

# FROM BANKS TO BUSHFIRES: AGGREGATING LOCAL CAPITAL FOR SOCIAL AND ECONOMIC SUSTAINABILITY

*John Martin, La Trobe University, PO Box 199 Bendigo, Victoria 3552, Australia, +61 3 54447804, john.martin@latrobe.edu.au*

## ABSTRACT

The Bendigo Bank 'Community Bank' business model is now seen as a successful way to ensure the financial viability and sustainability of small rural communities across Australia. The community banks are successful because they provide a valued local service in the absence of other financial service providers. Developing a community bank brings into play local social and business processes which are assumed in most rural communities. The fervor and passion with which local champions establish their community bank reflects the way they come together to respond to more immediate natural disasters such as fire and flooding. In recent summers throughout the State of Victoria the community response to bushfires reveals this same commitment, more immediate than the time it takes to establish a community bank, but with the same long term impact - sustainable communities.

## Introduction

Community banks have now been established in over 200 Australian communities since 1998, typically small country towns, places which are poorly served by large multi-national banks. Raising financial capital in these communities to establish their community bank in a franchise partnership with the Bendigo Bank calls on strong local social links to ensure funds are raised for the local company established to be a franchise partner with the Bendigo Bank [1]. Establishing a volunteer-based rural fire service also requires similar social capital [2] of the bridging and bonding type [3]. Establishing both a bank and a fire service requires individuals to come together to negotiate these goals and to work at obtaining the resources for each venture to succeed. Thus people from across the community bridge to build on their collective capacity then bond to make sure they succeed in their respective endeavours. Both types of services are now seen as essential in small rural community sustainability across Australia.

While the community banks look for long term impacts relating to economic viability the fire service teams have an immediate natural disaster to deal with when called upon to respond. Both institutions are established for the long term but their outcomes are manifested in quite different ways. The bank is long term community development. The fire service is short term community survival. Yet both require a long term commitment to community sustainability.

## Summary

This paper will explore how governments, business and communities can learn from the way community banks and rural fire services respond to these different types of external threats; one a function of globalization and the way large corporate businesses (banking and telecommunications for example) apply scale economy thinking excluding small communities, and the other the way communities respond to real and present danger from natural disasters? We contrast endogenous community responses [4] to these exogenous threats exploring how they bridge and bond local social, intellectual and human capital to survive and ensure sustainable futures.

Please contact the author directly for a list of references.