



**Australian Government**

**Department of Family and Community Services**

# FaCS Portfolio Submission to the Consumer and Financial Literacy Taskforce

**August 2004**

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The FaCS Portfolio Submission to the Taskforce has been prepared by the Department of Family and Community Services in conjunction with Centrelink.

## Overview

FaCS supports the recommendations of the Taskforce.

- FaCS supports the development of a Consumer and Financial Literacy Co-ordinating Body to provide people with a more accessible gateway to information and support and to undertake a more strategic overview of consumer financial information issues, including the identification of gaps in information provision and promoting a more coordinated approach to consumer and financial information and education.
- FaCS agrees that the proposed clearinghouse website would make an important contribution towards reducing barriers people face in accessing information. FaCS suggests that the issues around the content of a website will need to be investigated carefully and suggests a staged introduction may be appropriate.
- FaCS also agrees that the proposed Consumer Behaviour Model provides a useful benchmark against which information providers could evaluate the impact and targetting of their services.

FaCS notes that there is a great diversity of need for financial information and support within the community and that the Taskforce's proposed strategies will need to take into account this diversity if they are to have a broad community impact.

- FaCS' experience with delivering programmes for such groups as seniors, mature aged people, families, youth, people from culturally and linguistically diverse backgrounds, people with disabilities, people in crisis, people who experience problem gambling and indigenous communities, suggests a great variation in need and in capacity to access information.

FaCS suggests a particular priority will need to be given to assisting mature aged people and seniors.

- Population ageing means that in coming years there will be more people reaching the age at which they will make decisions around investing their superannuation to maximise their retirement incomes (and with more superannuation to invest as superannuation balances grow).
- Given the range of financial products available and the taxation and social security implications that will need to be taken into account, these individuals will need information and support to help them make better choices.

More generally, FaCS notes that expectations in this area need to be managed carefully. Improving financial literacy is about helping people manage risk, not avoiding risk. The goal should be to help people make choices that are appropriate for them, with regard to risk and expected return.

FaCS notes that the *Financial Reform Act* will improve the disclosure of the terms and conditions of financial products and services, which will improve the capacity of consumers to better understand the investment choices available to them.

Expectations around the level of support and information that can be provided to consumers through government and non-government organisations need also to be managed carefully. While the delivery of financial information face to face may be an effective way of learning, it may not always be realistic (because of cost) except in cases of particular social need. For many consumers, easier access to documentation, web based information or attending seminars may be more appropriate in reducing information barriers.

FaCS also notes that should demand for financial support and information services rise as a result of the strategies proposed by the Taskforce, a critical issue will be how that additional demand would be managed. The extent to which the proposed Coordinating Body would play a role in such a process may need to be worked through.

## **Issues**

### *Clearinghouse Website*

In respect of the proposal to introduce a clearinghouse website, FaCS considers the website would benefit from a staged implementation to ensure content and targetting have been well researched, while allowing early delivery of basic information.

- The development of the website may best be undertaken in stages. Careful consideration will need to be given to a range of issues relating to the management of cross-sector website content, managing industry content and exercising duty of care obligations to consumers.
- There may be benefit in researching similar websites overseas and the various Australian cross sector websites now in place to better inform the development of the clearinghouse website.

### *Recognising the Diversity of Financial Needs and Access*

FaCS' experience in delivering programmes to a wide and diverse range of individuals, families and communities reinforces the Taskforce's conclusion that financial information needs to be tailored to meet the diversity of circumstances facing consumers and their different needs for information through the life cycle, as illustrated in the proposed Consumer Behaviour Model.

- FaCS' experience with supporting Indigenous communities has provided some particularly relevant insights into issues regarding the challenges of tailoring programmes that meet the needs of groups in the community. Much of this experience is drawn upon in responding to questions put by the Taskforce.

The FaCS portfolio is a major provider of services that aim to improve financial literacy and help people make informed financial decisions that are best suited to their needs. FaCS works with industry bodies, other Government agencies including Treasury and the Australian Securities and Investments Commission (ASIC), financial associations and community groups in producing and delivering this information.

Significant programs are delivered by the portfolio. The major programmes – Centrelink’s Financial Information Service (FIS) and the National Information Centre on Retirement investments (NICRI) are available to all Australians but in practice are mostly utilised by seniors, and mature aged people. FaCS also runs programmes that assist indigenous communities, people in crisis and youth.

### Mature Aged and Retirees

- **FIS** provides free and independent information to all Australians so that people can become better equipped to recognise and pursue financial options, make better financial decisions and understand investment products and how they work. During the 2003/04 financial year FIS officers conducted 210 208 telephone calls and 77 041 face-to-face interviews. Over the same period 78 574 people attended seminars run by the FIS Seminar program.

The FIS seminars are increasingly focused on assisting and encouraging pre-retirees to commence planning for retirement. For this reason at least 50 per cent of participants are required to be under age 55. There is no age target for the FIS interview program and 85 per cent of interviewees are over age 55. They are in a broad range of financial circumstances. Of FIS interviewees, 58 per cent receive an income support payment, 18 per cent earn a wage or salary, 12 per cent are self-funded retirees, and the remaining 12 per cent have another source of income. The main issues discussed at FIS interviews are also very diverse, ranging from investment concepts, investment markets and options, future eligibility for Government support, superannuation, taxation and housing issues.

- **NICRI** is an independent body funded by the government (through FaCS) to provide the public with free information on planning and saving for retirement, investment options and effective use of financial resources in retirement. During the 2003-04 financial year, NICRI addressed 66 seminars and responded to 4876 inquiries from the general public, financial advisers or FIS officers. NICRI also distributed over 177 000 information leaflets on a range of issues including investment, financial planning and preparation for retirement. NICRI’s full range of publications are also available on its website, which was accessed over 17 000 times.

During 2002-03 (the latest data available) 96 per cent of callers to NICRI were aged 55 and over. Fifty two per cent of callers were full or part pensioners, 18 per cent were self-funded retirees, and 30 per cent were pre-retirees. Seventy per cent of callers had less than \$100 000 to invest. The main issues callers wanted to discuss were income streams, investment products, social security issues, superannuation and financial planners.

- **Portfolio seniors publications** provide seniors with information on a range of relevant matters. The Department publishes booklets with information on financial planning and financial products, housing issues, lifestyle issues and assistance to help people maximise their retirement choices and lifestyle. Over 148 000 copies of the publications were distributed during 2003-04. Centrelink produces *News for Seniors*, a quarterly magazine for seniors (mainly those in receipt of age pension). Over 2 million copies are distributed each quarter.

#### People in Crisis

- **Commonwealth Financial Counselling Program (CFCP)** provides access to quality financial counselling services free of charge to people in low-income groups experiencing financial crisis due to circumstances such as unemployment, sickness, credit over-commitment or family breakdown. These services are provided through approximately 40 community organisations.
- **Household Organisational Management Expenses (HOME) Advice Program** is an early intervention program for families at risk of becoming homeless. The Government announced in the 2004-05 Budget continued funding of \$10.4 million over four years. Community agencies are funded to help families stabilise their housing and financial circumstances, and assist them with access to community services including financial counselling, labour market programs and employment.

#### Indigenous Communities

- **Cape York Family Income Management (FIM) Project** is an action research project operating in Aurukun, Coen and Mossman Gorge since June 2002. Community-based workers help individuals and families negotiate a budget agreement and use system tools to implement their money management decisions and make adjustments as circumstances change. Outcomes have been impressive with nearly 600 Indigenous participants improving their ability to cover essential living costs, reduce and manage debts, and save for and purchase goods. Spending on food is increasing while spending on alcohol or gambling is decreasing. The use of nutrition and pharmacy accounts is contributing to better health outcomes, and many participants also contribute to education accounts. Workers also provide consumer information in relation to major purchases and loans. The project is starting to see a shift in participant orientation from daily survival to longer-term planning and saving for the future. FIM will shortly expand to two more Cape communities.
- **Indigenous Financial Management Program** has been established following the success of the Cape York FIM project. The Government announced in the 2004-05 Budget that \$4.4million has been allocated over four years to establish similar financial literacy and money management projects in other Indigenous communities. The program will also develop financial literacy education materials and tools for use in new projects and for broader distribution and seek to enlist private sector involvement, particularly from the financial services sector. This initiative will be incorporated into the collaborative development of a National Indigenous Money Management Strategy.

- **National Indigenous Money Management Strategy** provides funding to Reconciliation Australia to develop a National Indigenous Money Management Strategy with three broad components:
  - improving access to banking services;
  - building financial literacy skills; and
  - developing appropriate banking products which best suit the needs of Indigenous banking customers around Australia, including in remote Australia.This work will be undertaken in partnership with other relevant agencies including the members of the Indigenous Banking Reference Group.

### Youth

- **The Source** is a website developed by FaCS for young people. The site provides a basic guide to budgeting, saving, investing and money matters. Links are provided to various websites that provide more detailed information on topics such as: Cash Crisis; Getting It; Keeping It; Money for Study; The Big Decisions and More Money Stuff. During May 2004 (an average month) the number of visits to *the Source* was 35,122.

## FaCS responses to Discussion Paper Questions

FaCS has provided responses to those questions where responses draw upon service delivery perspectives. In respect of questions relating to “information providers” in Chapter 3, FaCS suggests the questions would be relevant areas of research for the proposed Coordinating Body. In respect of Chapter 4, questions regarding the possible role of the proposed Coordinating Body are addressed in the overview part of this submission.

### Chapter 2 The Consumer

#### Question 2.1

Economic forces and government intervention can both improve and constrict a consumer’s ability to understand and act on information. As such, information providers must make assessments about the extent to which information alone can change consumer behaviour.

#### **Are economic and government factors sufficiently understood in information provision to consumers?**

#### Response 2.1

To illustrate the challenges in targeting information that recognizes the particular economic circumstances of groups, FaCS’ experience with Indigenous communities suggests these challenges can be significant and can require multifaceted approaches. Indigenous communities have particular needs for assistance in the area of money management, as noted at page 21 of the (Consumer and Financial Literacy Taskforce) Discussion Paper.

Indigenous communities need a range of financial information that assists in increasing their understanding of economic and government factors and other factors, including:

- **Basic financial literacy:** understanding income; setting financial goals; balancing values and priorities for money; developing awareness of household money flows; taking control of money flows through spending planning; getting ‘good deals’; managing ‘humbug’ (pressures to give/lend money); maintaining commitment from household members to a spending plan; keeping records; protecting assets through insurance; managing situations when bills can’t be paid; where to get help.
- **Centrelink and welfare payments:** payments and services; the purpose of Income Support payments; what Centrelink needs to be told and why; dealing with Centrelink when location changes; activity and administrative requirements and breaching; how debts to Centrelink develop and what can be done to prevent this from happening; what to do when you have a problem with Centrelink; support for children and shared care arrangements.
- **Money and the law:** proof of identity; hire purchase/credit contracts; tenancy rights; informed consent; consumer rights; where to get help.

- **Banking skills:** getting good service at banks; different kinds of financial institutions/services eg Centrepay, Giropost, Regional Transaction Centres, Credit Unions; setting up a bank account; banking fees; electronic banking; use of key/credit cards; cheque and savings accounts; cheque payment vs electronic payments; reading statements; managing access to bank accounts; electronic payment options; ensuring that banking supports spending planning; understanding loans/credit cards and other banking products and services; creating, maintaining and re-establishing credit history; where to get help.
- **Understanding the Australian economy** – where does the government get money from and how does it spend it?: where do income support payments come from?; what is taxation?; how does the money ‘go around’ and produce wealth for Australia; finding out more.
- **Building a healthy local economy:** building on traditional resource management practices; understanding how the money ‘goes around’ in each community; and ensuring fair sharing of resources so that the needs of the elderly, mothers and children are met.

As noted in the Discussion Paper, the lower literacy and education levels of Aboriginal and Torres Strait Islanders impede the understanding of money management in these communities. Important lessons learnt through FaCS programs, such as the Aboriginal Child Rearing Strategy delivered to a number of Aboriginal communities in Central Australia between 1997-2001, showed that delivery methods that used community members in their development and were based on the learning preference of the local community were generally more successful.

A critical issue for Aboriginal and Torres Strait Islander people is a general preference for face-to-face learning. For example, FaCS funded the development and publication of a large (A3 size) resource book, *Pipirri Warrinjaku* (2001) by Aboriginal women of the Central Desert region to instruct Aboriginal parents and carers. The book used a combination of traditional illustrations and language and was used by group leaders to deliver parenting classes. It is unlikely that a more mainstream approach, delivered individually using small print English language material with few illustrations, would have been as successful. Similar projects have been conducted in other parts of Australia.

## Question 2.2

Where we come from and our socio-economic status in life are key determinants in how we access and use information. As such, it is important for information providers to recognise the particular disadvantages that some consumers face in both accessing and acting on information.

**Are socio-economic and demographic factors that important? How should they be factored into what information providers produce?**

## Response 2.2

Particular issues and vulnerabilities need to be considered in relation to the development and delivery information, and it is essential that the evidence base used for the development and delivery of this information takes into account all factors, including age, gender, cultural and economic groups, level of education and intellectual ability, and location.

People on very low incomes are particularly vulnerable to debt. An increasing emphasis in FaCS programs is early intervention to provide assistance before people find themselves in crisis. An example is the HOME Advice Program, in which families in danger of becoming homeless are identified by Centrelink social workers and referred to community agencies for assistance to resolve their issues before they reach crisis point. This may include financial counselling.

It is also important to ensure that information is not targeted based on inappropriate preconceptions and generalisations. For example, it cannot be assumed that in general people on low incomes need information on budgeting and money management.

However, some groups may be more likely to have particular characteristics. For example, people with disabilities are less likely to have post-school qualifications than people without disabilities. Also, the unemployment rate is higher amongst people with disabilities and the participation rate is much lower than amongst the general population.<sup>1</sup>

The *Commonwealth Disability Strategy* provides a framework to assist with development and delivery of policies, programs and services to ensure they are accessible to people with disabilities. The *Commonwealth Disability Strategy* and associated documents (*Inclusive Consultation: A practical guide to involving people with disabilities* and *A Guide: to the performance reporting framework*)<sup>2</sup> outline the principles of equity, inclusion, participation, access and accountability, and processes to implement the strategy and measure performance against the strategy.

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<sup>1</sup> Australian Bureau of Statistics 2004, *Disability Australia*, 2003 preliminary results.

<sup>2</sup> FaCS Disability publications are available on the FaCS internet site.

Socio-economic and demographic factors are important indicators for understanding Indigenous Australian communities. As acknowledged in the Discussion Paper, Aboriginal and Torres Strait Islander people have lower levels of formal education and home ownership and are over-represented amongst the unemployed, in prisons and have a lower overall life expectancy. All these factors have implications for the information needs of this group, in that they are often so focused on day-to-day survival that they are generally unable to see beyond these immediate difficulties. This is equally true in financial matters in these communities.

Indigenous Australians in remote areas have poor access to banking and other financial services, especially face-to-face services which are preferred. Additionally, the cost of living (especially food and transport costs) in remote communities is very high.

Community cultural expectations also have a significant bearing on Aboriginal and Torres Strait Islander people and there are frequently pressures on Aboriginal and Torres Strait Islander people to share any available resources (humbugging). The FaCS Cape York Family Income Management project mentioned in the Discussion Paper has been found to reduce the incidence of humbugging by restricting immediate access to cash and hence, reduce community expectations around the capacity to share.

While socio-economic and demographic factors are extremely important in considering information strategies for consumer and financial literacy, the real test of the effectiveness of information initiatives and programs would seem to be more broadly based. It would include things such as whether the people for whom the information is intended are able to access the information when they need it, whether they can understand and use the information and whether the information meets their needs to a significant extent.

For example, the evidence from the gambling industry is that people seeking to change their gambling behaviour need information, support to act on that information and structural interventions such as venue-based harm minimisation regulations.

Preliminary research into the link between socio-economic background and problem gambling has identified a skewing towards the lower socio-economic profile as well as some evidence of a higher at-risk profile in culturally and linguistically diverse communities.

Information initiatives and programs, therefore, need to be accurate, relevant, appropriate, culturally sensitive, accessible, practical, timely and well targeted.

### Question 2.3

Understanding the different personal characteristics that lead to consumer problems helps information providers decide whether they need to target behaviour rather than product knowledge in any information campaign.

#### **Is the broader understanding of human behaviour useful in addressing consumer and financial literacy? How do we best discern the different personal characteristics of people in the community?**

Research in the area of human behaviour (Halpern, Bates, Beales and Heathfield, 2004;<sup>3</sup> Parnell & Benton, 1999<sup>4</sup>) suggests there are a range of best practice principles that could underpin programs targeted at achieving voluntary behaviour change. These are:

- **Stakeholder involvement** is key to sustainable change. Use audience research findings to identify the specific factors that most influence the desired actions. Develop audience-driven communication strategies, rather than educator/technician, materials, or event-driven.
- Apply a **systematic process** which recognizes that individuals go through stages of change and that change is rarely a linear process – people move back and forwards between behaviours. Provide sufficient time for people to become aware of the need to take the desired actions and to try, adopt, and maintain these behaviours over time.
- Use **multiple-methods at multiple-levels**. No single method works to facilitate behaviour change across all issues and in all settings. There should be a focus on individual, interpersonal and community level factors that influence, encourage and support behaviour change. Information, knowledge and positive attitudes are not enough to affect behaviour change.
- Identify and repeat a **coherent core of messages** frequently enough that the target audience(s) can be exposed to, understand, and act on them. Use persuasion, emphasizing the benefits target audiences will receive from their new actions.
- There must be a **clear perceived benefit** from the behaviour change - to the individual, local community or wider society. Incentives to change behaviour must be sufficient to compensate for disincentives, especially in terms of time or disruption to daily routines. Recommend behaviours that are feasible and acceptable (including being perceived to be equitable) in daily social life.

Again, strategies would need to be developed in recognition of the needs of particular groups. For example, a broader understanding of human behavior is helpful in addressing consumer and financial literacy for Aboriginal and Torres Strait Islander people, and the Consumer Behavior Model is a useful concept in understanding the motivations of this group.

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<sup>3</sup> *Personal Responsibility and Changing Behaviour: the state of knowledge and its implications for public policy*. UK Cabinet Office, Prime Minister's Strategy Unit

<sup>4</sup> *Facilitating sustainable behaviour change: A guidebook for designing HIV programs*. International Health Unit, Macfarlane Burnet Centre for Medical research, Australia.

In Aboriginal and Torres Strait Islander communities, money usage develops social relationships and builds social capital, with quite different 'rules' from mainstream society. For example, there are intergenerational issues in Indigenous communities, where earlier generations levels of literacy are generally much lower than that of the current generation (whose levels are still low on a relative scale). This has led to the need in Indigenous communities for a mediator or 'literacy broker'; the most literacy-capable individual to conduct business on behalf of those less able.

Aboriginal and Torres Strait Islander communities have expressed the need for face-to-face interaction and instruction as far as possible. The Financial Income Management project has found that Indigenous people appreciate the services of a neutral adviser, as there are difficulties in many communities in discussing financial matters openly, including between men and women and between generations. Not surprisingly, there is substantial enthusiasm in many Aboriginal and Torres Strait Islander communities for financial information and support.

For example, the *Mange Kulu Economic Education and Money Management Project*, an Indigenous Communities Coordination Pilot (ICCP) project proposed by the Thamarrurr Regional Council in Wadeye (NT) aims to develop and establish an economic and money management education program for the residents of Wadeye.

As part of whole of government activity within the Council of Australian Government's (COAG) site this project has been developed in response to community identified need and priority. Residents of Wadeye are keen to learn about money, income management, the tax system, banking services and a range of broad economic issues to be able to improve social and economic outcomes for themselves and their families.

The project proposal includes employment of a project manager and local resource workers to educate and train individuals, families and clans within the community about money and economic matters. The project is to be managed by a steering committee made up of Thamarrurr Regional Council, NT and Commonwealth agencies and key local representatives. Extensive ongoing consultation will ensure the project is driven by the needs of the community. Resource workers will be trained to pass information and skills on to local residents. Existing money management and new resources based on the specific needs of the community will be used to develop money management skills within the local population. Education on this issue also occurs within the school at Wadeye.

Problem gamblers are a unique subset of individuals within the community. The behaviours exhibited by this group and the efficacies of targeted programs are an issue that may be equally served by reference to the Consumer Behaviour Model.

#### Question 2.4

Understanding and appreciating the differences between consumer wants and aspirations helps information providers better prioritise information while recognising that many consumers take an aspirational outlook to issues that face them.

#### **Is an appreciation of needs and aspirations useful?**

#### Response 2.4

Aspirations are often the motivators for people to engage in particular courses of action and to seek information to enable them to do so. Aspirations and needs change over time as people move through their life cycle with life events impacting on their decision making. These changes can impact on the attitude of the consumer and their receptiveness to new information.

Centrelink's Financial Information Service (FIS) faces challenges in marketing its information seminar services to people who may, for example, aspire to a higher retirement income or increased knowledge of investments, but who may not take action to achieve that goal, or who may not be aware of the services available. FIS may be an unsought product, one which the consumer may not yet want, is unable to acknowledge the future benefits of, or is not aware of. Centrelink is successful in "selling" its service by appropriate, targeted local advertising that taps into the aspirations of potential consumers of the service.

As mentioned at page 23 in the Discussion Paper, the Cape York Family Income Management (FIM) program provides a good example of the increase in motivation, and subsequently aspiration, in this community once culturally appropriate support mechanisms were established.

As previously discussed, for many Aboriginal and Torres Strait Islander communities, aspirations are often limited by the need to focus on day-to-day survival. It may be that attempting to focus on aspirations without providing underlying financial support strategies is beyond the capacity of most Indigenous communities, however the FIM Project has shown that individuals do aspire to home and other asset ownership and are able to service loans with appropriate support and advice. There is a demand for the services delivered by projects such as FIM in Indigenous communities. It is clear that mainstream loan and other financial products need to be adapted to meet the needs of Indigenous people.

### Question 2.5

Understanding the life event triggers behind the big decisions that consumers make, assists information providers in targeting information at the times and places in people's lives where they most need it.

**Does this help? How can the Taskforce's understanding of life events be enhanced?**

### Response 2.5

The Taskforce could obtain a better understanding of life events through research into what life events or life stages are triggers for greater vulnerability, what sources of information are most effective at this time, and what information actually leads to behaviour change. There is also a need for research on the timeframes and triggers for people to improve their consumer and financial literacy.

There also appears to be a need for more research into life events that are less recognised than, say, family formation, job loss or retirement. For example, onset of disability or illness or injury can change people's lives quite suddenly. These factors can mean people need access to financial information that may not have previously been relevant, or they may need information in alternative formats.

It is also important to have an understanding of what services particular groups access at times of major life events. For example, people who are homeless may engage through services provided by Supported Accommodation Assistance Program (SAAP) providers. It is important then to provide linkages between SAAP and financial counselling services, as some people may not access financial services directly.

It should also be remembered that, for a range of reasons, including the limited life expectancy of Indigenous Australians, many Aboriginal and Torres Strait Islander people experience many of these events frequently throughout their lives and the lives of their family.

A potential flaw with a life events approach alone, is that it is often reactive in nature and does not promote the desirable effect of medium and long term planning.

## Question 2.6

Learning consumer and financial skills is all about building our capacity to make better decisions throughout our lives.

**What skills are important to consumers? Do the consumer and financial skills presented in this section capture all relevant skills? How can we benchmark these skills over time?**

## Response 2.6

The consumer and financial skills presented in the Discussion Paper encompass many of the skills that consumers need to be armed with to make informed decisions. However, it is important to bear in mind that these skills alone may not lead to good outcomes. For example, people who are armed with adequate consumer and financial knowledge may not exercise good judgement when making decisions. Similarly, people who have adequate skills and who usually have sound judgement, may make atypical decisions in a crisis.

Some topics that may help people to improve their skill sets include:

- options for payment of goods and services;
- terms and conditions attached to different forms of credit;
- managing debt;
- making savings;
- investing periodic income or windfalls;
- harm minimisation from gambling;
- household budgeting and personal expenditure;
- planning for education, retirement, medical expenses and funerals;
- information on pay slips and other information about wages and wage deductions;
- understanding taxation obligations and making tax returns;
- understanding superannuation obligations and entitlements;
- understanding superannuation statements;
- options for managing money through banking services;
- understanding bank statements;
- choosing appropriate insurance arrangements;
- cooling off periods for insurance and other contracts
- paying rent, and understanding how rent money is used;
- keeping financial records;
- understanding duties of disclosure;
- consumer rights including access to information and advice; and
- making complaints.

Work done by the Centre for Aboriginal Economic Policy Research (CAEPR) in 2003<sup>5</sup>, tested the actual literacy levels of two remote Aboriginal and Torres Strait Islander communities in the north of Australia and found:

- there is a reluctance to self-identify as illiterate and most of those studied over-estimated their level of literacy competence. Many employers were unaware of the low levels of literacy amongst their employees in these communities;
- literacy is a relative matter (as literacy needs are arguably less in more remote locations), however even Indigenous community leaders were at substantially lower levels of literacy than anticipated;
- the role of the 'literacy broker' in the community is critical in assisting the community elders and other members to manage important information (eg. Centrelink forms, court appearances);
- generally, the two remote Aboriginal and Torres Strait Islander communities studied regarded literacy as irrelevant to the core business of the Indigenous world; and
- a key difference was the notion of aspiration, which is not regarded as a matter for the individual, but for the whole community.

These findings have relevance in the discussion about skills and show the necessity of consulting closely with the Aboriginal and Torres Strait Islander communities for when programs are developed.

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<sup>5</sup> *The realities of Indigenous adult literacy acquisition and practice: Implications for capacity development in remote communities*, Kral and Schwab, Canberra; Discussion Paper 257/2003.

### Question 2.7a

Understanding consumers' preferences for information allows information providers to properly target their messages and maximise their reach.

**What information sources do consumers trust? Are consumers confused by different information on the same issue? Is information tailored to the learning style of the target audience?**

### Response 2.7a

Government services such as Centrelink's FIS offer the general public a service that is free, independent and unbiased. Since 1997 more than 600,000 people have attended FIS seminars. Independent market research confirms the service is highly respected and trusted for the very reason that it does not sell financial products, nor is it tied to any financial institution. FIS seminars are intended to complement those run by the financial industry and target information markets traditionally under-served by industry.

The National Information Centre on Retirement Investments (NICRI) offers another alternative. Unlike FIS, which is clearly identified as a government service, NICRI offers a free, independent and unbiased service that is seen as fully independent. A 2000 survey of callers to NICRI found that 56 per cent of callers contacted NICRI because of its independent status.

In Indigenous communities, personal trust is a key issue. Again, this resonates with FaCS' understanding of the role of the 'literacy broker' and the need in these communities for face-to-face interaction and instruction enabling the development of trust over a period of time.

Research is currently underway into the information needs for gamblers. Preliminary findings indicate that government should take an educative approach, warning people about the harms caused by gambling.

FaCS has undertaken some research on student responses to debt issues, which gives some indication about the most effective communication mediums for providing young people with consumer information on financial issues.

Indications from this research are that students do not respond well to form letters, brochures and standardised information and that the best way to reach them is through tailored communications media.

Some success is indicated through television and radio advertising but young people believed that by far the most effective means were through advertising at their places of study. Many students indicated that it would be effective to communicate student obligations through posters, advertisements in university/TAFE magazines/papers, or during orientation week.

FaCS also supported two projects undertaken by members of the National Youth Roundtable which looked at the best ways to provide key messages about financial literacy to young people, including one project which focussed on people from diverse cultural and linguistic backgrounds.

These projects drew various conclusions but common to both is the need to reach young people with information about financial literacy in place (especially in the school setting) and the need to choose media capable of competing with advertising about 'easy' finance and credit options.