

20 August, 2004

CFL Taskforce Secretariat
SCGSD
Department of the Treasury
Langton Crescent
PARKES ACT 2600



ABN 28 000 030 179

Dear Sirs

The Smith Family recognises how important the work of the Consumer Financial Literacy Taskforce has been in carrying out a consultation to draw up an integrated and centrally coordinated national strategy to enhance the financial literacy skills of Australian consumers. We congratulate the Taskforce on the work it has completed thus far and take this opportunity to highlight what are, in our opinion, some of the factors that will be critical for achieving successful national impact in implementing the strategy.

It is vitally important that the Consumer Behaviour Model that is the basis of the strategy be developed into a tool that can be used by service providers. You may recall that most of my earlier comments focused on the long overdue need to develop such a model and that part of our present problem in Australia is that our model of de-contextualised information provision is obviously not working for significant numbers of people. However, it is not enough to develop a better model. Provision has to be made for translating a good evidence based model into practice that is accessible both by service providers and customers.

At The Smith Family our concern is mainly about the children and young people and their families who take part in our suite of programs. These programs reach into over 50 communities throughout Australia where almost 24,000 children and young people in Learning for Life Families could benefit greatly, along with all Australians, from the strategy. For a variety of reasons many of them simply do not have access to information or the experiences that might assist in developing financial and consumer literacy. Even when they do, however, it is often in a format that is not readily seen as applicable to them. While this is not true of all, improved skills in these areas for the financially disadvantaged could go a long way in the development of the capacity needed to move beyond disadvantage.

Another factor that could enhance the potential success of the strategy is a growing awareness based on research that we have carried out on the interrelated need for a range of literacy skills to be able to participate socially and economically in 21st century Australia. Hence, we understand the value of financial and consumer literacy skills as part of a broader spectrum of literacy skills that also take in reading and comprehension and ICT. We are already working with parents of children in the 0 - 5 category for the development of literacy levels in reading to support a successful transition from pre-school to school. More recently we have taken on the role of lead community organisation in the Microsoft Unlimited Potential initiative. We recognise the importance of Community Technology Learning Centres (CTLCs) in providing access for development of ICT literacy skills for children and young people and their families who might not otherwise have access to such skill development. In this context, a national strategy for financial and consumer literacy provides a needed complement that can both build upon and enhance the skill base that our Learning for Life families and all Australians need in the 21st century knowledge economy.

One of the best ways to leverage the potential impact of all of the initiatives that I have mentioned is to ensure that the comprehensive and coordinated approach proposed by the Strategy is

consistently supported by research. In addition, practitioners will benefit from a clearinghouse, an accreditation service to enable consumer and financial literacy to be incorporated into the school curriculum, and ongoing awareness campaign, a capacity-building grants program and a partnerships program.

In short, we think that a coordinating body is necessary. Initially, support will be required from both Government and industry with a business plan that leads to long-term sustainability.

A coordinating body is needed to carry out a number of functions. In the short term, I mentioned a number of them in my previous set of responses and offer them again for consideration. Developing a greater number of relevant connections among all of these players could be improved by showing how those in middle level contexts, from the perspective of a given place, might provide one way to move beyond the present lack of connectedness among them. A place based approach could begin to address the need to target consumer education programs in a more meaningful way. It could also demonstrate the need for public and private sectors to work together toward a common goal and also 'engage and connect' with consumers at each level in a way which 'speaks their language'.

Thus, while the proposal for a national coordinating body addresses the obvious need to overcome fragmentation and disconnection among providers at the macro level, a *further layer of the strategy* with an emphasis on making the connection with consumers needs by focusing on the community level is also needed. Possible ways to make the connection have already been suggested by referring to initiatives undertaken by the OECD Financial Education Project, legislation, government and commercial bodies in the USA, the Financial Services Authority in the UK, and the New Zealand Financial Literacy Program.

A national strategy to enhance the financial and consumer literacy of all Australians incorporating a consumer behaviour model, a coordinating body to connect information providers with consumers, and ongoing engagement between stakeholder organisations and the general public is an idea whose time has come. Its implementation will provide a very important resource and opportunity for the development of the capacity of our Learning for Life Families, as well as for all Australians. The Task Force is to be congratulated on bringing us to this point.

Yours sincerely

A handwritten signature in black ink that reads "Elaine Henry". The signature is written in a cursive, flowing style with a period at the end.

Elaine Henry
Chief Executive Officer

