



7 August 2014

Mr Patrick McClure AO
Chairperson, Welfare Review
C/-Welfare System Taskforce
Department of Social Services
PO Box 7576
Canberra Business Centre ACT 2610

Dear Mr McClure

National Australia Bank's (NAB) Indigenous Money Mentor (IMM) Program

The National Australia Bank welcomes the opportunity to provide comment on the Welfare Review Interim Report.

NAB's Indigenous financial inclusion work is a key part of our Reconciliation Action Plan and aims to leverage our strengths as a bank to build the financial capability of Indigenous clients.

As one of Australia's largest organisations, we believe we have a responsibility to help address Indigenous disadvantage. Our aim is to build relationships with Indigenous Australians that are based on trust, transparency and shared value.

Our Indigenous strategy focuses on four areas:

- Promoting financial inclusion by providing greater access to financial products and services;
- Providing access to opportunities that lead to real jobs and meaningful careers in banking;
- Improving our organisation's understanding of, and respect for, Indigenous culture; and
- Building partnerships that enable Indigenous businesses to grow and prosper.

NAB's IMM program is an example of a successful innovative solution which has developed through the longstanding partnership between NAB and Good Shepherd Microfinance (GSM) and meets the criterion posed in the report question "How can the expertise and resources of corporates and philanthropic investors drive innovative solutions for disadvantaged communities?"

The IMM program provides Indigenous Australians with face-to-face support to help them manage their money. We believe our approach is unique for two reasons:

1. Financial capability is best achieved when mentoring is coupled with access to safe, affordable microfinance products and services. This allows Indigenous Australians to learn by doing and take control of their finances.
2. We know that money issues can impact all parts of an individual's life. That is why our IMM's are proactive in connecting Indigenous Australians with service providers that are able to improve overall wellbeing e.g. health, housing, family services, employment and education services etc.

Since the program began in 2009, NAB's IMM's have assisted more than 6,200 new clients. Last year alone, more than 5,000 Indigenous clients accessed a NAB Microfinance product (1,000 more than the previous year).

Currently IMM's are helping clients in Alice Springs (at Anglicare NT), Western Sydney (at Murru Mittigar) and in Kununurra in the East Kimberley (at Wunan).

The IMM program also answers another question posed in the interim report "How can community capacity building initiatives be evaluated to ensure desired outcomes?" as NAB enlisted Net Balance in December 2012 to complete a Social Return on Investment (SROI) evaluation of the IMM program.

The SROI evaluation of the IMM program was conducted to help us understand the effectiveness of our investment and demonstrate the value created.

The outcomes of the IMM SROI evaluation were:

- For every dollar that is invested in the IMM program, \$4.20 in social value is created (or between \$3.40 and \$5.00 as a range).
- Improved standard of living and improved family relationships are the most significant social outcomes IMM clients receive (36% each).
- Over 50% of the social value is split between two stakeholder groups, i.e. family and disability supported pensioners, and long-term unemployed with no children.
- The overall results indicate appropriate program design and a highly favourable social return ratio, indicating the IMM's ability to address the gaps in financial services provision for Indigenous communities.

The key success factors of the IMM program include:

- The IMM program is a targeted indigenous community-specific program run by mentors with significant knowledge and experience with Indigenous customs, behaviours and needs.
- The experience and reputation of the IMM's is a key factor in clients trusting the service.
- IMM's in different locations run their service utilising an operational model that is most suited to the community that they work in.

- The accreditation of IMMs as financial counsellors is the most important contributor to the success of the IMM program.
- As financial counsellors, IMMs are essentially a “one-stop shop” for clients as they provide advice, devise solutions and directly help implement actions.
- Clients are often drawn to the IMMs due to the microcredit offerings (NILS, StepUP etc.)
- All the IMMs in the program often go out of their way to assist clients with various issues such as accompanying clients to obtain loans and products, contacting other service providers on their behalf, conducting community outreach services and running workshops off-site.
- All of the above play a critical role in building relationships based on trust between the IMMs and their clients, an aspect of prime importance to Indigenous communities.

The IMM program is an innovative solution bringing together business and not-for-profit organisations using their expertise to benefit Indigenous Australians. NAB wants a fruitful future for the program as its benefits are far reaching. For this to occur we recognise the program needs scale.

We would like to work with the Government to develop a tripartite partnership between the Government, NAB and GSM to produce a network of 30 IMMs servicing more than 20,000 clients and helping them access more than 50,000+ microfinance products.

We would like to meet with the Committee to discuss how NAB, GSM and the Government can work together to ensure the future of IMM and improved financial services provisions for Indigenous Australians

Yours sincerely

A handwritten signature in black ink, appearing to read 'Glen Brennan', with a stylized, cursive script.

Glen Brennan
Head of Indigenous Finance and Development

