



Good afternoon and thank you to DEEWR and the LLN Provider for the opportunity to speak to you today.

By way of personal background and involvement with economics, review of labour market and training initiatives, unemployment assistance programs and language literacy and numeracy programs provided by the Adult Education sector, I have been involved in this area one way or another since the mid 1980s.

Initially, as Director of the State Government Youth Bureau I was first involved in a series of studies evaluating programs such as CYSS, SYETP and various employment subsidies as Director in 1985 at the time of the International Youth Year when employment and training issues were very much to the fore. Then, with the South Australian Centre for Economic Studies we reviewed successive Victorian Government employment assistance programs from 1994 through to 2006

- y Community Business Employment (CBE);
- y Community Jobs Program (CJP); and
- y Workforce Participation Program (WPP) Version 1 and 2.

Most recently the Centre completed several high level reviews of state based labour market programs including:

- y South Australia Works South Australia Works Regions
- y Strategic Review of the Adult Community Education (ACE) sector;
- y A Discussion Paper on Generic Skills for the Training and Skills Commission.

The Centre has conducted studies and literature reviews of overseas labour market programs designed to develop employability, generic skills and foundation skills, culminating in a

And recently, specifically on the need to address language, literacy skills we have seen a renewed emphasis and a series of reports and initiatives from the

- y ABS/OECD Adult Literacy and Life Skills Survey (ALLS) 2006 comparisons with the 1996 study (IALS)
- y Australian Industry Group (AIG) research
- y Industry Skills Councils No More Excuses
- y Skills Australia and State Training Commission
- y COAG Agreements.

I note in the 2011/12 Federal Budget an allocation of \$30 million to the WELL program to assist 18,000 workers and 1,500 in the IEP program to raise literacy and numeracy skills to build the prospect of



ports, infrastructure, farm equipment. To achieve growth you had to continually increase the rate of investment in human capital to achieve an increase in output or GDP.

These neoclassical models, the most popular was the Solow model, incorporated exogenous technology but did not explain where innovative technical progress came from, where and how new and better technologies were developed.

Public policies were based on these theories and governments sought to attract large scale investment, to accumulate capital and with each wave of new investment included new and better technology, productivity and output increased.

The public policy implications and strategies are best illustrated through attractive policies, subsidy programs that investment in the iron and steel industry in Elizabeth, shipping at Whyalla accompanied by an increase in labour and capital, supported by policies offering tax concessions, subsidies and tariff protection.

We had a few oil shocks in the 1970s, unemployment, high inflation and high rates of unemployment continued into the 1980s.

The mid 1980s saw the emergence of new growth or endogenous growth models, basically models where technical and technological progress is endogenised in the model, which was a weakness in the Solow model. Essentially, an R&D sector and human capital was able to be included in the model.



Labour market programs are increasingly designed to support an increase in the rate of workforce participation, address population and demographic change and raise skill levels to support higher productivity

Participation: near full employment has shifted the focus of labour market programs from addressing high

The twin objectives of regional economic development – business attraction and investment and employment outcomes – are inextricably intertwined with the quality of the labour force, the skill profile of the local labour force and the flexibility to tailor national and state policies and programs to location specific solutions to skills in demand. A partnership approach involving local employers and community providers will also be required.





- y funding of the Youth Connections and School Business Community Partnerships Brokerage Program (Community and Education Engagement) to be transferred to States and Territories;
- y reforms to the Indigenous Employment Program (IEP) targeting regional areas and specific industries experiencing labour shortages;
- y the new employment services (i.e., JSA, DES) will focus particularly on the disadvantaged and long-term unemployed; and
- y employment service providers will be required to have a comprehensive I3(t) ET







ranging from \$8,000 to \$12,000 for men and \$1,300 to \$2,200 for women and savings on welfare payments to the Commonwealth over a 25 year period estimated at \$1.2 billion.

UK research estimates for a 1 standard deviation in literacy a 14 per cent increase in earnings and per cent increase for numeracy. Research papers conclude that LLN is significantly associated with likelihood of being in employment and employment.

When SACES evaluated the Economic Impact of the number of hours provided for literacy and numeracy training through the South Australian Adult Community Education sector (ACE) we reported that the actual cost of delivery per hour was \$14 that

<sup>3</sup> WKH QHW SUHVHQW YDOXH RI OLWHUDF\ FRXUVHV ZD \$19.30 per hour with a gross benefit in the range of 2.4 to 4.1 times the actual funding provided to literacy courses (i.e., gain employment, increased earnings, etc).

### SLIDE 11: economic impacts

Both employment levels and employment income contribute to the benefits calculation. The also points to potential equity benefits of helping those on typically low incomes.

- y all studies conclude economic benefits from literacy are very significant;
- y studies show high returns for those in work;
- y expenditure on literacy training generates high economic returns;
- y increased in employment (12 per cent), move up the income scale, increased workforce participation;
- y increase in tax receipts, decline in benefit payments;
- y increase in workforce productivity (employer benefits!);
- y



The Electrical Communications and Utilities ISC were a contributor to the recent report (April

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trade or professional jobs.

The report called for a national overarching blueprint for action on LLN because industry  
are confronting inadequately prepared school leavers, an ageing workforce struggling to  
cope with technological advances and overseas workers with English as a second  
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funding to tackle LLN gaps faced by students and overseas workers with English as a second  
language.

The impact of low language, literacy and numeracy skills in the workplace

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the number and depth. Poor completion of workplace documents and time wasting  
through repeated work are the most reported impacts at over 40%. But there is a long list  
of other important consequences including ineffective work teams, materials wastage,  
ineffective training, financial miscalculations, workplace injuries and unsafe work practices  
and recruitment difficulties. It is clear that inadequate levels of workplace literacy and  
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Ridout, Ai Group, May 2010)

SLIDE 13: industry impacts



- y difficulty translating technical documentation into commercial language consistent with business needs

According to the report, the impact of low level literacy skills on enterprises can be seen in a variety of ways. Some of the impacts reported were;

- y poor completion rates of workplace documents;
- y time wasting through work needing to be repeated;
- y

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outcomes for similar groups participants and participants including on and off benefit for those  
who complete the 800 hours