



# **Submission**

**National Foundation Skills Strategy for Adults**

**Consultation Paper**

**May 2011**

### **About the Australian Industry Group**

The Australian Industry Group (Ai Group) is a peak industry association in Australia which along with its affiliates represents the interests of more than 60,000 businesses in an expanding range of sectors including: manufacturing; engineering; construction; automotive; food; transport; information technology; telecommunications; call centres; labour hire; printing; defence; mining equipment and supplies; airlines; and other industries. The businesses which we represent employ more than 1 million employees.

In preparing this submission Ai Group has drawn on the expertise of its Education and Training Policy team and also its member advisors located in Queensland, New South Wales, Victoria and South Australia who are dealing directly with member companies on a day-to-day basis on skilling issues.

## OPENING STATEMENT

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Australian Industry Group (Ai Group) welcomes the opportunity to respond to the Consultation Paper for the National Foundation Skills Strategy (NFSS) for Adults. It is our view that a national strategy in this area is long overdue and we have been calling for a National Workforce Literacy Strategy since 2008.<sup>1</sup> The need for a national strategy is derived from our own research together with the results of the Adult Literacy and Life Skills Survey.<sup>2</sup>

The major context for this is the central importance of skilling and its linkage to productivity. Productivity growth in Australia has stalled. After strong rates of productivity growth in the 1990s, we have gone backwards over the last decade. Improving the rate of productivity growth is the necessary response to the demographic challenges and the endemic skills and labour shortages we are now facing. Australia is currently experiencing skills shortages across the economy, including in many of our key industry sectors. This is an immediate concern to industry but we know it is only going to deteriorate. Australia needs an additional 240,000 skilled workers over the next five years to meet the needs of an economy on the brink of unprecedented growth.<sup>3</sup>

The lack of skilled workers has the effect of limiting production and service delivery and it also has the effect of reducing innovation – skilled workers drive innovation by turning ideas into new products, services and processes for the benefit of the economy and society.<sup>4</sup> Of particular concern is the inadequacy of our workforce's foundation skills. Approximately 46% of Australia's working age population (7 million adults) has literacy scores below the minimum required to function fully in life and work. In terms of numeracy it was 53% or 7.9 million below the required level.<sup>5</sup> In excess of four million of these people are currently employed in the Australian workforce. The latest survey revealed that Australian levels have shown little improvement since the previous survey – 10 years ago. Literacy levels have a direct link to productivity levels.

A failure to develop these skills will result in decreased productivity and profitability. Other non-technical skill areas are also in shortage and those skills related to innovation are often overlooked. The Australian innovation system consistently underperforms on most measures of collaboration and networking. Information technology, marketing and business skills are the most frequent skills used for innovation. The largest shortage of skills required for innovation was in the trades.<sup>6</sup>

Our economic prospects will deteriorate significantly if our current performance is not improved. Industry needs skills which can be readily applied and this requires a VET workforce which has a deep understanding and engagement with industry and which understands that workforce skills development covers all forms of learning and skills acquisition, not just formal learning. This concept was the organising principle for the research that underpinned the Ai Group's *Skilling the Existing Workforce Project*.<sup>7</sup> Ai Group remains concerned about the lack of responsiveness to industry skilling needs by Registered Training Organisations. Training providers need to be much more flexible in their dealings with industry to increase this responsiveness.

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<sup>1</sup> *Skilling the Existing Workforce*, Final Project Report, Australian Industry Group, December 2008.

<sup>2</sup> Australian Bureau of Statistics (2006), *Adult Literacy and Life Skills Survey*, Cat No. 4228.0.

<sup>3</sup> Skills Australia (2010), *Australian Workforce Futures*, Commonwealth of Australia.

<sup>4</sup> *Australian Innovation System Report 2010*, Department of Innovation, Industry, Science and Research, Commonwealth of Australia.

<sup>5</sup> Australian Bureau of Statistics (2006), *Adult Literacy and Life Skills Survey*, Cat No. 4228.0.

<sup>6</sup> *Australian Innovation System Report 2010*, Department of Innovation, Industry, Science and Research, Commonwealth of Australia.

<sup>7</sup> *Skilling the Existing Workforce*, Final Project Report, Australian Industry Group, December 2008.

The lack of training sector responsiveness is reflected in employer views. The National Skills Policy Collaboration, for example, considers the match between industry needs and what is being delivered as an 'enduring concern'.<sup>8</sup> There are particular concerns about the training in language, literacy and numeracy. The low levels of literacy and numeracy in the workforce as evidenced by the Australian Adult Literacy and Lifeskills Survey results and Ai Group research indicate a significant increase in the need for trained language literacy and numeracy teachers.

The particular focus of this response is the need for increasing the language, literacy and numeracy (LLN) skill levels of the workforce. It is the view of the Ai Group that this is best achieved through the establishment of a Workforce Development Agency to consolidate programs related to workforce development into one body thus sharpening the economic focus of the system and strengthening industry's voice.<sup>9</sup> The Agency would be responsible for the development of national strategies pertaining to workforce development including the foundation skills of language, literacy and numeracy. It is envisaged that the Agency would establish a National Workforce Foundation Skills Fund to support the national strategy in this area and so shift the capacity of the workforce. The Fund would be used to assist employers to provide workplace projects for their employees based on workplace requirements. The Fund will include the Workplace English Language and Literacy (WELL) program but will also provide additional and broader options than this as part of the national strategy.

Ai Group is concerned that steps taken so far to develop the NFSS have not sufficiently involved industry. Given the centrality of workplace LLN to a national strategy it is imperative that industry play a key role. The establishment of the Workforce Development Agency would enable industry to play this key role and to drive the development and implementation of national strategies in this important arena.

There is a need to build demand for LLN training through awareness-raising activities and by enabling employers to initiate activity. Assessment of LLN is required at the workforce level to assist employers and workplaces fulfill this task. The potential of stigma should be recognised as well as the potential to minimise this in workplace contexts. Other barriers to the effective delivery of workplace LLN need to be identified and addressed.

The development of the national strategy needs to note the success to date of the Workplace English Language and Literacy (WELL) program but also understand that a single program does not constitute a national workforce strategy. A range of programs need to be developed and implemented according to the diverse LLN needs of the workforce. A key component of this will be the strengthening of the capability of the VET workforce in LLN expertise.

The national strategy needs to be adequately funded to achieve success. While acknowledging the increase in the last Commonwealth Budget Ai Group believes that it is clear that further substantial resources are required given the scope of the issue. In the first instance economies can be achieved by consolidating existing workforce LLN funding into a National Workforce Foundation Skills Fund. Over the course of a decade long national strategy it will be necessary to increase funding allocations.

Finally, a key measurement of the success of the national strategy will be the impact on workplace productivity. It will be essential to develop measures to determine the impact on productivity to be used throughout the course of the national strategy.

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<sup>8</sup> Section 5.21, *Investing Wisely*, 2009.

<sup>9</sup> MEDIA RELEASE, For release 11 April 2011, *Ai Group calls for creation of Workforce Development Agency*.

## RESPONSE TO DISCUSSION QUESTIONS

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### 1. What are foundation skills?

- a) Do you agree with the definition of foundation skills set out in the paper?

The Consultation Paper acknowledges the lack of a generally accepted definition and proposes “language, literacy, numeracy and employability skills in the information age” (page 4) as the definition for use in the national strategy. Ai Group is not convinced that employability skills should be located within the category of foundation skills. There are some commonalities across employability skills and LLN skills such as communication skills, however, employability skills are qualitatively different to language, literacy and numeracy and need to be treated separately. The incorporation of employability skills would also distract from the urgent need to focus on language, literacy and numeracy. This is not to deny the importance of employability skills – indeed, they need their own individual policy attention.

A potential complication in the development of the national strategy is the use of a range of definitions and data sets. These include those used in the Adult Literacy and Life Skills (ALLS) Survey, the Australian Core Skills Framework (ACSF) and the OECD Program for the International Assessment of Adult Competencies (PIAAC) replacing the former International Adult Literacy Survey (IALS). Some of these definitions are also associated with key data sets and complicate comparisons and measurement of success. It would be highly beneficial if Australia could move towards a common definition and be supported by comparable data that can be used to measure progress in the implementation of the national strategy.

### 2. What should be the focus of the National Strategy?

- a) Given the scale of the need for foundation skills, should the National Strategy focus on certain sections of the adult population to maximize benefits for individuals, families, employers, society and the Australian economy?

The Consultation Paper in part addresses the question of the focus of the National Strategy by reference to working age Australian adults (15 – 64 years) and recently arrived migrants of working age (page 5). Ai Group interprets this to mean that there will be a major focus on the workforce and strongly supports this focus.

The Consultation Paper also indicates that the National Strategy will further focus on those with the lowest skill levels and those in the greatest need of assistance. The ALLS data indicates that there are approximately 4 million employees below level 3, the minimum requirement to function at work and in society.<sup>10</sup> Ai Group supports this particular focus at least in the first instance. It is important to remember that our research indicates that literacy and numeracy issues are located across the wide spectrum of occupations.<sup>11</sup> As the strategy progresses it should be possible to include those working age adults who are not the most disadvantaged but who would considerably benefit from greater skill acquisition in this area.

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<sup>10</sup> Australian Bureau of Statistics (2006), *Adult Literacy and Life Skills Survey*, Cat No. 4228.0.

<sup>11</sup> Australian Industry Group, 2010, *National Workforce Literacy Project – Report on Employers Views on Workplace Literacy and Numeracy Skills*.

- b) Should the National Strategy be directed at adult Australians in general or focus specifically on groups of disadvantaged adult Australians?

The National Strategy should address the needs of all Australians given the findings of the ALLS Survey that low levels of literacy and numeracy affect a large proportion of the population. This issue affects all age groups and occupations and is not confined to particular equity groups. This is not to deny the need for special consideration and targets for identified equity groups in need of assistance within the overall context of the national strategy.

### **3. How do we build the demand for foundation skills training?**

- a) Do we need to build demand for training amongst potential learners?

There is a need to build demand for foundation skills training in terms of raising awareness. There are significant sections of the Australian population who are not fully aware of the extent of the national problem regarding foundation skills. Ai Group has encountered a level of surprise when communicating the results of the ALLS Survey in the conduct of the National Workforce Literacy Project. Individual employers, for example, are aware of the issue in their workplaces as reported in our survey, but are still surprised about the extent of the issue across the broader spectrum. In this sense our project has assisted in awareness-raising for employers. By extrapolation, there would be a national benefit to conduct an awareness raising campaign about the nature and extent of the issue which would contribute to the generation of demand for foundation skills training.

On the other hand, it would be an error to leave participation in a national foundation skills strategy to individual initiative. Within workplaces there is a need to determine which employees need foundation skills training. Given increasing awareness by industry of the issues, opportunities need to be provided to employers to initiate activity. The trial work in the National Workforce Literacy Project indicates some increase in the capacity of employers to deal with the issue.<sup>12</sup> While this has been encouraging it is noteworthy that the recent Industry Skills Councils's publication *No More Excuses* reported that industry does not see LLN as their business.<sup>13</sup> This indicates that more needs to be done to raise the awareness of employers. Additionally, an Innovation and Business Skills Australia scoping project has determined that workplace supervisors are supportive of the development of a skill set to enable them to assist existing workers with literacy and numeracy issues.<sup>14</sup>

What is appropriate is the use of an assessment tool such as the Australian Core Skills Framework (ACSF) to determine the literacy and numeracy needs of existing workers. This was used to good effect in the National Workforce Literacy Project. This may well evolve as a very useful tool to use in these circumstances and may reduce the perceived need of many employers to develop and use their own literacy and numeracy testing regimes at the point of employment. The use of the ACSF by an experienced LLN practitioner will determine the needs of workforce and hence generate demand for LLN training.

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<sup>12</sup> *Draft Employer Evaluations*, National Workforce Literacy Project, Australian Industry Group, March 2011.

<sup>13</sup> *No More Excuses*, an industry response to the language, literacy and numeracy challenge, Industry Skills Councils, 2011.

<sup>14</sup> *Pathways for the development of language, literacy and numeracy expertise*, IBSA Scoping Project, January 2011.

b) Is there a stigma associated with low foundation skills? How can we overcome this?

It is appreciated that low levels of literacy and numeracy can be associated with individual embarrassment and even stigma. The point has often been made that individuals with low level foundation skills can become very adept at disguising this and developing alternative ways of coping. The experience from the National Workforce Literacy Project is mixed in relation to this issue.

In the enterprise trials there was a mixture of volunteer and employer-targeted participants. In some circumstances the LLN nature of the trials was blended into a broader workplace issue while in others the participants were informed that the trial was specifically about LLN. The level of embarrassment was low as was any reluctance to participate. In addition many participants welcomed the LLN approach and opportunity for improvement. Some were very grateful to the company for the opportunity to improve their skills in this area. Overseas-born employees in particular were eager to participate and linked the LLN training with future opportunities for advancement. Some of the participating employees had indicated that a lack of LLN skills had been a barrier to future training and promotion within the company.

The workplace context provides significant opportunities to integrate LLN training with other workforce needs and reduce the perceptions of stigma associated with low level LLN skills. In some instances stigma was reduced by enabling participants to work in pairs. It was also important to assure participants that their participation was confidential and would have no impact on their employment. Full support by management of such programs is also an important ingredient for success. The Industry Skills Councils report also indicates this potential.<sup>15</sup>

c) Are there any other barriers stopping people from participating in foundation skills training and how can they be overcome?

A major barrier to industry participation in the acquisition of foundation skills training is a lack of awareness of what is available. Many employers, for example, are unaware of the existence of the Workplace English Language and Literacy (WELL) program. This was reinforced in the conduct of Ai Group's National Workforce Literacy Project where the overwhelming majority of employers had not heard of, much less participate in, the WELL program.

A further barrier for industry participation is the nature and expense of Registered Training Organisation provision in this area. RTO provision often does not meet the particular industry need, is provided at unsuitable times and location for industry and is often expensive. Ai Group receives regular complaints from employers about this type of RTO provision.

The progressive evaluations of the National Workforce Literacy Project have also highlighted a number of issues which act as barriers to participation in foundation skills training.

A number of the trial sites reported that there were issues associated with the scheduling of the LLN training. This was often expressed as a tension between production and training. There were tensions with production when participants were taken from the line and lost time in production can be a barrier. In some sites the timing of training has reduced flexibility where it is linked to Enterprise Bargaining Agreement or plant maintenance requirements. Workplace priorities and contexts can change rapidly and impede the effective delivery of LLN training.

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<sup>15</sup> *No More Excuses*, an industry response to the language, literacy and numeracy challenge, Industry skills Councils, 2011, page 11.

This barrier was overcome through a number of strategies. These included: the goodwill and flexibility of both the trainer and the participants; the use of short training periods of 45 – 60 minutes; the use of weekend training with some pay compensation; and a preparedness of the workforce to cover for the absences of LLN participants when they understood the reasons.

Another factor linked to the scheduling of training concerns the duration of the training. While some enterprises took the view that significant length of training was required to make a difference, others preferred short and highly focused training. Given weekly reinforcement specific LLN objectives can be achieved in a relatively short timeframe such as six months.

LLN training is in some senses different from occupationally and vocationally specific training. The fundamental skills take more time to acquire. Accordingly it is necessary to use a LLN trainer and there is a need for the trainer to be able to build trust with the LLN learners.

#### **4. How do we improve foundation skills training so it meets demand and the needs of learners?**

- a) What types of foundation skill training work for learners? What foundation skills initiatives work? How can we build on this?

It is clear that existing workers benefit from foundation skills training that is contextualized to the workplace. The success to date of the Workplace English Language and Literacy (WELL) program is testament to this. It is also clear that this program needs to be expanded as it does not reach anywhere near the need for it by the workforce. From 2009 – 2010 there were only 16,500 places available and it has been progressively declining since there were 23,217 participants in 2003 – 4.<sup>16</sup>

The expansion of the program in the last Commonwealth Budget was a step in the right direction with 62,000 places available over the 2010 – 2014 period.<sup>17</sup> Given the size of the problem based on the ALLS Survey data this is still way short of what is required. Skills Australia has recommended an additional \$50 million per annum until 2012.<sup>18</sup> The latest total Commonwealth allocation of \$119.2 million for four years, inclusive of other items apart from WELL, only amounts to an additional \$29.8 million p.a.

The WELL program was evaluated in 2006 and found to be an overwhelming success with more than 90% of participating employers.<sup>19</sup> The program evaluation also demonstrated that non-participating employers are unaware of the LLN needs of their workforces and greater assistance was recommended to be provided to employers to assess the LLN skills of employees. The evaluation report also highlighted an inability to identify the extent of the need for LLN training within small to medium enterprises and some industry sectors.<sup>20</sup> It was also reported that there are minimal measures in place to assess the effectiveness of the program.<sup>21</sup> So there are some issues with the implementation of the WELL program. In

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<sup>16</sup> Department of Education, Employment and Workplace Relations, 2006.

<sup>17</sup> *Budget, Skills and Infrastructure – Building a stronger and fairer Australia*, 11 May, 2010, page 11.

<sup>18</sup> *Australian Workforce Futures*, Skills Australia, 2010, page 42.

<sup>19</sup> Submission to the *Review of the National Innovation System*, Innovation and Business Skills Australia, April 2008, page 6.

<sup>20</sup> *WELL 2006 Evaluation – Study of WELL Projects, Final Report*, September 2006, Australian Government Department of Education, Science and Training, page 7.

<sup>21</sup> *WELL 2006 Evaluation – Study of WELL Projects, Final Report*, September 2006, Australian Government Department of Education, Science and Training, page 13.

addition, the program seems to operate in the absence of any coordinated national objective or shared vision.<sup>22</sup>

It is also clear that one program does not make a national strategy. Given the diversity and extent of LLN needs within the workforce a range of programmatic responses is necessary. The New Zealand experience is instructive and has a multi-pronged approach to their national strategy.<sup>23</sup> The enterprise trials within the National Workforce Literacy Project also demonstrate the importance of different approaches from the WELL program that could be incorporated into the national strategy in particular 1:1 and small group intensive training over a six month period.<sup>24</sup>

There are other approaches that could be incorporated into the national strategy such as the Western Australian Accredited Course in Applied Vocational Study Skills:

*“CAVSS is a framework for teaching literacy and numeracy skills in direct application to VET training activities. CAVSS is a delivery strategy for integrating literacy and numeracy support with vocational training. It is a teaching methodology rather than a course and the methodology is team-teaching. Team teaching in CAVSS is defined as a vocational lecturer and a literacy lecturer teaching the same group of students in the same place at the same time.”<sup>25</sup>*

So the workforce strategies need to include a number of approaches or programs utilising LLN experts wherever possible as either direct instructors, such as the WELL and National Workforce Literacy Project programs, or through team teaching such as the CAVSS program.

There has been much debate about the positioning of foundation skills in relation to Training Packages. This debate has been characterised by the “built-in not bolted-on” approach where for some time the overriding approach has been to embed foundation skills such as literacy and numeracy into Training Packages. This approach has not always worked as has been noted by the National VET Equity Advisory Council<sup>26</sup> as the foundation skills components are often delivered by vocational rather than LLN specialists. There has to be concern about the effectiveness of the current orthodoxy of embedding LLN into Training Packages given the ALLS Survey results. Notwithstanding this some LLN delivery within Training Packages would appear to be necessary given the large scale of this issue. It may well be the critical mass can only be achieved through this means.

Accordingly, there needs to be a significantly increased effort to increase the LLN competence of VET practitioners. On our submission to the Productivity Commission concerning the VET workforce we noted the lack of robust data on the VET workforce and the estimated low levels of VET practitioners with “some type of teaching qualification”.<sup>27</sup> Ai Group supports the attainment of Certificate IV in Training and Assessment as the appropriate qualification and notes with concern the estimate that 36 000 VET practitioners already engaged in the field do

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<sup>22</sup> Anita Roberts, *An age-old problem*, Campus Review, 03.06.08, page 11.

<sup>23</sup> See for example the *Literacy, Language and Numeracy Action Plan 2008 – 2012*, Tertiary Education Commission, 2008 and *The Key Steps Forward to Workforce Literacy*, Industry Training Federation, July 2007.

<sup>24</sup> *Draft Employer Evaluations*, National Workforce Literacy Project, Australian Industry Group, March 2011.

<sup>25</sup> <http://www.vetinfonet.det.wa.edu.au/adultliteracy/CAVSS.aspx>

<sup>26</sup> A Roberts and L Wignall, *Briefing on foundation skills for the National VET Equity Advisory Council*, 2010.

<sup>27</sup> Ai Group Response to Productivity Commission Draft Research Report, Vocational Education and Training Workforce, February 2011. NCVER estimate trainers and assessors ‘with some type of teaching qualification’ at about 42% in TAFE and only 8% in the non-TAFE sector.

not have this qualification.<sup>28</sup> So there are concerns about the current capability of the VET workforce especially given the demonstrated need for expansion of the VET sector in the foreseeable future.

Notwithstanding these concerns and given the VET sector's projected expansion to include more disadvantaged learners, we consider the Language, Literacy and Numeracy (LLN) elective in the TAE should be made mandatory. This would help practitioners to identify student need, design training and assessment that are 'fit for purpose' and to seek out specialist assistance when needed.

## 5. How can the National Strategy complement initiatives in other sectors?

- a) How can the National Strategy best complement reforms in early childhood development, the school sector, in VET and in higher education?

Foundation skills are relevant to all sectors and it is important that the National Strategy complement activity across the sectors. Of particular interest to Ai Group is the advancement of the work in the VET sector on foundation skills undertaken for *VET Products for the 21<sup>st</sup> Century*. In particular, recommendation 5 of that report opened the door for qualifications in foundation skills.<sup>29</sup> Subsequent work building on this has been produced in the *Foundation Skills in VET Products for the 21<sup>st</sup> century*. This document comprehensively addresses the barriers to effective delivery of Foundation Skills in the design of Training Packages, highlights the opportunities provided in the original report and proposes a range of solutions.<sup>30</sup> Key among the proposed solutions is the need for nationally consistent and recognized Foundation Skills units and qualifications. This 'bank' of units could be used as stand-alone qualifications within a Foundation Skills Training Package or as imported units into vocational qualifications across a range of AQF levels. The latter option is available as a result of the more flexible importation rules developed in response to the *VET Products for the 21<sup>st</sup> Century* report.

There has been recent activity in the school sector concerning language, literacy and numeracy. The skill levels of school leavers are of particular interest to Ai Group and industry as young people enter the workforce. This activity has been centred on the introduction of the National Curriculum via the Australian Curriculum, Assessment and Reporting Authority (ACARA) and the National Assessment Program – Literacy and Numeracy (NAPLAN).

It is also no doubt a response to the deteriorating reading literacy of Australian 15-year-old students over the past decade according to the results from the 2009 administration of the OECD Programme for International Student Assessment (PISA). The Australian Council for Educational Research, which administers the Australian component of PISA on behalf of the OECD, commented on the most recent results:

*“Australia was the only high performing country to show a significant decline in reading literacy performance between PISA 2000 and PISA 2009,” Professor Masters said. Of greatest concern, students from the highest socioeconomic group outperformed students from the lowest socioeconomic group in reading by the equivalent of almost three full years of schooling. “These achievement gaps place an unacceptable proportion*

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<sup>28</sup> Productivity Commission Draft Research Report, Vocational Education and Training Workforce, February 2011, Section 8.1.

<sup>29</sup> National Quality Council, *VET Products for the 21<sup>st</sup> Century*, Final report of the Joint Steering Committee of the NQC and the COAG Skills and Workforce Development Subgroup, June 2009.

<sup>30</sup> National Quality Council, *Foundation Skills in VET Products for the 21<sup>st</sup> century*, December 2010.

*of 15-year-old students at serious risk of not achieving literacy levels sufficient for them to effectively participate in the workforce,” Professor Masters said. “Some Australian teenagers may be trying to enter the workforce and forge a future for themselves with reading, mathematics and science literacy skills equivalent to a Year 7 or 8 education or worse.”<sup>31</sup>*

These are reflected in the concerns that employers have about new school entrants to the workforce. It is also interesting to note that there are no literacy standards within most of the senior secondary certificates available across the nation. One jurisdiction, South Australia, does include the following policy:

*“The Board has endorsed the Australian Core Skills Framework level 3 descriptions in reading, writing, and numeracy as reference points for the SACE literacy and numeracy benchmarks.”<sup>32</sup>*

This raises the question about whether it is appropriate to have exit standards in this area. A Victorian study funded by the Joint Policy Unit of the Victorian Department of Education and Early Childhood Development and the Victorian Department of Innovation, Industry and Regional Development contained within its conclusions:

*“The research evidence does not provide strong support for the notion that compulsory exit-level literacy and numeracy standards have a substantial impact on student achievement. However, there are other benefits associated with such standards that mean their implementation in Victoria should not be dismissed. These benefits include the development of a shared language across sectors and providers for discussing student achievement levels, a clearer articulation for schools and the community of the types of skills students need for full participation in society, the provision of more detailed information for employers and further education about students’ literacy and numeracy skills, and raised community confidence in the education system.”<sup>33</sup>*

Reform in this arena still has some distance to travel.

The national strategy can also complement COAG outcomes and targets including:

- the working age population have gaps in foundation skills reduced to enable effective educational, labour market and social participation; and
- the working age population has the depth and breadth of skills and capabilities required for the 21st century labour market

Progress towards these outcomes will be measured by:

- proportion of the working age population at literacy level 1, 2 and 3 (ALLS or similar);
- proportion of 20-64 year olds who do not have a qualification at or above Certificate III.<sup>34</sup>

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<sup>31</sup> MEDIA RELEASE, For release 21:00 AEDT Tuesday 7<sup>th</sup> December 2010, *PISA identifies challenges for Australian education*.

<sup>32</sup> SACE Board of South Australia, *SACE Policy Framework*, page 7.

<sup>33</sup> *Strengthening Literacy and Numeracy Achievement in Senior Secondary Years: the Potential Role of Literacy and Numeracy Exit Standards*, Assessment Research Centre, University of Melbourne, 2010, page 73.

<sup>34</sup> National Agreement for Skills and Workforce development Performance, 2009, COAG reform Council, page 37.

## 6. What are the national priorities?

### a) Given the issues identified what are the highest priorities?

A major priority is to position the acquisition of language, literacy and numeracy prominently within the national landscape. The seriousness of this issue has been overlooked for too long and a national strategy is desperately needed. As NCVER research has noted:

*“Assessing the social and economic costs of poor adult literacy and numeracy is largely uncharted territory in Australia. The benefits of investing in adult literacy and numeracy skills have been under-researched.”<sup>35</sup>*

This re-positioning also needs to be linked to issues of participation and productivity. The often quoted OECD study states that increasing the literacy level of a country by 1% leads to a 2.5% rise in labour productivity and a 1.5% increase in GDP per head.<sup>36</sup> The Productivity Commission has estimated, taking into account a range of variables, that increases in literacy and numeracy could increase total labour productivity by 1.2%.<sup>37</sup> It would be extremely useful for the national strategy if an agreed measure of productivity could be determined and used as one of the measurements of implementation progress. There should also be a focus on data collection as the extent of this issue is still not adequately understood. The national strategy needs to set targets and report on these regularly.

The major focus needs to be to address language, literacy and numeracy issues for the existing workforce. A comprehensive range of approaches and strategies are needed according to the diverse needs of the workforce. The initial but not the sole focus should be on those in the workforce with low levels of skills in these areas.

Ai Group believes that this is best driven and coordinated through a Workforce Development Agency led by industry with responsibility for all workforce programs including language, literacy and numeracy. The Agency would establish and administer a National Workforce Foundation Skills Fund to develop an overall strategy and to assist employers to provide workplace literacy projects for their employees.<sup>38</sup>

The national strategy needs to be effectively resourced to meet targets that are established. This is a major problem that will require a significant increase in resources to make a difference. The amount of resources dedicated in the latest Commonwealth budget, while an increase, is a long way short of what is required. When the national strategy is launched in 2012 it will need a much more significant long-term resourcing commitment to support it.

A further priority is to improve the capability of VET practitioners generally, and in particular, their LLN expertise. All measures to increase this capability need to be canvassed if the VET workforce is

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<sup>35</sup> Hartley, R and Horne, J., *Social and economic benefits of improved adult literacy: Towards a better understanding*, NCVER, Adelaide, 2006, page 5.

<sup>36</sup> Coulombe, S, Tremblay, J-F and Marchand S, *Literacy scores, human capital and growth across fourteen OECD countries*, Canada, 2004.

<sup>37</sup> Quoted in Gillard, J, Address to CEDA Leader Series in Adelaide, 4 May 2010, Committee for the Economic Development of Australia, Melbourne.

<sup>38</sup> MEDIA RELEASE, For release 11 April 2011, *Ai Group calls for creation of Workforce Development Agency*.

to play an essential role in the implementation of the national strategy to equip the LLN workforce needs of the future.

**7. How can stakeholders be engaged in building the foundation skills of adult Australians?**

The success of the national strategy requires all of the key stakeholders to work effectively together including governments, industry, education and training providers and individuals. Industry has a central role and the proposed Workforce Development Agency would drive and coordinate activity in this domain. It is clear given the current nature of workplace LLN needs that industry has to play a vital role. It is important that government directly engages with employers and industry to ensure the prominence of their role. Involvement cannot be assumed and positive steps need to be taken to remove barriers and establish measures that engage industry in addressing this fundamental issue.

**8. How do we measure the success of the National Strategy?**

a) Should targets and performance indicators be set? If so, what should they be?

In the first instance it is necessary to clarify which data will be utilized as a benchmark and then set targets accordingly. This is a key initial step to be taken before the national strategy is launched. COAG has established the national and international surveys of the LLN levels of working age adults, such as the ALLS Survey, as an indicative performance measure. As indicated earlier, it is an important task to clarify the definition and the data sets that will be used for measurement.

While the measurement of progress through the ALLS Survey will continue to be important, additional measurements will be required. The ALLS Surveys only occur every decade and clearly there need to be more regular and shorter-term indicators of measurement.

From an industry perspective it will be important to have measurements of productivity and employer evaluations in addition to benefits to individual employees. A part of the measurement should include the use of the Australian Core Skills Framework. This is an effective tool that has been developed over time by practitioners in the field. This was used to good effect in the National Workforce Literacy Project.