

Increasing Participation in Education and Training: Key Policy Steps

Joint response by the Business Council of Australia and
Dusseldorp Skills Forum to research undertaken by Access
Economics Pty Limited entitled *The Economic Benefit of
Increased Participation in Education and Training*.

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Addressing the Challenge

In addressing the challenges of an ageing population facing Australia, one policy direction needs greater emphasis. Improved senior schooling and learning arrangements would ensure that more young people would get the start to help sustain their careers. Education and workforce participation are closely linked, and critical for future economic prosperity.

Access Economics, in its report *The Economic Benefit of Increased Participation in Education and Training* (copy appended to this paper) estimates that the consequent improved productivity and greater labour force participation due to greater emphasis on this policy direction would result in a substantial impact on economic growth, adding about 1.1 percentage points to GDP by 2040.

This would involve an additional 50,000 young people a year completing Year 12 or an apprenticeship, and would mean lifting the percentage of 15-24-year-olds completing senior education from about 80 per cent to 90 per cent by 2010.

Access Economics estimates that the cost of providing the necessary additional education and training places would be more than offset by a bottom line improvement in the federal budget of about \$1.8 billion at today's prices.

In terms of dealing with the economic crunch likely to accompany the long-term demographic squeeze facing Australia, this policy direction demands greater emphasis.

According to Access Economics, comparable GDP gains can also be attained by an increase in annual migration intake by nearly 5,000 additional migrants, or 178,200 migrants over the period to 2040 or increasing the workforce participation rate of older workers by 6.6 per cent from nearly 53 per cent to 59.5 per cent.

Action on all three fronts simultaneously – youth, migration and older workers – to support increased participation, productivity and population will be required to offset the challenges of an ageing population and their impacts on economic growth.

Education and Participation

Sometimes the value of Year 12 or its vocational equivalent is questioned: it is suggested that school or training 'is not for everyone' and that some young people should take their chances in the labour market. However, the number of unskilled or low-skilled vacancies is not enough to sustain employment of young people.

The skills derived from extra years of education and training are important, and they influence whether and to what extent people participate in the labour market. There is a striking parallel between educational attainment and work engagement.

Of the 190,000 teenagers (approximately 14 per cent) not in full-time learning or work in 2004, over 60 per cent were early school-leavers. Among young adults (aged 20-24 years), nearly 33 per cent of Year 11 completers, 40 per cent of Year 10 completers, 50 per cent of Year 9 completers and 65 per cent of those with Year 8 or below were not in full-time learning or work in 2004. By contrast, only 16 per cent of Year 12 completers were 'not fully engaged'.¹

Completion of Year 12 or an apprenticeship is not an assured pathway to economic security or success, but it provides a far stronger employability and skills base for most young people than leaving the education system early.

¹ See 'Young people at risk in the transition from education to work', Australian Social Trends 2005, ABS, Canberra, 2005 (forthcoming)

Future Policy Steps

The recent federal election saw a focus on training and schooling that has resulted in a number of Commonwealth initiatives. There are also efforts by States and Territories aimed at strengthening the provision of senior schooling and vocational pathways for young people.

Steps Governments are taking include:

- learning and training guarantees;
- raising the school leaving age;
- renewed investment in apprenticeships through new technical colleges, pre-vocational and school-based programs, and VET in schools;
- recasting Year 12 qualifications to make them broader and more inclusive; and
- better support and career advice for young people 'at risk' in the transition from school.

However, more integration is required, and important challenges remain to be answered, including:

- whether Commonwealth–State cooperation is possible to ensure that initiatives are effective;
- whether Governments can maintain the required momentum for reforms;
- whether reforms will be sustained with additional investment if necessary; and
- whether initiatives will adequately address the needs of young people most at risk in the transition from school to work.

To capture the gains forecast by Access Economics several essential policy steps are necessary. These are borne out by the experience of major employers and local communities around Australia in trying to improve the learning and work opportunities for young people.

The policy steps are:

1 Commonwealth-State agreements on youth transitions to work.

Negotiate agreements between the Commonwealth and each of the States and Territories to ensure pooled resources, planning, research, programs and responsibilities.

The patchwork of legislative and funding arrangements in Australia's federal system has hindered the development of an effective youth transitions system. The States and Territories are largely responsible for secondary education; the Commonwealth for employment services and outcomes; and training is shared between the two.

Numerous initiatives can be perceived as a confusing maze of pilots, duplication, gaps and dead-ends, with a lack of integrated effort and funding. It is sometimes not clear who is responsible for successful outcomes. For many parents, schools, and especially 'at risk' young people the current jurisdictional arrangements do not offer as much help as would be possible under Commonwealth–State agreements on youth transitions to work.

Future Policy Steps *continued*

- 2** Legislate to guarantee all young people have the right of access and support to complete 12 years in initial education or a vocational equivalent.
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The most successful OECD countries define their educational provision in terms of clear 'offers' to young people and their parents. There is relative transparency about what Governments are prepared to provide, and the steps - including choice and diversity of programs - that they are prepared to take to ensure that all young people achieve the upper secondary or vocational equivalent benchmark. In return, young people are obliged to participate in education and training until their late teens.

- 3** Ensure stronger subject, teaching and learning choices for students during the early, middle and senior school years.
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Students need access to high-quality teaching and learning, recognising different paces and styles of learning. Student achievement and better pedagogies in literacy and numeracy are fundamental to improving the learning capacity, employability and positive participation of young people. Beyond the new technical schools, the quality and depth of vocational education and structured workplace learning in schools needs improved quality assurance, access and coverage. In particular, coordinator placement ratios need to be at realistic levels. National frameworks to ensure all students are able to access consistent and high-quality education and training are required.

- 4** Provide every early school leaver with personal assistance in the transition from school.
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Dedicated school to work transition workers and career advisers should have the funding and capacity to negotiate appropriate learning or work options for early school leavers.

At the critical point when young people are thinking about leaving school early or have left, there is often only ad hoc guidance or support. Where this support is available in a systematic and integrated manner, as in some European countries, youth participation and achievement in learning is high. In Australia there have been important outcomes by transition workers and mentors, seen in 30 schools in six 'Youth Commitment' regions in New South Wales, Queensland and Victoria. Assessed against the destinations nationally of early school leavers, these schools have improved initial outcomes by probably more than 10 per cent.

Future Policy Steps *continued*

- 5** Create a national system of second-chance opportunities for early school leavers to achieve Year 12 or an apprenticeship.
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Barriers for early school leavers wanting to return to education and training (e.g. fees and equipment costs, study leave constraints) need to be overcome. Young people need to be encouraged to re-engage with learning. New learning and employment intermediaries are needed to address the gaps between formal education and training and the labour market, alongside existing intermediaries such as group training organisations.

- 6** Systematically learn from local and international best practice.
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Schools and regions can benefit from exchanging best practice and innovation. The challenge in a global economy is to consistently measure our educational performance against international leaders. Benchmarking should be used to improve school, regional and national performance.

Conclusion

Increased investment in the education and training of young Australians has the benefit of improving the number of future workers and also their knowledge and skill levels, contributing to participation and productivity. It will provide young Australians with the skills and knowledge to get the start that will help sustain them for a lifetime.

