

# South West Financial Solutions

National Local Government  
Community Development  
Conference

‘Riding the Rapids of Change’

Sheraton Perth Hotel, 20-23

March 2001

- Kieran Merritt
- Heather Walford
- Phil Connors

# South West Financial Solutions

These presentation will cover the following

- South West Financial Solutions Project
  - Mutuality
    - Community Capital Formation
  - Social Entrepreneurs movement in Australia

Another way for Community Development?

# South West Financial Solutions Partnership

A four way partnership between

- Edith Cowan University
- Curtin University
- South West Development Commission, and
- Centrelink

funded by Department of Transport and  
Regional Services

# South West Financial Solutions Objective



To build  
community  
and economic  
potential in the  
small towns of  
the South West  
of Western  
Australia

# South West Financial Solutions Steps

- Create a data base of micro finance examples
- Publicise and explain the concepts of micro finance
- Facilitate community exploration of the concepts of micro finance
- Build community capacity to utilise the ideas and process

# South West Financial Solutions Events

The visible faces of the project.

- Seminars in the South West (one day)
- Web pages
- A Conference
- Mentoring - support for “animators”
- Presentations
- Network, building and enhancement

# South West Financial Solutions

## Starting points

- Coming from a different but not new perspective called Mutuality
  - recognise that we are not starting from ground zero.
- It is building on and adding to the work already done by many many people in the South West.

# South West Financial Solutions

## Starting points

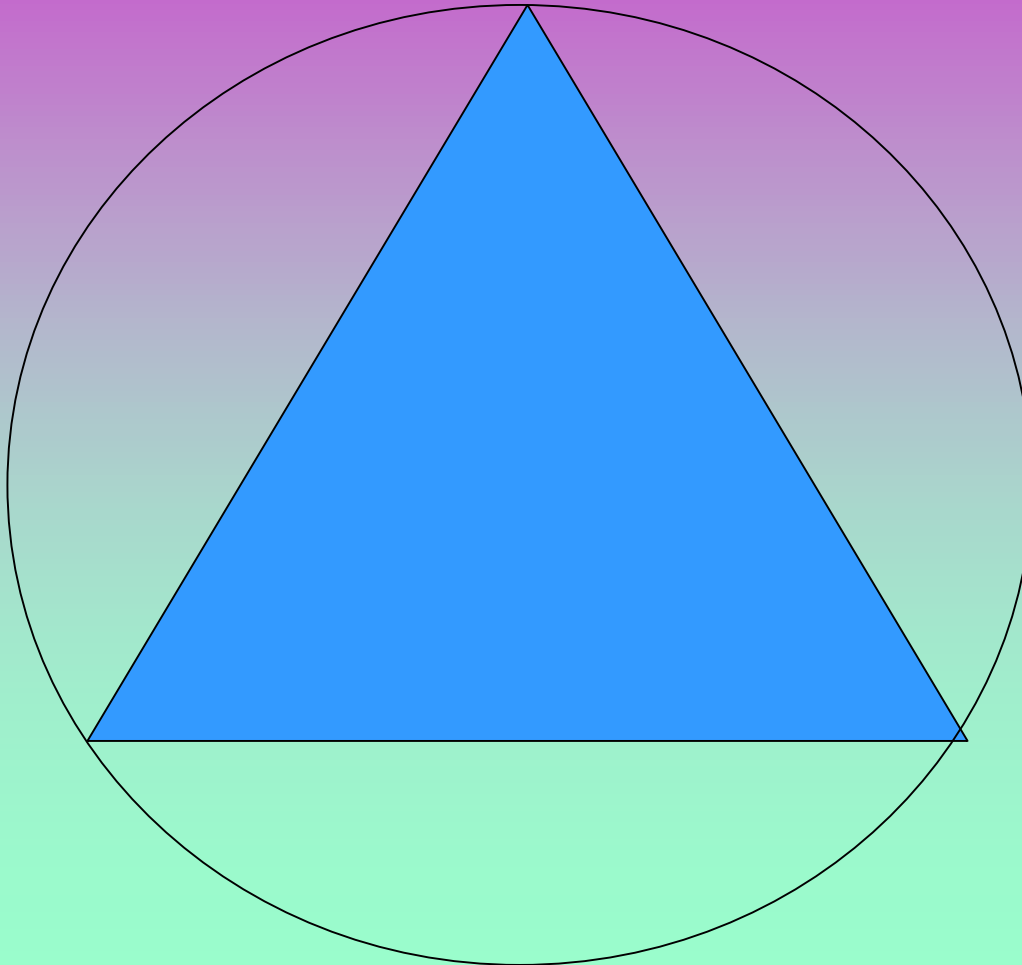
SW Solutions recognises that the ideas of mutuality and micro finance are not new. However these ideas have to be re-invented and re-made in our times and our circumstances.

What is Mutuality?

Its all about  
relationship

# Mutuality consists of three separate behaviours in relationship

Reciprocity



Self Help

Beneficence

# Self Help

1859 Samual Smiles said

“people must be the active agents of their own well being and well doing”

We could call this  
empowerment

# Self Help



We help ourselves  
We use our own  
resources and  
work together to  
secure our future  
We seek to control  
our own destiny  
We see ourselves  
as active citizens

# Reciprocity

- People should help those who have helped them
- People should not injure those who have helped them (Alvin Gouldner Sociologist 1973)
- Mutuality formalises reciprocal exchange using the technology of a common fund/pool

# Reciprocity- common pool

The common fund or pool maybe of any resource.

- money
- labour or skills,
- emotional support,
- friendship
- knowledge, education,
- common marketing,
- even a deficit (risk)



# Beneficence

- Mutuality supports those who are unable to participate in reciprocal exchange
- It is vital that any true “mutuality” embraces the behaviour of caring for those people in need struggling with adversity.

Where does Mutuality fit??

# Sectors in our economy

- Government
  - Private
- Not for Profit
  - Mutual

# History

- Before the welfare state Mutuality was the only mechanism for people to cope with adversity, or make provision for themselves
- Funeral Funds, Sickness Benefit Funds – became the foundations of the welfare state
- Now the Welfare state is in decline – creating opportunity to return to mutuality

# What is the Mutual Sector

- Family and Friends (informal) i.e. Babysitting, clubs share clubs
- Credit Unions - Building Societies
- Insurance - AMP, Colonial Mutual, National Mutual, NRMA, RAC
- Co-operatives
- Friendly Societies i.e. Chemists, Masons, IOOF, ANA
- LETS

# What Mutuality is Not

- A get rich quick scheme
- A replacement for the welfare state
- Useful for everybody
- A method of influencing the path of cycles in our economy
  - (It will not restore the \$A to parity with the \$US)

# Technology of Mutuality

- Forming a pool of resources
  - good will,
  - friendship,
  - labour (LETS),
  - money
  - risk
- Small regular contributions (affordable for ordinary people)
- Time to accumulate
  - make provision before the event

# Technology of Mutuality Values

Without values it is just another transaction e.g Pooled mortgage funds and WA Finance Brokers

Without Values it is just another organisation.

Values are based on social justice and reversing inequality

*“The value of mutuality in philanthropy cannot be overestimated. It alone may not be sufficient agent in the elimination of distress and want, but it is a constructive agent because it recognises the principle of justice, and utilises the consciousness of social solidarity.”* Yu Yue Tsu 1968

# Review

- Self help
- Membership based
- Contribute to gain benefits - reciprocity
- Works best on a human scale
  - people accountable to one another
  - people as people and not just members/numbers
  - relationship based

# Community Capital Formation

- Using Mutuality to build community or social capital
- By empowering local communities to create pools of capital which can be used to address common needs



# Community Capital Formation

## Key Concepts

- Microfinance
- Foundations
- Ethical Investment



# Community Capital Building Micro Finance

**Micro Finance is concerned with small amounts of money and involves small scale savings, loans and enterprise development.**

**Micro Savings - several models**

# Community Capital Building

## Micro Finance

### **Micro Savings**

**Small scale saving for times of need or emergency and involves the depositing or putting away of money usually for a specific purpose.**

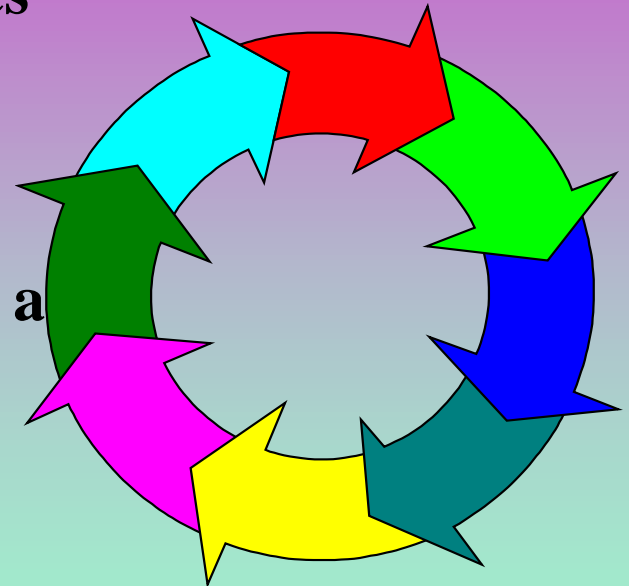
**Early Friendly Societies used this model with a group of labourers or a pub whip around to contribute to a common fund against sickness or for the cost of funerals.**

# Community Capital Building Micro Finance

## Micro Savings

- A group of people with disabilities saving towards Christmas
- Work and church groups saving for a particular purpose
- a group of people saving what they would have spent on motor vehicle insurance into a common pool that they use for motor vehicle repairs.

## Examples



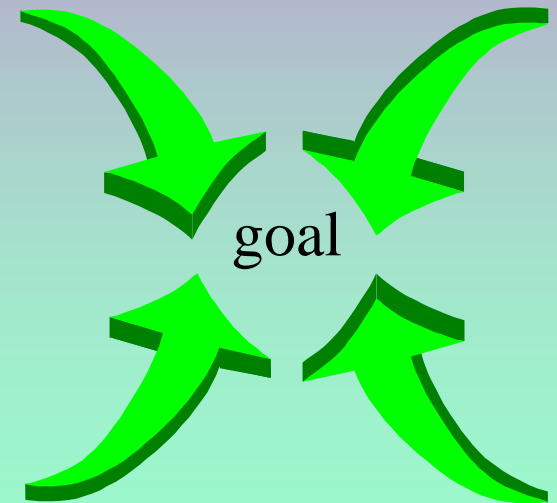
# Community Capital Building Micro Finance

## Micro Credit for Consumption

**This form of micro finance is primarily concerned with the provision of credit for consumption or to meet some immediate needs.**

**•Savings and loans groups .. Economic development model**

**No Interest Loan Scheme**



# Community Capital Building

## Micro Finance

**This is a contributory model as members contribute to the same savings pool from which they can borrow.**

**Savings and Loans Circles**

**Resources/funds generated by group internally**

**Relationship is critical to the origin and the survival of the group**

**Size threatens relationship cohesion**

**Energy needs to be spent maintaining relationships**

**Security is primarily through relationships**

# Community Capital Building Micro Finance

## Micro Enterprise

**This involves the provision of credit that can be used for income creation. Seen mostly in developing countries**

**Grameen Bank**

**Opportunity international**

**Investment angels**



# Opportunity International Australia

<http://www.opportunity.org.au/>

**Opportunity International is a not-for-profit aid organisation which fills the credit gap by making loans to help poor people start and expand their own small enterprises. Co-founded by an Australian Businessman (David Bussau) who pioneered microenterprise methods in Indonesia in the 70's, today the Opportunity Network has created more than one million jobs worldwide.**



*Our experience has found that the best way to help a child is to provide a job for their parents.*



## ABOUT *Business Angels*

***A global introduction service for private firms and private investors***

The term 'business angels' was used in the theatre when financial backers invested in a theatrical production and contributed their skills and contacts to enhance the success of the show. It was used centuries ago by traders searching the world for merchants.

Business Angels began investing in a wide range of commercial ventures. They are often retired and invest their business skills as well as their capital into new and developing enterprises.

# Foundations

Foundations are a way of reducing economic leakage from communities. Investment stays in the town and is used for social purposes.



**NEBRASKA COMMUNITY**  
FOUNDATION

**A STATEWIDE FOUNDATION**  
*Committed to all Nebraskans*

Click on the map below to see our statewide presence.



The Nebraska Community Foundation, Inc. is a non-profit, 501(c)(3) charitable corporation that provides Nebraskans and former Nebraskans with an easy way to give back to the state and communities they love.

# Community Banking

The Community Bank™ branch is a franchise, with the community owning the rights to operate a Bendigo Bank branch.

Community Bank™ branches provide communities with an opportunity to enhance control over their community's capital, ensuring more money stays in the district for local investment

- .



# Social Entrepreneurs

A new term

# Social Entrepreneurs

“Social Entrepreneurs are working at the grass roots, in the space between the public and private sectors, developing innovative answers to many of Britain's most pressing social problems”. **Charles Leadbeater**

# What is a Social Entrepreneur

**Social entrepreneurs possess both an innovative idea for social change and the entrepreneurial drive to achieve its realization.**

**These exceptional individuals possess vision, creativity, and determination traditionally associated with leading business entrepreneurs.**

**Social entrepreneurs are committed to systemic social change rather than motivated by profit.**

# Civil Entrepreneurs

The public sector has many people and organisations with the skills and attitude to become civic entrepreneurs, developing a vision of improved public services and harnessing new ideas and new partners to develop innovative solutions to local problems. Leadbeater and Goss

# Civil Entrepreneurs

**The Reverend Andrew Mawson started out with a derelict church in East London 16 years ago and turned it into a remarkable community centre. Then he linked up with three other social entrepreneurs and started the Community Action Network. Now the world is beating a path to his door as governments around the world look for alternatives to traditional welfare**

# Civil Entrepreneurs

- Form partnerships
- encourage and mentor your local social entrepreneurs
  - make networks and links
  - share resources and information
- encourage new ways of solving old problems

# Community Development – a different way

Mutuality and micro finance require the  
creation of social networks, groups and  
social structures

In short, community development  
processes

# Community Development a different way

Residents, community members,  
townspeople

acting as

“social animators”

# Community Development a different way

- Social animators are leaders
- who are already involved, or
- have been trained through the community builders programme, or
- are wanting to become involved

# Community Development a different way

People before structures - in two senses

- firstly, identify and develop animators/entrepreneurs
- secondly, people are more important than structures.

Structures should fit the people not people fit the  
structures

# Community Development – a different way

**The cynics never built anything. They stand on the sidelines. They imagine that all that motivates men and women and children is the desire to do good for themselves, to acquire more, be it power or wealth or material possessions.....**

**Let us who believe in the power of community reclaim the idea of doing good and wear it as a badge of pride.”  
Prime Minister Tony Blair MP UK January 1999**

“If you lose your pluck, you lose the most there is in you - all you’ve got to live with”

(quote from an 80 year old grandmother in 1936 when she was forced to leave her home in the Great Depression)

Local Government Community Service  
Workers ..

**Go Boldly**

## Sources

Andrew Mawsons paper

[http://www.brisinst.org.au/papers/Mawson\\_CAN/print-index.html](http://www.brisinst.org.au/papers/Mawson_CAN/print-index.html)

Bendigo Community Bank

<http://www.communitybank.com.au/>

Nebraska Foundation

<http://www.nebcommfound.org/>

Ashoka – Social Entrepreneurs

[http://www.ashoka.org/fellows/social\\_entrepreneur.cfm](http://www.ashoka.org/fellows/social_entrepreneur.cfm)

Community Action Network UK

<http://www.can-online.org.uk>

Social Entrepreneurs Network (Australia)

<http://www.sen.org.au>

Opportunity International

<http://www.opportunity.org.au>

Business Angels

<http://www.businessangels.com.au/about.html>

## Contact

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