



HOUSE OF COMMONS  
CHAMBRE DES COMMUNES  
CANADA

## **Standing Committee on Finance**

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**EVIDENCE**

**Monday, September 24, 2012**

—  
**Chair**

**Mr. James Rajotte**



## Standing Committee on Finance

Monday, September 24, 2012

• (1530)

[English]

**The Clerk of the Committee (Mr. Jean-François Lafleur):** Honourable members of the committee, my name is Jean-François Lafleur. I'm the new clerk of the Standing Committee on Finance. Thank you for having me.

I now see a quorum, so I will begin the requirements for election of the chair of the Standing Committee on Finance.

I must inform members that the clerk of the committee can only receive motions for the election of the chair. The clerk cannot receive other types of motions and cannot entertain points of order, nor of course participate in debate.

We can now proceed to the election of the chair.

Pursuant to Standing Order 106(2), the chair must be a member of the government party.

[Translation]

I am ready to receive motions for the position of chair.

[English]

Mr. Jean.

**Mr. Brian Jean (Fort McMurray—Athabasca, CPC):** I would nominate James Rajotte.

What a great idea, right?

**An hon. member:** What a good choice!

**The Clerk:** It has been moved by Mr. Jean that Mr. James Rajotte be elected as chair of the committee.

Are there further motions?

Madame Nash.

**Ms. Peggy Nash (Parkdale—High Park, NDP):** I would just like to second the motion.

**The Clerk:** Thank you.

Are there any further motions? No.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

**The Clerk:** I declare the motion carried and Mr. Rajotte duly elected as chair of the Standing Committee on Finance.

**Some hon. members:** Hear, hear!

**The Clerk:** Congratulations.

Before inviting Mr. Rajotte to take the chair, if the committee so wishes we will now proceed to the election of the vice-chairs.

Mr. Caron.

[Translation]

**Mr. Guy Caron (Rimouski-Neigette—Témiscouata—Les Basques, NDP):** I would like to nominate Peggy Nash.

**The Clerk:** Very well. It has been moved by Mr. Caron that Ms. Nash be elected first vice-chair of the committee.

[English]

Are there any further motions?

**Mrs. Shelly Glover (Saint Boniface, CPC):** I second the motion.

**The Clerk:** Thank you.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

**The Clerk:** I declare the motion carried and Madam Nash duly elected as first vice-chair of the committee.

Congratulations.

**Some hon. members:** Hear, hear!

[Translation]

**The Clerk:** Pursuant to Standing Order 106(2), the second vice-chair must be a member of an opposition party other than the official opposition.

[English]

I am now prepared to receive a motion for second vice-chair.

Mr. Mai.

**Mr. Hoang Mai (Brossard—La Prairie, NDP):** I'd like to nominate Mr. Brison.

**The Clerk:** It is moved by Mr. Mai that Mr. Brison be elected as second vice-chair of the committee.

Is it the pleasure of the committee to adopt the motion?

(Motion agreed to)

**The Clerk:** I declare the motion carried and Mr. Brison duly elected as second vice-chair of the committee.

Congratulations.

**Some hon. members:** Hear, hear!

**The Clerk:** I now invite Mr. Rajotte to take the chair, please.

• (1535)

**The Chair (Mr. James Rajotte (Edmonton—Leduc, CPC)):** Good afternoon, ladies and gentlemen. It's wonderful to see you all again. I hope all of you had a very fruitful summer back in your constituencies.

I want to thank you for expressing your confidence in me again as your chair. I want to congratulate Ms. Nash on becoming the first vice-chair and Mr. Brison as second vice-chair. I look forward to working with them again this session.

Colleagues, we don't have anything official on our agenda other than the election of a chair, but I would recommend that we start with Bill C-28. We have Minister Menzies with us on that topic. Your subcommittee agreed to that last week. I'm recommending that we take a two-minute break and then we will switch to televised proceedings, and then we will ask Mr. Menzies and his officials to come to the table to start on Bill C-28, the Financial Literacy Leader Act.

Do I have your concordance with that?

**Some hon. members:** Agreed.

**The Chair:** Thank you.

I will suspend for two minutes and then I'll ask Minister Menzies and his officials to come forward.

• \_\_\_\_\_ (Pause) \_\_\_\_\_  
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**The Chair:** I call this meeting to order.

This is the 72nd meeting of the Standing Committee on Finance. Our orders today are a study of Bill C-28, an Act to Amend the Financial Consumer Agency of Canada Act.

We are very pleased to have with us the Hon. Ted Menzies, the Minister of State for Finance, a former very hard-working member of this committee.

It's wonderful to have you back, Minister Menzies. You have some officials with you. Perhaps I'll let you introduce your officials and give your opening statement, and then we'll have questions from members of the committee.

**Hon. Ted Menzies (Minister of State (Finance)):** Thank you, Mr. Chair. It's great to be back in a place where I spent an awful lot of time and for which I have some fond memories.

Congratulations on being re-elected, Mr. Rajotte, obviously uncontested, for which there is good reason. Congratulations as well to Ms. Nash and to Mr. Brison for your roles in support of a great chair. Thank you for your work.

I will introduce Jeremy Rudin, from the Department of Finance, who is no stranger to this committee, as well as Eleanor Ryan, also from the Department of Finance. I also have with me Ursula Menke, who is the commissioner of FCAC. I am sure any questions I can't answer she will be quite well prepared to answer.

With that, thank you once again for the opportunity to be with you as a committee and to speak on what is a very important element of the financial system, which is financial literacy.

Before I get too far into my introductory remarks, I want to acknowledge and say thanks for the work of the chair of this committee for his work in championing financial literacy in Parliament through his private member's motion, M-269, by which he was able to raise awareness on this important issue, including the formal designation of November not just as a month to grow moustaches but also as Financial Literacy Month in the House of Commons, and that is a substantive achievement. We applaud his efforts, as improving financial literacy has long been a priority of our government.

Whether it's parents or grandparents saving for a child's education or for the child himself or herself, planning for retirement, or financing a new home, Canadians know that informed financial choices are vital for securing their family's financial future. In an area of constant technological advances and new consumer product innovations, the range and selection of financial service products available to Canadians gets longer and longer, which can make it more challenging for Canadian families to understand and evaluate the benefits as well as the drawbacks to all of these offerings. That is especially true if they do not have the right tools or information or knowledge at their disposal.

As the Canadian Association of Credit Counselling Services, which is the national organization for not-for-profit credit counselling agencies, has noted, and I quote, "By embracing financial literacy, individuals and families can discover a new sense of personal control and mastery over their financial matters." When Canadian families become more knowledgeable about their finances and their household budgets, when they fully understand their credit card statements, the true long-term cost of a loan, or their investment options, not only do their personal finances benefit but so does the entire Canadian economy.

Improved financial literacy helps support higher savings and discourages personal indebtedness. Financial literacy is about empowering Canadians with the tools they need to pick the products and services that are right for themselves and their family's bottom line, not necessarily what's right for the bottom line of the bank or the credit card company.

With the right knowledge, along with clear and transparent information, busy soccer moms and hockey dads will more easily be able, first of all, to find the lowest-cost banking option, stay clear of the wrong financial investments, or do much more that will allow them to keep and save more of their hard-earned money. That's why, since forming government, we have taken major steps forward to improve financial literacy in Canada.

Early in our mandate we provided additional funding to the federal Financial Consumer Agency of Canada, or the FCAC, which Ursula represents now. We provided them with the tools to undertake financial literacy activities, especially with young Canadians, but we realized that much more needed to be done. For that reason, we established the task force on financial literacy in 2009. That task force, composed of leaders from consumer groups, the financial services industry, media, community organizations and academics, talked with and listened to Canadians through a landmark cross-country, open, public consultation tour in every province and territory and similarly held open, public, online consultations. All across Canada they heard of excellent examples of financial literacy education. In fact, the task force met with nearly 200 individuals and organizations face to face, hearing first-hand their thoughts as well as their ideas.

● (1540)

In early 2011, combining all of that feedback received with the original research they had conducted, the task force produced a final report, entitled “Canadians and Their Money: Building a brighter financial future”, and I would encourage those who have not read it to visit [financialliteracyincanada.com](http://financialliteracyincanada.com) to be able to read that report and learn more about the work that they accomplished.

The report was widely applauded. As Social and Enterprise Development Innovations, the noted non-profit organization that helps low-income families in Canada gain financial independence, has remarked:

We...commend the diligent and thorough work of the Task Force members, who engaged Canadians in every province and territory in building a much-needed national strategy on financial literacy. There is no better time for government to take the lead in helping Canadians increase their knowledge and skills to manage everyday finances.... It is vitally important that government recognizes financial literacy as an essential skill and makes significant investments in the Task Force recommendations.

The report spotlighted the pressing need to better financial literacy in Canada, outlining 30 recommendations to support their call to action.

The report's number one recommendation was the creation of a position in the federal government to lead and champion financial literacy, ensuring the implementation of other recommendations going forward. Nearly a year ago, our government did exactly that with the introduction of the Financial Literacy Leader Act, which is exactly what we're discussing today.

Specifically, the act will amend the Financial Consumer Agency of Canada Act to allow the appointment of a financial literacy leader within the Financial Consumer Agency of Canada. The leader would spearhead financial literacy efforts within the federal government and work with individuals, public interest groups, and others to further build financial literacy initiatives.

The act also set out the duties, the powers, and the functions of the financial literacy leader, enabling him or her to carry out activities in support of this goal and in establishing terms of employment.

The financial literacy leader will be essential to our government's financial literacy efforts and is another example of our strong commitment to help consumers navigate in an increasingly crowded and complex marketplace of financial services and products.

In conclusion, today's act is about helping Canadian families and making it easier for them to save their money and save for their future.

I would ask the committee to undertake their consideration with that in mind and to support the Financial Literacy Leader Act, as have a wide range of organizations that we have heard from all across Canada, especially the youth organizations.

In the words of the Canadian Alliance of Student Associations, and I quote:

CASA believes that this Bill is an important and proactive step forward in addressing the financial literacy needs of all Canadians.... [The establishment of the position of Financial Literacy Leader]...creates an opportunity for the government to assist a group of Canadians who will maximize the benefits of greater financial literacy: students.

With that, I, along with the officials from the department and with Ursula, would be pleased to take your questions.

Thank you, Chair.

● (1545)

**The Chair:** Thank you very much, Minister Menzies, for your opening statement.

We'll proceed to questions from members.

Members, I'll just remind you that you have five minutes each for your round of questions and answers.

We'll start with Mr. Thibeault.

**Mr. Glenn Thibeault (Sudbury, NDP):** Thank you, Mr. Chair, and congratulations on your re-election.

Welcome, and thank you for your opening remarks, Minister Menzies.

You mentioned several points that I think all of us around the table would agree with. You talked about—and I'm trying to quote it, but you were speaking very fast and it was very informed, so I couldn't write it all down and I may not get it exactly right—the idea that informed financial choices are vital in advancing the financial future of families. I think that's something we could all agree with. However, we don't see that in Bill C-28.

What Bill C-28 talks about is the creation of a financial literacy leader. That comes from the task force on financial literacy, but the leader also needed to come with an advisory council, and there's no definition of “financial literacy”. Therefore, Minister Menzies, what we've seen and what I think you and I could agree on is that we have different ideas of financial literacy. You could ask the OECD, and they would have a different definition of what financial literacy would be compared to what the task force on financial literacy brought forward.

The first thing I would ask then, Minister, is this: why was a definition of financial literacy not included in this bill?

•(1550)

**Hon. Ted Menzies:** Thank you, Mr. Thibeault, for your question.

Certainly everyone will have their own personal definitions, if you will, of what financial literacy means. It certainly means something different to a six-year-old than it does to a 25-year-old who has just finished university, but overall it's the ability to understand what offerings are there for you, whether it's for saving or preparing for university or, as you get to my age, preparing for your retirement. Hopefully, before that, part of financial literacy is encouraging younger people to actually think, before they have grey hair, about what they want to do when they have grey hair, or white hair, or perhaps even blue hair, if that happens.

It's important for each individual to understand what's available so that they can make informed choices. The role of the leader, which is specifically what this piece of legislation is about, is to put in place a leader within the Financial Consumer Agency of Canada. The agency does great work, but it covers a number of different facets and fronts. We want to focus this leader on financial literacy within the Financial Consumer Agency of Canada. In my view, that's the number one recommendation. It is the number one issue that we need to deal with, and that financial literacy leader will perhaps lay out the agenda or plans for disseminating the policies they see. We have put funding in place for that leader with the FCAC because Ursula said she needed a little more help with that, so that money will go specifically to that leader to roll that out. The function of that leader will evolve. Once we have the legislation in place and have put this leader in place, that will evolve.

**Mr. Glenn Thibeault:** Ultimately, the—

**The Chair:** You have one minute.

**Mr. Glenn Thibeault:** Wow, that was quick.

What we have seen, then, is that Bill C-28 is more of a job posting than a bill, because we don't have any definition as to what financial literacy is all about. We're hoping—you used “perhaps”, and those were your words—that perhaps that will be laid out.

Second, the recommendations from the task force talked about bringing the advisory council along. That's not even there.

There is nothing about bilingualism. People who speak French need financial literacy as well, Minister, so this bill is more of a job posting and really doesn't address the motion that was presented in the House that we all voted in favour of about a month earlier. This bill needs a lot more work, and I hope we can work on that together with some amendments.

**The Chair:** Please give just a brief response, Minister.

**Hon. Ted Menzies:** The ability to speak both official languages and to disseminate the information in both official languages will be mandatory.

**The Chair:** Thank you, Mr. Thibeault.

Mr. Jean, go ahead, please, for your round.

**Mr. Brian Jean:** Thank you, Mr. Chair, and congratulations.

Thank you, Minister, for appearing today.

This is a very important issue. Consumers obviously are Canadians, and they deserve the protection of the government. They deserve transparency and accountability in their government, and also in their dealings, because financial dealings are quite complex from time to time.

I'd like to deal specifically with the consumer protection framework, and not only with what we've done over the last few years, in particular some of the things, like banning negative option billing for financial products. In 2009 we did quite a few things for consumers, particularly in sections 52, 53, and 74 of the Competition Act. There were some things that I thought were already in place but weren't, such as deceptive notices of winning a prize. People get mail saying they have won a prize, and it's not the truth. We took steps on that. We took steps in relation to telemarketers making false or misleading statements, and we took steps in relation to prohibiting false and misleading advertisements of regular-price items being on sale. People often label things as being on sale, but the reality is they're just the same, regular price.

Minister, could you comment generally on some of the other steps we have taken on consumer protection legislation, and why we have done that in particular?

•(1555)

**Hon. Ted Menzies:** Thank you, Mr. Jean.

As members of Parliament, we've certainly all heard from our constituents when they feel they've been slighted or ill advised, and we look at what government can do. We try our best to put in regulations that protect against these things that upset people and in fact cost them money.

One that we moved on recently is the banning of unsolicited credit card checks. This refers very much to the lack of understanding of how these actually work. People thought there wasn't a charge when they utilized a credit card check, but there was.

That was simple and straightforward: banning the unsolicited. People hadn't asked for these. They just arrived in the mail. A lot of seniors didn't realize the cost that went along with them. So we banned those.

You referred to the banned negative option billing for financial products. We don't take kindly to that in any other business, so why should we accept that in dealing with our financial institutions?

Greater disclosures on mortgage prepayment charges is another. Many people who have mortgages have no comprehension of this. When they signed that mortgage—those are large documents and this is probably the largest investment that most Canadians will make—they didn't realize what the rules were around paying down more than their ordinary payment if they were in a position where they could pay more. So we suggested that it be mandatory that these prepayment charges, if you will, or penalties, be disclosed to individuals.

There's one other thing. We know that all financial institutions try to do their best, but if there are violations and they're found at fault in those violations, we've actually doubled the fines that can be levied against them—up to \$1 million.

We think protecting consumers and providing information is our role.

**Mr. Brian Jean:** Minister, wouldn't you agree that these are all moves by our government towards dealing with some of the issues regarding low savings by Canadians and, generally, the security of most Canadians? You mentioned mortgages in particular, these being the largest purchase that most Canadians will ever make, and just making sure that they're not taken advantage of is really our government's motive.

I understand that we've heard from consumer groups and consumers generally across the country, and we're responding to them in relation to accountability and transparency, and just making sure we protect Canadians through knowledge-based information. Is that fair to say?

**Hon. Ted Menzies:** That sounds very simple, and it is that simple. If people have the information to make informed decisions, the least we can do is make sure that the financial institutions are honest and forthright before they're providing a product, whether it's a credit card, a mortgage, or any sort of loan provided to individuals.

**Mr. Brian Jean:** Does that include increased competition and making sure that the competition is fair and fair-minded?

**Hon. Ted Menzies:** Yes, absolutely, and providing all the competition, so that there is some self-policing amongst the financial institutions themselves.

**The Chair:** Thank you.

Mr. Brison, please.

**Hon. Scott Brison (Kings—Hants, Lib.):** Thank you, Chair.

Welcome back, Minister.

Minister, you've said that part of the objective will be to ensure that there's informed financial advice and the ability to understand what offerings are there for you. Will part of the mandate be to help Canadian financial advisers, not just the general public, and help ensure that the financial advice being given will reflect the needs of Canadian investors? Will that be part of the mandate?

**Hon. Ted Menzies:** I would certainly see that, because we're looking for more information. We're looking for where the information starts and at what age we start being involved in the education system. I would defer to the leader, whoever he or she may be, to make those final decisions. We have regulations in place, but certainly the education of those advisers, I would suggest, would help.

I don't know, Ursula, if you have any comment you'd like to add to that.

**Ms. Ursula Menke (Commissioner, Financial Consumer Agency of Canada):** I think we've spent quite a bit of time already—and we plan to spend a whole lot more time—on these issues related to trying to give consumers the information they need around investments. We're trying to work with multiple relationships with various other regulatory agencies to bolster the information we have for them.

• (1600)

**Hon. Scott Brison:** Thank you.

The recent C.D. Howe Institute report on PRPPs said that “many low- to middle-income Canadians should avoid this new retirement saving vehicle”. One of the recommendations was that “[i]f PRPP tax rules are amended to allow tax-free accounts, PRPP administrators should be required to develop screening and education profiles to help members select” the right sort of account and to avoid having low- and middle-income Canadians, for instance, investing in the PRPPs.

Would you agree that it ought to be part of the recommendations to the financial industry that low- and middle-income Canadians ought not to invest in PRPPs?

**Hon. Ted Menzies:** Well, frankly, that wouldn't be my recommendation. I think you know that I have a fair amount of interest invested in pooled registered pension plans.

C.D. Howe came out with a very narrow-minded view of pooled registered pension plans, especially considering the fact that over 60% of Canadians have no workplace pension plan whatsoever. For this group to suggest that people shouldn't invest in an optional savings tool—

**Hon. Scott Brison:** But the issue is—

**Hon. Ted Menzies:** I find it a little disingenuous, quite frankly. No one is mandating this at this point, or certainly federally we're not mandating this, but it's another option for individuals to save through. I don't see that as a negative in any way.

**Hon. Scott Brison:** But if they end up being worse off because they will pay taxes and have government benefit clawbacks on withdrawals in retirement, wouldn't it be consistent with financial literacy to advise some low-income Canadians not to...? I'm not saying for everybody, but for some low-income Canadians, wouldn't it be the right advice to help their financial literacy to tell them not to invest in a PRPP?

**The Chair:** You have about one minute.

**Hon. Ted Menzies:** Because the PRPPs are treated the same as registered retirement savings plans, then I guess the C.D. Howe Institute should have told people to stop buying RRSPs.

**Hon. Scott Brison:** Well, it depends on whether—

**Hon. Ted Menzies:** It's the same mechanism.

**Hon. Scott Brison:** Well, not too many low-income Canadians have maxed out on their RRSPs, Minister.

**Hon. Ted Menzies:** And there may not be that many who max out on their PRPPs, but it's another option for them, and it's a low-cost option. It's very simple for the employers. The employers are the ones who have asked for an option to do this.

**Hon. Scott Brison:** Are you saying that every low-income Canadian ought to invest in PRPPs?

**Hon. Ted Menzies:** I'm saying that anybody who has any funds available, we would certainly encourage them.... The people that the PRPPs are targeting—the sector of the economy—are not the lowest-income individuals but the mid-income individuals, who, as I say, make up 60% of the workforce in this country. If there's another option for them to be able to save, I count that as a good thing for them.

**Hon. Scott Brison:** When will the office—

**The Chair:** Last question, very briefly.

**Hon. Scott Brison:** When will the office be up and running and what will be the annual budget for the leader?

**Hon. Ted Menzies:** Step one is to get this through the House of Commons and through the Senate, and we'll see where it goes from there. I'd like to see this happening as soon as possible, so I would encourage you to get this legislation through as quickly as possible.

**Hon. Scott Brison:** What's the budget?

**Hon. Ted Menzies:** Sorry?

**Hon. Scott Brison:** The budget?

**Hon. Ted Menzies:** We put \$3 million in last year's budget for this.

**The Chair:** Thank you, Mr. Brison.

We'll go to Mr. Adler, please.

**Mr. Mark Adler (York Centre, CPC):** Thank you, Chair. I want to congratulate you on your re-election. We're looking forward to working with you, I know, and with the whole committee.

Minister, I'm so glad you're here today. Thank you very much. I know you have a busy schedule. Thank you for taking the time to be with us this afternoon.

I do want to say a couple of things. First of all, Canada is well known as having one of the strongest economies in the G-8 and the strongest job creation record. Is this not another pillar in creating a sustainable economy and in keeping us at the forefront of economic development, long-term prosperity, and job growth? You were in Moscow at the end of August and on a panel talking about financial literacy, and Canada once again was out in the forefront.

Other countries are looking to Canada, which is taking the lead on all of this because Canada recognizes the importance of financial literacy—the importance of having an informed consumer, which leads to a stronger economy. Could you just comment quickly on that? I do have a supplementary I want to get to.

• (1605)

**Hon. Ted Menzies:** Thank you, Mr. Adler, for your question.

At the APEC finance ministers meeting, it was very interesting that Canada was one of the lead discussants on financial literacy. It's not that we're the only ones moving forward with it, but they liked the task force report. Many of them had read it.

Many of the APEC countries had read it, had looked at it, and certainly had questions about what we are moving forward with and about the fulfilment of the first recommendation on the financial literacy leader. Many of them are thinking along those same lines. Canada is a leader in that as well.

**Mr. Mark Adler:** Thank you.

I do want to ask you about credit cards. As you know, there are a lot of options out there for consumers. It used to be really a mark of prestige when you'd have an American Express card, and now it seems like everybody has one. There seem to be a lot of options out there.

Our government has taken a lot of steps to make the credit card sector more transparent and more accountable. I was wondering if you could talk a bit about what our government has done to make the credit card industry more accountable, more transparent, and address helping Canadians understand the variety of options available to them.

**Hon. Ted Menzies:** Thank you.

There are many options. I referred earlier to the fact that there's a myriad of options, from credit cards with the most perks you can imagine in the world to the ones that people tend to forget about, the very low-cost cards that actually are available to them. We heard from the retail sector on the challenges they've faced with people wanting to use their high-end cards, their platinum or gold cards. There is a cost to retailers, and we recognize that. Consumers didn't realize that.

There are many other things that consumers didn't realize. One was that we mandated that there be a summary box in the contracts, or in the applications for a credit card, that clearly states to the consumer, to the person who is going to have their name on that card, what the features are, and what the rates are, and what happens if they don't pay off that amount every month.

Clearly letting people know...and you'll see this box on your card statement every month now how many years it will take for you to pay off that balance—it's shocking when you have a large number on that card—if you make the minimum payment that is in the bottom line. It's not that they were encouraging people to make the minimum payment. That option was there for them. But people had no concept of how many years it would take them to pay that off.

The disclosure of interest rate changes: that's now mandated so that those changes have to be disclosed to individuals. There's the minimum 21-day grace period for new purchases. If you make new purchases, this interest fee waiver for 21 days...lower interest costs through mandatory allocations to the previous costs or previous amounts on there rather than the latest costs.

So those interest rates add up, interest amounts add up, but people will act differently if they understand what the consequences are.

**The Chair:** Okay, thank you—

**Mr. Mark Adler:** One quick question, just ten seconds?

**The Chair:** I'm sorry.

**Mr. Mark Adler:** Ten seconds?

**The Chair:** We're out of time, but we can go to the next round.

**Hon. Ted Menzies:** That's why you elected him chair. He's tough.

**The Chair:** Tough but fair.

**Hon. Ted Menzies:** Tough but fair.

**The Chair:** Tough love, Mr. Adler.

We'll go to Ms. Nash, please.

**Ms. Peggy Nash:** Thank you, Mr. Chair.



Congratulations on your election again as chair of the finance committee. I look forward to working with you, as always.

Thank you, Minister Menzies, for being here today to discuss with us Bill C-28.

I want to echo what my colleague Mr. Thibeault said around financial literacy. We did support Mr. Rajotte's motion on this, because there are many areas where it of course would assist Canadians to have a better understanding of debt and of their obligations when they enter into debt. But we also have concerns with this bill. One of the concerns was that the financial literacy task force made 30 recommendations, the first of which was the appointment of a financial literacy leader. There were 29 other recommendations that would have really put a strong framework around such a position.

I want to clarify a couple of things. First, if we're going to appoint a person who's expected to teach Canadians about financial literacy, should they not be able to speak both languages fluently so that they can have the best communication possible with all Canadians?

• (1610)

**Hon. Ted Menzies:** I would certainly expect that.

**Ms. Peggy Nash:** Okay. That was a recommendation but it's not in the existing bill, so it's good to hear you say that.

My second question is around why none of the other recommendations appear in this bill. We have the Financial Consumer Agency of Canada, which exists now. It's an award-winning organization—congratulations, Ms. Menke—and it serves a very useful purpose. Why would we add another position to an existing agency, which already engages in financial literacy, without spelling out what exactly this person will be doing? What are their terms of reference? Why is there to be no advisory council, as was recommended in the task force report, so that there is guidance and a framework and in essence rules for this person in this new position?

**Hon. Ted Menzies:** Thank you, Ms. Nash, for that question.

The number one recommendation is the leader. My view of a leader is someone who is able to lead an organization or a group or a mandate. I think the leader will have to be given some latitude as to how they enact what they feel is their role. The Financial Consumer Agency of Canada has lots of resources, but to your comment about why do we need another person, I think it's very important that we need someone specifically.... Ms. Menke is a very capable lady, as are the people in her department, but we need someone who is focused individually on this. This person will be given the financing to roll this out and the mandate of how it's delivered.

We will face some challenges, because in my view we need to insert this in the education system. As you know, we'll have some challenges working with our provincial counterparts on how we do that. This leader will have to sculpt, if you will, a process for delivering that.

**Ms. Peggy Nash:** Thank you. I'm sorry; I just have such a short time.

**Hon. Ted Menzies:** No, that's fine.

**Ms. Peggy Nash:** I guess we see it a little bit differently. I would argue that, yes, a leader has to lead, but leading in a vacuum can be challenging...and given that there were many very good recommendations from the task force report.

I want to ask one last question. Literacy in numeracy amongst Canadians is not really that high. About 48% of Canadians struggle with practical levels of literacy. I notice that a few years ago, in 2006, the Conservative government cut \$17.7 million from adult literacy programs. This seems to be a change in direction.

Can you explain now why this is a new direction that seems to be different from the old direction?

**The Chair:** Just a brief response, Mr. Minister.

**Hon. Ted Menzies:** Yes.

I don't think it's different in any way. When we formed government, we found a lot of advocacy organizations that weren't actually delivering products to the individuals. There were a number of those. I wasn't part of the cabinet at that time when the decision was made, but I would have to assume, from some of the discussions we've had, that the delivery of these programs is still happening; however, the groups that are just set up to advocate for that perhaps aren't necessarily getting the funding.

• (1615)

**The Chair:** Okay. Thank you.

Thank you, Ms. Nash.

Mrs. McLeod, please.

**Mrs. Cathy McLeod (Kamloops—Thompson—Cariboo, CPC):** Thank you, Mr. Chair. I also would like to congratulate you and welcome back our colleagues to the table.

I think it's critically important, and I'm really pleased, that the first thing we're dealing with is Bill C-28 as we start the fall session. I think it's really appropriate and it's extremely important.

I just have a quick comment, because I've heard it a number of times. Perhaps, Mr. Minister, as you read the task force recommendations.... It says that the financial literacy leader “should have the mandate to work collaboratively with stakeholders to oversee the National Strategy” and “implement the recommendations”. Really, I perceive this as the critical piece in terms of moving forward on all the task force recommendations, so I'm not quite sure where my colleague's concern is in terms of creating a structure that allows that important work to continue.

Minister, could you tell me if that sounds to be how you envisioned the process moving forward?

**Hon. Ted Menzies:** You've actually articulated it very well. That's certainly how we see it. The financial leader has at his or her discretion the option to put in place many of the other 29 recommendations.

**Mrs. Cathy McLeod:** Thank you.

The next area I would like to focus on—and I think it's a huge area of interest—is credit and debit card code of conduct. I always remember being newly employed in the workforce and talking to a colleague of mine who said they had paid off their credit card when in actual fact what they did each month was pay down the minimum balance. I remember at the time being a little bit stunned. I think the whole issue we're dealing with is not a new problem but perhaps an expanding problem in Canada.

We've talked a lot about consumers, but there are all these products and opportunities for businesses. Can you talk about what measures are currently in place to ensure that small businesses understand the costs and benefits associated with credit and debit cards?

**Hon. Ted Menzies:** Thank you, Ms. McLeod.

We heard from the Canadian Federation of Independent Business the concerns of a number of different organizations about credit cards and the cost to these individual organizations. So we put together a code of conduct for both the credit and debit card industry, specifically to protect small businesses. The simple fact is there needed to be clear information about the rates and fees that are charged. It wasn't as clear as it could have been, so in the code of conduct we said that these need to be better articulated, that there needs to be notification of any new fees or fee increases, and that businesses need to be able to cancel the contract without penalty if those fees are changed without notification to them.

So it's very simple and straightforward, but that wasn't the case before. They should also be able to choose whether they will accept only credit or debit payments without having to accept both. The co-badged cards that we're seeing now create some challenges.

Just last week—and we all know things are changing very quickly in the electronics world—we expanded an addendum to this code of conduct to actually have a consultation on how we deal with mobile payments. The fact is that in the very near future you may not even need to carry a credit card. It will simply be embedded in your cellphone or your smartphone. Other countries have been dealing with this. We've put out a consultation paper for 60 days and we're looking forward to some information. In fact I heard back from one of the financial institutions that told me it was good and was aimed in the right direction and would not be problematic for them.

Once again, it's about protecting not just the consumers but the retailers as well.

• (1620)

**Mrs. Cathy McLeod:** My colleague was so anxious for ten seconds. I'll give him ten seconds.

**Mr. Mark Adler:** Thank you.

Mr. Minister, I was just wondering if you could comment on something. During the election campaign last year, the NDP's answer to financial illiteracy was to cap credit card interest rates at prime plus five. I was just wondering if you could comment on how disastrous that would be.

**Mr. Glenn Thibeault:** A point of order.

I've been listening to a lot of the questioning from the other side, Mr. Chair. What does this have to do with Bill C-28? We're here

talking about Bill C-28. The questions that we've been hearing don't relate to the bill whatsoever. I would just like to know the relevancy.

**The Chair:** The bill deals with financial literacy. Financial literacy, as the member well knows, is a very broad topic. I'm also applying the rule applied in the House, which is that relevance is a fairly broad issue under which members can state their questions and have ministers respond. So I am going to allow the question.

Mr. Adler, be very brief on this please.

**Mr. Mark Adler:** I'm finished the question.

**The Chair:** Minister Menzies.

**Hon. Ted Menzies:** We see no reason to cap credit card fees. There are options out there. Competition provides the best available tools to all Canadians. If they have the information, they can actually choose whether to use a card with extra perks or a low-cost card. There are no-cost bank accounts available out there, but they need the information. I don't think we need to regulate the credit card fees at this point.

**The Chair:** Thank you.

[*Translation*]

Mr. Caron, you have five minutes. Go ahead.

**Mr. Guy Caron:** Thank you very much. I want to join my colleagues in congratulating you on your election.

Minister, thank you for being with us today.

I have two questions, and that is probably all I will have time for.

As Ms. Nash pointed out, we did indeed vote in favour of Mr. Rajotte's motion on financial literacy because it sought to meet an existing need. Notwithstanding the agency's wonderful work, there was still a need to do even more in the area of financial literacy.

However, as Mr. Thibeault mentioned, we do have a few problems when it comes to financial literacy and the corresponding report. Respected *Globe and Mail* columnist Barrie McKenna summarized those problems, writing, and I quote:

Looking to financial literacy to fill the void is like asking ordinary Canadians to be their own brain surgeons and airline pilots. The dizzying array of financial products, mixed with chaotic and increasingly irrational financial markets, makes the job of do-it-yourself financial planning almost impossible—no matter how literate you are. The average credit-card agreement is as intuitive as quantum physics.

Some needs in the area of financial literacy were addressed through the motion. But what I would like to know is how a financial literacy leader can deal with much more structural problems related to the workings of our financial markets, problems that even the experts have trouble figuring out. We hear a lot about credit cards and retirement plans, but there's much more to the financial economy than that.

I would like to know how the plan before us—which calls for the election or appointment of a financial literacy leader, among other things—can really help all Canadians understand these incredibly complex issues.

[English]

**Hon. Ted Menzies:** Well, you're right, Mr. Caron, they are very complex issues. But first of all—and this is a bit of my own viewpoint, of course—we need to give Canadians, and at a very early age, I would argue, the understanding of the benefits and the responsibilities that go along with a credit card and with a debit card, and the understanding that they are going to be required to plan for their own retirement, certainly not 100%, but certainly, I'd say, start planning as early as you can.

There are a lot of people who want to be investors in the stock markets and want to have more expertise in their investments. We encourage those people to seek good advice before they do that. I don't think we're at that level yet. We look at this financial literacy leader. We're starting here. I think this leader is going to work with the education process and make some decisions on where we insert this into the educational system, into the curriculum, because there's a real contest for where the room is in the curriculum. Teachers are going to say to you, "I don't have time to put this in my curriculum—I'm busy already".

So I think you're one step ahead of us.

• (1625)

[Translation]

**Mr. Guy Caron:** Thank you very much. I was actually going to bring up curriculum in my second question.

The problem I have with this whole philosophy is we seem to be much more concerned about turning people into good consumers for the financial industry, be it banks or other financial institutions, instead of actually getting down to the nitty-gritty of the financial literacy problem.

You mentioned curriculum. That is very much a key issue. When I was in my third year of high school—which is equivalent to grade 10, I believe—we had what was called an economic education program. It covered things like credit cards and bank accounts, but it also dealt with fundamental issues facing people such as unionization. We looked at everything from a macroeconomic perspective, taking a lot more into account than just financial markets.

Instead of strictly limiting the financial literacy discussion to financial markets, pensions and other really specific issues such as credit cards, don't you think we should widen the scope and talk about economic education in general? Taking that approach, we could work with the provinces to help them develop a curriculum component possibly for primary students, but especially for high school students, to educate all young people about the complexities of economics, beyond just the financial dimension.

[English]

**The Chair:** You have about 20 seconds for a response, Minister.

**Hon. Ted Menzies:** I certainly can't disagree with you: that needs to happen. But as I say, I think you may be one step ahead of us. I appreciate your enthusiasm. Let's get this financial literacy leader in place to allow that person to work with the FCAC to develop plans for how we educate young people, for how we educate people who weren't taught by their parents about savings, about how to invest, about what types of bank accounts have lower costs, and those sorts of things. There's a myriad of things we can look at, and I think the

realm of possibility is quite broad for this leader to be able to develop.

**The Chair:** Thank you.

Mr. Hoback, please.

**Mr. Randy Hoback (Prince Albert, CPC):** Thank you, Chair.

First of all, I also want to congratulate you, Chair, on your reappointment. Maybe re-election is the proper word.

I want to also welcome all of my colleagues back to the finance committee. It's great to see you here. It sounds like all of you had a very busy summer, like we did.

Of course, Minister, it's always great to have you in front of the committee, because you've always brought something productive and constructive to the committee when you've brought something forward. I think you're following through on what your reputation has become, and that is one of a very hard-working minister who's looking forward and trying to help Canadians. You're definitely doing that with this type of legislation.

You touched upon mortgages. I'm going to take you back to mortgages because I think—you said it here earlier today—it's probably one of the biggest purchases a family will make, and it's one of the things that is probably the most confusing. When you're looking at purchasing a mortgage or purchasing a house and taking on a mortgage, there is a variety of options. There's a variety of repayment schedules and repayment terms. There are implications if you decide to sell that house down the road. For example, if you have a floating rate and you see the rate increase, and all of a sudden it goes up by 1%, 2%, or 3%, it impacts that household.

Can you just elaborate on the mortgage side of things, as to how you're going to improve people's knowledge when they take on a mortgage and what the options are for them? Again, what can we do to make them make better-informed decisions on whether to lock in a mortgage and stuff like that?

**Hon. Ted Menzies:** Thank you, Mr. Hoback.

We indeed have worked with mortgages over a number of different sessions, starting in 2008, making sure that people fundamentally understand the responsibility they're taking on. We introduced a mortgage code that helps people better understand what charges can be associated with this.

The prepayment charge is a simple one. Everyone hopes to get into the situation where you actually can make an early payment or a prepayment, but people hadn't understood when they signed the mortgage how much that prepayment penalty might be. So part of the code is about making sure that it's up front and articulated to the mortgage holder as to what those costs may be.

The mortgage provider must talk about a dollar amount of the prepayment as well as, on a yearly basis, what it costs to make those prepayments, and must give an explanation of how the prepayment charge is calculated—there are different mechanisms for that—as well as a description of how the lender calculated that prepayment. As I say, there was a myriad of those. The other simple one is that we now require mortgage providers to have a website calculator so you can look at that.

But in the overall mortgage aspect, we've also made sure to encourage people to have a larger down payment. We've reduced the amortization period to make sure that people are capable and take the time to save a little more money before they actually take on the mortgage liabilities.

• (1630)

**Mr. Randy Hoback:** I think it would be fair to say that if that type of education had been provided to American consumers back in 2004, 2005, 2006, or 2007, there might be a different market down in the U.S.

Having said that, we have a better banking institution that uses a totally different way of approving a mortgage and whether the person qualifies for a mortgage. As far as the involvement of the banks goes, do you see good uptake? Do you see them participating in this type of program? I think it's in their best interests, but do they see that? What do they tell you when you're looking at bringing this forward?

**Hon. Ted Menzies:** Referring to the financial literacy, yes, absolutely. They do more than I even was aware of. Ms. Menke can probably articulate it a little better than I can, but I actually sat down with some of the banks and asked them to tell me what they're involved in.

They're spending millions of dollars on financial literacy to their customers already, so that's a good start, but we're certainly hoping we can focus all of that. We're not discouraging them from spending money, from telling their customers what products are available, how to protect themselves, and what's the lowest cost, and also focusing the overall direction so that it's a concerted effort.

Ms. Menke, you may have a further comment on that.

**Ms. Ursula Menke:** Indeed, we've taken a multi-pronged approach just because it is such an important product for most Canadians. We've actually tried to expand the potential area for delivery of that kind of learning.

In the last couple of years, we've spent a lot of time with mortgage brokers and realtors to make sure they have the information that we have so they can present it to their clients, especially first-time buyers, who really are fairly new to what a mortgage means, and to make sure they have the tools to help those clients understand what they're getting into—with the mortgage brokers and the realtors in both cases—and that has helped a lot.

**The Chair:** Thank you.

Thank you, Mr. Hoback.

I understand, Minister Menzies, you have somewhere else to be very soon, but I understand your officials and FCAC will stay. We thank you very much for being with us here today.

**Hon. Ted Menzies:** Thank you.

**The Chair:** Perhaps I will just suspend for one minute, and then if there are any other officials who do want to come forward, either from FCAC or the Department of Finance, we will do that.

•

\_\_\_\_\_ (Pause) \_\_\_\_\_

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• (1635)

**The Chair:** We do have another 40 minutes.

Starting off for his round will be Mr. Mai.

[*Translation*]

Five minutes.

**Mr. Hoang Mai:** Thank you, Mr. Chair.

Like everyone else, I want to congratulate you on being elected committee chair. It's always a pleasure to work with you, and I'm also very glad to see my colleagues again. I know that we work very hard in the Standing Committee on Finance, but we can also enjoy ourselves.

Bill C-28 is very problematic to me. The report put forward 30 recommendations, good recommendations, but only 1 of them was implemented. My colleague Ms. McLeod asked the Minister of State for Finance whether the recommendations would be followed. He said that the leader has the option of putting those recommendations in place, but is not required to do so. One of our problems with the bill is just that: the government put together this piece of legislation, but did not use it as an opportunity to set out a real strategy. And that's a shame because I wholeheartedly agree that it is important in terms of financial literacy.

Mr. Chair, I also want to commend you on all the work you've done on this. Unfortunately, all this bill does is establish a new position, not the strategy that was recommended. Above all, the bill doesn't provide for the advisory council, whose makeup is supposed to be somewhat diverse, if I'm not mistaken. Its members could be drawn from the educational sector, the working world and the financial sector.

There is one recommendation that I think is just fantastic, but unfortunately it's not in the bill either. I'll read it quickly: "The Task Force recommends that the Government of Canada make financial literacy training programs for young Canadians eligible for funding through the Youth Employment Strategy." What a shame that's not in the bill.

Another prime example is the Urban Aboriginal Strategy, which would make financial literacy training programs for young aboriginal Canadians eligible for funding. The recommendations also address immigrant education.

I would just like the officials to confirm something for me. Does this bill provide for a group that could put a financial strategy in place, or does it just create a position?

**Ms. Ursula Menke:** I will start.

Since the agency I head will oversee this position and since we are responsible for implementing this legislation, naturally we have started planning and have been using the 30 recommendations in the report you mentioned as a guide. Planning is already under way. Obviously, nothing has been finalized given that we don't have a leader yet. Nevertheless, we do have plans to examine these issues further.

First, you said, for instance, that there were many recommendations that don't apply to us directly, that don't come under our agency's mandate. In fact, we have set up an interdepartmental committee to address those very matters. The committee should be holding its first meeting soon to begin discussing the recommendations in order to move forward.

**Mr. Hoang Mai:** I really admire the work your agency does, and I imagine you receive a lot of accolades. You have my full confidence. But the problem before us calls for a new structure, a new strategy. All we have at this point, though, is a new person. We don't even have a clear definition of what that person is going to do. For instance, we don't have a definition for financial literacy. Someone who comes purely from the financial sector might say that financial literacy is merely teaching people how to invest in markets, like the stock exchange. The recommendations, however, apply to other situations. That is why we take issue with this piece of legislation: it doesn't go far enough, it doesn't set out a comprehensive vision, even though the recommendations are there.

Thank you, Mr. Chair.

[English]

**The Chair:** Are there any comments?

Mr. Rudin.

[Translation]

**Mr. Jeremy Rudin (Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance):** I would simply say that the bill addresses the creation of the financial literacy leader. That is entirely in keeping with the task force's first recommendation. As you pointed out, there are numerous other recommendations, but they don't require any changes to the legislative framework in order to move forward. For the most part, they involve decisions with partners, such as provincial governments, and administrative government decisions. This isn't a lengthy bill. It deals solely with the task force's recommendations, in other words, those instances in which legislative support was deemed necessary by the government.

• (1640)

[English]

**The Chair:** Thank you.

I'll go to Mr. Van Kesteren, please.

**Mr. Dave Van Kesteren (Chatham-Kent—Essex, CPC):** Thanks to all of you for appearing before this committee on a very important bill. I want to follow up on Mr. Adler's question.

Mr. Rudin, maybe you could answer this question for me. I think what he was trying to say was that the suggestion was made at the last election that credit cards should be capped at 5%. I want to get your opinion—and anybody else who wants to can jump in on this too—as to whether that would curb public spending in general. Or

would it possibly exacerbate the problem if consumers suddenly were presented with a much lower interest rate whereby they would use the card even more?

**Mr. Jeremy Rudin:** Thank you.

I can just expand briefly on what Minister Menzies said. The government's approach in this regard, which is very much its approach in the financial sector overall, is to avoid regulating prices or rates and to encourage competition, clear disclosure, and now the third leg of that, which is to help consumers as much as possible make those choices in an informed way by supporting financial literacy.

It's the government's position that capping fees or regulating rates in a variety of areas is more likely to be counterproductive and that providing consumers with choice and the ability to make those choices is the most effective way.

**Mr. Dave Van Kesteren:** Thank you.

It was touched on very quickly, but I just want to get something a little more concrete: where will the funds for the financial literacy leader come from?

**Mr. Jeremy Rudin:** From the consolidated revenue fund, so from the government itself.

**Mr. Dave Van Kesteren:** Okay. Have they been budgeted for?

**Mr. Jeremy Rudin:** Yes. Money was set aside in the budget.

**Mr. Dave Van Kesteren:** Maybe if we could expand a little bit further again, there has been some talk about what the banks are doing to help educate consumers. What more...? I'm thinking in terms of how a number of services are offered by the banks. They offer some service in markets, for instance. Will there be some education in that respect so that people know...? Mr. Hoback was talking about some of the problems they had in the States—hedge funding, those areas. Will there be some education for consumers in that regard?

**Mr. Jeremy Rudin:** Thank you.

In terms of the current activities of banks, as Minister Menzies said, banks already do what the minister noted is a surprising amount of financial literacy initiatives. Some are done collectively through the Canadian Bankers Association. The Bankers Association works with Commissioner Menke's agency, for example, to bring volunteers to high school classrooms to teach about financial concepts. It has a seminar program called "Your Money". It has done over a thousand of these seminars.

Individual banks have a variety of approaches. One bank, for example, has a program for grants that it gives to organizations delivering financial literacy to low-income or otherwise disadvantaged Canadians. Another has created an iPad application that families can use to teach their children about money. Collectively, the banks sponsor Junior Achievement, which also brings students together to learn about running a business venture, of which financial literacy is an important element, of course, but entrepreneurship is as well.

That said, following the recommendations of the task force, it's the government's hope and expectation that with the appointment of the leader, a variety of organizations will be encouraged to do more and to act in their ensemble more effectively.

**Mr. Dave Van Kesteren:** Would the mandate possibly include new challenges? In other words, could the commissioner find, "Hey, here's a real area of concern", and would it start to chase after those areas and start to follow those leads?

• (1645)

**Mr. Jeremy Rudin:** Yes, very much so. The mandate of the financial literacy leader, and I should note that the legislation also makes clear that the mandate of the agency as a whole, is also to support financial literacy. There's no restriction really placed on this, so it provides a broad flexibility to direct their efforts where they think it's most important and to react to events and trends as they emerge.

**Mr. Dave Van Kesteren:** So it would be a fluid mandate. It could change. It could—

**Mr. Jeremy Rudin:** Well, the overall mandate, of course, is to work to support financial literacy, but what exactly that involves is not specified in a way that would restrict the leader or the agency from tackling emerging problems, things that we have yet to anticipate.

**Mr. Dave Van Kesteren:** Thank you, sir.

**The Chair:** Thank you, Mr. Van Kesteren.

We'll go to Ms. Glover, please.

[*Translation*]

**Mrs. Shelly Glover:** Thank you, Mr. Chair.

I, too, want to say welcome back to all my colleagues. Welcome to our witnesses, as well.

As I listened to the discussion, something Mr. Mai said really struck a chord with me. He talked about the tremendous importance of the Youth Employment Strategy, and the fact that it was the subject of a recommendation. In the budget, the government had actually earmarked \$50 million for this strategy. It's a shame that the NDP did not support our government on that measure. We had also set aside \$20 million in another budget for young entrepreneurs. The NDP did not support that measure either. So I'm quite glad to hear they now support one of the recommendations. I find that every encouraging.

Ms. Menke, you and your team have done so much to help young people and to educate young consumers in Canada. So I want to give you an opportunity to speak to those efforts and to tell us if they will continue. The floor is yours.

**Ms. Ursula Menke:** In 2007, we were given the mandate to focus first and foremost on young people and to develop youth programs specifically. The first program we created was for 15 to 18 year olds, called the Young Workers Zone. It is for school-aged youth; it has to be offered in schools. Three-and-a-half years ago, we started spreading the importance of financial literacy and ensuring that schools offered the program. We've been quite successful on that front. Of course, there is always something more we can do in the area, but the initiative has been a great success overall.

The second program we developed was for post-secondary students. It is more of a seminar, lasting about five hours. It covers the ABC's of financial management and is given in community colleges, universities, community groups and a few workplaces. So far, this too has been a huge success. We are extremely happy with the results to date.

Those are our two main programs. I am hoping to create a third program, one for students in grades 1 to 9. We want to target children as early as possible and give them a basic understanding of financial management.

Obviously, we are in the mist of promoting and advertising these programs. That is one of our biggest objectives. We are very happy and we hope that a leader will be appointed so that he or she can do even more. We really support the idea of a leader and, of course, the resources to do even more. That frees us up to work on other areas that we haven't been able to focus on so far.

• (1650)

**Mrs. Shelly Glover:** Thank you.

[*English*]

While I have you, I know November's Financial Literacy Month's events are fairly popular. What do we have planned for Financial Literacy Month, and how can I get my constituents involved in some of the plans?

**Ms. Ursula Menke:** It's past the stage of planning now. We have a website we hope Canadians will go to, because we want to let them know what's going on for November. We've been working very hard with all sorts of organizations—public sector, private sector, volunteer sector—to get them to participate in Financial Literacy Month, the month of November.

Last year we had over 2,000 activities done by 75 different groups. This year we expect to do still more. We will advertise them on our website. We will make sure people know about them. We're actually going to have a big launch in several different centres throughout Canada—including one here on November 1—to try to make sure that Canadians become aware of all the tools available to help them with their financial issues, and also to give them the wherewithal to do it.

**The Chair:** Okay, thank you.

We'll go to Mr. Thibeault for 10 minutes, please.

**Mr. Glenn Thibeault:** Thank you, Mr. Chair.

I think it's very important to mention that if you go around the table, we're all in favour of financial literacy. I'll compare it to a game of golf: some of us are going up the left side of the course and others are going up the right side, but we're still trying to put the ball in the hole, which is to create financial literacy for Canadians. When it comes to that, we've been talking about a framework. There doesn't seem to be a lot of framework, in our opinion, in the bill.

Maybe I'll start with you, Mr. Rudin.

Could the FCAC have hired a financial literacy leader without this legislation?

**Mr. Jeremy Rudin:** I suppose Commissioner Menke could designate any one of her employees as financial literacy leader if she wanted to give them the job title. The government's decision in this regard was that the financial literacy leader needed to have a sufficiently high profile and that there needed to be sufficiently attractive conditions to interest a very qualified candidate, so the decision was made that this would be a Governor in Council appointee, and that required a legislative change.

**Mr. Glenn Thibeault:** Following up on these comments, the FCAC could also act on any of the 29 recommendations that were put forth by the financial literacy task force prior to this legislation, if this legislation was enacted.

**Mr. Jeremy Rudin:** FCAC, as the commissioner stated, is very active in the financial literacy area. That said, the role of the leader is to encourage a high profile, to work with other stakeholders in a very high-profile way. I think that's one of the reasons the task force recommended a separate financial literacy leader rather than vesting all of these responsibilities in the commissioner. The position of commissioner was to draw a distinction between the leadership responsibilities—coordinating, getting out there and publicizing responsibilities—and the regulatory responsibilities of the commissioner. This is an important element that's going to be put in place if and when this bill is passed.

**Mr. Glenn Thibeault:** I believe, as the minister stated, that the resources for this position are already in the budget. They're not included in this bill. Is that correct?

**Mr. Jeremy Rudin:** Money has been set aside in the budget, and there is already sufficient legislative authority for the government to make payments to the FCAC in support of financial literacy activities.

**Mr. Glenn Thibeault:** Great. Thank you, Mr. Rudin.

Ms. Menke, you mentioned that planning is already in place to make sure you can address all of the other recommendations that were in the financial literacy report. Unless I misheard what you said earlier, is that what you were saying—that you already have plans under way to make sure the recommendations can be met?

• (1655)

**Ms. Ursula Menke:** Yes. We have looked at how to deal with the recommendations. That is not to say that all of the recommendations will be met. A lot of them are out of my purview, so they belong to other areas. That's one of the reasons we have established an interdepartmental committee—to raise the issue with others.

But, yes, we have been planning. Since the report has come out, we have looked at how to do it and what to do. This is the discussion we're going to have with the leader when that person is appointed.

**Mr. Glenn Thibeault:** Well, here's a great opportunity, I think, for you. Maybe you need to mention the great work that the FCAC is already doing in this field because of the awards that you've won. Can you outline just a few of those for us?

**Ms. Ursula Menke:** That's quite a long list, as a matter of fact, but thank you.

We have spent a long time developing a lot of different tools, as a matter of fact. We have approximately 60 different tools just for information to Canadians. We've developed a lot of calculators, for

example. We talked quite a bit about credit cards earlier. We now have on our website a minimum payment calculator. So Canadians can go to our website, and they do, to figure out how much they really should be paying on their credit cards to get them paid off more quickly so they don't pay so much interest.

We have publications. We do an awful lot of awareness building through various organizations. We're not a delivery of the end product—the information—ourselves, so we develop an awful lot of partnerships. We have one, for example, with the Canadian Bankers Association. Jeremy referred to it earlier. We have a lot of relationships with a lot of organizations.

You may recall that the minister, for example, referred to SEDI, Social and Enterprise Development Innovations. We work with them. They trained over 100 people in about 77 communities for us, to focus on low-income people and get financial literacy out to those low-income people and people at risk generally. We have the programs that I referred to.

We also have a new program that I hadn't referred to that is focused on adults, which really, if you will, defines what a financially literate Canadian should know. We're about to launch that program. In fact, we're launching it tomorrow morning. It is a major piece of work that gives.... It's a soup-to-nuts approach to financial literacy for adults. It's really meant as a reference. It's not really a course, although I think it would make a great course in first-year university. It's not really meant for adults to take as a course, but rather as reference information.

**The Chair:** Thank you, Mr. Thibeault.

Thank you very much, Ms. Menke, for mentioning all of that to us.

I do want to thank you all for being here today on an issue that's very dear to my heart. The issue of the definition of financial literacy was raised. I just wanted to point out that it's on page 10 of the report that was done, where financial literacy is defined as “having the knowledge, skills and confidence to make responsible financial decisions”, and then it outlines that definition. I'm assuming this is yes, but this is the definition of financial literacy that the FCAC, the Department of Finance, and the Government of Canada accept, this definition that was in the report. Is that correct, Ms. Menke?

**Ms. Ursula Menke:** Certainly from our perspective that is the correct definition.

**Mr. Jeremy Rudin:** Indeed.

**The Chair:** I appreciate that very much.

Then I also want to go page 5 of the report, which talks about the five priorities, and in particular the second priority of leadership and collaboration. I'm going to try to make my pitch to all of my colleagues as to why this bill is the best approach. I certainly acknowledge all of their support for my motion.

But I think this bill is the right approach in the sense of...since I introduced that motion, I've had hundreds of organizations and individuals from across this country, starting with FCAC but right on down to all types of volunteer organizations and individuals, contact me and say here's what I'm doing on financial literacy. I've been just amazed and incredibly enthused at the efforts that are going on across this country in schools, with adults and everybody else, in terms of trying to improve financial literacy.

One of the challenges that I've seen with all of this is that there's a lot of overlap. There are people doing programs for the same age groups, there are people doing adult programs, and if they worked together they would probably have one fantastic program.

There are a lot of best practices that we could be sharing and saying, "You know what, they're doing this program in Vancouver. Why don't we take that program and use it in St. John's, Newfoundland?"

To me that second priority of leadership and collaboration—that's why the financial literacy leader is required, and that's why the task force set it as their first recommendation. This person needs to be put in place, in part, so that I don't keep getting hundreds of e-mails that I have to try to respond to and coordinate. But it's so that the actions of the FCAC, the actions of Junior Achievement in Alberta, the actions of the city with respect to your program as well, the actions of individuals who write me—a mother who writes me from Kelowna and says here's the program I've done, here's the book I've written. Somebody has to pull all of this together, obviously within FCAC, but as Mr. Rudin says, we need that leader with the imprimatur of the Parliament of Canada, that position, to lead and collaborate all of this together. That's certainly my pitch for it and my understanding. I wonder if the two of you would comment on that.

• (1700)

**Mr. Jeremy Rudin:** I don't think I can improve on that, Mr. Chairman.

**The Chair:** Ms. Menke.

**Ms. Ursula Menke:** The only thing I would say is that we're very anxious to get our hands on some of that money, as well as the leaders, so that we can actually do some of that. We think there's a real need for coordination. We've seen the same things you've seen, and we're looking forward, at a minimum, to starting by creating a portal to gather all that information, so that people know what is available.

We don't have an easy go-to source for that right now.

**The Chair:** This would be the web portal?

**Ms. Ursula Menke:** This would be a web portal.

**The Chair:** That was in our motion as well.

**Ms. Ursula Menke:** Yes.

**The Chair:** Mr. Rudin, in one of your answers you said there are a lot of the 30 recommendations that wouldn't be done by a finance bill but in fact would be done by another department or government agency. One example is the Canada Foundation for Economic Education. They have actually developed a book for new Canadians that tells them something about Canada on one page and then gives a little financial literacy advice on the other.

These are the kinds of initiatives you wouldn't put in a bill such as this, but they're actions by the government that have taken place. So the government is actually implementing the recommendations, but you will not see them all within this specific piece of legislation. I wanted you to expand on that point.

**Mr. Jeremy Rudin:** That's it exactly, Mr. Chairman. You're doing too good a job for me to really say very much. That's the only problem.

I can say that although the recommendations of the task force are very good and the government is seeking to move ahead on them, very few of them require legislative change. That's why they're not represented in the bill.

Indeed, legislating some of them would be either redundant or irrelevant or would potentially slow down progress.

**The Chair:** I have 30 seconds. I did want one or both of you—and perhaps I'll start with Ms. Menke—to address financial literacy with respect to our aboriginal communities across Canada. Do you want to address that briefly?

**Ms. Ursula Menke:** We've undertaken some pilots on that and we're actually working with two cooperatives up north right now. We've prepared some special information for them. We have two modules done.

We are in the process this year of rolling out those two modules across the north, and we are planning to do more.

**The Chair:** Thank you very much. I appreciate that.

I will now go to Mr. Brison, please, for a five-minute round.

**Hon. Scott Brison:** Thank you, Mr. Chair.

There is currently a levy on banks that was brought in to help pay for the FCAC. Will there be a new levy on banks to help pay for the new financial literacy leader as well?

**Mr. Jeremy Rudin:** The legislation provides the possibility—but not the necessity—for the commissioner to place an assessment on financial institutions in support of the financial literacy activities. Just as is the case with the other assessment or the existing assessment power, the commissioner is required to make a budget of certain plans and then adjust the assessment accordingly.

Because the government is also prepared to provide funding directly for financial literacy activities, the use of this assessment is not essential, but it is an option the commissioner will have.

**Hon. Scott Brison:** So the budget of \$3 million is from federal government funds, but the actual budget for the office could be higher depending on the amount levied on banks?

• (1705)

**Mr. Jeremy Rudin:** I should clarify that in recent years the government has provided the FCAC with \$2 million a year from the consolidated revenue fund. That is ongoing. An additional \$3 million a year on top of the \$2 million will be available once the leader is appointed, and then there is, as I said, the option but not the necessity to raise additional funds through an assessment on the financial institutions in support of these activities as well.

**Hon. Scott Brison:** Who will make that determination about the assessment on financial institutions? Who has the authority to do it?



**Mr. Jeremy Rudin:** I will double check this. If the commissioner proposes, does the minister have to approve?

**A voice:** The minister does approve.

**Mr. Jeremy Rudin:** So yes, the commissioner proposes an assessment level, as is the case with the existing assessment, and the minister must approve.

**Hon. Scott Brison:** Okay.

Has there been a salary expectation determined for the director of the office?

**Mr. Jeremy Rudin:** Yes. If and when the legislation passes, there's a process to determine, in the context of or in comparison with other Governor in Council appointees, what the appropriate salary would be. This depends in large measure on the responsibilities that go with it.

**Hon. Scott Brison:** Thank you.

**The Chair:** Thank you, Mr. Brison.

We'll go to Mrs. McLeod, please.

**Mrs. Cathy McLeod:** Thank you, Mr. Chair.

I think I need to go back and reflect on some of the comments of my colleagues that really we were just creating a job description and doing nothing more.

First, and I think Mr. Rudin did talk about it a little bit, to actually create this role within legislation as opposed to a position being created.... Could you perhaps talk about that?

I also note that this legislation also adds to the existing objects of the Financial Consumer Agency of Canada.

Perhaps you could speak to those two things and really share why this is such a great and important first legislative step in terms of moving forward on this particular initiative.

**Mr. Jeremy Rudin:** Thank you. I'd be glad to.

As we've been discussing, the government's decision was to create a financial literacy leader position and to create it within the Financial Consumer Agency of Canada. The duties of the financial literacy leader are spelled out in the legislation. It's important that these be commensurate with the responsibilities of the Financial Consumer Agency of Canada, so they are amended to ensure that these two things fit together well.

In terms of the position itself, as we were discussing, the government's view is that this is an important and high-profile position; that it's appropriate, then, that the duties and responsibilities be enshrined in legislation; and that the position be a Governor in Council appointee, chosen by the Governor in Council on the recommendation of the Minister of Finance, and then subject to all of the procedures and rules that go along with a Governor in Council appointee. That requires legislation.

I think, as we've been discussing, this is designed to ensure that the position will be of interest to and will attract a highly competent person and will provide them with the imprimatur of a GIC appointment on the minister's recommendation so that it will be clear that this person speaks for the Government of Canada on this issue

and is by no means a minor functionary appointed by someone other than a minister or the Governor in Council.

**Mrs. Cathy McLeod:** Thank you.

To Ms. Menke, certainly it looks like your group has done some fantastic work in terms of financial literacy, but perhaps you can speak to what some of your constraints have been and why you believe this will be helpful in terms of furthering that particular section. As I go to your website, I see a whole realm of responsibility. This must have been a very important but sidebar piece of the actual work that your agency does.

•(1710)

**Ms. Ursula Menke:** Well, I think what it does is it enables us to expand our work in new directions. Given the budget that we had, we were somewhat constrained. I mean, as far as I'm concerned, it's the more the merrier, if you will.

We're very excited about this because we're able to do things that we really didn't have the resources for before, and we'll have someone who will really focus. I am very excited to get the person who is going to really spend their time on this who has a profile, who has the ability to get people's attention and to "sell", if you will, financial literacy. But it's not really a matter of selling financial literacy; it's that little bit of extra to convince people that they need to do it. We haven't been able to get into the community groups as much as we would like to because there are so many of them and they're so dispersed.

Employers are another area that we would really like to focus on in terms of "What are you doing for your employees?" We talked about the portal, about the ability to do that, to start that, to get that resource in place so that the financial literacy leader can go to people and say, "Look, here's what is available. Don't do another resource yet. Spend your time on delivery." The real challenge in financial literacy is not so much the resources as it is the delivery.

We have the opportunity to really move that part of the agenda forward, so I'm very excited about this.

**Mrs. Cathy McLeod:** Do I have any more time?

**The Chair:** You can ask a very brief one.

**Mrs. Cathy McLeod:** I have a quick question.

There are lots of resources, it sounds like. Is there good research in terms of effectiveness of programs, or is that another piece?

That's probably way too long for ten seconds.

**Ms. Ursula Menke:** We're working on it. How's that?

This is a very difficult area. It isn't easy to determine what works in education, because it's difficult to isolate cause and effect. We're working on trying to test at least to make sure that we do get results from the products that we do have.

**Mrs. Cathy McLeod:** Thank you.

**The Chair:** Thank you very much, Mrs. McLeod.

I want to thank all of our witnesses for being here today from the Department of Finance and the Financial Consumer Agency of Canada. We appreciate your efforts.

I should give the website for FCAC. It's [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca), if anyone wants to survey and research that on their own.

Thank you so much for being with us.

Colleagues, we will see you on Wednesday afternoon at 3:30.

Thank you. The meeting is adjourned.

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