

# COMMUNITY FINANCE BRIEFING

## Dialogue on ways to provide the basics without succumbing to debt

These extracts are based on the handbook "Community Finance Canvas" - due to be published Autumn 2012  
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### A financial permaculture approach: community not company

By Stephen Hinton

#### What does Bill Mollison, one of the founders of permaculture, say about finance?

*That is what I'm trying to tell you, it's no good any longer just being an organic gardener or farmer, we have to be effective financial and political units. And we're going to have to face that. Just as it was very hard for us to learn to garden, then hard for us to learn to collect seeds, once the multinationals took over the open-pollinated seed market; we had to become seed growers. Now it's very difficult, we have to become bankers. There's no good trying to pretend we don't have to. We can run away to the bush, build a mud hut and grow ducks in the garden, it's not going to do it. The coals will still be burnt, the land will still be eroded, and the forests will still be cleared for newsprint if we run away to the bush. So, there's no escape, we've just got to stop running away, stay where we are and start to face up and fight. Good, as long as you're fully persuaded of that we can get on with the course...." — Bill Mollison, starting a 1983 Permaculture training course*

#### ABOUT COMMUNITY FINANCE

We are living at the peak of human achievement, but also at the peak of our resources. Sustainable development means handing over to future generations the possibility to create for themselves a standard of living at least equivalent to that we enjoy. This requires fundamentally re-thinking how we use resources, indeed all of the social arrangements we take for granted, including our relationship to money. And we need to start now. The basic values in the handbook come from Permaculture: People care, Earth care, Fair share. However, you do not need to know Permaculture to use the book. We explore ways to, within the current financial system, create communities that align to these values.

#### Understanding the difference between a company and a community

A community is a group of people who work together around a common intention and shared assets to create services for themselves, often in a resilient way. In contrast, a company is a group of people who put money into the organisation in order to get money out.

A company needs a business model to clarify how this money will be created. A community needs a financial and operational model to clarify how the assets will be obtained and the services provided and paid for. Both companies and communities share some qualities, but there are some key differences as we will see as we work through the canvas method.

Company financial modelling takes as its starting point the idea that people have two roles: producer and consumer. As producers they make money by selling to consumers. In the role of consumers they use their earned money to buy, among other things, the essentials of life. Consumers have the

option to choose products and services that have more or less impact on people and planet, and as producers they have the challenge of finding a feasible level of impact against the price they can sell their goods and services.

Community finance with a permaculture approach takes as its starting point the idea that people can come together and invest their time and money into creating settlements that, encompassing a fair share approach, provide the essentials of life in way that cares for people and planet.

Another starting point for financial permaculture is that everyone owns a fair share and therefore they organise themselves into a community. It is the community that will work on the property to provide services for itself. Because of this no-one is a consumer and no-one is a producer.

Permaculture ethics comprise

**Earth Care, People Care, Fair Share.**

No financial approach to permaculture would be complete without taking into account the concept of a community that provides the basics of a roof over your head and food on the table. According to a recent study by Statistics Sweden, including meals bought from a restaurant and electricity and heating costs, food and housing make up about 50% of the average Swede's monthly budget. This is probably true for most developed countries.

Given that many who come to permaculture seek to find a path to resilient communities, investing to ensure food and housing security must be central.

Another part of the canvas approach, then, is designing the operation of the community so it

takes care of the Earth. For example, if we are dealing with food then our model needs to encompass the chain of nutrient flow, and environmental impacts from field to table to field. This does not mean all of the community activities need to include all these steps, but that to fulfill the aim of *Earth Care* the community needs to have control over the flow of nutrients.

The financial plan builds on a zone plan for a piece of property, taking into account that people need to spend money to create infrastructure and they need to operate in way that will provide them the living conditions they seek and ideally including generating an income.

The chart below shows “what America buys”. As you can see, at least half goes on food and housing, creating good argument for developing communities to achieve this basic security.

