



Report

Date: 9 July 2015 **Security Level:** IN CONFIDENCE
To: Hon Anne Tolley, Minister for Social Development
From: Murray Edridge, Deputy Chief Executive, Community Investment

Proposed approach to re-designing the Budgeting Services funding and service model

Purpose of the report

The purpose of this report is to inform you of our proposed approach to work with key partners in the sector to re-design the way we fund and deliver Budgeting Services from 1 July 2016. The report also outlines how we propose to use the funding available in 2015/16 while we transition to this new way of working.

Recommended actions

It is recommended that you:

- 1 **Note** the baseline appropriation for Budgeting Services will increase by \$2m from 1 July 2015 to \$14.9m

Yes / No

- 2 **Note** that in 2015/16, we will work with key partners to co-design the Budgeting Services delivery model for implementation from 1 July 2016.

Yes / No

- 3 **Note** that while we undertake this work, we propose to utilise the \$14.9 million of available funding as follows:

- roll over all \$12.4 million of the currently contracted direct service delivery funding to provide stability to the sector
- utilise \$1.3 million to address existing cost pressures, over-delivery and gaps
- fund the New Zealand Federation of Family Budgeting Services (NZFFBS) to investigate and implement recommendations from the 2013 Budgeting Services review specific to their national role and expertise, and build on outcomes from the Community Investment trials.
- \$0.900 million to re-design and reconfigure Budgeting Services in partnership with the sector and informed by the 2013 Budgeting Services review, and then transition to the new way of working.

Yes / No

4 **Note** that Community Investment will, from 1 July 2016, manage the total funding baseline of \$14.9m appropriation as recommended in Cabinet Paper 101/12

Yes / No

5 **Note** that the proposed approach will align to the recently released Community Investment Strategy, ensuring clearer results, reduced duplication, better targeting of services, and greater transparency and co-design with the sector.

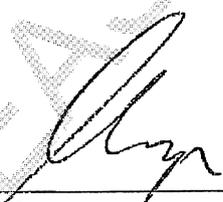
Yes / No

6 **Note** the role of the wider sector including the budgeting services sector, Work and Income, the Ministry of Business, Innovation, and Employment, and the Commission for Financial Capability in assisting to develop our proposed approach.

Yes / No

Hon Anne Tolley
Minister for Social Development

Date



Murray Edridge
Deputy Chief Executive
Community Investment

8/07/2015

Date

Background

- 7 Budgeting Services helps individuals and families achieve their financial goals through access to financial education and confidential one-to-one budget advice and assistance. In 2014/2015, the Ministry of Social Development (MSD) contracted 98 non-government organisations to deliver 188 Budgeting Services contracts. Of these contracts, 148 expire in either 2014/2015 or 2015/2016, with the remaining 40 expiring in 2016/17.
- 8 The Budgeting Services baseline funding of \$8.9m has remained constant until 2013/14 with one-off top up grants of \$0.6m in 2011/2012 and \$1.5m in 2013/2014. As part of Budget 2014, and as a result of a significant increase in Work and Income referrals following the Future Focus Reform, the Government announced a \$4m increase in funding in 2014/15 and a further \$2m per annum increase from 2015/2016, taking the new baseline to \$14.9m per annum.
- 9 An investment approach is required to ensure the total government contribution to Budgeting Services is used to best effect as per Government direction (Cabinet Paper CAB101/12 refers).
- 10 Currently a range of government, community and commercial organisations are engaged in building financial capability in New Zealand. The proposed approach to re-designing Budgeting Services will link to wider pieces of work being undertaken within the sector, including the Commission for Financial Capability's (CfFC) National Strategy for Financial Capability, the associated Investor Capability Strategy and MSD's Community Finance initiative.

The current budget service model has gaps and inconsistencies

- 11 In 2013, Budgeting Services were reviewed in response to increased demand for services due to rising financial strain and problem debt among many New Zealand families. This review and feedback from the sector indicated inconsistencies and gaps in the current approach to Budgeting Services delivery and funding, including:
 - a need to clarify who the MSD target population for Budgeting Services is and how results are measured and evaluated for these users
 - that the current service model does not account for the different levels and intensity of service/s required to meet customer needs (ranging from single meetings to complete a budget worksheet to on-going financial management of all aspects of a customer's budget)
 - historic differences in funding rates between agencies
 - gaps and duplications in funding within and between geographic areas
 - the need to align Budgeting Services to wider MSD and government initiatives.
- 12 In November 2013, the Cabinet Paper CAB101/12 reported on the Budgeting Services Funding Review, and sought agreement to increase financial support for community/NGO budgeting services. The Cabinet Paper recommended that MSD work with the sector to offer appropriate and targeted budgeting support to clients, and to maintain and strengthen social and financial gains from the Welfare Reform.
- 13 Allocation of the additional funding (i.e. \$1.5m in 2013/2014 and \$4m in 2014/2015) was based on the previous year's demand experienced by providers (i.e. providers who were operating at a cost deficit or who demonstrated an ability to meet increased demand in 2014/2015). This approach to allocating top-ups did not address the underlying issues for the sector identified above.

Re-designing the way we deliver and fund Budgeting Services

14 As detailed above, the review of Budgeting Services in 2013 identified a clear imperative to improve the Budgeting Services model to respond to customer need, address inconsistencies and gaps in current funding and delivery, and shift to outcomes-based contracting. To achieve these aims, we propose to work with key sector partners in 2015 and ensure alignment to the recently released Community Investment Strategy.

15 The following table outlines how we propose to utilise the 2015/16 available funding:

Proposed F16 spend – total \$14.9 m available	Breakdown of funding in 2015/16	How baseline funding will be distributed
	\$8.90 million baseline funding (includes the NZFFBS baseline funding of \$0.500 million)	Will be rolled over with no changes pending outcomes of the service design.
<p>s 9(2)(b)(ii) Commercially Sensitive</p> <p>to support direct budgeting service delivery, address gaps and cost pressures, and to work with the NZFFBS</p>	\$3.50 million (from \$4 million in funding made available 1 July 2014)	Will be rolled over with no changes pending outcomes of the service design.
	\$1.30 million (from the \$2 million made available from 1 July 2015)	<p>Address immediate direct service needs by allocating:</p> <ul style="list-style-type: none"> \$0.700 million to bridge immediate service gaps and over-delivery \$0.600 million for providers experiencing severe financial distress and cost pressures
	s 9(2)(b)(ii) Commercially Sensitive	
\$0.900 million to reconfigure services and the sector and transition to the new way of working	<p>\$0.500 million (from the \$4 million in additional baseline funding made available 1 July 2014)</p> <p>\$0.400 million from \$2 million in additional baseline funding (made available 1 July 2015)</p>	<p>Reconfigure services and the sector by utilizing:</p> <ul style="list-style-type: none"> \$0.200 million to engage the sector to co-design the future service and funding model \$0.200 million investigate opportunities to link with the Community Finance initiative and how it might support budgeting services going forward \$0.500 million to test and implement recommendations from the 2013 Budgeting Services review e.g. re-designing resources targeted at those on low incomes, ensure consideration of Maori and Pacific cultural needs and shifting to outcomes based contracting.

16 We will work collaboratively with key sector partners including NZFFBS, Work and Income (W&I), the Ministry of Business, Innovation, and Employment (MBIE) and CfFC among others to ensure services meet Government priorities and priority user needs.

The role of the NZ Federation of Family Budgeting Services

s 9(2)(b)(ii) Commercially Sensitive

The re-design of Budgeting Services links in with other key Government strategies

- 22 By re-designing the Budgeting Services delivery and funding model, this project enables us to ensure the services are value for money and provide the best return on our investment by delivering better public services to those who most require budgetary assistance.
- 23 The project will be developed and implemented in line with the Community Investment Strategy through setting a clear direction for future funding, building the evidence base and improving the quality of data collection. It will also incorporate and build on findings from the Community Investment trials, where two MSD funded Budgeting Services providers have been supported to transition to an outcomes focus.
- 24 As noted above, this Budgeting Services project will link up with wider MSD and Government work including building the financial capability of New Zealand (led by MBIE and CFFC), hardship and debt reduction, Child Poverty and the Vulnerable Children (led by MSD). We are also working closely with these other agencies and community partners to ensure that our work aligns in building the financial capability of New Zealanders, and to ensure there is no duplication or gaps in analysis.

Key messages

25 Below are some key messages in regards to Budgeting Services from 1 July 2015 which will also inform any discussions with providers:

- Reviews of the Budgeting Services sector have identified a need for services to be more aligned to customer need and to address inconsistencies and gaps in the current delivery model
- As part of this work MSD is developing a sustainable service and funding model for Budgeting Services that will better address community needs and gaps in services
- We want to review what we purchase, how we purchase and who our target populations are before contracting in 2016/2017 so that the service and funding models reflect current needs of our priority customers
- Community investment will be working with the sector to maintain and strengthen social and financial gains from the Future Focus Welfare Reform
- MSD's approach to transitioning to this funding model means we will roll over existing baseline funding for 2015/2016 while we review and consult on service and funding models that will be implemented from 2016/2017
- Our proposed approach will align to the Community Investment Strategy, ensuring clearer results, reduced duplication, better targeting of services and greater transparency and co-design with the sector
- MSD will invite the New Zealand Federation of Family Budgeting Services and other sector representatives to work collaboratively with us in this process
- The additional \$2 million of baseline funding that comes on stream in 2015/2016 will be directed to stabilising the sector and supporting this development work (including a one-off grant to the NZFFBS in providing training and development), engaging the community to co-design the new service model, training opportunities to help build the capability of organisations and development of resources to ensure they support the implementation phase and meet the needs of priority populations.

File ref: REP/15/6/58



Report

Date: 21 August 2015 **Security Level:** IN CONFIDENCE
To: Hon Jo Goodhew, Associate Minister for Social Development
CC: Hon Anne Tolley, Minister for Social Development
From: Murray Edridge, Deputy Chief Executive, Community Investment

Increasing the financial capability of New Zealanders experiencing hardship

Purpose of the report

Community Investment is re-designing the way Budgeting Services are funded and delivered in New Zealand. We are working collaboratively with the financial capability sector to ensure the Budgeting Services spend meets its intended purpose, strengthens the financial capability of New Zealanders experiencing hardship and integrates into the recently launched National Strategy for Financial Capability, endorsed by Cabinet. This report also outlines how we will allocate the available funding in 2015/16.

Recommended actions

It is recommended that you:

- 1 **Note** the baseline appropriation for Budgeting Services will increase by \$2m from 1 July 2015 to \$14.9m **Yes / No**
- 2 **Note** the Budgeting Services spend will be refocused to increasing financial capability of New Zealanders experiencing hardship; and supporting New Zealanders from dependence to financial independence **Yes / No**
- 3 **Note** that future services will integrate to the Community Investment Strategy and the National Strategy for Financial Capability **Yes / No**

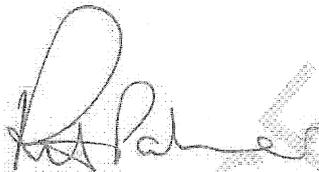
4 **Note** that while we undertake this work, we will utilise the \$14.9 million of funding available in 2015/16 as follows:

- Roll over \$12.4 million of the currently contracted direct service delivery funding to provide stability to the sector
- Utilise \$1.6 million to address any immediate pressures in the sector and transition to the new way of working
- \$0.900 million to re-design and reconfigure Budgeting Services in partnership with the sector including supporting the potential Community Finance scale up and fund any required resources and technologies

Yes / No

Hon Jo Goodhew
Associate Minister for Social Development

Date



21 / 8 / 15

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Murray Edridge
Deputy Chief Executive
Community Investment

Date

Background to Budgeting Services

- 5 Since the late 1970s, the Government has funded Budgeting Services to assist individuals and low income families to achieve their financial goals through access to financial education and confidential one-to-one budget advice and assistance. In recent years demand for services has increased, and providers have told us that the needs of their clients are more diverse and require a more comprehensive response.
- 6 The Budgeting Services baseline funding of \$8.9m has remained constant until 2013/14. As part of Budget 2014, and as a result of a significant increase in Work and Income referrals following the Future Focus Reform, the Government announced a \$4m increase in funding in 2014/15 and a further \$2m per annum increase from 2015/2016, taking the new baseline to \$14.9m per annum. Allocation of the additional funding was based on the previous year's demand experienced by providers and has not addressed the underlying issues for the sector.

Building the financial capability of New Zealanders is a priority

- 7 In July 2015, Cabinet endorsed the National Strategy for Financial Capability (the Strategy) which addresses the previous lack of clarity and direction around building the financial capability of New Zealanders. The Strategy led by the Commission for Financial Capability (CfFC) outlines that government, community and commercial organisations must work collaboratively to improve the wellbeing families and communities, reduce hardship, increase investment and economic growth. An overview of the Strategy is provided in Appendix One.
- 8 The Ministry of Social Development (MSD) has a key role in building financial capability through Work and Income, the Ministry of Youth Development and Community Investment's (CI) funded Budgeting Services, and has clear links to the Strategy clearly through the following areas:
 - More people into sustainable work and out of welfare dependency – through better management of a limited income and avoiding debt, particularly for youth
 - More people are able to participate in and contribute positively to their communities and society – through improved private provision for retirement and community-level support for those seeking to improve their money management
 - Fewer children and people are vulnerable – through relieving financial pressures as a significant driver of stress within households.
- 9 The re-design of Budgeting Services supports Government's commitment to building financial capability of New Zealanders, and will enable the new services to be one of the first Government initiatives to align to the new Strategy. Appendix Two sets out the cross-Government financial capability network including MSD's role.

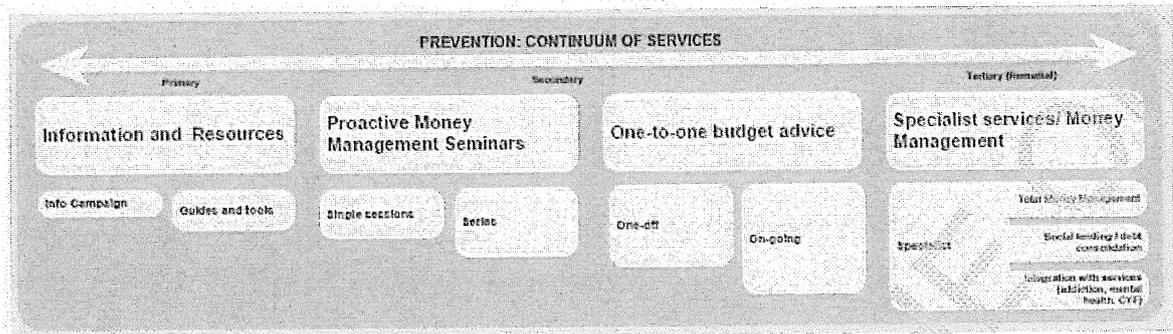
Why do we need to re-design Budgeting Services?

- 10 CI want to take a fresh approach to the way these services are funded and delivered to address feedback from the sector and findings from the 2013 Review of Budgeting Services which has shown us that:
- there is a need to clarify our target population, how results are measured and evaluated for these users
 - the current service model does not account for the different levels and intensity of service/s required to meet customer needs (ranging from single meetings to complete a budget worksheet to on-going financial management of all aspects of a customer's budget)
 - there are historic differences in funding rates between agencies
 - there are gaps and duplications in funding within and between geographic areas
 - we need to align Budgeting Services to wider MSD and government initiatives.
- 11 Additionally, the Community Investment Strategy provides a framework to drive these changes:
- Focusing more clearly on priority results: this design process offers an opportunity to understand more clearly what New Zealanders experiencing hardship need, and enables CI to create and test innovative solutions with our partners based on these needs.
 - Building the evidence base: building on findings from the CI trials, where two MSD-funded Budgeting Services providers were supported to transition to an outcomes focus, we will look to outcome based contracts for these services.
 - Improving the quality of data collection: providers already gather a range of data on the financial position of their clients and the impact their services make. We will collect this information in a systematic and cohesive manner to comprehensively understand what difference the services are making.
 - Setting a clear direction for future funding: our revised funding model will enable CI to clearly determine where and how services should be funded, ensure there is no duplication and enable consolidation of services where appropriate.
 - Simplifying compliance requirements and building provider capability: there is currently duplication in the compliance requirements through MSD and umbrella group processes. Once we determine how the new services look, we will work with the sector to determine what training, resources and support are required.
- 12 Our re-design work will ensure that the new services meet client and Government needs, align to the Strategy and are not delivered in isolation to other financial capability initiatives, but are part of a package of services to help move New Zealanders to financial independence. It will also enable CI to respond effectively to historical funding and delivery discrepancies in the sector.

Through this re-design process Budgeting Services may look very different...

- 13 The initial stage of this work will gain 'insider' knowledge on what our clients need to build their financial capability. We then have the opportunity to develop and prototype innovative and creative solutions with our partners that better respond to client and Government needs.

- 14 At this early stage, we cannot pre-determine what the new Budgeting Services might look like and acknowledge it may look very different from what is currently delivered. However, the 2013 Review gives a good indication of the types of services across the continuum from prevention to remediation:



- 15 Our challenge will be to determine a diverse range of responses across this continuum that meets the different client group needs. We will require new training and resources to ensure multiple, consistent and mutually reinforcing messages and these could include new technologies such as smartphone applications and social media.
- 16 There are emerging examples of applications being developed by the financial capability sector: a budgeting app being developed by the Salvation Army and the University of Otago which will offer real time reporting for users on variance against their budgets, and an app being developed by the CfFC with Women's Refuge which will provide accessible financial information on "what you need to know about money" including consumer information and advice around financial pitfalls. These independent apps are both due to be available by the end of 2015, and CI will explore connections with these and any other similar technologies before supporting any scale up.

An opportunity to build on Community Finance

- 17 The Community Finance microfinance pilot initiative has been identified as having potential for scale-up in New Zealand. As part of the Community Finance process, clients go through an extensive personal financial conversation, similar to the current Budgeting Service, and there is an opportunity to align the two initiatives to strengthen the continuum of services.
- 18 The first year of the Community Finance Pilot received a favourable Process Evaluation, which found that the initiative has been implemented as intended. Both programmes (loans for people on low incomes) were delivered as planned, with the partner organisations carrying out their respective functions in coordination. All applicants increased their financial knowledge and skills and reported feeling supported by effective and well trained staff.
- 19 Community Finance partners (BNZ, Good Shepherd NZ, BNZ and MSD) are commencing negotiations for a scale-up proposal in late-August. The partners wish to make low-cost and interest free loans available to a wider variety of people on low incomes. The aim would be that if a low-cost loan is identified as a client need through the new budgeting services, then a Community Finance provider could be positioned to pick this up. Conversely, we could seek that mechanisms be built into the enlarged Community Finance programme so that all providers would have arrangements to refer people in hardship to budget services.

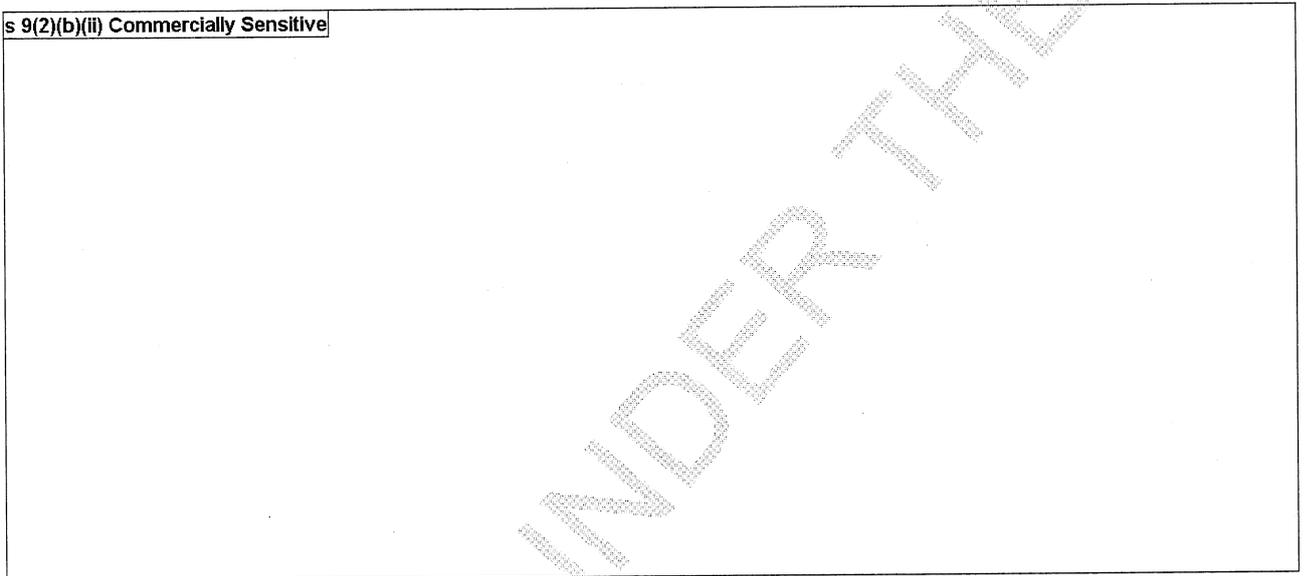
Our partners in the re-design process

20 As intended with the Strategy, we will work collaboratively with the wider sector to ensure that the services and products we purchase support and compliment other financial capability initiatives. Key partners will include:

- Relevant sector partners including national umbrella groups¹, Good Shepherd New Zealand, Banking sector, financial education sector
- Māori, Pacific, Ethnic and Disability group representatives among others
- Government agencies: Work and Income, Ministry of Youth Development, Ministry of Business, Innovation and Employment and the CfFC.

We will draw in additional expertise as required.

s 9(2)(b)(ii) Commercially Sensitive



¹ The known umbrella groups in New Zealand include the New Zealand Federation of Family Budgeting Services, Associated Budget Consultants, Christian Budgeting New Zealand, and Canterbury Budgeting Network. There are a range of Budgeting Services providers in the sector who are not affiliated to any network.

Allocation of 2015/16 Budgeting Services funding

23 In line with our report in April 2015 on CI contracting options for 2015/16 (REP/15/4/393), we have rolled over the majority of the Budgeting Services contracts for one year with no changes. The one-off innovative pilots contracted in 2014/15 have not been rolled over.

24 The following table outlines how CI will utilise the funding available in 2015/16:

F16 spend – total \$14.9 million available	Breakdown of funding in 2015/16	How baseline funding will be distributed
<p>s 9(2)(b)(ii) Commercially Sensitive</p> <p>to support direct budgeting service delivery, address immediate pressures and transition to the new way of work</p>	<p>\$12.4 million baseline funding (includes \$3.5 million of the \$4 million funding made available 1 July 2014)</p>	<p>Will be rolled over with no changes pending outcomes of the service design.</p>
	<p>s 9(2)(b)(ii) Commercially Sensitive</p> <p>available 1 July 2015)</p>	<p>\$1.3 million for immediate pressures in the sector and supporting the sector to transition to the new way of working</p> <p>s 9(2)(b)(ii) Commercially Sensitive</p>
<p>\$0.900 million to re configure services and the sector and fund resources and support</p>	<p>\$0.400 million (from the \$2 million available 1 July 2015)</p>	<p>\$0.200 million to enable the design process</p> <p>\$0.200 million to investigate opportunities with Community Finance and scale up</p>
	<p>\$0.500 million (from the \$4 million available 1 July 2014)</p>	<p>\$0.500 million to test and implement prototypes from the co-design that will benefit the way of working (e.g. data collection and reporting systems, resources, training, new technologies)</p>

25 The re-design work will impact on contracts from 2016/17 onwards.

File ref: REP/15/8/815

Appendix One: the National Strategy for Financial Capability

everyone getting ahead financially

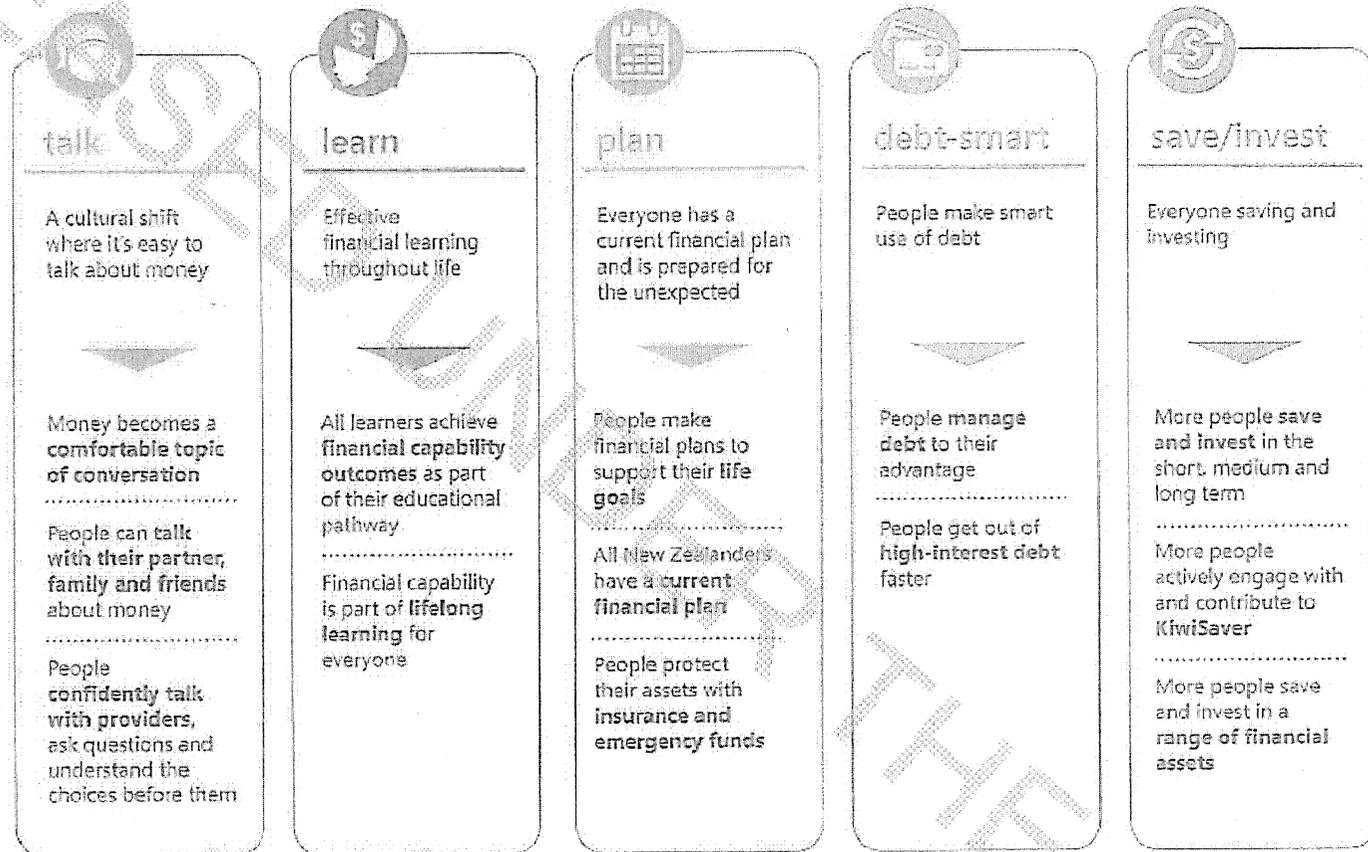
To achieve our vision

we've identified distinct activity streams

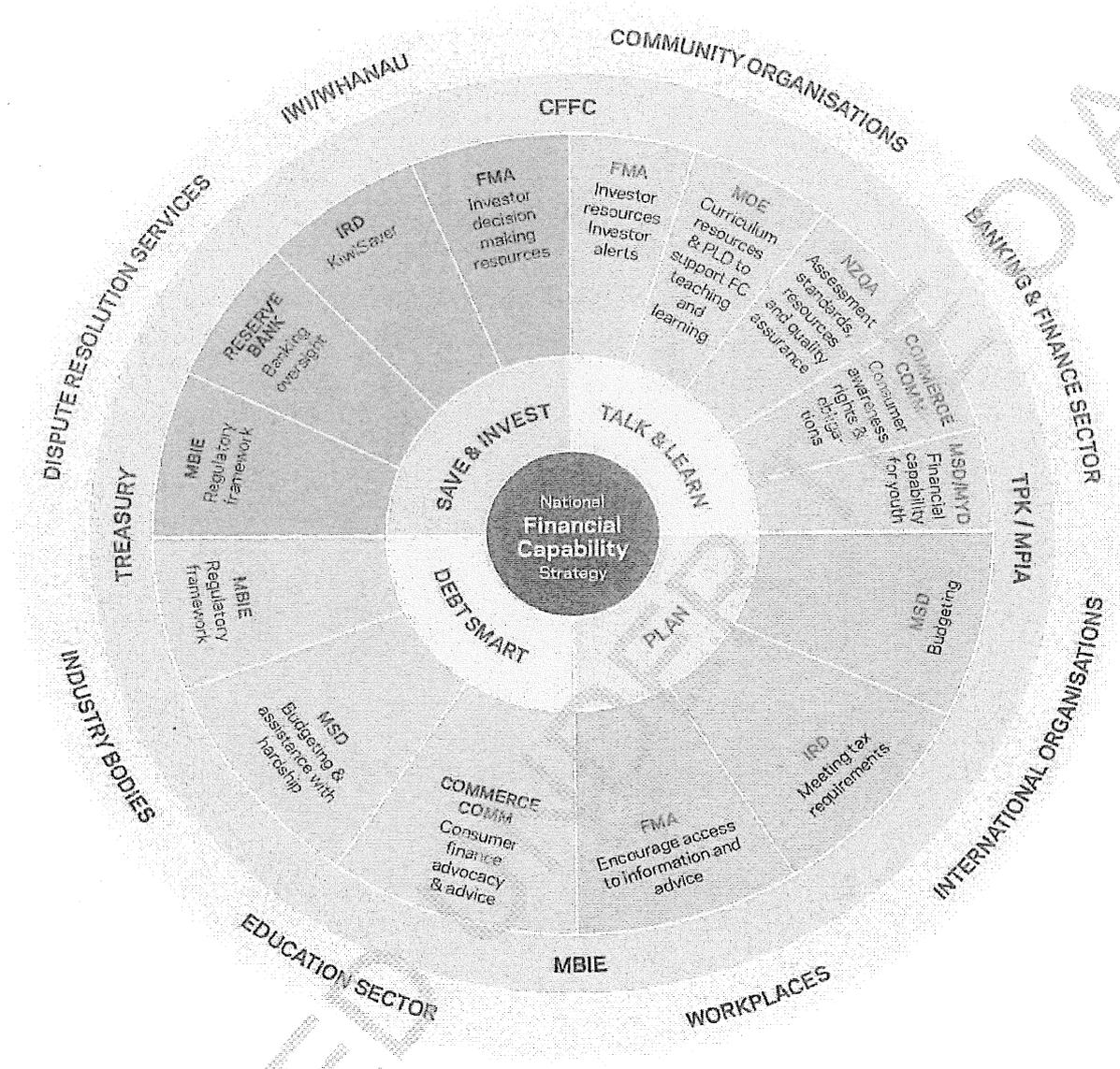
with clear objectives

to deliver the outcomes we all want to see

by working as partners



Appendix Two: the cross-Government financial capability network



RELEASED



Report

Date: 15 September 2015 **Security Level:** IN CONFIDENCE
To: Hon Jo Goodhew, Associate Minister for Social Development
CC: Hon Anne Tolley, Minister for Social Development
From: Murray Edridge, Deputy Chief Executive, Community Investment

Budgeting services: effectiveness of the current service model and proposals for improvement

Purpose

This report responds to your request for additional information on the effectiveness of current Budgeting Service provision and outlines the use of a co-design process to assist in re-designing the budgeting services model.

Recommended actions

It is recommended that you:

Note the background to Ministry of Social Development funded Budgeting Services
Yes / No

Note the known effectiveness of the Budgeting Services model identified through earlier reviews and international evidence
Yes / No

Note the need to improve the current Budgeting Services model to address gaps and inconsistencies raised in various reviews and sector feedback
Yes / No

Note that we will be working with the wider sector to re-design the Budgeting Services model using a co-design process
Yes / No

Hon Jo Goodhew
Associate Minister for Social Development

Date

Murray Edridge
Deputy Chief Executive
Community Investment

Date

Purpose

1. Our report *Increasing the financial capability of New Zealanders experiencing hardship* was sent to you on 21 August 2015. You have requested further information about the effectiveness of budgeting services and our proposed co-design process for the redesign of the budgeting services model.
2. This report provides the additional information you requested.
3. Budgeting services is a longstanding and valued sector that assists low income New Zealanders to better manage their finances. In 2014/2015 the Ministry of Social Development (MSD) contracted 151 non-government organisations to deliver budgeting services with baseline funding of \$8.9 million.
4. In November 2013, Cabinet Paper CAB101/12 reported on the Budgeting Services Funding Review, and sought agreement to increase financial support for community/NGO budgeting services. The Cabinet Paper noted that existing community budgeting service providers were struggling to meet the on-going levels of demand, and this resulted in long waiting lists, bottlenecks and service gaps. Working families seeking support were also impacted as beneficiary demands crowded out other users who benefit from the services.
5. As part of Budget 2014, Government announced that budgeting services baseline funding will increase by \$6 million per annum from 2015/2016, taking the new baseline funding to \$14.9 million in 2015/2016 and outyears. The intention of this was to provide for increased provision of budgeting services following an increase in Work and Income referrals post-welfare reform implementation¹.

Effectiveness of Budgeting Services

6. In 2013, the Ministry of Social Development (MSD) undertook a review of the current Budgeting Services model to determine the effectiveness of budgeting services, types of services available, how they improve outcomes, and when they can be most effective. It also looked at possible target groups and characteristics of clients within these.
7. The review also noted there are a range of reasons to improve people's financial capability including the desire to improve the general living standards across the population and alleviate financial strain and hardship, but also as an investment to prevent poor outcomes in childhood and later in life for those experiencing persistent low incomes and hardship.
8. In terms of effectiveness of budgeting services, the review suggested that:
 - People attend budgeting services for a range of reasons, but the most common theme is growing problem debt, with a one-off event turning into a financial crisis. While the one-off event is often the immediate reason to seek help, it is usually preceded by a lengthy accumulation of debt and a steadily worsening financial situation e.g. a health problem or personal loans become difficult to service.

¹ Under the Future Focus reforms, Work and Income now refers frequent users of welfare hardship assistance to community providers for budgeting help. At that time funding did not recognize the increased referral level or time required to help clients with complex problems.

- There is no conclusive evidence as to the effectiveness, but what is available from New Zealand indicates budgeting services are successful in helping clients reduce their debt levels and make a positive difference to their situation. Change is achieved through a long term process involving a substantial level of determination from the family and their careful management of expenditure.
 - When it comes to the question of when to offer services, evidence suggests that there is a trade-off between earlier assistance (better to be involved before the debt is out of control) and crisis (sometimes the crisis can provide the urgency and motivation to change). We know that clients respond better to services that they see value in, and the services will only be effective if clients are genuinely motivated.
9. Recognised research strategies to assist people earlier include:
- Identifying the triggers requiring support (ill-health, care of children, death of a family member) and encouraging families to seek financial advice and support at those times. Collaboration between budgeting services and other social services (including Work and Income) could be of particular use at those times.
 - Improving access to financial education and literacy as a preventative measure, including better understanding of debt and credit, how to budget and terms and conditions on finance contracts among others.
10. Finally, the Review sounded a note of caution regarding effectiveness. New Zealand evidence is relatively limited, and international literature is somewhat ambivalent. Financial literacy certainly appears strongly related to positive financial behaviours, but causality is difficult to pin down – it may be a third factor (numerical ability, interest in financial matters, patience) that contributes to both better financial literacy and better financial outcomes. Those who voluntarily participate in budget services may be more future oriented, or possess other unobserved factors relating to personality or family background which means they are more likely to improve their circumstances²

Effectiveness of one to one budgeting services

11. The limited evidence available to the 2013 review shows that financial programmes are most effective with one advisor, face to face, and tailored to the needs of the individual client. It is possible that influential relationships between client and advisor lead to successful outcomes. Programmes paying close attention to behavioural, psychological and attitudinal components may be more effective for some people.
12. One to one budget advice generally involves more intensive personalised support for an initial period of three to six months, and gradually diminishes to more occasional monitoring towards the end. As well as helping clients understand their financial situation, work out where their money is going and develop a plan, budget advisors will often negotiate new repayment terms on behalf of their clients and provide on-going coaching and emotional support. Sector feedback has identified budgeting services are providing a wide range of advice and support on top of this ranging from advocacy and advice around kiwisaver, to attempts to avoid mortgage sales.

² Hastings, Madrian, Skimmyhorn 'Financial Literacy, Education and Economic Outcomes, p. 15-16

13. For all client groups, the budget advice process resulted in significantly reduced levels of average total indebtedness - over four-fifths of clients reduced their total level of debt and most of the remainder maintained debt at pre-advice levels.
14. After budget advice, all types of clients experienced large drops in the average levels of debt in arrears, and in the average levels of monthly debt repayments.
15. For beneficiary clients, most had balanced their budget by reducing their expenditure rather than increasing their income (for wage earning clients it was about half and half).

The evidence supports a continuum of services

16. International evidence supports a continuum of different services intended to improve financial capability and money management. Service options on this continuum range from 'light touch' interventions (primary prevention) to those that are more intensive (tertiary or remedial intervention).
17. At one end of the continuum, the range of prevention services can include social marketing campaigns, guides and resources and preventative seminars. These can provide a range of financial information and can be tailored to groups we know are at risk of having lower levels of financial literacy (less educated, low-income groups).
18. At the other end of the continuum, external money management is offered as a last resort option for clients who cannot be trusted (or do not trust themselves) to manage their own income due to factors such as a drug dependency or mental illness. This type of service is used to guarantee that money goes towards meeting essential expenses or debt repayments. Money management can occur in different ways, and includes restricting the use of all or part of a benefit payment to specific goods or services (e.g. payment cards); and/or appointing a trusted third party such as a family member or an NGO as an 'agent' to manage money on a client's behalf.
19. Evidence suggests that the earlier assistance is provided the better in assisting families and preventing debt. It is argued that the best time to help families is when challenging circumstances first occur to prevent debt from getting out of control and to help build capability for clients in order for them to develop a higher level of financial wellness and independence. Total money management will not allow such clients to build their financial capability and is reserved only as a last resort for those types of clients for whom primary intervention methods are unable to help.
20. Government's Community Finance microfinance initiative also has potential for alignment with budgeting services. The initiative makes no-interest or low-interest loans available to people on low incomes. The main criteria are eligibility for the Community Services Card and the ability to repay a loan. This ability is assessed through intensive face-to-face financial conversations between applicant and Community Finance workers. This involves a broad examination of the applicant's financial position similar to that undertaken by budget services advisers.
21. Community Finance offers good opportunities to improve applicants financial capability as they are motivated and involved in practical learning as part of the financial conversation. For example, some applications from risky clients are deferred rather than declined outright. This gives these clients the opportunity to improve their financial position based on learnings and action plans outlined by the Community Finance worker.

22. The Community Finance initiative has been available at two pilot sites in Auckland since 2014 and options to extend it beyond these locations, potentially with additional community providers, are currently being assessed.
23. There is evidence that combinations of policies and approaches, for example, to help low-income households save, may make individual interventions work better than they would in isolation. Our re-design work will therefore look at determining a diverse range of responses across this continuum of services that meets the different client group needs.
24. Appendix one sets out the intervention logic for budgeting services as set out in the 2013 Budgeting Services Funding Review.

New Zealanders experiencing hardship are a priority user for these services

25. Government has a strong interest in building all New Zealanders' financial capability (having the knowledge, understanding, confidence and motivation to make effective financial judgements and decisions) as a way to increasing investment and growing our economy, improving the wellbeing of our families and communities and reducing hardship.
26. Building financial capability through education, budgeting and other tools has the potential to benefit a range of individuals and families across the population. No level of income guarantees against a family getting into problem debt which can put families under considerable stress and pressure. Many New Zealand families are in debt (as at 2013 two out of three single parent families and four out of five couple families).
27. As outlined in our earlier paper *Increasing the financial capability of New Zealanders experiencing hardship*, we will align our work to the National Strategy for Financial Capability (the Strategy). While the Strategy is targeted at improving financial capability of all New Zealanders, we will be specifically targeting New Zealanders who are experiencing hardship for the purposes of the re-design work.
28. People on low-incomes are a particular priority. People with a higher risk of being defined as in income poverty include:
- benefit recipients
 - non-Europeans, particularly those of Māori and Pacific ethnicity
 - tenants in Housing New Zealand or private rental accommodation
 - Parents with dependent children, especially sole parents.

The redesign of the sector is consistent with the Community Investment Strategy and Cabinet directive

29. As outlined in our earlier paper, the 2013 Review of Budgeting Services identified issues with the service model and the sector including:
- increased demand, in particular resulting from Work and Income referrals and a lack of movement in Budgeting Services baseline funding over a number of years
 - a lack of differentiation between client types and service intensities in existing contracts

- historic differences in funding rates between agencies
 - Existing gaps and duplications in funding within geographic areas.
30. Alongside the additional funding that is now available, Cabinet agreed that the future budgeting services be available for both beneficiaries and working families who choose to use the services, and that the service mix include:
- sufficient one-to-one budgeting advice places for the general public and Work and Income referred clients
 - preventative seminars for carefully selected cohorts of beneficiaries
 - Money management for a small number of people requiring more support than budgeting advice can provide.
31. At the same time the Minister for Social Development directed MSD to work with key partners in the sector including the Retirement Commissioner (now known as the Commission for Financial Capability) to explore other options that would benefit lower income families.
32. To respond to changing demands from government, it is not practical to continue to fund 'more of the same'. Our focus is shifting to identifying how public services can be delivered more sustainably and in a way that delivers better value for money.
33. Re-designing the budgeting services model will help us address current issues in existing budgeting services contracting as outlined above. It will also allow for the development of specific preventative/proactive services aimed at supporting vulnerable clients with regards to problem debt. This project also meets the Cabinet intention of reviewing the total MSD allocation of budgeting services funding.
34. Driven by the Community Investment Strategy, our focus on outcomes will enable us to target programmes and services in a way that will impact on the wider population. In order to do things differently, we need to understand what is being delivered, and how it is being delivered. We need our services to shift towards being targeted services, and tailored to the needs of the target group.

Design thinking has potential to meet key service development needs

35. Our proposal to redesign the budgeting services sector through working with stakeholder partners in a co-design process, facilitated by an external designer, was outlined in our 21 August report to you. As part of the design process we will be holding a series of stakeholder engagements including workshops, front line interviews and concept testing.
36. On 28 September we are holding the first workshop in Auckland with key stakeholders to start the design process. Invitees include the budgeting services umbrella organisations, the Salvation Army, the Citizens Advice Bureau, Age Concern and the Commission for Financial Capability as well as Budget Service provider representatives.
37. The first deliverable, due in December, will be a services concept which draws on qualitative research and end-user interviews. This concept will inform a blueprint and systems description from which the service descriptions and resources can then be developed.

38. It is intended that the final blueprint, implementation roadmap and key capability shifts required to support the implementation will be presented in a report to you in April 2016.
39. Throughout the service design we will be looking for innovation opportunities and the use of modern technology such as apps to improve the way services are provided.
40. The Budgeting sector is diverse, with a mix of paid staff and volunteers, and services with different character and ethos. The sector includes:
- specialist budgeting advice agencies that receive a major element of their funding from MSD for budget advice and education (and do not offer other unrelated services).
 - services funded by MSD which offer budget advice as one component of wrap-around services.
 - services provided as an unfunded and unregulated peer-to-peer element within community networks such as church congregations, ethnic/migrant associations or other social groups and associations.
41. The voluntary ethos remains important, and the volunteer-led approach has been important in the development and success of the sector. Some of the most 'voluntary' agencies in terms of staff and service ethos have proven to be the most 'professional' providers in the quality of service they offer. In this context, the words *paid* and *professional* are not necessarily synonymous.
42. Co-design involves all key parties exploring and capturing clients' experience pathway, and then working together to better understand and improve these experiences. The client is at the heart of the design process, essentially designing the re-imagined programme. Concepts are developed with partners and prototyped and tested with users to ensure what is developed works for the client.
43. We have now identified suitable partners we propose to work with:
- **The Auckland Co-design Lab (The Lab)** is a government funded initiative that has been set up to stimulate and support innovation in the public sector. The Lab uses collective impact, co-design and other innovative approaches to complex social issues. The Lab allows for safe experimentation with different design methods ('fail early and fast' to ensure later success) and to facilitate valuable cross-agency (and cross-Government and NGO) collaboration.
 - **ThinkPlace** works with people in complex public systems to develop insights and generate innovative solutions. Their approach is based on the principles of co-design and the belief that those closest to the problem have the expertise, insights and motivation to solve it. Their approach is designed to provide evidence-based solutions to public problems, and through flexibility they have been able to successfully apply these principles in many different contexts and empower people within the system.
44. Using a co-design approach will enable a services re-development team to reframe the primary question in terms of the real world conditions. This will look at the needs of the people in question, and tailor proposed solutions accordingly.
45. Co-design thinking meets some key service development needs relevant to the re-design for budgeting services:

- a joined up process that moves seamlessly from analysis to solutions to implementation
- observing and identifying user needs and behaviour and working with users to co-design and test solutions. This means that what it delivers will not only work for the people affected, but that these people can own and promote the new measures
- opening up service silos and engaging people from outside the government sector to work together towards a common goal
- identifying tangible problems and developing visual data to quickly and clearly convey relationships and helping to ensure solutions cover a wide range of users and scenarios
- providing a low-cost way to mitigate risk through prototyping.

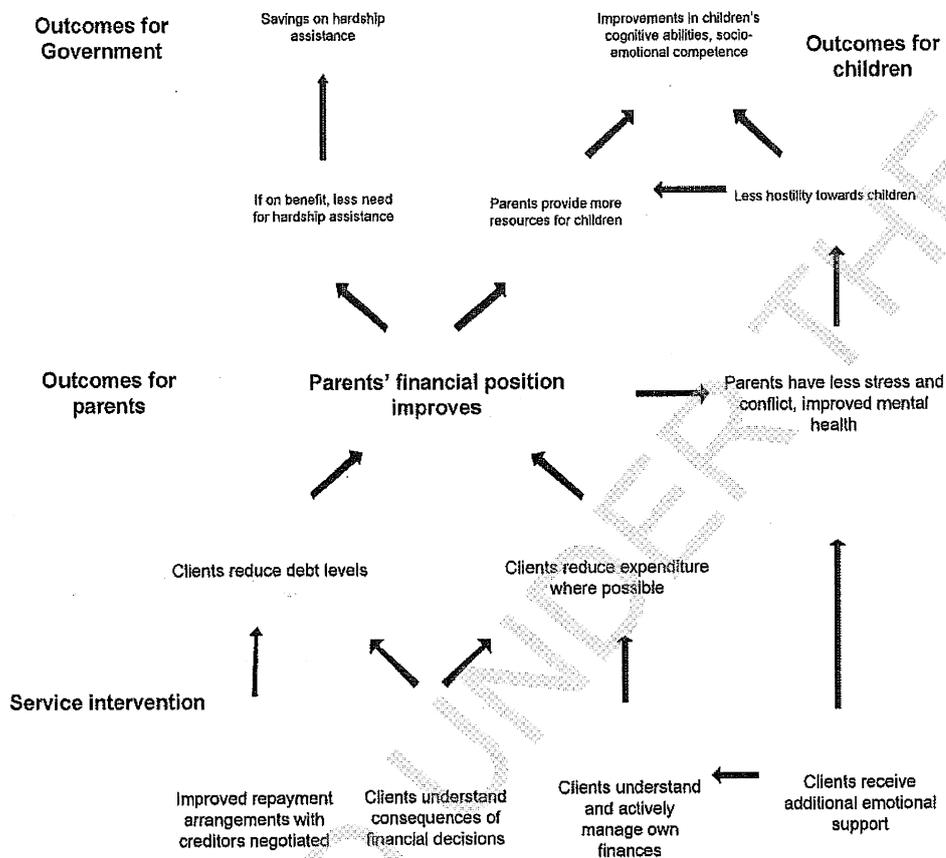
The design process will align to the Community Investment Strategy

46. Investing in a co-design process will also align to the Community Investment Strategy, building a system to better align funding to those with the highest needs and to services and providers who demonstrate they are meeting these needs, with evidence about what works.
47. Re-designing budgeting services through a co-design process also allows for analytical capability for public services to collect, retain, match and analyse operational information across agencies, gaining a much richer understanding of how what they do contributes to outcomes.
48. Having the support of end users will be a critical factor in determining the success of this innovation. New services and programmes are more likely to be accepted by end-users when they feel that they have had a voice in the development of a programme designed for them.
49. Public sector innovation research also shows that new insights stem from taking into account the ideas, insights and experiences of groups of end-users whose voices are traditionally often 'weakly institutionalised voices'.
50. To this end, a stakeholder group is being established for the budgeting services design process. This will bring the opportunity to include all key partners able to represent diverse and new insights and perspectives.

REP/15/9/942

Appendix one: Intervention logic for Budgeting Services

Intervention logic of budget services





Report

Date: 4 April 2016

Security Level: IN CONFIDENCE

To: Hon Bill English, Minister of Finance
Hon Anne Tolley, Minister for Social Development
Hon Jo Goodhew, Associate Minister for Social Development

Briefing for the Minister of Finance on the budgeting services redesign for increasing financial capability

Purpose of the report

- 1 This report provides an overview of the 'Increasing Financial Capability for New Zealanders Experiencing Hardship' co-design of the budgeting services sector and seeks to supplement this information with a walk-through meeting at the Co-design Hub.

Recommended actions

It is recommended that you:

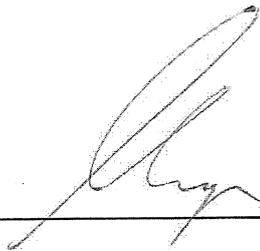
- 1 **Note** the Increasing Financial Capability for New Zealanders Experiencing Hardship co-design is being undertaken to redesign budgeting services and shift the sector to support increased financial capability for New Zealanders experiencing hardship. Yes / No
- 2 **Note** that this approach is consistent with and aligns to the Community Investment Strategy and the National Strategy for Financial Capability. Yes / No
- 3 **Note** that the customers are at the core of the redesign, and the budgeting services sector (advisers, managers and umbrella groups), Government agencies, and the financial sector as appropriate have been fully involved in the development of the new service model. Yes / No
- 4 **Note** that delivery of the first phase of the new financial capability service model will commence on 1 November 2016. Yes / No
- 5 **Note** that service components will be implemented using a phased approach to assist sector adjustment, with a full suite in place from 1 July 2017. Yes / No

6 **Note** that Community Investment plans a national service design roadshow in May 2016 for current MSD-funded providers, the wider budgeting sector, and those who deliver financial capability services. This will communicate the new service approach and its roll-out to the sector.

Yes / No

7 **Agree** to walk through the Co-design Hub room (see Appendix Three) to gain an understanding our customers and their experiences, and the work to develop the concepts that could have the most impact on improving their financial capability.

Yes / No



Murray Edridge
Deputy Chief Executive
Community Investment

4 April 2016
Date

Hon Bill English
Minister of Finance

Date



Hon Ann Tolley
Minister for Social Development

5-4-16
Date

Hon Jo Goodhew
Associate Minister for Social Development

Date

File ref: REP/16/3/318

Background

- 2 The Ministry of Social Development (MSD) currently allocates \$14.9m per annum to budgeting services across New Zealand. The 2009 welfare reforms led to increased demand for services and points of contact, with an increase in customers referred by Work and Income.
- 3 The 2012 Evaluation of the Future Focus reforms identified customers who were accessing hardship assistance very frequently, indicating continuous problems with their financial situation. It found that budgeting activities were not beneficial for all people facing financial problems - particularly those with impaired capacity - and were not able to address complex client needs.
- 4 Simultaneously, feedback from the budgeting services sector identified that the current funding model did not account for different levels and intensity required to meet customer needs. Along with other factors, this led to the 2013 MSD Funding Review of Budgeting Services.
- 5 The 2013 Review found that the community budgeting providers were struggling to meet the on-going levels of demand resulting in long waiting lists and bottlenecks but also service gaps. Working families seeking support were impacted as they were crowded out by other users.
- 6 The Review also noted a range of reasons to improve general financial capability including a desire to improve general standards of living and alleviate financial strain and hardship. It is also an investment to prevent poor outcomes in childhood.

An inclusive co-design was chosen by MSD as the best way to build on the Review

- 7 Co-design principles put customers' experiences at the heart of the process and enable re-imagining of the future alongside those who will be using the service. Concepts are developed with partners, then prototyped and tested with customers to ensure the developed services work for them. It has been shown to reduce risk because all perspectives of 'success' (including the customers') are integral to the design process.
- 8 A Core Design Team comprising members from MSD, the Auckland Co-Design Lab and the Ministry for Business, Innovation and Employment will continue to work throughout the project to ensure a balance of voices, expertise and perspectives is incorporated.

A shift in focus toward financial capability is needed

- 9 Many people referred to budgeting services face overwhelming crises across multiple facets of their lives or have reduced capacity to make decisions. They are unlikely to make significant changes in their lives until their immediate needs are met. A percentage of clients only access budget services to meet Work and Income requirements and are less likely to be engaged.
- 10 MSD currently funds budgeting services to focus on improving customers' financial *literacy*, but to really help people experiencing hardship, the focus needs to be on improving their financial *capability*.

Financial capability is the ability to act combined with the opportunity to act and involves the recognition that there are environmental and structural factors that affect the ability of vulnerable people to improve their circumstances.

This approach aligns with the widespread work on building financial capability

- 11 The National Strategy for Financial Capability was developed by the Commission for Financial Capability [CFFC] and endorsed by Cabinet in July 2015. Its vision is

"Everyone getting ahead financially," i.e. to improve the financial capability of the whole of New Zealand's population. The strategy is about working collaboratively with agencies and other sectors to bring about sustainable behaviour change.

- 12 Our approach aligns with the work of CFFC, particularly the emphasis on financial capability building supported by the development of online tools and social campaigns. We will work with CFFC to share the voices of our customers experiencing hardship.
- 13 Our aim is to develop a new service delivery model to move people experiencing hardship toward financial independence. The model will take account of the variable progress that customers (some showing 'two steps forward, three steps back' behaviour) make on this path.

We have involved all stakeholders by using a comprehensive co-design approach

- 14 Co-design involves all key stakeholders in the design process. They, along with other key sector partners, have been critical in informing the design of the new approach, testing assumptions and validating what will work.
- 15 The first workshop was held in September 2015 to introduce providers to the co-design approach. Since then, Community Investment has held co-design workshops around the country with service providers and their customers to determine what the new services should look like. We have engaged with approximately 300 people.
- 16 The approach and design for how the new MSD-funded services will look has been co-designed alongside providers currently delivering budgeting services, and with the customers receiving those services.
- 17 Engaging Work and Income staff, from managers to case workers, and recording their experiences and insights was a priority. This has been achieved and a standardised Work and Income referral practice is being developed as the fourth service concept; we will aim for its early implementation.
- 18 The Ministry of Business Innovation and Employment is also fully engaged in the co-design and the Auckland Co-lab has been instrumental in the design and prototyping. Organisations involved in the wider financial capability sector including microfinance lenders and Good Shepherd New Zealand are also included.
- 19 A Design Hub room has been established at MSD's Bowen State Building in Wellington to enable the visual display of all stakeholders' input. The visual and interpersonal connections in this room have greatly strengthened the co-design. A walk-through visit to the Hub is highly recommended and an invitation for this is attached as Appendix Three.

Approximately two-thirds of the total service requirement is ready for tender

- 20 We plan that delivery of the new financial capability service model will commence on 1 November 2016. We propose taking a phased approach with three core service components needed for successful delivery scheduled for immediate introduction. Additional components will be added as they are completed.
- 21 The full suite of redesigned services will be in place from 1 July 2017.

The transition to the new services will be funded from the current appropriation

- 22 It is anticipated that the 2016/17 budgeting services appropriation of \$14.9m will be invested as follows:
 - \$4.4m for the rollover of existing contracts until 31 October 2016

- \$6.7m (approximately) to fully develop and then deliver three core services from 1 November 2016
- \$3.8m (approximately) to develop, test and gradually introduce eight other service components as required.

The new service model includes eleven key components

23 The new service model has been designed to address the complex lives and needs of customers experiencing hardship. This model comprises three core services (numbers 1 -3, in bold). Approximately eight additional components will be developed over the coming year (some components may be merged or expanded as part of the on-going development process and depending on their viability):

- 1 Strengths-based financial plan**
- 2 Financial mentors**
- 3 Group and peer-led support**
- 4 Standardised Work and Income referral practice
- 5 Income and resource generation strategies
- 6 Ethical money management
- 7 Financially inclusive products
- 8 Mobile, online or after-hours service accessibility
- 9 Financial capability training programme and products
- 10 On-line tool to measure outcomes and progress
- 11 Systematic social change programme to achieve community-level learning.

Additional information on each component is attached in Appendix Two.

New financial products and opportunities have also arisen through the co-design

- 24 Increased alignment between the financial and budget services sectors has been explored, specifically:
- we understand that Westpac Bank representatives are keen to view the Design Hub room and to discuss involvement within the seventh service component, Financially Inclusive products, possibly by using the Banking Innovation Fund
 - a much better understanding of the microfinance sector in New Zealand has been gained, including with the Community Finance initiative
 - a proposal to deliver microfinance lending through selected budget advisors/financial mentors is being discussed.

Risks involved in moving to the new model will be managed

- 25 As with the introduction of any new service or programme, there are risks involved in the transition. We are confident that we can manage these risks. Our use of the co-design process has meant that we have a very good understanding of the budgeting services sector and good relationships with key players.
- 26 Communication and relationship management will be key to successful implementation and minimising risk during the transition. We will provide regular updates to the sector and a national service design road show is planned for 9 – 20 May. This will provide an overview of the service model and an understanding of the new frontline services. We will host approximately ten sessions across the country for current MSD-funded providers, the wider budgeting sector, and those who deliver financial capability services.

- 27 Many providers are already using part or most of the new approach and are ready for change. We know that some providers offer less effective services producing 'tick box' type budgeting advice that fails to engage with customers or assist their move to financial capability. We will assist them to transition, or exit the funded sector, as part of the development process.

We are confident the new service model will improve sector performance and build financial capability

- 28 The use of the co-design process will ensure the new financial capability-building products and services are fit for purpose, endorsed by the sector, and responsive to the real needs of customers, across a continuum of complexity of need and financial capability.
- 29 Improved alignment with microfinance providers and the broader financial sector will be encouraged, with the aim of moving customers experiencing hardship to a position of increased financial capability where they can be assisted towards financial growth.

File ref: REP/16/3/318

Appendix One

"Tina's story" – showing a current customer's experience and the improved future state – is attached as an A3 fold-out.

Source:

Co-design "Blueprint" document, ThinkPlace and Ministry of Social Development March 2015.

RELEASED UNDER THE OIA

Tina is desperate



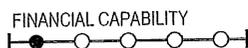
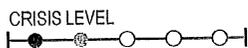
Mid
30s

Lives in
Auckland

Solo parent
(husband in
prison)

Three children
aged 16, 8 and 4

Her middle child has
a learning disability



"I only cater for my children. We all wish we could live spontaneously but you know..."

TINA'S BACK STORY

Tina and her family rely on benefits as she struggles with a mental health issue which means she hasn't been able to hold down a job for several years. Tina's partner is currently in prison. Her moods can fluctuate, especially when she is under a lot of stress. Tina is currently feeling very down about her situation.

Tina has been forced to move house numerous times and is currently on the waiting list for social housing. She doesn't have much family to call on for help, however a cousin is letting Tina and her children stay in their garage until a house comes through. Over the past few years Tina has accumulated a range of debt.

This includes owing \$15,000 to Work and Income due to benefit overpayments and she has a debt with her GP. Anxiety about this accumulating debt puts Tina off seeing her GP as regularly as she should however she knows she needs to go to keep up with her medication.

Tina can't afford a car so she and the kids walk everywhere. With money being so tight Tina doesn't have the internet at home and she has a basic cell phone which she only uses for emergencies. Tina is feeling pretty stressed as she has run out of food for her children and it's still three days until her next benefit payment...

CURRENT EXPERIENCE



Tina has spent her last few dollars on some medicine which she needed urgently.

She has no money left in her account and it's still three days until her benefit comes through



Tina rushes down to her local Work and Income office late in the day. Her case manager agrees to an urgent hardship payment however this can't be paid into Tina's account until the next morning.

Her case manager says as she has had several hardship grants she needs to go to budgeting services and get a documented budget. The case manager is aware that Tina has no money left to buy food so suggests Tina goes to the local Salvation Army food bank to tide her family over.

"I must admit I'm very slow to try and do things for myself, when you've got someone else you can depend on to do it you tend to feel safer."



Her family is in urgent need for food so she walks to the food bank. At the food bank they make Tina an appointment to see a budget advisor first thing the next morning.



In the morning she goes to her budgeting appointment. She and the budgeter work through a plan. Tina takes the budget away to show her case manager. She is frustrated when she gets there as her case manager barely looks at the budget sheet. She is relieved though to know her payment has gone into her account.

"It was three days before pay day. I thought 'lucky the budget advisor is really good, cause most budget people will say see you next week even though you need food today.'"

"They expect you to hold this budget sheet and all they do is glance at it... but every time I come in they say 'have you got your budget sheet?'"



After a long, hard day Tina is happy to get home with the kids. She is gutted to find a letter waiting for her from a loan company demanding immediate payment as she's fallen behind with repayments

Tina was looking forward to her benefit being paid so she could see how much money she can put to paying off some of her debt. The amount in her account is less than she was expecting as she forgot she is paying off some W&I overpayments

"I've never saved because there's nothing to save..."



It's Tina's son's birthday on the weekend. While things are very tough financially Tina doesn't want her children missing out. She makes a call to the shopping truck that's often in her neighbourhood to buy her son a few gifts.

With everything going on Tina is feeling stressed out, fed up and her health starts to suffer again....

Tina in the future

A FUTURE PATHWAY



Tina goes into W&I for a hardship grant. She meets a Case Manager who looks at her file. Seeing that this is Tina's second hardship request the Case Manager takes the opportunity to talk to Tina about how working with a financial capability provider may benefit her. She lets Tina know what providers are available, and talks through what might be a good fit for Tina. Tina feels working one-on-one with someone may help, so the case manager arranges for a financial mentor (FM) to call Tina

Area of opportunity
The Case Manager can see Tina's history in MyMSD. She organises a hardship grant and says:
"You could really benefit from having an expert work with you to understand your money situation. Here are the options available in our community – what one do you think would best work for you..."

Area of opportunity
A local FM contacts Tina and arranges to meet up. Using the 'where I'm at' section of their financial plan the FN quickly builds a picture of Tina's situation. They recognise that things are tough with Tina's housing situation, her 8-year-old's health and a pregnant daughter. Being a single mum she is juggling this all herself.



The FM makes a gentle but sincere approaches to contact Tina a few days later as Tina didn't turn up for their next session.

The FM makes further calls to Tina and leaves a message about how she wants to help. Eventually Tina answers the phone and they talk again. Tina agrees to let the FN talk to W&I.

Area of opportunity
The FM establishes trust with Tina and uses their agency connections to issue an urgent recommendation to get Tina further support. A Whanau Ora navigator makes contact and they discuss options.
The FM works with W&I to ensure that Tina is getting all her correct entitlements and recommends a debt alleviation period for a short time.

Light bulb moment
"At first I wasn't sure about this FM person asking me questions, but she seemed to genuinely care about how I was feeling, and was actually listening. I told her I wasn't wasting my money and she said she understood and wanted to work with me. I'm not sure if I believe her, but



Tina gets a phone call from her kaimahi (through Whanau Ora) touching base. She lets Tina know that she's been liaising with her FM about Tina's situation. Through conversations they establish Tina has a debt with her GP and she hasn't been taking her medication. They explain that they would like to work with her to make a plan to support her, which first means stabilising her health.

Area of opportunity
Connected support services working together and having a trusted kaimahi work with (not for) Tina. There are agreed priorities for Tina and her whanau around health and housing. Financial advice is passed on to Tina through her trusted kaimahi.

Area of opportunity
The FM strengths-based financial plan builds a integrated picture of a person's financial well-being. For Tina, this means taking positive steps to get on top of her health and to seek help through the school for her 8-year old.



The kaimahi works closely with Tina's FM to support Tina's financial options. Tina chooses to sign up for Ethical Money Management (EMM) and the FN requests a hold on debt interest to stop her money crisis worsening. The FM supports the kaimahi as she helps Tina make a case to Housing NZ for a house for Tina. This is all part of her financial plan.

Area of opportunity
A EMM programme that includes a no-interest hold on her debt helps Tina to stop worrying about money and gives her some space to think about other priorities. As part of the EMM programme she attends a fortnightly financial literacy course where she meets other people in her situation. Tina benefits from hearing how others have improved their money situation.

Light bulb moment
"I thought I was on my own, then I met people on my course who know what I'm going through. We talk about our challenges and they are helping me make plans."



Once Tina's health gets back on track she feels empowered to tackle some other issues. Her kaimahi has helped her get a house; she meets with the school about a teacher aide for her 8-year-old; and begins to make plans for her child's birthday. She remembers that her FM said that a picnic at the local park can make a child feel special on their birthday without costing a lot.

Area of opportunity
Achieving non-financial goals is recognised by W&I as progress (e.g. getting back on medication, a debt repayment plan, stopping smoking, kids going to school with lunches). Her FM organises a morning tea for Tina and her whanau to celebrate her progress.

In the near future...
Tina talks to her FM about wanting to volunteer somewhere, so they talk about that and Tina decides to call the school to see if they might need someone to help out in her daughter's class...

Appendix Two

Key service components

1 Strengths-based financial plan	An online or paper tool that enables meaningful and action-oriented discussion between the customer and their mentor (and Work and Income case manager where relevant). It will show the step-change towards financial control.
2 Financial mentors	These workers will replace budget advisors, taking a much wider role by helping customers to connect and work with the local financial and support systems. Financial mentors will work with customers to develop their financial plans and empower them to engage with the types of activities that will suit them and their situation as they work towards financial capability.
3 Group and peer-led programmes	Group and peer-led support sessions to share and learn about money and influence positive behaviour change. This service has the potential to be more cost-effective and appropriate for several types of customer who do not necessarily need or want 1:1 services.
4 Standardised Work and Income referral practice	A simple practice that will enable Work and Income case managers to have conversations with their customers about what a budgeting activity is and why it's important. Through these conversations customers will be motivated to choose the best-fit financial capability building activity for them and their situation. This component has links with the MSD Simplification Project, and we are working to ensure cohesion with that workstream.
5 Income and resource generation strategies	A practical and aspirational programme of income and resource generation options that helps a customer live better and ideally grow their means.
6 Ethical money management	A centralised service platform and suite of programmes that help control a customer's money and transactions. It is brokered by their financial mentor, reviewed regularly and is offered alongside a suite of educational support and tailored for people in financial hardship.
7 Financially inclusive products	Five foundation financial products which can be a catalyst for customers to build their financial capability and move on to a path of growth
8 Mobile, online or after-hours service accessibility	A consistent financial support service delivered through a range of channels, including smartphone and online, and at a time that works best for the customer (including outside normal business hours)
9 Financial capability training programme and products	A financial capability training programme and resources for the workforce who work with people experiencing hardship.
10 On-line tool to measure outcomes and progress	This software-based tool allows clients and those supporting them to track progress around key financial capability outcomes (reducing debt, increase awareness, support family etc.) The software is computer and smartphone based, so users can capture on-the-spot feedback and track customers' progress.
11 Systematic social change programme to achieve community-level learning	Resources, systems and co-ordination practices that support strongly connected local communities that understand the nuances and needs of people experiencing hardship.

Appendix Three

Invitation

Hon Bill English
is cordially invited to visit

The Design Hub room

Financial Capability (Budgeting Services) Co-design

An opportunity to view the input from customers, providers, and stakeholders as it has been received and to gain an overview of the connections and design decisions made

Location:

Ministry of Social Development, Te Anau Room, Bowen State Building Level 3, Wellington

Time:

Any time between 8.00am and 7.00pm

Date:

The room has been reserved till 14 April 2016



Report

Date: 21 April 2016

Security Level: IN CONFIDENCE

To: Hon Jo Goodhew, Associate Minister for Social Development

CC: Hon Anne Tolley, Minister for Social Development

Increasing financial capability for people experiencing hardship

Purpose of the report

- 1 Your agreement is sought for the implementation from 1 November 2016 of three core components of the new building financial capability service: Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Supports.

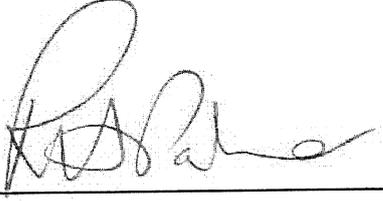
Recommended actions

It is recommended that you:

- 1 **Agree** that frontline delivery of Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Supports will begin 1 November 2016. Yes / No
- 2 **Note** that Work and Income referral practice guidelines will commence from 1 November 2016. Yes / No
- 3 **Note** that it is anticipated that the 2016/17 budgeting services appropriation of \$14.9m will be invested as follows:
 - \$11.1m for front-line delivery of services
 - \$3.8m for delivery of seven other service components and transitional funding for providers (if required) Yes / No
- 4 **Note** that we are working with the sector to identify the workforce training and sector capacity-building that will be required to fully implement the new financial capability service. Yes / No
- 5 **Note** that current provider contracts will be rolled over until 31 October 2016 to ensure continuity of service provision. Yes / No
- 6 **Note** that if you agree to recommendation 1 (above) the open tender for the delivery of the new Financial Plans, Financial Mentors, and Group Learning and Peer-led Supports will open in June 2016. Yes / No
- 7 **Note** that the Communications Plan will be provided to you on 27th April 2016. *as soon as possible.* Yes / No

8 **Note** that speaking notes are being prepared for you to present an oral item at an upcoming Cabinet Social Policy Committee meeting (date to be confirmed). Yes / No

Completed 11/5/16

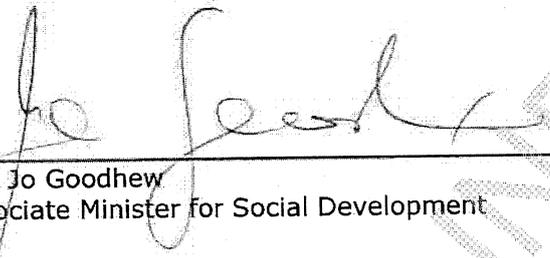


Murray Edridge
Deputy Chief Executive
Community Investment

PP

21/4/16

Date



Hon Jo Goodhew
Associate Minister for Social Development

11/5/16

Date

RELEASED UNDER THE OIA

Background

- 2 The Ministry of Social Development (MSD) allocates \$14.9m per annum to budgeting services across New Zealand.
- 3 Community Investment is leading a thorough re-design of MSD-funded budgeting services to assist them to make a shift in focus toward increasing financial capability for people experiencing hardship.

A shift in focus toward financial capability is needed

- 4 Many people referred to budgeting services face overwhelming crises across multiple facets of their lives or have reduced capacity to make decisions. They are unlikely to make significant changes in their lives until their immediate needs are met. A percentage of customers only access budget services to meet Work and Income requirements and are less likely to be engaged.
- 5 MSD currently funds budgeting services to focus on improving customers' financial *literacy*, but to really help people experiencing hardship; the focus needs to be on improving their financial *capability*.
- 6 Financial capability is the ability to act combined with the opportunity to act and involves the recognition that there are environmental and structural factors that affect the ability of vulnerable people to improve their circumstances.
- 7 A Core Design Team comprising members from MSD, the Auckland Co-Design Lab and the Ministry for Business, Innovation and Employment was formed in 2015 and will continue to work throughout the project to ensure that a balance of voices, expertise and perspectives is incorporated.

We have involved stakeholders by using a comprehensive co-design approach

- 8 We have used a co-design approach to design the proposed new service components. This has involved consulting with a wide range of stakeholders, including:
 - Providers of budgeting services – those that currently receive Government funding as well as those that are in the non-funded sector
 - The financial sector
 - Representatives of relevant umbrella groups including the NZ Federation of Family Budgeting Services and the Associated Budgeting Consultants' Network
 - The Commission for Financial Capability
 - Work and Income
 - Maori and Pasifika providers of budgeting services
- 9 A co-design approach puts customers' experiences at the heart of the process and enables re-imagining the future with those who will be using the service. Concepts are developed with partners, then prototyped and tested with customers to ensure the developed services work for them. It has been shown to reduce risk because all perspectives of 'success' (including the customers') are integral to the design process.
- 10 The initial workshop was held in Manukau City in September 2015 to introduce providers to the co-design approach. Since then, Community Investment has held co-design workshops around the country with service providers and their customers to determine what the new services should look like. To date we have engaged with 337 different stakeholders, including design workshops with 75 providers (45% of current providers). There have also been 6 sector updates, provided electronically.
- 11 Engaging Work and Income staff, from managers to case workers, and recording their experiences and insights was a priority. Work and Income referral practice guidelines are being developed for commencement on 1 November 2016.

This approach aligns with the widespread work on building financial capability

- 12 The National Strategy for Financial Capability was developed by the Commission for Financial Capability (CFFC) and endorsed by Cabinet in July 2015. Its vision is "Everyone getting ahead financially," i.e. to improve the financial capability of the whole of New Zealand's population.
- 13 The co-design fits with the work of the CFFC, in that the emphasis is on financial capability building supported by the development of tools, education and campaigns. We are working with the CFFC and other partners to share the voices of our customers experiencing hardship and to ensure products and tools work for the shared customer base. We will enable other agencies to utilise our insights and products to assist their customers.
- 14 The aim is to move people experiencing hardship toward financial independence through education, support and advice. It will also work towards removing some of the structural and systemic barriers to improving their financial situation. The model will take account these wider issues, their impacts and the variable progress that some customers make (sometimes taking 'two steps forward, three steps back') and build on these behavioural insights.
- 15 Four illustrations of the difference for customers between what is available now and what could be available in the future are attached at Appendix One.

There are eleven key service components

- 16 The new service model has been co-designed to address the complex lives and needs of people experiencing hardship. This model comprises four core services (numbers 1-4 below). Up to seven additional components will be developed over the coming year. Some components may be merged, expanded or removed as part of the on-going development process and depending on their viability and suitability for our target customers:

- 1 Strengths-based financial plan**
- 2 Financial mentors**
- 3 Group learning and peer-led supports**
- 4 Commence using Work and Income referral practice guidelines**
- 5 Income and resource generation strategies
- 6 Ethical money management
- 7 Financially inclusive products
- 8 Mobile, online or after-hours service accessibility
- 9 Financial capability training programme and products
- 10 On-line tool to measure outcomes and progress
- 11 Systematic social change programme to achieve community-level learning.

Additional information on these is attached in Appendix Two.

We proposed taking a phased approach

- 17 We plan that delivery of the new financial capability service model will start on 1 November 2016. We propose taking a phased approach, with the four core service components scheduled for immediate introduction.
- 18 This phased approach will give us the time necessary to complete the other seven components which will be integrated into the new service model over time. It will also help the budgeting services sector make a phased transition to the new way of working with customers.

The transition to the new services will be funded from the current appropriation

- 19 The 2016/17 appropriation for budgeting services is \$14.9m. Table One (below) shows how we anticipate using this funding.

Table One: 2016/17 Allocation of Budgeting Services appropriation

Allocation of Budgeting Services appropriation	2016/17
Front-line delivery of core services	
<ul style="list-style-type: none"> 1 July – 31 October 2016: Provision of Budgeting Services by current providers 	\$4.4m
<ul style="list-style-type: none"> 1 November 2016 – 30 June 2017: Provision of Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Supports 	\$6.7m
Subtotal	\$11.1m
Delivery of other service components and transitional funding	
<ul style="list-style-type: none"> Delivery of seven Financial Capability service components Transitional funding for unsuccessful providers (if required) 	\$3.8m
TOTAL	\$14.9m

- 20 Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Support are the services that will be accessed by the majority of the customers and will make up a large proportion of the overall financial capability service model once it is fully implemented. The standardised Work and Income referral practices do not require funding as they are part of Work and Income's "business as usual" work.
- 21 \$3.8m of the appropriation will be used to deliver the other seven service components. We will be introducing the service components as they are completed, with the full suite being delivered from 1 July 2017.
- 22 We are investigating making transitional funding available and this will also be funded from the \$3.8m. This funding would help any currently funded providers who are not successful in getting contracts for service delivery from 1 November 2016. This transitional funding would provide for continuation of service delivery until 31 December 2016 and help providers to transition their clients to other services.

Opportunities to link with parts of the finance sector have arisen

- 23 Alignment with the broader financial sector including microfinance providers (including Community Finance) has been explored in the co-design. Progress within the seventh service component Financially Inclusive Products includes:
- design and prototyping of bank products that will work within users' cultural frameworks and support their cultural obligations
 - possible use of the Banking Innovation Fund; Westpac Bank representatives are ready to discuss possible involvement
 - discussions on a pilot to test delivery of microfinance lending through selected budget advisors/financial mentors.

We are working with the sector to identify the workforce training and capacity building that will be required to support the new services

- 24 On 24 February 2016 we ran a providers' workshop in Christchurch. The focus was on identifying key issues and insights around sector capability, primarily workforce development.
- 25 The workshop identified several key issues consistent with other co-design feedback:
 - that effective budget advisors require a diverse range of skills
 - the need for national standardised training and strong sector leadership and networks
 - the need for nationally-accessible resources and training
 - the importance of keeping what is currently working in workforce development.
- 26 We will be further consulting the sector on these issues to develop workforce training to support the re-design proposals. The results of this work will be included in our final report to you.

The way funding is invested is consistent with Government's social investment approach

- 27 The social investment approach that Government is taking aims to improve the lives of New Zealanders by applying rigorous and evidence-based investment practices to the development and delivery of social services. The new financial capability service delivery model that we are developing is based on this social investment approach.
- 28 Consistent with this, when we implement the new financial capability service, a major focus will be to make sure we are purchasing the right services from the right providers in each region to meet the needs of vulnerable customers.
- 29 Through the co-design process, we have worked closely with the budgeting services sector to identify what does and doesn't work to help people experiencing hardship. The rigour in the design process will be matched up with funding decisions based on data on the needs of vulnerable people at the regional level.

We are targeting the most vulnerable customers

- 30 We know that our current service provision is reactive, and primarily responds to those who are referred by Work and Income or who self-refer. The co-design work has shown that there are many people who would benefit from financial capability services who do not currently engage with budgeting services.
- 31 Under the new service model, we are aiming to be more responsive to customer need and to make services much more attractive to the working poor and groups that are not currently accessing services.
- 32 We have used a range of indicators to build a comprehensive understanding of the need for financial capability services regionally. These indicators include the number of families earning less than \$50,000 per annum, the number of families receiving Working for Families and the number of clients given the Hardship Emergency Grant¹. This will enable us to distribute funding fairly, and to the areas of greatest need.

Providers will be affected in different ways

- 33 Our analysis is that many current providers will get contracts to deliver the new services from 1 November 2016. This is because many providers are already

¹ Other indicators of need are: Number of clients receiving the Accommodation Supplement; Number of single parents with dependent children, Maori population, Pasifika population and the number of people aged 20-24.

delivering to vulnerable customers and are using part or most of the new approach to building financial capability.

- 34 However, we expect that there will be some providers who will not receive funding, for example because they are not providing services to the target customers or are duplicating service provision. At the same time, there are likely to be providers who don't currently receive Government funding, but are successful in tendering for the new contracts. Until providers go through the tendering process, we are unable to say which, or how many providers are likely to be affected.
- 35 The timeline for the tendering process is as follows:

Week beginning 23 May 2016	Providers briefed
1 - 30 June	RFP open
25 July - 5 August	Assessment panels held
9 September	Noting paper to you
12 - 23 September	Sector advised of outcomes (unsuccessful providers prioritised and transition funding offered)
26 September - 31 October	Contract development
1 November 2016	Delivery of new services start
1 November 2016 - 31 January 2017	Unsuccessful providers transitioned to non-funded sector

- 36 The co-design process means that we have engaged and worked closely with the budgeting services sector and other key partners. We are therefore confident that any change for providers will be to achieve benefits for people experiencing financial hardship.

There are risks involved with the transition

- 37 As with the introduction of any new service or programme, there are risks involved in the move to the new model. We have identified two major categories of risk:
- Risks associated with the range of new service components; and
 - Risks associated with contract changes in the short term.

Risks with the new service components

- 38 We are confident that we can manage the risks from the range of new service components. Our use of the co-design process has meant that we have a very good understanding of the budgeting services sector and good relationships with key players.
- 39 We know that many providers are already using part or most of the new approach and are ready for change. We know that some providers offer less effective services (e.g. 'tick box' type budgeting advice) that don't properly engage with customers or help them move to financial capability.
- 40 A significant proportion of the sector does not receive MSD budgeting services funding. We will work with any current providers who are not successful in the tendering process to help them make the transition to the non-funded sector.

- 41 Examples of these types of risks that we have identified and the way we intend to manage them are shown in Appendix Four.

Risks with contract changes in the short term

- 42 We currently have contracts with 164 providers to deliver budgeting services. In order to start delivering the new services from 1 November 2016, all current provider contracts for delivery of budgeting services will need to cease on 31 October 2016.
- 43 Those providers whose current contracts finish on 30 June 2016 will have their contracts rolled over until 31 October 2016 in order to ensure service continuity. There are 72 providers which have current contracts which end on 30 June 2017. The introduction of the new services and new contracts will mean that their current contracts will finish eight months early.
- 44 There are no legal ramifications arising from this. All provider contracts contain clauses to allow for contract variations provided 90 days' notice is given. We have met this requirement as all providers have been informed of the change in contract and have confirmed in writing that they have accepted the contract variation.
- 45 We are aware that some of the affected providers are expressing concern that their contracts will be shortened. It is to be expected that providers will be concerned that their contracts will finish earlier than they initially anticipated. All of the affected providers will be able to tender for the new contracts, but it is not possible to forecast which will be successful.
- 46 These concerns are likely to be exacerbated by the fact that they have little information on the new services we propose contracting for from 1 November 2016.
- 47 If you agree to the three new service components (Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Supports), we will be able to provide the sector with this information.
- 48 This will enable providers to assess their alignment with the new services and whether they will tender for the new contracts. It will also enable us to progress the development of the tender documents and ensure the best possible procurement process before service delivery begins on 1 November 2016.

We will support the sector in the transition to the new service model

- 49 Following your agreement to the proposed Strengths-Based Financial Plans, Financial Mentors, and Group Learning and Peer-Led Supports, the tender for delivery of these services will open in June 2016 on the Government Electronic Tendering Services (GETS).
- 50 We will continue to provide regular updates to the sector. In addition we will provide service design information via video and a comprehensive information pack. This is to ensure providers get an understanding of the "why, how, what, when", the frontline services to be tendered. Providers will be able to see how the new design fits with what they are currently doing and what they may have to change. This approach replaces the roadshow that was originally proposed but which is no longer considered feasible given the timeframe available.
- 51 Any questions and answers will be posted on the Community Investment website to ensure that all interested parties are able to easily access updated information.
- 52 We intend to be as responsive as possible to the needs of providers during the transition to the new service model. As noted earlier, we are working with the sector on the training and support providers will need to deliver the new services.
- 53 We anticipate being able to tell providers in late September 2016 whether or not their tenders have been successful. As noted in paragraph 22 (above), in order to help unsuccessful providers to transition their clients to other services, and to smooth their exit from the funded sector, we are investigating providing transitional funding. This would provide for continuation of service delivery until 31 December 2016 and

would be funded from the \$3.8m set aside for delivery of the seven service components.

- 54 Until the tender process is completed, we will not know how many providers will need the transitional funding. Any transitional funding provided would be released in November 2016.

We are confident the new service model will improve sector performance and build financial capability

- 55 The use of the co-design process will ensure the new financial capability-building products and services are fit for purpose, endorsed by the sector, and responsive to the real needs of customers, across a continuum of complexity of need and financial capability.
- 56 More information on the 'Increasing Financial Capability for New Zealanders Experiencing Hardship' services will be provided in a final report to you for your approval.

File ref: REP/16/3/309

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Appendices

- 1 Customers' stories
- 2 Key service components
- 3 Risks and mitigations

Appendix One

Customers' stories

Four stories showing current customers' experience and the improved future state are attached as A3 fold-outs.

Source:

Co-design "Blueprint" document, ThinkPlace Auckland Co-Lab and Ministry of Social Development March 2015.

Appendix Two

Key service components

1 Strengths-based financial plan	A tool (available either on paper or electronically) that enables meaningful and action-oriented discussion between the customer and their mentor (and Work and Income case manager where relevant). It will show the step-change towards financial control.
2 Financial mentors	These workers will replace budget advisors, taking a much wider role by helping customers to connect and work with the local financial and support systems. Financial mentors will work with customers to develop their financial plans and empower them to engage with the types of activities that will suit them and their situation as they work towards financial capability.
3 Group learning and peer-led supports	Group and peer-led support sessions to share and learn about money and influence positive behaviour change. Most service providers offer some form of customer learning group/peer support but there is currently no consistent approach to how and what is delivered. This service has the potential to be more cost-effective and appropriate for several types of customer who do not necessarily need or want 1:1 services.
4 Commencing standardised Work and Income referral practice guidelines	A simple practice that will enable Work and Income case managers to have conversations with their customers about what a budgeting activity is and why it's important. Through these conversations customers will be motivated to choose the best-fit financial capability building activity for them and their situation. This component has links with the MSD Simplification Project, and we are working to ensure cohesion with that workstream.
5 Income and resource generation strategies	A practical and aspirational suite of income and resource generation options that helps a customer live better and ideally grow their means.
6 Ethical money management	A centralised service platform and suite of programmes that help control a customer's money and transactions. It is brokered by their financial mentor, reviewed regularly and is offered alongside a suite of educational support and tailored for people in financial hardship.
7 Financially inclusive products	Five financial products which can be a catalyst for customers to build their financial capability and move on to a path of growth
8 Mobile, online or after-hours service accessibility	A financial support service delivered through a range of channels, including smartphone and online, and at a time that works best for the customer (including outside normal business hours)
9 Financial capability training programme and products	A financial capability training programme and resources for the workforce who work with people experiencing hardship.
10 On-line tool to measure outcomes and progress	This software-based tool will allow customers and those supporting them to track progress around key financial capability outcomes (reducing debt, increase awareness, support family etc). The software is computer and smartphone based, so users can capture on-the-spot feedback and track customers' progress.
11 Systematic social change programme to achieve community-level learning	Resources, systems and co-ordination practices that support local communities that understand the needs of people experiencing hardship.

Appendix Three

Risks and mitigations

Some examples of the risks that we have identified, and the way we intend to manage them are as follows:

Risk	Mitigations
s 9(2)(g)(i) Free and Frank Advice	

Tipene is surviving right now



40

Lives in Invercargill

Tipene's wife passes away



Sole parent, four children

Receiving benefit

CRISIS LEVEL



FINANCIAL CAPABILITY



"I don't have any habits. I don't drink, I don't smoke, anything. That's how you have to be if you want to make it in a world like today."

TIPENE'S BACKSTORY

Tipene has had a very tough year. His wife of 20 years passed away recently after a two-year battle with cancer and his children are struggling to come to terms with this. Tipene, who is 40, has four children aged 14, 13, 10 and 3 and they live in Invercargill. Until his wife got sick Tipene worked at the local freezing works and he earned pretty well, however he never focussed on saving. His wife always managed their finances.

Last year was a bumper year at the freezing works and Tipene worked a lot of overtime. Tipene wasn't aware though that his temporary increase in income would affect his Working for Families payments and he was building up a tax debt.

With one thing and another Tipene also accumulated other debts without really realising it.

Tipene is very proud of owning his own home. He was able to manage the mortgage payments quite easily when he was earning, however it's proving a real struggle now he's on a benefit. Tipene is also worried that the house needs quite a bit of work done to it, getting the house insulated is a priority as his youngest child suffers from asthma.

Tipene's goal is to return to work, however the time has to be right for the family....

CURRENT EXPERIENCE

"Oh god, since my wife passed away my whole life has changed because my wife did all the financial stuff for me. It never concerned me really..."



Tipene is trying to get back on his feet after the death of his wife who he cared for over the past two years. Tipene had to give up work to care for his family and he's on a Work and Income sole parent support - things are tough. Tipene has also just received a bill for \$15k for his wife's funeral expenses

Tipene talks to Work and Income who provide a funeral grant of \$2000 and also refer him to budgeting services



Tipene attends his first session at a marae-based budgeting service. He's relieved to work with the budgeter to come up with a budget and he also finds it useful when they give him some additional information about financial literacy. It's all the extra costs that come up with the tamariki that Tipene finds hard to budget for



Tipene feels that he has a good budgeting plan and while things will be tight Tipene thinks he can manage.

Tipene feels in an ok space until he receives a letter from Inland Revenue saying that he owes money for a Working for Families overpayment from the last financial year (when he did some extra hours at the freezing works). He now owes Inland Revenue \$3k which he hadn't factored into his budget



Tipene heads back to his budgeter who helps develop a plan so Tipene can keep paying the mortgage and negotiates a repayment plan with IRD on Tipene's behalf. Tipene is very conscious that it's going to be real struggle to keep to the budget, and that's with no extras....

"It's not easy being a parent on your own... You're expected to have school uniforms, pay school fees... they need a uniform and if they rip it you still have to get another one. There is no room for my tamariki to be tamariki. There is no room for error."



Tipene's budget advisor also tells him about a financial education course that his local marae runs. Tipene signs up as he is very keen to do whatever he can to get his whānau into a better financial position. Tipene is still just meeting his whānau's day-to-day living costs, he's not able to save which stresses him



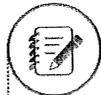
Tipene really appreciates the help he has got from the marae, so he often does odd jobs around the marae as a way of saying thank you. A real bonus from the course he's completed is learning more about gardening and kete kai which is helping Tipene feed his whānau.

Tipene has found the course invaluable and he often talks to other people he knows who are in difficult financial situations about the value of the course and working with a budgeter



Tipene has built a strong rapport with his budgeter who he keeps in regular contact with. For Tipene this relationship is a life line for him, helping him and his whānau keep on track....

Tipene in the future



Tipene and his wife have attended a financial literacy course which was offered to employers and their partners through the freezing works. They also decide to opt into the employee savings scheme offered by the freezing works.

Area of opportunity

Through the financial literacy programme offered by Tipene's work he and his wife learn important information about tax, KiwiSaver, Working for Families, smart and bad debts and different forms of insurance.

They didn't realise there was so much to learn, however they feel they're in a much better position financially now.



Crisis strikes the family when Tipene's wife is diagnosed with cancer. As the cancer progresses, Tipene and his wife come under increasing emotional and financial strain. Tipene has dropped back to part-time work.

Area of opportunity

While things are very tough Tipene is grateful they joined the whānau-savings programme offered by their iwi. When they are told Tipene's wife's cancer is terminal they receive assistance as part of their commitment and contribution to the programme.



A financial mentor from Tipene's marae helps the couple to focus on some decisions they need to make to care for their whānau. Tipene also meets with his mentor without his wife to talk about more practical aspects like coping on his own, supporting his children and managing the finances.

Whānau gather at Tipene's wife marae in preparation for her passing. While they tried to prepare themselves for her death, Tipene and his tamariki are devastated when she goes.

Area of opportunity

While the financial mentor has worked with Tipene to build a financial plan, she can see he needs help dealing with his grief. The mentor talks to Tipene about accessing counselling service available at his marae and puts him in touch with the Cancer Society who can provide Tipene with a range of support.



Tipene negotiates leave without pay with his employer – they are supportive of him and grant him a year's leave to care for his children. He is on the Sole Parent Benefit. Life insurance takes care of the funeral costs.

Light Bulb Moment

"Things are really tough right now for my whānau. What has made things a little bit easier is the support I've received. My mentor has helped me put a financial plan in place and encouraged me to talk to my work about taking a year's leave without pay. Things are still tight but knowing I can pay my wife's funeral costs and have my job to go back to is a huge relief."



Tipene's mentor also reminds him that he needs to get in touch with Inland Revenue as he could have a Working for Families overpayment when they work through how much he earned the previous year.

They also talk about how being involved at the marae may help Tipene, both emotionally and financially.

Area of opportunity

Tipene has the confidence to talk to IR and sort out a realistic repayment plan. He also begins working in the marae gardens and starts to dive for kaimoana. This helps him with his grief and the kuia look after the tamariki to give him some time on his own. Tipene and his tamariki also become involved in the Kete Kai programme.



Tipene takes advantage of the money he's saved through his employer saving scheme to tackle some of the maintenance on his house.

Tipene takes his tamariki to open their own bank accounts. He also makes sure they are signed up for KiwiSaver.

Area of opportunity

Tipene's mentor says he might be eligible for the Healthy Homes insulation scheme so Tipene is straight on the phone making enquiries. Part of his financial plan is also focused on teaching his tamariki about money and savings. This is something Tipene is very committed to.

Light Bulb Moment

"I've learnt so much from my mentor. I wanted to give something back both to them and the marae for all their help and support. I now lead the support and mentoring network at our marae. It's also important that I'm a strong role model for my tamariki. We've been through so much however we're moving forward together."

Key experience shifts for clients in surviving circumstances like Tīpene

1 PROACTIVE PLANNING AND SUPPORT

- Importance of having a financial safety net in place wherever possible
- Taking advantage of saving and insurance schemes offered by employers or community-based organisations
- Being proactive about planning for the future

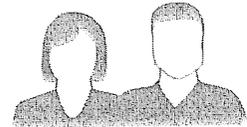
2 HEALTHY MONEY ATTITUDES

- Building a mindset shift towards saving being a priority
- Understanding the value of good debt and being proactive about personal finances
- Having the ability to plan or cope with sudden change in circumstances

3 VALUE OF INVOLVING OTHERS

- Taking a whole whānau approach to understanding money and finances
- Leveraging off wider support networks
- Value of sharing knowledge and learning with others – becoming financial champions and giving back to the community

Donna & Rāwiri are struggling



Late 50s

Have always lived in Whanganui

Children have left home and moved away from the area



Rāwiri is the main income earner. He works for a local trucking firm



Donna works part-time as an office manager

CRISIS LEVEL



FINANCIAL CAPABILITY



"I didn't know how to sort things out and when we came in the budgeter sat us down, my wife was in tears, they sat us down and made us a cup of tea and said it would be alright, we'll sort you out."

DONNA & RĀWIRI'S BACK STORY

Rāwiri's passion is doing up cars, and he has done one up every year since Donna first met him. This passion has come at a cost though, as over the years he's taken out a range of loans for his purchases. He currently owes over \$50,000.

Rāwiri is spending all his time in their garage working on his cars and doesn't seem to have the energy to start looking for another job.

Donna and Rāwiri have just received devastating news. The trucking firm Rāwiri works for has gone into receivership and Rāwiri has been laid off. There was no warning this was on the horizon. This has placed a lot of strain on Rāwiri and Donna's relationship. Donna feels that Rāwiri is in denial about what's going on, and the impact on their financial situation.

Donna is very concerned about the state of their finances. They are still paying off their mortgage and they are now behind on all the car repayments. They've also had to stop their KiwiSaver contributions.

Donna is feeling very stressed and the couple seems to be fighting all the time.

Donna is at her wit's end...

CURRENT EXPERIENCE



A notice from the bank arrives advising the couple they've defaulted on their mortgage. After recent events in their lives, including Rāwiri being made redundant unexpectedly, it's the last straw



Rāwiri, whose passion is doing up old cars, is in denial about their financial situation so heads down to the local car auction to buy another car to do up – Rāwiri's rationale is he has time on his hands so he might as well be doing something

Donna doesn't know what to do, she's stressed out dealing with all the financial issues by herself and is frustrated that Rāwiri is burying his head in the sand

Donna confides in a friend who tells Donna about budgeting services and says they might be able to help her

"I was a little bit embarrassed when I came in. I didn't want to come in and let them know I was having a few problems, especially at my age. I was a little bit embarrassed about saying I was in trouble."



The first budgeter Donna speaks to feels they're not best placed to help, however they refer her to another budgeter who specialises in mortgage issues.

On the phone the budgeter encourages Donna to bring Rāwiri with her to their first session.

"When we first come in I had all my bills all screwed up as I wasn't able to pay the bills. I didn't know how to sort things out and when we came in the budgeter sat us down, my wife was in tears, they sat us down and made us a cup of tea and said it would be alright."



At the first visit Donna breaks down in tears as she talks about what's going on for her and Rāwiri. The budget advisor takes the time to explain the process in detail to Donna and Rāwiri. This session was pretty hard for Rāwiri as well, especially seeing his wife so upset.



A few days later Rāwiri and Donna return to their budget advisor for their next session. Their advisor has sorted out their immediate crisis by calling the bank and the debt collectors on their behalf (with their permission). Both Donna and Rāwiri feel they have some breathing space.

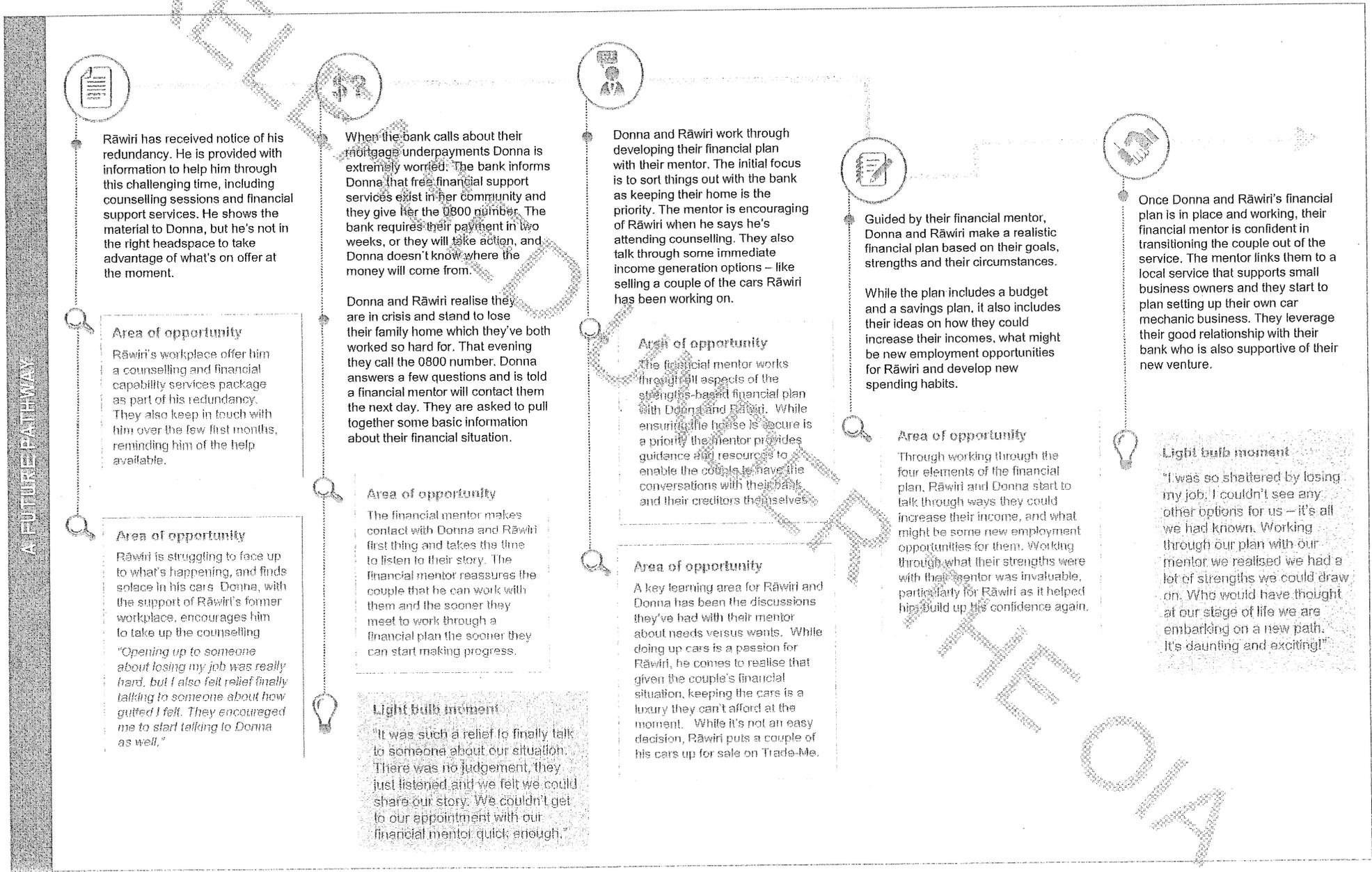
"Well we have a lot of debt and I think if we hadn't come here we would have been in trouble in a big way."



Rāwiri and Donna feel like they've been given a life line. After a few months they've even been able to start a savings plan – they feel there's light at the end of the tunnel

"We're not leaving these people at all. I would rather spend time at the budgeting services until we're millionaires."

Donna & Rāwiri in the future



A FUTURE PATHWAY



Rāwiri has received notice of his redundancy. He is provided with information to help him through this challenging time, including counselling sessions and financial support services. He shows the material to Donna, but he's not in the right headspace to take advantage of what's on offer at the moment.



When the bank calls about their mortgage underpayments Donna is extremely worried. The bank informs Donna that free financial support services exist in her community and they give her the 0800 number. The bank requires their payment in two weeks, or they will take action, and Donna doesn't know where the money will come from.



Donna and Rāwiri work through developing their financial plan with their mentor. The initial focus is to sort things out with the bank as keeping their home is the priority. The mentor is encouraging of Rāwiri when he says he's attending counselling. They also talk through some immediate income generation options – like selling a couple of the cars Rāwiri has been working on.



Guided by their financial mentor, Donna and Rāwiri make a realistic financial plan based on their goals, strengths and their circumstances.



Once Donna and Rāwiri's financial plan is in place and working, their financial mentor is confident in transitioning the couple out of the service. The mentor links them to a local service that supports small business owners and they start to plan setting up their own car mechanic business. They leverage their good relationship with their bank who is also supportive of their new venture.

Area of opportunity

Rāwiri's workplace offer him a counselling and financial capability services package as part of his redundancy. They also keep in touch with him over the few first months, reminding him of the help available.

Donna and Rāwiri realise they are in crisis and stand to lose their family home which they've both worked so hard for. That evening they call the 0800 number. Donna answers a few questions and is told a financial mentor will contact them the next day. They are asked to put together some basic information about their financial situation.

Area of opportunity

The financial mentor works through all aspects of the strengths-based financial plan with Donna and Rāwiri. While ensuring the house is secure is a priority the mentor provides guidance and resources to enable the couple to have the conversations with their bank and their creditors themselves.

Area of opportunity

The financial mentor makes contact with Donna and Rāwiri first thing and takes the time to listen to their story. The financial mentor reassures the couple that he can work with them and the sooner they meet to work through a financial plan the sooner they can start making progress.

Area of opportunity

A key learning area for Rāwiri and Donna has been the discussions they've had with their mentor about needs versus wants. While doing up cars is a passion for Rāwiri, he comes to realise that given the couple's financial situation, keeping the cars is a luxury they can't afford at the moment. While it's not an easy decision, Rāwiri puts a couple of his cars up for sale on Trade-Me.

Area of opportunity

Through working through the four elements of the financial plan, Rāwiri and Donna start to talk through ways they could increase their income, and what might be some new employment opportunities for them. Working through what their strengths were with their mentor was invaluable, particularly for Rāwiri as it helped him build up his confidence again.

Area of opportunity

Rāwiri is struggling to face up to what's happening, and finds solace in his cars. Donna, with the support of Rāwiri's former workplace, encourages him to take up the counselling. *"Opening up to someone about losing my job was really hard, but I also felt relief finally talking to someone about how gutted I felt. They encouraged me to start talking to Donna as well."*

Light bulb moment

"It was such a relief to finally talk to someone about our situation. There was no judgement, they just listened and we felt we could share our story. We couldn't get to our appointment with our financial mentor quick enough."

Light bulb moment

"I was so shattered by losing my job; I couldn't see any other options for us – it's all we had known. Working through our plan with our mentor we realised we had a lot of strengths we could draw on. Who would have thought at our stage of life we are embarking on a new path. It's daunting and exciting!"

Key experience shifts for clients in struggling circumstances like Donna & Rāwiri

1 STARTING WITH EMPATHY

- Taking the time to understand the person's story and circumstances builds trust
- Recognition that for many of us one major life change could see us in struggling circumstances ourselves

2 IMMEDIATE SUPPORT

- A co-designed financial plan with the immediate focus being to alleviate the crisis situation.
- The plan reflects the client's situation and reality
- Support and assistance to understand and navigate the financial system themselves

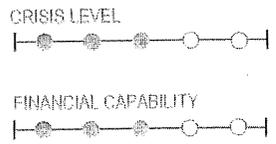
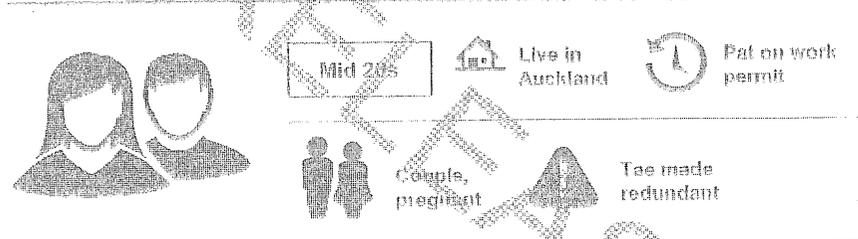
3 PREVENTION AND SAFETY NETS

- A focus on getting a savings plan set up for times of crisis
- Short term and long term savings goals set
- Understanding the full debt situation and working out a plan to manage the immediate debt situation

4 LONG TERM GOALS AND GROWTH

- Focus on understanding clients' strengths and goals
- Identifying ways to reduce debt in the long term
- Identifying opportunities to increase income

Tae & Pat are at risk



"It started really well. If [the budget] was fresh in our minds, then it got harder. We started to pick up debt again. We lost track."

TAE & PAT'S BACK STORY

Tae and Pat are a young Pacific couple who have been together for several years. Tae was born in New Zealand and Pat has recently moved to Auckland from the Islands to be with Tae and to get a job. Tae has worked for several years, and recently taken on a new role which she's excited about. Pat has picked up seasonal work and is on a work permit. Their incomes are pretty low, and both would love to further their careers – Tae's dream is to become a social worker and Pat would love to be a teacher.

Pat has found things pretty hard in New Zealand. Coming from the Islands, where you could live off the land and where there was a lot of support, money was never as issue and Pat hasn't had to budget much before. From their perspective, most couples they know seem to have a lot of things and Tae and Pat want to fit in.

They have taken out high interest loans to buy a flash car and other items for setting up their home together. A challenge for the couple has also been meeting the financial expectations of their wider aiga – they don't want to let the family down, so they have needed to borrow money to help them.

Things were going along okay when Tae and Pat found out they were pregnant. While this wasn't planned they are both very excited about having a baby. However, after getting this news, Tae is made redundant from her new job. This comes as a huge shock, and given Tae has just started working in this role, she isn't eligible for paid parental leave. Surviving on one low income is going to be hard. Things are pretty tough for Tae and Pat right now...

CURRENT EXPERIENCE

Tae and Pat are struggling. A friend suggests that the local budgeting service might be able to help.

They weren't aware help was available

Tae and Pat have a great experience with their budget advisor. The budget advisor works through what they earn and for the first time they're clear on how much debt they've accumulated. The budgeter also negotiates repayment arrangements with their various creditors.

"The budget adviser showed us a lot of examples about their own life, from their own experience... I think it's easier for us to open up to someone who has an open mind... who specialises in these kinds of things."

Exciting news! Tae and Pat find out they are pregnant. Tae and Pat start to pay off their debts. They also try to stick to their budget and what their budgeter has taught them.

"It started really well. If [the budget] was fresh in our minds, then it got harder. We started to pick up debt again. We lost track."

They've stopped making the repayments on the car their budgeter negotiated and it's been repossessed. They're now reliant on public transport to get to work, medical appointments etc. Tae and Pat have also gone back to using loan top-ups from a third tier lender to make things a bit easier.

Tae and Pat have tried to stick to their budget but things have been tight and they have slipped back into debt.

Tae is made redundant. This is a double blow given she's only been in her role for a few months so she isn't entitled to paid parental leave.

Adding to the tension is Tae & Pat have been asked to help out their aiga with some money. They know this is going to really impact on their financial situation however there is a lot of expectation to help out, as from the 'outside' Tae & Pat seem to be pretty well off. This results in another loan top up...

"I think it was just temptation, of what's happening in society... our money was going to waste instead of temp it on the things we need..."

Tae and Pat decide to go back to the budgeter to try again. They realise they need more support to stick to their budget and their debt repayment plan. They find it hard, with advertising and media bombarding them all the time on what they 'need' in their lives.

Tae and Pat head back to their budgeter. They are disheartened as they felt they had made progress then things started to build up again. They feel like they take two steps forward then 10 steps back...

"We felt really happy... We didn't know there was help out there. We tried to rely on our own strengths... but knowing it's okay, don't be ashamed to ask for help."

Tae & Pat in the future

A FUTURE PATHWAY



Pat arrives in New Zealand from the Islands to join up with his partner Tae.

A few weeks later Pat is successful in getting a job. He's rapt that he will be earning some money.

Area of opportunity

On arriving in New Zealand Pat receives a welcome pack from Immigration that includes basic financial literacy information. The pack is written in Pat's preferred language.

Area of opportunity

When Pat starts his new job, his employer spends some time talking to Pat about KiwiSaver and also gives Pat some basic financial literacy information.



Church is very important to Pat and Tae and they both start attending church services on Sunday.

Area of opportunity

The church invites Tae and Pat to a group session they run which focuses on 'how things work in NZ'. The session covers topics such as tips for managing your money, pitfalls to look out for, in particular high interest loans, and the importance of saving.

Area of opportunity

After Tae and Pat attend this initial group session, the church offers to include them in a financial capability group and peer-led support session they run. They love attending the group sessions and meeting people who are in similar situations as them. They learn that the best thing they can do is to start thinking about how Pat can become a permanent resident.



Tae and Pat find it useful talking to other people in their group about the challenges of finding money to support their aiga. They will always find a way to help however they thought the only option was to take out a loan as they had no savings. They hadn't heard of cultural accounts.

Area of opportunity

In their group there is a discussion ground supporting aiga financials. Some of the group talk about how they've set up a cultural account which all their aiga contribute to on a regular basis. Tae and Pat feel they would benefit from such an account so they ask how to go about doing this. One of the group offers to help them set one up.



Tae and Pat need to buy a car and they talk through their options at their group. They decide to purchase an affordable car, rather than take out a big loan for the flash car they really want.

Light Bulb Moment

We've always wanted a spooly-looking car. It was really good talking this through about our group as it made us seriously think about our purchase. We hadn't understood 'want' versus 'need' before. We really did need a car, however the \$10k option we were looking at was a 'want'. We opted for a \$5k reliable car which we got through a low interest loan.



Tae and Pat find out they're pregnant. While this wasn't planned they are both very excited about starting a family.

Area of opportunity

After the news has sunk in, Tae and Pat talk through this at one of their group sessions as they know they need to start thinking about a financial plan for when baby arrives and they're down to one income. They love the way the group works together to provide ideas and support.



Not long after this Tae is laid off from her work. This was totally unexpected and both Tae and Pat are shocked. It's eight months until baby arrives and they're already down to one income.

Area of opportunity

The first thing Tae and Pat do is talk about this at their next group session. The group talk about their own experiences and get Tae and Pat thinking about their strengths and how they might be able to generate other income and resources.

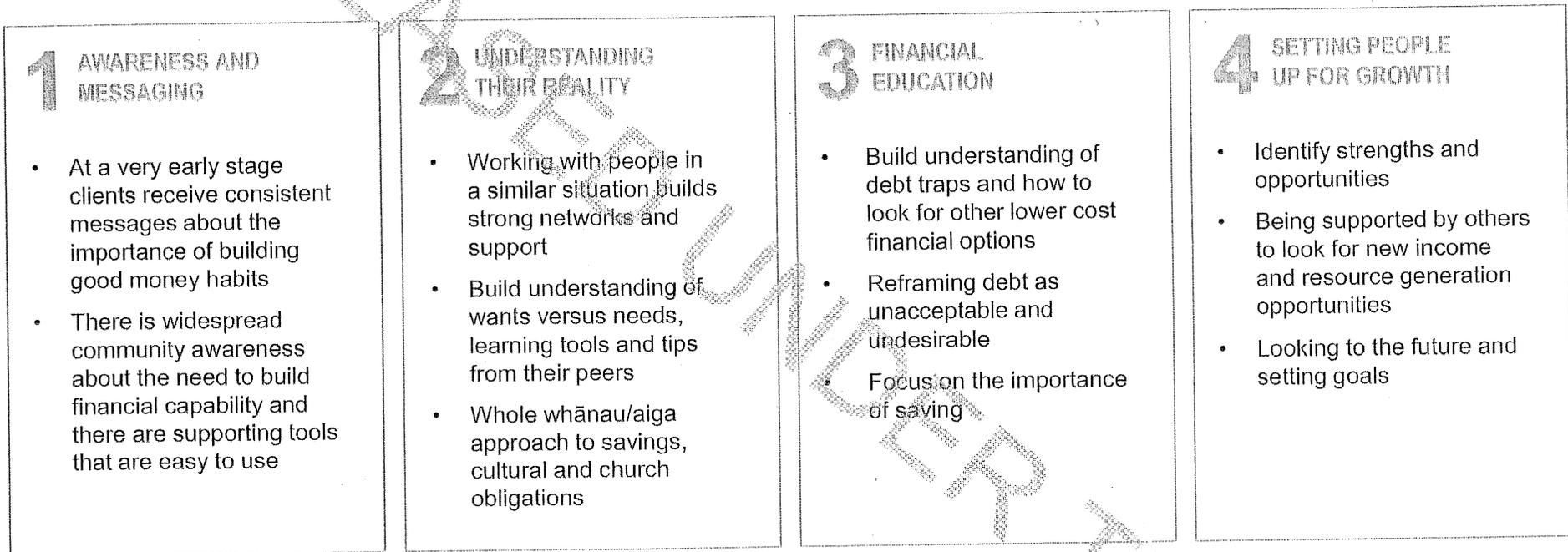
Light Bulb Moment

Talking to other people who were in a similar situation really helped. At one of the sessions I took along some Samoan food I had made - they said it was amazing and had I ever thought of selling it at the local community market? With their support I set up a stall and it's going really well. Even though I've lost my job I've got some money coming in...

In the near future...

With the support of the people in their group Tae & Pat are making plans. Pat is working towards being a teacher, completing some papers extramurally while he continues to work full time.

Key experience shifts for clients in at risk circumstances like Tae and Pat



Tina is desperate



Mid 30s



Lives in Auckland



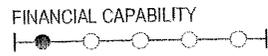
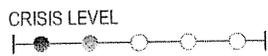
Solo parent (husband in prison)



Three children aged 16, 8 and 4



Her middle child has a learning disability



"I only cater for my children. We all wish we could live spontaneously but you know..."

TINA'S BACK STORY

Tina and her family rely on benefits as she struggles with a mental health issue which means she hasn't been able to hold down a job for several years. Tina's partner is currently in prison. Her moods can fluctuate, especially when she is under a lot of stress. Tina is currently feeling very down about her situation.

This includes owing \$15,000 to Work and Income due to benefit overpayments and she has a debt with her GP. Anxiety about this accumulating debt puts Tina off seeing her GP as regularly as she should. However, she knows she needs to go to keep up with her medication.

Tina has been forced to move house numerous times and is currently on the waiting list for social housing. She doesn't have much family to call on for help, however a cousin is letting Tina and her children stay in their garage until a house comes through. Over the past few years Tina has accumulated a range of debt.

Tina can't afford a car so she and the kids walk everywhere. With money being so tight Tina doesn't have the internet at home and she has a basic cell phone which she only uses for emergencies. Tina is feeling pretty stressed as she has run out of food for her children and it's still three days until her next benefit payment...

CURRENT EXPERIENCE



Tina has spent her last few dollars on some medicine which she needed urgently.

She has no money left in her account and it's still three days until her benefit comes through



Tina rushes down to her local Work and Income office late in the day. Her case manager agrees to an urgent hardship payment however this can't be paid into Tina's account until the next morning.

Her case manager says as she has had several hardship grants she needs to go to budgeting services and get a documented budget. The case manager is aware that Tina has no money left to buy food so suggests Tina goes to the local Salvation Army food bank to tide her family over.

"I must admit I'm very slow to try and do things for myself, when you've got someone else you can depend on to do it you tend to feel safer."



Her family is in urgent need for food so she walks to the food bank. At the food bank they make Tina an appointment to see a budget advisor first thing the next morning.



In the morning she goes to her budgeting appointment. She and the budgeter work through a plan. Tina takes the budget away to show her case manager.

She is frustrated when she gets there as her case manager barely looks at the budget sheet. She is relieved though to know her payment has gone into her account.

"It was three days before pay day. I thought lucky the budget advisor is really good, cause most budget people will say see you next week even though you need food today."

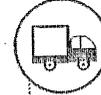
"They expect you to hold this budget sheet and all they do is glance at it... but every time I come in they say 'have you got your budget sheet?'"



After a long, hard day Tina is happy to get home with the kids. She is gutted to find a letter waiting for her from a loan company demanding immediate payment as she's fallen behind with repayments

Tina was looking forward to her benefit being paid so she could see how much money she can put to paying off some of her debt. The amount in her account was less than she was expecting as she forgot she is paying off some W&I overpayments.

"I've never saved because there's nothing to save..."



It's Tina's son's birthday on the weekend. While things are very tough financially Tina doesn't want her children missing out. She makes a call to the shopping truck that's often in her neighbourhood to buy her son a few gifts.

With everything going on Tina is feeling stressed out, fed up and her health starts to suffer again....

Tina in the future



Tina goes into W&I for a hardship grant. She meets a Case Manager who looks at her file. Seeing that this is Tina's second hardship request the Case Manager takes the opportunity to talk to Tina about how working with a financial capability provider may benefit her. She lets Tina know what providers are available, and talks through what might be a good fit for Tina. Tina feels working one-on-one with someone may help, so the case manager arranges for a financial mentor (FM) to call Tina.

Area of opportunity

The Case Manager can see Tina's history in MyMSD. She organises a hardship grant and says:

"You could really benefit from having an expert work with you to understand your money situation. Here are the options available in our community – what one do you think would best work for you..."

Area of opportunity

A local FM contacts Tina and arranges to meet up. Using the 'where I'm at' section of their financial plan the FN quickly builds a picture of Tina's situation. They recognise that things are tough with Tina's housing situation, her 8-year-old's health and a pregnant daughter. Being a single mum she is juggling this all herself.



The FM makes gentle but sincere approaches to contact Tina a few days later as Tina didn't turn up for their next session.

The FM makes further calls to Tina and leaves a message about how she wants to help. Eventually Tina answers the phone and they talk again. Tina agrees to let the FN talk to W&I.

Area of opportunity

The FM establishes trust with Tina and uses their agency connections to issue an urgent recommendation to get Tina further support. A Whānau Ora navigator makes contact and they discuss options.

The FM works with W&I to ensure that Tina is getting all her correct entitlements and recommends a debt alleviation period for a short time.

Light bulb moment

"At first I wasn't sure about this FM person asking me questions, but she seemed to genuinely care about how I was feeling, and was actually listening. I told her I wasn't wasting my money and she said she understood and wanted to work with me. I'm not sure if I believe her, but..."



Tina gets a phone call from her Whānau Ora Kaimahi touching base. She lets Tina know that she's been liaising with her FM about Tina's situation. Through conversations they establish Tina has a debt with her GP and she hasn't been taking her medication. They explain that they would like to work with her to make a plan to support her, which first means stabilising her health.

Area of opportunity

Connected support services working together and having a trusted Kaimahi work with (not for) Tina. There are agreed priorities for Tina and her whānau around health and housing. Financial advice is passed on to Tina through the trusted Kaimahi.

Area of opportunity

The FM strengthens-based financial plan builds a integrated picture of a person's financial well-being. For Tina, this means taking positive steps to get on top of her health and to seek help through the school for her 8-year old.



The Kaimahi works closely with Tina's FM to support Tina's financial options. Tina chooses to sign up for Ethical Money Management (EMM) and the FN requests a hold on debt interest to stop her money crisis worsening. The FM supports the Kaimahi as she helps Tina make a case to Housing NZ for a house for Tina. This is all part of her financial plan.

Area of opportunity

A EMM programme that includes a no-interest hold on her debt helps Tina to stop worrying about money and gives her some space to think about other priorities. As part of the EMM programme she attends a fortnightly financial literacy course where she meets other people in her situation. Tina benefits from hearing how others have improved their money situation.

Light bulb moment

"I thought I was on my own then I met people on my course who know what I'm going through. We talk about our challenges and they are helping me make plans."



Once Tina's health gets back on track she feels empowered to tackle some other issues. The Kaimahi has helped her get a house; she meets with the school about a teacher aide for her 8-year-old; and begins to make plans for her child's birthday. She remembers that her FM said that a picnic at the local park can make a child feel special on their birthday without costing a lot.

Area of opportunity

Achieving non-financial goals is recognised by W&I as progress (e.g. getting back on medication, a debt repayment plan, stopping smoking, kids going to school with lunches). Her FM organises a morning tea for Tina and her whānau to celebrate her progress.

In the near future...

Tina talks to her FM about wanting to volunteer somewhere, so they talk about that and Tina decides to call the school to see if they might need someone to help out in her daughter's class...

Key experience shifts for clients in desperate circumstances like Tina

1 CRISIS ALLEVIATION

- Accessing ethical money management relieves the immediate worry of day-to-day finances
- Has a trusted person/group and peer-led support that provides support and guidance through this challenging time
- Financial mentor works with W&I to ensure all possible entitlements are being accessed

2 WRAP-AROUND SUPPORT

- Wrap around support from other agencies to address immediate needs of the client and longer term needs of the family (e.g. teenage daughter gets pregnancy support)
- Financial capability options are available to children and whānau

3 IMPROVED SERVICE APPROACH & EXPERIENCE

- Supported offered is whānau-oriented
- Experiences less compliance activity across and between agencies
- Is at the centre of all conversations and is empowered to make decisions and take action over time
- Experiences a positive partnership between financial mentor and W&I

4 FOCUS ON LONGER TERM CAPABILITY

- Increased coping skills
- Set goals and develops a longer-term financial plan with financial mentor
- Discusses broader resource generation options with financial mentor
- Gets support and advice from others involved in financial capability group and peer-led support
- Has housing security