



St. John's Board of Trade
Speaking notes for Senior Vice Chair Jo Mark Zurel
To the meeting of the Task Force on Financial Literacy in St. John's – April 22, 2010

Good day. It is a pleasure to be here to represent the St. John's Board of Trade on behalf of our Chair, Derek Sullivan. Unfortunately he was not able to be here today but asked me to fill in for him which I am pleased to do.

I will start with some context. These are welcome consultations as we all understand that people draw on their existing knowledge when presented with a particular situation and use that knowledge to make a decision or act in a way that they feel is appropriate to their circumstances. This is true of many things, including financial literacy. In every case, additional knowledge will generate better decision making.

We are getting to a place socially, demographically and economically where we cannot afford to make mistakes with individual finances. People are living on the edge financially and while it may not be my right or the Board of Trade's right to say to an individual 'you need to manage your money better' or 'you need to learn more about finances' we collectively pay a price for systemic and widespread ignorance or lack of understanding.

Today we are here to talk about a framework for collaboration between public, private and non-governmental organizations. Lots of work is being done on financial literacy, no question. Now it's time to bring the pieces together for the benefit of Canadians.

I'll concentrate most of my remarks on the top level questions that were asked in the consultation document.

To begin: What financial knowledge and skills are essential for all Canadians?

There are a few commonalities for all Canadians. Basic budgeting that covers essential needs such as shelter, clothing and food is a must. We need to meet basic skills first because that is the foundation on which other financial skills can be built. The Board believes that retirement planning is also an essential skill, as basic needs require financial foresight once an individual has started working.

Essentially, there are two categories of absolutely critical financial knowledge and skill sets. The first is budgeting for meeting today's needs. At the very least this has to ensure that life needs are accounted for. Second, budgeting for tomorrow is required, based on anticipated inflation, desired quality of life, and the financial capacity of a person to save today.

The next question: What would you recommend to improve and/or build on existing financial literacy programs and initiatives in Canada?

Education as a part of formal training has to be consistent, it has to be constant and it has to be comprehensive. Financial planning and literacy has to be introduced as early as possible in formal education, even in kindergarten with the concept of an allowance. At each level of schooling it has to be progressively advanced and evaluated as part of the formal curriculum. By the time a student leaves

junior high school, they should be able to balance a basic house budget. By the time they leave high school, they should be able to balance a basic business budget.

The Board recognizes that this would involve significant change to the education curriculum, but we do and will continue to face problems like mounting personal debt and the effects that that has on individuals and the economy if we don't face this head on and take a systemic approach. Departments and Boards of Education vary across regions and provinces; this is a national issue and sometimes the local decision-making has to be influenced by national needs. It will support every region in this country if there is a consistent, constant and comprehensive national education strategy to support financial literacy. Whether a national solution is liked or not, it is a solution.

The third basic question posed by the Task Force: What initiatives could be put in place to encourage more collaboration among the public, private and non-profit sectors?

This is probably the most challenging. But I think the answer can be found in a simple concept. People don't want to search for answers, and they don't necessarily want to work to learn more about an already somewhat abstract concept such as financial literacy. Considering the confusion that can surround investments, banking, identity theft, regulation, budgeting and other financial issues, grasping the attention of people to think of this as a serious issue is difficult enough. If we make it more difficult by forcing people to jump around looking for answers, we have lost our ability to affect change.

So what's the simple concept? It might be having a single-window. It might be saying 'ok, we have a national issue, we are going to have national leadership, and provinces and regions within those provinces are going to have accredited partners delivering the following programs and services.' It might not be a perfect system, but it might help create a voice for financial literacy in the local community and it might get some cache and be recognized as being responsive to local needs.

Just a few moments before I conclude, as I would like to address a few other questions posed by the Task Force.

What parties should contribute to financial literacy education in Canada, and what roles should the participants such as family, schools, NGOs and others perform?

Long term, we probably have to work on the generation in school now and have their understanding and buy-in so complete that they drive change within their own families and then their work places and outside activities.

What initiatives might encourage people to stop procrastinating and start making, and sticking with, a financial plan?

This is going to boil down to financial. If it benefits a person to save today, in a very concrete and obvious way, most people will make an effort to save today. That's probably only partially education based...it will be educating people on programs and initiatives such as tax incentives that come at a real cost to government that will get people putting money into a plan for the future. Some of these initiatives and incentives probably haven't been created by government. But it's not going to be education so much as the obvious benefits of the programs themselves that will encourage behavior change.

In closing, I would like to thank the Task Force for its efforts. This is something that is important but may not be urgent. Sometimes the non-urgent things get lost until they are urgent, so a proactive step like these consultations is welcome. I wish you all the best in your deliberations as you tackle this vital public

policy issue. Please extend my thanks to the federal government for their foresight in dealing with this issue, and if the St. John's Board of Trade can be of further assistance, I would be pleased to help facilitate that.