

FOUNDATION SKILLS WORKING GROUP

**NATIONAL FOUNDATION SKILLS STRATEGY
FOR ADULTS**

CONSULTATION PAPER

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1. Introduction

In 2010, the Australian Government announced that it would work with state and territory governments to develop an over-arching National Foundation Skills Strategy for adult Australians. It will bring a national focus to improving the foundation skills of Australian adults and open up discussion about priority areas for action over the next 10 years.

As collaboration across all levels of government is essential to the development and success of the National Strategy, a Foundation Skills Working Group was set up to drive the development of the National Strategy. The Working Group comprises representatives from the Australian Government and all state and territory governments who have specific knowledge of the issues and who are involved in the development of relevant policy and the delivery of relevant programs.

Once the National Strategy is developed, the Foundation Skills Working Group will submit the National Strategy to the Ministerial Council for Tertiary Education and Employment for approval by each of the responsible Commonwealth and state and territory Ministers.

In order to inform its work, the Foundation Skills Working Group wishes to consult with key stakeholders and members of the public so that a range of viewpoints can be taken into account when developing the National Strategy.

Purpose of this paper

This consultation paper aims to provide some background information on the importance of improving foundation skills, the need for the National Strategy and some insight into what could be included in a National Strategy.

In addition, this consultation paper provides an avenue for interested people to participate in the consultation process. The paper poses a set of discussion questions to guide written submissions. The focus groups to be held across Australia in March and April 2011 will also be framed around the discussion questions in this paper.

The Australian Government wishes to engage with stakeholders early to maximise stakeholder participation in the development of the National Strategy, particularly given that a number of stakeholders have called for a national approach to foundation skills training and have undertaken significant research on this issue.

2. What are foundation skills?

There is currently no generally accepted definition of foundation skills. The purpose of the National Strategy is to provide an approach to improving the skills that are essential for meeting the demands of everyday life, work and participation in the community. The definition that will ultimately be used by the National Strategy will clearly show which skills are needed to meet the demands of everyday life, which groups in society the National Strategy will focus on assisting, and how the success of the National Strategy will be measured over the next decade by showing what will be measured.

The Foundation Skills Working Group has agreed to use the following definition as a starting point for discussion and consultation:

‘Language, literacy, numeracy and employability skills in the information age’

This definition combines the definition used by the Organisation for the Economic Co-operation and Development (OECD) – ‘language, literacy and numeracy’ – with ‘employability skills’, which are important in many modern workplaces.

Some examples of these skills are:

Language – the ability to understand and speak the English language, which allows everyday communication with others, and allows individuals to fully participate in the broader community and the workplace.

Literacy – the ability to read and write: for example, the ability to understand public notices and signs in everyday contexts, use the internet, email and newspapers, and to write instructions for work colleagues.

Numeracy – the ability to use mathematics in everyday situations, such as the ability to calculate future household costs and to manage a household budget.

Employability Skills – skills required not only to gain employment, but also to progress in the workplace, achieve one’s potential and contribute successfully to the goals and activities of the organisation:

- **communication skills** that contribute to productive and harmonious relations between employees and customers
- **teamwork skills** that contribute to productive working relationships and outcomes
- **problem solving** skills that contribute to productive outcomes
- **initiative and enterprise** skills that contribute to innovative outcomes
- **planning and organising skills** that contribute to long-term and short-term strategic planning
- **self-management skills** that contribute to employee satisfaction and growth
- **learning skills** that contribute to ongoing improvement and expansion in employee and company operations and outcomes
- **technology skills** that contribute to effective execution of tasks.¹

Foundation skills in the information age – the increasing use of computers and the internet in the workplace and in society at large suggests that, to reflect the real contexts in which modern communication and work occurs, skills such as reading, writing and problem solving should be learned in an information technology-rich environment.

¹ Australian Chamber of Commerce and Industry, 2002, *Employability Skills – An Employer’s Perspective*.

For many individuals with lower foundation skills, improving foundation skills is a challenging, lengthy and involved task, as it requires the use and development of more fundamental 'cognitive skills', such as comprehension, attention, memory and symbolic thinking. Although the development of such skills is an important factor in improving foundation skills, the National Strategy will not address these directly.

Whose foundation skills will be supported by the National Strategy?

The National Strategy will support improving the foundation skills of working age Australian adults (15-64 years old) and recently arrived migrants of working age. Support for improving the foundation skills of other groups of individuals, such as international students and people under the age of 15, will not be examined by this National Strategy.

Of the Australian adult population, the National Strategy will focus on supporting those with lower skill levels. While continuing improvement of foundation skills is important for individuals at all skill levels, the National Strategy will target those in greatest need of assistance to improve their employment opportunities, improve the skills needed in their workplace, or participate fully in the community.

How will the success of the National Strategy be measured?

The success of the National Strategy over the next decade will be measured by examining the numbers of adult Australians who have, at minimum, the foundation skill levels needed to meet the demands of work and life in the modern Australian economy. For the National Strategy, foundation skills have been defined to enable use of the OECD Program for the International Assessment of Adult Competencies (PIAAC) to determine how many Australians have satisfactory foundation skills.

The PIAAC surveys, which will be conducted in 2011 and 2021, will measure the literacy and numeracy skills of Australian adults and the cognitive skills required in modern workplaces to solve problems and use information technology.

3. Why are foundation skills important for adult Australians?

Building the foundation skills of adult Australians will allow a greater number of Australians to take advantage of a wide range of benefits.

For individuals, foundation skills are fundamental to improving life outcomes. The benefits of improved foundation skills include:

- Better health outcomes
- Better employment opportunities and higher wages
- Greater opportunities to build vocational skills and engage in further education.
- Increased confidence levels
- Wider social connections and opportunities.

For parents, improved foundation skills could substantially increase their ability to help their children learn and may have significant impacts on their children's education outcomes and future personal earnings. For example, research suggests that a mother's reading skill may be the greatest determinant of her children's future academic success, outweighing other factors, such as neighbourhood and family income.²

Giving adult Australians the opportunity to build their foundation skills would also have flow-on effects on the wider Australian economy and society:

- Businesses will benefit from improved productivity, workplace safety and a greater capacity to remain competitive
- The Australian economy will benefit from increases in national productivity, GDP per capita and economic growth
- Society will benefit from greater cohesiveness and inclusiveness.

For a summary of research showing the link between improved foundation skills and the benefits listed above, see [Attachment B](#).

² Sastry N and Pebley AR, 2010, 'Family and neighborhood sources of socioeconomic inequality in children's achievement', *Democracy*, 47(3):777-800.

4. Why do we need a National Foundation Skills Strategy for Adults?

Studies show that a substantial proportion of the Australian working age population either:

- does not have basic foundation skills, or
- has basic foundation skills, but does not have sufficient foundation skills to support their success in the knowledge-based economy or to meet the complex demands of everyday life.³

This implies that a significant number of adult Australians nationwide are potentially missing out on the individual and wider benefits associated with foundation skills attainment. Similarly, businesses across Australia, society as a whole and the Australian economy are also missing out on the benefits that adult Australians with improved foundation skills could bring.

Given the scale of the issue and the nationwide benefits that could flow from building the foundation skills of adult Australians, the Australian Government and state and territory governments agree that a strategic view and national leadership is essential to building the foundation skills of adult Australians.

There have also been strong calls for a national approach from a range of other stakeholders. These include a number of peak bodies – for example, the Australian Council for Adult Literacy (ACAL), the Australian Industry Group (AIG), the National Resources Sector Employment Taskforce (NRSET) and Skills Australia. These bodies have stressed the need to address this issue immediately.⁴

These calls are supported by international evidence which shows that a concerted national effort under a National Strategy can greatly contribute to improving foundation skills in adult populations. In particular, a number of other OECD countries, including New Zealand and the United Kingdom, are currently addressing adult foundation skills issues through national strategies, some with considerable success.⁵

In Australia, while there is a significant focus on improving the literacy and numeracy skills of school students, there is currently no specific national framework or strategy in place to support Australians to improve their foundation skills once they reach adulthood. Although there is a significant amount of work being conducted by the Australian Government and each state and territory to build adult foundation skills, individual foundation skills programs and state and territory based policy responses alone cannot have the same impact as a National Strategy.

Activity surrounding the 1993 Australian National Collaborative Adult English Language and Literacy Strategy led to important improvements in foundation skills training, including the Workplace English Language and Literacy (WELL) program and the Reading Writing Hotline, as well as considerable effort in states and territories in literacy training.

A revised and updated National Foundation Skills Strategy would provide an opportunity to address the present foundation skills needs of adult Australians in a nationally cohesive manner. The National Strategy would also allow all levels of governments and key stakeholders to renew their commitment and concentrate their efforts in building the foundation skills of adult Australians.

In light of this, all levels of governments in Australia are committed to developing a National Foundation Skills Strategy for adult Australians and believe such a strategy could make a crucial contribution to building adult foundation skills.

³ The *Adult Literacy and Life Skills (ALLS)* Survey conducted by the ABS in 2006 provided information on the literacy and numeracy of Australians aged 15 to 74 years old. Skill level 3 is considered by the Council of Australian Governments (COAG) to be the minimum level required by individuals to meet the complex demands of work and life in modern economies (COAG Reform Council 2010, *National Agreement for Skills and Workforce Development: Performance report for 2009*, pg. 16). Additionally, there is substantial anecdotal evidence, particularly from industry, that indicates that increased levels of employability skills are required to enable businesses to remain competitive.

⁴ Australian Council of Adult Literacy, 2009, *Literacy Link*, Vol 29, Number 1; Australian Industry Group, 2008, *Skilling the Existing Workforce*; National Resources Sector Employment Taskforce 2010, *Resourcing the Future*; Skills Australia, 2010, *Australian Workforce Futures: A National Workforce Development Strategy*.

⁵ In 2001, the New Zealand Government adopted the *More than words: The New Zealand adult literacy strategy*. The National Research Bureau (NZ) 2006, *Adult Literacy and Life Skills Survey (ALLS)* shows that the number of people with Level 1 and 2 document literacy skills decreased by 8% between 1996 and 2006; The UK Government's Skills for Life strategy was launched in 2001. A report by Oxford Economics 2010, *Study to identify how 'literacy' levels have developed over time - Final report*, shows a fall in the proportion of people at IALS Levels 1 and 2 between 1996 and 2009 across the United Kingdom.

5. What could a National Foundation Skills Strategy for Adults do?

The Foundation Skills Working Group is currently researching and exploring ways to maximise the impact of a National Strategy. Given that the National Strategy will operate for a ten year period, there is considerable potential to incorporate longer-term, strategic and nationwide foundation skills initiatives into the National Strategy.

In particular, the Working Group has identified that a National Strategy could:

- *Identify national priorities for improving adult foundation skills*

Though state and territory governments set priorities in their own state or territory, national priorities have been not identified. Given the nationwide impacts of improving foundation skills, setting national priorities is essential.

Priorities areas could include:

- Raising community awareness that foundation skills are a pathway to opportunity
 - Strengthening the workforce that delivers foundation skills training, including language, literacy and numeracy (LLN) specialist practitioners, vocational education and training (VET) practitioners and Adult and Community Education (ACE) workers and volunteers.
 - Increasing the responsiveness of foundation skills training to the needs of individuals, employers and industry
 - Making it easier for learners to participate in foundation skills training
 - Creating pathways and better linkages between foundation skills providers/trainers
 - Greater accountability of foundation skills providers so they deliver quality outcomes for learners
 - Increasing research into foundation skills training (eg. pedagogy, best practice, engaging specific learner cohorts, etc).
- *Provide a consistent and coordinated framework of approaches to improving foundation skills across all levels of government for 2012 to 2022*

The National Strategy could achieve such a framework by:

- Focusing the efforts of the Australian Government and all state and territory governments on priority areas.
 - Under each priority area, coordinating the approaches of all levels of government.
- For example, if workforce development for foundation skills trainers is included as a priority area, the Australian Government and state and territory governments could put in place nationwide initiatives such as:
- requirements that all VET practitioners study units in foundation skills training
 - low cost training for people studying to become LLN specialists, or
 - requirements that all training practitioners participate in professional development activities every year.
- *Consist of both systemic and program level responses to identified issues in the area of foundation skills*

Under each priority area, the National Strategy could include:

- Systemic responses

These are big-picture initiatives that could be adopted by the Australian Government and all state and territory governments and could lead to significant, long-term changes to foundation skills training.

The examples given above of ways of addressing workforce development are examples of systemic responses.

Other examples could include a nation-wide agreement to develop pathways between the ACE sector and VET, or, national professional standards on foundation skills to encourage high quality foundation skills training.

- Program level responses

In contrast to systemic responses, programs are discrete and are designed to meet a specific need. The Australian Government and each state and territory government may have different programs in place. Programs may vary in different states and territories.

For example, equity programs in states and territories targeted at specific groups of people such as Tasmania's Skills Equip program (designed to provide accredited training for people who experience barriers to returning to work or study) or South Australia's Aboriginal Access Centre.

These state and territory programs may sit alongside Australian Government programs such as the Language, Literacy and Numeracy Program, which is designed to meet the need of a specified number of job seekers.

- *Complement national initiatives which aim to build foundation skills across the early childhood, schools, VET and higher education sectors*

A National Strategy would complement the outcomes and targets contained in the COAG National Agreement for Skills and Workforce Development, which is currently under review.

In addition, all levels of governments are moving towards a whole of life approach to developing foundation skills. There is considerable work underway to develop literacy and numeracy skills in early childhood through the Universal Access Initiative. There is also significant activity occurring to improve the literacy and numeracy of school students, including the introduction of the Australian Curriculum and the National Assessment Program – Literacy and Numeracy (NAPLAN).

The National Strategy could complement the whole of life work outlined above and in National Agreements and National Partnerships such as:

- the National Agreement on Indigenous Reform and related National Partnership Agreements, which sets out the 'Closing the Gap' targets
- the Smarter Schools National Partnership for Literacy and Numeracy, which aims to improve literacy and numeracy rates for school students
- the National Partnership for Youth Attainment and Transitions, which includes the Compact with Young Australians.

- *Complement successful work being conducted in states and territories on building foundation skills*

There is significant work underway in each state and territory relating to foundation skills. For example, some states are developing state-based literacy strategies. The National Foundation Skills Strategy could build upon some of these initiatives.

- *Clearly set out the roles and responsibilities of all levels of governments and other key stakeholders in relation to foundation skills training*

The Australian Government and state and territory governments each play an important role in foundation skills training. Other key stakeholders, such as employers, registered training organisations (RTOs) and community organisations, also play a vital role.

Setting out the roles and responsibilities of all levels of government and other key stakeholders could reduce gaps, inconsistencies and overlaps between different types of foundation skills activities and build on what is working.

6. Discussion questions

To assist the Foundation Skills Working Group in developing the National Foundation Skills Strategy, the Working Group would appreciate feedback on:

1. What are foundation skills?

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

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 maximise benefits for individuals, families, employers, society and the Australian economy?

Example 1: Should the focus be:

- helping people who are not in the labour force or who are unemployed into work
- upskilling existing workers, or
- a combination of both?

Example 2: Should the focus be helping people with:

- very low or low foundation skills to build on their skills
- adequate foundation skills move to higher level foundation skills, or
- a combination of both?

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

Disadvantaged Australians could include Aboriginal and Torres Strait Islander peoples, people from low socio-economic communities, people with disabilities, etc.

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

- a. Do we need to build demand for training amongst potential learners?
For example, can learners adequately assess their skill level? Do learners know how to access foundation skills training? Do learners know they could benefit from such training?
- b. Is there a stigma associated with low foundation skills? How can we overcome this?
- c. Are there any other the barriers stopping people from participating in foundation skills training and how can they be overcome?
 - Are there specific barriers for Aboriginal and Torres Strait Islander peoples?
 - Are there specific barriers for people of culturally and linguistically diverse backgrounds?
 - Do barriers differ depending on people's:
 - o labour force status (ie. not in the labour force, unemployed, employed but could benefit from upskilling)
 - o gender
 - o age group, eg. 25-34, 35- 44, 45 and over
 - o place of residence (ie. remote, regional town, city)?

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?
- b. What can we improve upon?
 - Are there issues relating to the workforce that delivers foundation skills training (including LLN specialist practitioners, VET practitioners, ACE sector trainers and volunteers)?
 - o Are there enough trainers?

- Are they sufficiently well trained to deliver foundation skills training (including VET practitioners)?
- Do VET practitioners need more support to address the foundation skills needs of their learners?
- Are there any other factors that impact upon the quality of foundation skills training delivered by LLN specialist practitioners, VET practitioners, ACE sector trainers and volunteers, etc?
- Are there inconsistencies or overlaps in foundation skills initiatives between the Commonwealth and states and territories and between the VET, schools and community sectors?
- c. Are there any gaps, why do they exist, how can they be best addressed, and who is best placed to address them?

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 schools sector, in VET and in higher education?

6. *What are the national priorities?*

- a. Given the issues you have identified in relation to the above questions, what are the highest priorities?
For example, do you agree with the national priority areas set out under Section 5 of this paper?
Are there any areas that should be removed from that list?
Are there any other areas which should be included in the list?

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

- a. How can each stakeholder group support the National Strategy?
In particular:
 - Governments
 - Peak industry groups
 - Industry Skills Councils
 - Employers
 - Registered training organisations
 - Adult & Community Education Sector
 - Community organisations
 - Employment service providers
 - Interested individuals
- b. How can stakeholders better work together?

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?
- b. Are there existing data gaps in what is known about foundation skills delivery and the demand for foundation skills? If so, how can these gaps be addressed?

7. How you can participate in the consultation process

You can take part in the consultation process in two ways:

- (i) Provide a written submission on the National Foundation Skills Strategy for Adults that addresses the discussion questions in Section 6 of this paper
and / or
- (ii) A number of key stakeholder groups are being invited to participate in focus groups being held around Australia during March and April 2011 (see [Attachment A](#)). If you are a member or are affiliated with one or more of these stakeholder groups you may wish to provide your feedback through that mechanism.

For further information on the consultation process, including focus groups and how to make a submission, please visit the National Foundation Skills Strategy for Adults website:

www.deewr.gov.au/NFSS

Thank you for your interest in and support for the National Foundation Skills Strategy for Adults.

ATTACHMENT A: National Foundation Skills Strategy for Adults - Key national stakeholder groups

ACE Action Group	Innovation and Business Skills Australia
ACL	Job Futures
Australian Council of Trade Unions	Jobs Australia
Adult Learning Australia	Kate Perkins
Agrifood Skills Australia	Linda Wyse & Associates
Australian Chamber of Commerce and Industry (ACCI) Australian Chamber of Commerce and Industry (ACCI)	Manufacturing Skills Australia
Australian Apprenticeship Centres (AACs)	Marrickville Community Training Network
Australian College of Educators	Mission Australia
Australian Council for Adult Literacy	National Access Education Leaders Network
Australian Council for Education Research	National Association of Australian Apprenticeships Centres
Australian Council for Private Education & Training	National Audit & Registration Agency
Australian Employment Covenant	National Centre for Vocational Education Research
Australian Industry Group	National Disability Services
Australian Social Inclusion Board	National Employment Services Association
Auto Skills Australia	National Farmers Federation
Business Council of Australia	National VET Equity Advisory Council (NVEAC)
Career Industry Council of Australia	Our Community
Community Colleges Australia	Refugee Resettlement Advisory Council
Community Services & Health ISC	Rural Skills Australia
Construction & Property Services ISC	Service Skills Australia
Dr Cassandra Goldie	Settlement Council of Australia
Education Services Australia	Skills Australia
ElectroComms & Industry Utilities ISC	Skills DMC
Enterprise Registered Training Organisation Association	Small Business Advisory committee
Federation of Ethnic Communities' Councils of Australia	TAFE Directors Australia
Forest Works	TAFE NSW - Reading Writing Hotline
Foundation Skills ISC network	TAFE Teachers Association
Government Skills Australia	Transport & Logistics ISC
Group of Eight Universities	TVET Australia
Group Training Australia	Volunteering Australia
Innovation & Business Skills Australia	Wignall Consulting Services Pty Ltd

ATTACHMENT B: Some benefits of improving foundation skills of adult Australians

Benefits to individuals

Better employment opportunities

There is a clear link between better foundation skills and higher levels of employment. The Adult Literacy and Life Skills (ALLS) survey⁶ found that employed Australians had higher literacy and numeracy levels than unemployed Australians, specifically:

- sixty per cent of employed Australians had attained a prose literacy skill Level 3 or higher, compared with only 40 per cent of unemployed Australians and 37 per cent of those not in the labour force
- fifty-six per cent of employed Australians had attained a numeracy skill Level 3 or higher, compared with only 27 per cent of unemployed Australians and 28 per cent of those not in the labour force.

Evidence also suggests that improving literacy and numeracy skills from Level 1 to Level 3 would:

- increase the likelihood of labour force participation by about 15 percentage points for women and about five percentage points for men
- increase hourly wage rates by about 25 per cent for women and 30 per cent for men.⁷

This suggests that building foundation skills in adult Australians can result in improved job opportunities, enhanced career progression and better wages.

(a) Greater opportunities to engage in further education

The Australian workforce is changing. There is a global trend away from lower skilled jobs and towards the need for higher qualifications which is unlikely to be reversed. Jobs that could once be learned 'on the job' now need to be supported with a wider knowledge base – and, in many cases, a formal qualification.

Building foundation skills in adults Australians is crucial to enable more people to successfully engage in further education. Literacy and numeracy skills at ALLS Level 3 or higher are generally regarded as necessary for the successful completion of a Certificate III or higher qualification.

Evidence from the ALLS survey suggests that higher levels of foundation skills are linked with higher level of qualifications:

- Sixty-four per cent of people who had completed a qualification achieved Level 3 or above in prose literacy (compared to only 41 per cent who had not completed such a qualification)
- Fifty-eight per cent of people who had completed a qualification achieved Level 3 or above in numeracy (compared to only 35 per cent who had not completed a qualification).⁸

A range of personal benefits

Evidence suggests that building foundation skills is important for a number of personal reasons, including:

- Low levels of literacy have been found to have negative effects on social participation⁹; conversely, efforts to improve literacy levels have been found to improve social participation. One study found that 32 per cent of participants (and 51 per cent of Indigenous participants) in language, literacy and numeracy training reported that the training improved their ability to engage or interact with a social network.¹⁰

⁶ Australian Bureau of Statistics, 2007, *Adult Literacy and Life Skills Survey, Summary Results*.

⁷ Productivity Commission, 2010, *Links Between Literacy and Numeracy Skills and Labour Market Outcomes*, Staff Working Paper.

⁸ A qualification here means a course that results in a formal certification, issued by a relevant approved body, in recognition that a person has achieved learning outcomes or competencies relevant to identified individual, professional, industry or community needs. Statements of attainment awarded for partial completion of a course of study at a particular level are excluded (Australian Bureau of Statistics 2007, *Adult Literacy and Life Skills Survey, Summary Results*, pg. 9, 86).

⁹ NCVER, 2010, 'The way forward for adult language, literacy and numeracy', *Insight*, Issue 40.

¹⁰ Balatti J, Black S and Falk I, 2006, *Reframing adult literacy and numeracy course outcomes: a social capital perspective*, NCVER.

- Studies show that engaging in language, literacy and numeracy training can help individuals function more confidently in life, including a better ability to participate in informal and formal discussions and make telephone enquiries.¹¹
- Good literacy, English language and numeracy skills can also be protective factors that help people deal with setbacks and manage potentially negative impacts on their lives.¹²
- Studies also show that people with better foundation skills experience better health outcomes.¹³ In particular, improved literacy levels may lead to better health literacy (ie. the ability to read, understand and evaluate health information to make appropriate decisions about health and health care).

Benefits passed on to children – intergenerational impacts

Improving the foundation skills of parents may have a significant impact on their children's foundation skills attainment, education outcomes and personal earnings.

Evidence from Canada suggests that people who undertake training in language, literacy and numeracy training become more involved in their children's education.¹⁴ Studies also show that a crucial factor for successful literacy development in children is parental involvement.¹⁵

The Australian Social Inclusion Board also noted that outcomes for children sitting the National Assessment Program – Literacy and Numeracy (NAPLAN) test were related to education and employment of their parents. The higher the education level of the parents, the better the student performed on average. Likewise, a greater proportion of children reached the national minimum reading, writing and numeracy standards with parents who were professionals compared with those with parents who had not been in paid work.¹⁶ Given the links between foundation skills and higher education levels as well as improved employment outcomes, it could be inferred that foundation skills attainment in parents may be linked to reading, writing and numeracy outcomes for their children.

In addition, given the link between foundation skills attainment and higher wages mentioned in the previous section, the intergenerational impacts of foundation skills attainment may be linked with the intergenerational impacts observed in relation to earnings. OECD analysis suggests that close to 20 per cent of wage advantage is passed between generations from Australian fathers to their sons.¹⁷

Broader benefits

Benefits to businesses

A body of work led by the Australian Chamber of Commerce and Industry and the Business Council of Australia (BCA) over the last decade¹⁸ revealed a strong need for the development of language, literacy and numeracy skills to respond to the demands of dynamic modern workplaces.

In addition, recent research by the Australian Industry Group (AIG) found that a large proportion of the workforce did not have adequate literacy, numeracy and problem solving skills to operate effectively in the workplace.¹⁹

¹¹ Balatti J, Black S and Falk I, 2006, *Reframing adult literacy and numeracy course outcomes: a social capital perspective*, NCVER.

¹² Australian Government, 2009, *The Australian Public Service Social Policy Design and Delivery tool kit*, pg. 13

<http://www.socialinclusion.gov.au/Documents/SIToolKit.pdf>

¹³ Brynner J and Parsons S, 2006, *New light on literacy and numeracy: summary report*, UK National Research and Development Centre for adult literacy and numeracy.

¹⁴ The Conference Board of Canada, 2005, *Diavik's Workplace Learning Centre: A Literacy Gem That Is Creating Opportunities and Changing Lives*, Case Study December; The Conference Board of Canada 2002, *Excellence in Workplace Literacy, Small Business Winner 2001, Diversified Metal Engineering Ltd*; Case Study May 2002 – all cited in Skills Australia 2010. *Australian Workforce Futures - A National Workforce Development Strategy*, pg. 37.

¹⁵ Weigel D and Marting S, 2008, *The Crucial Role of Parents in Children's Literacy and Language Development*, Foundation of Literacy Study, University of Nevada.

¹⁶ Australian Social Inclusion Board, 2010, *Social Inclusion in Australia - How Australia is faring*.

¹⁷ OECD, 2010. 'A Family Affair: Intergenerational Social Mobility across OECD Countries', in Chapter 5, OECD 2010, *Economic Policy Reforms - Going for Growth*, p.7, <http://www.oecd.org/dataoecd/2/7/45002641.pdf>

¹⁸ Department of Education, Science and Training 2001. *Employability Skills for the Future*.

In particular, 75 per cent of employers surveyed through the AIG's National Workforce Literacy Project reported that their businesses were affected by low levels of literacy and numeracy. AIG's findings through this project showed that inadequate levels of workplace literacy and numeracy impacted negatively on:

- the productivity of businesses, including through poor completion of workplace documents, time-wasting through repeated work, ineffective work teams, materials wastage, ineffective training and financial miscalculations
- workplace safety, including impacts on workplace injuries and unsafe work practices
- the capacity of companies to remain competitive.²⁰

Additionally, there is substantial anecdotal evidence, particularly from industry, that indicates that increased levels of employability skills are required to enable businesses to remain competitive.

Greater national productivity and a stronger Australian economy

The OECD has noted the link between higher language, literacy and numeracy skills and national productivity.²¹

A study of 14 OECD countries showed that a 1 per cent increase in literacy scores will achieve, on average, a 2.5 per cent increase in labour productivity and 1.5 per cent increase GDP per capita.²² The same study found that raising language, literacy and numeracy skills had a greater impact upon economic growth than producing highly skilled graduates.

A more cohesive and inclusive society

Improving the foundation skills of adult Australians can also have benefits for a more cohesive and inclusive society. Studies show that:

- people with higher levels of language, literacy and numeracy skills are more likely than those with low levels of these skills to:
 - engage in civic life: in particular, people with poor language, literacy and numeracy skills are found to be significantly less interested in politics, less likely to vote and less likely to trust people in their area than those with higher skills
 - be a member of a social or community organisation²³
- adult prisoners and offenders in Australia typically have inadequate literacy skills²⁴.

In light of this, adult literacy and numeracy is included as a headline indicator in the Australian Government's indicator framework of social inclusion²⁵.

¹⁹ Australian Industry Group 2008, *Skilling the Existing Workforce - Final Project Report*.

²⁰ Australian Industry Group 2010, *National Workforce Literacy Project - Report on Employers Views on Workplace Literacy and Numeracy Skills*.

²¹ Pont B and Werquin P 2000, *Literacy in a thousand words*, OECD Observer No. 223.

²² Coulombe S, Tremblay JF and Marchand S 2004, *Literacy scores, human capital and growth across 14 OECD countries*, Statistics Canada.

²³ As outlined in: Skills Australia 2010, *Australian Workforce Futures - A National Workforce Development Strategy*, pg. 37-38.

²⁴ Dawe S 2007, *Vocational education and training for adult prisoners and offenders in Australia: Research readings*, NCVER.

²⁵ The Australian Government 2009, *A Stronger Fairer Australia*, pg. 79

<http://www.socialinclusion.gov.au/Resources/Documents/ReportAStrongerFairerAustralia.pdf>