital Investors, Brookfield Office Properties Australia, Charter Hall, City of Sydney, DEXUS Property Group, Frasers Property, The GPT Group, Investa Property Group, Lendlease, Mirvac, Stockland, University of Sydney, and University of Technology.

Together, they work toward the shared goals set out in the City of Sydney's Sustainable Sydney plan – 70 per cent emission reduction by 2030 and net zero by 2050 as well as ambitious water and waste reduction targets.

By 2020, their influence, innovation and leadership has resulted in 88 buildings with carbon neutral certifications, 61 per cent reduction in carbon emissions and 39 per cent reduction in water use (from 2006 baseline)^{lxixiii}.

Case Study: A coalition of anchor institutions in San Diego Region supporting recovery from the Covid-19 pandemic^{lxxiv}

In the San Diego region, small businesses employ over 60% of the total workforce, a share that is double the national average.

The economic shock that was a consequence of the Covid-19 pandemic saw 1 in 3 small businesses closing across the region. Helping these businesses recover and increase their resilience to similar future shocks was be critical for the long-term health of the region's economy.

The **Anchor Institution Collaborative** represents 45 major institutions in the San Diego region, who collectively employ over 70,000 workers. The institutions include major universities, healthcare institutions, the navy, national cybersecurity lab, utility companies and the port authority.

Together they spend \$9.9bn (US) in goods and services each year. And they're using their purchasing power to help small businesses in their region to recover.

Procurement data from 14 institutions was analysed, goals were set to increase local procurement and to strengthen connections between large buyers and small local suppliers.

The San Diego example illustrates the importance of:

- Consistency and coordination in terms of the creation of a consistent set of definitions/requirements and encouraging coordination in bidding processes.
- Leadership and resourcing, in terms of the need for shared resources and platforms to ensure that organisational leadership and procurement targets are aligned.
- Leveraging prime contractors to help set and achieve procurement goals.

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