



Australian Government

Department of Education, Employment
and Workplace Relations



LLNP National Provider Forum 2011

Importance of LLN Skills From An
Economic, Social, Labour Market,
Government and Citizenship Perspective
Including Links With Industry and
Employment





Key Principles

- training should be closely targeted to the needs of industry/local employers and match the interests of job seekers;
- programs should generally be small in scale and targeted at skills in demand;
- achieving a qualification or certificate is important for some participants/industries signals competency, skills and employability;
- combination programs work best as they have the capacity to address 'multiple barriers' to employment;
- early intervention is advisable, for the unemployed job seeker and those at risk of early leaving school;
- there are job seekers with entrepreneurial skills and talents; and
- evaluation should be built into the design of program.





Two Personal Observations

- encouraging, supporting and helping the individual to *invest in themselves* and reinforcing this message is critical to good outcomes; and
- a truly democratic society facilitates and equips its citizens to do things for themselves. Basic foundation skills such as literacy and numeracy are the platform to acquire generic, work and life skills and community/social participation skills.





The Economist's Digression

- developments in economic theory;
- quality of human capital;
- a new paradigm: importance of LLN.





External Considerations

Economic Growth: there is an established role for labour market programs (i.e., include LLNP) to improve workforce participation rates.

Macroeconomic Environment: there has been a fundamental shift in the objectives of labour market programs in response to changes in the macroeconomic environment.

Alignment of Economic Development and Labour Market Policies: labour market programs and economic development objectives are intertwined and potentially mutually reinforcing.

Industry Restructuring: Occupation and industries of employment.

Changes to Commonwealth Programs: building linkages with State-based programs will be increasingly important.

COAG: new measures to bolster participation and address disadvantage can be accommodated within labour market programs.





Table 1
Adult Literacy and Life Skills by Level for People Aged 15 -74 ('000s), South Australia, 2006

	Level 1	Level 2	Level 3	Level 4/5	Total
Prose Literacy Scale	180.4	331.4	425.6	195.8	1,133.2
Document Literacy Scale	197.9	322.2	398.6	214.5	1,133.2
Numeracy Scale	241.1	338.5	361.6	192.0	1,133.2
Problem Solving Scale	380.8	407.9	277.7	66.8	1,133.2

Source: ABS, Adult Literacy and Life Skills Survey, Summary Results, Australia, 2006; Cat. No. 4228.0.





Table 2
Summary of ALLS results for South Australia: of working age

Skill	Description	Working age people in South Australia at Levels 1 and 2	
		Per cent	Number
Prose literacy	Ability to read books, newspapers and magazines	45.0	477,000
Document literacy	Obtaining information from timetables, charts and graphs	45.9	486,000
Numeracy	Adding, subtracting, multiplying, dividing and percentage	51.1	542,000
Problem solving	Working through day-to-day challenges and their consequences	69.9	741,000
Health literacy	Reading and interpreting medical labels, information and advice	58.6	621,000

Source: DFEEST/09/78700.





Population Profile: Raise Productive Capacity

- Group 1** there are a sub-group of young people who are unemployed and experience barriers to employment who lack basic foundation skills including literacy and numeracy; they are unlikely to possess a range of “generic or employability” skills;
- Group 2** there is a significant group of middle age workforce participants who have no post school qualifications but who possess a solid work history;
- Group 3** there is a significant group of middle age workforce participants who do not have qualifications at or above Certificate III Level but have a solid work history; and
- Group 4** many unemployed persons and those not in the labour force had only Level 1 or 2 literacy and numeracy levels, they are likely to suffer social and economic disadvantage, possess limited or intermittent work history and have had limited opportunities to develop “generic or employability” skills.



Figure 1
Characteristics of an ideal program

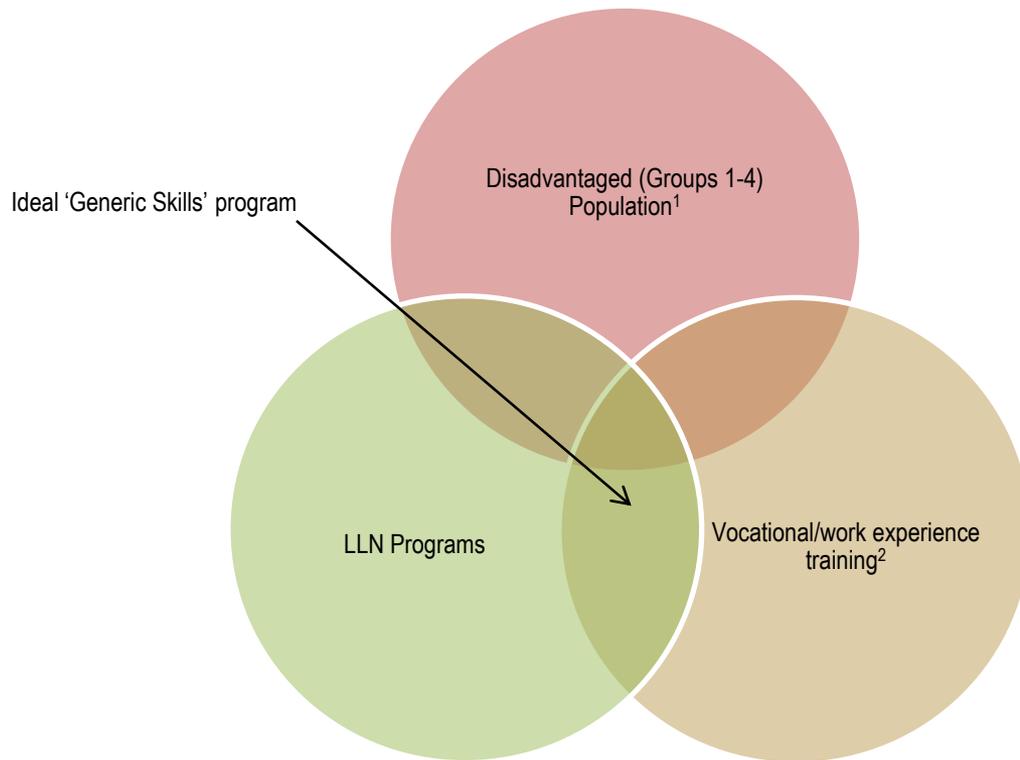


Table 3
Impact of literacy level on employment income

Study	Country	Dataset	Results	Impact of shift from Level 1 to 2 (Per cent)
Blau & Kahn (2001)*	5 countries	IALS	score +1sd = earnings +7.6% to +16.4%	+11.5
Boothby (2002)*	Canada	IALS	score +10% = earnings +3%	+7.5
De Coulon et al. (2007)	United Kingdom	BCS	Score +1sd = earnings +16%	+14
Denny et al. (2004)	18 countries	IALS	Score +1sd = earnings +6.7% to +17.6%	+10.8
Dougherty (2003)*	United States of America	NLSY	Score + 1sd = earnings +1.9%	+1.9
Finnie & Meng (2001)*	Canada	LSUDA	Score +10% = earnings -0.9%	-2.3
Green & Riddell (2003)*	Canada	IALS	Score +10% = earnings +5.7%	+14.3
Ishikawa & Ryan (2002)*	USA	NALS	Score +10 points = earnings +4.1%	+16.4
Lee & Miller (2000)*	Australia	IALS	Increase from level 1 to level 2 = earnings +11.1%	+11.1
McIntosh & Vignoles (2001)*	United Kingdom	IALS	Increase from level 1 to level 2 = earnings +11.5%	+11.5
Maré & Chapple (2000)*	New Zealand	IALS	score +10% = earnings +4%	+10.0
Mumane et al. (2000)*	United States of America	NLS72 & HS&B	Score + 1sd = earnings +2.8% to +7.9%	+13.2
Average impact				+10.0

Source: * = results as reported in Johnston (2004), Denny et al. (2004), and De Coulon et al. (2007).



Table 4
Impact of literacy level on employment rates

Study	Country	Dataset	Results	Impact of shift from Level 1 to 2
Dorgan Associates (2009)	Ireland	IALS	score +1sd = employment probability +7.9 p.p.	+7.9 p.p.
Finnie & Meng (2001)*	Canada	LSUDA	score +1sd = employment probability +4.5 p.p.	+4.5 p.p.
McIntosh & Vignoles (2001)*	UK	IALS	Increase from level 1 to level 2 = employment probability +9.0 p.p.	+9.0 p.p.
Maré & Chapple (2000)*	New Zealand	IALS	score +10% ↑ employment probability	+4.8 p.p.
Average impact				+6.6 p.p.

Source: * = results as reported in Johnston (2004), Dorgan Associates (2009), pp= percentage points.





Economic Impacts

- studies show economic benefits from literacy are very significant;
- high returns for those in work;
- expenditure on literacy training generates high economic returns;
- increased in employment (12 per cent), move up the income scale, increased workforce participation;
- increase in tax receipts, decline in benefit payments;
- increase in workforce productivity;
- tool to assist “no income households” with current and future generational benefits.



Non-Market Benefits

- social inclusion, civic and cultural engagement;
- improvement in personal confidence, sense of achievement;
- decline in anti-social behaviours, social problems;
- higher aspirations, participation in further training;
- improvements in health;
- intergovernmental benefits including less need for remedial education;
- improvements in LLN for adults is shown to have a positive effect on children's aspirations and abilities;
- increase in volunteerism, less social isolation;
- indirect benefits (externalities).





Industry Impacts

- more effective communication, increased productivity;
- improves take-up and application of new technologies;
- improves take-up of further training, more effective;
- raises employee retention/reduces turnover;
- reduce incidence of workplace accidents and illness and speeds return to work;
- able to work in teams, share ideas/concepts;
- reduce avoidable costs (e.g., re-work, reduce errors);
- better understand instructions, OH&S;
- follow company procedures; and
- less effort into “hiding the problem”.





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Questions

