

A crucial point in life: learning, work and young adults

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Young people, both as teenagers and as young adults, are significant losers from the radical transformation in the nature and shape of work over the past two decades. More than any other age group young people are more exposed to casual work, to employment that is part-time or temporary in nature, in general they are experiencing static or declining levels of earnings from work, and the work they are being offered is increasingly low skilled. They bear a disproportionate share of the burden of Australia's unemployment. It is arguable that while all age groups have been affected, the impact of the revolution in the structure of our labour markets has fallen most unfairly on young people. Gregory, for example, estimates that relative to the incomes of mature age workers, the earnings of young adults have fallen by 20% since 1976. Combined with the fact that young people are staying in education for longer periods, he argues that an effective redistribution of wealth is occurring from the young to the middle-aged. [see also King and McDonald: 1998]

Yet it seems that most young adults – young people in their early twenties, the 20 to 24 year old age cohort - adhere to the conventional values and norms of earlier post-War generations. This is in spite of the splintering and collapse in the 1980s and 1990s of the type of labour markets that enabled their parents to largely realise their aspirations and goals. Independence, autonomy, the capacity to consume, the acquisition of qualifications to establish a lifelong career, are treasured and valued. Even more so than teenagers, young adults are deeply aware of where they are placed in the worlds of learning and work. Most of this age group are no longer at school or university - just under one in five was attending a tertiary educational institution on a full time basis in 1998. Many young people in their early twenties are at a point where they are contemplating turning the fruits of independence into a highly charged re-engagement with family life by establishing life and parenting relationships of their own. This is because they are at a crucial point in life where it is possible for the first time to concretely define a personal standard of living, and roughly identify one's social status. [Dwyer, Harwood, Tyler: 1998]

Superficially, with low inflation, strong economic growth, relatively low interest rates, and a trend that suggests unemployment is falling, it would seem that the contemporary generation of young people is well placed to achieve these goals. Added to that young people are surrounded by seductive images and messages that suggest these work qualities are just a matter of confidence, imagination, and selective consumption. As advertising for finance companies and mobile phones featuring obviously successful and

satisfied young people teasingly intone, the key objective in life is seemingly to make sure *I get what I want*. Young people live in a culture that promises a vision of life at the top of the up escalator, but rarely glances at how life is for those travelling on the down escalator.

However, in *Australia's Youth: Reality and Risk* and in this companion report, we have documented the increasing difficulty young people face both as teenagers and as young adults in fulfilling these aspirations. Our broad conclusion is that in Australia's rapidly changing labour markets substantial numbers of young people are finding it more difficult to gain a foothold in rewarding and valued work opportunities.

Fifteen per cent of all teenagers are engaged in what can be considered 'marginal activity' (that is they are either unemployed, OR working part-time but not improving their educational or skill qualifications through recognised study, OR they have simply dropped out of the labour market altogether). We have defined teenagers who fall into this group as being 'at risk' of not making a successful transition from education to stable employment. The proportion of teenagers in this situation has grown by nearly 50 per cent during the course of the 1990s. It does not infer that all young people in this category will not make the transition; it does mean however, that their chances of not doing so are greatly increased.

Reality and Risk drew attention to the large and apparently increasing number of young people for whom this transition process is increasingly problematic. A major finding of this report is that an even larger number of young adults – between 21 per cent and 26 per cent of all young adults in 1997 - face continuing disadvantage in labour markets.

For substantial numbers of young people the key points of transition are being deferred or delayed beyond the teenage years into their early twenties and later. The deferral of economic independence has increased the financial dependency of young people on their parents. Judy Schneider of the University of New South Wales recently reported that fifty eight per cent of those aged between 15 and 24 were dependent on their parents in 1994-96, an increase of 12 per cent in the period since 1982. The change was most noticeable for 18 to 20 year olds, with a minority (38%) being dependent in 1982 but a majority (62%) being dependent in 1994-96. This trend was also strongly reflected among young adults. [Age: 26.11.98] Young women are more likely to rely on their parents for financial support than young men. Internal forms of redistribution within families are becoming increasingly important, "... in the business of getting started in life....family is going to matter more and more," says Gregory.

The full introduction at the beginning of 1999 of the Youth Allowance, which combines all major forms of state income transfers for the learning and work needs of young people, will reinforce the importance of these family dynamics. We need better data sources about intra family relationships and income sharing to be definitive about the

likely impact of the Youth Allowance on the journeys young people make on the up and the down escalators of life.

However there are some indications that the costs could be considerable: the National Australia Bank, for instance, recently predicted that an extra two year stay at home by young adults would leave parents \$20,000 poorer by the time they retire. [SMH: 13.1.99] The capacity of families to absorb these costs is bound to become increasingly important in determining the life chances of young people, reinforcing the way that the occupational backgrounds of parents are critical in determining the opportunities open to individual young people. These are factors likely to inflate the growing divide between rich and poor. Within the young adult cohort a deepening divide is opening up as a pivotal stage is reached in the transition from school and learning to active participation in employment.

The OECD recently concluded that the scale of the problem to ensure young adults make a successful transition to work "is substantially higher" than it is for teenagers. [OECD: 1998b] An especially important contribution in this collection of papers is made by MaryAnn McLaughlin of the Conference Board of Canada. She notes the fact that although Canadian young adults have higher levels of post-secondary education than Australian young adults, they face similar difficulties in making a successful transition to stable employment. "Structural changes in the labour market pose challenges for young adults in both countries. Skill and education requirements are rising and there is an increasing premium on relevant work experience," McLaughlin argues.

Reality and Risk observed how the standard post War pattern of transition from adolescence to adulthood via the labour market is undergoing radical change. Mark Wooden [DSF 1998: 35] neatly characterised it:

The transition process from school to work has . . . changed greatly over the last two decades. In the 1970s most young people would have entered the work force on a full-time basis directly from school, often without completing secondary school and without any other intervening work experience. In effect, young people made a decision between education or work. Today the transition to full-time working is much more gradual and drawn out. Most young people will not find full-time employment until they are well into their 20s, will have a post-school qualification, and will have been exposed to the work force through part-time employment while studying.

The certainties of stable work and easy access to jobs that assisted an earlier generation of young Australians in their process of transition no longer exist for most young people. The notion of clear pathways to obvious destination points in adulthood has dissolved, and young people must now negotiate a new labour market and learning landscape in order to achieve stable and sustainable employment.

The concept of a linear pathway for young people needs to be urgently re-thought, a more apt metaphor might be the idea of a mosaic. Young people, both as teenagers and as

young adults, are required to put all the pieces into place and to find the answers to life's jigsaw using their own devices. Accumulating and processing information, manipulating social, cultural and economic knowledge, intellectual restlessness, and personal flexibility are real commodities appreciated in labour and learning markets. The idea of the career path has become overgrown, lost in the thicket of restructuring and work re-engineering, and is badly in need of repair. As Buchanan and Bretherton note, in the mid 1990s almost half of all young adults in work were either dissatisfied with their current career opportunities or, tellingly, were in employment where the concept of career development was 'not relevant'. Less than a quarter – just 23 per cent - were satisfied with their current promotional opportunities.

Before moving to discuss how young adults are coping with these uncertainties, it may be apt to quickly review teenage experiences of transition.

Australia's Youth: Reality and Risk

Teenagers (and young adults for that matter) in the 1990s are embarking on a transition process at a time of radical fragmentation of full-time labour markets, and erosion of industrial award structures as key determinants of income levels. Job markets are being reshaped so as to reflect growth in knowledge intensive and service industries.

Teenagers and young adults are encouraged to fashion their own mix of work and education, and their adaptability to this process is crucial in determining whether they commence adulthood travelling economic escalators that will carry them on 'up' or 'down' in life. Many young people acknowledge this challenge. They value choice, they appreciate having and creating options, and the corporate and public cultures of post-industrial capitalism are being shaped around them. Seemingly, as the Prime Minister recently noted, this is the 'options generation'.

Melding work and learning, either at school or in the post compulsory years, is becoming an increasingly important attribute in the transition process for teenagers. More than 300,000 teenagers are studying at school or university full-time and are also working on a part-time or casual basis. Labour market outcomes for young people who successfully combine student and worker roles are considerably better than for those just working part-time or those just studying part-time. However at the same time there are more than 60,000 teenagers struggling to find full-time work and nearly 13,000 teenagers have been unemployed for more than a year. As Richard Sweet noted in *Reality and Risk* there are distributional and equity issues emerging between some student workers who are relatively privileged and other young people at risk of continuing disadvantage in labour markets. Maintaining substantial or full-time contact with the key institutions of learning or work is critical in the process of transition. A major finding of *Reality and Risk* was that this is becoming progressively more difficult for sizeable numbers of young people, and especially for those from already disadvantaged backgrounds.

The human consequences of losing contact, of being forced to the margins, were described by McClelland et al, through tracking young people over a three year period in their late teens. They estimate that close to ten per cent of teenagers are spending these years moving between intermittent periods of casual work and periods of unemployment. The limited work opportunities available to these teenagers are doing little to improve their skill capacity. They are falling behind others who are advancing their skills through educational participation. Data released last year by the Australian Bureau of Statistics (ABS) confirms this depressing picture. Of the group of teenagers who were unemployed in May 1995, only a third reached stable full-time or part-time work eighteen months later. The remainder were either in unstable employment (25%), were unemployed (31%), or had withdrawn from the labour market (12%). The figures indicate some of the profound difficulties facing young people disengaged from education and skilling systems. [ABS: 1998]

School retention emerged as a major concern, since it has been declining during much of the 1990s. In 1997 it was down to just 66% in the government school sector. It is clear that a number of other OECD countries will move ahead of Australia in terms of retention rates over the next decade. [Curtain 1999b] Australia appears to be the only OECD country in which school participation has actually fallen during the 1990s. This decline brings a heavy price. *Reality and Risk* estimated that 70% of those engaged in 'marginal activities' are early school leavers, having left school before completing Year 12. The 'holding power' of schools in the late 1990s, especially their capacity to retain or offer 'second chance' options for those teenagers for whom formal learning is most difficult, is questionable.

Teenagers face major difficulties in structured training arrangements. Ball and Burke indicate that small employers, the chief drivers of job growth, appear to be reluctant to invest in the long-term development of young people on the job. In late 1996, with the exception of the public sector, less than half of all employers provided any training to their employees during that period. The erosion of employment options in the public sector during the 1990s perhaps has impacted hardest on teenagers, both in terms of direct employment opportunities and in terms of access to quality training places.

There was a substantial drop in the 1990s in the number of teenagers in apprenticeships, while the number of mature age workers in traineeships grew much faster than the increase in numbers of teenagers in this program. Although problematical for teenagers, it has advantaged young adults, with the number of 20-24 year olds engaged in a contract of training increasing by 250% between 1992 and 1997. In the context of shrinking possibilities overall, young men are relatively privileged in youth labour markets because of the way apprenticeships tend to be male dominated.

A lesson from *Reality and Risk* is the importance in structured training arrangements, and for labour market interventions to focus on the needs of young people specifically, as they are vulnerable to losing out to older and more experienced workers in terms of

access and participation. The disadvantage suffered by teenagers in their labour markets has worsened despite a general improvement in labour markets overall during the past eight years.

Labour markets are not especially safe havens for teenagers, particularly early school leavers, and others not able to quickly break into full-time work. The bulk of work on offer is casualised (55%) compared to a decade ago when less than a quarter of teenage work was casual in nature. This mirrors the way casual work is increasing as a form of employment across all groups, rising from 16% in 1984 to 27% in 1998. Teenagers are still locked into predictable and low-skilled or intermediate-skilled occupational roles: for example, 90% of teenage male employment is concentrated in three major groups: labouring, tradespersons, and personal service workers. Teenage women were confined to selling, clerking, and labouring. Whether in full-time or part-time employment, teenagers, have experienced a decline in real average earnings since 1984, even as earnings among employees as a whole increased.

Reality and Risk concluded that Australia needs:

- ◆ stronger social and educational foundations to build the skills required to participate in structured learning across all the stages of life;
- ◆ early interventions by schools, governments, and local communities, to ensure teenagers do not drift into marginal activity over the medium to longer term; and
- ◆ innovative responses by employers, unions, and governments to cope with the demise of stable and secure employment opportunities.

What is the overall picture for young adults?

The 20-24 year old population as at August	1998	1987
Total cohort:	1,352,400	1,303,700
Employed	844,400 (62.4%)	930,900 (71.4%)
F-T student AND employed	120,500 (8.9%)	43,300 (3.3%)
Unemployed	112,600 (8.3%)	113,700 (8.7%)
F-T student & unemployed	18,200 (1.4%)	5,700 (.4%)
F-T student	123,600 (9.1%)	68,100 (5.3%)
Not in the labour force (non-student)	133,100 (9.9%)	142,000 (10.9%)

Nearly two thirds of all young adults, young people are employed in either full time or part time work, and are not studying. Overall, most young adults, more than 80% of them, are in the labour market. Labour force participation in this age group is the highest at any point in the life cycle.

The remainder of young adults are almost evenly split between those who are studying exclusively, and non-students who are also not in the labour market.

Close to ten per cent of all young adults are unemployed, although this includes more than 1% who are also studying. Eighteen per cent of young people are studying full time (a further 10% are studying part time), but at least half of these are also in the labour market. More young adults than ever are participating in forms of vocational education.

This is almost the complete reverse of the pattern of engagement for teenagers outlined in *Reality and Risk*, where those still at school or entering a form of post-school education outweighed the number of those whose ambition was to find a niche in a labour market of some sort. Even so, more young adults are engaged in part time study or training and full time employment than ever before. The changing proportion of young adults engaged in full-time education, and the dramatic increase in part-time employment as a share of total employment, are perhaps the most significant changes in the group over the past decade. Part-time work as a share of total employment grew from a little over 9 per cent in 1987 to nearly 27 per cent in 1998.

'At Risk' Young Adults

In *Reality and Risk* we regarded all teenagers who were either unemployed, or working part-time but not improving their educational or skill qualifications through recognised study, or who had dropped out of the labour market altogether, as engaged in 'marginal activity' in terms their potential participation in stable employment. We used participation in full-time paid work, or skill development that might enhance the prospect of achieving paid work, as the prism through which we viewed 'marginal attachment to labour markets'. However defining marginality and using the concept so broadly in relation to young adults is a more exacting exercise. Among young adults the concept 'at risk' is associated with factors and activity that might potentially lead to a 'continuing labour market disadvantage'. This age group has generally had some exposure to labour markets and the vulnerability they experience is related more emphatically to the fact of their prior economic and social disadvantage, and the way these disadvantages are carried into these markets.

Young adults are not just consumed by work or the development of work skills, a significant number are developing personal and social relationships which will affect their long term connection to work and to the development of career opportunities. Only 3% of teenagers are in autonomous family relationships, while nearly a quarter of all young adults are living in a coupled relationship, and eleven per cent already have dependent children of their own. Significant numbers of young adults, principally young women as opposed to young men, are no longer in the labour force - they are devoting most of their time to child caring. *Reality and Risk* reported that only 3% of teenagers were not in the labour force and not studying. By contrast in 1997 close to 9% of young adults are not in the labour force and are not studying. Fifteen percent of all young adult women compared to just 3% of all young adult men are in this category, and nearly 80% of these women have dependent children. A third of women not in the labour force and not studying are single parents. The young women speaking to Probert and Macdonald provide rich evidence that parenting and not participating in labour markets cannot be

regarded as 'marginal', rather it is a role absolutely central to defining identity and meaning for many engaged in this process.

Calculating the proportion of young adults who might be 'at risk' is relatively complex compared with the teenage group.¹ In September 1997, 17 per cent of young adults were either unemployed or were employed part-time and were not in education.² A further 8.7 per cent of young adults were not in the labour force and not in education. The majority of those not in the labour force depend on government benefits – disability allowances, illness payments, single parent or carers pensions, and so on – indicating they already face a diminishing standard of living. Applying a broad definition by including all of those 'not in the labour force' who were not studying, all of the unemployed, and those employed only part-time and not in education, 26 per cent or more than 350,000 young adults could be considered 'at risk' of a continuing labour market disadvantage.

A tighter definition could be also be used by differentiating the 'not in the labour force and not in education' category, and only considering those in this group defined by the ABS as currently having a 'marginal attachment' to the labour force. Sixty percent of men and nearly 50% of women 'not in the labour force and not in education' were actually looking for employment, and were either available to start in the next four weeks, otherwise they would have been if child care was available.³ However they were not defined by the ABS as 'unemployed'. By tightening the 'not in the labour force and not in education' group to those defined as 'marginally attached', 21 per cent or approximately 293,000 young adults could be described as 'at risk'.⁴ Between 21 per cent and 26 percent of young adults were 'at risk' in late 1997.

Young adults at risk of continuing labour market disadvantage, Sept 1997

	Male (% ya male pop)	Female (% ya fem pop)	Persons (% total pop)
Total Population	682,800	672,100	1,354,900
Unemployed	81,000 (11.9%)	42,800 (6.4%)	123,800 (9.1%)
Employed part-time & not in education	37,100 (5.4%)	72,300 (10.8%)	109,400 (8.1%)
Not currently in the labour force	19,300 (2.8%)	99,000 (14.7%)	118,300 (8.7%)
TOTAL BROAD DEFINITION	137,400 (20.1%)	214,100 (31.9%)	351,500 (25.9%)

	Male	Female	Persons
Unemployed	81,000 (11.9%)	42,800 (6.4%)	123,800 (9.1%)
Employed part-time & not in education	37,100 (5.4%)	72,300 (10.8%)	109,400 (8.1%)
Not currently in the	11,700 (1.7%)	48,000 (7.1%)	59,700 (4.4%)

labour force but marginally attached to the labour force			
TOTAL TIGHT DEFINITION	129,800 (19%)	163,100 (24.3%)	292,900 (21.6%)

Figures are rounded to whole numbers. Derived from McClelland and Macdonald in this volume.

Young adults appear to have an even higher chance of not making a successful transition from education to work than teenagers do. In May 1998, 15.8 per cent or approximately 206,000 teenagers were engaged in 'marginal activity' and 'at risk' of not securing stable employment. Applying the tight definition of young adults 'at risk', 23.5 per cent or approximately 318,000 young adults were 'at risk'. More than 500,000 young people or about 19 per cent of the total youth cohort could be viewed as being in a precarious labour market situation in May 1998. [Curtain: 1999b] The proportion of young adults in this situation has increased over the past decade, suggesting that a rising tide does not lift all boats. Curtain argues: "the situation facing young adults over the last decade has deteriorated significantly... Looking at young adult men, the proportion at risk has gone from a low of 14 per cent in 1989 to a peak in 1993 of 25 per cent and has only moved slightly downwards from this peak..... The situation facing young women over the last decade shows a similar trend."⁵

Major steps are required to reverse this trend. It cannot be assumed that this group will automatically benefit from macro economic policies; specific interventions are required, including re-entry strategies into labour markets, and into learning and skill development opportunities. Practical steps need to be taken to facilitate 'lifelong learning' opportunities, and to encourage well-paid and more stable employment rather than low-paid and low-skilled casual work.

Continuing Labour Market Disadvantage

To what extent do 'at risk' teenagers engaged in 'marginal activity' come to realise their young adulthood with a continuing labour market disadvantage? The thought that 'at risk' teenagers might just be taking time to discover the avenues to skilling and substantial employment is dispelled by McClelland and Macdonald. Collaborating with ACER, and tracking the patterns of a representative group through the Australian Youth Survey, they found that around 8 per cent of 24 year olds are estimated to have:

- ◆ not participated in any higher education or apprenticeship training;
- ◆ not obtained a TAFE qualification; and
- ◆ either been unemployed or out of the labour force for more than 25 per cent of their time (at least 18 months) since leaving school.

Seventy two percent of this group was neither in full-time employment nor in higher

education or training by the time they reached 24 years. When they were employed, they were in the lowest skilled jobs and they commanded lower hourly pay rates compared to other young adult workers. Young adults in this group are likely to come from particular backgrounds: to have been raised in a rural community, to have attended a government school, and to be an early school leaver. Are we effectively consigning a substantial group of young Australians on a dangerous 'race to the bottom'? [Hollingworth: 1998]

Along the way there are significant tax and social security roadblocks for individual young people wanting to change escalators to join the journey from the bottom to the top. Complex but important disincentives exist for low income young adults to earn more income: the average person working part time in this group faces an effective marginal tax rate⁶, (EMTR i.e., a calculation of the interaction of tax and transfer systems on earned and unearned income) of 76%. This contrasts with the EMTR of just 45% faced by the top young adult salary earners. Young adults earning a private income less than \$270 per week face a disincentive factor as high as 90% compared to an EMTR of not more than 50% for those earning more than this. Beer and Johnson conclude "the interaction of the current income tax and social security systems does not provide a strong financial incentive for those with low incomes to increase their income. Single people in the labour force or studying full time, couples with and without children and sole parents not in the labour force.....face high effective marginal tax rates at low and middle levels of private income."

We should not underestimate the impact of these arrangements as young people make decisions about their labour force participation, and the extent to which these factors influence their availability for casual employment. It is possible that 'poverty trap' financial disincentives are factors adding to the pool of young people reliant on low waged, low skilled, and casualised work as the only means of 'topping up' their income. Ten percent of 15-19 year-olds are spending their late teenage years moving between periods of casual work and unemployment. Chances are that by the time they become young adults, they are even more entrenched in marginal labour markets that offer few long term prospects, or they have dropped out of the labour force altogether. [White: 1997] Creating complex screening and compliance devices that act as barriers to receiving or restricting eligibility for government income maintenance payments is inadequate. Government incentives to encourage decasualisation and the creation of permanent part-time work opportunities, along with steps that build lifelong learning and skill development opportunities are better approaches.

It seems that early school leaving is becoming a significant factor in the continuing labour market disadvantage experienced by young people. A continuing preference amongst employers towards recruiting more skilled and qualified labour puts those young people without a final school or other post-secondary qualification at a particular disadvantage. "As competitive pressures rise, labour markets are becoming more demanding for young people and the consequences of being under skilled and unqualified are rising," says the OECD. [OECD: 1998b]

Ainley and McKenzie, analysing longitudinal data drawn from a sample of young Australians born between the early 1960s and the mid 1970s, document how early school leaving, and low levels of literacy and numeracy in teenage years, impact strongly in terms of the employment prospects on young adults. By the age of 24, for example, completion of Year 12 still has a substantial effect on the incidence of unemployment, reducing the odds of unemployment by 58% compared to those who did not complete Year 12. Completing Year 12 also increased hourly earnings by 4% on average. Disadvantage associated with early school leaving has a continuing negative effect on individuals in labour markets and is still a factor for people into the early 30s. Teenagers who completed Year 12 are much less likely to be unemployed in early adulthood.

In terms of the vulnerability of different groups of young adults to become 'at risk' of continuing labour market disadvantage, Aboriginal and Torres Strait Islanders (ATSI) are grossly disadvantaged compared to their non-indigenous counterparts. VandenHeuvel and Wooden and McClelland and Macdonald both observe that indigenous young people have lower rates of school completions, and higher rates of unemployment than other young Australians do. In 1996 the unemployment rate for 20 to 24 year-old indigenous males was 30 per cent compared with 15 per cent for all 20 to 24 year-old males. For female indigenous young adults the unemployment rate was 25 per cent compared with 12 per cent for all female young adults. Serious consultations with ATSI young people to improve their educational and labour market opportunities, and to develop culturally appropriate responses, must be a key policy priority for state and federal governments.

Due to rapidly changing skills requirements in Australian labour markets, many young adults who were early school leavers in their teenage years might still be riding the down escalator. In 1997 half (66% among young adult females who were early school leavers) of all young adults who did not complete Year 12 were either not in education or not in full-time employment.

This strengthens the case for:

- ◆ early intervention strategies to improve literacy and numeracy skills;
- ◆ steps to encourage higher levels of school retention; and
- ◆ policies such as the 'youth entitlement' that reposition teenagers who will not complete Year 12 in labour markets and in educational/training systems.

The 'Youth Entitlement' or 'Youth Commitment'

In Reality and Risk the Dusseldorp Skills Forum introduced the idea of a 'youth entitlement' or 'youth commitment', a series of steps designed to deal more effectively with the needs of 'at risk' young people. The entitlement is aimed at young people under

the age of 20 who have left school without completing Year 12 and who are not in full-time work and not studying. Its maximum value would be the rough equivalent of the public investment in students completing a Year 11 and 12 education, or about \$16,000 in current terms.

Arguably this is a cost that would be incurred in any case by governments if the young person coming under the scope of the entitlement had decided to remain at school. It would represent a relatively modest additional public outlay, but obviously there could be considerable savings arising from anticipated reduced expenditure in areas like juvenile justice, policing, health, and it would incorporate some existing programs in the employment services and education areas.

The fundamental objective of such an entitlement is to provide a 'second chance' by helping early school leavers to either:

- ◆ *Return to school or its equivalent in order to complete Year 12; or*
- ◆ *Obtain an education and training qualification that is at an equivalent level such as a TAFE certificate or an apprenticeship; or*
- ◆ *Obtain a full-time job that is linked to education and training.*

Young people eligible for the entitlement should be able to construct flexible personal action plans, should work in conjunction with a community-based mentor or case manager in constructing action plans, and be able to spend their entitlements in the settings of their choice.

Life choices and sex

By 20-24 years of age the different choices and options facing young men and women are more marked and more powerful than they were as teenagers. Within the sexes too there are vastly different opportunities and constraints, sometimes opposite poles of experience in work and parenting, as illustrated by Probert and Macdonald. Two decades of feminist advances have produced important breakthroughs for all young women, but especially a small number of relatively privileged young adult women. At the same time though, a significant minority of women are embarked on the down escalator, reduced to the fringes of labour markets and finding structured training difficult to access.

There are more young adult men in the labour force than young women, an interesting contrast, as there are more females than males in the labour force during the teenage years. Just a third of young adult women are working part time (compared to three-quarters of young women who were working part time during the teenage years) but this is still nearly twice the rate of young men who are working part time.

Fifteen percent of young adult women have withdrawn from the labour force, compared

to just 3% of young men, and 80% of these women had dependants. A third of these women are single parents. Child care and nurturing is not nearly as prominent a factor in young men not participating in the labour force as a negligible number of them have dependents. Men not in the labour force were predominantly engaged in study. And the proportion of young women engaged in child care and nurturing is not as prominent as previously: there has been a sharp decline in the fertility rate of 20 to 24 year olds, falling from 107.5 in 1981 to 64.6 per thousand in 1996.

..... its hard to say what you're going to be doing in ten years because you don't know how your kids are going to react to things that you do. So what you do hinges on how your kids are coping and what they're going through, and you can't say right now what they're going to be like in 10 years' time, so it's very hard to say what you're going to do ...

Julie, living with partner, and two month old baby, speaking with Probert and Macdonald

While young adult women are more likely than young men to drop out of the labour force, they are also more strongly represented in terms of higher educational participation (20% of all young adult women compared to 17% of all young adult men). More young adult women are studying full time than men, while there is a stronger pattern among young adult men of part time study combined with part time employment. In terms of fields of study some of the traditional gender patterns still predominate. For example Ball reports that 30 per cent of male vocational students in the 20-24 year age cohort are in 'engineering, surveying' in 1997. Against this however, 30 per cent of female vocational students aged 20-24 years are now undertaking studies in 'business administration, economics'. Marginson shows that in higher education women are breaking into traditional male professions like law and medicine in record numbers, but increasing participation in fields like engineering remains elusive.

The outcome in terms of incomes of these differential patterns is higher average earnings for young men than for young women, reflecting a trend established during teenage years. The gap between male and female earnings grows considerably from 12% at age 20 to 18% at age 24. Three out of every five young adults in the bottom quintile of income earners are females, but only one in three in the top quintile of young adult income earners is a woman. While more men than women are receiving Centrelink payments, for men these mainly relate to forms of temporary income transfer such as Newstart and other labour market payments, while 36% of women are reliant on benefits in response to their long term parenting responsibilities. In looking at the rewards to young adults from labour market participation, and other major forms of income support, young women appear to be markedly disadvantaged by comparison to young men and appear to have less scope to assert themselves in terms of realising sustainable individual economic independence.

Changing Conditions of Work

Recently both the National Institute of Labour Studies (NILS) and the Australian Centre for Industrial Relations Research and Training (ACIRRT) have pointed to the ever growing pressure for higher rates of individual productivity and output. [Australian Bulletin of Labour: 1998; ACIRRT: 1998] Flexibility has become a key work requirement, meaning workers must be able to easily transfer their core skills and qualifications to new work settings, adapt to the demands of 'just-in-time' hiring policies, and expect to mix periods of long hours with other stretches of significant 'down time'. The ability to absorb vast amounts of information in a short space of time; the personal capacity to negotiate satisfactory transactions not just with customers, but with outside suppliers, other team members, and managers as well, is highly prized, if not well rewarded. The critical 'skill' young people are expected to have is the 'right attitude'. In short, the most important ability oftentimes expected is the capacity to adapt to change, and, even better, to be willing to become change agents with management, not simply to be a static or remote lump of labour. [for example, see Probert: 1998]

Flexibility is an important commodity because more than a quarter of all workers are now in forms of casual employment, an increase of more than 100% over the past two decades. The proportion of young adult employees who are casually employed has doubled over the past twelve years, and now stands at 28% of those with jobs. This phenomenal growth has occurred simultaneously with a decline in full-time employment, which has fallen from about 90% of young adult jobs in 1978 to less than 75% in 1998. The proportion of part-time jobs has doubled in the past ten years. At the same time young adults are reporting increasing levels of job stress, and either static or declining levels of job satisfaction.

Coles Supermarkets Victoria

Extended shopping hours and new forms of work organisation have encouraged a rapid growth of casualised employment in the retail sector in recent decades. The sector has also been adept at sourcing its labour force from part-time and full-time students who are more likely to be seeking casual rather than full-time employment. As a consequence the long-term trend in the sector has been away from full-time or permanent part-time employment.

However in recent years Coles supermarkets in Victoria have actively moved from a labour force model based around a relatively small core group of full-time employees supported by a larger and more peripheral mass of casual staff. In 1994, of a workforce of approximately 12,000, only 23 per cent were employed full-time, 32 per cent were in a part-time arrangement, and the bulk, forty five per cent or nearly 5500, were employed casually.

Over time Coles supermarkets came to realise that improved workforce productivity and more sustainable customer relations could only be built if it moved to employ a more stable workforce. Coles re-assessed the

career options it was offering employees, the training pathways that it provided, and the way its stores related to local communities, their particular retail needs and labour market opportunities. Model stores were developed with traineeship programs that accessed participants from the local area; paid leave to attend TAFE was provided to trainees; and a career pathway for each trainee was developed. Trainees were encouraged to take responsibility for a particular area of the store and to network with trainees in other parts of the division.

As a result of these and other changes, by 1998 casual employment in the division had fallen to 33 per cent of employees. The proportion of employees working full-time has grown to 28 per cent, and nearly 40 per cent are in a permanent part-time arrangement. In terms of the total work hours in the division, only 16 per cent are worked casually, and 57 per cent are now worked by full-time staff.

The Coles supermarket experience in Victoria is a revelation given the casualisation tide in Australia. It is arguable that decasualisation can be accelerated in the retail sector if governments are prepared to rebate payroll taxes when casual positions are converted to full-time or part-time employment. Creating more stable and sustainable employment opportunities will, over time, also reduce the number of people reliant on Centrelink payments, making this proposal fiscally attractive to governments, as well as employers and jobseekers.

To be sure the trend growth of part-time and casual employment is fuelled in part by changes in the supply of labour related to greater participation in education. For example thirty percent of casually employed young adults are studying full-time. However this is only one factor. The growth in casual employment for students and non-students over the past decade has been almost identical.

Thirty per cent of Australia's labour force is working hours in excess of the standard working week specified in awards, most of these hours are unpaid. Twenty percent of young adult employees are already working more than 45 hours per week while the number of unemployed young adults without work of any description has remained consistently high. Many young adults do not have a choice about part-time work. Forty percent of young adult part-time workers, more than in any other age cohort, want to work more hours, and the trend of underemployment is increasing. This disparity in the distribution of working time is a concern across the entire labour force, and is now a major factor in youth labour markets. It does provoke enquiry about how those who have too much work to do, can share with those who have too little work to do. Within our industrial relations framework both employers and unions need to consider ways of dedicating employment opportunities and improving the distribution of work available to young people, both teenagers and young adults. This means moving beyond the debate about 'youth wages' and considering mechanisms within enterprise bargains and agreements to ensure young people have structured training opportunities, a more equal distribution of working hours, and clearly defined career paths.

The first job I had last year was waitressing – he took advantage of me. I was desperate for extra money and I was basically working from 9 until 10 – just one hour. 10 and 12 he didn't need me because it wasn't that busy so I had to come back at 12 until 2. So I had

one hour at work, two hours when I couldn't do anything and then two more hours after that. So I only had three hours a day and I needed the money and like I still got time with my son but for those two hours in between it wasn't worth going all the way home and coming back, so I'd just sit around in his café and read a book and drink a drink and if it got busy, it was like "Oh, do you mind giving me a hand?" and of course, that was all for free.

Tania, aged 24, with a three year old son, speaking with Probert and Macdonald

Although unemployment itself is no longer an adequate descriptor of the disadvantage and wasted opportunities experienced by young people, we cannot lose sight of the fact that for close to a decade approximately 40% of all unemployed Australians are 24 years and under. Public concern with the rate of teenage unemployment has overshadowed the situation of 100,000 young adults who are currently unemployed. It is true that the rate of unemployment for young adults has declined considerably since the recession of the early 1990s. But it is still double the unemployment rate of prime-age adults despite the fact that the two age groups have a similar proportion of the population participating in labour markets. The average duration of unemployment has remained relatively constant since the mid-1980s at slightly over 40 weeks duration. Almost 40,000 twenty to twenty-four year-olds had been unemployed for 12 months or more and are not studying; by late 1997, 7,700 (or 6.6% of the young adult unemployed) had never had a full-time job in their lives.

Career WorkKeys, Central Coast, NSW

On the Central Coast of New South Wales an independent, not-for-profit community based company commenced operations at the beginning of 1998. Career WorkKeys (CWK) is one response to the opportunities presented by the growth of casual work and the need to provide a more stable working environment for young people. The CWK board of directors is drawn from both public and private sectors. CWK works in a similar fashion to a group training company and aims to respond to the peaks and troughs of demand in the casual labour market.

Key **objectives** of the project are to:

- ◆ Enhance the quality and value of part-time and casual workers;
- ◆ Improve the employment security of this group of workers; and
- ◆ Develop the skills of part-time and casual workers.

Key **features** of the project are:

- ◆ Aggregation of casual and part-time work: for example, an employee may work as a labourer in a timber yard on Monday, Tuesday and Wednesday and as a kitchen hand in a restaurant on Friday and Saturday, yet still only be employed by one organisation - CWK;

- ◆ Total management of the employment relationship (payroll, tax, worker's comp, super, etc) other than direct site supervision;
- ◆ Assessing and recording the development of generic and technical skills of employees; and
- ◆ Assisting employees to build portfolios recording their experience and skill gains.

The **advantages** are:

- ◆ Opportunities for employers to identify future full-time employees, and for employees to identify likely prospective providers of full-time work;
- ◆ Employees can build several part-time or casual jobs on top of each other in the week, month or year, and have greater employment security as a result; and
- ◆ Younger, inexperienced workers are placed in structured work environments and experience sound employment practices complemented by external mentoring.

The **results** to date:

There are signs that CWK is meeting its social and commercial expectations. Many employees have worked in aggregated employment and a substantial number who have left CWK have gone on to permanent full-time work, mostly with firms that hired them from CWK. In its first year CWK achieved a satisfactory financial turnover and is well placed to become financially independent within three years. Balancing the desire to achieve tangible social benefits with the commercial realities of the market sometimes poses difficulties, but there is optimism that this can and will be achieved.

Distributing Incomes from Work

The revolution in the nature and structure of work has impacted on the way the rewards of work are being distributed. Harding estimates that an increasingly unequal pattern of reward is emerging. [Harding: 1997] The incomes received by young adults during the 1990s have been relatively steady, rising by just 2% over the period 1990 – 1995/6. However this masks some important differences in earnings among different groups of young adults. Closer analysis of income levels related to educational qualifications reveals that those with bachelor or higher degrees and those with diplomas experienced substantial income increases from the early to mid 1990s (\$447 to \$481 pw); and (\$399 to \$423 pw). The income of those without post-secondary qualifications remained steady (\$330 to \$335 pw) and those with skilled vocational qualifications experienced a substantial fall (\$493 to \$456 pw). Young adults with recognised higher educational qualifications are generally doing better than those young people with lesser qualifications or without any qualifications at all.

The top quintile of wage and salary earners are receiving almost more than four times the average weekly income of those in the bottom quintile, and educational qualifications are a significant factor in terms of those in the top and lower brackets of income earners. For example 72% of those in the bottom quintile have no post secondary qualification; but 55% in the top quintile have either a bachelor, post graduate, diploma or skilled vocational qualification.

Entry Level Employment for Young Adults

A key feature of *Reality and Risk* was the finding that teenagers in full-time work were becoming increasingly concentrated in lower paid and lesser skilled work. Perhaps there was a general expectation that this would be corrected by the time young people advanced into the next cohort, the 20-24 year-old age group, as they exited education and found a place in labour markets. However it does not necessarily get any easier as teenagers become young adults.

Young adults are not as concentrated as teenagers in retailing, and they are better represented across a number of industry sectors. However during the 1990s there has been a pronounced trend towards lower skilled jobs for both young adult men and young women. VandenHeuvel and Wooden observe a clear shift among both sexes towards employment in jobs that require only elementary or intermediate skills. An increasing proportion of young adults are being employed in traditional entry-level positions as clerical workers, labourers, transport and production workers. By contrast, over the course of the nineties, young adults are finding it more difficult to immediately break into the ranks of the managers, professionals, and semi-professionals. To compound this situation, VandenHeuvel and Wooden found no comparable deskilling could be observed among older workers over the same period.

These findings are important because they contrast with the central policy emphasis of the past fifteen years, which has given priority to keeping young people in education and training for as long as possible, seemingly in order to enhance their skills and maximise their employability. For those going on to higher education and structured training a consequence has been to effectively defer key points in the transition to independence until later in adulthood. The effect has been to create two waves in youth labour markets, one during teenage years consisting primarily of secondary school leavers, and a second wave in young adulthood of tertiary graduates. The scale of this is emphasised by Marginson, who reports that during the nineties the number of young adults engaged in higher education grew by more than 50% to in excess of 200,000 in 1997, most of whom were studying part-time. Likewise Ball tells us that the number of young adults in VET programs increased by 19% during this decade, although the vast majority were studying part-time and working.

This has not been without substantial benefit. Marginson reports that higher education graduates, for example, have approximately half the unemployment rate that applies to the labour force as a whole. Ainley and McKenzie point to the substantial lasting effects on employability and earnings derived from policies that strongly encourage young people to acquire post-secondary qualifications. According to Beer and Johnson, while the income levels of most young adults were either static or fell during the 1990s, young adults with bachelor or certificate/diploma qualifications experienced a rise in their average weekly income. Perhaps this was because other groups of young adults with lesser qualifications were pushed into less stable forms of employment. Seemingly,

obtaining a secure, well paid job requires higher and higher levels of education, skill, commitment and work experience, argues Stephen Bell. "The catch is that many, either because of their own limitations or because of inadequate education and training systems, now find it difficult to jump this bar. The net effect is that the economy is leaving many of the low skilled and less talented behind." [Bell: 1998]

NILS and ACCIRT both identify the need for a stronger relationship between employment and educational arrangements. They are supported by Ball who argues that the trend to lower skilled jobs for both young adult men and women is not simply due to more young adults being more likely to be in study now compared with 1993. For example, although the profile of TAFE graduates remained constant over the 1990s, a much higher percentage of TAFE graduates are now employed in lower skilled jobs than was the case at the beginning of the decade.

Better Matching of Skills and Jobs

VandenHeuvel and Wooden assert "if deskilling of jobs for this age group continues, skills acquisition as a solution to long-term unemployment will simply serve to delay the entry of these young people into the full-time labour market but will not provide them with employment commensurate with their skills." The increasing social value placed on obtaining credentials may be having a cascading effect in labour markets, distorting the balance between skills and qualifications and available work opportunities, in the process further disadvantaging early school leavers, and pushing those with lesser qualifications further to the margins of labour market activity. We do need to be careful in reaching this conclusion. As Marginson notes the data sources to track graduates in labour markets are imperfect, and it is likely that it can take up to five years of entry level type employment experience before the occupational position of a graduate is roughly compatible with his or her skill qualifications.

However universities and TAFEs need to play a more dynamic role in encouraging a better entry match between graduate qualifications, especially in non-professional areas, and employment. These programs would endeavour to make private and public employers better aware of the skills and qualities of graduates, helping to ensure that the national investment in these skills is not drained away but is used productively by business and other employers. With the evolution of universities and TAFE colleges into mass sectors, it is not just schools that have a responsibility to provide career counselling and learning-to-work transition programs. 'Human capital' is an ugly term, but it does remind us that unless we more effectively harness all our productive skills, Australia will lose out in the competitive global environment in which we live.

Re-entry Strategies and Disadvantaged Young Adults

Probert and Macdonald point to the difficulty young women not in the labour force and disconnected to the central educational institutions have in reaching supportive forms of structured training. This points to the way TAFEs may be tending to disengage from less well credentialed potential clients. In recent years there has been a marked increase in the highest school level completed by vocational students aged 20-24 years. In 1992 about half of all students had completed Year 12 compared with two-thirds of students in 1996 and 1997. It is sometimes tempting to see the possibilities of TAFE transformed into an alternative stream within higher education. However one consequence of instituting screening devices and other impediments such as fees and cost barriers in the vocational educational and training (VET) sector is to effectively disengage the sector from the needs of marginalised young people with a continuing labour market disadvantage.

Are governments providing those with a continuing disadvantage in labour markets with the means to re-enter systems of learning and to acquire new skills? Meredith Edwards notes the social obligations between those who successfully negotiate secondary and tertiary systems of learning and those who currently do not. She calls for a fairer allocation of resources to meet the educational needs of young adults currently disadvantaged in terms of their access and participation in schooling and further education. TAFEs should become the fulcrum around which comprehensive re-entry learning and skilling strategies are developed. [see Standing Committee on Employment, Education and Training. House of Representatives: 1998 for a further discussion of proposed mechanisms to assist those with a continuing labour market disadvantage]

I don't have any formal training past Year 12. I went straight out into the workforce so I don't have any of the computer skills which obviously I'm finding that I need to get any kind of a decent career going. I haven't got a career, I've got part-time jobs and this is going to be a problem for me until I do some training. Problems I've seen are basically walking into new jobs. I'm very quick at picking stuff up but people were taking advantage of me. Like there were jobs where I was getting paid \$6.50, \$7.50 an hour and I was so desperate that I just hung onto the job basically because I needed that money for my son. And since then I've basically been lucky because I am quick at picking up things. With my telecommunications job I had no formal training for that, a lot of that was tele-marketing and I've never really done that before. But after the first day's work, you know, they saw I was really good and so they upped my pay and they saw that I was worthwhile and they kept me on for a while. And it was really sad when I had to leave that job basically [company went broke after 6 months]. So I'm hoping that these new jobs will go well but it's always a bit scary that its not going to last more than 2 weeks.

Tania, aged 24, with a three year old son, speaking with Probert and Macdonald

It is interesting to look at countries such as The Netherlands where there is tighter integration between TAFE equivalents and the skill learning sector and employers; skill development is not seen as separate from but is regarded as integral to employment

creation. Vocational skill development for all, including the most marginalised, is seen as the responsibility of employers, and they are made accountable for their performance and delivery. TAFE equivalents have an instrumental role to play both in the provision and elaboration of skills, and in monitoring skill development within enterprises. [OECD: 1998c]

Simon Marginson argues that "given the growing economic and cultural importance of lifelong learning, and the increasing likelihood of career changes during working life, it can no longer be assumed that people will remain within a single field of education, nor that they will require only one type of training." Lifelong learning has been a particular focus of the Blair Government in Britain. Its recent Green Paper supports public investment in postgraduate research to strengthen the economy's competitiveness. However there is also strong support for special assistance measures for those disadvantaged in labour markets. The UK government is less committed to supporting centralised education bureaucracies and more supportive of enabling individuals to choose the method of learning that suits them best. [Curtain: 1999a]

The learning opportunities that might be provided through innovative re-entry strategies need to be matched by labour market mechanisms that enable vulnerable and disadvantaged young people to gain a foothold in employment. Rather than cutting wages, this is perhaps best achieved through targeted tax incentives to encourage re-entry via progressive forms of part-time employment, as occurs in The Netherlands. Longitudinal studies by the OECD do raise questions about the long term value of all forms of temporary employment. [OECD: 1998a] Incentives for part-time employment would need to be matched by other measures to encourage employers create career paths that would evolve these positions into full-time jobs.

Mobilising Opportunities in Labour Markets: Focusing on Young Adults 'At Risk'

Young people possess relatively weak market power to reverse many of these trends. As Peter Hollingworth notes young people "are especially vulnerable because they lack important resources necessary to cope with the demand for mobility, planning, and investment in future opportunities. Many lack mentors, employment advisers, and institutions capable of helping them steer through this complex world." [Hollingworth: 1998] Just becoming an active player in the market can often be difficult. Many jobs are not advertised or placed through the Job Network, despite recent improvements in the performance of the Network. Young people in general do not have the reservoir of resources, contacts, networks or necessarily the savvy to seek out these opportunities. Of course some do, and that is where the advantage of school background, family networks and geographical location become so important. [NIER: 1998]

The OECD notes that in a number of countries new types of organisations are being created to provide an intermediary or bridging role between young people and the more

fragmented environment in which they must now operate. Intermediary bodies, acting as brokers between young person, schools, employers and training organisations, are assisting young people's transition from initial education to work by co-ordinating training and work placement opportunities as well as social services at the local level. [OECD: 1998b] We are a long way from developing such a network of bodies in Australia and it is not yet clear whether the manner of implementing the employment placement services market has added to this fractured environment or been a factor for integration.

WorkVentures: Opening the doors of information technology to disadvantaged young people

While the employment market for young adults seems to be driven by the need for well skilled, work ready young people, a competitive business enterprise employing 'at risk' and disadvantaged young people, is thriving.

Ten years ago, WorkVentures, a Sydney based not-for-profit association, was operating a training program for unemployed young people as part of the Sydney ITeC Skillshare program. The course aimed to prepare young people for work in the electronics repair industry. Over time the trainers in the program observed that many of the companies they were dealing with were starting to outsource their repair services to smaller, more efficient companies.

As a result WorkVentures partnered with the trainers to establish an electronics repair service for computer equipment – the Sydney ITeC Repair Centre. NCR and IBM had been sponsors of the ITeC and were willing to help WorkVentures start the new business. The business operates with dividends from the repair division being ploughed back to support the employment and training services operation of WorkVentures. Though the first contracts were confined to repairing keyboards, the business has grown to employ over sixty full-time staff and is now one of Australia's largest repairers of Automatic Teller Machines and computer monitors.

A major focus of the business has been to provide a more supportive working environment for disadvantaged unemployed people who might otherwise not develop their potential in a typical employment situation. Recruitment includes young people from disadvantaged backgrounds - experiencing drug dependence, non-English speakers, early school leavers or low self-esteem, for example - and at risk of a continuing disadvantage in labour markets.

The project demonstrates that it is possible to offer a safe haven and supportive working environment to young people while remaining competitive in the marketplace. And it highlights how innovative social partnerships between private sector employers and community enterprises can be mutually beneficial. However the proposed taxation of commercial enterprises run by non-profit agencies poses some problems for this type of enterprise at this formative stage. Stronger incentives by governments to encourage the formation of similar partnerships in other industries would be an appropriate public policy response.

It is most unlikely that we will be able to return to the labour market certainties of the past few decades at any time in the medium term future. In a challenging global environment, we can benefit from more open labour markets but we also need to minimise the collective and individual waste, dislocation, and damage caused by

excessive reliance on deregulatory mechanisms. Young people especially need points of mediation and safe havens as they grapple to establish beach heads in markets that can be callous and unpredictable. Greater market incentives should be provided to employers to inhibit the growth of low skilled and casualised work opportunities. In many instances it will be more cost efficient to employ temporary casual labour rather than a permanent part-timer; it will be easier to pick and choose from an increasingly credentialled supply of labour than it will be to employ a trainee. Avenues need to be found by governments that encourage employers, especially small employers engaged in growth service sectors, to offer better quality and more stable jobs. Simultaneously governments need to act to improve the market power and attractiveness of young people pushed to the margins of labour markets. This should not be done via mechanisms that reinforce Tania's experience that 'people are taking advantage of me'. Vulnerable young people need opportunities that are more fruitful and sustainable.

One way forward might be a strengthening of traineeships in a way designed to assist young people at risk of continuing labour market disadvantage. DETYA estimates that the non-completion rate for all trainees who commenced at the beginning of 1997 was 45 per cent, an increase on the non-completion rates of the 1980s. About half of these non-completions were involuntary – the trainee was laid off, or the business closed down, for example. The remainder left due predominantly to either low pay, a lack of training support, or poor work conditions. [DETYA: 1999]

Improvements could be made to lift the level of the traineeship subsidy to a level that encourages the participation of employers who might otherwise retreat to casual labour options. In return for a higher level of subsidy, employers and participants would be required to engage in a mentored relationship, and subsidy payments would be contingent on the development of a career path plan with the employee participant. Incentive mechanisms would operate to encourage an employer to provide a two year period of unsubsidised employment within the enterprise.⁷

In its recent Review on the Transition from Initial Education to Working Life, the OECD calls for "attractive and accessible information, guidance and follow up services for all young people integrating educational, labour market and social counselling.....institutional frameworks for the organised and continuous involvement of and co-operation among all the relevant players at the national, sectoral and local levels in order to achieve policy coherence and effective program implementation." [OECD: 1998b] It is an approach reflected in the recommendations of recent report by the Prime Minister's Task Force on Youth Homelessness, which argued for Youth Pathways Action Plans that would integrate service delivery and funding regimes. [Youth Homelessness Task Force: 1998]

An attempt to integrate services in the way envisaged by the Task Force on Youth Homelessness - with the aim of putting in place a local 'youth commitment' pilot - is occurring in Whittlesea, a northern corridor community of Melbourne. A range of partners is involved including local government, schools and education providers, employers, Job Network brokers, family service agencies, and the Area Consultative Committee. The objectives are to:

- ◆ provide all young people with the opportunity and support to complete Year 12 or its equivalent;
- ◆ be flexible about the nature of this equivalence, which is defined by the needs and aspirations of young people themselves; and
- ◆ establish a school and community based mediating structure that will assist young people to realise their needs in terms of both knowledge and learning, and the labour market.

This mediating structure/brokerage will be the key point of access for:

- ◆ customising a range of existing school-work transition services and securing the non-educational needs of potential early school leavers (eg. housing and rehabilitation services);
- ◆ negotiating alternative learning environments;
- ◆ providing labour hire and employment placement services in local labour markets (especially casual and part-time labour markets) to students, especially potential early school leavers;
- ◆ individual mentoring, case management, counselling, and support to young people in both education and in labour markets;

The mediating structure can only be established and be successful if it is:

- ◆ supported by the local school cluster;
- ◆ recognised by the state education bureaucracies;
- ◆ underpinned by local government, youth and community agencies;
- ◆ encouraged by a range of local employers, unions, and Job Network providers; and
- ◆ funded as an innovative pilot by the Commonwealth and Victorian Governments.

Policy and service integration by governments needs to occur at a number of levels, especially between state, local and commonwealth jurisdictions. For example and better use can be made of vehicles such as Area Consultative Committees (ACCs) - they could become powerful intermediaries in regional areas for better service integration across government department and between spheres of government. There is scope to develop good practice models and to share experiences between Job Network providers, Work for the Dole programs and the existing ACCs. The establishment of a body similar to the Canadian Social Research and Demonstration Corporation might allow for more dynamic exploration of new policy options and tighter policy development based on proper evaluation and assessment. Such a corporation, modest in scale and funded by government, but directed by a range of external stakeholders, could become an instrument to test prospective policies, trial innovation, prompt public debate, evaluate existing measures, and provide a solid research base on which future public policy could be based.

In Australia we tend to compartmentalise each aspect of economic and labour market policy. For example, there has been little debate over the past two years about the relationship between major tax reform and the impact on employment policy. Yet there is legitimate scope to debate with the chief beneficiaries of reform about how they might formally share some of the anticipated tax dividends - especially in terms of developing stronger employment opportunities and skill development with 'at risk' young people. The public sector itself has major responsibilities to develop employment and training responses to teenagers and young adults 'at risk'. At a stage when the Commonwealth and most of the States are buoyed by budget surpluses, it makes sense to use this opportunity to put in place early intervention programs and responses to tackle the disadvantage experienced by growing numbers of young people.

Conclusion

In *Reality and Risk* and *The Deepening Divide* we have taken a detailed look at young people at specific points in time, and pointed to some strong trends that have emerged over the past two decades. There is a lack of consistent, reliable and accessible outcome measures by which to assess government initiatives and expenditures. Curtain makes the point, "despite a number of programs aimed at young adults, there is no overall policy statement by the Commonwealth Government about youth. There is no overall set of performance outcomes identified for existing programs." [Curtain: 1999a] This lack of strategic focus has been a stimulus for the *Reality and Risk* and *Deepening Divide* collaborations. The Dusseldorp Skills Forum is committed to releasing an annual report benchmarking labour market outcomes for young Australians. Simply measuring unemployment is inadequate as an indicator of the wellbeing of young people: we need tools that capture what is happening to young people beyond their experience of unemployment, measures that inform us about part-time and casual work, and account for their non-participation in labour markets.

Policy development in Australia tends to be rooted in institutional and bureaucratic bases that encourage one dimensional views of young people: they are seen as students but not as student-workers; they are viewed as dependents but their struggle to assert their independence is ignored, and so on. Public policy needs to focus on intermediary structures and agencies that bridge the different worlds inhabited by young people, which deal with the whole of their life experience not just one part of it. Strategic interventions need to be the focus of youth policy, with actions that build strong foundations for individuals to access and enjoy learning, skill development, and stable employment over the course of a lifetime.

Reality and Risk and *The Deepening Divide* have looked in detail at young people at specific points in time, and directed attention to strong trends that have emerged over the past two decades. Further longitudinal and qualitative studies with young people, and with employers and educationalists, would help to illuminate the picture of dramatic change. The changing patterns over time of employer recruitment, the real worth of casual work to building life's mosaic, closer examination of those young people not in the labour force, and the regional differences in learning and work for young people, are all areas for fruitful further research.

With more than 500,000 young people overall either in marginal activity or at risk of a continuing labour market disadvantage, a comprehensive strategy of assistance and support for young Australians needs to be developed by governments, local communities and employers. Governments need to provide the tools to improve the mosaic construction capacity of all young people, both as teenagers and as young adults. In that way positive steps can be taken to improve their employability, professional competence, earning potential, and leisure and cultural options. We need to make lasting commitments to them in adolescence and in their teenage years, and offer practical steps in young

adulthood that enable them to maintain contact with stable employment opportunities. Reducing their standard of living, encouraging them to be more dependent on parents who may already be disadvantaged, placing further barriers along the path to economic independence, will heighten their disadvantage. The long-term cost of moving from one short-term measure to another is to entrench the deepening divide among Australia's young people.

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¹ Unlike the teenage group, there is no internationally recognised benchmark that can be easily applied to measure the number of young adults in this situation. For further discussion in the Australian context see Freeland: 1991, and Curtain: 1999b. Both Freeland and Curtain consider young adults who are not in full time work or in education to be part of the 'at risk' group.

² Just being in part-time work does not lift young adults out of the 'at risk' group. At least 40% of young adults working part-time want to work more hours, and the ABS casts doubt on whether part-time work which is casual or temporary in nature acts as a stepping stone for this age group. [ABS: 1998]

³ A difficulty about applying this tighter definition is that the differentiation of 'marginal attachment to the labour force' for the 'not in labour force and not in education' group of young adults is not readily available in the Labour Force survey published monthly. This differentiation derives from McClelland and Macdonald's use of unpublished ABS labour force data for September 1997.

⁴ VandenHeuvel and Wooden in this report also consider the number of young adults 'at risk' of continuing labour market disadvantage, and conclude that 28.6 per cent of young adults might experience this disadvantage. Their definition embraces non-student part-time workers, the unemployed (excluding full-time students who are also unemployed), and all of those not in the labour force (excluding full-time students). McClelland and Macdonald suggest that those not in the labour force are engaged in a variety of activities and that only those with a 'marginal attachment' to the labour force as defined by the ABS should be considered for inclusion in the 'at risk' group. The treatment of those not in the labour force, and the way part-time study can be differently interpreted, are principal explanations of the contrasting figures between chapters. None of these definitional issues should obscure the fact that young adults are in many respects at greater risk than teenagers, and that their situation has, at best, remained static, and more likely, actually deteriorated over the past decade.

⁵ Curtain applies both the broad and the tighter definitions to May 1998 data and concludes: "The situation facing young adults over the last decade has deteriorated significantly. Looking at young adult men, the proportion at risk (using the broader definition of not-in-full-time education and either unemployed, in part-time work or not in the labour force) has gone from a low of 14 per cent in 1989 to a peak in 1993 of 25 per cent and has only moved slightly downwards from this peak to 24 per cent in May 1998. A similar trend applies to the narrower definition of young adults at risk (total non full-time students who are either

unemployed or in part-time work). From a peak of 21 per cent of non student young adult men not in work or in part-time employment in 1992, the May 1998 figure has only fallen to 18 per cent. The situation facing young women over the last decade shows a similar trend. Taking the narrower definition of being at risk (non-students who are unemployed or in part-time work), the peak of 21 per cent was reached in May 1992. However, in May 1998, a fifth of young women (20 per cent) can be considered as being at risk of experiencing major difficulties in finding stable full-time work. Data for the last decade show that the situation facing up to nearly a quarter of young adults persists despite an economy that has improved the job prospects for the other age groups. The number of full-time jobs held by young adults has declined by 16 per cent over the last decade." [Curtain: 1999b]

6 Gillian Beer describes an EMTR this way: 'An EMTR is the proportion of a one dollar increase in private income lost from income tests on government cash payments and income taxes. Thus an EMTR of 70 per cent means that 70 cents of the person's one dollar increase in private income is lost to reduced government cash benefits and increased income taxes and the person is better off by 30 cents.'

⁷ The present Job Network arrangements do not encourage employment placement agencies to provide 'at risk' young people with subsidised access to employment experience. The results of the initial DEETYA evaluation of Working Nation, and the early results of an analysis of other data about Working Nation and its impact on labour markets and skilling, are reasonably positive about the enduring benefits of subsidy incentives to employers and their cost efficiency. Don Harding of the Melbourne Institute of Applied Economic and Social Research recently suggested that "wage subsidies are the most cost effective way of getting people back to work." [Harding: 1998; see also Webster: 1998]