

How Young People are Faring

KEY INDICATORS **2002**

An update about the learning and work situation
of young Australians

Dusseldorp Skills Forum

ACKNOWLEDGEMENTS

The Dusseldorp Skills Forum (DSF) is indebted to Richard Curtain for establishing and sustaining this series.

The chief data sources for this report are the Australian Bureau of Statistics' *Labour Force* for May, and the annual *Transition from Education to Work* series (now *Education and Work*), which is conducted in May each year and released some-time later, usually in the following year. A number of tables and data sets have changed for this latter publication and this has made comparison with the previous series difficult in some areas. As a result a number of tables in this paper have been constructed using unpublished data.

We have provided very useful comparative data in the past by referencing the OECD series *Education at a Glance*, publication of which has been delayed in 2002. This has restricted our capacity to provide an extended international comparative perspective for *How Young People are Faring 2002*.

The current paper also draws on Applied Economics, 'Young Persons' Education and Training Outcomes with Special Reference to Early School Leavers', an unpublished paper being produced for the Business Council of Australia and DSF. DSF thanks Sandra Redmond and Peter Abelson of Applied Economics for preparing key data sets informing this paper.

Our publications, including this one, can be downloaded free from our website.

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FOREWORD


How Young People are Faring: Key Indicators 2002 continues the Dusseldorp Skills Forum's (DSF) commitment to promoting a heightened public understanding of the contemporary learning and work circumstances of young Australians. This latest report, the fourth in this annual series, updates to 2002 the indicators proposed in *Australia's Youth: Reality and Risk* (DSF, Sydney, 1998).

This series gives particular attention to those young people who are not in education and not in full-time work as a means of identifying those most 'at risk' in contemporary labour markets. We also take a snapshot view of changes over time in young people's labour market participation.

The findings are sobering. There has been a small increase in the number of teenagers not in full-time education or full-time employment (15.4 per cent or 211,000 young people) in May 2002 compared to the same time last year. And still some 25 per cent of young adult women and 19 per cent of young adult men were at considerable labour market risk in that same month. Our research continues to display significant variations across States and Territories.

Clearly, we have not yet turned this corner. At the Forum, we remain optimistic knowing how much good work of demonstrable value is being done, including in a growing number of individual communities (just visit our website – www.dsf.org.au – to see for yourself).

Yet the challenge remains to provide the necessary systems and resources to ensure such initiatives are the norm rather than the exception. Perhaps then we will convert these disturbing facts into positive trends that represent a real turnaround in the life opportunities of those many thousands of young Australians for whom our education and training systems need to do better.



Jack Dusseldorp
Chair

HIGHLIGHTS

- 15.4 per cent or 211,000 teenagers were not in full-time education or full-time employment in May 2002, a small increase over the same period in 2001.
- 25 per cent of young adult women and 19 per cent of young adult men were at considerable labour market risk in May 2002.
- 32 per cent of teenagers in the Northern Territory were not in full-time education or full-time employment.
- Victoria has recorded the lowest level of teenagers in any state in 'at risk' activities over the past four years, while Queensland, Western Australia and South Australia record consistently high levels.
- The national completion rate of Year 12 in schools is 67 per cent, and just 61 per cent for teenage men.
- The proportion of all school leavers in 'at risk' activities five months after leaving school is 26.5 per cent; more than 40 per cent of early leavers were in 'at risk' activities compared to 18 per cent of Year 12 completers.
- An overwhelming majority of teenagers are working part-time as casual workers without the benefit of leave entitlements.
- Young people who have not completed Year 12 make up a disproportionate share of those receiving Centrelink employment related benefits.
- The Finn targets established a decade ago for post-compulsory education and training have not been achieved.

INTRODUCTION

Intergenerational issues currently feature prominently in Australian policy making. The ageing of the population combined with relatively low fertility rates have prompted discussion about the nature and security of retirement incomes especially superannuation, the demands of a more dependent and less productive population, our future capacity for wealth creation, and the likely shape of the workforce.¹ As a result policy attention is increasingly focused on both the transition to retirement and family support policies to encourage higher rates of child bearing and stronger family formation.

In this context it is especially important to understand how young people are faring, as the well being of Australia's ageing generations is intimately related to the social and economic participation of the nation's youth and young adults.

However 15 to 24 year olds also deserve discrete analysis in their own right. Indicating how well our institutions are assisting young people in the process of leaving education, especially secondary education, to sustainable employment and economic autonomy also provides an insight into the health of the Australian economy in general.

The OECD in its major report on youth transitions suggests a series of basic goals that national youth transition policies should aim for.² These include:

- High proportions of young people completing a full upper secondary education with a recognised qualification for either work, tertiary study or both;
- High levels of knowledge and skill among young people at the end of the transition phase;
- A low proportion of teenagers being at the one time not in education and unemployed;
- A high proportion of those young adults who have left education having a job;
- Few young people remaining unemployed for lengthy periods after leaving education;
- Stable and positive employment and educational histories in the years after leaving upper secondary education;
- An equitable distribution of outcomes by gender, social background and region.

In this report like the others in the series particular attention is given to those young people who are not in education and not in full-time work as a means of identifying those most 'at risk'. We also take a snapshot view of changes over time in young people's labour market participation. Later in the report we discuss some policy issues that arise from the indicators and key data.

Three main indicators are discussed:

INDICATOR ONE

The Proportion of the population aged 15 to 19 years not in full-time education and not in full-time employment

INDICATOR TWO

The Ratio of the unemployment rate among 15 to 24 year olds to the unemployment rate among 25 to 54 year olds

INDICATOR THREE

The Proportion of the population aged 20 to 24 years who have completed Year 12 or a post-secondary qualification

The concept of risk is a useful means of helping to identify those young people who are more vulnerable than others in encountering prolonged difficulties in finding and sustaining stable employment. The 'at risk' group is defined as those young people who are:

- in part-time work and not studying, or
- who are actively looking for work (the unemployed), or
- those not in work and not considered as actively seeking work (not in the labour force).

Active engagement in education, full-time employment and training is a key ingredient in helping young people to make a successful transition from education to the workforce. This paper primarily reports short-term destinations but there is solid evidence that there are long term disadvantages flowing from a troubled transition process.

Analysing long term trends from the Longitudinal Survey of Australian Youth (LSAY), Lamb and McKenzie estimate that up to a third of young people experience a difficult transition. "For seven per cent it involves long term unemployment while another five per cent experience mainly part-time work while in the search for a full-time job. For a large group – 13 per cent – full-time work is achieved, but only after an extended period (up to four years) of unemployment, part-time work or activities outside of the labour force. A further seven per cent never really enter the labour market, spending most of their time rearing children or being engaged in other activities."³ These findings are confirmed by other longitudinal data about young people.⁴

Lamb and McKenzie observe that achieving well in school, and completing Year 12, have significant employment and earnings outcomes for young people a decade or more after leaving school. Early leavers have significantly less chance of securing sustainable employment, and a problematic early start in the labour market can be difficult to overcome.⁵ "This disadvantage serves to reinforce the impact of disadvantages experienced earlier in the school and social system."⁶

INDICATOR ONE

Proportion of the population aged 15 to 19 years not in full-time education and not in full-time employment

Most teenagers beyond compulsory schooling are still full-time students, even if many are working part-time. However Table 1 shows that in May 2002, a substantial proportion of 15 to 19 year olds, just under a third (31 per cent), were not in full-time education. Of this group half were in full-time work while the other half (13.7 per cent of males and 17.3 per cent of females) were in 'at risk' activities, ie in part-time work, unemployed or not actively looking for work (see the thick boxed cells in Table 1). Among teenagers not in full-time education, young men are more likely to be in full-time work than young women. In terms of actual numbers, an estimated 211,000 teenagers overall were likely to be in 'at risk' activities, a slight increase over the previous year.

TABLE 1
Education and labour market status of youth aged 15 to 19 years,
Australia, May 2002, per cent

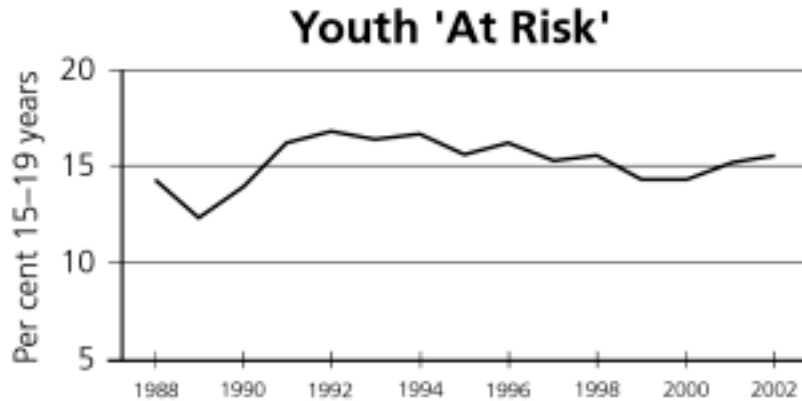
| AGE GROUP 15-19 years | IN FULL-TIME EDUCATION | | | | | NOT IN FULL-TIME EDUCATION | | | | | TOTAL |
|--------------------------|------------------------|----------------|-------------------------------------|-------------------------|-----------|----------------------------|----------------|------------|-------------------------|-----------|-------|
| | full-time work | part-time work | seeking part-time work ⁷ | not in the labour force | SUB TOTAL | full-time work | part-time work | unemployed | not in the labour force | SUB TOTAL | |
| Males | 0.4 | 20.2 | 5.3 | 40.5 | 66.4 | 19.8 | 5.7 | 4.6 | 3.4 | 33.6 | 100.0 |
| Females | 0.2 | 29.9 | 5.0 | 36.7 | 71.7 | 11.0 | 8.5 | 4.2 | 4.6 | 28.3 | 100.0 |
| TOTAL | 0.3 | 24.9 | 5.2 | 38.6 | 69.0 | 15.5 | 7.0 | 4.4 | 4.0 | 31.0 | 100.0 |

Source: Derived from *Labour Force Australia*, May 2002, ABS Catalogue No. 6223.0.

The proportion of teenagers in 'at risk' activities has declined from a high point of 17.1 per cent in 1992 during the worst post-War recession in Australia (see Table A1 in Attachment 1). However, the proportion has been rising gradually since 1999 and in May 2002 stands at 15.4 per cent, which is higher than the pre recession years of the 1980s (see Diagram 1). It is likely that without significant and lasting reforms to develop more effective learning and work transition strategies during these relatively good economic times young people will be especially vulnerable during the next period of recession.

DIAGRAM 1

The proportion of all young people aged 15 to 19 years not in full-time education or full-time work, Australia, May 1988 to May 2002



Source: *Labour Force Australia*, specified years, ABS Catalogue No. 6203.0; see Table A1 in this publication.

As expected the proportion of teenagers in 'at risk' activities is strongly influenced by the age of exit from schooling and the impact of the compulsory schooling age of 15 years.⁸ Table 2 shows that about a quarter of older teenagers at ages 18-19 years are either choosing not to enter the full-time labour market or are experiencing real difficulty obtaining a full-time job after leaving school.

TABLE 2

Proportion at each age of 15 to 19 year olds who are not in full-time education or full-time work, Australia, May 1999 – 2002, per cent

| AGE | 1999 | 2000 | 2001 | 2002 |
|-------------|------|------|------|------|
| 15 | 2.9 | 2.3 | 3.5 | 3.4 |
| 16 | 6.7 | 8.4 | 6.8 | 7.6 |
| 17 | 13.4 | 11.3 | 13.8 | 14.8 |
| 18 | 23.7 | 26.3 | 25.4 | 28.3 |
| 19 | 26.2 | 23.6 | 25.4 | 23.2 |
| 15-19 years | 14.5 | 14.4 | 15.1 | 15.4 |

Source: Derived from *Labour Force Australia*, May 1999, 2000, 2001 & 2002, ABS Catalogue No. 6223.0

The aggregate proportions of post-school teenagers in 'at risk' activities mask the extent of wide differences between states, regions and metropolitan and rural areas. The lack of consistent reliable data on a local and regional level is a continuing obstacle to planning and providing more effective transition support services for young people. Broad nature data are available at a state level however and a consistent pattern emerges (see Table 3).

Over the past four years Victoria has recorded the lowest proportion of its teenage population not in full-time work or full-time employment while Queensland, South Australia and Western Australia consistently share high proportions of teenagers in 'at risk' activities (around 18-19 per cent). The situation in the Northern Territory, with close to a third of its teenage population in 'at risk' activities, should be a cause of national concern. There can be no complacency either in the largest state, New South Wales, with more than 15 per cent of its post-compulsory school teenage population not in full-time education or full-time work.

The reasons for these wide variations should be the subject of further enquiry, discussion and research at a national and state level. Transition experiences clearly vary markedly from state to state, and the particular cultures, transition structures, labour market and training opportunities and performance of educational providers in different states warrants more detailed attention and comparative study.

TABLE 3

The proportion of young people aged 15 to 19 years not in full-time education or full-time work for each State & Territory, May 1999 – 2002, per cent

| STATE / TERRITORY | 1999 | 2000 | 2001 | 2002 |
|------------------------------|------|------|------|------|
| New South Wales | 13.5 | 14.8 | 13.7 | 15.4 |
| Victoria | 11.7 | 11.3 | 9.8 | 10.9 |
| Queensland | 18.0 | 16.9 | 19.4 | 18.1 |
| South Australia | 15.9 | 14.0 | 19.0 | 17.8 |
| Western Australia | 16.0 | 14.4 | 18.9 | 18.4 |
| Tasmania | 17.1 | 17.0 | 16.2 | 15.8 |
| Northern Territory | 26.2 | * | 26.4 | 32.2 |
| Australian Capital Territory | 8.5 | 11.7 | 17.6 | 11.4 |

Source: Labour Force, Teenage Employment and Unemployment, Unemployment, Australia, Preliminary - Data Report ABS Catalogue No. 6202.0.40.001, May 1999, 2000, 2001 & 2002.

*Denotes cell sizes too small to be reliable.

WHAT IS THE LEVEL OF COMPLETION ACROSS AUSTRALIAN SCHOOLS, GOVERNMENT AND NON-GOVERNMENT?⁹

Table 4 shows that the level of completion of Year 12 in Australian schools has been remarkably constant over the 1990s. A considerable number of young people will complete secondary, vocational and other qualifications in other settings, such as with a TAFE or private Registered Training Organisation. However two thirds of early school leavers do not enter further education in the following year. Table 4 provides a sense of the holding power of schools, espe-

cially for young men, and gives an idea of the dimensions faced by other agencies in our 'transition system'. A little over two thirds of young people are completing their secondary education in school.

TABLE 4
Estimated Year 12 completion rates, per cent

| YEAR | male | female | TOTAL |
|------|------|--------|-------|
| 1994 | 63 | 74 | 68 |
| 1995 | 61 | 73 | 67 |
| 1996 | 60 | 72 | 65 |
| 1997 | 58 | 71 | 64 |
| 1998 | 60 | 72 | 66 |
| 1999 | 61 | 74 | 67 |
| 2000 | 61 | 74 | 67 |

Source: MCEETYA, National Report on Schooling in Australia, 2000

WHAT HAPPENS TO YOUNG PEOPLE WHEN THEY LEAVE SECONDARY SCHOOL?

As if to underscore the demographic squeeze occurring in Australia there were about 32,000 fewer estimated school leavers in 2000 than 1999. Last year we reported that nearly a quarter of all secondary school leavers (Year 12 completers and non-completers combined) five months after leaving school were in part-time work, unemployed or not in the labour force. This proportion rose to 26.5 per cent for the 2000 cohort of school leavers.

The level of risk is reduced if Year 12 is completed - this is because Year 12 acts as a more robust and secure bridge to post-school education, training and work opportunities. Table 5 shows there is more than twice the chance of being in 'at risk' activity after leaving in Year 10 or 11 (more than 40 per cent) than completing Year 12 (18 per cent). This represents a significantly higher level of risk for early school leavers than reported earlier in the series.¹⁰ More than 70 per cent of Year 12 leavers went onto some form of further education compared to about a third of Year 10 leavers.

Not included in Table 5 are short-term destinations of young people leaving school with less than Year 10 completions. In 2000 more than 16,000 school leavers exited with Year 9 or a lesser qualification. More than half (51 per cent) were in 'at risk' activities in May 2001; 37 per cent had gone on to a form of further education, predominantly lower level certificate courses.¹¹

TABLE 5

Education and labour market destinations of persons aged 15 to 24 who have left school:
highest year of school completed, Australia, May 2001

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| DESTINATION | completed Year 10 | completed Year 11 | completed Year 12 |
|-------------|----------------------|----------------------|----------------------|
|-------------|----------------------|----------------------|----------------------|

Those **attending** an educational institution in May 2001:

| | | | |
|-------------------------|------|------|------|
| Higher education | 0.6 | 2.4 | 45.7 |
| TAFE | 27.5 | 32.6 | 22.2 |
| Other* | 6.2 | 4.9 | 3.2 |

Those **not** attending education institution in May 2001 and:

| | | | |
|--------------------------------|--------|--------|---------|
| in Full-time work | 20.1 | 18.4 | 11.2 |
| in Part-time work | 15.3 | 15.4 | 10.5 |
| Unemployed | 18.9 | 13.5 | 4.7 |
| Not in the labour force | 11.3 | 12.7 | 2.4 |
| Total per cent | 100.0 | 100.0 | 100.0 |
| N | 39,180 | 30,674 | 185,519 |

Source: *Education and Work* Australia May 2001. ABS Catalogue No. 6227.0, unpublished data.

*Other includes business colleges, industry skills centres and other educational institutions.

Males represent two-thirds of early school leavers. In 2001 over 58,000 males left before completing Year 12, compared with 27,000 female early school leavers. Teenage male early leavers were more likely to be in full-time employment than teenage female early leavers, with apprenticeships continuing to provide a much more significant pathway to training and work for teenage men than teenage women.

Participation in VET is an important post-school pathway for early school leavers in particular. Two thirds of the teenagers in VET in 2000 had left school before completing Year 12.¹² Most teenagers in VET are doing courses at Certificate II or below (56 per cent).¹³ Rates of completion vary from course to course but overall the rates of completion are not high. Table 6 shows that less than half of the teenagers in VET completed all their modules in 2000 and 14 per cent did not successfully complete any module.

TABLE 6
VET modules completed by clients aged 15-19, 2000

| PER CENT OF MODULES COMPLETED | per cent of students |
|--|---------------------------------|
| 0% | 14.0 |
| 1%-25% | 6.2 |
| 26%-50% | 9.6 |
| 51%-75% | 9.9 |
| 76%-99% | 12.4 |
| 100% | 47.6 |
| SUB TOTAL all activity | 99.7 |
| RPL/CT | 0.3 |
| TOTAL | 100.0 |

Source: NCVET Annual Statistics, unpublished data.

SUMMARY

The data confirm that in effect completion of Year 12 has become the modern threshold attribute or platform from which young Australians are more likely to compete successfully in the labour marketplace over time. However as Richard Curtin and others emphasise, simply completing Year 12 is no guarantee of finding full-time work either.¹⁴ Both these trends are highlighted in Table 7.

TABLE 7

Proportion of all secondary school leavers in the previous year aged 15 to 24 in 'at risk' activity five months after leaving school: ie not in education and in part-time work, unemployed or not in the labour force in May 1998 – 2001

| MAY IN EACH YEAR | other* | completed Year 10 | completed Year 11 | completed Year 12 | number in each year |
|-----------------------------|---------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| 1998 | 62.7 | 45.1 | 37.6 | 20.0 | 76,700 |
| 1999 | 61.2 | 39.2 | 29.9 | 16.5 | 68,800 |
| 2000 | 45.8 | 34.0 | 33.6 | 18.5 | 73,100 |
| 2001 | 51.7 | 45.5 | 41.7 | 17.7 | 71,600 |

Source: Derived from Transition from Education to Work Australia May 1998, 1999, and 2000, Tables 16 or 17 and Education and Work 2001, unpublished data. ABS Catalogue No. 6227.0

*Includes those completing Year 9 or lower in these activities.

The fall in raw numbers in part-time work, unemployed or not in the labour force also coincides with the introduction of Youth Allowance (YA) requirements for 16 to 20 year olds. In order to be eligible to receive a payment, these young people must be actively job seeking or otherwise participating in some form of education, training or other approved activity.¹⁵ The Commonwealth

Department of Family and Community Services says that during 1998-9, "YA influenced an additional 10,000 young people aged 16 or 17 to undertake full-time schooling or vocational education and training courses. In the two years to June 2001, this increase was sustained ... Almost 60 per cent of young people in the YA sample who returned to school reported that YA had influenced their decision."¹⁶

YOUNG ADULTS (PERSONS AGED 20 TO 24 YEARS OLD)

If most teenagers are still in education, by young adulthood the majority have completed their primary studies and moved into full-time work. Table 8 shows the education and labour market status of young people aged 20 to 24 years for May 2001. Three quarters of this age group have left full-time education but less than half are in full-time work. Close to a quarter of the age group are not in full-time education or in full-time work. Comparing 2001 with 2002 there has been a modest rise in the proportion in full-time study (from close to 22 per cent to 25 per cent in 2002), and a considerable fall in the proportion who are reported as unemployed (6 per cent in 2002 compared with 7.5 per cent in 2001).

The proportion of young adults who are unemployed, in part-time work but not in full-time education and not in the labour force has fallen by two per cent over the course of the past year, from 26.5 per cent in 2001 to 24.5 per cent in 2002.

TABLE 8
Education and labour market status of young adults aged 20 to 24 years, Australia, May 2002, per cent

| AGE GROUP 20-24 years | IN FULL-TIME EDUCATION | | | | | NOT IN FULL-TIME EDUCATION | | | | | TOTAL |
|-----------------------------|------------------------|----------------|------------|-------------------------|-----------|----------------------------|----------------|------------|-------------------------|-----------|-------|
| | full-time work | part-time work | unemployed | not in the labour force | SUB TOTAL | full-time work | part-time work | unemployed | not in the labour force | SUB TOTAL | |
| Males | 0.7 | 10.0 | 1.6 | 10.7 | 23.0 | 56.8 | 10.0 | 7.2 | 4.7 | 77.0 | 100.0 |
| Females | 0.9 | 14.6 | 1.3 | 10.2 | 27.0 | 42.3 | 12.7 | 4.5 | 13.4 | 73.0 | 100.0 |
| TOTAL | 0.8 | 12.3 | 1.4 | 10.5 | 25.0 | 49.7 | 10.5 | 6.0 | 9.0 | 75.2 | 100.0 |

Source: Derived from *Labour Force Australia*, May 2002, ABS Catalogue No. 6223.0, Table 12

Because of the high proportion of young adults who are not in the labour force for positive reasons (caring for children, household duties and so on), a more accurate measure of risk needs to be derived by looking more closely at those not in education who are looking for work or otherwise want to work.¹⁷ A narrower definition suggests that 25 per cent of young women may be 'at risk' and 19 per cent of young men (see Table 9).¹⁸ However this is still considerably higher than the proportion of teenagers (15.4 per cent) in these activities as reported in Table 1.

TABLE 9

Proportion of young people, aged 20-24 years, not in full-time education who are unemployed, in part-time work or not in the labour force who are estimated to be looking for or wanting work and are available to work (marginally attached), May 2002, per cent

| GENDER | part-time work | unemployed | not in the labour force but wanting to work | TOTAL |
|---------|----------------|------------|---|-------|
| Males | 8.2 | 7.2 | 3.5 | 18.9 |
| Females | 12.7 | 4.6 | 8.0 | 25.3 |

Source: *Labour Force Australia*, May 2002 ABS Catalogue No. 6203.0 and *Persons Not in the Labour Force*, September 2001.

YOUNG PEOPLE AND ACCESS TO FULL-TIME JOBS

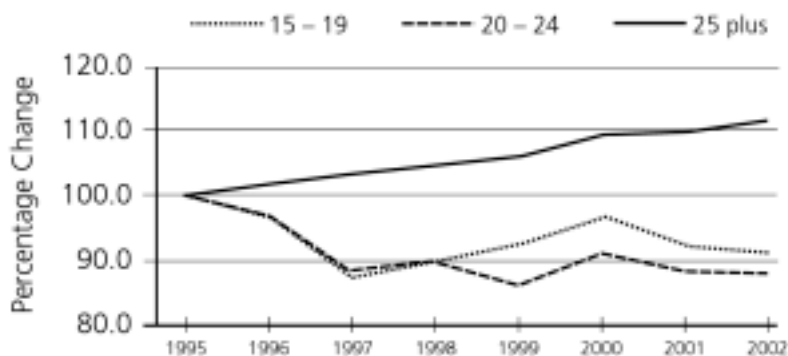
One of the chief difficulties experienced by young people in their transition from full-time education to full-time work is the relative absence of full-time jobs for this age group.

Sustainable employment is a scarce commodity for teenagers.¹⁹ In May 2002 seventeen per cent of teenagers in the labour force were unemployed and 56 per cent were employed part-time. About three-quarters of these part-time workers work less than 15 hours per week. Sixty four per cent of all teenage workers, including those working part-time and those working full-time, are casual workers without the benefit of leave entitlements. It is likely that the rate of casualisation is significantly higher among part-time workers. The highest levels of casualisation are in areas such as retailing and hospitality, which are the predominant employers of teenage workers.

Diagram 2 shows the medium term trend in full-time jobs growth by different age groups. It is clear that compared to older workers, young people in the labour force and not studying have been disadvantaged; Richard Curtain argues that young people have more difficulty than any other age group in gaining access to full-time work.²⁰

DIAGRAM 2

Growth in full-time jobs for young people not in education aged 15 to 19 and 20 to 24 years, compared with adults aged 25 years and over, May 1995 to May 2002, percentage change



Source: *Labour Force Australia*, May for specified years, ABS Catalogue No. 6203.0

In May 2002 over 200,000 teenagers and young adults qualified for employment related Youth Allowance, Newstart and Special Benefit payments from Centrelink, representing just over seven per cent of the 15-24 year age cohort. A significant number of other young people do not qualify for benefits due to family and income reasons, while others were receiving income support from Centrelink for educational, parenting, disability and other reasons.

Table 10 shows clearly the higher level of risk and vulnerability early school leavers face in the current labour market compared to those with post-school qualifications, and those who have completed Year 12.

TABLE 10

Non full-time students aged 15-24 in receipt of Youth Allowance, Newstart and special benefits, May 2002

| HIGHEST LEVEL OF EDUCATION | number | per cent |
|----------------------------|----------------|------------|
| Year 10 or below | 81,699 | 41 |
| Year 11 | 20,396 | 10 |
| Year 12 | 44,466 | 22 |
| TAFE | 6,034 | 3 |
| University | 2,071 | 1 |
| Unknown | 46,790 | 23 |
| TOTAL | 201,456 | 100 |

Source: Centrelink, unpublished data

INDICATOR TWO

Ratio of unemployment rate among 15 to 24 year olds to the rate among 25 to 54 year olds

An indicator of how young people fare in the labour market compared to mature workers is the ratio of unemployed young people to prime age unemployed adults. In 2001, Australians aged 15 to 24 years had about a two and a half times (2.4) level of unemployment compared to adults aged 25 to 54 years (see Table 11). Australia's ratio and ranking has not changed significantly in recent years, and remains in the middle bracket of OECD member countries.

TABLE 11

Ratio of the unemployment rate for 15 to 24 year olds compared to the unemployment rate for 25 to 54 year olds, 2001

| OECD COUNTRY | ratio |
|------------------|------------|
| Germany | 1.1 |
| Ireland | 1.8 |
| Hungary | 2.1 |
| Canada | 2.1 |
| Spain | 2.2 |
| Japan | 2.2 |
| Czech Republic | 2.3 |
| France | 2.3 |
| Turkey | 2.3 |
| Slovakia | 2.4 |
| Australia | 2.4 |
| Mexico | 2.6 |
| Portugal | 2.6 |
| Poland | 2.6 |
| Finland | 2.7 |
| Switzerland | 2.7 |
| Iceland | 2.8 |
| Netherlands | 2.8 |
| United States | 2.8 |
| United Kingdom | 2.8 |
| Denmark | 2.8 |
| Belgium | 2.8 |
| Korea | 2.8 |
| Sweden | 2.9 |
| New Zealand | 2.9 |
| Greece | 3.2 |
| Italy | 3.5 |
| Norway | 4.0 |

Source: OECD Annual Labour Force Statistics 1981-2001, Part III

However looking at the raw combined teenage and young adult unemployment rate reported for OECD countries for the full year of 2001, Australia ranked 17th with a rate of 12.7 per cent. This was well above countries such as Ireland and the Netherlands (6 per cent), Germany and Denmark (8.4 per cent) but significantly below France, Italy, Spain and other Mediterranean countries with rates close to 20 per cent or above.²¹

INDICATOR THREE

Proportion of the population aged 20 to 24 years who have completed Year 12 or a post-secondary qualification

The proportion of young Australian adults aged 20 to 24 years with Year 12 completed or a post-school qualification in May 2001 is 81 per cent. There has been a rise in the proportion of young adults with Year 12 or a post-secondary qualification, although this trend appears to have plateaued in recent years.

TABLE 12

Proportion of 20 to 24 year olds who have completed Year 12 (or equivalent highest level of secondary school) or have a post-school qualification, 1994 to 2001*

| YEAR | per cent |
|------|----------|
| 1994 | 74.0 |
| 1995 | 78.1 |
| 1996 | 80.4 |
| 1997 | 78.8 |
| 1998 | 82.4 |
| 1999 | 83.5 |
| 2000 | 83.1 |
| 2001 | 81.0 |

Source: Transition from Education to Work Australia, and Education and Work Australia 2002 specified years ABS Catalogue No. 6227.0, Table 14 (1994), Table 15 (1995), Table 10 (1996, 1997, 1998, 1999, 2000).

*Those who have not completed Year 12 but who are still progressing in education (secondary or tertiary) in the year of the survey are included. Table 12 takes account of technical issues attached to the transfer from the previous ABS Standard Classification of Qualifications (ABSCQ) to the Australian Standard Classification of Education (ASCED).

TARGETS FOR POST-COMPULSORY EDUCATION

Commonwealth and State Governments agreed unanimously in 1991 to targets for post-compulsory education and training attainment for 19 and 22 year olds by the year 2001 (the Finn targets). However all stakeholders now agree these targets have not been met.

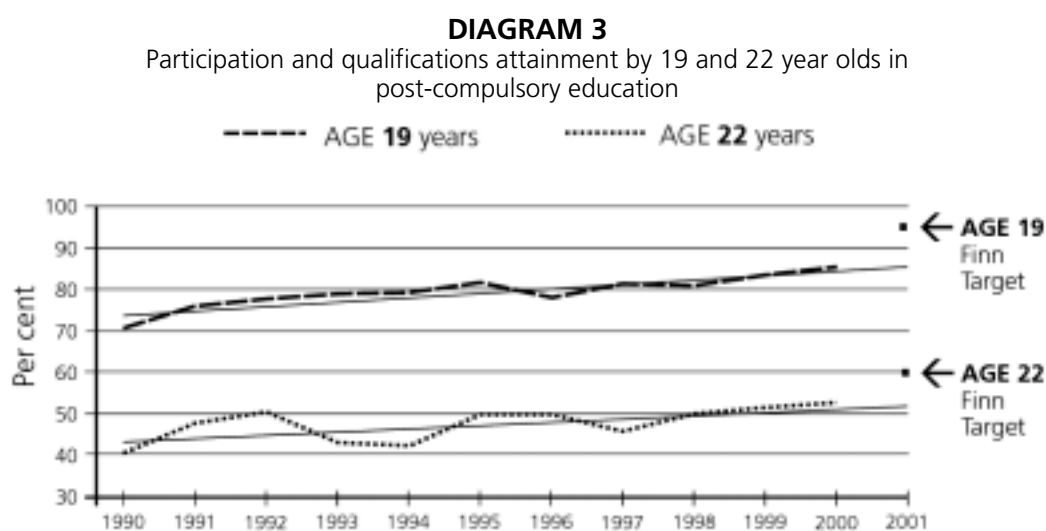
The **first target** is that by 2001, 95 per cent of 19 year olds are to be either:

- participating in Year 12, or
- completed Year 12, or
- completed Years 10 or 11 and participating in or completed some formally recognised education and training.

The **second target** is that by 2001, 60 per cent of 22 year olds are to be participating in education and training programs that lead to what is generally regarded as a qualification to denote a skilled worker. This is defined as

- participating in education and training that lead to level 3 awards, or
- have attained level 3 or above qualifications, or
- be participating or have completed higher education studies such as diplomas and degrees.

Diagram 3 tracks progress towards the achievement of the Finn targets. In 1999 reporting on the targets was revised, and a more positive trend is apparent from this point.



Source: ANTA Annual National Report, 2001; reproduced from Report on Government Services 2002, Education Preface, Productivity Commission, Melbourne, 2002, p 53.

However target fatigue was corrosive during the 1990s; it signalled not just a breakdown in effort but it described a larger failure - to equip all young Australians, including the most vulnerable, with the fundamental educational foundations required for productive social and economic participation.

Failure to achieve the Finn targets underlines the fact that across a range of post-compulsory dimensions Australia needs to lift its performance. The consequences of not keeping pace with major OECD competitors will be severe.

Table 13 illustrates the gap that exists between the mature workforce in Australia in terms of educational qualifications and our competitors. It reinforces the need to reform existing post-compulsory education and training arrangements so as to ensure that new entrants coming into the labour market possess the best range of skills for their own well-being and for the improved productivity and performance of the broader economy. The Productivity Commission commented earlier this year that in 2000, "Australia had a lower proportion of the

labour force with a post-compulsory school qualification than that of many other industrialised countries...⁷²²

TABLE 13

Highest completed level of education - international comparisons, 2000
(per cent of labour force aged 25-64 years)

POST-COMPULSORY SCHOOL

| | less than upper secondary | upper secondary | non-university tertiary education | university level education | TOTAL post-compulsory school |
|-----------------------|---------------------------|-----------------|-----------------------------------|----------------------------|------------------------------|
| Czech Republic | 10 | 78 | – | 12 | 90 |
| United States | 10 | 51 | 9 | 30 | 90 |
| United Kingdom | 13 | 60 | 9 | 19 | 88 |
| Norway | 13 | 57 | 2 | 27 | 87 |
| Germany | 15 | 54 | 11 | 15 | 85 |
| Canada | 15 | 28 | 22 | 21 | 84 |
| Switzerland | 16 | 58 | 10 | 16 | 84 |
| Denmark | 16 | 54 | 22 | 7 | 83 |
| Sweden | 21 | 49 | 16 | 15 | 80 |
| New Zealand | 22 | 41 | 14 | 14 | 77 |
| Finland | 24 | 41 | 19 | 16 | 76 |
| Netherlands | 28 | 45 | 3 | 24 | 72 |
| France | 32 | 43 | 12 | 12 | 67 |
| Australia | 37 | 33 | 10 | 20 | 63 |
| Italy | 47 | 34 | – | 13 | 53 |
| Portugal | 77 | 12 | 3 | 8 | 23 |
| COUNTRY MEAN | 31 | 42 | 8 | 16 | 69 |

Source: *Education at a Glance*, OECD, Paris, 2001; reproduced from *Report on Government Services 2002*, Education Preface, Productivity Commission, Melbourne, 2002, p 56. Note that data definitions of vocational education and training and the relationship to schooling and post-compulsory study vary between countries and a number consider apprenticeship arrangements as part of upper secondary education.

CONCLUSION

In lieu of new national post-compulsory education and training targets following the Finn decade a number of states have focused on the post-compulsory pathways and the transitions from school by young people within their own jurisdictions. Jointly agreed key performance measures aimed at assessing the achievement of competencies and satisfaction ratings among stakeholders are presently being developed by MCEETYA. It is unclear whether setting new targets for the attainment of post-compulsory qualifications by particular youth cohorts will be established. Notwithstanding this, an important next step would be the development of an agreed set of national and state youth transition indicators. These could be based on the OECD youth transition goals noted in the introduction.

In Victoria new accreditation structures, curriculum options, guidance and support services and learning and employment networks have been formed in response to the Kirby review of post-compulsory education in 2000.²³ Ambitious targets for education participation have been set - but it remains to be seen how effective this approach will be in light of the national experience with the Finn targets.

In Queensland broad ranging reforms to early childhood services, pre schools, middle years and post-compulsory options were suggested earlier this year. One proposal under consideration is the development of a learning entitlement, underpinned by legislation, for young people to participate in schooling, training or the labour market up to the age of 17 years, with schools responsible for negotiating and monitoring participation in these diverse options, supported by state funding.²⁴ In other states as well, such as Tasmania and South Australia, there are signs of a post-compulsory reform agenda emerging.²⁵

Federally the establishment of the Enterprise and Career Education Foundation, small scale pilots flowing from the *Footprints to the Future* report, and the recent joint statement of ministers in support of an Australia-wide commitment to young people are also positive.²⁶

However the crucial issues Eldridge identified²⁷ have still not been comprehensively addressed, including

- Lack of systemic early intervention to assist young people to remain engaged in learning and work,
- Failure to systematically track and monitor young people through their transition years,
- Fragmentation in provision between institutions and services, and information about services and options,
- Lack of vision and planning about the joined up nature of youth problems and experiences,
- Accountabilities to central agencies and funders at the expense of local communities and local problem solving,
- Gaps in specific service areas inhibiting economic participation,
- Lack of feedback, attentiveness and responsiveness to emerging issues.

There is no lack of research as to the problems and issues facing young people in transition. There is widespread agreement that a more effective national youth transition system is necessary. New forms of integrated social assistance are required to enable young people, especially early school leavers, to navigate their way through labour markets and education and training systems. This effort needs to focus on encouraging early school leavers to stay on at school, developing alternative learning options within and alongside schools, and to support them in the world outside school, especially in a highly competitive labour market, if they choose to leave.

Attachment 1

TABLE A1

Proportion of 15 to 19 year olds not in full-time education or full-time employment, May 1988 to May 2002, per cent

| | per cent |
|-------------|----------|
| 1988 | 14.5 |
| 1989 | 12.3 |
| 1990 | 13.9 |
| 1991 | 16.5 |
| 1992 | 17.1 |
| 1993 | 16.7 |
| 1994 | 17.0 |
| 1995 | 15.9 |
| 1996 | 16.4 |
| 1997 | 15.4 |
| 1998 | 15.8 |
| 1999 | 14.5 |
| 2000 | 14.4 |
| 2001 | 15.1 |
| 2002 | 15.4 |

Source: Derived from *Labour Force Australia*, specified years, ABS Catalogue No. 6223.0.

TABLE A2

Proportion of young adult males and females aged 20 to 24 years not in full-time education who are unemployed, in part-time work or not in the labour force for specified years, May 1989 to May 2001, per cent

| MAY 1989 – 2001 | males unemployed or part-time work | males not in labour force | TOTAL males unemployed, part-time work or not in labour force | females unemployed or part-time work | females not in labour force | TOTAL females unemployed, part-time work or not in labour force |
|-----------------|------------------------------------|---------------------------|--|--------------------------------------|-----------------------------|--|
| 1989 | 11.0 | 3.4 | 14.4 | 16.4 | 16.0 | 32.4 |
| 1990 | 12.6 | 3.9 | 16.5 | 16.0 | 15.6 | 31.6 |
| 1991 | 18.0 | 4.0 | 22.0 | 18.9 | 16.0 | 34.8 |
| 1992 | 21.0 | 3.9 | 24.8 | 21.3 | 15.6 | 36.9 |
| 1993 | 20.9 | 4.2 | 25.1 | 20.9 | 17.1 | 38.1 |
| 1994 | 19.0 | 5.4 | 24.5 | 20.8 | 15.0 | 35.9 |
| 1995 | 16.5 | 4.6 | 21.0 | 20.5 | 15.1 | 35.6 |
| 1996 | 16.0 | 4.5 | 20.5 | 19.8 | 14.8 | 34.6 |
| 1997 | 19.3 | 4.9 | 24.2 | 23.2 | 14.4 | 37.6 |
| 1998 | 18.3 | 5.2 | 23.5 | 19.9 | 14.2 | 34.1 |
| 1999 | 16.0 | 5.7 | 21.7 | 21.4 | 13.8 | 35.2 |
| 2000 | 14.8 | 4.7 | 19.5 | 18.6 | 12.2 | 30.8 |
| 2001 | 16.4 | 5.0 | 21.4 | 20.0 | 12.0 | 32.0 |
| 2002 | 15.5 | 4.6 | 20.1 | 17.2 | 13.4 | 30.6 |

Source: Derived from *Labour Force Australia*, specified years, ABS Catalogue No. 6223.0.

NOTES

- ¹ See *Intergenerational Report 2002-3*, Budget Paper No. 5, Commonwealth of Australia, 2002. www.budget.gov.au/2002-03/bp5/html/01_BP5Prelim.html
- ² *Thematic Review of the Transition from Initial Education to Working Life*, Draft Report, OECD, Paris, 1999, p 7.
- ³ S Lamb & P McKenzie, 'Patterns of Success and Failure in the Transition from School to Work in Australia', LSAY Research Report 18, ACER, Melbourne, 2001, p vii.
- ⁴ See also S Lamb, P Dwyer, and J Wyn, 'Non-completion of School in Australia: The Changing Patterns of Participation and Outcomes', LSAY Research Report No. 16, ACER, Melbourne, 2001.
- ⁵ Lamb & McKenzie, *op cit.*, p ix.
- ⁶ *Ibid.*
- ⁷ Previously in the series we have reported this group as in full time education and unemployed. However this group is overwhelmingly seeking part time employment to supplement their income while engaged in full time study, hence it is more appropriate to describe them as in full time education and seeking part time employment.
- ⁸ Except Tasmania where compulsory schooling ends at age 16.
- ⁹ Completion rates differ from retention rates. Estimated retention rates measure participation of a cohort of students in schools. Thus, retention rates from Year 10 to 12 show the estimated number of students who began in Year 10 and continue to Year 12, expressed as a percentage of the number of students who began in Year 10. Estimated retention rates do not account for migration between schools and between states. Also, they measure only those who continue to Year 12 rather than those who complete Year 12.
- ¹⁰ In the previous year for example about 33 per cent of early leavers were in 'at risk' activities six months after leaving school compared to 18 per cent of Year 12 completers, see R Curtain, *How Young people are Faring 2001*, Dusseldorp Skills Forum (DSF), Sydney, 2001.
- ¹¹ ABS, *Education and Work Australia*, May 2001, ABS Catalogue No. 6277.0, unpublished data.
- ¹² Applied Economics, 'Young Persons Education and Training Outcomes with Special Reference to Early School Leavers', unpublished paper, DSF and Business Council of Australia, 2002; see also K Ball & S Lamb, 'Participation and Achievement in VET of Non-completers of School', LSAY Research Report No. 20, ACER, Melbourne, 2001.
- ¹³ Applied Economics, *op cit.*
- ¹⁴ R Curtain, *How Young People are Faring 2001*, DSF, Sydney, 2001; 'Ministerial Review of Post Compulsory Education and Training Pathways in Victoria'

(Kirby Report), Department of Education, Employment and Training, August 2000, pp 47-72.

- ¹⁵ Approved activities included: training, vocational, personal development, literacy and migrant language courses; self-employment development and group/community cooperative enterprise development; voluntary work; vocational rehabilitation; and an activity nominated by the young person if he or she lives in a remote area.
See www.centrelink.gov.au/internet/internet.nsf/payments/newstart_app_activities.htm
- ¹⁶ 'Youth Allowance Evaluation', Final Report, Department of Family and Community Services, Canberra, 2002, p 3.
- ¹⁷ McClelland and Macdonald report, using 1997 labour force data, that 78 per cent of young women not in education and not in the labour force have dependants (McClelland and Macdonald in *Australia's Young Adults: The Deepening Divide*, DSF, Sydney, 1999).
- ¹⁸ The estimates for the marginally attached for 20 to 24 year olds are based on September 2001 data and include all in the age group not in the labour force, including those in full-time education.
- ¹⁹ Data in this paragraph is drawn from Applied Economics, *op cit*.
- ²⁰ Full-time jobs to older persons have grown strongly over this period, by 15 per cent for those aged 45 to 54 years, and by 23 per cent for those aged 55 to 64 years.
- ²¹ OECD, *Annual Labour Force Statistics 1981-2001*, Paris, 2002, Part III.
- ²² *Report on Government Services 2002*, Productivity Commission, Melbourne, 2002, p 56.
- ²³ Kirby report, *op cit*.
- ²⁴ *Education and Training Reforms for the Future*, Department of Premier & Cabinet, Queensland Government, 2002 and at www.thepremier.qld.gov.au/smartstate/education_training
See also 'The Review of Pathways Articulation through the post-compulsory years of school to further education, training and labour market participation' (the Gardiner Report), Queensland Government, 2002; and 'The Senior Certificate: A New Deal' (the Pitman Report), Education Queensland, 2002.
- ²⁵ See for example www.opcet.tas.gov.au/pub_res/pdf/OPCETprojectresource.pdf and www.dete.sa.gov.au/eve
- ²⁶ Prime Minister's Youth Pathways Action Plan Taskforce, *Footprints to the Future*, Commonwealth of Australia, 2001; 'Stepping Forward. Improving Pathways for All Young People', MCEETYA, July 2002.
- ²⁷ *Ibid.*, p 8-9.