

# Australian School Community Currency

## Case study of the creation of a community currency

(Note: the currency referred to in this case study is no longer circulating. See end note.)

The impetus for the creation of this currency was a direction from the State Education Department that Primary Schools needed to become more innovative in their fund-raising efforts in response to a reduction in their Government funding.

An analysis of school finances identified a \$50,000 shortfall. After much discussion, the following scheme was implemented.

The school raised its 'voluntary' parent levy by \$100 per student (with an enrolment of 500 students this notionally increased income by \$50,000). It justified this increase by identifying the range of activities which would be funded by the increased income.

It then created \$50,000 in notes of a currency called "*Links*"<sup>[1]</sup> and announced a variety of tasks at the school which would attract payment in *Links* (but not in Dollars)<sup>[2]</sup>. It also announced that it would accept payment of the parent levy in *Links*.

In its most simplistic form, this mechanism would have resulted in \$50,000 worth of additional work done around the school at no cost to the school (in Dollars). However, the outcome was rather more sophisticated.

In practice, a number of parents accepted the need for an increase in the levy, and paid the additional \$100 in Dollars. Other parents with more time and less Dollars provided work to the school in exchange for *Links* and used these to pay their increased levy.

In fact, some parents paid not only the increased portion of the levy in *Links*, but some of the core portion as well – freeing up some of their limited Dollar resources – without costing the school anything.

The initial scheme was so successful<sup>[3]</sup> that the school subsequently increased the levy by a further \$100 per student, and created a further \$50,000 in *Links*.

It then went to the local business community (primarily the nearly adjacent retail shopping strip) with the following proposition: the school would not approach participating businesses with sponsorship or other fundraising requests. Participating businesses would agree to accept *Links* in partial payment for their goods and services (with the percentage of *Links* accepted to be determined by the participating business).

Participating businesses could either donate any *Links* they received to the school (this would effectively be a donation, since the school had not been required to provide any services in exchange for *Links* received in this way) or they could spend them with other participating

businesses.

Virtually all the traders agreed to participate. This meant that parents with sufficient time could work at the school, receive payment in *Links*, meet their parent levy obligations and spend their excess earned *Links* in the local community.

In effect, \$100,000 worth of useful work was monetised and exchanged throughout a local community, with the most disadvantaged (and the school) gaining the most benefit.

In time, local sporting clubs joined the scheme by creating *Links* and using these to pay their junior coaches.

The project virtually ceased after three years when a new principal, who did not support the scheme, arrived at the Primary School. Within five years *Links* ceased to circulate.

Note:

The promoters of this currency sought formal advice from the Australian Tax Office regarding the legal and tax implications of such a currency, and were advised that there was no impediment to its operation (though there were some consequences for businesses which became involved, and the subsequent introduction in Australia of the G.S.T. has probably again altered the legal landscape).

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[1] The currency was designed by the winning entries in a school wide competition, and the notes were simply laminated paper. Only one note – a five *Links* note – was created in the first instance, though this expanded to ten *Links* as the project evolved.

[2] These tasks were all chosen so that their being done in exchange for *Links* would save the school making payments in Dollars, and included both classroom and non-classroom based tasks.

[3] As measured by both the increased participation by parents in the school and in the financial position of the school