

Formation of a Public Trust

Feasibility Phase Proposal

Transition Town Peterborough

11/15/2013



A proposal to study the formation of a public or community trust as part of economic localization as an adaptive response to the challenges of climate change, economic upheaval and ecological destruction.

Formation of a Public Trust Feasibility Phase Proposal

TO: The Economic Development and Employment Sub-Committee of the Community Sustainability Plan Co-ordinating Committee

FROM: Transition Town Peterborough as Member (Champion level) of the Community Sustainability Plan Co-ordinating Committee

DATE: November 15, 2013

SUBJECT: **FORMATION OF A CITY OF PETERBOROUGH PUBLIC TRUST: FEASIBILITY PHASE PROPOSAL**

1. The Proposal:

That the Sub-Committee support and advance a proposal through the auspices of the Community Sustainability Plan Co-ordinating Committee to the City of Peterborough to form a Committee of Council to assess and test the feasibility of creating a Public Trust as an integral part of economic development within the broader context of economic localization.

The concept of a Public Trust is outlined more fully in the *Strategic Framework for the Economic Localization of the City and County of Peterborough Ver. 2.0* (attached) and posted on the Transition Town Peterborough web site at www.transitiontownpeterborough.ca.

The working title for the proposed public trust is the “Triple E Trust.” (E for the three areas of investment: economy, environment and energy.)

2. The Current Economic Development Context:

The economic development strategy used in the Greater Peterborough Area relies heavily on a growth model and attracting and retaining large and medium sized employers from outside the area (big box and chain stores, head offices, call centres, new manufacturing) using municipal incentives, attractive leases, and infrastructure (roads, parking lots, etc.) as well as other direct or in-kind investments. This strategy reinforces globalized growth, which has hurt local economies in the first place, and makes communities more vulnerable to climate and economic disruptions that occur elsewhere in the world.

This endless growth strategy has disastrous effects on our natural environment, depends on non-renewable resource extraction and depletion, and drives up energy demand just when drastic reduction (energy descent) is needed. This results in *unsustainable* economic development, while yielding a declining number of new jobs for each dollar invested.

In addition, a number of studies have shown that the economic benefits these large corporations bring to communities are smaller than those from local, independent businesses, particularly because so much of the wealth they generate leaves the local community. (For instance: *Plugging The Leaks*, NEF, Retrieved from <http://www.pluggingtheleaks.org>. Accessed 2012.; *Thinking Outside the Box: A Report on Independent Merchants and the New Orleans Economy*, Sept. 2009; *Does Local Firm Ownership Matter?*, D. A. Fleming, S.J. Goetz, *Economic Development Quarterly*, Nov. 2012.)

Literature reviews of International Trade laws, national, provincial and municipal policies, laws and money expended all demonstrate that they strategically support this global economic growth model to the detriment of local economies. Much “hollowing out” of the Peterborough area’s manufacturing and retail sectors has already occurred, but the growth strategy continues unchecked and unexamined for alternatives or complementary strategies that can make our community more resilient to climate and economic shocks.

The Public Trust would move through *phased program planning* starting with Concept then moving through Feasibility, Design and Implementation. This Proposal would move the Trust from the Concept phase to the Feasibility phase.

3. The Focus of a Feasibility Study:

The focus of such a Study would be the feasibility of **forming a Public (or Community) Trust** as a means of creating community resilience in our energy, economic and natural environments.

The study would look at:

1. a Public Trust within the context of economic localization
2. the role of a local currency in a Public Trust
3. recommendations toward design, name and implementation of a Public Trust, if found feasible.

4. Background on Local Currency and Public Trust:

“Money that leaves the community is both a missed opportunity and a vulnerability.” (A. Miller & R. Hopkins, *Climate After Growth*, 2013.) In a more localized economy, the growing percentage of the money that would normally pour out of the community as out of a leaky bucket through supermarkets, online shopping, and energy bills, instead stays local—generating training opportunities, new businesses, new farming, new investment opportunities and livelihoods; and inviting and supporting new creative ideas. The distance between producer and consumer is shortened, reducing oil dependency and carbon emissions.

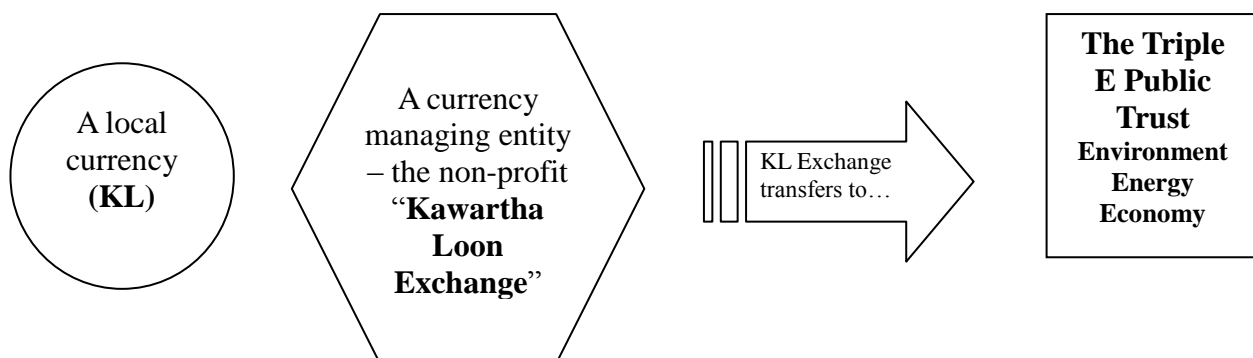
Through the efforts of Transition Town Peterborough, the **Kawartha Loon (KL)** local currency is now in use in Peterborough demonstrating a legal, complementary currency to the Canadian dollar. It is available for exchange for Canadian dollars at par at the Peterborough Community Credit Union (the banking agent) and hopefully at more banking agents in future. 100% of the Canadian dollars exchanged for KLs is kept on deposit at the local banking agent for eventual use in a Public Trust.

The CSP Co-ordinating Committee is already studying application of this localization model to *food*. When extended to building materials, energy generation and other key components of our local economy, the potential becomes enormous.

5. Progressive steps:

A next step is to take the local currency project from an initiative largely conceived and demonstrated by Transition Town volunteers, into the public domain via a **public trust owned and funded by the citizens of the City and County of Peterborough**.

The Public Trust concept would see the transfer of the Kawartha Loon local currency and its governing body, the Kawartha Loon Exchange, away from Transition Town Peterborough to the new Trust.



The Trust could further evolve with such instruments as a Micro Bank and a Resilience Initiatives Group (working titles) which would invest in local non profits, individuals' innovations, farms and businesses providing resilient and sustainable solutions that address the environment, energy supply and descent and the economy.

The primary **source funding** for the Trust could be the tax base of the City and County of Peterborough. This includes the profits from renewable energy projects which now go into general municipal reserves. The secondary source could be the Canadian dollar reserve of the KLE. Unlike private capital, a public trust is more likely to invest in the most needy spheres of a municipality where "big money" rarely invests or where senior governments are investing less or downloading onto municipalities, e.g. housing, social programs, job creation and energy security.

The legal beneficiaries of the Trust would be all of the Citizens of the City and County of Peterborough.

It is expected that the Public Trust could remove the City and County from the business of picking "winners and losers" on projects that incentivize the environment, energy and the economy, while maintaining municipal responsibility for physical infrastructure projects. As an example, the Triple E Trust could provide municipal funding for approved action initiatives in support of the *Climate Change Action Plan* just getting underway.

6. Why a Committee of Council:

Municipal Councils accept the *Community Sustainability Plan* Co-ordinating Committee and, by extension, its Economic Development and Employment Sub-Committee, as the reference group for sustainability action in the Greater Peterborough Area. If the Committee members believe and support the concept of Economic Localization as a serious contribution to community development and sustainability, then attention to it in the form of a Committee of Council follows as a way of testing the concept at the highest and most directly-related level ("directly-related" because of the need for municipal involvement to make a public trust work.)

Possible Composition of the Committee of Council:

As a community initiative, it is suggested that leadership of the Committee be shared by a Councillor and a member of the community-at-large, with support staff who is familiar with the economic concepts behind this Proposal.

Committee of Council membership is at the prerogative of Council; however, some suggestions for a variety of perspectives are:

small business owners in the life essential market sectors
 Public Banking expertise
 Chamber of Commerce
 Transition Town Peterborough
 Kawartha Loon Exchange member
 Peterborough Utility Services
 Councillors from the City and County of Peterborough
 Trent University and Fleming College Environmental and Business studies

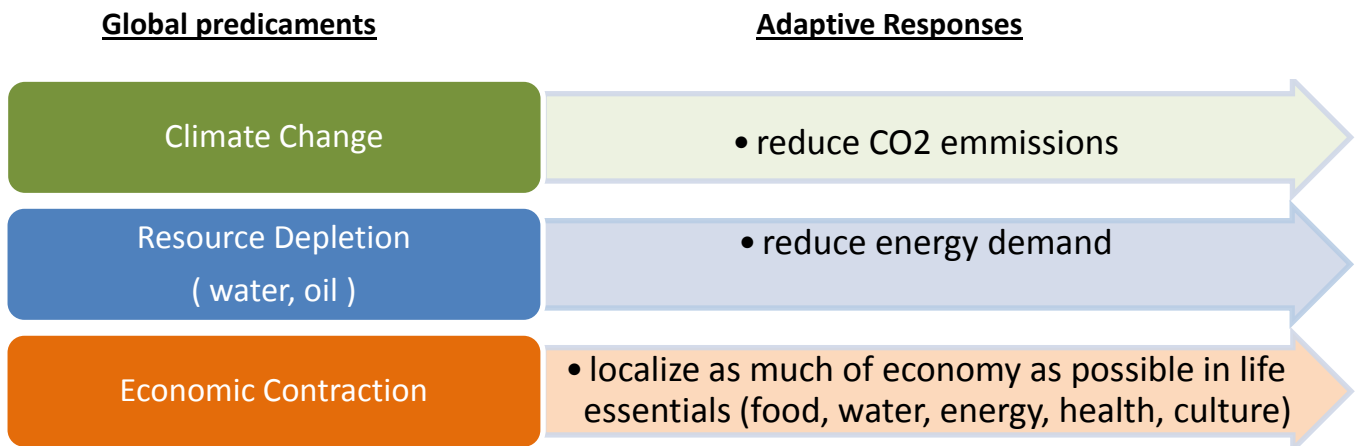
Peterborough Economic Development
 legal expertise
 Peterborough Community Credit Union
 Sustainable Peterborough
 citizens at large

7. Cost:

A small Operating Budget of \$10,000 for administrative support is proposed to be provided by the City and County of Peterborough and/or contribution from the CSP Co-ordinating Committee as the Proposal proceeds further.

8. Timeframe:

Approximately 9 months.



Economic Localization is:

- a **strategic adaptive model** that addresses all three predicaments and builds community resilience on the road to long-term sustainability
- a **creative economic activity** (business, financing, means of exchange etc.) that does not create poverty and deplete what nature provides for life.