

1.3. Community context makes a difference

The delivery of BFC services does not happen in isolation from the local community within which people live. BFC service delivery and outcomes are influenced by the ethnic profile, community structure, community context, and the other services available in the community. Availability and type of employment, visibility of debt-inducing lenders that might influence people, and physical and social conditions that make it easy or hard to access BFC services will vary from community to community and influence outcomes (e.g., transport, hours that services are open, cultural fit of the services and products, and the local mix of services offered).

The in-depth community case studies are an important part of the evaluation of BFC services. It enables us to look across communities to examine differences and similarities in how the local context influences the delivery and effectiveness of the services. By talking with different people we can examine how Work and Income, the BFC services and initiatives, and the local community work together '*on the ground*' to improve outcomes for clients. We trust this information will bring better understandings of the influence of community context and help inform future contracting decisions.

The purpose of this report is to describe the first three community case studies and learnings about delivering financial capability services.

1.3.1. Selecting the communities

There will be a total of six community case studies. The selection of the locations aimed to include diverse communities. i.e. communities with different demographic characteristics, in different parts of New Zealand and in rural and urban settings.

The reach of the local Work and Income service centres was used to define the communities. Meshblocks⁵ linked to service centres set the boundaries for the inclusion/exclusion of different types of data describing the local areas.

This report presents findings from the first three case study communities:

- Eastern Bay of Plenty, which focused on the communities of Kawerau and Ōpōtiki (excluding Whakatāne)
- Porirua, which is part of the greater Wellington area (excluding Paremata and Whitby)
- Central Otago, focusing on Alexandra and the small surrounding towns of Cromwell, Clyde, and Ranfurly (excluding Queenstown and Wanaka).

⁵ A meshblock is the smallest geographic unit for which statistical data is collected and processed by Statistics New Zealand. A meshblock is defined by a geographic area, which can vary in size from part of a city block to a large area of rural land.

A further three case studies will be completed in early 2019. At the time of writing this report, the second tranche of communities is yet to be confirmed but is likely to be Mangere, Palmerston North, and East Christchurch.

1.4. Approach to the community case studies

Data collection for the community case studies included an initial site visit during April and May 2018. We will revisit the communities 12 to 18 months after initial data collection. The two-phase approach enables:

- Understanding of the community context and what is working well and what challenges there are to improving outcomes for clients
- Agency, FinCap, and service providers to respond to the initial findings
- Follow-up data collection to identify any changes and any ongoing barriers to change.

1.4.1. Information sources

Information for the community case studies was drawn from a mix of secondary data, MSD administration data, and primary data collected through face-to-face or phone interviews and focus groups during community visits.

1.4.2. Primary data

We gathered multiple perspectives about each community, its services, and how people interacted. Information was mainly gathered through face-to-face interviews during visits to the communities. Additional interviews were completed by phone before and after the site visits. We used semi-structured interview guides. The client interviews also included a short survey about their financial priorities to inform the social return on investment component of the BFC evaluation.

We interviewed five different groups of participants:

- **Advisors, Partnering for Outcomes:** The Advisors sat within Oranga Tamariki – Ministry for Children (OT) and their job was to monitor MSD and OT contracts (including BFC). They were key informants for the community case studies and provided good information about the local areas including people, relationships between stakeholders, and local challenges and opportunities.
- **Work and Income managers and frontline staff:** Four Work and Income local service centres were included in the first three communities (Kawerau, Ōpōtiki (Eastern Bay of Plenty), Alexandra, Porirua). Work and Income is one of the major referral pathways for clients needing BFC services. We interviewed Work and Income regional managers, local service centre managers, and Work and Income staff. We focused on their views of BFC,

their interactions with local providers and other community people, local opportunities and barriers for people in hardship, and their interactions at regional and national levels.

- **BFC service provider managers and frontline staff:** Our interviews focused on understanding what had changed for the providers since the BFC initiative was implemented, their relationships with Work and Income staff, client referral patterns, relationships with other service providers, and their community connections and networks.

The numbers of providers, their organisational structures, whether they were a new provider or previous budget advisory provider, and types of BFC services delivered varied across the communities:

- Kawerau – one BFC provider
 - Ōpōtiki – one BFC provider
 - Porirua – four BFC providers
 - Alexandra – one BFC provider (their parent organisation was Dunedin-based with locally-based office and staff).
- **BFC Clients:** BFC providers were asked to connect us with a small but diverse sample of their clients who agreed to be interviewed. Most of the interviews were with single participants and the occasional couple. The clients interviewed were not a random selection of the providers' total client base but did represent a good cross-section based on age, gender, ethnicity, and life circumstances.
 - **Non-BFC financial capability service providers:** We interviewed other local organisations that provided financial services (non-BFC providers) and, where feasible, we asked these providers to connect us with a small number of their clients who agreed to participate in an interview.
 - **Community stakeholders:** We interviewed a range of other community stakeholders including other social service, iwi and health providers, local government representatives, and community leaders. The interviews focused on gathering information about awareness of BFC services including perceived value and need, as well as local opportunities and barriers for people in hardship.

Figure 1 summarises the multiple perspectives gathered to understand the influence of the local community on the delivery and impact of BFC services.



Figure 1. Multiple perspectives captured in the community case studies

We interviewed 95 people across the three community case studies. The following table summarises the number of interviews in each group.

Table 1. Summary of interviews across community case studies

Perspective	Eastern Bay of Plenty	Porirua	Central Otago	Total
BFC and non-BFC providers	4	8	2	14
Work and Income	12	4	4	20
BFC and non-BFC clients	13	15	16	44
Other service providers	2	1	3	6
Other community stakeholders	4	4	3	11

1.4.3. Secondary data

Secondary data (existing data collected for other purposes) were useful to provide the context within which to understand how the communities worked and the challenges and opportunities they faced. We have generated brief profiles of the communities based on a selected range of secondary data available through Statistics New Zealand and local government and synthesised by the Social Investment Agency⁶.

1.4.4. Ministry of Social Development administration data

MSD administration data provides further background about Work and Income clients in each community. Access to MSD data allowed us to understand the clients of BFC services and compare them to the broader population in each community. All MSD data were de-identified.

We were interested in understanding the:

- Profile of clients in each community– ethnicity, age, gender
- Number of people receiving each of the Work and Income main benefits in the community
- Number of hardship grants issued over the last three years, including the number of hardship grants received by each client and the number who reached more than six grants in a 12-month period (which is a legislated trigger referral to a ‘budgeting activity’) over the last three years
- Patterns of benefit receipts (duration of current period on benefit and total time on benefit)

1.4.5. Data from Client Voices

Three providers from the community case study localities provided data from Client Voices, the FinCap data collection and reporting system. These data are not reported separately to ensure provider confidentiality. However, they complement the feedback we received from client interviews.

1.4.6. Data analysis and report structure

We have structured the report based on the BFC services evaluation logic model, which guides the overall evaluation of BFC. The logic model can be found in Appendix A. The main focus areas in the report are:

- The delivery of BFC products, services and initiatives in the communities

⁶ The Social Investment Agency prepared output for each of the community case studies using the meshblocks to set the boundaries and drawing on the Integrated Data Infrastructure database (IDI).

- The role of networks and systems
- Workforce and capability
- Continuous improvement
- Governance and management
- The difference BFC made for clients.

We have integrated the views of the different interviewee groups (providers, Work and Income, and other community stakeholders) under the key themes emerging from the data. The exception to this approach is Section 6, which presents clients' perspectives and achievements.

1.4.7. Limitations

Access to data: A strength of the design of the community case studies was the triangulation of data from a variety of sources – interviews, MSD administrative data, provider data, and secondary data from multiple sources. However, not all providers included in the case studies used Client Voices limiting quantitative data about clients.

We also note that the breadth of the client data varied depending on the length of time the client had been with the provider and client characteristics (e.g., the client's skills and knowledge about their personal financial affairs).

Quality of data: Due to interview scheduling, most of the clients we interviewed were not working in paid employment.

2. The communities

The three community case studies included in this report are Eastern Bay of Plenty, which includes the areas of Kawerau and Ōpōtiki (excluding Whakatāne); Porirua, which is part of the greater Wellington area; and Central Otago, focusing on Alexandra and the small surrounding towns of Cromwell, Clyde, and Ranfurly (excluding Queenstown and Wanaka).

2.1. Eastern Bay of Plenty

The two smaller communities comprising the Eastern Bay of Plenty case study were Kawerau and Ōpōtiki. Kawerau had a population of 9,222 people (median age: 37 years) and Ōpōtiki had a population of 8,919 people (median age: 41 years). Kawerau and Ōpōtiki have substantial Māori populations—63.8% and 65.6% respectively—with the next largest ethnic group being NZ European/Pākehā. The proportion of the population aged 45 and older in both Kawerau and Ōpōtiki is 43%.

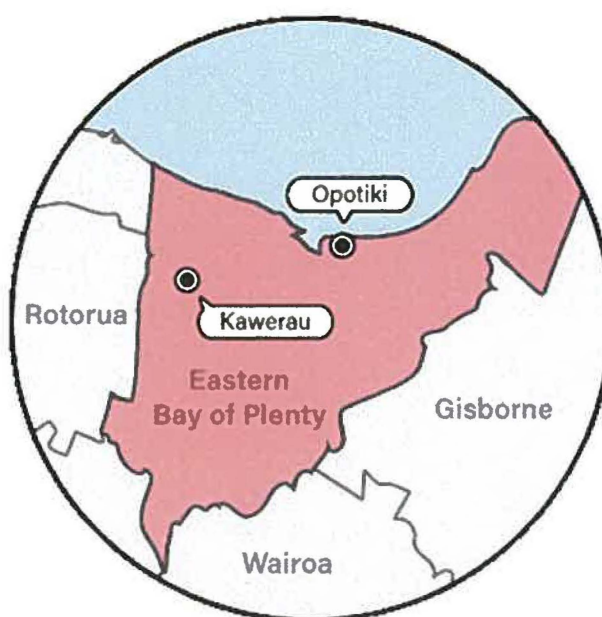


Figure 2. Location of the Eastern Bay of Plenty community case study

Geographically these communities are close to high-population growth areas – Tauranga, Hamilton, and Whakatāne – which were also under pressure from Auckland. The pressure is having a negative impact on the availability and costs of local housing. Kawerau has a contained town and surrounding district while Ōpōtiki also includes a relatively isolated rural area extending up the East Cape.

Despite proximity to large population centres, both Kawerau and Ōpōtiki lacked public transport infrastructure and people frequently need to travel to Whakatāne for medical services, affordable groceries, and other affordable retail outlets. There

were no taxi services or regular buses in either community, and while people in the community did own vehicles, these were expensive to maintain.

The population is mobile. From July 2016 to July 2017, Kawerau and Ōpōtiki experienced the highest percentage of residents with two or more home address changes (9.1% for both) of the communities in the case study.

There were two BFC providers in the Eastern Bay of Plenty case study communities. Both had previously been funded by MSD to deliver budget advisory services. Both are currently funded to deliver financial mentoring.

2.1.1. Financial hardship in Eastern Bay of Plenty

The population of Kawerau living in the most deprived NZDep quintile is 88.6%. The population of Ōpōtiki living in the same quintile is 66.0%. The percentage of the population living in deprivation quintiles 3 to 5 is 100% and 88.2% for Kawerau and Ōpōtiki respectively.

The lack of stable, full-time employment was a challenge for Kawerau and Ōpōtiki. Seasonal work was available but only during the kiwifruit season, and once the season ended, people would return to receiving the benefit. The lack of local employment meant people needed to travel out of the communities for work, which was challenging without a private vehicle.

Unemployment rates in both communities were higher than the national average. The estimated percentage of Kawerau residents who accessed a main benefit⁷ between July 2016 and July 2017 was 22%. This number was 19.1% for Ōpōtiki. Work and Income delivered a total number of 2,580 Hardship Grants to Kawerau and 1,325 to Ōpōtiki in the 12 months prior to July 2018.

2.1.2. Challenges and opportunities

A range of similar challenges and opportunities were identified by our interviewees in Kawerau and Ōpōtiki.

On the positive side, the communities were described as tight-knit; there were many community groups and high numbers of volunteers. The local council was very involved in both social and economic initiatives in Kawerau. For instance, a community food forest project in Kawerau used two hectares of council land to plant/mimic native forest using fruit trees and other plants. Youth from three schools were involved in planting and no vandalism had occurred. There were plans

⁷ Main benefits include: Jobseeker Support (JS), Supported Living Payment (SLP), and Sole Parent Support (SPS), Youth Payment (YP), Young Parent Payment (YPP), Emergency Maintenance Allowance (EMA), Emergency Benefit (EB), Jobseeker Support Student Hardship (JSSH), Widow's Benefit Overseas (WBO), and Sole Parent Support Overseas (SPSO).
From: <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/benefit/latest-quarterly-results/all-main-benefits.html>

to extend this programme to cooking and building a nursery. The new high school in Kawerau had also helped to restore some community pride and to build youth identity, with many students (and parents) choosing to no longer bus out to Whakatāne. Kawerau was described as having a *real buzz* about it.

Historically, these communities have had a reliance on forestry and other primary industries for local employment. Interviewees from both communities identified up-and-coming economic opportunities that may create jobs for locals. For instance, in Kawerau a new timber processing mill for particle board was likely to proceed. This new plant was a partnership between local Iwi and a Chinese company and locals were hopeful a glue factory to support this would also be built. In Ōpōtiki, the focus from interviewees was on the proposed harbour development and the mussel farm industry (again involving partnership with iwi), which they expected to generate local jobs.

The lack of available housing for local people was identified as a key challenge. It was attributed to the influx of retirees and first-home buyers from Auckland and Tauranga (and other areas under pressure from population growth) buying up local housing because the price of houses was cheaper. This had led to a lack of rental and emergency housing for locals with the shortage pushing rental prices up. For some people this had meant staying with other family members resulting in overcrowding. Homelessness was another outcome, with some people forced to live in their cars or in campgrounds.

This woman was living in her car, ... and ended up being rushed to hospital. They wanted to know where, you know do your family know you're here and she was too embarrassed to tell them her situation. And her phone was flat so they couldn't get the details of the family. They had to wait till the phone was charged to get the details of the family. Yeah, it's a sad story but it's only one story. There are other stories like hers. (BFC provider)

Additionally, some informants indicated that social issues such as drugs, alcohol, gambling, and gang presence were serious problems in both communities. One interviewee in Kawerau pointed out there were six alcohol outlets and three gambling venues locally and that the region had the highest slot machine spending in the country at \$2.5 million annually. Other interviewees pointed to methamphetamines as a severe problem. Addiction issues such as these were exacerbated by limited drug and alcohol services in the community.

In Kawerau, informants suggested attitudes of pride, shame, and embarrassment prevented people from seeking help. These attitudes also contributed to people falling further into hardship, as they felt unable to ask for assistance.

Mobile retail trucks and moneylenders were also identified as a problem as they routinely took advantage of people in both Kawerau and Ōpōtiki.

Don't get me started on those trucks... they make it look easy for our vulnerable families. They buy essentials like blankets and they don't have to pay straight away and get deeper and deeper into debt. (Non-BFC provider)

2.2. Porirua

Porirua was the largest of our community case studies with a population of 35,625 people and provided us with an urban perspective. Porirua is part of the greater Wellington region and surrounds Porirua Harbour at the southern end of the Kāpiti Coast. The case studies excluded the socio-economically 'better off' communities of Whitby and Paremata.

Porirua was the most ethnically diverse of the three case studies. Although predominantly NZ European, there were small but significant Māori and Pacific populations, along with even smaller Asian groups and other ethnic minorities. Interviewees from Porirua said there was a small but increasing refugee population in the area, particularly Syrians and Colombians. Cultural pride was important in this community.

Porirua had a younger population compared to Central Otago, with a median age of 35.2 years. Educational levels were in line with the national average.

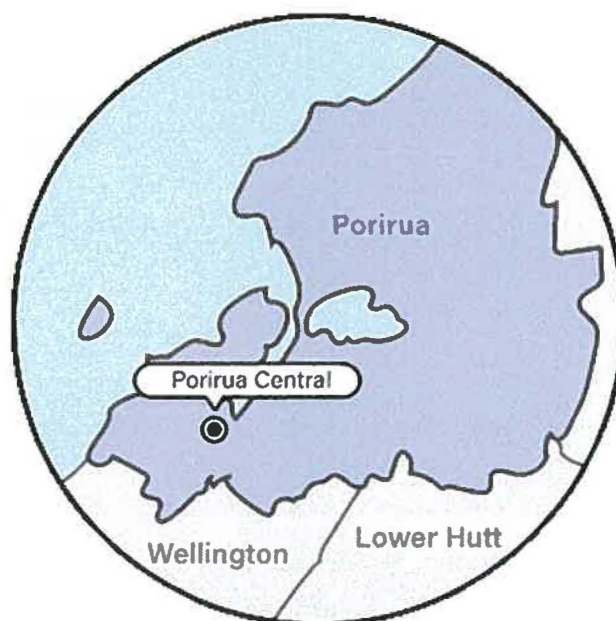


Figure 3. Location of the Porirua community case study

Porirua is home to numerous schools, high schools, tertiary campuses, polytechnics and other training facilities, including the Royal New Zealand Police College. Porirua residents had access to various health and social services.

There were four BFC providers in the Porirua case study area; three had previously been funded to provide budget advisory services.

2.2.1. Financial hardship in Porirua

Porirua contains pockets of wealth alongside sub-communities of deprivation. Its close proximity to Wellington City on one side and the Kāpiti Coast on the other means many people commute for work.

Unemployment rates were higher than the national average (6% compared to 4.6%). The percentage of the population living in deprivation quintiles 3 to 5 (most deprived) is 53.3%.

The percentage of Porirua Zone residents who accessed a main benefit between July 2016 and July 2017 was 15.9%. Work and Income delivered a total number of 11,733 Hardship Grants to Porirua in the 12 months prior to July 2018.

2.2.2. Challenges and opportunities

Like Central Otago and Eastern Bay of Plenty, interviewees in Porirua identified housing shortages and unemployment as major challenges within the community. However, the challenges discussed by our interviewees were more complex and inter-related than those described in Eastern Bay of Plenty and Central Otago. Many of these problems were described as cyclical and intergenerational and helping people in the community to break out of these patterns was challenging.

One interviewee said issues like housing, poverty, employment, addiction, family violence, intergenerational experiences, gang presence, poor health outcomes were all challenges in Porirua. When providing services to help people, these challenges could not be considered in isolation.

The reason people struggle is for a whole variety of reasons, their income, their housing, intergenerational, whatever it may be, drug and alcohol, gangs, all sorts of pressures around the outside... and if you just deal with maybe the immediate situation that's in front of you that doesn't necessarily address all the other things on the boundary ... you're not addressing what's causing them to be there in the first place. (Community representative)

Health outcomes were also affected by a host of factors, such as financial poverty, stable housing, employment, and so on. Intergenerational experiences and learned behaviour affected youth outcomes and had the potential to limit their ability to break free from deprivation.

If you've got bad housing and you've always had bad housing, your parents lived in bad housing, you went to a bad school, that's your experience of life then it makes it very difficult to dream. You ask them to dream about how you would make things different for your kids and they find it difficult to dream outside of their own reality. (Community representative)

Moneylenders were identified as a problem in the area. Financial service providers worked with clients to reduce their debt but struggled to prevent them from taking on more debt.

Some interviewees noted the lack of cultural fit of social services and engagement with key cultural institutions for different ethnic groups, which made it difficult to work on particular issues for these communities.

Tithing. Another thing with the Pasifika, and we've come across a few times, is having to send money back home to other whānau members. And in that way we see it as a barrier but we don't really have any interaction with churches. (BFC provider)

The increasing refugee population in Porirua had created language barriers and the difficulty of accessing interpreters were problematic for this population's engagement with services. Some families were able to get around this by using young children to translate for their parents, but some interviewees questioned the appropriateness of this approach.

Client engagement across the region, regardless of ethnic identification or other community characteristics, was challenging due to high deprivation. 'No-shows' were frequent – people not turning up to appointments with agencies. Some providers included home visits and home-based support to get around this barrier.

Few interviewees were able to identify opportunities or innovations in the local area. One exception was an interviewee who identified new innovations such as the construction of a new transport link, new businesses starting up in the area, a new housing development, and the construction of an adventure park. Another interviewee spoke of the revival of Cook Islands tivaevae, where about 80 families were involved in selling tivaevae with a series of exhibitions occurring throughout the year.

2.3. Central Otago

Central Otago is a geographically large region with its population spread across a number of communities, such as Alexandra, Cromwell, Clyde, Ranfurly, Queenstown, and Wanaka. Alexandra was the central point for the case study and Queenstown and Wanaka were excluded from our definition of Central Otago. These communities were all located in close vicinity from one another – no more than an hour or two away.

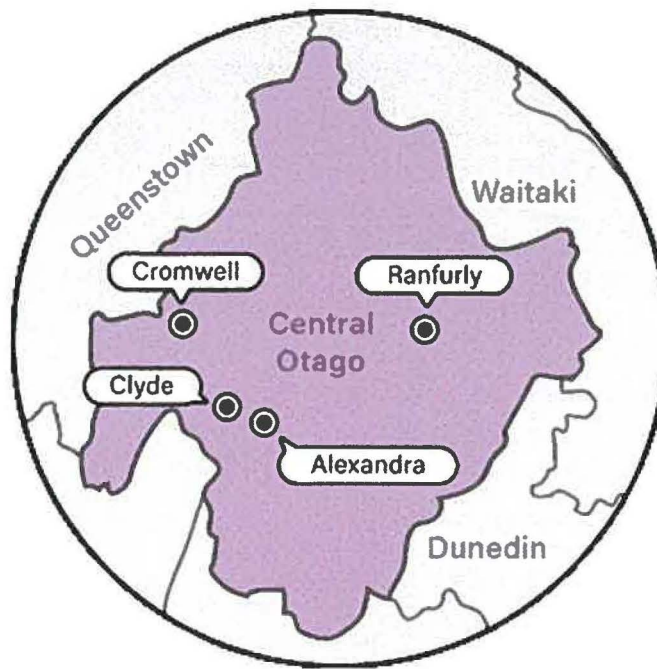


Figure 4. Location of Central Otago community case study

People in Central Otago communities were older on average in comparison to the Eastern Bay of Plenty. In terms of ethnicity, Central Otago presented a stark contrast to Eastern Bay of Plenty, as it was predominantly populated by NZ European/Pākehā – over 80% of each of these communities. The next largest ethnic group was Māori, with even smaller percentages of Pacific and Asian peoples.

People had higher education qualifications than the national average and unemployment rates were lower.

There was one provider in Central Otago that delivered BFC services across the entire region of Otago and in Dunedin; they had not previously received funding to deliver budget advisory services.

2.3.1. Financial hardship in Central Otago

Unlike the other communities in the case study, there were no meshblocks categorised as NZDep quintile 5 (most deprived). However, 30.5% of the population lived in deprivation quintiles 3 to 5.

The percentage of residents who accessed a main benefit between July 2016 and July 2017 was 4.0%.

Work and Income delivered a total number of 3,093 Hardship Grants in the 12 months prior to July 2018. Alexandra granted 1,669, Clyde 354, and Cromwell 1,070.

2.3.2. Challenges and opportunities

Interviewees from Central Otago communities discussed the various challenges within their communities. Key to understanding the community context in Central Otago was how population drifts from Queenstown and Wanaka (due to the lack of affordable housing there) impacted housing, employment, and travel in the surrounding areas, particularly in Alexandra and Cromwell. While people in all three community cases studies raised the issue of the cost of housing, it appeared particularly acute in Central Otago. The lack of housing was now a serious problem across the region, with very high rents and no rental housing currently available.

Interviewees reported that shortages of affordable housing in Queenstown and Wanaka (partly due to the booming tourist industry and an influx of elderly people wanting to retire there) had resulted in Cromwell's population increasing over the last few years. Cheaper housing in Cromwell (compared to Queenstown and Wanaka) had led to it becoming a base for tradespeople to commute to work. However, the pressure on the cost of housing had pushed the population drift out from Cromwell to Alexandra.

In addition to the population drift, the housing shortage had been worsened by the rise of *Airbnb*⁸ in the area. Interviewees said it was common to see nine-month rental terms requiring people to vacate their homes once the holiday season arrived. Alternatively, properties were removed from the rental market as owners found they could make more money renting to tourists. Housing shortages meant people were increasingly living in their cars or in campgrounds, similar to the Eastern Bay of Plenty.

Housing shortages had negative flow-on effects. Living in more isolated areas meant being further away from services and work, leading to higher travel costs and greater risks of travelling in winter. This was even more problematic given the lack of public transport and taxis in the region, and one informant said that *people struggle to get anywhere*. This was particularly an issue for elderly people, who often had to attend hospital appointments in Dunedin.

The cold winter climate in Central Otago meant many people had very high energy bills for heating, insulation, and power. In response, a new initiative was being set up by the Central Lakes Trust to fully fund insulation for homes constructed prior to 2000 if residents had a community services card and/or health conditions.

The power bills are horrific. The winter thing, it's not unusual for us to see someone with a power bill of two grand. (BFC provider)

⁸ Airbnb operates an online marketplace and hospitality service for people to lease or rent short-term lodging including holiday cottages, apartments, homestays, hostel beds

Most of the people we spoke with said there was plenty of employment in the area and described the economy as booming. However, many of the jobs were seasonal (horticulture, shearing), or minimum-wage jobs such as in retail or hospitality. This coupled with high costs of living (e.g., power, travel, rent) made for a 'false economy' as many people were experiencing hardship in the area.

Increasing problems with mental health, alcohol, drugs, and crime (especially domestic violence) were mentioned, especially in Cromwell.

Although there were several community initiatives in place, most interviewees did not think that there were many opportunities available for Central Otago residents. For instance, several interviewees spoke of innovative science projects that were likely to commence but these types of initiatives would not provide employment for people in hardship. Social projects such as the sewing/knitting groups in the community that made winter clothing for people struggling in winter and community gardens were mentioned.

3. The delivery of financial capability services in the communities

BFC and non-BFC providers delivering a variety of financial services in all three communities. Service providers focused on delivering the type of support the client needed, even if that extended beyond the services they were funded to deliver.

Summary of findings

Historical background

- Adapting to changes in funding BFC services had negatively impacted some providers and improved services offered in other locations.

Implementing BFC

- The communities were working at different speeds in fully understanding the goals of BFC and embedding local systems.
- The philosophies and organisational structure of BFC services, as well as other services available in the communities influenced how staff worked with their clients. A range of different service types in a community enabled the breadth of client needs to be met.
- Providers recognised the need and value of clients having access to Māori and Pacific providers and approaches. However, access for Māori clients to Māori services differed between the communities.

BFC-funded services and products

- Financial mentoring was the main service offered and there was not always a clear delineation between this and BFC Plus products. The intensity of financial mentoring depended on the needs of the client.
- There was a lack of understanding about the purpose of MoneyMates as a peer support/peer learning group. It was talked about as a group education programme. MoneyMates had been difficult to get up and running and some questioned whether it was a viable programme in rural areas or small towns.
- Some financial knowledge and financial products were not available in communities (e.g., bankruptcy processes).

Non-BFC services

- A variety of non-BFC funded financial services were offered in the communities, ranging from budgeting and financial services to financial capability building within wrap-around services.

Considerations

- When allocating funding for BFC services consider:
 - The mix of services to ensure there is service diversity within a community to meet different client needs (e.g., services with different organisational structures and delivery mechanisms).
 - The physical location of communities and BFC service providers, and the geographical barriers such as travel times and distances to access services.
 - How to support Māori clients and clients from other ethnic groups. This may include supporting the development of kaupapa Māori financial capability service providers.
- Review the MoneyMates programme including its underpinning philosophy, goals, options for delivery in local areas and training for providers to build confidence and skills in group facilitation. This could result in strengthening the delivery of MoneyMates in larger urban areas and reassessing options for rural locations.

3.1. History

3.1.1. All our case study communities had locally available financial services prior to the implementation of BFC services

Before BFC, providers had extensive history in delivering budgeting advice, guided by and coordinated by the New Zealand Federation of Family Budgeting Services (NZFFBS). This historical background continued to influence how providers and Work and Income staff viewed the implementation and roll-out of BFC.

Some providers saw the movement to BFC as an opportunity to deliver services that complemented other wrap-around services they were delivering, or to respond to gaps in local service provision.

BFC came at the right time...we already have a budget programme for youth. We've now combined the budget programme and MoneyMates... (BFC provider)

Some provider staff highlighted the value of building on and integrating some of the Federation's resources, systems, and tools into BFC development and delivery and seemed to be looking backwards at what had been done rather than looking forward at what could be different. This may have impeded the 'bedding down' of BFC.

3.1.2. The BFC tender and roll-out process caused change at the local level, some positive and some challenging for the communities

There has been considerable change in funding arrangements across the social sector over recent years. The BFC tender process ignited a competitiveness amongst financial and social providers in some communities. Opportunities to secure funding were important for the sustainability of organisations, and in some cases what was being funded did not necessarily align with the purpose of the organisation.

We pretty much survive on chicken feed, and things like this get thrown out to the community, and we all kind of clamber over each other to grab it. And then we start to realise that actually, this isn't really what we thought it might be. But that's on us. (BFC provider)

The roll-out of BFC products led to changes in several of the communities, such as a change of the BFC funded service provider or a change in funding of existing providers. For example, for one provider who had funding to deliver budget advisory services, the change to BFC led to extensive funding cuts, the loss of long-time staff, and a need to revise and amend their organisation's constitution. This coupled with the movement away from the Federation toward the FinCap 'coloured' the organisation's acceptance of BFC goals and slowed the change of focus from budgeting advice to strengths-based approaches.

3.2. MSD funded BFC services in the communities

MSD funded the following BFC services in the three community case study areas:

- Eastern Bay of Plenty (two BFC-funded providers)
 - Kawerau – Financial Mentoring, MoneyMates
 - Ōpōtiki – Financial Mentoring, MoneyMates, BFC Plus
- Porirua (four BFC-funded providers) – Financial Mentoring, MoneyMates, BFC Plus and one provider was also a Community Finance site
- Central Otago – Financial Mentoring, MoneyMates, BFC Plus.

Providers in all communities had implemented the Financial Mentoring product with most of the clients we spoke with receiving this service. A Porirua BFC provider had the MoneyMates programme running, and the provider in Ōpōtiki was poised to begin MoneyMates in that area. Some providers also provided BFC Plus services.

While the organisational structure of the Central Otago provider was similar to other providers in the community case studies, their operational model was different⁹. This provider delivered BFC funded services across the whole of Otago (Central, South,

⁹ Note: their operational model may be similar to service providers elsewhere but is different to those we spoke with in these three community case studies.

and North) and within Dunedin. This community case study focused only on their delivery in Central Otago, but they were able to reflect on differences across Otago and between rural and urban areas.

3.3. Philosophies and organisational structures of the BFC providers

We identified three types of organisational structures and these differences influenced both the internal working of staff, the way the organisations supported clients and the way they interacted with other social and health service providers:

- **Financial services only:** This type of organisation was likely to have extensive financial knowledge and offer specialist financial services. Providers (both BFC and non-BFC) who offered only financial services tended to both refer people to other service organisations and to receive referrals from others.
- **A variety of services:** Organisations that offered a range of services but through a 'more siloed' structure where staff with different skills (e.g., social work and financial) worked separately within the organisation. Staff from different internal structures might work together to meet the needs of some clients or refer clients internally to different staff.
- **A wrap-around service:** Building financial capability was embedded within a holistic service. Staff at these services were likely to have a combined social work and financial knowledge skillset, although they were often stronger in one of the two skills.

In Central Otago, the staff delivering services across the region lived locally (Alexandra for Central Otago) and were part of the community. While there were subtle differences in how the service was delivered across the local areas, difficulties in moving staff around to meet variations in demand remained.

There was value in all three types of organisations and all were focused on matching services with the needs of the clients seeking help.

3.4. Clients presented with a continuum of both needs and capability.

Aggregated data from three BFC providers in the case study localities recorded the main reasons for client engagement as related to increased living costs (21%), health (15%), loss of job hours or income (14%), partnership breakdown (11%), work instability (10%) or credit or loans (10%). Almost all clients reported net incomes of less than \$50,000 (92%).

We interviewed clients who had low financial capability and high needs (e.g., inability to read coupled with complex life circumstances or crisis). At the other end of the spectrum, we interviewed clients with relatively low needs and high financial capability who might be experiencing a short-term crisis. Here the service delivered

could focus on advice in accessing entitlements and budget setting, with the client requiring far fewer sessions to get back on their feet.

I ran a business, like I'm pretty frugal, I ran a motel business for six years, ... I didn't do a lot of the finances for those but my budgeting and that is reasonably good, but I wanted the advice cause I hadn't faced this particular situation before and I thought it might be quite helpful... It's about finding someone who can point you in the right direction and it's the same with other aspects as well. (BFC client)

Figure 5 captures these two key dimensions which were driving decisions about the type of service the client needed and which financial mentor would best suit the client.

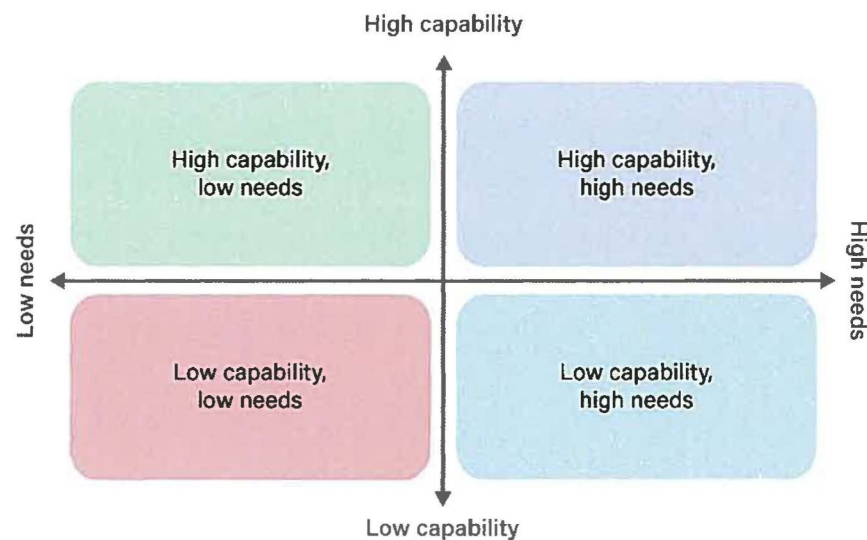


Figure 5. Client capability and need

The change to the strengths-based BFC approach, enabled organisations to offer the holistic services needed by people with low financial capability and high needs. These clients received an intense service level, which could involve advocacy and multiple service access or staff skills. The length of time services expected to mentor these clients may be longer than was expected with budgeting.

However, not all clients fitted into the high needs/high complexity profile and some required only specialised financial advice. There is a potential risk that if funding prioritises organisations that offer wrap-around support, some specialised financial advisory services may become unavailable over time.

3.5. Client readiness to engage

Providers noted that clients most often presented in crisis. This needed to be addressed before clients were ready to engage in BFC services and take steps toward managing their own money and building their financial capability.

We do a lot of crisis work around housing so a lot of families, for a whole range of reasons have to move, so they might work with a financial mentor, but they may also work with a social worker. So, it's quite a holistic kind of way in which we work. (BFC provider)

BFC providers commonly acknowledged that client readiness and preparedness to engage with BFC services may not be immediate and significantly impacted on client commitment to ongoing services. Flexibility to maintain an ongoing relationship with the client and be there when the client was ready to receive support was a critical aspect of service delivery.

3.6. How BFC services supported clients and responded to their financial capability needs

The BFC providers we talked with varied in their backgrounds of service delivery, time they had been operating in their communities, and degree of integration and/or collaboration with other community organisations.

Clients came to the providers through Work and Income (usually mandatory), self-referred, through accessing another social or health service, or through the recommendation of other government and non-government agencies¹⁰. In Eastern Bay of Plenty many of the clients were Māori; within Porirua, Māori, Pacific and refugees were over-represented amongst clients; and in Central Otago clients were mostly Pākehā. Client profiles reflected the population demographics in the local communities.

3.6.1. Financial mentoring was the main product delivered in the communities with clients referring to their mentor, not the BFC product

Financial mentoring was the main BFC service delivered in the communities. However, this may be a 'catch-all' term providers used to describe financial capability services ranging from budget advice to intensive mentoring. Client Voices data for the BFC providers recorded 2% of clients as MoneyMates clients and 98% as financial mentoring clients.

Generally, providers described the main focus of financial mentoring as working with people to manage their cashflow and to stay on track with their budget. All providers

¹⁰ See referral patterns in Section 4