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**It’s time to recognise that debt is a reality for families living in poverty**

Today the Fairer Future Collaboration has released new work showing some of our worst-off families could face shortfalls of $300 a week or more after the government’s promised increases in income support take effect on 1 April. And this shortfall is more extreme for low-income households that have debt.

“The shortfalls outlined in the last report by the Fairer Future Collaboration are shocking,” says Natalie Vincent, CEO of Ngā Tāngata Microfinance. “A $300 deficit a week provides little hope for families living on low incomes. And in addition to that shortfall, many of these families are likely to be paying off some level of debt that further constrains their weekly spending on rent, power, and food.”

Vincent adds that having unmanageable debt, when you are living below the poverty line, is an almost unavoidable reality. “If you don’t have enough income to make ends meet, then what do you do when you get desperate?” Vincent goes on to say that for most of Ngā Tāngata Microfinance’s clients, the underlying cause of their ‘bad’ debt is related to borrowing money at a high cost to meet a basic need, such as needing a fridge to keep food fresh for whānau.

Organisations like Ngā Tāngata Microfinance, who offer interest and free-fee loans, play an important role in improving the financial stability of low income households. “Our loans provide an opportunity for people to get out of unmanageable debt with dignity and pride, and in an affordable way,” says Vincent. “The alternative options people turn to when they are in trouble, such as high-cost lenders charging exorbitant interest rates, account fees and default payments, speed up the debt spiral creating extreme financial pressure for families already struggling.”

Ngā Tāngata Microfinance calls on the Government to do everything it can to support the community finance organisations who provide safer lending options for low-income households. “We hope that this latest report from the Fairer Future Collaboration will encourage the Government to act swiftly, raising benefit incomes, and providing further support to organisations like ours to continue to offer safer, kinder lending options,” says Vincent. “We ask that Ministry of Social Development wipe beneficiary debt and that the Government looks seriously at how it can improve the financial viability of households living in poverty.”

**Natalie Vincent, CEO, Ngā Tāngata Microfinance**