

Supporting More Sustainable Building Financial Capability Services and Demand in COVID-19 Recovery

As part of a COVID-19 Budget package we are supporting the sustainability and effectiveness of social services delivered by non-government organisations assisting the response and recovery from COVID-19.

COVID-19 Budget Package 2020

Ensuring key vulnerable groups are able to continue to receive Building Financial Capability (BFC) services at a time when they most need it.

Government is investing \$25.2 million over two years to support BFC services to become more financially sustainable and respond more readily to increased demand of individuals and families/whānau that may need help from these services as a result of the economic impacts of COVID-19.

- In addition to existing pressures on services, a significant increase in demand for BFC services is expected in the economic downturn from COVID-19. This will see increased levels of unemployment and loss of earnings. Households are expected to face sudden and significant financial hardship from living on a much-reduced income.
- The investment over two years recognises this period as being especially critical to ensure services are more sustainable as well as increase the number of staff with the necessary skills to meet the new needs and demand during this time.
- The Ministry of Social Development will work with the BFC sector and other key stakeholders over the next 12 months in the recovery from COVID-19. That includes developing a commissioning strategy that sets out a pathway towards long-term, sustainable BFC services to ensure the sector can continue to help the individuals and families/whānau we anticipate will need it.
- The funding over two years is for:
 - **Financial Mentoring** – one-to-one support empowering people to achieve their goals, including reducing debt and connecting to support they may need.
 - **MoneyMates** – peer-led support for people to learn and share together as a group.
 - **Building Financial Capability Plus (Kahukura) service** – intensive support for people who are hard to reach or with complex needs.
 - **Micro-finance services** – affordable credit to people at risk of unsustainable debt and hardship.

Costs (operating) \$m		
2020/21	2021/22	TOTAL
11.402	13.810	25.212