

Presentation to the Task Force on Financial Literacy

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Movement for Canadian Literacy (MCL) is a national organization working to create a society which values literacy and learning at home, at work and in community. We share knowledge, engage partners and stakeholders and build awareness to advance literacy and learning across Canada.



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According to research conducted by the federal government's Office of Literacy and Essential Skills, the Department of Human Resources and Skills Development (HRSDC), the following nine skills are considered essential:

- ✎ Reading
- ✎ Document Use
- ✎ Numeracy
- ✎ Writing
- ✎ Oral Communication
- ✎ Working with Others
- ✎ Thinking
- ✎ Computer Use
- ✎ Continuous Learning

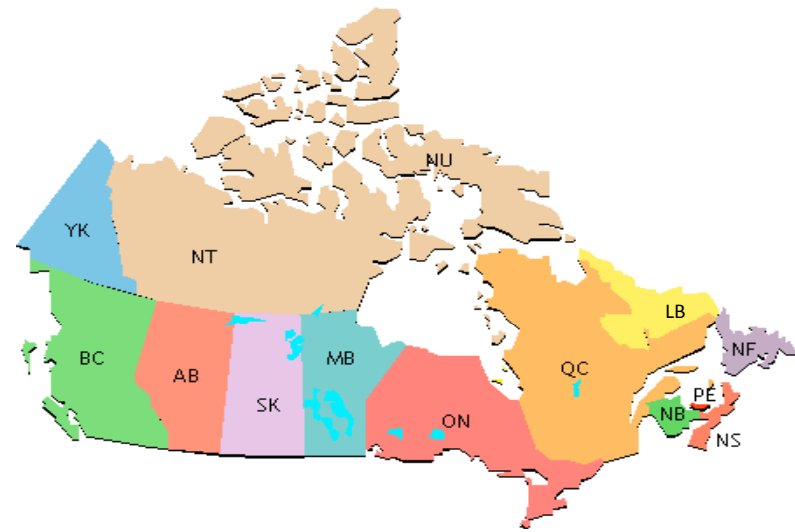


Literacy and Essential Skills are the skills needed for work, learning and life. They provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change.

The Government of Canada and other national and international agencies have identified and validated nine literacy and essential skills. These skills are used in nearly every occupation and throughout daily life in different ways and at different levels of complexity.

According to Statistics Canada and the Organization of Economic Cooperation and Development (OECD)'s groundbreaking Adult Literacy Survey, approximately nine million adult Canadians, aged between 16 and 65 are challenged by low literacy.

- Four provinces and territories have averages at level 2 on prose, numeracy and problem-solving.
- Five provinces and territories have average scores for numeracy at level 2



Of those adult Canadians with low literacy levels, 72% are employed

Main characteristics of people at level 1 and 2 in prose IALSS (age 16-65)

Level 1

- 3.1 million
- 1.4 million immigrants
- 54% male 46% female
- 60% employed
- 12% unemployed
- Education:
 - 50%: less than high school
 - 30%: high school
 - 20%: post-secondary education

Level 2

- 5.8 million
- 1.2 million immigrants
- 52% male 48% female
- 70% employed
- 8% unemployed
- Education:
 - 28%: less than high school
 - 37%: high school
 - 35%: post-secondary education

Source: IALSS 2003 Key Policy Research Findings

Percentage of Canadians with less than Level 3 numeracy skill, by province

| | |
|---------------------------|------|
| Newfoundland and Labrador | 61.1 |
| Prince Edward Island | 54.0 |
| Nova Scotia | 50.6 |
| New Brunswick | 60.3 |
| Quebec | 53.1 |
| Ontario | 50.4 |
| Manitoba | 50.3 |
| Saskatchewan | 42.0 |
| Alberta | 44.4 |
| British Columbia | 43.7 |
| Yukon | 40.5 |
| Northwest Territory | 51.0 |
| Nunavut | 77.3 |

Each single percentage point increase in literacy level has a corresponding increase in GDP of 1.5%, estimated to be worth \$18 billion.

Predicted increases in labour market outcomes for adults moving to Level 3 = large gains in labour earnings and income tax revenues

- Labour earnings would increase by \$24,629 million per year
- Income tax revenues would increase by \$4,677 million per year



How do we provide adequate skills training?

1. Adults with low literacy must be persuaded to participate in learning programs.
2. Educators must match their programs to the diverse needs of the learners.
3. There must a sufficient investment to support program delivery.

Literacy has a large impact on earnings. It accounts for about one-third of the estimated return on education. Each additional year of education raises annual earnings by more than 8%

Low literacy levels hurt the economy. It is estimated that lost productivity costs business about \$2.5 billion every year in this country. A one per cent increase in Canada's literacy rates could boost the national income by a whopping \$32 billion.



Predicted reductions in the number of welfare recipients and employment insurance beneficiaries are expected to yield expenditure reductions of \$115 million and \$3,270 million respectively.



In terms of literacy, almost half of the adult Canadian population lack the minimum standard regarded as necessary to function effectively in our society (IALS Level 3).

Of those people, 51% could receive the literacy and essential skills training to bring them up to level 3 in 40 hours



Recommendations to the Task Force

In recognition of the significant and widening gaps in the financial resources available to vulnerable Canadians, Movement for Canadian Literacy recommends:

- Programs and services to adults with low literacy skills be strengthened through increases to funding for literacy, life-long learning and essential skills development.
- MCL echoes the recommendations of Social and Enterprise Development Innovations (SEDI), by calling for assistance to those most in need, by engaging the nonprofit sector in the discussion to ensure Canada's financial literacy strategy is inclusive and accessible to vulnerable populations, who generally receive social and educational supports through the nonprofit sector. Recommend a national strategy to the federal government that enables collaboration among nonprofit organizations and the public and private sectors.



Recommendations to the Task Force

- When working with vulnerable consumers, financial institutions will provide verbal and written information and advise using standard principles of plain language.
- Greater flexibility in banking practices when dealing with vulnerable consumers, to reduce their need to use the services of so-called pay-day loan companies.
- Financial institutions provide assistance to vulnerable consumers who may lack standard identification, when opening accounts or cashing cheques, for example.



Thank You

References

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