



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

23 SEP 2016

Dear

On 8 September 2016 the Ministry received your request, under the Official Information Act 1982, for the following information relating to the Community Finance Pilot launched in 2014:

- *The number of loan applications made to the scheme over the term of the pilot and to be used for the purpose of assisting with funeral costs.*
- *The number of loan applications made to the scheme over the term of the pilot and approved for the use of providing financial assistance towards funeral costs.*
- *Results of evaluation of the scheme and how it relates to provision of assistance to applicants wishing to use the funding for funeral cost*
- *Any other loan applications made and/or approved by another centre which may have been included once the pilot may have been extended*
- *Any other regions likely to be included in the scale up and when these will be announced*

Community Finance Initiative

As you are likely aware the Community Finance Initiative Pilot is a public-private-partnership between the Ministry of Social Development, the Bank of New Zealand, Good Shepherd New Zealand and the Salvation Army.

The Pilot began in August 2014 and in Budget 2016, \$4.2m of funding over four years was committed to scale-up the programme.

The aim of the Pilot is to provide affordable credit to low income individuals and whānau who might otherwise take on unsustainable levels of debt and experience financial hardship.

There are two types of loan products:

- No Interest Loan (NILS), a \$1,000 loan, free of interest and fees, to be repaid within 18 months.
- StepUp, a low-interest loan (6.99%) ranging between \$1,000 - \$5,000, to be repaid over 36 months.

Further information is available here: <http://nils.org.nz/> and here: <http://stepuploan.org.nz/>

Applications

There have been a total of four applications for loans to pay for funeral expenses during the 12 month period since the inception of the Pilot (August 2014 to September 2015). These were for the two pilot sites, Waitakere and Manukau in Auckland.

One application was for a no-interest loan and three were for StepUP loans. The no-interest loan was approved (and drawn down) and two of the three StepUP loans were approved (and drawn down). The other StepUP loan was not approved.

There have been no applications made or approved for funeral costs as part of the scale-up.

Evaluation

A process evaluation of the Pilot was conducted between July and September 2015. The results of the evaluation, in terms of how they relate to the provision of assistance to applicants wishing to use community finance loans for funeral costs are described below:

- The key reason given in the evaluation for funeral cost related loans was cultural, particularly in relation to Maori and Pacific Island loan applicants. Issues include a shared responsibility for payment of funeral costs, and unveiling ceremonies. Funerals and unveilings can be very expensive and there are expectations that extended family members will contribute to the cost.
- It also includes taking into account different cultural practices, for example putting a tombstone on a grave after a period has passed since the death of a family member.
- Salvation Army staff (who provide the Community Finance service) also reported that loan applicants have cited or reflected cultural reasons for wanting a loan to pay for funeral costs. Additionally, Salvation Army staff consider that addressing cultural issues relating to funerals is important, and say that their policies and procedures should be flexible enough to address these concerns.

Scale-up

There will be other regions included in the scale-up of the Community Finance Initiative, and Community Finance Partners will make a public announcement about this in due course. As such, your request for any other regions likely to be included in the scale up is refused under section 18(d) of the Official Information Act on the basis that the information requested will soon be publicly available.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Bryan Wilson
Associate Deputy Chief Executive, Community Investment.