



Neighbourhood Economics

DISCUSSION PAPER | 2025

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Building an economic future
that works for everyone.



A fair economy
isn't impossible,
it's overdue.



This paper is written by Bill Mithen and Annie Smits.

It is the culmination of two years of thinking and conversation about how inherently unfair our economy is, and how this exacerbates entrenched disadvantage in particular places. Now, more than ever, we need new ways of thinking and acting.

This paper is intended as an invitation into a conversation we're calling Neighbourhood Economics.



ACKNOWLEDGMENT

We meet on the lands of the Wadawarrung People.

We acknowledge the traditional owners and custodians of these lands, and pay our respect to Elders past and present. We also recognise the loss of lands and culture, knowing the consequences for people, communities, and nations.

In seeking to foster community-driven economic growth, we first acknowledge the ongoing connections of First Nations people to these lands, their waters, and the local community, and we acknowledge that sovereignty has never been ceded.



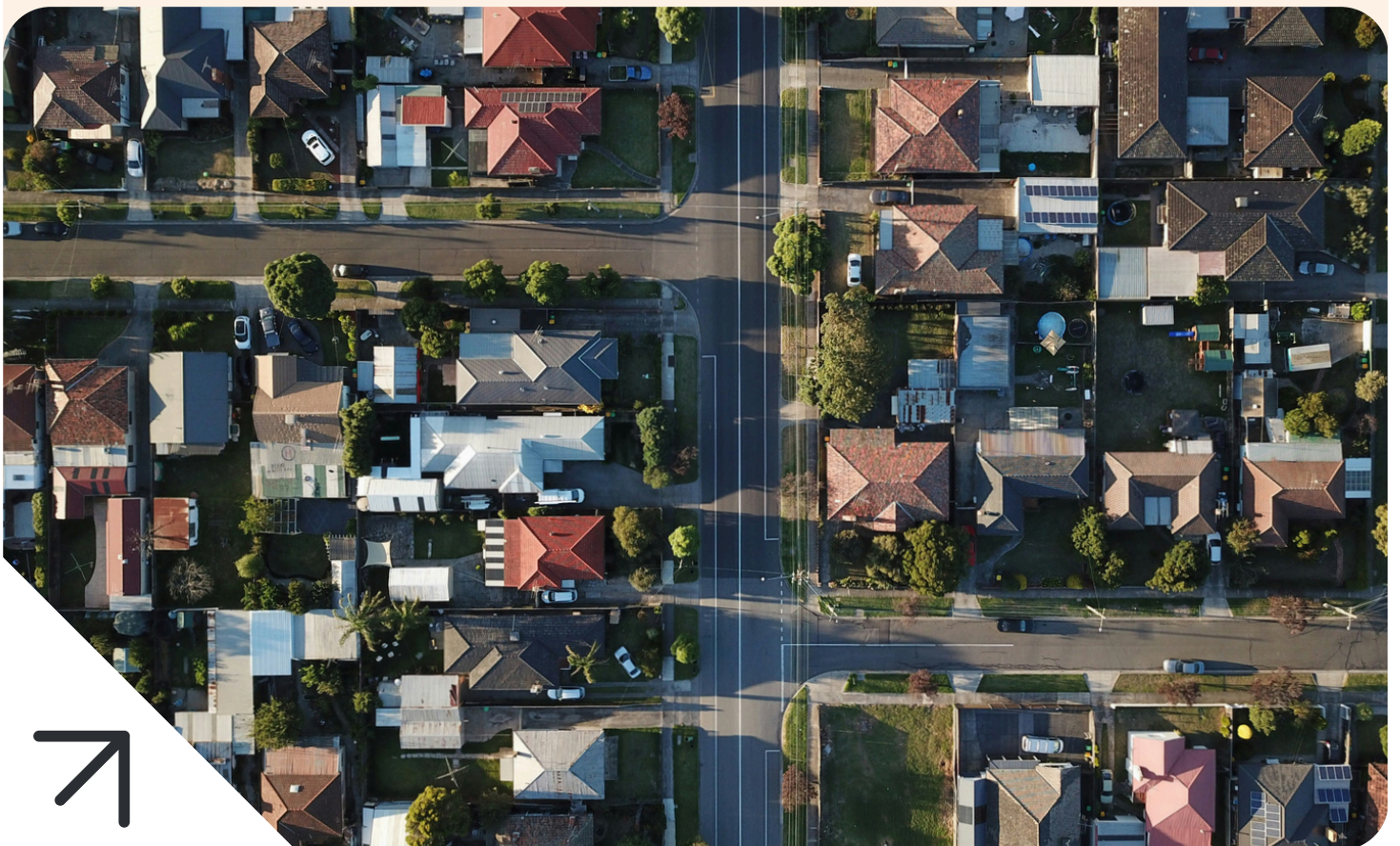
THE CHALLENGE

In Australia, inequality has a postcode.

Across the country, disadvantage is consistently and disproportionately concentrated in a small number of communities.¹ In New South Wales, for example, 13% of postcodes account for more than half of the state's disadvantage. In Victoria, 5% of locations account for 29% of disadvantage experienced.²

Whilst disadvantage does not define the story of these communities, it does colour opportunity. People living in these locations are far more likely to experience a range of economic, social, and environmental barriers than their peers elsewhere. From poor job opportunities and lower education rates, to higher rates of incarceration and poor air quality – these factors shape everyday life.

Because disadvantage is cumulative, the problem also gets worse with time. The longer a person spends with significant disadvantage, the more likely they are to be stuck there. Children who grow up in a home with an entrenched disadvantage are also more likely to face the same problem.



SO, WHAT IS KEEPING DISADVANTAGE IN PLACE?

While there are many factors contributing to economic disadvantage, we see four main challenges perpetuating or exacerbating the problem at a local level:

1. Economic policy is driving inequality

Over the past fifty years, economic policies in wealthy countries have contributed to a growing wealth disparity. This growing divide stems largely from the rise of neoliberal economic theories in the mid-1970s that pushed the belief that markets were always the solution. Deregulation, privatisation, small government, and reduced government intervention would allow markets to create broad economic prosperity that would ‘trickle down’ from big corporations and private investors as the ‘rising tide lifted all boats’.

But this hasn’t happened. Instead, these policies have contributed to a hyper-concentration of wealth in the hands of a few. In Australia, despite decades of economic growth, we’ve failed to tackle deep-rooted disadvantage. Today, 3.3 million – or 13% of the population⁴ – still live below the poverty line. Over the last ten years alone, the top 10% of income earners has taken 93% of all economic growth per adult, while the remaining 90% has shared 7%.⁵

2. We’ve forgotten what the economy is truly about

The economy is about people. It was created, designed, and developed by people who (at the time) were concerned with how national and community prosperity could be shared.

Today, however, the economy has become about investment yields, price-to-earnings ratios, profits, graphs and Newtonian equations that attempt to describe the complex and unpredictable behaviour of human beings.

We need to have the courage and the will to reimagine how economies should work and how they should support all participants. Our global, national, and neighbourhood economies should start with the premise that all people should

¹ DROPPING OFF THE EDGE 2021 Persistent and multilayered disadvantage in Australia

² Ibis

³ CEDA, Addressing entrenched disadvantage in Australia, April 2015

⁴ Poverty in Australia, ACOSS & UNSW (2020)

⁵ <https://australiainstitute.org.au/post/inequality-on-steroids-as-bottom-90-get-just-7-of-economic-growth-since-2009/>

have the opportunity to build wealth and share prosperity, not just those who control power and resources.

3. Local economies and leaders are undervalued

For years, we've both worked alongside local communities, helping build the confidence and capability of local leaders. Time and again, we've seen that when leaders are properly supported, resourced, and given the time they need, they create real, lasting change. They shape their own futures and those of their communities.

Without support, leaders can often feel powerless to face the seemingly complex, impersonal forces which feel larger than them. This is made worse by the way we often overlook the strength of local economies to drive their own transformation. When we undervalue local leadership and local economic power, we miss out on one of the most effective tools for creating inclusive, sustainable change.

4. Place based approaches that lack an economic lens

In the last decade, there has been an increase in funding for initiatives that try to reduce disadvantage using a place-based approach. However, rarely have these initiatives tried to shift the underlying economic conditions of a postcode. We regularly disassociate employment, and the provision of jobs, from the health and vibrancy of a local, neighbourhood economy. The economic conditions of such an economy – including job opportunities, the provision of more valuable and needed local goods and services, and the local ownership of those businesses and assets – shape the day-to-day experience of economic opportunity, wellbeing, identity and connection. We see this as a critical piece in addressing disadvantage.



“All people should have the opportunity to build wealth and share prosperity.”





See the
people,
not the
postcode.



OUR RESPONSE: NEIGHBOURHOOD ECONOMICS

Neighbourhood Economics has been created for the economic wellbeing of Australia's most disadvantaged suburbs, and will start in the Geelong region.

We are dedicated to reimagining local neighbourhood economies where prosperity has not been equally shared. Neighbourhood Economics has been created in recognition of, and in response to, the need to explore economic development beyond traditional mechanisms, with ownership, shared prosperity and community connection being central ideas.



SO, WHAT'S DIFFERENT?

Neighbourhood Economics stands in stark contrast to traditional economic development, challenging the common top-down approach that often prioritises attracting large corporations for job creation and supposed economic wealth sharing. This typical approach often leads to wealth extraction from places, and little consideration for the local neighbourhood and residents' needs. It also ignores the monumental power imbalances attached to external capital, local relationships, networks, and local knowledge.

Unlike conventional models, Neighbourhood Economics embraces a neighbourhood strategy that builds resilient and inclusive neighbourhood economies. The principles of **Human Connection Matters**, **Distributed Power Matters**, **Democratic Ownership Matters**, and **Shared Value Matters** work together to prioritise community well-being, social cohesion, cultural preservation and, importantly, broad community wealth building.

In contrast to traditional economic development, Neighbourhood Economics actively promotes local entrepreneurship, supports community and employee-owned enterprises and assets, facilitates local procurement, and fosters collaboration among residents. This approach recognises the significance of initiatives such as worker-owned businesses and cooperatives that empower residents and build economies deeply connected to the community fabric. The focus is on sustainable, people-centred solutions, utilising local assets to create businesses, jobs, and potential new industries. The goal is sustained community prosperity, with both people and the planet at the heart of the economic model.

We see that there are important components left out of conversations about our economy, our **What Matters** statements over the page are an attempt to articulate these components.



“The goal is sustained community prosperity, with both people and the planet at the heart of the economic model.”

Neighbourhood Economics seeks to add these important elements back into the economic conversation:



Human Connection Matters

Human connection is the foundation. It begins with ourselves and extends to others, to place, and to the planet. These relationships shape what we value and how we belong. In strong neighbourhoods, these bonds already exist. They underpin trust, exchange, and economic activity.

But economics today often ignores this, focusing instead on abstract metrics and systems detached from real lives. We want to flip that. People, and the connections they bring, should be at the heart of economic policy and practice. Whether through work, entrepreneurship, or daily life, these interactions drive innovation, trust, and shared prosperity. Economies should serve people, not the other way around.



Distributed Power Matters

Who holds power determines what gets built, who gets heard, and where resources go. When power is centralised – in corporations or distant governments – priorities often don't reflect community needs. That leads to development that displaces rather than supports.

To shift this, power must be distributed. Through community ownership, participatory processes, and wealth-building strategies, communities can reclaim the ability to shape their own futures. This isn't just more democratic, it's more effective. Distributed power creates accountability, relevance, and long-term resilience.



Democratic Ownership Matters

Ownership isn't neutral. It defines who benefits and who decides. In Neighbourhood Economics, we centre democratic ownership, where people have real stakes and shared responsibilities. This matters for two key reasons:

- It changes behaviour – when people co-own something, they invest in it.
- It changes outcomes – spreading wealth, building power, and strengthening local ties.

Democratic ownership is a structural way to support equity, reduce inequality, and embed prosperity within communities – not extract it from them.



Shared Value Matters

Our economy rewards capital over contribution. The pandemic made this clear: essential workers kept society running, but the system didn't value them accordingly. Value isn't only created by investors. It's created by workers, communities, infrastructure, governments and care. If we want a fairer system, we need to rethink how value is created, and who gets to capture it. That means distributing value at the point of creation, not trying to fix it later with redistribution. Ownership, again, becomes key – because it decides who shares in the rewards.



The Enabling Ecosystem for Economic Change

For **Democratic Ownership, Human Connection, Shared Value** and **Distributed Power** to become central to the economy and economic development practice, a set of conditions need to be built and nourished. These are the enabling factors that build towards an economy that places people and place at the centre and creates economic justice and wellbeing. At a neighbourhood, community, and global level, leadership needs to be courageous to challenge the status quo, and kind enough to value people and place above economic returns. In doing this, economic returns cannot be dismissed as unimportant, but they should emanate from generative capital that creates prosperity, builds neighbourhoods and accurately values all elements of the value chain.

Neighbourhoods need to be empowered to set and create their trajectory while receiving supportive and guiding leadership. This allows local voices to be heard, and capability to be built, enhancing neighbourhood and resident agency. Underpinning this ecosystem is a free and robust democracy that has strong institutions of protection and systems that allow for debate and inclusion.

WHAT WILL IT TAKE?

Beyond new models, shared wealth and community ownership, Neighbourhood Economics is going to require a number of changes in mindsets and attitudes from us all:

Time and a long-term view

Committing to genuine, long-term sustainable change demands dedication, patience, and financial support. Successful initiatives in Europe and the United States took more than a decade to gain momentum, underlining the need for sustained effort.

Embracing adaptive and technical approaches

We must recognise that fundamental change requires both adaptive and technical solutions. Altering the technical aspects of a local economy is crucial, including the mechanisms that build and distribute wealth. However, equally important is changing the attitudes that assume one part of the value chain is more important than another.

Fostering innovation and entrepreneurship

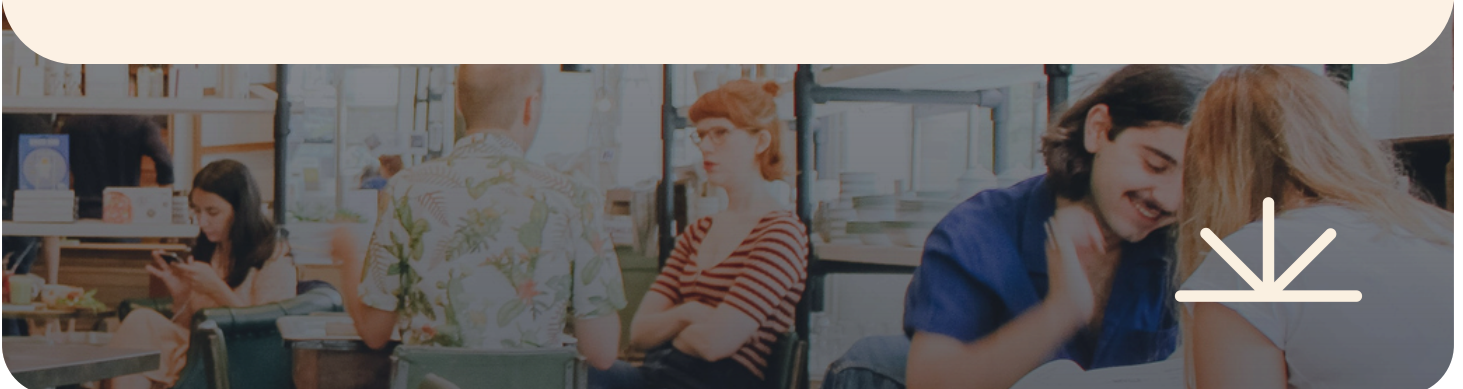
Entrepreneurship and innovation play pivotal roles in overcoming challenges and identifying fresh opportunities. The call is not only for addressing issues, but also for creating business models that actively promote wealth and shared ownership.

Guiding, convening and facilitation

The ability to convene diverse parties, encourage open dialogue, and foster empathy is essential. Actively valuing and embracing differences during these discussions will contribute to a more inclusive and productive environment.

Exercising courage and risk-taking: being bold

Leadership in this context demands courage, a willingness to take risks, and the vision to see beyond the current mapped future. Taking bold steps based on convictions is key to steering the transformation toward a different and more sustainable path.



An economy
that works for
everyone.

WHY US?

Neighbourhood Economics is a new for purpose initiative co-led by Annie Smits and Bill Mithen.

After more than thirty combined years of experience in place-based economic development, and deep frustration at the inability to significantly shift the dial with traditional methods, Annie and Bill formed a partnership and began exploring what alternative solutions exist, globally. They came across many global initiatives and conversations including The Wellbeing Economy, and Community Wealth Building, as well as economists like Kate Raworth and Mariana Mazzucato who were telling alternative stories.

Neighbourhood Economics was initially incubated within both the Give Where You Live Foundation, where Bill was CEO, and The Difference incubator, where Annie was CEO.



Bill Mithen

Bill has spent the past 13 years leading the Give Where You Live Foundation, a place-based community foundation dedicated to building a better, fairer society across the G21 region. Under his leadership, the foundation has launched initiatives that tackle economic disadvantage and drive systemic change.

At Give Where You Live, Bill has championed initiatives like GROW, which addresses long-term joblessness through social procurement. GROW has created hundreds of jobs, influenced Victoria's social procurement policy, and reshaped conversations around place-based disadvantage. Another key initiative, The Paddock, an urban farm, explores community-owned assets and inclusive business models while supporting disability programs.

Committed to regional inclusive growth, Bill has held multiple leadership roles, including Chair of the G21 Geelong Region Alliance, Tourism Greater Geelong & Bellarine, and G-Force Employment Group & Recruitment. He also served on the board of Barwon Region Partnerships, leveraging his extensive connections to foster collaboration and impact.

Annie Smits

Annie has spent over a decade leading The Difference Incubator (TDi), driving social enterprise development to empower economically excluded groups – particularly Indigenous entrepreneurs across Australia and the Pacific. Under her leadership, TDi has strengthened entrepreneurial ecosystems and supply chains, working alongside local leaders to create businesses, unlock opportunities, and establish new pathways to market.

A significant focus of TDi's work was with Indigenous entrepreneurs, Annie has championed an approach that nurtures businesses, innovative ideas, and alternative economic models that plant the seeds for a better future, one that is fair, regenerative, and inclusive. Her work challenges the deep inequalities embedded in economic systems – particularly those tied to gender, race, and geography – while asking a critical question: What is the role of business and finance in addressing structural inequality?

In Neighbourhood Economics, Annie and Bill combine their strengths to drive deeper economic transformation. Together, they are reimagining local economies to be more inclusive, resilient, and equitable.



OUR APPROACH

The location: Norlane and Corio

Neighbourhood Economics will focus first in Corio-Norlane, north of Geelong, Victoria, where (because of Bill's long term commitment to the region) Neighbourhood Economics has deep connections, social capital, and understanding. Below, we provide some background on the place, before describing the work required in the first five years.

Fifty years ago, the suburbs of Norlane and Corio were the driving economic force of the City of Geelong in Victoria. From the 1920s to the 1970s the national headquarters of Ford Motor Company and International Harvester were located in Norlane and Corio, respectively, and jointly created employment for 10,000 workers living in the surrounding areas.⁶ But the economic conditions of the region changed significantly when globalisation and economic reform caused Ford and International Harvester to close their Australian manufacturing operations, resulting in large scale job losses and high levels of unemployment.



Today, the Corio-Norlane postcode is the fifth most disadvantaged in Victoria and the 61st in Australia, despite strong economic growth in the Geelong region in recent years.⁷ Norlane and Corio now have a life expectancy that is five years lower than the rest of the region and the second highest rate of government support as a main source of income.⁸

These statistics don't define this community and they don't tell the whole story. They don't tell the stories of families who love and care for each other, the story of community spirit, and the hopes and dreams of young people and children.

However, they do explain the need for wise and urgent action.



“The biggest predictor of success shouldn't be the postcode you were born in.”

⁶ The Australian Blue Book Almanac 1946

⁷ 2033.0.55.001 - Census of Population and Housing: Socio-Economic Indexes for Areas (SEIFA), Australia

⁸ Torrens University Public Health Information Development Unit (PHIDU) Health Atlases 2020

OUR MODEL

Neighbourhood Economics is grounded in a theory that economic development must go beyond simply redistributing income and value – it must focus on creating new value for more people. By prioritising ownership, shared prosperity, and community connection, Neighbourhood Economics seeks to achieve lasting community wellbeing and reimagine the economies of Australia's most disadvantaged suburbs.

All initiatives are shaped by five central levers for change, modelled on the internationally acclaimed and peer-reviewed **Community Wealth Building** framework:

Inclusive ownership

Developing and growing small enterprises, community organisations, co-operatives, and municipal ownership is important because they are more financially generative for the local economy – locking wealth in place.

Progressive procurement of goods and services

Develop dense local supply chains of businesses likely to support local employment and retain wealth locally. These include SMEs, employee owned businesses, social enterprises, co-operatives, and community businesses.

Fair employment and just labour markets

Anchor institutions have a defining effect on the prospects of local people. Recruitment from lower income areas, paying the Living Wage, and building progression routes all improve local economies.

Socially productive use of land and property

Deepen the function and ownership of local assets held by anchor institutions, so that financial and social gain is harnessed by citizens. Develop and extend community use – public sector land and facilities become part of 'the commons'.

Making financial power work for local places

Increase flows of investment within local economies by harnessing and recirculating the wealth that exists, as opposed to attracting capital. This includes redirecting local authority pension funds and supporting mutually owned banks.

CASE STUDIES

Mondragon Corporation

In the early 1950s Mondragon was one of the most economically depressed towns in Spain, when a local priest established a technical school to improve education and create employment opportunities. By 1956, five graduates had started a worker-owned cooperative producing paraffin oil heaters, reinvesting the profits back into the cooperative.

Today the Mondragon Cooperative Corporation consists of approximately ninety federated cooperatives employing over 79,000 people, and is a global model for cooperatives. With revenue of almost 11.5 billion euros, in 2020 it had earnings before interest and tax of 1.3 billion euros. There are now worker-owned cooperative businesses in agriculture, retail, banking, and insurance, and the corporation provides its own social security for members. Mondragon has weathered several economic downturns while remaining true to their core value: providing long-term employment and benefits to worker-owners. They have done this while ensuring key salary ratios across all their businesses (meaning flatter salary distributions) and democratic governance across all businesses.

Mondragon is an example of how wealth and value development can be a greater lever to fight inequality than wealth distribution, and it therefore offers us a successful example of fighting the structural causes of inequality.



Evergreen Cooperatives

Evergreen Cooperatives, launched in 2008 by a consortium of Cleveland institutions, aims to generate living-wage jobs in disadvantaged neighbourhoods within the Greater University Circle of Cleveland. Unlike traditional top-down approaches, Evergreen prioritises economic inclusion by fostering employee-owned businesses. Workers not only receive living wages but also have ownership stakes, share in profits, and participate in management and governance. The cooperative acquires businesses, converting them to employee ownership, focusing on those capable of serving regional institutional supply chains.

Its long-term vision is to establish a network of ten businesses, employing up to 5,000 worker-owners over a decade, to stabilise and revitalise targeted neighbourhoods. Currently, Evergreen has five worker-owned cooperatives employing 250 people.



THREE KEY STREAMS

Initially, we have designed a five-year body of work which will be underpinned by a learning framework, allowing us to respond to what is working and what needs to be redesigned.

Our learning partner, Ingrid Burkett from The Good Shift, is a global leader in developing learning frameworks for complex work. She brings expertise spanning finance, social work, and design, with a strong focus on systems innovation. We are planning three streams of work in the initial stages:

1. Mapping economic opportunities

To help communities and local economies thrive, we need to understand what is working, what is not working, and where the opportunities lie. Neighbourhood Economics looks at local resources, challenges, and gaps to figure out where new businesses or projects can succeed in existing anchor institutions' supply chains. This helps focus efforts on what will make the biggest impact and improve the local economy. In the initial 12 months, an intensive exploration and mapping exercise will be undertaken to understand where the roadblocks and leverage points are.

Fundamentally, the purpose of undertaking the economic opportunity mapping is twofold:

- To test our assumptions of the Norlane and Corio community, residents, and economy, and
- To build a picture of Norlane and Corio's strengths and economic opportunities.



We see that this project is a critical foundation piece for the establishment of Neighbourhood Economics and has five key elements:

1. Understanding the Norlane and Corio demographics and key statistics.
2. Understanding the existing businesses and economy in Norlane and Corio.
3. Analysing and reviewing the broader regional economy's growth – identifying the opportunities and the regional economy's direction and trajectory.
4. Identifying supply chain opportunities within specific Anchor Institutions.
5. Undertaking an audit of neighbourhood community assets to assess their strength, opportunities, and ownership.

2. The Leaders' Journey

Neighbourhood Economics is about supporting local leaders to take charge of their communities and economies to create real, positive change. This means working together with local businesses, community groups, residents, local government, and others, to come up with fresh ideas and solutions. The program will help existing leaders think differently about the power they hold and the role they can play. It will support new leaders to learn and grow by offering opportunities.

The program will include multiple components, such as:

- Events and forums to promote a regional conversation about inclusive growth.
- Skill-building forums and workshops.
- Exploration trips to witness similar projects in other places.
- Facilitated problem-solving conversations with all stakeholders at the table.

The goal is to have strong, connected leaders from a range of sectors who understand their neighbourhood, their community and economy, and the power they each hold.



3. Learning pilots

Over the next five years, Neighbourhood Economics will test out a number of new ideas to see what works best. These pilots will be identified as a part of the mapping exercise, they will try out new business models and ways to share success within the community.

Projects could include activities such as:

- Supporting local people to start their own business – nurturing local entrepreneurial energy
- The development or acquisition of businesses rooted in inclusive ownership models.

These pilots are about finding practical ways to build and reimagine a neighbourhood economy that grows businesses, prosperity, and job opportunities, whilst also strengthening health and wellbeing. These initiatives and principles form the foundation of a sustainable, inclusive, and community-driven economic future.



**Community powered business
for economic change.**





Your street
shouldn't
determine
your success.



WHY NOW?

Bill and Annie have embarked on a journey to comprehend how economic systems impact the livelihoods and wellbeing of individuals and communities.

Despite tireless efforts at various levels of the system, we've encountered both minor successes and significant frustrations.

We, like so many others, have witnessed decades of wealth creation being concentrated among a small minority of shareholders, leading to widening gaps of poverty and inequality. Despite efforts to address economic development, communities like Corio-Norlane, have found themselves worse off than ever before.

It's time for a serious rethink.



Throughout history, there have been periods marked by dramatic shifts in the trajectory of humanity, driven by rational thought and a quest to understand and improve the human experience.

During the Renaissance, thinkers challenged traditional authorities, leading to a reformation of learning and the birth of European universities. The Reformation of the 16th Century saw the power of the Church questioned, paving the way for intellectual freedom and progress. The Enlightenment period of the 17th and 18th Centuries challenged monarchies and religious dogma, birthing modern economics and democratic values. Each of these transformative periods faced resistance from entrenched powers. Similarly, we find ourselves in a time of upheaval, where science is disregarded, and systems prioritise self-preservation over serving humanity.

Yet, there are contemporary thinkers leading the charge to revolutionise our systems, advocating for regenerative economies and a transition to non-carbon energy, developing places of empathy and connection and championing an economy that redefines value creation. These ideas herald a new era of thought, guiding humanity toward a prosperous and sustainable future – this is the essence of Neighbourhood Economics.

Neighbourhood economics will be a place for us to continue to learn and grow our response to economic development. The beautiful Lilla Watson left us with this idea:

**“If you have come here to help me, you are wasting your time.
But if you have come because you believe your liberation is
bound with mine, then let us work together.”**

Fundamentally, we believe our liberation and our prosperity are bound.



**Neighbourhood
Economics**

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