

**Tuesday, 14 June 2005**

## **Lifelong Learning**

The following statement represents CEDA's current policy on the need for lifelong learning in Australia.

CEDA policy statements represent CEDA's view of policy based on the best available evidence at the time they are issued. They are subject to change as additional evidence comes to hand.

### **What is lifelong learning?**

In a system of lifelong learning, people enter and re-enter formal learning at many points throughout their lives. It amounts to a fundamental change in the way Australia handles learning for work.

### **Why is lifelong learning a key long-term national issue?**

Most Australians have grown up in a world where young workers provided a constant stream of new labour and new skill into the workplace. This process has been going on ever since the "Baby Boom" generation began to join the workforce in the late 1960s. The result is that education in Australia has concentrated on the first 25 years of life.

But this process is now coming to an end. Both the labour supply and labour demand are changing.

#### **Labour supply changes**

In the late 1980s, people aged 45 or over made up just 24 per cent of the labour market. By 2016, projections say, that figure will rise to 44 per cent.

In other words, young people alone will not provide the new skills that drive organisations to innovate and grow.

The good news is that this growing group of over-45s will be far healthier and better-educated than any similar group of over-45s in Australia's history – far more able, in other words, to keep using their skills and talents.

## **Labour demand changes**

Making the challenge larger still is the fact that the skills needed for work throughout a lifetime are diversifying. Jobs which once changed little in the course of a worker's career are now changing every few years. Qualifications achieved at age 20 are more and more likely to be out of date by the time you turn 50.

## **How much will we have to change?**

- True lifelong learning happens relatively rarely in today's Australia. Encouraging it will require educators, firms and individuals to change the way they behave. In 2001, just 3.5 per cent of people aged 45 to 64 undertook formal study or training, compared with 56 per cent of people aged 15 to 24.
- Our current model of vocational education and training, aimed mostly at the young, is unlikely to cope with the change. It is already failing to deliver the skills we need. For instance, the Reserve Bank has begun to note the shortages of skilled labour in fields such as mining, construction, engineering, health and business services.
- One key to lifelong learning is to ensure workers at least complete secondary education. Australia has a huge opportunity to improve here. In 2002, 27 per cent of Australians aged 25 to 34 had not completed secondary education; on this indicator, we rank 23<sup>rd</sup> out of 30 OECD countries. But Access Economics estimates that by raising the secondary school completion rate from 80 per cent to 90 per cent, we would add 1.1 per cent a year to GDP by 2040 – almost \$10 billion a year in today's money.
- Current education opportunities available to matured-aged workers create a personal dilemma. To improve your skills, you must invest time and money. Over recent decades, the increased pay that you can expect from improving your skills typically hasn't repaid that commitment of time and money. As the supply and demand for labour change, the returns on investing in your skills should improve. But we may not have proof of this for two decades yet – and by then it will be too late.

## **How must we change?**

Educators, governments, firms and individuals have all taken some steps to cope with the changing workforce and skill needs. But each group needs to do more – to embrace the challenge of lifelong learning, rather than merely trying to cope with it.

- Schools need to ensure that students who aren't leaving for a highly suitable job complete Year 12. In general, secondary school completion is the best "vaccination" against unemployment, and also the best way to help individuals succeed at lifelong learning.
- Schools are generally doing a good job of enabling lifelong learning, adaptability and innovation. But universities and TAFEs need to devote more resources to the task.
- Universities and TAFEs need to offer and promote courses that enable lifelong learning, adaptability and innovation.

- That will often mean shorter courses, with different qualifications attached. As well as offering “bundles of learning” wrapped up as “degrees”, institutions will need to offer “modular learning”. Whether providing data modelling expertise to a professional marketing analyst, historical knowledge to a teacher or sales skills to a manufacturing technician, educators need to better support the diversifying needs of the workforce.
- It will also mean supporting a variety of learning strategies used by mature-aged workers.
- And it will mean finding ways to sell the benefits of lifelong learning to employers and particularly to individuals – who so far aren’t buying most of what the higher education providers are offering.
- Employers need to re-examine attitudes to training.
  - Skills diversification and shrinking labour supply are already making it harder to simply hire workers who already possess the right skills, and this trend will continue. So employers will more often need to hire workers and then train them.
  - And employers will need to understand the different motivations of older workers as their role in the workforce grows.
- Employers also need to re-examine how they design and develop the jobs in which workers work.
- Individuals need to take more responsibility for their own learning, recognising that the job market is changing.
- Governments should work together to build a national workforce development strategy. The states should then implement this strategy.

Beyond this, the entire society needs to start thinking about learning as a process that happens throughout life, rather than in its first two decades or so.

## **Who should pay?**

The effort to promote lifelong learning will take substantial resources. Firms, governments and the individual all benefit from getting lifelong learning right, so all should contribute to the cost.

## **Sources**

In compiling this policy statement CEDA has relied upon a variety of sources, including:

- CEDA Growth Report Number 56, Lifelong Learning
- CEDA Information Paper Number 81, Transitions in Australian Labour Markets: Initial Perspectives
- CEDA Growth Report Number 51, Australia’s Ageing Population: Fiscal, Labour Market and Social Implications