

Media Release

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YOUTH EDUCATION AND TRAINING COMPLETIONS PROVIDE INTERGENERATIONAL ECONOMIC BENEFIT

Boosting the proportion of young people completing school or an apprenticeship to 90 per cent by the end of the decade would increase workforce numbers by 65,000, boost economic productivity, and expand the economy by nearly \$10 billion (in today's money) by 2040, according to new research released today by the Business Council of Australia and Dusseldorp Skills Forum.

Measures to increase school retention rates would also result in additional annual taxation receipts of \$2.3 billion (in today's money) by 2040, reducing Budget deficits and helping to defray the cost impact of the ageing population.

With the number of new entrants to Australia's labour force expected to slump to 24,000 a year by 2040 – compared to 190,000 in 2002-03 – BCA Chief Executive, Ms Katie Lahey, said lifting retention rates could potentially play a major role in offsetting some of the damaging impacts of population ageing and a stagnating workforce.

"If you had to rank the best possible policies to help meet the looming challenges of an ageing Australia, improving retention rates would be close to the top of the list," said Mr Chris Richardson, Director of consultancy Access Economics, which authored the research.

The research also found that the effect of increasing school and training retention rates among 15-24 year-olds from the current 80 per cent mark to 90 per cent would:

- have the same positive impact on the economy as increasing Australia's total migrant intake by 180,000 over the period to 2040;
- have a similar economic impact as increasing the workforce participation rates of older workers by 6.6 percentage points - from nearly 53 percent to 59.5 percent; and
- boost annual GDP by 1.1 per cent (equivalent to \$9.2 billion in today's money) by 2040 - representing an extra \$500 a year per Australian in today's money.

Ms Lahey said that there were compelling social and community reasons to support young people who would otherwise be at the margins of the economy because they leave school early or drop out of training.

"This confirms the economic case for such an investment," she said.

Ms Lahey said an integrated policy package on three fronts – youth, migration and older workers – was required to increase workforce numbers over the long term.

She acknowledged the various Commonwealth and State initiatives aimed at strengthening the provision of senior schooling and vocational pathways for young people, but said that further changes would be needed to capture the gains forecast

in the research.

Eric Sidoti, Senior Consultant to the Dusseldorp Skills Forum (DSF), said that greater clarity was needed in the division of education and training responsibilities between the Commonwealth and State Governments.

"The experience of major employers nationally, and of the communities DSF works with, is one of frustration in trying to cope with the duplication and fragmentation of multiple Government programs while at the same time knowing those doing the job are substantially under-resourced," Mr Sidoti said.

Mr Sidoti said that a Commonwealth-State agreement was urgently required to establish a clear allocation of responsibilities and agreed measures for improving school-to-work transitions.

Boosting retention rates to the 90 per cent mark would also require:

- a guarantee, backed by legislation, giving all young people access and support to complete 12 years in initial education or vocational equivalent;
- stronger subject, teaching and learning choices for students during the early, middle and senior school years;
- a personal assistance program for every early school leaver in the transition from school; and
- a national system of 'second chance' opportunities for early school leavers to achieve Year 12 or an apprenticeship.

The Economic Benefit of Increased Participation in Education and Training and a companion report outlining policy recommendations is available at www.dsf.org.au or www.bca.com.au.

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