

Investing in place: a critical piece in Australia's productivity agenda

Australia has an opportunity to lift living standards, grow a more inclusive economy, strengthen communities, and improve outcomes for children and families, by including place in the productivity agenda.

Productivity at its core is about how efficiently our efforts and resources lead to better, fairer living standards for all our children, families and communities.ⁱ The work ahead is not uniform, given that one in six children live in povertyⁱⁱ and more than 200 communities experience persistent, place-based disadvantage.ⁱⁱⁱ A system that leaves this much potential on the sidelines is neither fair, productive, nor sustainable.^{iv}

We are seeing bright spots, where the federal government is leaning into this opportunity. It is investing in place-based approaches like Stronger People, Stronger Places, Empowered Communities, and the Investment Dialogue for Australia's Children, and recently coinvested with philanthropy in a new organisation, PLACE, to support the development of place-based approaches around the country. Minister Plibersek also recently hosted a roundtable that specifically tackled place-based approaches, leading into the Treasurer's Economic Reform Roundtable.

Place-based approaches have demonstrated that we can improve educational, employment, social, health and environmental outcomes, develop First Nations economies, and build community wealth. This is a practical and proven way to reshape our economic, social and environmental systems, so that prosperity is created locally and shared widely.

The potential of place

Our policy, program and service responses are understandably designed for the majority. Service responses can be driven by markets, and service systems can overlook the strengths and specific needs of communities. Real productivity gains can be made by identifying how uniform and universal services can be adapted to local contexts and by embedding place-based approaches in economic policy.

The idea is simple. Give local people a chance to identify their needs, and a say in shaping their future, and back them over a long horizon with the right support and resources. A place-based approach responds to local needs, is driven by community leadership, draws on assets and aspirations of the community and has a holistic, collaborative, long-term, cross-sector response.

Place-based approaches have a long history and evidence they work. The Big Local program, implemented in 150 disadvantaged places in Britain over 10 years, slowed child poverty rates, increased economic activity, and caused crime rates to drop. The devolution of decision-making was a critical success factor.^v

In Australia, Local Government Areas (LGAs) with a Communities for Children (CfC) Facilitating Partner outperformed the state average trends for child developmental vulnerability since 2009 in one or more dimensions by a factor of 2.^{vi}

This is significant. In 2024, around 23.5% of Australian children were developmentally vulnerable in at least one domain; and in the most disadvantaged communities, this can be as high as 39%–49.5%.^{vii} Children who are vulnerable in one or more domains are at higher risk of long-term disadvantage.

There is also evidence for First Nations led place-based approaches across Australia. Decades of investment into capability building and opportunities for people, families and communities through Cape York Partnerships, for example, has demonstrated the value and need for longer-term place-based, holistic investments. They have achieved increased school attainment, employment and incomes. They have and are closing the gap “child by child, stage by stage”.^{viii} On a health front, the First Nations owned and operated remote stores (one in three of all stores), have improved the “availability and quality of groceries, financial structures, and retail practices”.^{ix} Local and national responses must remain connected.

Better infrastructure, governance, regulatory changes and subsidies are vital to further closing the gap, especially when a basket of basics can cost double in remote stores compared to cities. In 2025, a basket of essential groceries - like bread, milk, and fresh produce – cost \$44.70 in capital cities, compared to an average of about \$99.40 in remote stores.^x Despite food costing twice as much, the Federally-funded Remote Area Allowance has not been indexed in 25-years, remaining at a weekly rate of just \$9.10 for singles and \$7.85 for couples, with a child receiving just \$3.65.^{xi} Indexing this allowance and the number of First Nations owned and operated stores will increase wealth staying in and being used by communities.

Environmental economic transitions and environmental outcomes are critically reliant on place-based approaches. The *Net Zero Australia 2023* report estimates that 43% of the clean energy infrastructure needed for Australia to reach net zero emissions will be located on First Nations land. Therefore, First Nations communities – who have loved, cared and sustained this country for over 60,000 years – will play a major role in decarbonisation and meeting national targets. The First Nations Clean Energy Network recommends agreements with these communities prioritise Indigenous ownership and equity.^{xii} Ownership enables wealth-building and control over how jobs, training, and economic development are rolled out on community terms. Overall, Australia will receive energy, economic and environmental benefits.

Investing in first nations economic development and community wealth building is one of the major strides we can make in furthering place-based approaches.

Community wealth building: local solutions, lasting change

Community wealth building is an economic development model that transforms local economies. It means building wealth that stays in and multiplies within the community. Communities own and control their assets, reinvest in training, local jobs, enterprises and the wellbeing of their people.

Community wealth building provides an opportunity for ‘pre-distribution’ where economic benefits occur when the activities take place, rather than traditional redistribution economic policy. And, when it is applied in an effective way^{xiii}, it can improve both economic and social outcomes.

This has been demonstrated in the UK, Amsterdam, the US and evidence is building in Australia. Preston moved from one of England’s most deprived areas, to “the Nation’s most improved place to live”. They saw £70 million of anchor institution spend returned to the community, 4,500 jobs created, improved well-being and reduced inequalities.^{xiv}

In Glasgow, a focus on local procurement and strategic land use generated local jobs, enhanced economic resilience and improved community well-being (OECD, 2024).^{xv} The Community Wealth Building (Scotland) ACT 2026 will be the first piece of national legislation in the world.

In Cleveland, USA, community owned green enterprises are supplying goods and services to large institutions. Owned by its employees (many of whom were previously excluded), this has created jobs, increased incomes and improved energy outcomes.^{xvi}

Australia is seeing progress, too. The Atyenhenge Atherre Aboriginal Corporation (AAAC) in Ltyentye Apurte (NT) have inclusive ownership, local finance, and community-led investment. Through a strong ACCO it provides essential goods and services at affordable prices, develops social enterprises, trains and employs local people, reinvests back into the community and culture, improve social outcomes, and aims to reduce energy poverty and achieve long-term autonomy for the community.^{xvii}

There are other First Nations-led place-based approaches to economic development to build on around Australia. For example, the Ngardara Cooperative Ltd (Borrooloola Community Energy Microgrid) provides renewable energy to reduce energy poverty and empower the community. In Queensland, the Nundah Co-op provides stable jobs and training through a worker-owned café, and parks and gardens service. The Co-op operates through social procurement contracts principally with Brisbane City Council.

These are not one-off successes. They are early signals of a new kind of economy.

Four steps for investing in place for a more productive Australia

How do we harness these lessons for a more productive Australia? There are steps government, philanthropy and community can take that will build on the work we've already done together:^{xviii}

1. **Back place-based approaches as a core productivity strategy.** Evidence shows that locally-led, long-term, cross-sector efforts deliver better social and economic outcomes. Place-based approaches are a proven way to unlock productivity gains and lift living standards in communities experiencing persistent disadvantage. The Investment Dialogue for Australia's Children is an established partnership between government, philanthropy and communities where we can:
 - a. **Embed place-based approaches in economic policy** by recognising them as infrastructure for inclusive growth, not just social support.
 - b. **Fund place-based initiatives over the long-term (at least 10 years)**, with commissioning that provides flexibility for communities to shape local priorities and adapt as needs evolve.
 - c. **Support local data infrastructure** so communities can map needs, measure progress, and align efforts across sectors.
 - d. **Apply community-informed place-based principles** to major infrastructure, Net Zero, industry planning and data/ AI investments.
 - e. **Connect the local and the national** to ensure that universal services can be adapted to local contexts, to trial new policies and ways of working, and to demonstrate where and whether we are making a difference.
2. **Trial place-based, community-wealth building in different locations around Australia:** Dedicate a share of economic revitalisation spending to support community-owned enterprises, local procurement, and place-based business support, starting with the areas of most need.
 - a. **Pilot community wealth building projects** in areas of entrenched disadvantage, co-designed with communities, First Nations leaders, and local councils and state/territory governments.
 - b. **Leverage existing funding pools** (e.g. regional revitalisation, Net Zero, clean energy transition) to build locally-owned enterprises, cooperative procurement models, and community-controlled assets.
 - c. **Introduce enabling policies**, such as social procurement mandates and support for community-owned finance, to grow inclusive local economies.
3. **Elevate First Nations economic development:** Investing in First Nations care for country, community, and culture, can generate sustainable and self-determined income. Together

there is an opportunity to elevate First Nations voices and conception of value in the economy, where they reinvest in themselves and their communities at a pace which supports their pace of innovation. Aligned with the Prime Minister's announcement of a First Nations Economic Partnership^{xix}:

- a. **Provide long-term, flexible funding for First Nations-led economic strategies**, enterprise development, and governance capability.
 - b. **Co-invest in blended finance models**, enabling access to capital and crowding in private and philanthropic investment.
 - c. **Ensure enabling policy reform** (e.g. land and leasing models) that unlocks economic and environmental potential and respects culture.
4. **Address structural inequity in remote Australia**, hand in hand with the National Food Security Strategy^{xx}
- a. **Immediately increase and index the Remote Area Allowance**, in line with food price inflation and evidence from the National Food Security Strategy.
 - b. **Invest in First Nations-owned and operated remote stores**, with infrastructure upgrades and supply chain reforms that return wealth to community.
 - c. **Support local environmental responses**, including renewable energy solutions, such as community-owned microgrids, to tackle energy poverty and build local enterprise.

It's time to act

The bottom line? Our productivity agenda must lift living standards of all children, families and communities. The question is, are we bold enough to seize the moment and invest in place-based approaches for inclusive growth, thriving children, and strong communities?

Yes, it is complex. Yes, it will take time. But it is also urgent, actionable and achievable. Our kids and communities are worth it.

Professor Kristy Muir
CEO, Paul Ramsay Foundation

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References

- ⁱ <https://www.pc.gov.au/what-is-productivity>.
- ⁱⁱ <https://povertyandinequality.acoss.org.au/poverty/#poverty-australia>
- ⁱⁱⁱ ~220 SA2s are in the bottom 10% of SA2s based on SEIFA Index for Relative Socio-economic disadvantage and have had no or negative change in their poverty index (Melbourne Institute Poverty Index). NB 156 SA2s have high levels of inequality - people are experiencing poverty despite the community being in the top 10% of SA2s on a SEIFA Index.
- ^{iv} Piketty, T. (2014), *Capital in the Twenty-First Century*.
- ^v See 3ni, Local Trust. 2025. Everyone Needs Good Neighbourhoods 2 ([Everybody needs good neighbourhoods 2 - Local Trust](#)). Further British research considering over 40 years of place-based initiatives shows they were most effective when focused on small geographic areas, emphasised building community capacity, and provided long-term funding (Tyler, P et al.2019. Cited in 3ni et al).
- ^{vi} Geatches et al. 2023. for Equity Economics and Development Partners, Where are we? Place-based approaches to tackling community challenges in Australia. Prepared for the Paul Ramsay Foundation.
- ^{vii} <https://www.aedc.gov.au/resources/detail/aedc-key-findings-2024>
- ^{viii} Cape York Partnership *Impact and Empowerment Report 2024* available online at <https://capeyorkpartnership.org.au/impact-and-empowerment-report-2024/>, accessed August 2025.
- ^{ix} [National Strategy for Food Security in Remote Aboriginal and Torres Strait Islander Communities](#). The meta-evaluation of “[Stores Licensing Scheme in remote Indigenous communities of the Northern Territory, Australia](#)”, BMC Health (2024), reported these outcomes and recommended adding “food cost subsidies, measures to incentivise all stores to improve standards, and improved governance arrangements enabling self-determination for Aboriginal and Torres Strait Islander Store Directors.”
- ^x <https://www.choice.com.au/shopping/everyday-shopping/supermarkets/articles/remote-first-nations-grocery-stores>
- ^{xi} <https://www.servicesaustralia.gov.au/how-much-remote-area-allowance-you-can-get?context=22571>
- ^{xii} <https://www.firstnationscleanenergy.org.au>; benefit-sharing should begin early, build genuine partnerships based on trust and reconciliation, maintain progress, and deliver reliable benefits.
- ^{xiii} There are five common pillars of CWB models according to [Democracy Collaborative](#) who have worked globally to help support the embedding of these models.
- ^{xiv} [Case Studies — The Democracy Collaborative](#).
- ^{xv} https://www.oecd.org/en/publications/providing-local-actors-with-case-studies-evidence-and-solutions-places_eb108047-en/community-wealth-building-for-a-well-being-economy_afdeefcd-en.html.
- ^{xvi} This model includes Evergreen Cooperative Laundry, Evergreen Energy Solutions, Green City Growers. By 2009, Evergreen had \$6.3 million in revenue and ~110 employees across its worker owned laundry, solar, urban agriculture businesses. In the laundry, employees began on ~\$8/hour (trial), moved to ~\$10.50/hour after six months, and ownership share contributions likely to total ~\$65,000 after seven years. The laundry has 35% energy savings, using reclaimed heat and EPA-approved chemicals in a LEED-certified building. <https://www.sciencedirect.com/science/article/pii/S0301421522004967> <https://www.democracycollaborative.org/case-studies/evergreen-case-study-final.pdf>.
- ^{xvii} Ltyentye Apurte’s is home to around 700 people, on Eastern Arrernte Country, around 80km south-east of Alice Springs. The Atyenhenge Atherre Aboriginal Corporation (AAAC) is a community-directed Aboriginal Corporation. Santa Teresa Enterprises Limited, a subsidiary of the AAAC, undertakes economic development opportunities for the benefit of the community. The community’s wealth-building efforts are rooted in local ownership, governance, and innovative enterprise development. Examples include: [Spinifex Skateboards](#); Santa Teresa StoreTRUST; coffee van, hair salon, furniture shed, traditional crafts (sold online), art gallery (original art made on country, sold to galleries and online), skateboard park, health unit, local school (employs First Nations coaches to support kids to engage in school and learn culture); and an impact investing partnership to overhaul the local electricity supply, impacted by recurring outages, and move toward a community-controlled clean energy solution. [Our Enterprises | Atyenhenge Atherre Aboriginal Corporation \(AAAC\) & Santa Teresa Enterprises Limited](#).
- ^{xviii} PRF’s Treasury Submission Productivity Roundtable
- ^{xix} <https://treasury.gov.au/publication/first-nations-economic-partnership>
- ^{xx} <https://www.niaa.gov.au/our-work/health-and-wellbeing/national-strategy-food-security-remote-aboriginal-and-torres-strait-islander-communities>.