

COTA NATIONAL SENIORS
WORKING IN PARTNERSHIP



**COTA National Seniors response
to the
Consumer and Financial Literacy Taskforce
discussion paper**

Australian consumers and money

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Summary

COTA National Seniors has welcomed the Taskforce discussion paper's exposure of financial literacy issues and the need for improving skills in this area.

We argue that the paper focuses too much on consumer deficiencies instead of the underlying problems, caused for example by industry behaviour and marketing, poor planning advice and asymmetric information. There are many factors other than financial literacy that contribute to consumers' ability to make wise financial decisions.

We agree that any financial literacy program should address needs in a lifetime sequence. We offer suggestions for expanding the far too narrow view of pre-retirees and retirees in the paper.

We suggest that development of consumer skills be seen in the larger contexts of information literacy and lifelong education, and argue for mid-life and retirement planning that is broader than financial planning.

Our response questions the efficacy of the suggested solution of a coordinating body and clearinghouse model. We offer concrete suggestions and recommendations about resources, funding and partnerships for information provision and delivery, and lifelong learning.

Introduction

COTA National Seniors welcomes the opportunity to respond to the Consumer and Financial Literacy Taskforce discussion paper *Australian consumers and money* (<http://cfltaskforce.treasury.gov.au/content/discussion.asp>)

We welcome the paper's exposure of the issues in relation to financial literacy, knowledge about consumer behaviour, and the Government's desire to improve consumer skills in financial literacy. Our response is from the perspective of Australian seniors. (Attachment 1)

Chapter 1 The problem

We agree with the views expressed by the Taskforce about the problems consumers face caused by the "plethora of information sent to [consumers] from many different sources", of knowing what information to trust (p2); and the difficulties around choice and decision making to do with life events such as superannuation or buying a house; credit over-commitments and debt, and scams.

However the focus of the paper is too much on consumer deficiencies – blaming the consumer for either ignorance or inappropriate behaviour in making either bad financial decisions (paying too much for goods and services, susceptibility to scams), or not making any (such as planning for the future or budgeting) at all. We query whether lack of financial literacy is responsible for such problems and suggest that

greater focus and research is needed on identifying problems, the factors causing them and how to address them.

Industry behaviour is a substantial cause of many of the problems outlined. Mainstream lenders as well as scammers actively cultivate less competent credit users. The consumer financial counselling sector has countless examples of aggressive marketing by the finance sector and publicises the traps and penalties involved in, for example, accepting pre-approved credit limit increases, accepting interest free credit deals but not paying debt within the interest free period, in promotions to transfer credit card balances, or commission payments via loan contracts to finance brokers and conveyancing services. Education cannot be a panacea to the issues about why people get into trouble financially – it should never replace proper credit assessment for example.

It would be useful to explore the extent to which industry marketing is responsible for the understanding people have of finance and financial products. We are concerned that a range of risky investment products and schemes are regularly promoted in the press, including options trading, mezzanine financing, day trading and high interest debentures. History shows that retirees and people approaching retirement age will unwittingly put their life savings at risk by entering into unwise investments.

It is very disturbing to find that many people fall victim to poor financial planning even though they have sought advice from professional planners in respected financial institutions. This has been well-documented, for example by the Australian Securities and Investments Commission (ASIC) and the Australian Consumers' Association (ACA) joint survey of the quality of advice provided by financial planners (ASIC 2003). COTA National Seniors has previously recommended that the Government increase the standards for accreditation of financial planners and the penalties for non-compliance and negligence. (CNS 2003a & b). We are not in a position to judge whether the Financial Services Reform Act (FSR) standards, applying to all financial planners since March 2004, will remedy the problems in the financial planning industry.

The enormous number of new financial organisations has expanded choice but also often increased confusion in assessing the credibility and best value of what is on offer. Work on markets with asymmetric information by 2001 Nobel prize winners in Economics, George Akerlof, A. Michael Spence and Joseph Stiglitz (www.nobel.se/economics/laureates/2001/press.html) is informative in revealing the consequences of imperfect informedness in the market, when one party in a transaction has more or better information than the other. Sellers eg financial institutions, stockbrokers, real estate agents, know more than the buyer – the consumer, who in addition to being expected to know about this sector of a market is under enormous pressure to be informed about innumerable others that impact throughout a lifetime.

As one of our members said: “People need to not only be able to access information but must be aware that they NEED to access information. We need to get across that it is a jungle out there - not all financial products are the same, do not trust information just because it came from a bank or a smooth talking operator.”

Such underlying problems highlight the need for consumer confidence in the regulatory environment. They will not be solved by information provision and education. As AARP (our US counterpart) President Tess Canja said (Canja 2003) said to a Senate hearing: "developing effective financial literacy programs and services should not be viewed by anyone as a substitute for clear and strong oversight and enforcement of investor protection laws and regulations."

The extent to which levels of financial literacy contribute to consumers' ability to make sensible financial decisions remains unknown. Understanding the limitations outlined above should better inform the role information provision and education can play in improving financial literacy which remains a worthwhile aim. In this context the paper usefully reviews, in Chapter 2, socio-economic and demographic factors and consumer aspirations and behaviour. All do need to be taken into account by information and education providers if their messages are to be appropriately targeted.

Chapter 2.7 Consumer life events

COTA National Seniors agrees with the life stage approach - any literacy program should address needs at important stages in a lifetime sequence, and be carefully targeted to well defined market segments with a life events perspective. Many of life's transition phases occur in later years - retirement, redundancy, bereavement, moving house, going abroad, caring for relatives and family, entering residential care, ill health, children leaving home, change of relationship status etc. We suggest the sections on Pre-retirees and Retirees in figure 2.5 take too narrow a view and should be expanded to take account of the following:

- **Pre-retirees** as shown implies a far simpler and rosier picture than current reality. As a seniors organisation representing people aged 50 and over, it is our experience that the mid-life period of 50-64 is increasingly complex and difficult for many people. Retrenchment, unemployment, work place changes, divorce, caring responsibilities, extended financial responsibilities for children, and later life child bearing are some of the factors that are coming to bear on the new face of the life course for people over 50. Many people are approaching old age with insecure income, lack of savings, poor skills and inability to improve their lot. Women are particularly susceptible to disparity of savings caused by interruptions to career or forgoing career opportunities due to child bearing, child rearing and care giving to aged parents. Recognition is needed that for many people there is no distinct cut-off between working life and retirement, but rather a phased process including marginal labour force attachment and long term reliance on a social welfare payment prior to age pension age. According to the Department of Family and Community Services, around 50 per cent of individuals moving on to an Age Pension are already receiving some form of income support payment. Around 30 per cent of the population aged 50 to 64 are reliant on a social welfare payment.

While everyone is affected by social and economic changes, there are important considerations in terms of the responses that people in mid-life are able to make to these changes including:

- the need to consolidate one's financial position with a view to retirement and older age in the short-medium term; preserving assets and savings can have particular problems for people over 50 as these are often used up during spells of unemployment or underemployment;
 - greater consideration of the consequences of risk-taking (eg establishing a new business)
 - the sense of less time available to achieve major goals (eg a 4 or 5 year university degree to qualify for a particular occupation)
 - the heightened possibility of ill-health and disability. (CNS 2003b)
- **Retirees.** Retirement is a changing concept and a varied experience. Universal and irrevocable withdrawal from the paid workforce at a fixed age is no longer the norm, witness an increasing desire of people over the age pension eligibility age (62 for women and 65 for men) to engage in the labour market. Greater attention to flexible transitions between work and retirement is required.

Increasing longevity together with a reduced retirement age, results in more years spent in retirement. A male retiree has a life expectancy of 16.2 years at age 65, and has the potential to experience over 26 years of retirement if he exits the workforce at 55. (CNS 2003a). Income is virtually fixed and more likely to decrease rather than increase.

Older women "...are unlikely to have as much superannuation as males, because disproportionately few women now aged 50 years and over have had strong formal labour market attachment. Additionally their numbers contain many women who have been sole parents or divorced, and while some may have gained financially from divorce settlements, the bulk of them have not - indeed it is understood that most have precarious financial situations."(Teskfaghiorghis 2003 cited in CNS 2003a)

Retirement also means very different things to different cohorts of older people. Recent DFaCS government research looks at the pre-retirement baby boom generation's key differences in the demographic, social and economic characteristics of three distinct cohorts for the purposes of understanding how their different experiences may translate into differences in retirement outcomes (Brown 2004). The experience of retirement for a voluntary retiree aged 55 is very different for an age pensioner at 65, or an 85 year old woman living alone in rented accommodation or hostel, or being a carer of a disabled family member, or grandparents bringing up grandchildren.

Increasing ill health and frailty in old age can lead to dependency on others for some aspect of care or support. Along with events such as bereavement and entering residential care when critical decisions are required, this has a disempowering impact on the ability to manage one's own resources and make key decisions around expenditure and saving, and highlights a need to consider the role of families and carers in decision making.

Obviously a one-size fits all approach to financial literacy information or education would not be appropriate for such a diverse population group.

Chapter 2.8 Consumer skills

In any discussion of pre-requisite skills it would be useful to view financial literacy in the larger context of information literacy. Financial literacy is but one of the types of literacy that need to be promoted. Information literacy is arguably a more critical issue that overarches all in an information age. It is defined as the capacity to identify, locate, evaluate, organise and effectively create, use and communicate information to address an issue or problem. Information literacy is considered to be a prerequisite for participative citizenship; social inclusion; the creation of new knowledge; personal; corporate and organisational empowerment; and learning for life.

Information literacy competencies are:

- Knowing when information is needed
- Identifying the information needed to address a given problem or issue
- Finding the needed information
- Organising the needed information
- Using the information effectively to address the problem or issue at hand.
(American Library Association 1989)

A UK report on financial literacy and older people (NIACE 2002) considers that

"The term 'financial literacy' is not particularly helpful. It is an amalgamation of skills issues - numeracy and literacy. This can suggest that the issue is simply one of basic skills, to be addressed through basic skills provision and appropriate curriculum. However, the disempowering nature of many of life's transition phases, and the need to embrace the understanding of financial processes and decision-making, indicates that it could be an issue for mainstream adult education and all those involved in information giving, advice and guidance. The terms 'financial competency', 'capability', 'understanding' and 'confidence' are therefore emerging as new descriptive terms."

In Australia there are various players who would be well placed to offer perspectives on financial literacy.¹

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- ¹ The Australian Council for Adult Literacy (ACAL) has developed a model for improving the literacy and numeracy of adults using an approach which integrates the enhancement of literacy/numeracy with people's other 'real life' activities; it is currently consulting with organisations and investigating financial literacy. www.acal.edu.au/
 - Adult Learning Australia has a links page on literacy at www.adultlearnersweek.org/links/literacy.html. An annual Adult Learners Week –the 2003 campaign focused on older men and women to whom IT literacy is particularly relevant, esp. men aged 45+ in rural and regional areas as well as incorporating women in transition from the same age group. The emphasis was on learning as a tool for coping with change.
 - Information literacy standards launched in Feb 2001 by the Council of Australian University Librarians were endorsed by other sectors such as Council of Australian State Libraries and TAFE

Planning skills (p37ff)

COTA National Seniors is strongly of the view that planning for retirement is much more than financial planning, which regrettably is often seen as synonymous. Retirement planning should encompass issues including housing, relationships, health, work, leisure and caring in order to allow people to prepare for later life. Long-term planning is needed to deal with the lengthy retirement to which many people can look forward. It may be more appropriate to refer to mid-life planning rather than retirement planning.

As the Taskforce recognises, there is an increasing expectation that individuals should plan and make provision for their own retirement rather than relying upon government to provide for them. There is ample evidence that Australians are not planning or not planning well for retirement eg AMP/NATSEM and Association of Superannuation Funds of Australia reports (www.amp.com.au; www.superannuation.asn.au/).

Poor planning, or no planning at all, is hardly surprising - planning implies predictability. In this increasingly unpredictable world, individuals may well feel that long term planning is impossible, or find that their long term plans are quickly disrupted by the tide of events.

This is an example of seeing problems in a broader context as discussed above. CNS has previously suggested (CNS 2003a) that Government has an important role to play in assisting people to have confidence in their ability to plan in the longer term by:

- keeping policy settings stable in the long term. Frequent changes to systems make it impossible for individuals to plan;
- providing stability by “ironing out” peaks and troughs of the business cycle to cushion individuals from the excesses of the marketplace;
- ensuring that systems are transparent and understood by ordinary people. Over complexity diminishes individuals’ ability to plan for themselves. A classic example is the complexity of the Taxation Act which no individual could hope to comprehend fully; another is the ongoing changes to superannuation. Comprehensible legislation is important - having to pay an expert to see whether something is legal should only be necessary for the most convoluted schemes;
- making systems (taxation, social security, superannuation, etc) complementary and interlocking rather than piecemeal and unrelated;
- actively assisting people to plan through funding community based, non-government organisations to provide appropriate planning and advisory services.

libraries; the second 2004 edition is called *Australian and New Zealand information literacy framework: principles, standards and practice*. It provides the principles, standards and practice that can support information literacy education in all education sectors. www.caul.edu.au

Education and training

Education where mentioned in the paper is mainly focussed on education via schools. If education is seen as one the answers to improving financial literacy it needs to be in the broader context of life long learning, which aims to provide opportunities for adults throughout the life course to undertake education and skills upgrading in response to social, economic and technological changes. It is thus a much larger concept than school-based or employment related learning. Put another way, lack of financial literacy is fairly common to all ages but older people have less or no opportunity to recover from the consequences, so any educational strategy needs to be on a whole of life basis with special emphasis for older people.

Lifelong learning does not feature strongly in current national education policy, but has been the subject of the recent Department of Education, Science and Training Inquiry into Adult Learning (<http://www.dest.gov.au/ucan2/default.htm>).

In COTA National Seniors submission to this inquiry (2004b) we pointed out our considerable experience in implementing peer education² and participant research projects³ with seniors. Recent work has been on mature age employment, parenting of grandchildren, information technology and personal health and pharmaceuticals. Our conclusion from our work is that seniors enthusiastically embrace new opportunities to learn about and contribute to understanding on subjects of concern and interest to them.

² COTA National Seniors SA runs a Peer Education Resource Centre for Older Adults with State Govt funding - it aims to support, train and link peer educators and organisations. The model of peer education is used in medicines education programs footnoted on p12. As early providers of IT familiarisation and education programs for older people, some COTAs tested the model of peer education, while COTA WA became an accredited training organisation. COTA WA also runs the established and successful Western Australian Retirement Education Seminars (WARES) Programme, www.cotawa.asn.au/COTAWA20.htm. COTA Victoria runs a peer education program called Creative Transitions to Retirement, www.cotavic.org.au/education/creative.html

³ In a national project during 2002-03 conducted by COTA National Seniors entitled *An education campaign about the changing nature of the labour market and portfolio employment* (a program funded by the Department of Employment and Workplace Relations), we were able to canvass many issues with over 1000 mature age workers, many unemployed, through focus groups and a formal research program.

A lesson learned was the importance of taking account of the following factors in working with mature age people:

- the particular age related characteristics of mature workers relating to learning styles and interests;
- their past experiences in education and training;
- their level of confidence.

Lifelong learning should, at the minimum, encompass the following characteristics:

- High level accessibility in terms of time, cost and location.
- Modularity: components of education should be linked to each other.
- Recognition of prior learning.
- Locally based.
- Relevant to both specific needs and broader personal and social interests.
- Diversity in approaches, venues, methods, content.
- Appropriate use of technology. (CNS 2000a)

Chapter 3 The information provider

3.1 Information provision

The Taskforce has identified over 100 organisations delivering over 700 Australian consumer and financial literacy initiatives. Many are for marketing purposes. The list in the Appendix could be extended with resources published by the Australian Consumers' Association, Association of Superannuation Funds of Australia Limited, National Information Centre for Retirement Incomes, Australian Pensioners' and Superannuants' Federation and other non-profit organisations.

Suggestions for additional resources and approaches for seniors for Section 3.3 on overseas experience are:

UK

- The Financial Literacy for Older People Project (FLOP) by the National Institute of Adult Continuing Education (NIACE) has developed learning materials in English and Cantonese.
http://www.niace.org.uk/research/older_bolder/Projects/FLOP.htm
- The Basic Skills Agency and the Financial Services Authority launched in 2003 an Adult Financial Capability Framework as part of its initiative to support financial literacy education. The document covers a broad range of money management and consumer issues. It is for all those involved in financial capability education including money advisers, teachers, trainers, and helpers interested in improving financial capability skills. <http://www.basic-skills.co.uk/site/page.php?cms=8&p=492>
- The Pre Retirement Association is unique in pioneering a range of innovative services for people in mid-life. It was set up in the 1960s by Age Concern and undertakes a very wide range of activities including professional training, business services, research and advocacy.

The work of the Pre Retirement Association is instructive to Australia at a number of levels:

- the study of mid-life and pre-retirement is treated as a serious academic discipline in its own right. The PRA has an arrangement with the University of Surrey to offer Certificate, Diploma and Masters level courses. There are no university programs of the kind pioneered by PRA in Australia;
- the courses offered to individuals encompass a very wide range of issues including health, finance, work, leisure and caring. In Australia, pre-retirement and retirement planning is generally narrowly focussed on financial planning. Few organisations in Australia offer multi-disciplinary, mid-life planning programs. COTA (Victoria) is one of the few that offers a broad-based *Transitions to Retirement* program;

- PRA has established pre retirement and mid life planning as a profession in its own right. With a set of professional standards, code of conduct and commitment to best practice. It is time such a profession was established in Australia. (Sheen 2004, CNS 2003a)

USA

Examples from AARP, USA's nonprofit membership organization for people over 50:

- "*10 Steps to a Better Financial Future*" - a free, interactive CD-ROM designed for the pre-retiree aged 40 to 60 with limited or no knowledge of personal financial issues. Introduces the basics of financial planning, saving and investing, with tips, worksheets, and links to additional references for use in planning a financial future. www.aarpfinancialfuture.org/
- *The status of financial literacy and education in America*, Tess Canja, AARP President, before the Senate Banking Committee Regarding Financial Literacy, www.aarp.org/Articles/a2003-08-12-thestatus.html
- <http://www.aarp.org/financial-planningretire/> has many articles on retirement planning.

Information delivery (p54)

CNS agrees with the Taskforce that delivery of a large amount of the information available is "ad hoc in nature and splintered in delivery" (p55). An important point is made about the lack of evaluation of existing initiatives from the consumer's perspective. Any exercise in awareness raising needs to ask: "what is the take home message? how will people be engaged to take the message on board?" Without evaluation there is no way of recognising if behaviour has changed.

CNS had detailed best practice in providing and disseminating information, promoting services, and presenting written material to seniors which is applicable for all ages. (Scott 1999 and CNS 2004)

- Ensure that when distributing information a wide range of materials and outlets is used.
- Include not only the Web address but also other methods of obtaining information.
- Written material:
 - Use Plain English and familiar words - avoid abbreviations, acronyms and jargon.
 - Be easy to read, well spaced and in large print size (minimum font of 11 preferably 12)
 - Use a mix of words and easily recognisable pictures.
 - Provide high colour contrast (dark coloured print on non-reflective paper). Some ANZ brochures for example, with reversed out text on light blue, do not work well.

- Use the generic name of a service rather than a program or provider.
- Ensure information about services, in booklets for example, has sufficient detail for planning and referral. This may include eligibility, costs, user rights, responsibilities and complaints procedures, confidentiality protocols, locations, current contact details.

Dissemination of information via the Internet is cost-effective and easy, and now an essential method for reaching the population at large. It will be enhanced if presented in an interactive way and ensuring material is easy to download and print. However providers of any online and e-commerce services - which includes downloading publications and information - must also provide alternative methods of access without financial penalty for those unable or unwilling to access them electronically. Older Australians who have not grown up with computers are particularly disadvantaged when it comes to understanding Internet services. Web-based information alone is inadequate given their low take-up of the Internet. NATSEM (2000) estimated that in 2003 1.9 million retirees (63%) remain without an Internet connection at home. The 2001 Census reported that use of the net is still a generational issue - 10% over people 65 and over accessed the Internet in the week before the census compared to 40% of those under 25 and over half those aged 15-55 years. (Lloyd 2004).

Accessing online information can be difficult and costly. Accessing the Taskforce's discussion paper affords an example of the difficulties many consumers and small organisations, with low bandwidth or download caps, face in downloading a 3.7mb .pdf document – about 20 minutes via a 28-33Kbs modem which is a common scenario. There was no response to this organisation's email request for copies (2 weeks ago) made in preference to phoning the telephone number provided. The consumer version is full of photos which inflate the size (and download time) of the file.

It may be informative to look at ways other sectors grapple with consumer information and education. The Australian Communication Authority as government regulator for telecommunications has a model of tool kits (eg for mobile phones, Internet Service providers), with interactive questions tailored for different consumer needs, available in hardcopy or via its website at www.aca.gov.au.

Chapter 4 An integrated solution

"Question 4.1 The Taskforce is proposing that a coordinating body be established to promote and facilitate a coordinated and targeted approach to consumer and financial information in Australia.

The body would aim to achieve this through the development of the Consumer Behaviour Model into a tool that can be used by service providers. The body would also be given a number of other functions to do with consumer and financial literacy that are currently not implemented in a comprehensive and coordinated manner. These include: research, a clearinghouse, an accreditation service to enable consumer and financial literacy to be incorporated into the school curriculum, an

ongoing awareness campaign, a capacity-building grants program and a partnerships program." (p88)

COTA National Seniors questions whether the recommended solution of a central coordinating body as described in the discussion paper is the optimum one, and suggests other options below.

We suggest that the functions of the Coordinating body as specified would require far greater resources than those outlined. The Consumer Behaviour model as proposed takes in the entire consumer landscape and "stakeholders in public, private and community sectors" (p78) – a very big ask when one takes into account other sectors eg health, telecommunications, and the amounts spent on programs trying to change behaviour with education and information, eg the national drug strategy. Compared to these, the sums proposed for consumer awareness campaigns (\$1-2 m per annum) and "modest grants program" of approx. \$500,000 (p82) to build capacity among smaller information providers are very modest, and run the usual risk of programs being unsustainable after the initial grant, with attendant community frustration and burnout.

While recognising the utility of a clearinghouse model in collecting all available resources in one location (one of several clearinghouse roles), we are not aware of empirical evidence for the success of those used as examples (p55-56). Clearinghouses - and there are many - are used by academic, research and service provider sectors rather than by consumers. There are other options for consumers who want information. They need to first know that it exists, be able to find it easily, and be able to identify the source as trustworthy and independent (as noted by the Taskforce on p78), and the information of practical use.⁴ ASIC as a government body is most likely to be a trusted provider, and its role could be extended to perform a clearinghouse one of collecting resources. "As the consumer protection regulator for financial services, ASIC's aim is to improve the financial literacy of Australian consumers so that they can make informed decisions about financial products and services, and identify and avoid financial scams and rip-offs." The main focus of their FIDO website is on school based education, for example financial tips and safety checks at <http://www.fido.asic.gov.au/fido/fido.nsf>, and *Improving financial literacy* at www.fido.asic.gov.au/fido/fido.nsf/byheadline/Financial+literacy?openDocument.

While ASIC is increasing its community education activities, there is a need for more information, advice, support and education to be made available to investors. From the point of view of seniors a better option than another coordinating body clearinghouse would be increased funding to existing or trusted organisations known to them to provide financial and investment information, training, advice and support. We have previously recommended (eg CNS 2003a) that organisations such as the National Information Centre on Retirement Investments (NICRI) receive increased funding to support this role. NICRI (www.nicri.org.au) is a free, independent service providing information to assist people with modest savings to make investments for

⁴ A survey reported on 30 July by Quantum/AustraliaSCAN for Leadership Victoria compared the views of 2000 Australians and 1200 Americans and found that only 4 per cent of Australians had much confidence in consumer information from major companies, and "what should worry Australian companies even more", 30 per cent said they had little or no confidence in the information. *The Age*, 30 July, 2004 p3, reporting on *The 2004 Leadership Survey: Different Galaxies: Living under the Stars and Stripes and the Southern Cross*, <http://www.leadershipvictoria.org/resources/reports.htm>

retirement. Their information sheets outline facts, benefits and risks on a single page and are seen by older people as useful and a good model for other providers.

Many of the clients of financial counsellors have pointed out that many of their clients are unlikely to read material such as booklets, but for seniors there seems to be general agreement that for provision of detailed information, face to face consultation works best in conjunction with written 'take-away' material (especially booklets) relevant to the topic discussed (Scott 1999). Telephones are a 'next best' option because of the facility for question and answer and because they rely on oracy rather than literacy.

Examples of such organisations delivering face to face as well as telephone and written material are:

- Centrelink one stop shops for retirement services and its free Financial Information Service;
- Seniors Information Services (SIS). Well-advertised central information points with a single local or free-call telephone number, a constantly updated computer database, and trained staff to provide sympathetic and appropriate information face to face and are now a feature in several States. Examples of funded SIS which are state-wide telephone information and referral services run out of CNS offices or auspiced by COTAs for State Governments are:
 - NSW 13 12 44; TTY 1800 806 830, NESB/TIS 13 14 50, www.infoseniorsnsw.org.au
 - South Australia 08 8232 1441, 1800 636 368, www.seniors.asn.au/
 - Tasmania - Aged and Disability Care Information Service (ADCIS), 03 6234 7448, 1800 806 656, www.adcis.org.au/
 - Victoria - 1300 13 50 90, Vic country 1800 16 381, Interstate 03 9654 4443, www.cotavic.org.au/info/siv.html
 - The Queensland Seniors Inquiry line is run by Lifeline, 1300 135 500, www.seniorsenquiryline.com.au

All are evaluated. Many have fact sheets and list publications available on request; there are very few for financial services and opportunities exist here.

Another service with potential for information dissemination is Carers Associations which have resource centres in each State and Territory with a toll free number at 1800 242 636. The centres provide information, training and counselling to carers. As indicated earlier, some older people depend on support from those around them - carers, family, friends - when they cannot easily obtain information for themselves.

Partnerships

CNS supports the Taskforce's finding of broad support for a more collaborative approach (p83) and its suggestion of partnerships. Our experience with community education programs lead us to believe there is enormous scope for business and government to develop partnerships and/or funding relationships with community organisations⁵. Community partners should not be expected to subsidise commercial

⁵ Examples include:

organisations or government by providing information, expertise and a constituent audience via their networks unless they are properly resourced.

CNS recommends:

- That funding of organisations which already run education programs, where seniors help other seniors, be extended to include financial literacy. Examples include Adult Learning Australia/Learning Circles, U3A Online, COTA National Seniors (see footnote 2 for program examples), Australian Seniors Computers Clubs Association.

Collaborating with trusted and established networks to research, produce and test learning materials for seniors on financial literacy, also online and self-service banking is an efficient way to stretch the dollars used and deliver real value for money, and to deliver information and education that is appropriate. With sponsorship this would have the potential to reach many thousands of people throughout Australia or further, especially considering the evaluated success of the U3A Online Isolated Bytes project (Swindell & Vasella 2000).

- Taking opportunities for publicity and showcasing activities - at conferences, by advertising and publishing in community sector publications, and in seniors press.
- Sponsoring seniors portals and online communities; there are examples on the links page of our website at www.cota.org.au/other.htm

Conclusion

COTA National Seniors has welcomed the opportunity to respond to the Consumer and Financial Literacy Taskforce paper *Australian consumers and money* and to contribute to and expand on the issues raised from the perspective of Australian seniors.

There are many factors other than financial literacy that that contribute to consumers' ability to make wise financial decisions. Increased access to information and products alone is not enough to ensure greater financial literacy or inclusion for older people.

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- a. *Being in Control: older people and their medicines* - a business and community partnership between COTA and the Pharmacy Guild of Australia on behalf of the Cw Dept of Health and Aged Care. (COTA Australia 2001) This peer education project reached about 10,000 people. COTA disbursed via its networks 24,600 copies of DHAC's *Be wise with medicines---the facts booklet*. Another Quality Use of Medicines Project is currently underway with the National Prescribing Service (www.cota.org.au/qum/qumproject.htm).
 - b. *Commonwealth Bank and self service banking*
CNS worked with the Commonwealth Bank to introduce older people to electronic banking used retired bank personnel. The then COTA network of clubs (approx. 2000) were advised that the CBA was prepared to visit, using retired staff to introduce club members to electronic banking. They brought ATMs and EFTPOS equipment, so that members could practice without the pressure of a public environment. No differentiation was made between CBA customers and customers of other banks. In addition, CBA upgraded staff training, produced a specialist video and prepared large print brochures.

Neither is older people presenting themselves to basic skills specialists. We agree with UK's National Institute of Adult Continuing Education (NIACE 2003) comment that seeing the issue as an exercise in skills enhancement ignores the 'political' agenda of helping older people make sense of and influence decisions around money, financial services and welfare. We have suggested a greater focus on addressing the underlying problems for consumers in the market place rather than on consumer shortcomings, and suggested strategies such as partnerships for information provision, dissemination and lifelong learning. Making people aware of their need for financial literacy and actively engaging them is likely to have more success than presenting information materials.

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ATTACHMENT 1: ABOUT COTA NATIONAL SENIORS

COTA National Seniors Partnership is the largest seniors' organisation in Australia with more than 280,000 individual members and over 1500 seniors organisations under its umbrella. It offers members a vast range of services and benefits and is an influential vehicle for contributing to policy debates affecting older people in Australia.

The Partnership, effective from 11 December 2002, joined the State and Territory COTAs and Council on the Ageing (Australia) with National Seniors into a joint national operation that merges and shares various operations of the eleven organisations.

With its combined individual and organisational membership representing all aspects of Australian seniors interests, COTA National Seniors Partnership has a pre-eminent role in representing, advocating for and serving older people throughout Australia. In terms of policy, it adheres to four principles:

Policy Principle 1: maximising the social and economic participation of older Australians.

The Partnership seeks to maximise opportunities for social and economic participation by older Australians, including promoting positive approaches to the contribution of seniors and the ageing of the Australian population, and by breaking down age discrimination in all areas of social and economic life.

Policy Principle 2: promoting sustainable, fair and responsible policies

The Partnership is committed to the development of fair and sustainable policies for seniors that take account of the needs of the entire community in the short and long term. It develops policies which are fiscally and economically responsible and which fairly balance the competing needs and interests of diverse groups amongst the senior population and other sectors of the community.

Policy Principle 3: protecting and extending services and programs that are used and valued by older Australians

The Partnership develops policies and provides advice on maintaining and improving services and programs which seniors use and value. These include primary health care, hospitals, pharmaceuticals, employment services, utilities, public transport, residential care, housing and community care. It will seek to ensure that there is an adequate "safety net" of services and income support which all seniors can access according to fair and equitable criteria in order to maintain a reasonable quality of life.

Policy Principle 4: focus on protecting against and redressing disadvantage

The Partnership believes that all seniors have the right to security, dignity, respect, safety, high standards of treatment and care and to equal participation in the community regardless of income, status, background, location, frailty or any other social or economic factor. As a result we will have a strong focus on seniors who are most vulnerable or disadvantaged in terms of these criteria.