

SECTION 1:

INTRODUCING LETSYSTEMS

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LETS is an acronym with many meanings. It can stand for

Local Employment Trading System - developing employable skills in areas with high unemployment, overcoming the loss of self-esteem and de-skilling; or

Local Energy Transfer System - liberating skills that are not accessible to the conventional monetary system, to benefit all members of a local community; or

Local Enterprise Training System - a low-cost method of conducting business feasibility studies for new local, labour intensive community enterprises; or even

Local Education Transformation System - establishing a learning exchange by tapping into the wide range of abilities available inside any community.

Local Empowerment Training System - training people in the creation of a "community" in place of the impersonal nature of monetary conventional transactions.

Differing systems operate slightly differently according to local conditions and resources, but all are based on the same principles.

What is a LETSystem?

A LETSystem is a locally initiated and controlled non-profit organisation, which provides a community information exchange service and records transactions of members exchanging goods and services within the system. It is simply an information system, like a large community notice-board attached to its own market-place.

- * It is available to anyone who lives in an area served by a LETSystem.
- * Individuals & businesses can use it to advertise goods or to locate what they want.
- * Information is updated regularly and circulated to members.
- * You can change your advertising by telephone, mail or in person.
- * There are no limitations or obligations on use.
- * Notices may be added, updated or deleted at any time.

Some LETSystems operate like a community bank, in which members open an account, but give unlimited interest free credit to trade with other members. Other Systems set a limit to credit, which may or may not be negotiable, according to the nature of that system. Usually members accounts start at zero, and may be negative or positive depending on whether goods and services are bought or sold. Other systems may start with an initial transfer either into the account (to encourage people to begin trading) or out of the account (to pay the trustees or organisers, for their effort in setting up your account). Unlike conventional money, no interest is charged or paid on outstanding balances.

LETS is also like a community controlled supplementary currency, creating an alternative system of value in an area. The value given to this currency is not set by banks or governments, but is set

through the transactions of the people involved, empowering them to take back control of what they value in their lives.

Why is LETS needed?

A LETS system is, therefore, a simple way of addressing a range of community problems. There are a number of ways that LETS can help you personally --

- *Have you ever needed short term help, been stuck in acquiring something you need, or in getting assistance for some problem because you lacked the money to pay for the assistance, services or materials you require?*
- *Have you ever felt lonely because you were living in an area where you did not know your neighbours or had only recently shifted into a new area, and so were feeling an outsider, and didn't know how to "break into" the local community?*
- *Have you ever dreamed of starting your own business, but been intimidated because you don't know if there would be a demand for the goods or services you could provide, and are worried by the high rate of small business failure in the local community?*
- *Have you ever tried to change jobs into a field you would prefer, or write a submission for a local project, but been deterred by the discovery that the process was very difficult and cumbersome?*
- *Have you ever wanted to spend an evening out with your partner, but been deterred by the complexity or the cost of arranging childcare or baby sitting, and entertainment is too expensive anyway?*
- *Do you have important things that you should get done (like visit the dentist, get new glasses or get a medical check-up), but which you continue to delay because you are intimidated by the costs and effort involved?*
- *Have you ever felt you would like to assist those people who face difficulty in our uncaring community, but have not known where to start, or been afraid to overcommit your time and resources, knowing people who have "burned-out" in the process?*
- *Do you know people who are unemployed and seeking work, while others are needing help and assistance, living as neighbours in the same suburb or small country town, but who are unable to get together because the community lacks the income to link the two in productive employment?*
- *Do you live in a community where people have stopped caring for others, and are too busy trying to hold down one or two jobs, just to make ends meet, to put the time and effort into getting to know the cares and concerns of neighbours?*
- *Have you noticed that small local businesses are collapsing, and people are having to travel further afield to buy goods and services, many of which are not even produced in your state, but are imported, at great cost, from interstate or overseas?*

L.E.T.S is a system that addresses all of these problems, and more, simultaneously, in a simple and easy fashion. But how does LETS work?

How does LETS Work?

LETS works like a baby-sitting club, where members earn credits by baby-sitting other people's children, spending whenever they need child-minding. Unlike a baby-sitting club, however, LETS extends the range of services to whatever is available locally. Successful LETSsystems have provided members with food, housing, transport, health and legal services, repairs, entertainment, transport, and much more, at little or no cost in Australian dollars, through the operation of a community-based credit economy.

LETS is democratically controlled by its membership, who, upon paying a small registration fee (to cover the costs of postage and paper), are issued with a personal registration number. In some systems members elect a Board of Advisers at an Annual General Meeting, who assume responsibility for managing the system. Two or more Trustees, answerable to the Board, may then be appointed to maintain LETS accounts and update the regularly issued trading sheets. On joining, each member lists the goods or services they can provide or that they require from the community.

The trading sheet is assembled from all those items on offer or needed by members. It lists contact names, registration numbers and a phone contact. Those wishing to trade use it to contact each other and negotiate the value of their transaction in "credit points". Their transaction is recorded, either through a LETS "cheque-book" system, issued by the Trustees, which gives the details of the transaction; or by one partner in the transaction contacting a Trustee, who adjusts both individual accounts as required.

Other Benefits from LETS

LETS helps prevent family crises, providing a support network accessing goods and services without emptying the family purse. It thus benefits those people with financial problems.

LETS helps develop and free markets, providing local goods and services otherwise not available. Businesses can benefit from the increased local trade, and, in joining a LETSsystem, help to hold wealth in the local community. LETS helps them estimate the local demand for their services.

LETS helps plug the leaky bucket of the local economy, reducing capital outflows. It puts an impermeable *skin* around a community. Credits have value only in the area where they were generated, and stay circulating, creating more employment and more genuine wealth for everyone.

LETS helps local organisations by extending services to customers normally not getting access. Volunteer burn-out is reduced as LETS can recompense donated time and effort, allowing volunteers to meet their own needs while meeting the needs of others.

Context to the development of this manual

In 1989 the Western Australian Department of Employment and Training brought Jill Jordan to Western Australia. Jill had previously visited Canada, where LETSsystems had started, and was instrumental in starting the first Australian system in October 1987. Since 1989 LETSsystems have

proliferated in Western Australia. In every case it has occurred as the result of a local community initiative, independent of government support. A small group of people, enthusiastic at the possibilities offered by LETSystems, have organised a community meeting or presentation, and invited members of other systems to come and talk about what they have learned.

Members of LETSystems have also given presentations to high schools, tertiary institutions, groups of unemployed, government departments, and service clubs. A kit of materials produced for such presentations and trialled with the Northern Suburbs, Swan Hills, Mandurah, Cunderdin, Nannup, Busselton, and Manjimup LETSystems is included in this pack.

From this activity a number of autonomous and independent community organisations have been born. Initially an infrequent W.A.LETS Newsletter, produced by Warwick Rowell of the Western Australian Permaculture Institute (who attended Jill Jordan's original presentation), initially linked those who attended Jill's workshops together. Some LETSystems were also linked to their Eastern States counterparts via the "oz.lets" computer based conference, operated as a part of EarthNet by Pegasus Communications Inc, of Byron Bay, New South Wales.

The Community Work Support Service of the Department of Community Service, became for a time a clearinghouse for information about LETSystems. Seminars were run with a range of Departmental staff and community organisations explaining the benefits of LETS to the community as a whole. Community workers within the Department, community houses, neighbourhood centres and Family Support Programs have all expressed interest and support for LETS

By early 1990 it was clear that LETS were no longer marginal community organisations. In Western Australia, as in the Eastern States, they were attracting growing community support. As a result of this support they were also attracting growing government interest. Not all of this "interest" has been supportive. Two particular sources of this "interest" have been of growing concern to LETSystems.

1. In DeLoraine, Tasmania, members of LETSystems were asked to declare their LETS earnings for Social Security purposes, with the threat that their earnings would be deducted from pension entitlements.
2. The Australian Tax Office, after four years silence, belatedly realised that LETSystems, Barter Trading and other such arrangements were becoming substantial, and in September 1991 issued a Draft Tax Ruling which would have implications for LETSystems.

In response to this interest, the LETSystems of the South West of the state have recently organised a number of regular meetings and have come together to share common concerns. LETSystems increasingly see themselves as a part of a growing community movement in which individuals and communities, in a self-reliant fashion, find ways to meet their own needs.

In 1991, 4 students from Curtin University's School of Social Work undertook, as a part of their studies in Community Work, a research project in LETS initially with the support of the Community Work Support Service of the Department for Community Services, and then with the help of the Community Economic Development Branch of the Department of Commerce & Trade. They sought to research problems and successes of LETSystems, and look at how Western Australian LETSystems could best be assisted. This research project showed LETSystems often had common problems with

- taxation, insurance questions and pensions,
- how to explain what a LETSystem is to the community,
- how to maintain interest & trading amongst members of the system,
- trying to organise trading between LETSystems,
- they wanted assistance with organising publicity and
- they some kind of legal structure or constitution within which to work.

Some LETSystems, despite initial enthusiasm, had run into significant difficulties. They had been unable to attract members, and the number of transactions seemed to have peaked earlier and subsequently declined. Other Western Australian LETSystems reported an number of successes. Successful LETSystems seemed to share -

- weekly or monthly LETSystem trading sessions at regular venues,
- regular contact and social get-togethers for new and existing members,
- alternative arrangements suitable to the local environment,
- working from a specific office with computers, answering machines and photocopiers.

When asked specifically what could be of greatest help, a number of LETSystem Trustees said a comprehensive, user-friendly manual, that could be used as a training resource, was considered to be the best way in which LETSystems could be assisted by the researchers. This manual is the result.

What is the purpose of this manual?

When circulating draft copies of this manual, LETSystems were concerned that the state government was attempting to prescribe how LETSystems "should" be established and how they should work. This is not the purpose of this manual. Instead it is intended to be a resource, one source amongst many, and aims to give the LETSystems of Western Australia access to as much accurate information about LETSystems as possible - information which, given their limited resources, may otherwise not be available.

This manual, therefore, has a number of purposes

1. *To answer as many of the questions that you, or anyone else, could possibly ask about a LETSystem, so that you can understand many of the details and consequences in running such a system.*
2. *To give you access to a range of other resources which may help you answer other questions you or others may have.*
3. *To enable you to set up your own local LETSystem, giving you hints on how to organise a public meeting, and a basic "script" that you could follow at that meeting if you desired (it has been trialled with over half of Western Australia's current systems).*
4. *To provide a simulation exercise called LETSPlay, which gives you an idea about how a LETSystem works and its effects upon the community.*

5. *To have the basis of a LETSystem "new members' manual" that can be added to, changed or adapted for your specific use.*
6. *To provide a range of alternative possible registration processes, and forms that can be used to start your own system, and record initial transactions, as well as to provide advise about computer recording systems for transactions.*
7. *To provide information about a draft constitution, adapted to Western Australian corporate law, that would assist any LETSystem wishing to incorporate.*
8. *To suggest possible directions to the future development of LETSystems in Western Australia.*

This training pack is NOT part of any plan to try to take control, or determine the development of the flourishing LETSystems of Western Australia. It is intended to provide information and possible support, not undermine community or grass-roots involvement. The state government recognises the potential of LETSystems in building a sense of true community, and of assisting such communities to meet their own needs in a self-reliant fashion. For this reason it is not copyright, and is available in both hardcopy and Word-Perfect 5.1 formats.

How to use this manual?

Each section of this manual is separate, capable of being used independently of the manual as a whole. The manual presents a range of alternative approaches to different issues, based upon Western Australian experience. These suggestions are in no way intended to be prescriptive, as the best ideas are those discussed and decided amongst the members of a new LETSystem themselves. The manual attempts to provide as many answers to common problems and issues as possible, so as to provide LETSystems with answers to those questions often asked at public meetings or LETS presentations. The manual also contains, at the end, an Appendix