

Budgeting services swamped during recession - NZPA, 09 December 2009

Budgeting services need greater funding so they can help people struggling with their money, the Families Commission says.

Families Commissioner Gregory Fortuin said a new study, *Escaping the Debt Trap - Experiences of NZ Families Accessing Budgeting Services*, showed the budgeting services could make a great contribution to struggling families.

But they had been struggling to cope with the workload, especially during the recession.

"Budgeting services would be more effective if they were resourced to intervene early, and provide training to prevent problem debt. Even during times of prosperity, it is difficult for them to resource early intervention," he said.

"Now that they are flooded with need they are stuck fighting fires. Many of the services need more funding and personnel targeted towards helping families before they are in crisis," he said.

"This study confirms that budgeting services are doing a fantastic job at helping families get back in the control of their finances. But what it also highlights is that the services would be more effective if they were able to work with families before things get out of control," he said.

"For example, it would be more effective for a service to have contact with a family soon after a major life-changing event occurs - such as diagnosis with a chronic illness, disability, losing a job, having a baby or separation.

"Early intervention would require other services such as social and health services to refer families to budgeting services as a matter of course."

NZ Federation of Family Budgeting Services (NZFFBS) chief executive Raewyn Fox said the study showed how useful budgeting services could be.

"We're pleased to have some external evidence to back-up our belief that our services work. In particular the study confirmed that the services we offer help Kiwi families get on top of debt," she said.

"However we are filled to capacity. The recession has meant there are more people who need our services. That means some of our work isn't happening, in particular we are dropping the ball on some of our early intervention and financial literacy workshops. This is the work that helps prevent people getting into problem debt."

Ms Fox said a recruitment campaign to find more volunteer advisers to cope with the need had begun.

"We'd prefer to be focussing on giving help before things get out of control, such as when someone's life gets thrown into chaos by injury, birth, death, or redundancy," she said.

"At the moment we don't have the resources to do enough of the early intervention."

Ms Fox said anyone seeking budgeting advice should ensure the budgeting services had NZFFBS certification.