

# Australia's Youth: Reality and Risk

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## Overview Chapter

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## **Youth: The rhetoric and the reality of the 1990s**

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### **What is the problem?**

Twenty-five years ago the transition from initial education to working life was a simple matter for most young Australians. Apart from the small proportion who continued to the last two years of high school, most left school at the age of 15 or 16, after completing three or four years of secondary education, and very quickly got a job. Unless they were part of the small group (mostly males) who gained an apprenticeship - at most one in ten of the cohort - this job involved little further education or training. The skills required by working life could, for most, be acquired through the workplace.

Since then, the world has become more complex. The labour market distributes its rewards less readily, and its requirements for skills and qualifications have changed. Since the mid 1970s the difficulties that young people have had in securing a firm foothold in working life have come to be encapsulated, in the public mind as much as in policy makers' priorities, in the phrase "youth unemployment". Being seen to be taking youth unemployment seriously, to have fresh proposals for tackling it, has become almost obligatory for governments from both sides of the house, both State and Federal, as each election comes around.

Early work experience in a full-time job has been the major stepping stone to adult working life for the great majority of Australians for most of the period since the end of the Second World War. During the 1990s this stepping stone was largely removed. The number of full-time jobs held by teenagers more than halved from 424,00 to 205,000 between the mid 1980s and the mid 1990s. The proportion of 15-19 year olds with a full-time job fell from 32 per cent in the mid 1980s to 28 per cent at the beginning of the 1990s and then to 17 per cent by August 1996.

Young people face several hurdles in their efforts to gain adult status. They have to find work, complete their initial education, leave the parental home, set up new living arrangements and form stable personal relationships outside their family. Finding stable employment markedly affects the chances of youth achieving the other transitions to adulthood. A successful move for young people from full-time education to full-time work is a crucial step in their efforts to become independent adults.

The problem faced by young Australians is broader and more complex than youth unemployment, as the papers in this volume so clearly illustrate. The unemployment rate is a poor measure of what is happening to school leavers. For every young person who is looking for work, at least one more can be

found who is not counted in the official statistics on unemployment, but who is not involved in full-time work or full-time study.

In total, almost 15 per cent of all 15-19 year olds are neither in full-time education nor in full-time work, and this proportion has grown during the 1990s. The problem that young people face in making the transition from initial education to working life is not only to find work but to be able to escape from a cycle of insecure, casual, temporary and part-time work after they leave school. Many completely drop out of both education and the labour market.

McClelland, Macdonald and MacDonald point out that the 78,200 15-19 year olds who were unemployed and not studying in 1996 were matched by another 67,800 who were in part-time work but not studying and another 41,700 who were neither studying nor in the labour market. Perhaps around 25,000 of the latter group can be accounted for by those on a variety of social security pensions and allowances, and some are in institutions. But many cannot be accounted for at all.

As several authors in this volume point out, the growing tendency for young people after they leave school to find themselves in part-time rather than full-time work presents them with particular problems. Part-time work for many young people is casual, seasonal or temporary. It pays poorly, is insecure, and it offers few opportunities for formal training. Those who are in part-time jobs are frequently not entitled to many common employment benefits and lack effective union representation. Many young people often begin their working lives denied access to the same career paths and training opportunities available to members of the permanent work force.

For those who work part-time as students this need present few problems, as their principal identity comes from their studies. However for those who are not full-time students it is another story. It is telling, as Wooden in his paper points out, that a large majority of non-student teenagers who are in part-time jobs would prefer not to be, but to have a full-time job.

The issue is whether low paid, part-time or temporary employment is a stepping stone to other better paid work or a trap that it is hard to escape from. Longitudinal data from the Australian Council for Educational Research indicate that around one-fifth of 18 and 19 year olds spent at least 12 months of the two-year period 1993 and 1994 in neither full-time employment nor full-time education (Sweet, 1996). This proportion was even higher (about one in three) for those who had low levels of academic performance in school, or who were from low socio-economic backgrounds. The data also show that the longer that teenagers were outside of full-time education or full-time employment, the greater the likelihood that their mobility within this two-year period was from one marginal activity to another such as from part-time work to unemployment or to another part-time job.

These data are consistent with OECD evidence, for countries other than Australia, that escaping from a low paid job can be a temporary phenomenon. Many workers in low paid jobs in the UK, United States, Germany, France

and Italy can remain in these jobs for between two to four years. There is also evidence from countries for which data are available of a “carousel” effect: many workers seem to move back and forth from low pay to no pay (OECD 1997:39).

It is important to see all marginal young people - not only the unemployed but also those who are outside the labour force but not studying, and those in precarious part-time work - as a single group for policy purposes. This is because for many young people the boundaries between unemployment and other forms of marginalisation are highly fluid. Landt and Scott show that some 30 per cent of 15-19 year olds change their main activity at least once in any six-month period, with significant movements occurring in and out of the labour force and between unemployment and other activities.

McClelland, Macdonald and MacDonald refer to other evidence which suggests considerable milling and churning within various forms of marginal activity within the immediate post-school years. The need for policy makers to see marginalisation as a whole is also underscored by the fact that the way in which it manifests itself varies widely by age and gender. The youngest teenagers who are not studying and who do not have a full-time job are most likely to be unemployed, particularly young males. But for older teenagers, especially young women, isolation from full-time study or full-time work is more likely to be manifest in insecure part-time work or in completely dropping out of both the search for work and study. Yet each group is a manifestation of a common problem - the marginalisation of young people from the labour market and hence society more generally - and they need to be treated as such in policy responses.

### **Stepping stone or trap?**

If finding oneself on the fringes of full-time work or full-time study was only a temporary and short term phenomenon on the road to permanent work or full-time study, it might be of relatively little concern for policy purposes. But it appears not to be. McClelland, Macdonald and MacDonald present disturbing evidence of a substantial group of young people - around 9 per cent of the population - who are locked into marginal activities fairly consistently for up to three years. This is a group who, by the age of 19, have not participated in higher education, apprenticeships or training, have been unemployed for at least a third of their time since leaving school, and are unemployed or in part-time work at the age of 19.

The potential for longer term scarring to be associated with this form of early post-school experience is speculated upon by Wooden. Research in both the United States and Sweden points out that failure to make an early transition to permanent work or to full-time study can indeed be associated with quite long term risks of being trapped in a cycle of unemployment, part-time work and labour market programs rather than constructive career development (Klerman and Karoly, 1995; Schröder, 1996). Australian evidence is far from perfect, and there is an urgent need for more extensive analysis of existing longitudinal data sets, such as those managed by the Australian Council for Educational Research, to provide better data for policy development.

The size of the group who, through one or another form of marginalisation, are at risk in the transition from initial education to working life, is disturbing enough. But, as McClelland, Macdonald and MacDonald point out, the figure that they present is likely to be an underestimate to the extent that it does not take into account those who are in precarious forms of temporary or seasonal full-time work. And it is also likely to be underestimated, as Wooden implies, by the large numbers of students who are only marginally attached to schooling, and who would take a suitable job if one were to arise.

### **Nature of the work available to young people**

The decline in the ability of post-school paid employment during the 1990s to act as a stable stepping stone to adult working life is reflected in the nature of the work available to teenagers, as well as in the changing quantity of work available to them. One indication of this change in the quality of young people's work is Burke's figures which show that the number of 15-19 year old wage and salary earners who received in-house training more than halved between 1989 and 1993, falling from 147,000 to 65,000. Another indication is the rising number of teenagers who are not studying but are employed part-time. Yet another is the growing number of teenagers who, as Ainley reveals, leave school and proceed directly to insecure part-time jobs that rarely involve any formal training.

Another indication of the changes that have occurred in the quality of the work available to young people is the changing nature of the full-time jobs that they obtain. Wooden shows a noticeable shift from better paid and more highly skilled jobs towards those that pay less well and require fewer skills. One result of this has been a noticeable fall in young people's earnings from full-time work. This shown by both Wooden and Landt and Scott, using different data sources. As well Landt and Scott point to a marked drop in young people's earnings from part-time work.

The problem faced by young school leavers is clearly broader than unemployment. The evidence presented in this volume demonstrates a failure by our major institutions - the labour market, education and training - to provide stable work and education and training opportunities for a significant proportion of Australia's youth. This applies particularly to those early school leavers who are least able to build a secure and stable bridge to adult life.

### **Have teenagers benefited from policy developments in the 1990s?**

The education, employment and training of young people have been key concerns of Commonwealth and State governments for more than a decade. The underlying objectives of the policies, programs and expenditures that have flowed from this concern have been few and simple:

- . To reduce youth unemployment;

- . To increase young people's access to and outcomes from vocational education and training, particularly through apprenticeships and traineeships;
- . To increase the numbers who stay at school to complete Year 12;
- . To increase the number of young people entering university.

The evidence presented in this volume suggests that young Australians have gained few substantial benefits from the dollars, words and policy efforts expended upon them over the last decade. Many key indicators of the situation of young people in learning and work during the 1990s either show no progress, a reversal of improvements observed in the 1980s, or indicate a deterioration at an accelerating rate in their position in relation to other groups in society.

### *The labour market and young people*

On the indicator that has been of most concern to policy makers - youth unemployment - the 1990s have shown no real improvement. Indeed after reviewing four alternative measures of youth unemployment, Wooden concludes that the long term trend has been upwards, even if it is currently trending downwards. Youth unemployment has certainly fallen from its 1992 peak, but is currently no lower in real terms, using Wooden's preferred measure, than it was at the beginning of the decade.

Wooden's paper in particular, together with those by McClelland, Macdonald and MacDonald, Landt and Scott, Ainley and Burke highlight other indicators of the on-going deterioration of the labour market for teenagers during the 1990s:

- . Teenagers' full-time employment opportunities continued to decline, despite an increase in full-time employment in the labour force as a whole. Full-time work fell sharply as a destination for school leavers. The rate at which full-time employment has fallen for teenagers in the 1990s has been far greater than the rates of decline observed either in the 1970s or the 1980s;
- . There has been a growth in the number of non-students and of school leavers involuntarily found in insecure part-time work not linked to training or education. In this respect, the 1990s again differs from previous decades, in which growth in part-time teenage employment occurred largely among students;
- . The number of teenagers neither in education nor in full-time work has risen appreciably - from 12 per cent of the population in 1990 to 15 per cent in 1996. The rate of growth of participation in marginal activities has been particularly sharp for young men - from 10 per cent to 14 per cent, compared to an increase from 14 per cent to 16 per cent of the age group in the case of young women;

- . Those teenagers with a full-time job have become increasingly concentrated in lower paid and lesser skilled work;
- . The number of teenage employees receiving in-house training more than halved between 1989 and 1993 (the only period for which data are available); and
- . Young people's earnings from both full-time and part-time employment fell, in the face of an increase in real earnings among employees as a whole. Real earnings from full-time work among 15-19 year olds fell by 6 per cent between the early 1980s and the mid 1990s and earnings from part-time work fell by 29 per cent. These declines occurred despite an increase, due to rising school retention rates, in the average age of teenage workers leading to a higher proportion of those employed having earnings towards the upper rather than the lower end of age based wage scales.

### *Early school leavers and the labour market*

These developments have had a particular impact upon early school leavers. Full-time employment among those under the age of 18 fell by 51 per cent between 1990 and 1996, but by 41 per cent among 18-19 year olds. Ainley shows that those who have not completed Year 12 are more likely to enter part-time work unlinked to study than are Year 12 leavers.

McClelland, Macdonald and MacDonald show that the incidence of marginalised activity is more than twice as high among early leavers as it is among those who have completed Year 12. They further show that early leavers are more than three times as likely to be engaged in marginal activities for extended periods than are those who have completed Year 12. Landt and Scott show that the fall in incomes from full-time work has been particularly large among 16-17 year olds, and that the fall in incomes from part-time work has been particularly great among 16-17 year old males.

### *Schooling*

Year 12 retention rates, after rising sharply in the 1980s, peaked at 77 per cent in 1992, but have since fallen to 71 per cent (in 1996). The fall in the holding power of Australia's schools has been most evident at Year 12, but it can also be observed at Years 10 and 11. The Year 10 retention rate has fallen below 1990 levels, the Year 11 retention rate is below the 1991 level, and the Year 12 retention rate has fallen to 1991 levels.

The fall in school retention and participation during the 1990s is doubly striking, as it has occurred in the face of a continued fall in full-time employment opportunities. As a consequence it is not possible to argue that young people have been attracted out of school by an expanding labour market. In this respect the experience of the 1990s is in marked contrast to the experience of the 1970s and 1980s. The econometric studies for that period cited by Wooden show that fluctuations in school participation bore a fairly direct relationship to fluctuations in teenagers' full-time employment

opportunities. Now it appears not to. Neither, as will be shown below, can the fall in school participation be explained by any appreciable increase in apprenticeships, traineeships or TAFE opportunities.

Declining school participation during the 1990s has itself been a factor contributing to Australia's high level of youth unemployment. The impact can be estimated using data provided by Ainley on school participation rates in conjunction with ABS labour force data. Such an analysis shows that had school participation rates been maintained at their 1992 level, roughly 18,000 teenagers would have been removed from the numbers competing for work. This would have been translated into a four per cent reduction in teenage unemployment. Rather than the 21.4 per cent rate observed among those neither in school nor in full-time tertiary study in August 1996 the rate would have been 17.4 per cent<sup>1</sup>.

Ainley observes that there has been a rapid growth in school-industry programs during the 1990s, in which students spend part of their time engaged in structured learning in workplaces. But he also points out that in many instances the extent of contact with the workplace is quite limited. The most rapid growth occurred in programs that offer students only brief periods of time out of the school and in the workplace. Only two per cent of senior students are found in programs requiring 20 or more days of workplace learning.

There has been growth since 1995 in vocational education and training programs in schools, largely in response to grass roots demand (Keating, 1996). However, it is striking how little change there has otherwise been in the sorts of courses taken by Year 11 and 12 students during the 1990s. Ainley shows that in the 15 major subject areas, enrollments changed in most cases by less than one per cent over the period between 1990 and 1993, and only one subject area showed more than a two per cent shift in the percentage of students taking it.

The dominant impression from these figures is of a school system that has responded little to the increasing diversity of student interests and talents that has confronted it following the marked increases in retention rates observed during the 1980s.

### *Vocational education and training and young people*

Australia entered the 1990s with the second lowest proportion of its post-compulsory age group taking part in apprenticeships or vocational education of all the OECD countries (OECD, 1995). Increasing young people's participation in vocational education and training has been one of the central priorities of government during the 1990s. Between 1989-90 and 1995-96 government expenditure on TAFE increased by 21 per cent in real terms, from \$1.9 billion to \$2.6 billion. Commonwealth expenditure grew particularly

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<sup>1</sup> This calculation assumes that the consequent change in supply would have had no effect upon demand, and that the teenage and adult labour markets are largely segmented from one another. The latter assumption can be open to some questioning.



rapidly, accounting for 28 per cent of total recurrent expenditure in 1995 compared with only 17 per cent in 1991.

However Ball and Robinson's evidence suggests that little has been achieved in return for this expenditure, when judged against the objective of increased participation by young people in vocational education and training. The 274,500 15-19 year olds participating in vocational education and training in 1990 compared to 260,900 who were participating in 1996. Between 1990 and 1996, the proportion of 15-19 year olds taking part in vocational education and training remained largely unchanged at around 20 per cent. This is essentially the same level observed among the age group in the mid 1980s, when Australia also had the second lowest rate of participation in vocational education by the post-compulsory group in the OECD<sup>2</sup>.

Between 1990 and 1996 some minor increase in participation rates by 18 and 19 year olds was recorded. However, this small lift in participation in vocational education and training was not sufficient to offset declining participation by younger teenagers or to affect the overall youth participation rate.

This is not to say that there was no growth in vocational education and training or TAFE enrollments over the period. Between 1994 and 1995 alone, total vocational education and training enrollments grew by 17 per cent, and by a further 10 per cent the following year. Between 1990 and 1996 the number of students in the sector grew by some 40 per cent. Yet despite a clear priority for youth, particularly following the 1991 Finn report and the increased Commonwealth funds that flowed from its analysis, all of the growth in the sector has gone to adults. As a result those aged 15-19 years fell from 30 per cent to 20 per cent of all vocational education and training students between 1990 and 1996.

The impression emerges of Commonwealth governments that have been either unwilling or unable to implement their own education priorities, of State governments that have been similarly unable to implement these priorities, despite being happy to accept the funds provided for the purpose, or of TAFE systems that have had substantial difficulty in tailoring their offerings to the needs of youth. These problems have been particularly noticeable among early school leavers, for Ainley points out that only a third of those who leave school prior to Year 12, compared to two-thirds of Year 12 leavers, enter further education and training.

Australia's apprenticeship system is small compared to those of countries such as Germany and Switzerland, where some 70 per cent of young people routinely undertake apprenticeship training<sup>3</sup>. The expansion of employment-

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<sup>2</sup> The Australian figure of 20 per cent compared unfavourably to an OECD average of some 50 per cent of the relevant age group in vocational education and training, and figures for the German speaking countries of close to 80 per cent.

<sup>3</sup> 1997 data from the Transition from Education to Work Survey shows that 10.5 per cent of 15 to 19 year olds are apprentices or have attained a skilled vocational qualification. If the number who have attained a basic vocational qualification are included, the proportion rises to 14.3 per cent (ABS 1997: Tables 18,13 & 14).

based structured training through apprenticeships and traineeships, rather than full-time institution-based vocational education, has been a key objective of successive Commonwealth governments, with the full support of State governments, since the mid 1980s.

This priority has seen substantial effort and expenditure being put into successive initiatives such as the Australian Traineeship System, Career Start Traineeships, the Australian Vocational (Certificate) Training System, the Modern Australian Apprenticeship and Traineeship System and New Apprenticeships, in addition to on-going tinkering with Commonwealth financial support for traditional apprenticeships.

Successive governments have seen increasing access to such employment based structured training opportunities as a key strategy in increasing young people's access to vocational education and training and in combating the difficulties that they face in the labour market.

Ball and Robinson show that apprenticeship commencements by 15-19 year olds plummeted during the 1990s, falling by 21,592 or 44 per cent between 1989-90 and 1996. In the same period apprenticeship commencements by those aged 20 and over grew by 3,169 or 47 per cent. Between 1989-90 and 1996 traineeship commencements by 15-19 year olds grew by 45 per cent from 13,247 to 19,253. The total number of structured training commencements (apprenticeships plus traineeships) by 15-19 year olds fell by 15,586 or 25 per cent over the period. A substantial part of the fall in apprenticeship commencements occurred during the recession of the early 1990s. However in contrast to previous decades, apprenticeship numbers did not recover after the end of the 1990s recession, and in recent years have continued to decline.

The modest absolute but substantial proportional growth in traineeship commencements by 15-19 year olds co-existed with a dramatic expansion in access to traineeships by adults. In 1989-90, no adults commenced a traineeship. Traineeships were designed by the 1984 Kirby Committee of Inquiry into Labour Market Programs as an entry level training scheme for youth, and were initially targeted at 16-17 year olds who had left school without completing Year 12. However in 1992 access to traineeships was extended to adults, and employers were able to access government wage subsidies when recruiting adults as trainees. In 1994 Working Nation created the National Training Wage which, for the first time, introduced a wage structure that allowed adults' wages to be discounted to reflect time spent in training.

The outcome of these decisions has been a dramatic increase in adult access to traineeships, and a program intended to be a new form of entry level training for youth has rapidly become an adult training program. In 1996 28,157 of those who commenced a traineeship were aged 20 or older, and teenagers constituted only 41 per cent of all trainees. Data for financial year 1996-97 show that 45 per cent of trainees are aged 21 years and over with 26 per cent aged 25 years and over (Allen Consulting Group 1997:8).

The decline in apprenticeship opportunities is likely to be a substantial part of the explanation for the shift towards shorter course enrollments by young people during the 1990s. In 1990 72 per cent of all vocational education and training (TAFE) enrollments by 15-19 year olds were commencing enrollments, indicating that the courses lasted for only one year or less. By 1996 this had risen to 80 per cent, indicating a declining role by the sector in providing extended and broad-based preparation for working life, and a growth in provision of courses of a short and more specific nature.

In summary, the outcomes for the vocational education and training sector are: no growth in overall participation; declining apprenticeship numbers; traineeships being increasingly captured by adults; and a decline in the provision of extended and broad-based courses. This record cannot be said to be positive for youth, and stands in marked contrast both to the rhetoric of government policy during the 1990s and to public expenditure priorities.

### *Higher education*

Public expenditure on higher education grew by 39 per cent in real terms between 1989-90 and 1995-96. During the early 1990s the Commonwealth placed a policy priority on school leaver entry. Marginson demonstrates that there was a significant rise in university participation by those under the age of 20 during the 1990s. Between 1990 and 1996 the proportion of 17-19 year olds enrolled at a university rose from 15.2 per cent to 18.0 per cent. The growth in participation was particularly great among females, rising from 17.5 per cent to 21.3 per cent compared to a more modest rise from 13.0 per cent to 14.9 per cent among males.

Most of this growth occurred among older teenagers. Among 19 year olds in 1996, a record level of 30.4 per cent of females and 21.8 per cent of males were students in higher education. Ainley shows that between 1991 and 1996 the proportion of Year 12 leavers who proceeded directly to university rose from 41.7 per cent to 44.2 per cent. Growth in university participation by those under the age of 20 coincided with even greater growth in adult enrollments. Consequently, those under the age of 20 fell from 33.4 per cent of all higher education students in 1990 to 27.1 per cent in 1996.

Government policy objectives for participation by young people in higher education, in contrast to the labour market, to vocational education and training and to schools, appear to have been achieved. Whereas the pathway from school to work weakened for young people during the 1990s, and became even more fragile for those not completing Year 12, the pathway from school to higher education strengthened.

### *National targets*

In 1991 the Finn Committee, appointed by the Australian Education Council to review young people's participation in post-compulsory education and training, recommended the adoption of a new national target for educational participation and completion. The target set was that by the year 2001, 95 per cent of 19 year olds should have completed Year 12, or an initial post-school

qualification, or be participating in formally recognised education and training. In May 1997, 74 per cent of 19 year olds had attained one or other of these criteria: 15 per cent had completed a post-school qualification, 44 per cent had completed Year 12 and were studying at a tertiary institution, and 15 per cent had completed Year 12 but were not involved in any further study.<sup>4</sup>

These results are substantially short of the Finn Committee's target. Efforts to meet the Finn target will require the recent declines in Year 12 retention rates to be replaced by large and rapid increases. They will also require a substantial increase in participation in post-school education and training by those who have not completed Year 12, whose participation in education and training is only half that of Year 12 completers.

The Finn targets provide some measure of the capacity of young people to improve their chances in the labour market. However, their focus is on educational attainment and participation and not on labour market outcomes. Nor are they in a form that permits international comparisons. To monitor the situation that young people face, the Forum will report on three additional indicators:

- . The proportion of the population aged 15 to 19 years not in full-time education and not in full-time work (15.4 per cent in May 1997);
- . The ratio of the unemployment rate among 15 to 24 year olds to the rate among 25 to 54 year olds (2.2 per cent in 1996 on the basis of OECD data<sup>5</sup>); and
- . The proportion of the population aged 20 to 24 years who have completed Year 12 or a post-secondary qualification (76 per cent in May 1997).

These indicators also have the advantage of permitting ready international comparisons with data produced by the OECD.

It is worth speculating upon why the performance of governments has been less than effective both in achieving the Finn targets and in achieving substantial improvement in the situation of young Australians in work and learning during the 1990s. A number of reasons can be put forward:

- . It has not been clear who is to be responsible for achieving the targets;
- . It has not been clear what the role of key players such as schools, employers and TAFE is to be;
- . It has not been clear what the preferred pathways for achieving the targets - schooling; employment-based vocational education and

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<sup>4</sup> ABS *Transition from Education to Work Australia* Cat. No. 6227.0, May 1997.

<sup>5</sup> Organisation for Economic Cooperation and Development *Labour Force Statistics 1976-1996*. Paris: OECD, 1997.

training; full-time TAFE attendance; higher education - are to be and what the balance of priorities is to be between these;

- . The targets have not been actively promoted;
- . No independent agency has been responsible for public feedback on the targets and thus for ensuring some degree of public accountability in moving to achieve them;
- . Many policy and program interventions have been ad hoc, narrow program focussed approaches rather than comprehensive and integrated. As a result much effort has been disjointed, both within and between different levels of government.

### **Are more jobs the answer?**

McClelland, Macdonald and MacDonald, in concluding their paper, argue that the overriding imperative is for economic development to produce more full-time jobs. The Australian Youth Policy and Action Coalition and the Australian Council of Social Service, in their response to the papers in this volume, also place a heavy emphasis upon the importance of job creation strategies in addressing the labour market disadvantage of young people.

However, it seems unlikely that such a strategy will deliver substantial benefits to youth. Wooden's paper shows that between 1991 and 1997 272,600 full-time jobs were created in Australia. Yet this coincided with a fall of 71,100 in the number of full-time jobs held by teenagers. The experience of the 1960s, the 1970s and the 1980s was identical. Jobs growth may be a necessary but not sufficient condition to overcome the particular disadvantage experienced by youth who are consistently placed at the end of the hiring queue.

The process of economic development, through increased efficiencies in the use of labour and increased use of more sophisticated labour saving technologies, reduces the demand for those with few skills and little experience. Future economic growth, where it is translated into employment growth, almost inevitably will create jobs that favour the qualified, the experienced and the skilled. The more appropriate use of public funds would be to invest them in ensuring that young people have the education, training, qualifications, skills and confidence that will enable them to secure employment in the emerging economy. This is a preferable course of action to spending public funds on short term job creation programs that do not necessarily provide these outcomes. Programs such as Work for the Dole are open to genuine criticism on these grounds.

In Australia the unemployment rate among 15-24 year olds is 2.2 times as high as the rate among 25-54 year olds, indicating the substantial disadvantage that young people suffer when competing against adults for the available jobs. While young peoples' inexperience and lack of qualifications makes them a disadvantaged group within the labour market, the scale of this disadvantage need not be inevitable. The youth to adult unemployment ratio

of 2.1 in Australia in 1996 compares with a ratio in Germany of 1.0, a ratio in Switzerland of 1.3 and a ratio in Austria of 1.4<sup>6</sup>.

These figures indicate that young people in those countries can compete on far more equal terms with adults for the available employment. A common feature in each country is the existence of large vocational education and training systems in which some 70 to 80 per cent of the youth cohort participate. These systems are characterised not by classroom-based courses but by employment-based apprenticeships where employers play the principal role in setting the parameters of the training and in ensuring its quality. The OECD, in a recent review of ways to foster lifelong learning, has argued that such employer-led vocational education and training systems are associated with an average four per cent reduction in youth unemployment levels (OECD, 1996).

Economic growth and development are clearly essential for creating the preconditions for effective social policies. However, recent history tells us that they cannot necessarily be relied upon to deliver jobs for youth. Public job creation strategies, by themselves, cannot necessarily be relied upon to foster the skills and qualifications that enable young people to compete for work effectively. Policies that increase the education, experience, skill levels and qualifications of young people to enable them to compete more effectively with adults have been favoured by governments in the 1990s, although with far from successful outcomes in many instances.

It is also important to emphasise, as Wooden argues, policies which encourage employers to hire young people. Implicitly or explicitly such strategies will redistribute employment and unemployment by reducing the disadvantage that young people suffer in the labour market relative to adults. Wooden proposes an increased use of wage subsidies, as well as increased attention to wage structures.

There are also other options that can be considered. It is important, for example, for policies that reduce the incentive for employers to recruit new labour market entrants - whether youth, newly arrived migrants or women returning to the work force - to be reviewed. These policies include those relating to matters such as unfair dismissals and payroll tax, in addition to wage issues.

The previous government extended traineeship incentive payments to employers for recruiting adults and the present government has continued this policy. In the process, and despite the intention that traineeships be a major labour market entry port for youth, young people are becoming progressively locked out of this way of gaining skills, experience and qualifications. Adults who are long-term unemployed or re-entrants to the labour market are entitled to appropriate entry level training and it is important for appropriate wage subsidies to be in place to facilitate their employment. However, the provision of public wage subsidies to employers

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<sup>6</sup> *ibid.*

who recruit adults as trainees is directly undermining key national policy priorities for youth.

One way to address this issue would be to limit the public subsidies and incentives applying to traineeships and apprenticeships to two groups: youth; and adults who are disadvantaged in the labour market. This would not, as occurred prior to 1992, limit traineeships to youth, but it would more clearly signal where government priorities rest. The relative incentive payment for young people may need to increase to reflect the increase in their relative disadvantage and to ensure that their access to traineeships rises.

At a time when some 72,000 non students are looking for work, some 280,000 students have jobs. Landt and Scott argue that with a tightening of access to government assistance such as AUSTUDY, part-time employment as a source of income becomes important for many students. However, there are many other students for whom part-time employment is principally a source of recreational expenditure rather than education support (Robinson, 1996). At the beginning of the 1990s, Macken argued that "If ever the question of work rationing is taken seriously, the priority for employment by school leavers over those at secondary school would have to form part of that debate." (Macken, 1992: 60). It now seems appropriate for that debate to commence, and for it to form part of negotiations between employers and the trade unions in key industries such as retailing.

### **Increasing the attractiveness and holding power of Australian schools.**

With decline in the capacity of work to act as a vehicle for the transition to adult working life, education - its quality, its relevance, and the level at which it is funded - becomes even more important as a pathway for young people. The clear divide that exists between the prospects of those who leave school early and those who complete Year 12 constitutes a solid case for reducing the rates of early school leaving. Reversing the alarming fall in school retention rates that has occurred during the 1990s must assume a high national priority. This is unlikely to occur without reforms to the senior years of schooling that are more innovative and imaginative than the minimalist changes that occurred during the 1990s. The evidence presented above shows that these minimal changes had no apparent impact upon young people's desire to remain at school rather than chance a labour market that has become increasingly unfriendly.

A vigorous national debate on the form, structure and function of senior schooling is required, centred around:

- . The need for a far broader curriculum, offering a wide range of general and vocationally oriented programs capable of meeting the developing interests as well as the capacities of the full range of students, and in particular those students who have shown the greatest propensity to vote with their feet during the 1990s.
- . A more adult learning environment, and more adult learning styles.

- . Closer connections between the school and its community, including its employer community.
- . The creation of senior high schools or colleges as the dominant model of upper secondary schooling, as is common in many other countries, able to offer a wider range of subject choices and a different and more adult atmosphere than can high schools that attempt to cater for the full Year 7-12 range.
- . A new priority for guidance, counselling and career advice, particularly for the non university bound.
- . Monitoring and follow up services for all school leavers.
- . Increased funding for drop out prevention programs including remediation and early intervention programs.

The provision by employers of high quality structured work placements is, in the Australian context, a key aspect both of the reform of upper secondary education to make it more relevant and attractive to students, and of the reform and expansion of our initial vocational preparation system for youth. Programs that incorporate such placements are the only area of our vocational preparation arrangements for youth to have grown in the 1990s. Employers incur significant costs in providing resources in the form of mentors and lost productive time spent in training the student on an extended placement over and above the immediate benefits they can expect to achieve.

The external or public good benefits to the economy suggest that government should compensate employers in some way for providing work placements that meet best practice criteria. This compensation (and incentive to provide high quality placements) could take the form of a direct payment, as now happens for employers taking on apprentices or trainees or in the form of a tax credit against payroll tax at the state level or against company tax at the federal level.

### **Building bridges from insecure to secure employment**

Part of the problem of the youth labour market is not so much that young people cannot get jobs, but that many of the jobs that they get are not taking them very far. With increasing numbers of young people, and in particular early school leavers, finding themselves locked into frequent spells of insecure temporary work, unemployment or labour market programs, a central challenge is to build protective umbrellas that can connect and link a set of fragmented employment and learning experiences. One way to address this problem is to better connect these fragmented experiences in order to give young people increased assurance, permanence and predictability. This will allow increased learning and development, and the better recognition of this learning and development to occur.

The aggregation of small amounts of learning and small amounts of employment, both by single individuals over time and by many individuals at



the one time, can allow young people to gain access to better labour market information. It can give them the chance to use the skills of experienced employment managers and experienced learning managers that otherwise would be out of their reach as isolated individuals.

There are parallels within financial markets. Property trusts allow small amounts of capital to be aggregated and then invested in large commercial properties in ways that otherwise would be beyond the reach of individual investors. Superannuation funds allow individuals with limited capital to spread their investment risks, and to gain access to market information and fund management skills that otherwise would be beyond their reach. There are already some examples of such arrangements that can be drawn upon in the areas of employment, education and training. Group employment and training schemes are perhaps the best-known example. Nevertheless, these operate within quite limited markets, largely confining their activities to apprenticeships and, to a lesser extent, traineeships.

Another example is the Hunter Labour Co-op, a not for profit temporary employment agency established by the trade union movement in Newcastle in 1986 to provide unemployed people with access to casual work under award wages and conditions. Like group schemes, the Hunter Labour Co-op is the legal employer of the worker, who is then leased out to the host firm. Also like group schemes, the Co-op takes responsibility for all administrative processes and costs such as payroll tax and workers' compensation associated with employment, and guarantees workers their entitlements. Its detailed knowledge of the skills and qualifications of the workers who are on its data base improves the selection process for employers. And workers are provided with better information on the availability of temporary work than they would have access to if relying upon their own resources.

However, unlike group schemes, those on the books of the Hunter Labour Co-op are given no guarantee of continuity of employment during down time. Nevertheless, roughly a third of those on its books find that they are able to aggregate multiple temporary and part-time jobs into the equivalent of a full-time job. The agency's not-for-profit status enables it to compete effectively with other temporary agencies, and any surpluses that it generates are able to be invested in training programs to improve workers' skills.

Such a model, if applied to the youth labour market, could improve the position of many early school leavers. Young people would be in a better position to compete more effectively for part-time work. They would also be able to build better bridges from insecure work to permanent employment.

To help young people specifically, the concept of a labour pool that aggregates employment needs to be supplemented by features such as the development of individual action plans and mentoring by older and more experienced community members. Other features need to be the better sequencing of successive periods of temporary work so that experience can be built upon and translated into learning and the more consistent assessment of the generic employability skills gained in successive periods of temporary work. Portfolio building would also be a key element to record employment

experience as well as the specific and generic skills gained through both employment and other activities such as community service.

Such a concept for young people is currently being piloted on the New South Wales Central Coast. Early experience with it shows that it represents a flexible response at the local level to the needs of youth, and incorporates many of the best features of case management into a business operating on a commercial but not for profit basis.

It is an alternative to and would complement the option of supplementing part-time jobs with training, perhaps through part-time traineeships, that has been suggested by the Australian Chamber of Commerce and Industry and the Business Council of Australia in their response to the papers in this volume.

### **An entitlement for early school leavers**

Those who leave school before completing Year 12 must be a key target and a clear priority for more effective policies to improve the situation of young Australians in work and learning. They are only half as likely as Year 12 leavers to undertake post-school education and training and they are more than three times as likely as Year 12 leavers to find themselves on the fringes of full-time work or study for extended periods: whether unemployed, in precarious part-time and casual work, or not in the labour force at all.

The difficulties faced by youth on the margins interact with, although are not identical to, those faced by early leavers. For this latter group, key priorities must be to improve their education and training qualifications, either through completing Year 12, through undertaking post-school studies that lead to a qualification, or through building better bridges from insecure to secure work.

A common entitlement is proposed to deal more effectively with the needs of disadvantaged early school leavers. The entitlement is aimed at those 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 should be set at the public cost, calculated by Burke as \$16,090, of providing a young person with a Year 11 and 12 education, 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.

McClelland, Macdonald and MacDonald estimate that the group not in full-time work and not in education contained 187,705 15-19 year olds in 1996, and from ABS labour force data they estimate that 70 per cent of these had not completed Year 12. Assuming that the cost of the entitlement would, like expenditure upon Year 11 and 12 programs, be spread over a two-year period, the annual cost of an entitlement for early school leavers as defined here would at most be \$1.05 billion per year, and in reality far less as not all who were encompassed by such an entitlement would exercise it at any one time.

If all young people in the target group were, and this is unlikely, to take up the entitlement, there would be a maximum annual increase in government educational expenditure of about 4.4 per cent on 1996 expenditure levels. This is around two-thirds the average annual rate of increase (in nominal prices) of educational expenditure between 1989-90 and 1995-96, and as such does not appear unrealistic. On 1996 expenditures it would result in educational expenditure only rising from 4.9 per cent to at most 5.1 per cent of GDP. To put these estimates in perspective it is important to emphasise that expenditures of this order are no more than governments would be committed to in any case were young people to decide to continue to Years 11 and 12 in the normal manner.

The upper limit of the real increase in expenditure as a result of the introduction of the entitlement would be far less than these estimates, as it would subsume programs like Work for the Dole, the Jobs Pathway Program and other labour market program expenditure directed at young people.

Using Burke's estimates, the level of the entitlement would be sufficient to meet the costs of completing a Year 11 and 12 program, as well as of completing most standard TAFE courses that lead to a formal qualification. It would also, in most instances, be sufficient to meet the costs of the personal support and advice, periods of subsidised employment, or remedial education that many eligible for the entitlement might need before embarking upon a course of study leading to a qualification.

The fundamental objective of such an entitlement should be to ensure that early leavers 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 (or equivalent) that is linked to education and training.

Thus the focus of the entitlement would be on active reinsertion of early school leavers into processes that allow them to increase their skills and qualifications, rather than upon more passive forms of assistance such as wage subsidies. However, in many instances programs developed for individual early leavers might include such aspects as part of a larger program.

Young people falling within the entitlement should be able to construct flexible personal action plans suited to their individual circumstances, should work in conjunction with a community-based mentor or adviser in constructing such action plans, and should be able to spend their entitlements in the settings of their choice. Support, advice and regular review sessions in association with a case manager should be an inherent part of the administration of the entitlement. An essential element would be a school leaver monitoring and tracking service, modelled upon the present Jobs

Pathway Program, to ensure that no early leaver is able to fall through the cracks of the labour market without an early intervention and offer of assistance.

Such an entitlement would require substantial institutional changes, which are needed in any case if Australia's performance of the 1990s in preparing young people for post-school life is to be improved. It will require schools to actively put in place re-entry programs for early leavers, with more flexible ways of completing senior school qualifications. Also required will be a far broader curriculum to meet the interests of a wider range of students otherwise disenchanted by what schools have to offer and by the ways in which it is offered.

It will require TAFE similarly to seriously examine the relevance and attractiveness of its courses for young people, and to incorporate substantially increased elements of workplace learning into its programs. And it will require increased emphasis upon community based advisory and information services for young people.

The entitlement would also need to be integrated with the new income support arrangements for young people to be introduced by 1 July 1998 in the form of a Common Youth Allowance.

The entitlement for early school leavers, as proposed here, would provide the positive incentive to undertake appropriate further education and training. It would thus complement the perhaps more negative incentive of the threat of withdrawal of income support under the Youth Allowance.

The entitlement should not be regarded as a stand alone initiative. It is a means of funding a range of services for young people who, are, at risk to help them make a successful transition from education to work. Simply providing additional education or training will be insufficient to achieve this outcome. Other services needed include: career guidance and information about appropriate training; help to negotiate appropriate training arrangements; and ongoing mentoring assistance. The latter will need to operate on a one-to-one basis for a set period.

The operational details of the entitlement will need to be worked through, preferably through a pilot. It may be appropriate, in many cases, to offer the entitlement through an intermediary. The latter would be responsible for organising the support services and training needed to maximise the achievement of a successful outcome. The intermediary could also be responsible for achieving a target for successful outcomes.

The funding available through the entitlement should not be restricted to institutional training options. Employers providing entry level employment with recognised training to early school leavers should also be eligible to receive funding through the entitlement, as its intent is to enable early leavers to acquire either a Year 12 qualification or an equivalent vocational education and training qualification.

Accountability for outcomes should also be a key aspect of the operating arrangements for the entitlement. Local area targets need to be set based on national indicators of successful transition from education to work. Clear responsibility for achieving the local area targets should also be allocated.

The effective implementation of an entitlement would result in Australia emerging as one of the leading countries of the OECD in its approach to youth policies, rather than, as in the case of vocational education and training at the present, being substantially behind most other countries. In doing so it could profitably learn a great deal from the Nordic countries which, in various ways, have been experimenting with youth guarantees for 25 years. Initially in the form of guarantees of a temporary job or of a study place, these have, in the 1990s, become much broader. Experience with entitlements in the Nordic countries shows that they need to include features such as:

- . A sufficient capacity within education institutions to guarantee access;
- . Sufficient training places within companies or schools to guarantee that upper secondary education, to the extent that it requires company-based training, can be completed;
- . An education structure that has many options, making it possible for nearly all young people to find or compose a program that suits their preferences and abilities;
- . Ample bridges between programs so that shifts in direction are possible without major time loss;
- . Close cooperation between employers and trade unions;
- . Close ties between schools and post-secondary education institutions;
- . A comprehensive guidance and counselling system that is able to follow every individual from compulsory education to well after graduation from upper secondary school;
- . A grant system that ensures that nobody is excluded from upper secondary education for economic reasons; and
- . A pedagogy that meets every young person on her or his terms.

An entitlement of this nature would be an important signal to Australia's youth that the nation understands and is serious about their needs, as well as being a sensible economic investment in Australia's future.

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