

NATIONAL NILS FORUM 2008: NILS 2008 AND BEYOND

WYATT SUBSIDIES for NO INTEREST LOANS: OFFERING OPPORTUNITIES, ADDING VALUE

I am Robin Donaldson, a Grants Consultant at The Wyatt Benevolent Institution.

The conference organisers set a theme for this session – looking at how much more can be achieved through partnerships than standing alone as individual agencies. This presentation follows that theme, and I would suggest that what Wyatt has achieved in partnership with South Australian NILS® agencies, to use popular management speak, is a win, win, win outcome.

My presentation will follow this format.

1. CONTEXT
2. RATIONALE
3. PROCESS
4. OUTCOMES
5. THE FUTURE

To understand the why, the what and the how of Wyatt's Subsidies for No Interest Loans (SNILs), I need to provide a brief context of Wyatt.

1. CONTEXT

a Historic

Dr William Wyatt, a surgeon, settled in South Australia in 1937, a month after the State was founded. He was involved in many spheres of public service (education, medical, Indigenous, legal) and was co-founder of many organizations – Royal Adelaide Hospital, the Botanic Gardens, the Public Library, Holy Trinity Church, St Peter's College, Pulteney Grammar School, and the Adelaide Club. Dr Wyatt died in 1886. On his death and following his Trust directions, the Wyatt Benevolent Institution commenced its work in assisting individual South Australians in financial need via small grants.

Let's fast forward to today.

b Current

Our Vision: Offering Opportunities

Our Mission Statement: Wyatt reduces financial disadvantage and improves the quality of life for South Australians

Our Grant Making: Focuses on 3 strategic areas, either directly as grants, or in partnership with non-government organisations and government

Housing – built form & housing packages

Education – country university scholarships, Indigenous university and secondary school scholarships, TAFE scholarships, Education Grants, support for The Smith Family's Learning for Life Program

Welfare – financial assistance grants including respite grants, Subsidies for No Interest Loans

Having set the broader context, I will move onto the specifics of the SNILs.

2. RATIONALE

Wyatt is called upon to assist low-income individuals and families at certain points of crisis. In particular:

- -breakdown of fridge or washing machine

- a move from an institution to independent living
- a housing move as a result of domestic violence, separation, house fire or similar

Twenty two percent of Wyatt's financial assistance grants are for whitegoods.

Wyatt's annual budget for Financial Assistance Grants is \$420,000. This is part of the 2007- 2008 total budget of more than \$1.6 million. Wyatt is unable to grant \$1000 per applicant for a new fridge or washing machine. Wyatt has taken the view that a grant of a lower amount, which provides a second hand item, will provide temporary respite in the crisis and will enable Wyatt to continue to meet the demand upon its resources.

Wyatt acknowledges a significantly better outcome for the applicant is a No Interest Loan® whereby a new item can be purchased. Importantly, this action utilises the applicant's budgeting skills and links the applicant to a NILS® provider who is a community agency with a range of support services.

However, many of our grant applicants are ineligible for a No Interest Loan®. Their limited income and/or high demand on their income leave a 'stretched surplus'. These are indicators of high risk for managing a No Interest Loan®.

Wyatt considers these people should have an opportunity to experience the benefits of a No Interest Loan®.

In 2003, Wyatt approached UnitingCareWesley Pt Adelaide (UCWPA) to implement the idea of Subsidies for No Interest Loans to sit beside a No Interest Loan Scheme®. Wyatt was delighted that they agreed, and to this day the partnership has been successful. Wyatt contributed capital to UCWPA to use according to Good Shepherd and Wyatt guidelines. At that stage the Ian Potter Foundation had granted the capital for UCWPA 's NILS®.

Wyatt has since extended the availability of its SNILs to all South Australian NILS® - to one other agency as capital and to others on an individual applicant need basis.

3. PROCESS

The NILS® provider follows the prescribed Good Shepherd protocols. If the applicant is eligible, but has the potential to only manage a smaller than normal loan and/or re-payment, and is also Wyatt eligible, Wyatt provides a contribution of up to half the loan amount ie Wyatt maximum \$500 on a \$1000 loan. If there is very limited capacity to repay, and a loan would cause the applicant stress, Wyatt would suggest one of its Financial Assistance Grants for a second hand item.

4. OUTCOMES

The benefits of a SNIL are threefold (win, win, win):

- For the Client:** The client obtains a new item. The client has access to a No Interest Loan® of a lower amount and thus has a lower repayment rate.
- For the NILS® provider:** The Scheme receives the benefit of the Wyatt subsidy because the Scheme is outlaying less capital.
- For Wyatt:** Wyatt has, for a similar amount as its Financial Assistance Grant, been able to contribute towards a new item. Wyatt acknowledges second hand items are not a long-term solution.

In summary, Wyatt's funds have offered opportunities and added value. They have enhanced:

- the applicant's capacity to manage a budget and repay a loan – a positive, self enhancing experience

- the capacity and flexibility of the No Interest Loan Scheme® managed by our initial partner UCWPA, and subsequently, other NILS® providers
- the outcome for the applicant – a new, energy efficient item

5. THE FUTURE

a. Replicable?

b. Impact of NAB funding?

I raise two question:

a Is this model replicable?

Yes. If Wyatt, with its constraints under its Trust Deed, can implement such a scheme, then other philanthropic organizations or funders would be able to replicate this.

b What impact will the NAB funding have on Wyatt's SNILs?

Time will tell. The availability of more capital will allow the NILS® to assist more clients. Perhaps there will be an opportunity for the Schemes to consider the 'higher risk' clients by giving them longer to repay their loan at a lower rate.

Wyatt does not see its SNILs as a substitute for wise assessment of capacity to repay. Wyatt sees its subsidies as part of a continuum of assistance for clients – from Wyatt Financial Assistance Grants, the SNILs, the standard No Interest Loans®, through to Step Up Loans. Wyatt will be monitoring the situation.