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Australia

10 MARCH 2011

AUSTRALIAN WORKFORCE FUTURES:

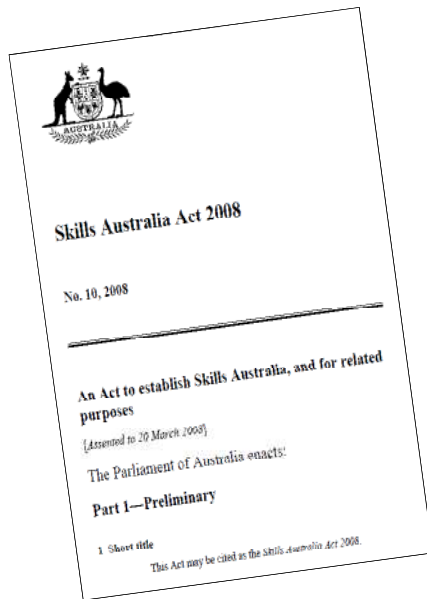
THE ROLE OF LLN IN VET

ROBIN SHREEVE
CEO, SKILLS AUSTRALIA



What is Skills Australia?

“Skills Australia will provide the Government with recommendations on current and future skills needs (and) inform Australia’s workforce development needs¹ ...”



- Expert independent Board with expertise in industry, economics, education and academia;
- Provides independent advice to the government on current, emerging and future skills needs and workforce development needs



Back row (L to R):
*Keith Spence, Ged Kearney,
Dr Michael Keating AC,
Prof. Gerald Burke.*

Front row: *Heather Ridout,
Philip Bullock (Chair),
Marie Persson.*

Source:

1. Julia Gillard, *Second Reading Speech – Skills Australia Bill 2008* (14 Feb 2008)



The challenge of prosperity

- When the terms of trade are high, the international purchasing power of our exports is high.
- To put it in very (over-) simplified terms, five years ago, a ship load of iron ore was worth about the same as about **2,200** flat screen television sets.
- Today it is worth about **22,000** flat-screen TV sets – partly due to TV prices falling but more due to the price of iron ore rising by a factor of six.

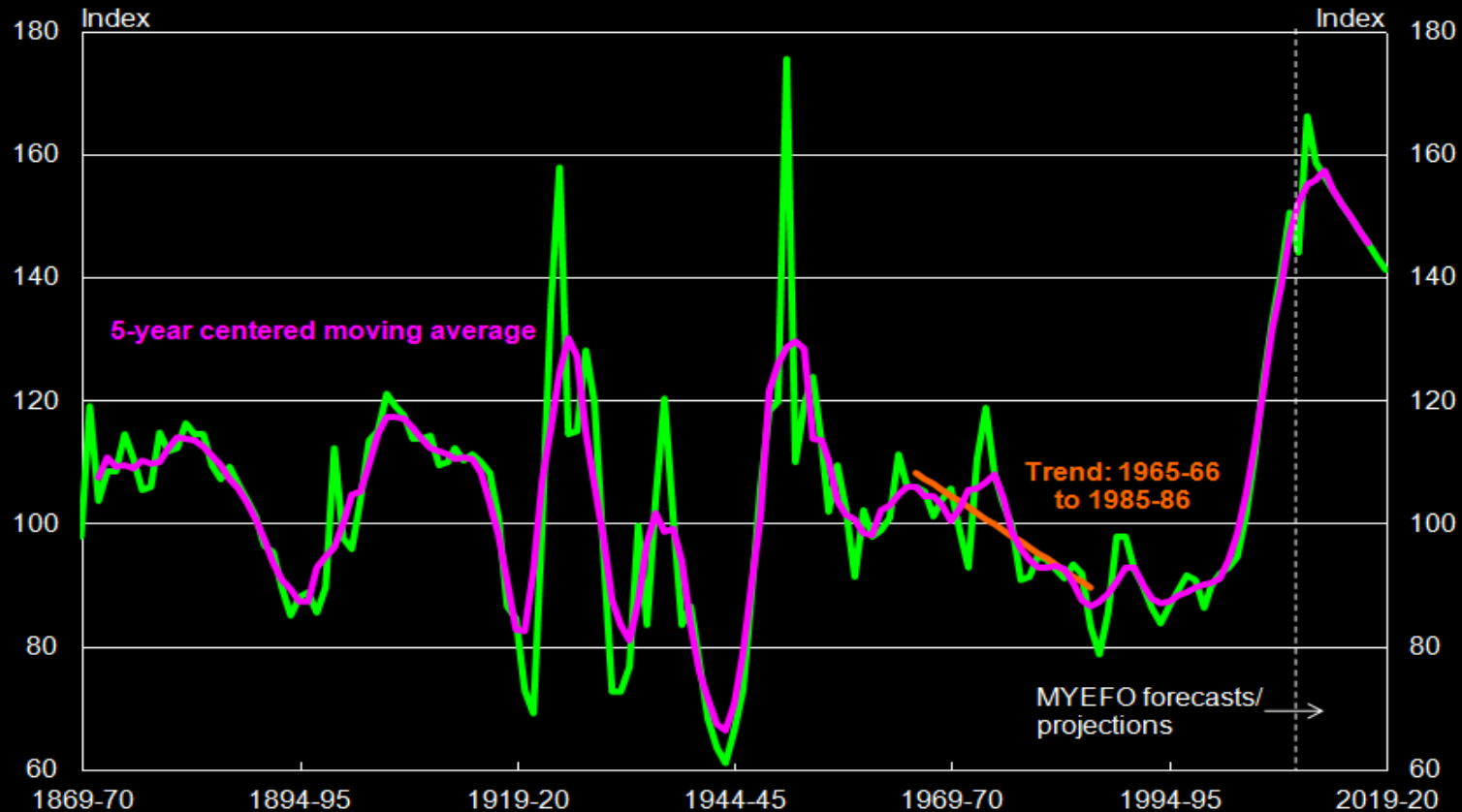


Glenn Stevens
Governor of Reserve Bank
Address to the Committee for
Economic Development of
Australia (CEDA) Annual Dinner,
Melbourne
29 November 2010



Terms of trade

(Index 1900-01 to 1999-00 = 100)



Source: ABS Catalogue Number 5206.0, RBA and Treasury.

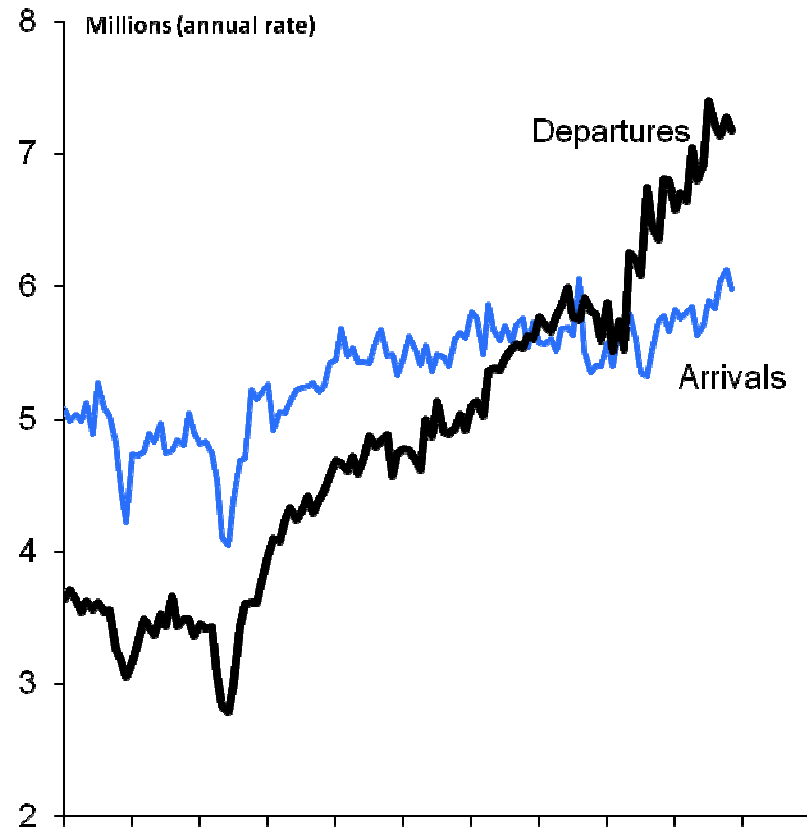
Source: *Economic and Financial trends and globalisation over the next 15 years* Presentation by Dr David Gruen (Executive Director, Macroeconomic Group, Treasury) to Skills Australia/Academy of Social Science Australia Scenario Development Forum 7 February 2011)



The strong A\$ will have an adverse impact on ‘trade-exposed’ non-resource sectors such as manufacturing, tourism and education (Saul Eslake)

- The strong A\$ will erode the competitiveness and profitability of non-resource exporters (including manufacturing, tourism and higher education) and businesses competing in the domestic market with imports (including parts of agriculture, manufacturing, tourism and some retailing)
- There’s little if anything governments can or should do about this (beyond things which they should be doing anyway, such as regulatory reform): suppressing or offsetting these ‘market forces’ would simply result in higher inflation (as they did in the early 50s, mid-70s and early 80s)

Short term overseas arrivals and departures

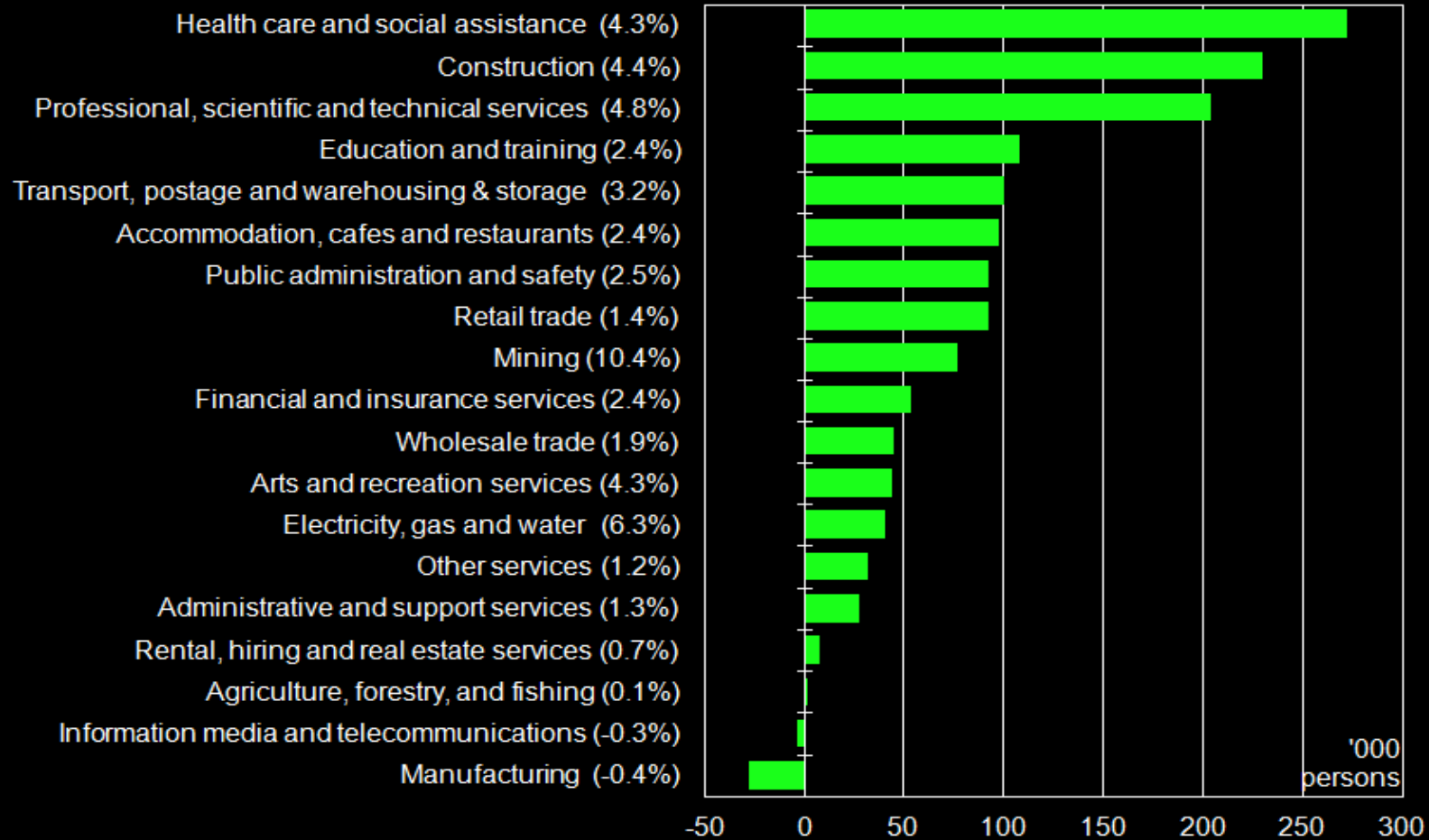


Source: ABS.



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Employment change by industry (2003-04 to 2009-10)

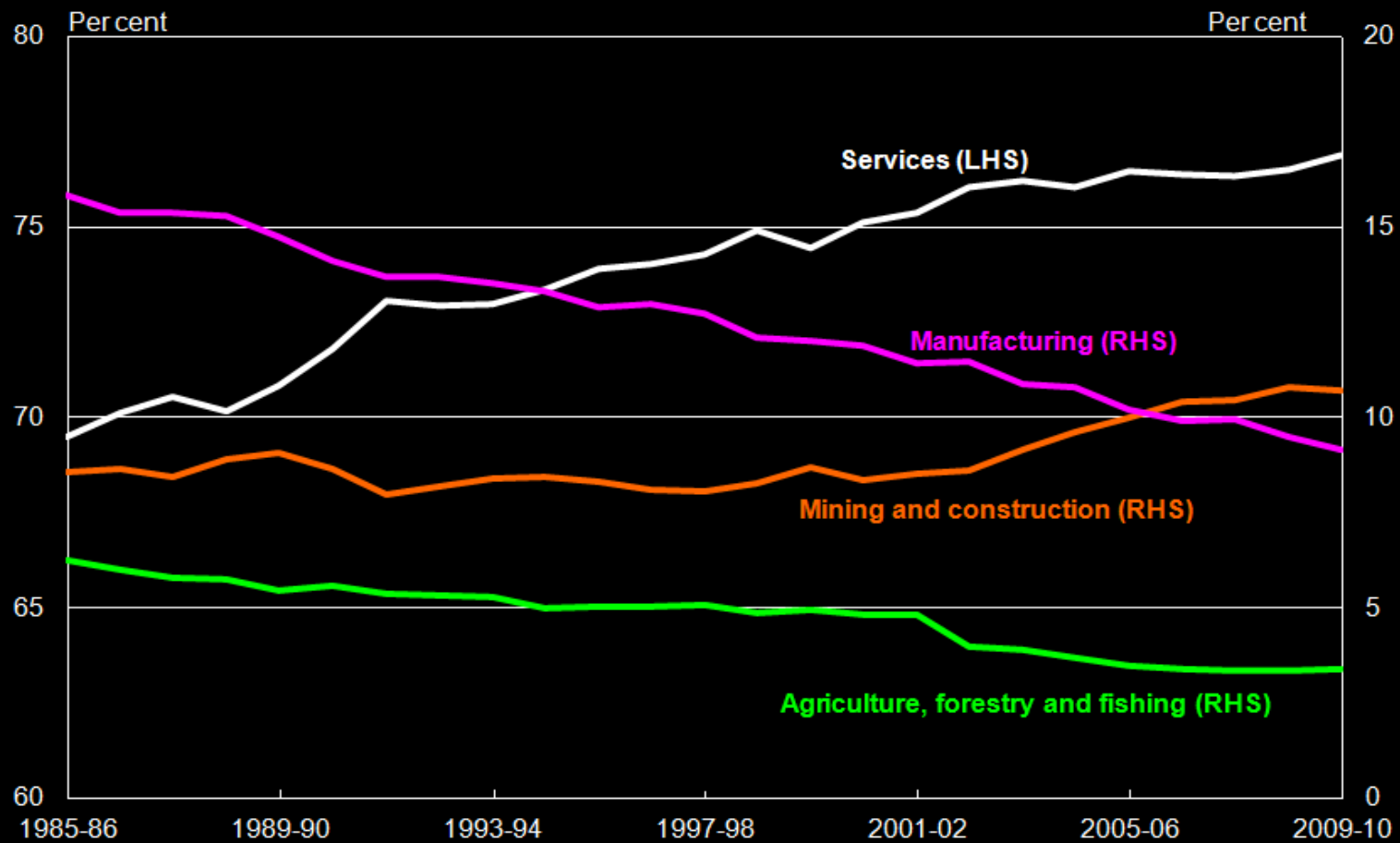


Note: Average annual growth in parentheses.
 Source: ABS Catalogue Number 6291.0.55.003.

Source: *Economic and Financial trends and globalisation over the next 15 years* Presentation by Dr David Gruen (Executive Director, Macroeconomic Group, Treasury) to Skills Australia/Academy of Social Science Australia Scenario Development Forum 7 February 2011)



Three speed economy – employment share by industry



Source: ABS Catalogue Number 6291.0.55.003 and Treasury

Source: *Economic and Financial trends and globalisation over the next 15 years* Presentation by Dr David Gruen (Executive Director, Macroeconomic Group, Treasury) to Skills Australia/Academy of Social Science Australia Scenario Development Forum 7 February 2011)



Why the fuss about skills

- As the economy shifts to recovery and growth, concerns are raised again about constraints due to skills shortages

“... official forecasts of a shortage of 150,000 workers in Western Australia by 2017¹...”

- The positive growth in productivity earlier this decade has flattened, and turned negative
- Australia ranks only 10th out of 34 OECD countries on workforce participation
- There are 1.5 million Australians unemployed or underemployed
- Currently 50% of the population has low language, literacy and numeracy levels
- Completion rates for Australian apprenticeships unacceptably low (about 48%) – even less for VET as a whole²

1. Australian Financial Review 01 March 2011 *Resource states pitch on skills* page 62.
2. - Expert Panel on Apprenticeships *A shared Responsibility: Apprenticeships for the 21st century*, Final Report 31 January 2011



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Who experiences disadvantage at VET?

Indigenous
Refugees

Disabilities
Mental health

Remote
SES
Communities

Low income
Few services

Juvenile Justice/
Offenders

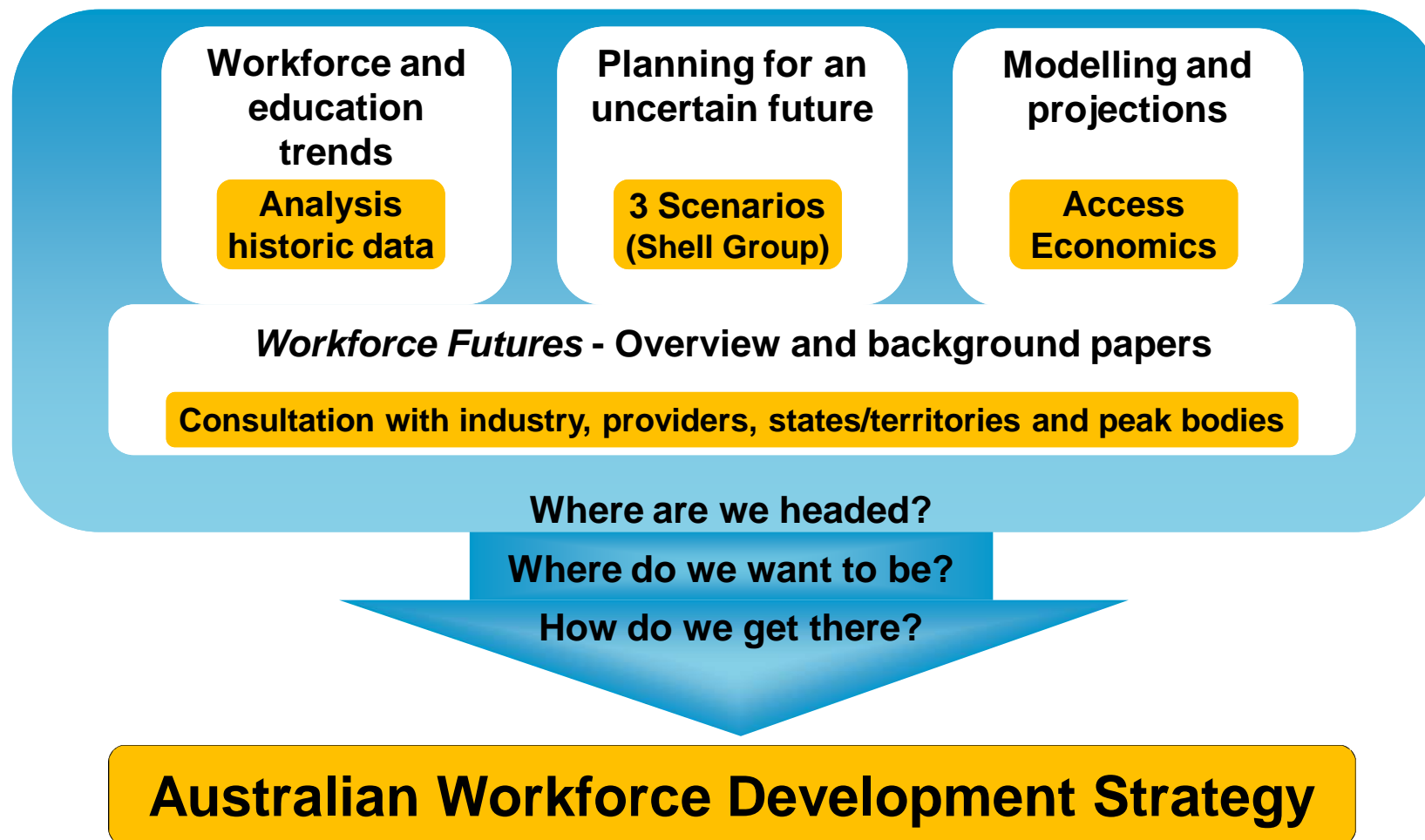
Low paid
women

Low LLN

Source: National VET Equity Advisory Council (NVEAC) submission to Skills Australia in response to Creating a Future Direction for Vocational Education and Training November 2010

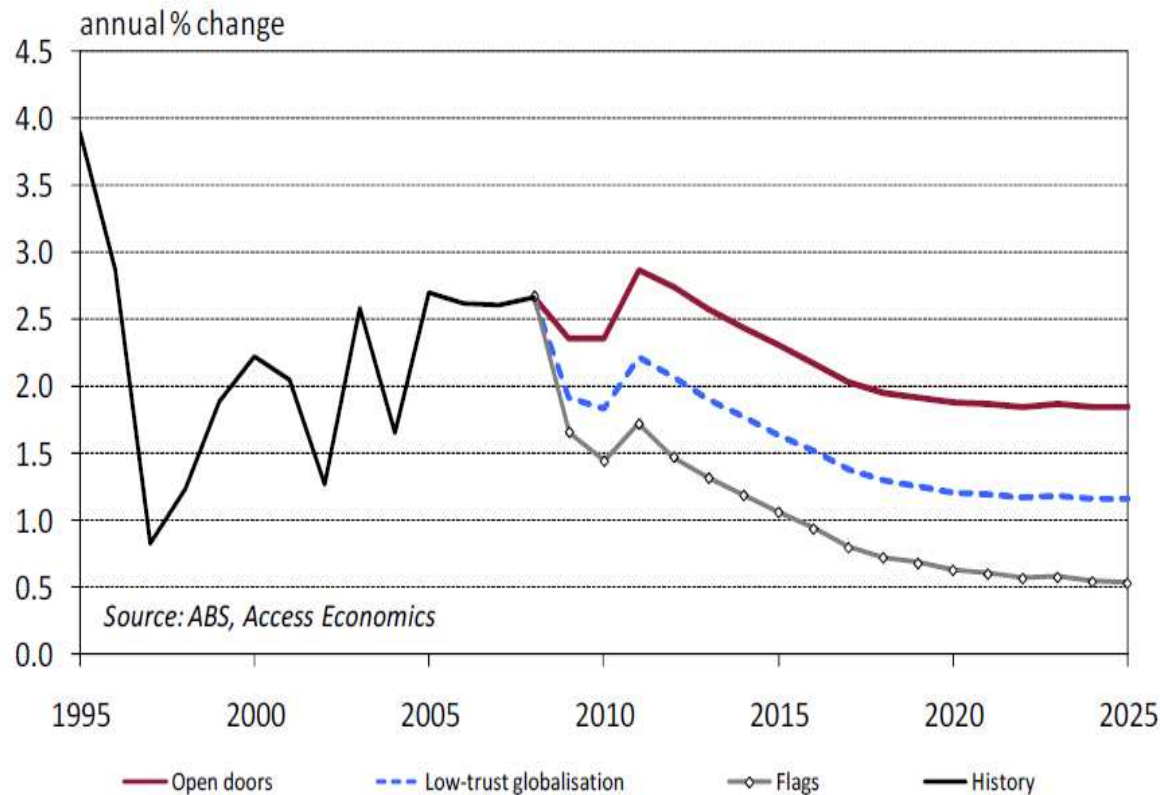


Planning with an uncertain future: Australian Workforce Futures



Possible Futures: workforce growth to 2025

Projected total employment growth rates ¹



Number of people in Australian workforce in 2025 (based on three scenarios)

Open Doors: 15.3 mill

Low Trust Globalisation: 13.7 mill

Flags: 12.5 mill

Current: 10.7 mill

1. Access Economics Pty Ltd for Skills Australia, *Economic modelling of skills demand* (Oct 2009)



Qualifications and skill shortfall

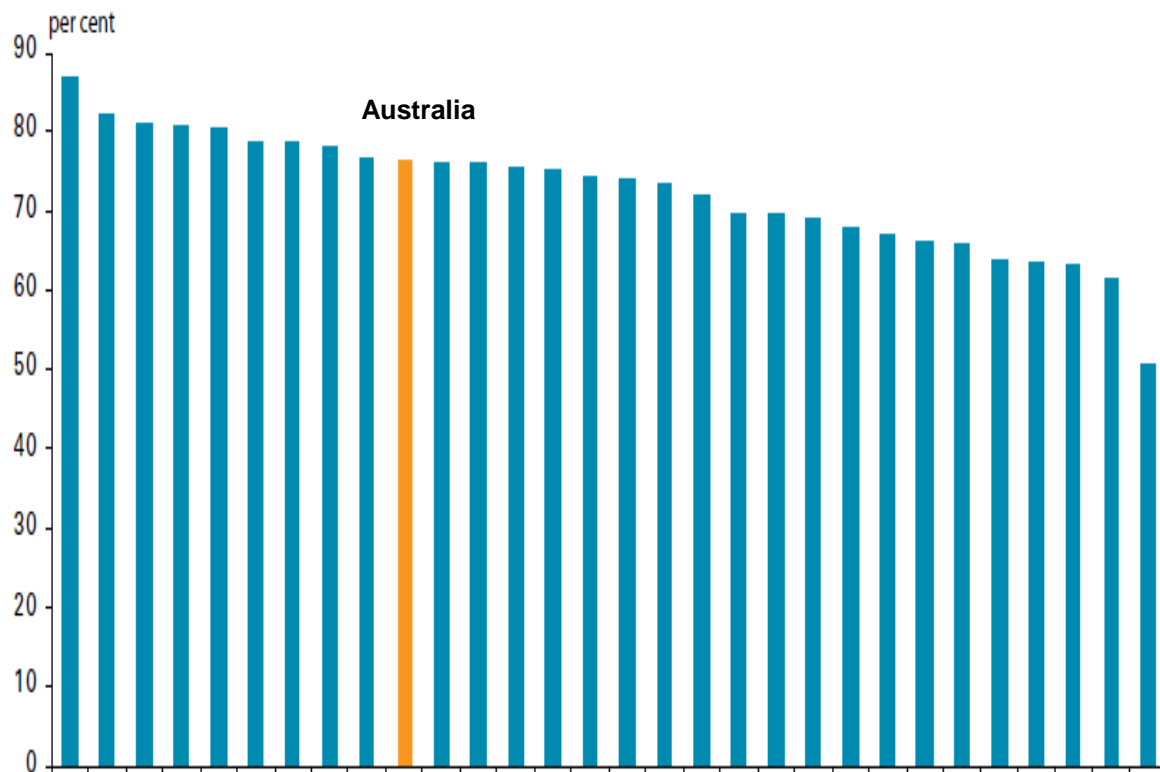
	THE THREE SCENARIOS					
	OPEN DOORS		LOW-TRUST GLOBALISATION		FLAGS	
By 2015	Demand	770,000	Demand	646,000	Demand	540,000
	Supply	533,000	Supply	524,000	Supply	506,000
	BALANCE	-237,000	BALANCE	-122,000	BALANCE	-34,000
By 2025	Demand	828,000	Demand	645,000	Demand	500,000
	Supply	659,000	Supply	620,000	Supply	556,000
	BALANCE	-169,000	BALANCE	-25,000	BALANCE	+56,000

However, skilled migration plays a significant role in supplementing the supply of qualifications, and if it remains at current levels, these deficits may be made up through Australia's skilled migrant intake.

1. Access Economics Pty Ltd for Skills Australia, *Economic modelling of skills demand* (Oct 2009)



Making Better Use of Existing Workforce – Improving Participation



Groups to target

Men of prime working age (25 to 64 years) -- 10th lowest of OECD countries

Women (aged 25 to 34 years) - 10th lowest of OECD countries

Older Australians (55 to 64) - below NZ, Canada and the US

Source: OECD, Online OECD employment data base statistics for 2008, people aged 15 and over (accessed Feb 2010)



Increasing workforce participation

- Significant challenges in increasing workforce participation rate
- Achieving 69% participation rate will deliver significant benefits for economy
- Australia's participation rate is expected to fall 65.1% to 63.9% by 2025 (2010 Intergenerational Report)
- Shortage of skilled labour during last economic boom but more than 1.1 million people either under or unemployed
- **Increasing qualification levels will contribute to raising workforce participation (basic core and vocational skills, foundation skills)**
- Supporting a stronger partnership between employers and service providers for services to assist disadvantaged students

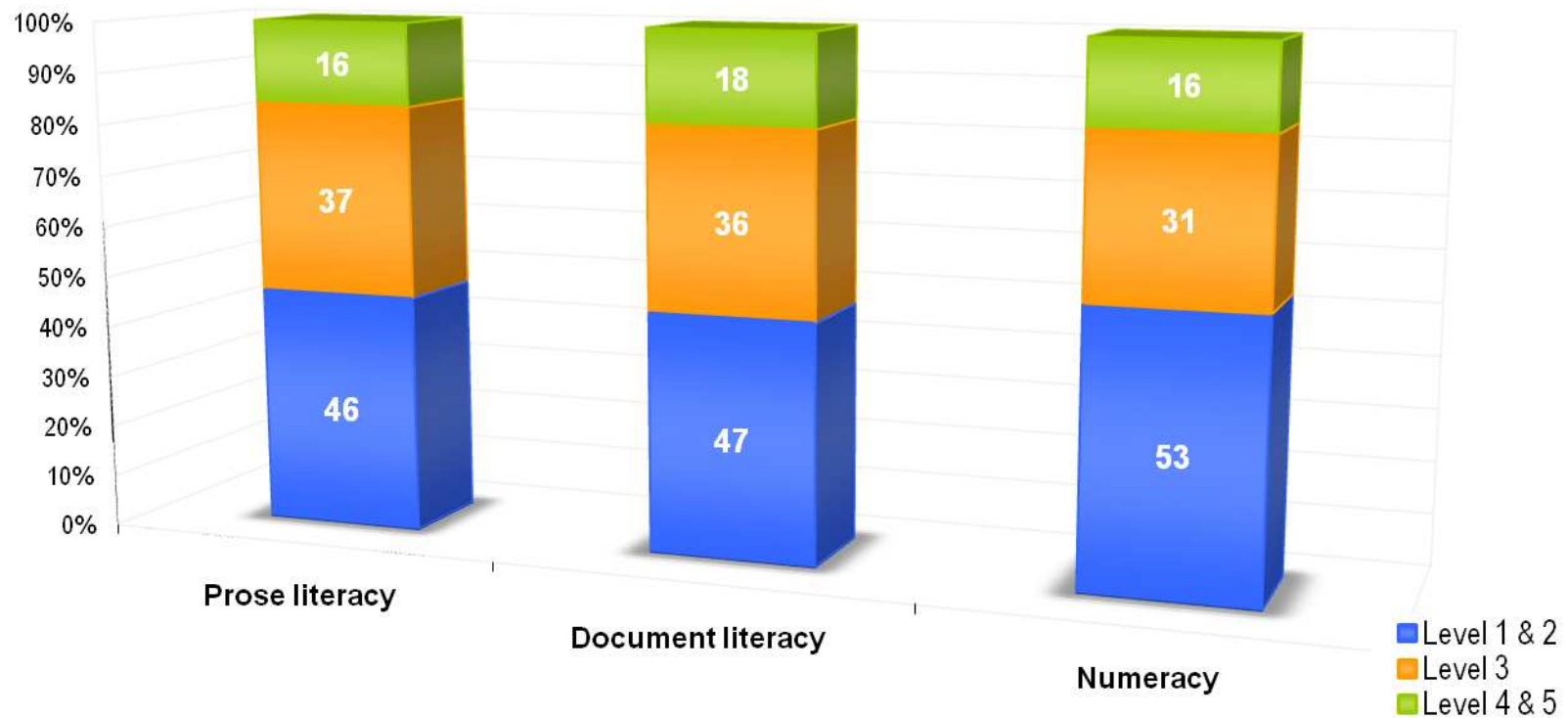


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14

Approx 50% with low literacy & numeracy ¹

Low adult literacy/numeracy levels is a major workforce challenge



Source:

¹ ABS, 4228.0, *Adult Literacy and Life Skills Survey, Summary Results Australia* (2006)



Growth in qualifications

- Strong association between educational attainment and language literacy and numeracy levels (2006 ALLS study)
- Level 3 or higher LLN necessary to complete Cert III qualifications (2006 ALLS study)
- Improving LLN will help meet targets on increasing qualifications
- leads to increased participation and economic productivity



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16

Productivity Commission paper

- Literacy and numeracy - key components of human capital, an important driver of economic growth
- Literacy and numeracy for nearly half of the population were assessed at either levels 1 (the lowest) or 2, both of which are below the minimum level (level 3)
- Improving literacy and numeracy skills has a positive, statistically significant effect on labour market outcomes
- Improving education attainment was also estimated to have a positive, statistically significant effect on labour force participation and on wages
- Literacy and numeracy skills are developed through education, but can also be enhanced in other ways



Flat lining performance in Foundation Skills

- Little improvement in Australian LLN levels between 1996 and 2006 (2006 ALLS study)
 - 46% of population have literacy scores below minimum level needed to function in life and work
 - 53% of population have numeracy scores below minimum required
- More than 4 in 10 adults have literacy & numeracy skills below level 3
- COAG has highlighted this issue



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18

Australian Workforce Futures Improving LLN skills

▶ Recommendation 5: **A national adult language, literacy and numeracy strategy**

- ▶ Reframe LLN as central to participation and productivity
- ▶ Set clear and achievable targets for success
- ▶ Provide strategies to enhance LLN training of the workforce
- ▶ Evaluate the integration of LLN in training package qualifications
- ▶ Recognise the shared responsibility of governments, employers and workers as contributors to the development of these skills



Australian
Workforce Futures
A National Workforce Development Strategy



▶ Recommendation 6: **Substantially expand the WELL and LLNP programs**

- ▶ An investment of \$50 million a year to 2012, with a review in the light of the new LLN after that date
- ▶ This will provide a 50% expansion of both the WELL and LLNP programs increase their reach



Teaching LLN in VET – Skills Australia response

- **Recommendation 5:** Develop a national adult language, literacy and numeracy strategy¹:
 - Include measures to develop the adult language, literacy and numeracy training workforce , including considering the identification and addressing of language, literacy and numeracy issues **as a core – rather than elective** – component of the Certificate IV in Training and Assessment;
 - Evaluate the integration of language, literacy and numeracy skills in training package qualifications
 - Increase resources to specialist teaching and learning of core skills across the tertiary education sector and if the workplace
- Productivity Commission review of VET Workforce also identified this:
 - more effective delivery of foundation skills and higher-level qualifications. This will require a VET workforce that includes some workers skilled above the Certificate IV in TAE, to meet the anticipated needs of students²

1) Australian Workforce Future: A national workforce development strategy

2) Productivity Commission *Vocational Education and Training Workforce Draft Report*
November 2010



Key findings

- ▶ Forecasting for all occupations is both impossible and impractical. Our focus should be on '**specialised occupations**' which we can and should plan for. The 80/20 rule applies.
- The current capacity of our **tertiary education system will need to increase by 3% p.a.**, to deliver the qualifications and skills Australia needs.
- **Workforce participation needs to rise from 65% to 69%** to provide the workers and skills we need plus improve social inclusion.
- **Numeracy and literacy are a major barrier** to increased participation and a national plan with targets and funding is needed.
- Enterprises need to **make better use of the skills** of their employees. While some employers are concerned about future skills shortages, at the same time 30% of workers say their skills are not being effectively utilised.

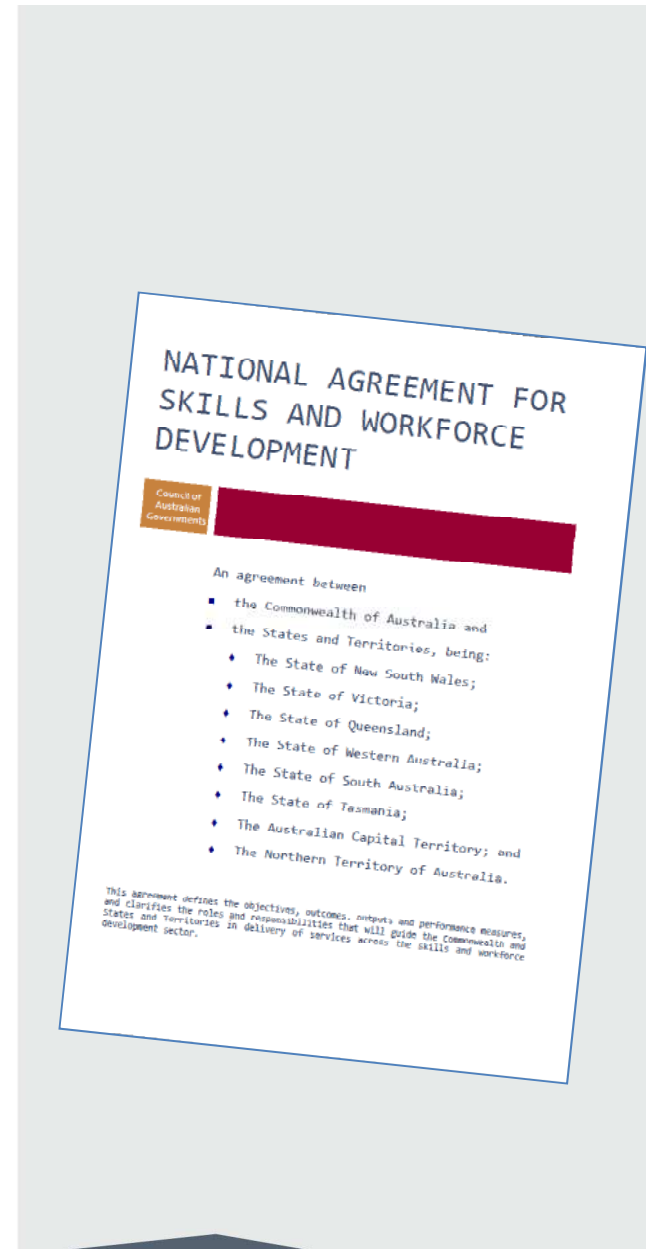


Intergovernmental Agreement

- Growing policy interest in foundation skills

Objectives of IGA

- All working aged Australians have the opportunity to develop their skills and qualifications
- Individuals are assisted to overcome barriers and are motivated to acquire and utilise new skills
- Australian industry and businesses develop, harness and utilise the skills and abilities of the workforce

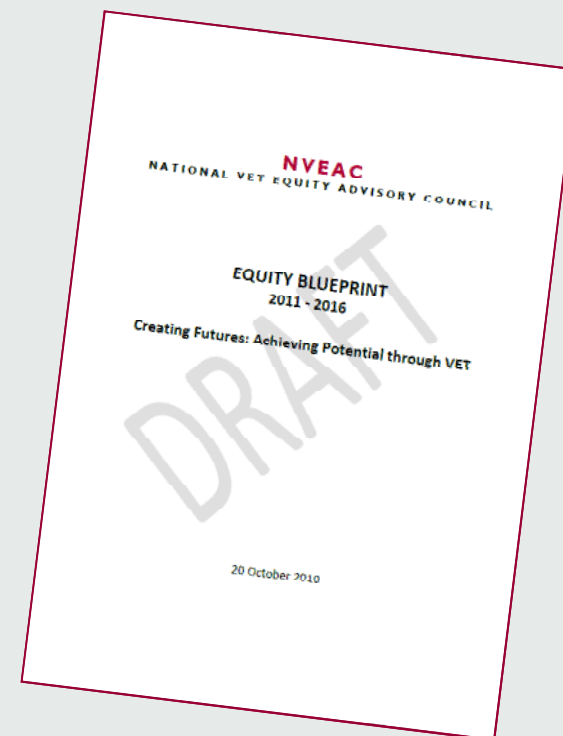


NVEAC Equity Blueprint 2011-2016

The benefits of an inclusive and effective VET system

An inclusive and effective VET system has the capacity to deliver a range of outcomes for disadvantaged learners while concurrently providing a range of benefits for the vocational education sector, employers, the community and government.

Benefits for disadvantaged learners	No one is left behind: pathways are diverse but outcomes are equitable; employment opportunities are increased.
Benefits for the education sector	The sector's performance is enriched: more learners graduate with higher level skills and qualifications that ensure they participate more fully, and for longer, in work and community.
Benefits for employers	Enterprises have access to diverse workforce and access to a wide range of skills in demand.
Benefits for communities	Communities are fairer and stronger; quality VET outcomes deliver cultural strength and social inclusion.
Benefits for economy	A productive nation: Australia will benefit socially and economically when most marginalised and most excluded participate in the workforce.



Source:
 NVEAC Equity Blueprint 2011-2016
Creating Futures: Achieving Potential through VET (Oct 2010)



Language Literacy and Numeracy Program (LLNP)

- \$67 million over four years to strengthen LLNP from 1 July 2010
 - Part of the Australian Government's \$119.2 million Foundation Skills Package
- Better equip 70,000 job seekers with critical LLN skills
 - Indigenous Australians; young people; mature age; people in regional and remote locations
- Investment will pay for additional 55 hours LLNP clients are remaining in training – a 25% increase in average client hours



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24

Workplace English Language and Literacy Program (WELL)

- From 1 July 2010, an additional \$15.7 million over four years allocated to improve the skills of workers with low LLN skills
- WELL delivers vocational training integrated with LLN training in the workplace
- Funding designed to support employers to cultivate a culture of training
- The additional 9500 places will be allocated nationally, across all S/T and cover metropolitan, regional and remote areas
- Funding for WELL training projects is available for enterprises (or registered training organisations that have enterprise support)
- Employers to make cash contribution (25% - 50%) to the costs of WELL training
- Additional places will be facilitated by ISC brokers



Varieties of Foundation Skills?

Australian/English	English
<ul style="list-style-type: none">✓ Core Skills✓ Foundation Skills✓ Basic Skills✓ Generic Skill✓ Key Skills,✓ Essential Skills✓ Language, Literacy and Numeracy (LLN)	<ul style="list-style-type: none">✓ Skills for Life ✓ Functional Skills (which in UK will replace Skills for Life and Key Skills in 2010)



Briefing on Foundation Skills for the National VET Equity Advisory Council by Anita Roberts and Louise Wignall

Practitioner capacity

- Past 15 years postgraduate teacher qualifications in LLN have diminished in university sector
- Specialist LLN practitioners are moving out of the VET workforce at a time when attention to, and responsibility for, Foundation Skills development has expanded beyond stand-alone classroom models
- Innovation and Business Skills Australia (IBSA) – to develop skill-building and networking approaches that will enable the VET sector to identify and address LLN issues in the most effective and efficient manner



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27

Briefing on Foundation Skills for the National VET Equity Advisory Council by Anita Roberts and Louise Wignall

Practitioner capacity

- Trainers and assessors need some awareness of LLN issues
 - Design training and assessment that is ‘fit-for-purpose’
- Need practitioners with specialist skills
- Vocational Graduate Certificate in LLN Practice and Vocational Graduate Diploma of LLN Leadership offer graduate level qualifications that can be used to upskill teachers and trainers



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28

National Quality Council - LLN

- LLN arrangements under the umbrella of the national framework & integrated into Training Packages
- Development of LLN skills needs to be grounded in learning that has a purpose, such as vocational learning
- LLN should be a component of the continuing development associated with higher learning
- A requirement for participation in qualifications at Certificate III and above



Briefing on Foundation Skills for the National VET Equity Advisory Council by Anita Roberts and Louise Wignall

- LLN are deeply embedded as part of a quality training delivery and assessment within the National Training Framework
- Foundation Skills, including LLN, are delivered through:
 - Adult Community Education (ACE) Sector
 - Commonwealth funded programs
 - Vocational Education and Training (VET) Sector
- However the boundaries are not clearly defined and can vary considerably between jurisdictions



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Briefing on Foundation Skills for the National VET Equity Advisory Council by Anita Roberts and Louise Wignall

Training Package development policy requires that all units of competency and qualifications include the LLN skills and Employability Skills that are relevant to workplace performance.

This policy, referred to as ***'built in, not bolted on'***, has ensured that Foundation Skills are embedded in Training Packages units of competency that form the basis for vocational training.



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31

Briefing on Foundation Skills for the National VET Equity Advisory Council by Anita Roberts and Louise Wignall

The policy had assumed that Training Packages would be **'unpacked'** for delivery and that literacy/numeracy experts would be used to deliver parts of the vocational program..

(More frequently these) are delivered by vocational specialists, e.g. communication as part of customer service, report writing as part of market research, understanding safety signs as part of OHS, measurements and calculations as part of chemical use. This approach to embedding Foundation Skills in VET has led some critics to claim that LLN is **'not built in or bolted on, but buried'** because the expertise to attend to **these skills is not well enough developed in VET trainers and assessors who are not LLN specialists.**



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32

Operational issues: who delivers LLN?

- Who should deliver foundation skills training to VET students? Existing VET teachers or foundation skills specialists?
- Increased funding in 2010/11 budget but specialist LLN practitioners moving out of workforce
- IBSA recommends upgrading LLN skills and knowledge in VET workforce
- Cert IV in Training and Education (VET teaching qual) does not include compulsory LLN unit – why?



Delivering Foundation Skills - Issues

- Viewed as secondary to main vocational course by students and vocational teachers
- If called “professional studies” in degree programs no-one complained
- Skills of vocational teachers to deliver them in an integrated way



What worked for us

- Foundation skills specialist appointed as an integral part of vocational faculty (Motor Vehicle)
- Extensive use of academically well qualified “learning support assistants” – para-professionals as second person in classroom or teaching workshop

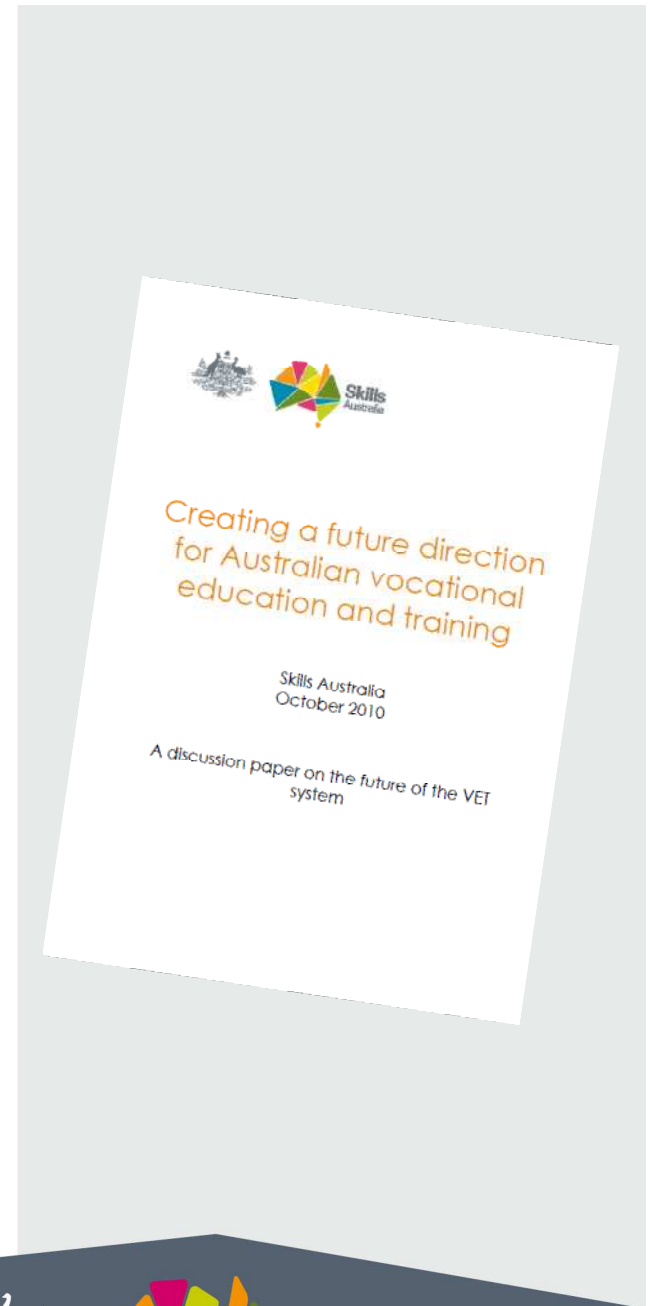


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Views of the VET Sector ... 1

- Embedding and contextualising foundation skills across all AQF levels in VET
(National VET Equity Advisory Council)
- Testing applicants before accepting as apprentices – ensure competence levels pre-commencement (NSW Utilities & Electrotechnology ITAB)
- Preparing people for the world of work including LLN training and digital/financial literacy as well as life skills for communities (SkillsDMC ISC)

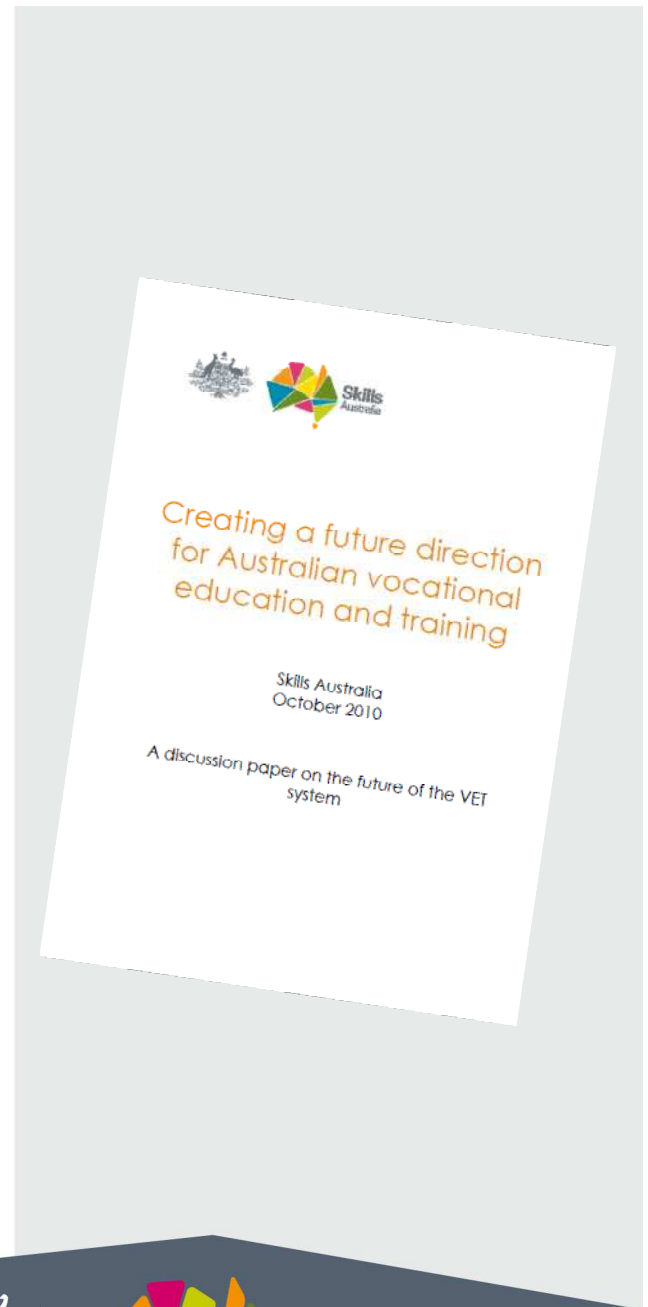


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36

Views of the VET Sector ...2

- More coordination between Federal and state/Territory governments in delivering foundation skills and funding for programs (DFEEST, South Australia)
- VET practitioners need to work with enterprises to develop training plans that suit enterprise needs. (Business South Australia)
- Producing skilled workers is complex - Students should be case managed and appropriate 'wrap around' services like LLN should be more common (Australian Manufacturing Workers Union)



Questions?

Thank you

