



MEDIA RELEASE

Contact Michelle Sainsbery, National Microfinance Manager on 0419 531 486 or Robyn Roberts, Deputy CEO on 0409 002 880

RELEASE DATE: 15/10/09

INVESTING IN THE FUTURE

The Prime Minister Mr Kevin Rudd announced tonight the government's new \$18.5 million commitment to microfinance for Australians on low incomes. The announcement was made as part of Anti-Poverty Week, which aims to raise awareness of the cause and consequences of poverty and hardship.

In a partnership between Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), Good Shepherd Youth & Family Service and NAB, three existing national microfinance programs will expand from 2010. These are the No Interest Loan Scheme (NILS[®]), StepUP and AddsUP. This recognises the growing number of people on low incomes with competing financial commitments.

Chris Walsh, CEO of Good Shepherd Youth & Family Service said, "FaHCSIA's investment will double the number of clients who are able to access these loans and savings programs and provide sustainability for NILS, a microfinance model based on the concept of circular community credit." The funding is expected to result in an additional 14,000 no interest loans ongoing, 1,400 low interest loans and \$600,000 in matched savings over a two year period.

"Without the support of the Federal Government, state governments, NAB and more than 300 community partners across Australia, Good Shepherd Youth & Family Service would not be able to deliver these programs.

"As well as providing loans and matching savings, Good Shepherd Youth & Family Service offers financial counselling and other services aimed at financial inclusion for people on low incomes," Walsh said. " We are really looking forward to being able to work with our community partners on this great initiative which will strengthen the provision of fair credit and services around Australia."

NILS[®] was established by Good Shepherd Youth & Family Service in 1981 and is today the largest microcredit program in Australia, with more than 280 NILS[®] programs across the country. It is likely that the national NILS network will expand to 350 locations over the next two years. Community partners from around Australia will be involved in the commitment. For example - Winmalee Neighbourhood Centre, Tasmania NILS Network, Uniting Care Wesley, WA NILS, Somerville Services, Anglicare, Centacare, The Salvation Army (Southern Territory), Josephite Foundation, Shelter Housing Action Cairns, Care ACT.

Rick Tipping, Chair of the National NILS Network said "The Government's initiative is a wonderful recognition of the community support behind NILS and other microfinance initiatives."

cont'd

In the last ten years, Good Shepherd Youth & Family Service and NAB have developed and introduced the NAB low interest loan known as StepUP. “These loans help customers develop a credit history as well as improve their financial literacy and confidence,” Walsh said. The StepUP loan program has won three consecutive awards in Money magazine for the “Best Socially Responsible Product” (2007, 2008 and 2009).

StepUP loans are generally for amounts of between \$800 and \$3,000 with an interest rate of 3.99% fixed for the loan term. Loans are usually for cars, car repairs, solar panels, water tanks, furniture.

Recently launched, the AddsUP savings product is available to those who have successfully paid at least one NILS or StepUP loan. A savings goal is set with a microfinance worker and a NAB savings account opened. Once the customer reaches \$300 in savings, NAB will match the deposits to a total value of \$500.

- ends-

Further information:

Good Shepherd Youth & Family Service microfinance information is available at www.goodshepvic.org.au/microfinance

“Under Pressure: Costs of living, financial hardship and emergency relief in Victoria” and “Money, Dignity and Inclusion” Reports are available for download from the website at www.goodshepvic.org.au

The Small Loans Big Changes, Research document is available by phoning 03 9418 3000.