

Media Release

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ANZ and Brotherhood of St Laurence to develop Australia's first matched savings program

ANZ and the Brotherhood of St Laurence today announced a partnership to introduce an innovative matched savings program to help low-income families break out of the poverty cycle.

The ANZ Community Partnership Accounts Program, the first of its kind in Australia, aims to help low-income families build savings for educational purposes through a matched savings scheme in which ANZ will match every dollar saved by individuals or families with two additional dollars. Savings account holders will also be provided with financial education classes.

The program is designed to assist people on low incomes by:

- improving their ability to save for a specific education-related goal
- assisting longer-term self-sufficiency through improved access to education.

The development of the Community Partnership Accounts Program follows a review of experience in the United States and Canada where matched savings schemes are being developed as a new response to assisting people on low incomes build assets and escape poverty.

ANZ Chief Executive Officer John McFarlane said the Community Partnership Accounts program provided a practical way for ANZ to assist low-income earners to build a better future.

"This is a highly relevant program for ANZ to help develop. Our partnership with the Brotherhood of St Laurence allows us to play a direct role in encouraging saving, creating a better future for people in need through education and improving financial literacy," Mr McFarlane said.

"We are very pleased to have the Brotherhood of St Laurence as a partner. We know that if this program is going to be successful, having a community partner who is known and trusted at the local level is essential," he said.

Brotherhood of St Laurence Executive Director Nic Frances said: "International experience has shown that with the right support and incentives, low-income families could achieve savings goals and break the poverty cycle.

"Education has been shown to have a major impact in addressing poverty. For children born in disadvantaged circumstances, it can be a real opportunity to develop their full potential and achieve their goals.

"However, our research shows that many low-income families really struggle to meet the costs of education, even if their children are at public schools and receiving government assistance.

"This can lead to students being excluded from activities such as school camps, excursions, additional tutoring if they need it, or access to a computer. Older students may find they can't take particular courses because the fees covering the resources needed are beyond their family's ability to pay. The effects of this can be quite devastating," he said.

ANZ and the Brotherhood of St Laurence will form a project team using the skills of both organisations to develop the Community Partnership Accounts program, which will be piloted among low-income families in Melbourne and Sydney early in 2003. The pilot is expected to run for 18 months and is designed to produce learnings to enable the development of a national program in 2004.

ANZ will fund all costs associated with the development of the pilot and matching of funds.

For media enquiries, contact:

Paul Edwards
Head of Group Media Relations, ANZ
Tel: 03-9273 6955 or 0409-655 550
Email: edwardp12@anz.com

Helen Westerman
Brotherhood of St Laurence
Tel: 03-9483 1317 or 0413-948 535
Email: hwesterman@bsl.org.au

Notes for Editors

Background to Community Partnership Savings Accounts

- The Community Partnership Savings Accounts program is based on an American model of Individual Development Accounts (IDAs) developed by Dr Michael Sherraden, Professor of Social Development and Director of the Centre for Social Development at Washington University in St Louis. Dr Sherraden's research shows that by helping low-income earners build assets, the effect on their lives and the lives of their community is positive – in both financial and emotional terms.
- Savings account holders take money management and financial education classes while saving for a specific goal. Participants' savings are matched at an agreed and preset rate and the combined total is then used for 'investment' into purchasing or making a deposit on an 'asset' such as education or a home.

International experience

- There are more than 250 examples of matched savings programs or IDAs, running in the USA. These programs receive funding from the Federal Government, local authorities, community organisations, private philanthropic foundations such as the Ford Foundation and corporations.
- In the USA, the average matching rate is 2:1 (two dollars matched for every dollar saved). To date, IDAs have had a 67 per cent success rate, raising average net deposits of \$US300 per annum (\$US900 when matched).
- In Canada, the world's largest demonstration of matched savings is currently underway. The program, known as Learn\$ave, is supported by the Canadian Government and is designed to help low income Canadians build their personal savings and invest in learning, as a means for building wealth.
- Further information on programs in the USA and Canada is available from the Centre for Enterprise Development based in Washington DC (www.cfed.org); and Social and Enterprise Development Innovations in Ontario, Canada (www.sedi.org).

ANZ Community Partnership Savings Accounts Pilot

- ANZ and the Brotherhood of St Laurence will run an 18-month pilot that will enable participants to save for education-related expenses.
- In determining eligibility criteria, ANZ and the Brotherhood of St Laurence will take into account the poverty line, the cost of living and other economic indicators, including employment conditions.
- ANZ and the Brotherhood of St Laurence will set a maximum household cap to be reviewed on a regular basis. Eligibility criteria will allow for some flexibility to enable the Brotherhood of St Laurence to make exceptions in special cases.