

# Setting the Pace

A report on aspects of education, training and youth transition prepared for the Dusseldorp Skills Forum in association with the Education Foundation and the Business Council of Australia

July 2005

ISBN 0 9750 250 2 3  
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## FOREWORD

In commissioning this important study we asked a basic question: is Victoria the national leader in youth participation in learning and work? The answer from the Monash-ACER Centre for the Economics of Education and Training (CEET) is a clear but not unqualified ‘yes’.

In terms of overall educational attainment, participation in vocational education and training (VET), and the proportion of young people engaged full-time in learning or work, Victoria clearly rates ahead of both most states and the national average. Across a number of key measures Victoria does well especially in terms of apparent school retention, unemployment, the proportion of youth ‘at risk’ in the transition from school, and apprenticeship commencements.<sup>1</sup>

There are some important qualifications however. Literacy and numeracy is a central foundation on which successful learning and long-term economic participation is built but Victorian students at age 15 perform less well in achievement tests in mathematics, science and reading relative to students in comparable states. Victoria has a comparatively low rate of student participation in VET in schools, although this is mitigated to some extent by a substantially higher participation rate in more demanding types of VET programs.<sup>2</sup> And while fewer Victorian teenagers experience a troubled transition from school than their interstate counterparts, young adults (ie. young people aged between 20 and 24 years) in Victoria have an unemployment rate similar to the national average.

The following table is a summary of Victoria’s overall performance on a number of key youth transition indicators:

Victoria better than national average	Victoria worse than national average
Apparent school retention to Year 12	Overall participation in VET in Schools
Attainment of Year 12 or Certificate III	Achievement in maths, science & reading tests at age 15
VET participation of teenagers	Young adult unemployment
Certificate II or above VET in Schools	
New Apprenticeship commencements	
School participation of teenagers	
Full-time engagement of school leavers in learning or work	
Full-time engagement of teenagers in learning or work	
Full-time engagement of young adults in learning or work	
Teenage unemployment	

<sup>1</sup> ‘At risk’ in this context includes school leavers and teenagers who are either unemployed, working part-time but not in education, or not in the labour force and not in education. See *How Young People are Faring 2004*, DSF, Sydney, 2004

<sup>2</sup> Meaning participation at the level of Certificate III or above

Victoria is an interesting case study because it has not just been a leader in terms of actual youth transitions from school. In implementing many of the recommendations of the Kirby report on post-compulsory education and training the state became the national youth transitions policy pathfinder during the early 2000s. In this role it pioneered the establishment of an alternative senior certificate, developed programs and community partnerships focused on assisting senior students at risk in the transition from school, and put in place new administrative and regulatory structures to implement and continue these reforms. The steps taken in Victoria have been highly influential across the country in setting the agenda for senior schooling and training policies.

Our focus on Victoria is in order to gauge how far the Kirby reforms have altered the educational landscape rather than to rate each of the states and their performance against various youth transition indicators. Our hope is that this type of systematic analysis will be useful to all governments as they grapple with how to engage all their young people in meaningful learning and work.

A primary goal of the Kirby report was to shift the gaze of education in Victoria: “the focus of provision must be on the needs of young people, not the institutions.”<sup>3</sup> Of course it is extremely difficult at a systemic level to measure the extent to which the education and skill needs of individual students are being met. However some assessment can be made of progress on the outcomes anticipated in Kirby’s recommendations.<sup>4</sup>

The rate of participation and completion of post-compulsory education and training has increased, but generally in line with what has occurred nationally. The Victorian education system now takes account of a broader range of student outcomes beyond TER scores and university entrance: the Victorian Certificate of Applied Learning (VCAL) and On Track have made especially important contributions. The Victorian workforce is more highly skilled. The proportion of young people at risk in the transition from school is lower than any other state, although the percentage appears to have risen recently. There is greater systemic and local accountability for the destinations of young people through the Local Learning and Employment Networks (LLEN), but more could be achieved. The cross-sectoral integration of programs and services (eg. links between TAFE and schools) remains patchy.

CEET found it technically difficult (due to the limitations of the public data sources) and too early in the reform process to identify a particular and direct impact of the reforms on school retention and educational attainment. It is also difficult to gauge the impact of the reforms on particular regions and vulnerable groups underneath the aggregated public data. These difficulties point to the need for improved public data sources to monitor outcomes in education and training. To be fair this is not just an issue in Victoria, it also applies to some other states and the Commonwealth.

The good news however is that on the basis of recent performance the Government’s goal that 90 per cent of young Victorians will complete Year 12 or an equivalent qualification by 2010 appears achievable. Maintaining the momentum around VCAL and robust alternative pathways through TAFE and adult and community education (ACE) will be important. The report suggests that Certificate II represents a low threshold of Year 12 equivalence, and this should be reviewed.

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<sup>3</sup> *Ministerial Review of Post Compulsory Education and Training Pathways in Victoria*. Final Report, August 2000, Victorian Government, p8

<sup>4</sup> *Ibid*, Recommendation 1, p14

In terms of the state's overall investment in education and training, the report notes the relatively modest funding dedicated so far to the Kirby reforms. For example, the Managed Individual Pathways programme, which assists all senior students to develop learning and transition-from-school plans, operates on an effective unit cost of \$125 per student. CEET make the point that there are high and probably unrealistic expectations of outcomes and shifts in participation from relatively small expenditures.

In many respects the Kirby reforms are still a work in progress. For many students, parents, teachers and principals new opportunities and pathways have opened up. But a question remains as to whether all the institutions that Kirby hoped would be reformed have sufficiently re-focused on the needs of learners. Although there are more voices in the policy development process, a top-down approach still predominates. There are many positive innovations on the ground in schools and regions: rolling out the best of them is a key task.

We query whether Victoria's existing post-compulsory targets are an adequate enough framework for policy and delivery, and suggest that better glue is needed to integrate the range of initiatives in the field and to plug the gaps that exist. As one example, the Government's targets concentrate on attainment but do not directly address transition from learning to sustainable employment.

The striking thing about the successful OECD countries in terms of education, skills and youth transitions is the clarity of thinking and precision of responsibility and action at the central and local levels. A common framework is matched by common expectations about the contribution of stakeholders to meet their legislated obligations, with the result that education providers tend to pull in the same direction.

The current review of the Victorian Education Act is an opportunity to provide such a framework and to guarantee in legislation that all young Victorians have the right to access and to be provided with the support necessary to complete twelve years in initial education or a vocational equivalent, such as an apprenticeship.

Other steps should include:

- development of a bilateral agreement with the Commonwealth regarding youth transitions to ensure integrated planning, research, programs and responsibilities, and pooled resources where possible
- development of the VCAL initiative in the junior and middle years of secondary schooling
- further investment in literacy and numeracy programs in primary and junior secondary schooling
- reduction in barriers to successful VET in schools programs
- intensive personal support, careers advice and tracking during and after the transition from school for every Victorian early school leaver
- further development of an integrated system of 'second chance' opportunities for early school leavers to achieve Year 12 or an apprenticeship
- a review of the youth labour market in Victoria, in particular the trends and policy needs of young adults given the state of the full-time labour market for this group.

These are strongly related to the six policy steps that the Business Council of Australia and the Dusseldorp Skills Forum consider instrumental to lifting the rate of youth participation in education and training. Modelling by Access Economics indicates that substantial productivity, fiscal and social

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benefits can be derived if a further 50,000 young Australians annually complete Year 12 or an apprenticeship equivalent.<sup>5</sup>

A challenge that Victoria now faces is that many of its initiatives and program directions have been picked up and expanded upon by a number of other states. These include learning and training guarantees to ensure full-time youth participation, raising the school leaving age and strengthening the personal support services for youth in transition. The Commonwealth has also significantly boosted its efforts to improve the vocational and transition pathways of young people in recent times.

Victoria's leadership on skills, educational attainment and transitions is longstanding and deserves respect. If Victoria is to continue to set the pace on post-compulsory pathways it must systematically revisit and renew the policy directions and programs of the Kirby reforms.

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<sup>5</sup> See Access Economics, *The Economic Benefit of Increased Participation in Education and Training*, BCA & DSF, May 2005

## EXECUTIVE SUMMARY

Victoria has recently introduced a range of policies and programs designed to improve the educational attainments and school transitions of young people. This report presents:

- an overview of the policies and programs in Victoria and other states and territories.
- a review of the performance of the education systems on a range of aggregate measures of the educational and labour force experiences of young Australians.

The report is comprehensive in its use of available state, territory and national data but some limitations to the analysis should be noted. First, many of the reforms discussed were introduced only in 2001 and 2002 and initially at pilot level so it is too soon to expect a large impact to be visible. Second, while important initiatives, they represent only a very small proportion of the education budgets and expecting large outcomes would be unreasonable. Third, the use of aggregate state level data which are influenced by a range of economic and social forces may obscure the finer effects of policies targeted at particular equity groups. Reviews of specific projects have demonstrated positive effects which may not be seen in statewide data.

## POLICY MEASURES

The policy initiatives in Victoria include:

- Developing local community networks, principally to facilitate the transition from school (the *Local Learning and Employment Networks*—LLENs). Thirty-one LLENs now operate across Victoria and broker arrangements that support the other educational initiatives.
- The introduction of more intensive career planning and case management for the transition (*Managed Individual Pathways*—MIPs). By 2004 nearly all students in government schools had an individual Pathway Plan that is to be updated annually.
- The endorsement of processes already underway to broaden the curriculum, particularly *VET in Schools and School-Based New Apprenticeships*. Enrolments in both VET in Schools programs and in School Based New Apprenticeships have increased substantially over the last five years.
- The introduction of the *Victorian Certificate of Applied Learning* (VCAL). By June 2004, enrolments in the VCAL were equivalent to about 7% of total Year 11 and 12 school enrolments.
- The removal of administrative barriers to *the provision of Year 12 in TAFE and ACE*. VCE enrolments of 15 to 19 year-olds in TAFE in 2003 had increased from negligible numbers in 1999 to the equivalent of nearly 3.5% of school enrolments in Years 11 and 12. About 15% of VCAL enrolments are in TAFE or ACE.
- More intensive monitoring of the transition from school through the *On Track* telephone survey of school leavers. The survey has been conducted for students who left government schools in 2002, 2003 and 2004 with a gradual increase in scope and better integration with MIPs and LLENs through *On Track Connect*, which identifies school leavers potentially in need of training or labour market assistance.

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- The creation of three new authorities to oversee the reforms—the *Victorian Qualifications Authority* (the VQA), the *Victorian Learning and Employment Skills Commission* (the VLESC), and the *Victorian Curriculum and Assessment Authority* (the VCAA).

These policy initiatives are intended to be mutually re-enforcing. Funding for VET in Schools supports VET components of VCAL delivery. MIPs enhances student capacity to navigate pathways including those created by VCAL, VET in Schools and School-Based New Apprenticeships. The LLENs broker partnership arrangements that support the delivery of VCAL, Vet in Schools and School-Based New Apprenticeships as well as supporting MIPs coordination and providing a possible contact for students identified through *On Track* as experiencing a difficult transition.

Collectively these reforms are intended to create more permeable boundaries between senior secondary school, work and further education, particularly the vocational education and training (VET) sector. The educational reforms played a role in the broader whole-of-government approach to policy making and program delivery outlined in *Growing Victoria Together*, released in November 2001 and updated in 2005.

Most other states have either introduced or are about to introduce some elements of these programs. South Australia, Queensland, Tasmania and Western Australia have also either increased their minimum school leaving age or foreshadowed increases—changes accompanied by a greater emphasis on attendance. Victoria has recently foreshadowed a review of its minimum school leaving age.

The Commonwealth has become increasingly active in the area of youth transition and the importance of developing complementary and mutually reinforcing policy at the different levels of government has correspondingly increased.

## THE TARGETS

The major target set by the Victorian Government in relation to these reforms is that:

*By 2010, 90 per cent of young people in Victoria will successfully complete Year 12 or its equivalent.*

Progress towards the target is measured in two ways:

- The percentage of 19-year old Victorians who have completed Year 12 or its equivalent;
- The percentage of 18–24-year-olds in Victoria who have completed Year 12 or equivalent.

The Victorian Department of Education and Training has reported progress towards the targets between 2001 and 2003. Attainment of these targets, however, while achievable is likely to prove challenging. In 2003 the first measure was 77.5% while the second measure was 83.2%.

## PERFORMANCE MEASURES

The report reviews the outcomes for Victorian youth compared with the rest of Australia on a range of measures. Comparing educational outcomes of states and territories is not straightforward:

- States and territories differ in many non-educational ways that can affect educational outcomes for young people—the relative wealth of their populations, the extent to which their populations are concentrated in urban areas and the proportion of their population that is Indigenous, among others.

- The differing age-grade profiles among states and territories—Victorian Year 9 students are older than Year 9 students in Queensland and Western Australia, for instance—also produce apparent differences in educational outcomes among the states and territories.
- Changes in educational outcomes within a state or territory can reflect broader, non-educational changes such as improvement in the economy or continued increases in expectations of educational attainment.

These difficulties can be partly addressed by focusing on changes in educational outcomes in Victoria compared with changes in Australia overall. Changes in educational outcomes in Victoria, however, may also reflect changes specific to Victoria in ways other than those associated with educational policies. The measures of educational performance themselves may be flawed with problems ranging from sampling variability to changes in the scope of collections and the categories used to report them.

In the main the following performance measures are for the educational participation and outcomes of 15 to 19 year-olds—the group that should be most affected by the educational policies and programs recently introduced in Victoria. The report itself contains further measures of educational outcomes for young people.

## IN 2004

Indicators of the quality of educational and labour market outcomes for teenagers in Victoria in 2004 compared with Australia as a whole include:

- *School retention to Year 12 is higher*
- *School participation by 17 year-olds is higher*
- *Mean scores in standardised tests for Year 8 or 15 year-olds are lower*
- *Participation in VET in Schools programs is lower*
- *Participation in School-Based New Apprenticeships is lower*
- *Full time engagement (either full time study or full time work) of school leavers and 15 to 19 year-olds is higher*
- *Participation in VET is higher*
- *Apprenticeship and traineeship commencements are higher*
- *Commencements in higher education are about the national average*
- *The proportion of 20 to 24 year-olds with Year 12 or Certificate III is higher*
- *Unemployment is lower.*

## RECENT CHANGES

In trying to detect any effect of the post-Kirby initiatives in Victoria, the important measures are those that show changes in educational and transition outcomes for young people in Victoria compared with changes for young people nationally. Between 1999 and 2004:

- *Apparent Year 12 retention increased more in Victoria than nationally. Some of this increase is the higher growth of enrolments of international students in Victorian schools. Even to maintain parity in retention rates with other states, however, would be a positive outcome in the context of policies that have created alternative Year 12 pathways through TAFE and ACE which are not counted in the retention rates.*
- *School participation of 17-year-olds increased more in Victoria than it did nationally. Again this partly reflects the greater growth in enrolments in Victorian schools by international students.*



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- *Apprenticeship and traineeship commencements for 15 to 19 year-old Victorians increased more than they did nationally.*
- *The proportion of Victorians fully engaged (either in full time work or full time study) in the year after leaving school declined by about the same amount as it did nationally.*
- *Participation in full time tertiary education of Victorian 15 to 19 year-olds declined slightly compared with national participation.*
- *The proportion of 15 to 19 year-olds fully engaged (either in full time work or full time study) declined slightly both for Victoria and Australia overall.*
- *Measured in several different ways, youth unemployment in Victoria has declined by more than it did nationally.*
- *Between 2001 and 2003 the proportion of 20 to 24 year-old Victorians who had completed Year 12 or a Certificate III increased more than for 20 to 24 year-olds nationally.*

## SUMMING UP

The relative strengths of Victoria's educational performance have been in Year 12 retention, participation in schooling among older students, apprenticeship and traineeship commencements and overall educational attainment.

The schooling and educational attainment measures, however, include a disproportionately greater increase in enrolments by international students in Victoria. In 2004 international students were 4.3% of Year 12 students in Victoria, an increase from 1.8% in 1999. Nationally they grew from 1.7% to 3.0%.

It is still too early to observe the full effects of the educational reforms in Victoria. Most programs were only in pilot or start-up phases in 2001 and 2002. Given the sometimes modest levels of funding, some of the educational reforms would need to produce very large changes to be reflected in the aggregate measures reported here. Further, as already mentioned, the aggregate measures used in this report may not detect the effects of programs targeted towards improving the educational outcomes of educationally disadvantaged youth. Positive effects of these programs have been demonstrated in reviews of specific projects.

The influence of the post-Kirby reforms will continue to grow for some years even without further interventions, but opportunities for Victoria's youth could also be lost if no new policy interventions are made. Initiatives in other states that build on Victoria's policies may in turn inform further policy development in Victoria. The 2003 *Blueprint for Government Schools* outlines a program of school improvement to provide a stronger foundation on which transition arrangements can build.

The Kirby Report emphasised the importance of the individual student and put him or her at the centre of the educational and transition experience. Institutional arrangements were viewed as a means to providing students with the best possible education. This is an enduring view. We need to keep asking why students are continuing to leave schools without completing their Year 12 certificate, how schools and the learning environment can be changed to better promote learning and whether other settings might be more appropriate.

# 1. INTRODUCTION

There is a renewed focus in Australia on preparing school students for employment and further study after school. Governments are seeking ways to increase the proportion of young people who:

- complete secondary school;
- continue with study and training after leaving school; and
- make a successful transition from study to work.

Among other responses, governments are creating new institutions and approaches that facilitate the movement of young people among educational sectors and from education to work. One of the goals is to provide opportunities for young Australians to combine work with postcompulsory education and training.

Victoria has set the pace in recent changes to the senior schooling and initial tertiary education of young Australians. The report of the 2000 *Ministerial review of post compulsory education and training pathways in Victoria* (the Kirby Report) outlined the need for new approaches to improving the transition of school leavers to further education and work. The recommendations of the review and the response of the Victorian Government in many instances motivated subsequent initiatives in other states.<sup>6</sup> This report examines some of these policy and program changes in the context of changes in measures of outcomes for young people.

The *Ministerial review* is only one of a number of sources of recent change in post compulsory schooling, further education and the youth labour market. Almost all states have reviewed their senior secondary curriculum and assessment. The Australian Government has made substantial changes to the higher education sector, to its funding of schools and vocational education and training (VET) and to social security payments, particularly allowances for young people.

The VET sector has been extensively reformed over the past decade, especially through the introduction of training markets, User Choice and contestable funding. New Apprenticeships, introduced under the auspices of the joint Commonwealth-State Ministerial Council and the Australian National Training Authority (ANTA), prompted a substantial increase in participation in apprenticeships and traineeships by young people.

VET in Schools, of growing importance in Victorian secondary schools, is a national program assisted by Commonwealth funds through ANTA. The Victorian Government was also introducing changes in the middle years of schooling that affected students entering their postcompulsory education. And of course the participation of young people in post compulsory education is influenced by broader economic changes, especially in the youth labour market.

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<sup>6</sup> For brevity, in this report *state* includes the ACT and the Northern Territory.

### 1.1 THE NEED FOR IMPROVED TRANSITIONS FROM SCHOOL

Several developments underpin the increasing interest in improving the study and work outcomes of young people. Long-standing concerns about social and geographic inequalities in the distribution of educational and labour market outcomes have combined with new imperatives for higher levels of labour force participation and a more skilled workforce. Skills shortages and the shift towards a knowledge based economy have led to a growing awareness of the importance of a skilled and educated workforce for attaining and maintaining prosperity. Higher levels of education and labour force participation among younger people will help to offset the loss of workers and skills from the ageing of the workforce and the population. At the same time, the improvement in school retention and participation, so much a feature of the 1980s, stalled during the 1990s and there had been little improvement in the transition experience of young people over the last two decades. International comparisons show that the transition from school is better managed in some other countries.

Most students on leaving school continue to study full time or start full time paid work. Nationally, however, more than three in every ten (31.1%) school leavers are neither in full time study or full time work in their first year after leaving school. For some, this period of less than full time activity in education or employment is temporary and a successful transition is accomplished later. For others, however, the consequences of a poor early transition can be lower educational achievement, more part time and casual employment or unemployment, a shorter working life and lower income.

The economic costs of not completing school reinforce policy innovation. Early school leaving may cost Australia \$2.6 billion annually.<sup>7</sup> The rate of return on an investment in a package of reforms to halve the current number of young people who leave school before completing Year 12 is between 8 and 10%.<sup>8</sup>

Higher levels of education and employment contribute to social well-being in several quasi-economic ways—better health, lower crime, lower welfare dependency and less social exclusion.

The need to improve the success rate in the transition from school to work or further education is acknowledged by all stakeholders. Initiatives designed to enhance work and study outcomes for school leavers need to be continually reviewed to provide guidance for improvement.

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<sup>7</sup> National Centre for Social and Economic Modelling and Dusseldorp Skills Forum. 1999 *The costs to Australia of early school-leaving: Technical paper*.

<sup>8</sup> Business Council of Australia, 2003. *The cost of dropping out: The economic impact of early school leaving*; Applied Economics, 2002. *Realising Australia's commitment to young people*; Allen Consulting Group, *The economy-wide benefits of increasing the proportion of students achieving Year 12 equivalent education: Modelling results*. The costed package to improve retention centred on intensive case management services for young people at risk of leaving school early.

## 1.2 COMPARING STATES

Victoria frequently has better educational participation and outcomes for young people than do other states, but this was often the case well before the Kirby Report and its related initiatives. Similarly, any changes in educational and labour market outcomes in Victoria may reflect broader national changes, rather than specific Victorian changes. Comparisons of changes in Victoria with national changes or changes in other states provide an approach to assessing the recent performance of the Victorian educational system.

Comparing indicators across states or of one state with national data is not always a fair reflection of the quality of school system. The populations of states differ in ways that can affect educational outcomes—the socioeconomic level of the population, the mix of industries and the level of employment, the extent to which people are located in rural and remote areas and the proportion of Indigenous people.

The ways in which states organise their educational systems can also differentially affect particular participation or outcome measures. If, for instance, a government decides to deliver VET for young people mainly through the VET rather than the school sector, comparisons with other states that are based only on the school sector will be misleading.

The different age-grade profiles of the states also confound many comparisons among the states. In any given grade, school students in New South Wales, Victoria, Tasmania and the ACT are on average older than students in the other states—a result of different policies about the school starting age, progression between grades, particularly in the early years of schooling and the presence or absence of a kindergarten or preparatory year prior to Year 1 (Table 1).<sup>9</sup>

The school participation of 15 to 19 year-olds in Victoria, for instance, will be greater than in Western Australia, even if students in the two states do not differ in their average years of schooling—students in Western Australia would still leave school at a younger age than in Victoria because they are younger for any given grade. Similarly national achievement tests for students of a given age are based on students in different grades in the different states—states with older age-grade profiles are relatively disadvantaged.

**TABLE 1**  
**Age distribution of students in Year 6 by state, 2004**

AGE	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUST
	%	%	%	%	%	%	%	%	%
10 years or younger	2.0	0.7	36.4	4.4	41.5	0.3	7.0	0.8	12.9
11 years	77.1	65.7	60.2	83.1	57.0	52.8	77.4	72.0	68.6
12 years or older	20.9	33.6	3.4	12.5	1.5	46.9	15.6	27.3	18.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: *Schools Australia, 2004*, ABS, 4221.0.

<sup>9</sup> The states are investigating moves to achieve greater standardisation.

## 6. OVERVIEW OF VICTORIA'S PERFORMANCE ON YOUTH TRANSITIONS

Previous chapters present information on two populations: teenagers (15 to 19 year-olds) and young adults (20 to 24 year-olds). The recent Victorian initiatives in education and transition focus on school leavers and teenagers and have not been in place long enough to have affected young adults. Hence results for young adults are discussed separately.

Educational and labour market participation and outcomes for youth in Victoria have frequently, but by no means always, been above the national average and superior to those in other states. This may to some extent reflect the relative wealth of Victoria, its manufacturing-based economy, its relative age and level of development, its relative level of urbanisation and small Indigenous population among other factors. Indicators may also be affected by changes in economic activity, educational policies, enrolments of international students, spurious issues of measurement and the differing age-grade profiles of school students in the different states.

Indicators of the educational and labour market participation and outcomes of young Victorians can be considered in three ways:

- Whether they are higher or lower than in other states and nationally;
- Whether they are improving, unchanged or deteriorating; and
- Whether they are improving, unchanged or deteriorating compared with other states and nationally.

Although each of these has important implications for the life chances of individual young Victorians and for the state overall, it is really only the last of these approaches that bears on the efficacy of the post Kirby reforms in Victoria.

### 6.1 TEENAGERS

#### FULL-TIME ENGAGEMENT

The various indicators of educational and labour market participation and outcomes are related—often negatively. Higher levels of school participation by 15 to 19 year-olds may lead to lower participation in post school education or in full time work simply because these alternatives are ‘crowded out’—with more students staying at school, fewer 15 to 19 year-olds are available for post school study or employment. It can be difficult, therefore, to form a clear view about the direction of any change from one indicator alone.

The level of ‘full engagement’ (being in either full time work or full time study) provides an overview of the situation of teenagers. It measures full time engagement wherever it occurs—in work, in school or in tertiary study. The complement of full time engagement is a category of teenagers that can be considered ‘at risk’ of making a poor transition—those who are not in full time study and are in part time work, are unemployed or are not in the labour force. The measures available for this report do not take into account combinations of part time study and work that might together equal full engagement, but the number of teenagers in this category is relatively small.

- In 2004 Victoria has the highest level of young people *in full time education or in full time work* of any of the states—88.1% compared with 84.8% nationally.

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- Since 1999, the proportion of teenagers *in full time study or full time work* in Victoria has been almost unchanged—from 88.7% in 1999 to 88.1% in 2004.
- In this regard, Victoria is little different from Australia as a whole—nationally the proportion of teenagers *in full time study or full time work* was 85.5% in 1999 and 84.8% in 2004.

A separate measure of full time engagement that focuses on the transition from school is available for school leavers in the year after they left school.

- Teenagers in Victoria who left school in 2003 had in 2004 a higher likelihood of being *either in full time education or in full time work* (71.8%) than did teenagers nationally (68.7%).
- Since 1999, the proportion of Victorian school leavers *in full time study or full time work* in the year after leaving school has declined—from 76.9% in 1999 to 71.8% in 2004—most of which occurred between 2003 and 2004.
- Nationally the decline in full time engagement of school leavers was about the same—from 73.9% in 1999 to 68.7% in 2004.

## EDUCATIONAL ATTAINMENT

The educational and school transition initiatives that form part of the post Kirby reform package are designed to increase the proportion of young people completing their Year 12 or obtaining an equivalent VET qualification. This has been explicitly incorporated into a target that by 2010 90% of young Victorians will complete their Year 12 or an equivalent qualification.

Levels of educational attainment provide a summary measure of educational outcomes from all educational pathways. The available measures, however, lag behind actual practice. Sufficient time needs to be allowed for teenagers to obtain their qualifications. Typically these measures are based not on teenagers (who are still obtaining their qualifications) but on the qualifications of young adults. Although this section addresses outcomes for teenagers, these results for young adults are included here because they summarise outcomes from school and school transitions of young adults when they were teenagers. Consistent information is available only from 2001.

- In 2003, the proportion of young adults with either Year 12 or *any* post school qualification was higher in Victoria (85.9%) than in almost all other states and nationally (78.9%).
- The proportion of young adults with either Year 12 or *any* post school qualification has increased between 2001 (83.5%) and 2003 (85.9%).
- Nationally corresponding qualification levels have increased more slowly than in Victoria—from 81.0% in 2001 to 82.1% in 2003.

## SCHOOLS

Indicators of schooling in Victoria are affected by two spurious influences. First, Victoria has an older age-grade profile than some other states and hence, all else equal, will record higher levels of school participation than those states and national levels of participation. Second, in recent years enrolments of international students in Victorian schools have grown more rapidly than in other states. These enrolments will tend to inflate both measures of Year 12 retention and age participation.

### *Year 12 retention*

- In 2004 apparent retention to Year 12 was 81.1%—higher than in the other larger states and higher than apparent retention nationally (75.7%).
- Apparent retention to Year 12 in Victoria increased by 4.9 percentage points from 76.2% in 1999 to 81.1% in 2004.
- Apparent *Year 12 retention* increased more in Victoria than it did for Australia as a whole. Nationally it increased by 3.4 percentage points from 72.3% in 1999 to 75.7% in 2004.

### *Age participation*

- In 2004 78.5% of Victorian 17 year-olds were attending school—more than in most other states and well above the national average of 63.6%.
- School participation by 17 year-olds in Victorian schools increased from 74.6% in 1999 to 78.5% in 2004.
- The increase in school participation by 17 year-old Victorians was greater than for Australia as a whole. Nationally, participation by 17 year-olds increased only slightly from 61.8% in 1999 to 63.6% in 2004.

### *Literacy and numeracy levels*

Although there are difficulties in using results of the two recent international school testing programs—PISA and TIMSS—to make comparisons among the states, there are indications that the performance of Victorian students is below the national average on several dimensions of literacy and numeracy.

### *VET in Schools*

VET in Schools is part of a broader curriculum that is intended to improve retention, attainment and the transition to work and further study:

- In 2003 enrolments in VET in School programs as a percentage of Year 11 and 12 students in Victoria (27.8%) was the lowest of any state and well below the national average (48.3%).
- Participation in VET in Schools in Victoria grew substantially from 13.8% in 1999 to 27.8% in 2003.
- The increase in VET in Schools enrolments in Victoria was similar to changes occurring nationally.

### ***School-Based New Apprenticeships***

In partnership with VET in Schools, apprenticeships and traineeships undertaken by school students are intended to broaden the curriculum and hence increase retention and attainment while providing pathways into work and further study and training. National comparisons may be misleading because of the relatively low number of commencements in New South Wales and the historically high number of commencements in Queensland.

- In 2003, commencements in SBNAs as a percentage of Year 11 and 12 students in Victoria (2.0%) were lower than the national mean (2.5%) and lower than for most other states.
- Commencements in SBNAs in Victoria have grown from negligible numbers in 1999.
- The increase in SBNA commencements in Victoria was probably a little lower than in some other states but similar to the increase for Australia as a whole.

### **POST SCHOOL STUDY**

In terms of indicators of post school study by teenagers, Victoria may be disadvantaged by its relatively older school population and higher school participation rates for 15 to 19 year-olds.

#### ***Full time tertiary study***

- In 2004, 20.2% of Victorian teenagers were enrolled in full time tertiary study, more than in most other states and above the national mean (19.2%).
- Among Victorian teenagers, participation in full time tertiary study declined from 21.8% in 1999 to 20.2% in 2004.
- Participation also declined nationally, but by a smaller amount—from 19.7% in 1999 to 19.2% in 2004.

### ***VET***

Education and training pathways through VET are an important part of the post-Kirby initiatives. VET participation includes substantial numbers of part time enrolments. Participation in VET by Victorian teenagers (29.5%) in 2003 was higher than in other state and well above the national mean (25.9%).

- In 2004, apprenticeship and traineeship commencements by Victorian teenagers (8.5%) were above the national mean (7.7%).
- Apprenticeship and traineeship commencements increased from 6.2% of Victorian teenagers in 1999 to 8.5% in 2004.
- The increased rate of commencements in Victoria was slightly higher than the increase nationally—from 6.2% in 1999 to 7.7% in 2004.



## FULL TIME EMPLOYMENT

Opportunities for full time employment for teenagers have been declining for at least two decades. Levels of full time employment among teenagers partly reflect levels of full time study—the more teenagers in full time study the less in full time work and vice versa. Here, however, the focus is on *full time work for teenagers who are not in full time study*.

- In 2004, full time employment among teenage Victorians not in full time study (50.5%) was slightly below the national average (51.6%).
- Full time employment among teenage Victorians not in full time study declined from 52.6% in 1999 to 50.5% in 2004.
- The decline of 2.1 percentage points in Victoria was slightly larger than the decline of 1.0 percentage points nationally.

## PART TIME WORK

The growing proportion of teenagers who are not in full time study but are in only part time work is a concern. Many of these young people would like to work more hours but are not able to do so.<sup>52</sup> Part time work as a percentage of employment among teenagers not studying full time is slightly higher in Victoria (32.2%) than nationally (30.5%). In Victoria it has increased from 25.5% in 1999, a gain of 6.7 percentage points, which is greater than the increase of 3.2 percentage points nationally over the same period.

## UNEMPLOYMENT

Youth unemployment is confounded by the high proportion of young people in full time study. This discussion is restricted to unemployed teenagers not in full time study. Unemployment rates are estimated for three different groups; all teenagers; teenagers not in full time study; and teenagers not in full time study and in the labour force.

- In 2004, unemployment among teenage Victorians was the lowest of any state as a percentage of all 15 to 19 year-olds, but at about the national average for those not studying full time or for those not studying full time and in the labour force.
- Unemployment among teenage Victorians declined between 1999 and 2004 for all three groups.
- The decline in unemployment in Victoria was greater than any national decline.

Unemployment can also be measured by the number of people receiving unemployment benefits. This is generally lower in Victoria than nationally—for 19 year-olds 5.4% of Victorians received unemployment benefits compared with 6.4% nationally—and has declined in recent years. The decline in Victoria, however, was less than the national decline from 1999 to 2004.

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<sup>52</sup> Spierings J, in-press. 'Young people at risk in the transition from education to work' in ABS, *Australian social trends 2005*, 4102.0.

### 6.2 YOUNG ADULTS

#### FULL-TIME ENGAGEMENT

- In 2004 Victoria has the highest level of young adults *in full time education or in full time work* in any of the larger states—77.7% compared with 73.4% nationally.
- Since 1999, the proportion of 20 to 24 year-olds *in full time study or full time work* in Victoria has increased by 4.1 percentage points—from 73.0% in 1999 to 77.1% in 2004.
- The increase in Victoria was greater than the national increase of 1.8 percentage points from 71.6% in 1999 to 73.4% in 2004.

#### POST SCHOOL STUDY

##### *Full time tertiary study*

- In 2004, 31.1% of young adults in Victoria were enrolled in full time tertiary study, more than in any other state and well above the national mean (24.7%).
- Among Victorians aged 20 to 24 years, participation in full time tertiary study increased substantially from 21.4% in 1999 to 31.1% in 2004.
- Participation also increased nationally, but by a much smaller margin—from 19.6% in 1999 to 24.7% in 2004.

##### **VET**

Participation in VET by young adults in Victoria (25.1%) was higher than in any other state and well above the national average (20.2%).

- In 2004, apprenticeship and traineeship commencements in Victoria by young adults (4.4%) were above the Australian average (3.2%).
- In Victoria, apprenticeship and traineeship commencements increased from 3.7% of young adults in 1999 to 4.4% in 2004.
- Apprenticeship and traineeship commencement rates were almost unchanged nationally. They were 3.0% in 1999 and 3.2% in 2004.

##### *Full time employment*

- In 2004, full time employment among young adults in Victoria (46.5%) was slightly below the national average (48.7%), reflecting the high level of full time study, but for young adults not in full time study it was slightly above the national average.
- Full time employment among young adults in Victoria declined from 51.6% in 1999 to 46.5% in 2004, again reflecting the expansion of full time study. For young adults not in full time study, however, the proportion working full time increased slightly.
- Nationally full time employment declined slightly less in Victoria than nationally for young adults, but was unchanged for those not in full time study.

## PART TIME WORK

For Victorian young adults who are not in full time study, part time work is a lower percentage of employment (17.4%) than nationally (19.2%) and declined by 1.0 percentage points between 1999 and 2004. Nationally, however, part time work's share of total employment increased by 1.5 percentage points for persons not studying full time.

## UNEMPLOYMENT

- In 2004, unemployment among young adults in Victorian was slightly above the national mean as a percentage of all 20 to 24 year-olds; for those not studying full time; and for those not studying full time and in the labour force.
- Unemployment among young adults in Victoria declined between 1999 and 2004 for 20 to 24 year olds as a whole, but was almost unchanged for the other two groups.
- The decline in unemployment nationally was greater than any decline in Victoria.

The proportion of young adults receiving *New Start Allowance* is similar in Victoria to the national average and declined between 1999 and 2004 in line with the decline nationally.

## 7. DISCUSSION AND CONCLUSIONS

### 7.1 KEY RESULTS

A major finding of the study is that the rate of participation and completion of post-compulsory education and training in Victoria has increased in recent years, but only generally in line with what has occurred nationally. The recent school transition reforms in Victoria might be expected to have further lifted full engagement for teenagers. However it is difficult to measure improvements given some important limitations of the publicly available data; for example, a number of data sources are based on small samples of teenagers. Another major difficulty in monitoring the impact of the reforms is the relatively brief period since their implementation. Two further observations can be made:

- The measure of full engagement based only on full time study or full time work omits combinations of part time work and part time study that can also be the equivalent of full engagement for teenagers.
- The other side of full engagement is the ‘at risk’ group of teenagers who are not in full time study and are in part time work, unemployed or not in the labour force. The measure of full time engagement of teenagers is not sensitive to changes in labour force participation within this at risk group. The level of unemployment among teenagers not in full time study declined more in Victoria than in Australia overall, although the change is modest.

The full time engagement of teenagers in their first year after leaving school has declined by about 5 percentage points between 1999 and 2004, almost identical to a national decline in this measure. Of all the indicators, this should be among the most sensitive to the effects of the educational initiatives in Victoria that target the transition from school.

### THE YEAR 12 OR EQUIVALENT TARGET

*Victoria has set a target that 90% of young Victorians will complete Year 12 or an equivalent qualification by the year 2010.* The published estimates for 2001 to 2003 of the proportion of 19 year-olds who have completed Year 12 or an equivalent qualification show an increasing trend. This measure ties this improvement more closely to the post Kirby education and school transition initiatives.

Between 2001 and 2003 there was also greater relative growth in Victoria in both the proportion of 20 to 24 year-olds who had completed Year 12 or a Certificate III and in the proportion that had completed Year 12 or *any* post school qualification. Measures of educational attainment for 20 to 24 year-olds, however, mainly reflect the schooling and school transition outcomes that occurred some five or so years previously and hence these changes may not reflect the recent educational initiatives in Victoria.

A key question then is whether this target will be met. This depends on both improvements in educational attainment but also the measures used. Defining the measure for 18 to 24 year-olds rather than say 19-year-olds, as has been done, is sensible in terms of providing more stable estimates. It also increases the measures of progress towards the target by about five percentage points. In 2003 the Victorian estimate was 83.2% and this had been increasing at an average of 1.4 percentage points per year from 2003. The good news is that simple extrapolation suggests that the target of 90% will be reached before 2010.

In practice, however, there are several challenges that need to be faced if the target is to be reached.

Expressing the target in terms of Year 12 *or its equivalent* leaves open the definition of the level of qualification that is the equivalent of Year 12. Victoria has chosen to use Certificate II or above,<sup>53</sup> and there is a serious question as to whether Certificate II qualifications are in fact the equivalent of Year 12. This does not seem to be the case in terms of income or employment effects. Queensland, for instance, has chosen Certificate III or above as the basis of equivalence.

Secondly a good part of the increase in apparent Year 12 and post compulsory participation rates appears to be due to a rapid growth of enrolments of international students in Victorian schools. This enrolment growth has been more rapid in Victoria than in the schools of other states. To date this growth has been matched by increasing enrolments by Victorian students in alternative pathways to Year 12 through TAFE and ACE. Future real gains in overall retention will rely on the veracity and attractiveness of these pathways.

Thirdly VCAL will need to play an increasingly important role. In 2003, enrolments of teenagers in VCE and VCAL courses offered by TAFE were equivalent to about 3.5% of Year 11 and 12 enrolments in Victorian schools and expected to increase further in subsequent years—an increase from very few enrolments in 1999. From 1999 to 2004, however, participation by Victorian teenagers in full time post school education declined compared with the rest of Australia. The TAFE VCE and VCAL pathway, however, should have contributed to participation in full time post school education and training. In the absence of any measured increase, it may be that students are replacing other full time VET programs with the TAFE VCE and VCAL alternatives rather than increasing their overall participation.<sup>54</sup> Similarly, VCAL may have expanded largely through students who would otherwise have undertaken a VCE and that VCAL has not contributed as much as it may appear to Year 12 retention.

## VET IN SCHOOLS

*Participation in VET in Schools* programs is substantially lower in Victoria than in other states and nationally. However there are some important factors to be considered. The growth of the TAFE VCE and VCAL pathways means that some part of what would previously have been VET in Schools activity for teenagers is now excluded from official statistics. Victoria requires students to undertake nationally accredited training, which results in a substantially higher level of participation in Certificate III and higher programs than in other states, but may also contribute to the apparently lower overall participation. The funding arrangements for VET in Schools sometimes result in parents paying substantial fees if their children participate in VET in Schools programs. This restraint on the expansion of VET in School enrolments could be directly addressed by the Victorian Government.

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<sup>53</sup> The Australian Qualifications Authority, which administers the Australian Qualifications Framework, no longer describes Certificates in terms of *levels* I, II, III or IV, recognising that, for instance, a Certificate III in one area may be the equivalent of a Certificate II in another.

<sup>54</sup> Alternatively, the TAFE Year 12 pathway may increase estimates of full time engagement of school leavers and of full time post school study for 15 to 19 year olds.

*School-Based New Apprenticeship commencement rates* have increased in Victoria in line with national increases, but are below the commencement levels in other states. It is likely that apprenticeship and traineeship commencements form a greater part of VCAL programs in TAFE. As with VET in Schools, SBNA commencements in Victoria are more likely to be at Certificate III or higher in Victoria than in other states or nationally. Overall commencements in apprenticeships and traineeships have increased slightly more quickly in Victoria than nationally.

The apparently lower literacy and numeracy levels of Victorian secondary students compared with students in other states may seriously impede the growth of Year 12 retention and improved transition.

Attaining the targets of improved completion of Year 12 or its equivalent will be assisted by improved school achievement. The effect of literacy and numeracy interventions being made now, however, will improve retention, attainment and transitions in future years. Further efforts are needed to improve the literacy and numeracy levels of Victorian students.

## 7.2 THE ROLE OF THE KIRBY REFORMS

The initiatives following the Kirby Report have mainly been piloted and developed in 2001 and 2002. At the earliest, most were fully functional by the start of 2003, but have been evolving and expanding since then as enrolments in the VCAL and Year 12 in TAFE continue to grow and *On Track Connect* integrates the activities of MIPs with LLENs. There are some indications of positive effects of these reforms but substantive results are yet to be reflected strongly in the types of data considered in this report. This is in part because:

- The time since the implementation of the reforms has been relatively brief.
- Given the sometimes small expenditures involved, the initiatives would have to be extremely effective to shift educational participation and outcomes in ways that would be evident in the types of measures used in this report.
- The aggregate measures used in this report are not sensitive to small changes and are influenced by many other factors apart from reforms to post compulsory education.
- The aggregate measures used in this report may not detect the effects of programs targeted towards improving the educational outcomes of educationally disadvantaged youth. Positive effects of these programs have been demonstrated in reviews of specific projects.
- Participation in post compulsory education and educational outcomes are influenced by the educational experiences of students over the course of their entire schooling and therefore reflect past educational policies and financing. The effects of changes in the early years of schooling and early childhood education, in particular, will not flow through to the post compulsory years for a decade or longer.
- Teenagers in Victoria have historically often had better educational and labour market outcomes than their counterparts in other states. There is less scope for improvement on some indicators in Victoria than nationally. Improvement on these indicators may be subject to diminishing returns—it becomes progressively more difficult to improve outcomes.
- Several other states have reformed their post compulsory schooling and transition arrangements. To the extent that these are successful, comparisons of Victoria with these states and with national outcomes will under-estimate any effect of Victorian reforms.

- The Australian Government has implemented major changes that may influence participation. These include changes in access to unemployment benefits and student income support; higher education changes; and enrolments in VET have expanded rapidly under the influence of national policies such as User Choice, competitive tendering and training packages. These national policies can affect states differently.

### **7.3 SOME QUESTIONS**

There are some important areas for further research that arise at this stage of the reform process. These include:

- To what extent is VCAL increasing retention by attracting students who would not otherwise have complete Year 12?
- To what extent is VCAL producing better learning and labour market outcomes than these students would have otherwise experienced?
- To what extent are enrolments in VCE or VCAL in TAFE replacing enrolments in other TAFE programs and is the TAFE Year 12 pathway producing better learning and labour market outcomes than these students would have otherwise experienced?
- To what extent do targeted funds for programs such as MIPs lead to increased expenditure by schools in the desired areas—do they substitute for existing expenditure or attract additional expenditure?
- A number of the indicators from different sources showed a decline in outcomes for 2004. Is this a trend or an aberration?

### **7.4 THE WAY FORWARD**

The influence of the post-Kirby reforms will continue to grow—it takes time for institutions and programs such as the LLENs, VCAL and TAFE pathways to Year 12 to become effective and better known and accepted by the broader community. Moving towards a more integrated and cohesive framework of provision and planning will also take time. The patience required for these processes to occur, however, may be politically challenging.

Opportunities for Victoria's youth could also be lost if no new policy interventions are made—initiatives that build on the start already made.

- Other states are now implementing and refining programs first introduced in Victoria. In the coming years Victoria can in turn learn from the experiences of other states as part of a process of on-going policy renewal.
- Improvements to curriculum and teaching in the compulsory years of schooling can provide a better platform of school achievement on which post compulsory arrangements can build. In particular, more intensive literacy programs directed to those at the lowest end of the achievement distribution are necessary.
- Greater emphasis should be given to the Year 12 aspect of the 'Year 12 or its equivalent' attainment target. The momentum around VCAL and the pathways to Year 12 through TAFE must be maintained in concert with efforts to strengthen VCE enrolments.

- Participation in VET in Schools programs is lower than participation in other states, even given the growth of the VCAL and TAFE pathways. Greater levels of participation may be achieved without any loss of quality by changing funding arrangements that currently place a substantial onus on parents. Further expansion of participation may be achieved by a more inclusive approach to VET in Schools programs.
- Commonwealth initiatives in the post compulsory education of young Australians are becoming more important, especially in terms of new technical colleges, other trade skill pathways and opportunities, and the proposed Network of Industry Career Advisers. Commonwealth and State initiatives that are not coordinated risk duplication, waste and inefficiency. The challenge for State and Commonwealth Governments will be cooperating to produce solutions that maximise outcomes for individual students.
- The 2005 review of the Victorian Education Act offers the possibility of a legislative approach to educational reform that may complement the programmatic, incremental approach characteristic of the post Kirby reforms. Specifically the new Act should guarantee all young Victorians the right to access and to be provided with the support necessary to complete twelve years in initial education or a vocational equivalent, such as an apprenticeship.

### **7.5 KIRBY AND THE FUTURE**

The Kirby Report started with the importance of the individual student and put him or her at the centre of the educational and transition experience. Institutional arrangements were viewed as a means to providing students with the best possible education. This is an enduring view. We need to ask why students are continuing to leave schools, how schools and the learning environment can be changed to better promote learning and whether other settings might be more appropriate.

The contract between governments with students and their parents about the quality of educational opportunities exists within a larger global environment that increasingly determines the quality of everyone's life opportunities. Ultimately it is not a question of comparing educational outcomes of one Australian state with another but with the quality of education provided by Australia's major trading partners and near neighbours—with Singapore, Korea, Hong Kong and Japan. It will pay us to think creatively about the institutional arrangements that will promote the best long-term educational outcomes for our children.