

How Young People are Faring '08

AN UPDATE ABOUT THE LEARNING AND WORK
SITUATION OF YOUNG AUSTRALIANS

Acknowledgments

This report has been prepared by Stephen Lamb and Kate Mason, researchers in the Centre for Post-compulsory Education and Lifelong Learning (CPELL) at the University of Melbourne.

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The Foundation for Young Australians (FYA) is extremely proud to present this latest instalment in the How Young People are Faring (HYPAF) report series. This particular instalment is significant for three reasons.

Firstly, it is the tenth consecutive year that this benchmark research into the participation of young Australians in learning and work has been conducted.

Secondly, publication of this report also coincides with the recent alliance of Education Foundation with FYA. The alliance consolidates an impressive scope of expertise and knowledge of the youth and education sectors. Education Foundation's proven track record in the development and delivery of education programs, community engagement and research has been brought together with the strengths of FYA in grant-making, indigenous programs, capacity building, scholarships and successful models of youth participation.

But most significant are the report's findings.

This report tells us that we are not doing enough to address the high number of young people from low socio-economic backgrounds who experience fewer opportunities to both "earn and learn". Contrast the report's observation that while 46 per cent of young adults from high socio-economic status (SES) engage in full-time education, less than one-fifth of young Australians do so from low SES backgrounds. One in eight teenagers is neither engaged in full-time education nor in full-time work. Amongst the hardest hit are young people living in regional and remote areas.

The current climate of education policy is characterised by commitments to raise school completion rates and increase the proportions of young people making a smooth transition from school to work or further study. When viewed in the context of a new Commonwealth Government and a new education and training agenda, the HYPAF report highlights the scope and scale of this challenge. This report shows us just how much the world of young people engaged in learning and work is heating up. We need to be doing more.

On behalf of FYA, I would like to commend the report's authors, Stephen Lamb and Kate Mason, and extend my sincerest thanks to the Dusseldorp Skills Forum. In particular, FYA is grateful to John Spierings for his invaluable support and advice during the handover of this report from the Dusseldorp Skills Forum to FYA. Education Foundation has made a firm commitment to continue to produce HYPAF reports, a commitment made possible by this alliance with FYA. Critically, FYA will guarantee the independence and editorial freedom of HYPAF, and ensure that the report continues to provide a key insight into the participation of young Australians in learning and at work.



Adam Smith
CEO,
Foundation for Young Australians



Dr Lucas Walsh
Director of Research,
Foundation for Young Australians

Foreword

After ten years this publication about youth transitions is now going through its own transition.

Beginning with this edition, *How Young People are Faring* will be published by Foundation for Young Australians (FYA) in alliance with Education Foundation. At the same time a new research team has come on board, the Centre for Post-compulsory Education and Lifelong Learning at the University of Melbourne, and a new communication approach has been developed.

Dusseldorp Skills Forum began this series a decade ago to draw attention to the need to improve Australia's levels of school completion, to enhance the participation of young Australians in productive and worthwhile learning and work, and to focus attention on the economic and social cost of young Australians not able to ride the up escalator of economic opportunity.

We sought a more informed and richer debate based on evidence and fact rather than assertion and anecdote. We sought to support the work of educators and practitioners in education, community organisations, employment services and training, and to focus public attention on the efforts of policy-makers.

At the heart of a publication like *How Young People are Faring* is a concern that Australia's prosperity and economic competitiveness over the long-term depends significantly on the skills of its workforce and the social obligations that exist across the generations.

Unless Australia ensures that more of its young people are actively engaged in learning, experience the rewards of a stimulating education, and are able to put their skills to good use, Australia will fall behind.

Over ten years it is clear that Australia has made some strides in expanding the horizons of secondary schooling, and in building stronger safety nets for those not completing school or at the margins of the labour force.

But still around 200,000 teenagers in any one year are not engaged in full-time learning or full-time work. The findings in this report of the extent of social and economic disadvantage hindering participation in learning and work are sobering. Federal and state governments speak of an 'education revolution'. It's time this idea was given real substance.

In passing the baton it is important to acknowledge the generosity and dedication of our partners and collaborators in this project over the years, including Richard Sweet; Richard Curtain; Mike Long and Gerald Burke at the Centre for the Economics of Education and Training at Monash University; and the invaluable support of the Australian Bureau of Statistics.

Doing the research and leading the policy advocacy in this area now falls to the alliance of Education Foundation with FYA. We wish them well in the years ahead.



Jack Dusseldorp
Chair
Dusseldorp Skills Forum

Preface

Highlights

This tenth edition of *How Young People are Faring* is presented in the context of a new Commonwealth government and a new education and training agenda with commitments to raise school completion rates and increase the proportions of young people making a smooth transition from school to work or further study. How big is this task?

Educational attainment

- > The 2006 Census indicates that 71 per cent of 19 year-olds had attained Year 12 or equivalent. While this is an improvement from 2001, much more effort will be needed to lift the rate to the recently announced target of 90 per cent by 2020.
- > The rate for those from low SES backgrounds is only 58 per cent, and even lower for poor achievers in school, pointing to where the greatest effort is needed.

Engaging in education, training and work

Teenagers

- > Seven in ten 15 to 19 year-olds are engaged in full-time education, and a further 17 per cent are working full-time.
- > 13 per cent of teenagers are not engaged in full-time work or full-time education.
- > Levels of engagement in work or study and training vary by state and territory, gender, social background, school achievement and attainment.
- > For 19 year-olds, rates of those who are not in full-time education and not in full-time work vary across states and territories from 21 to 49 per cent.

School Leavers

- > Three-quarters of school leavers are engaged in full-time work or full-time education in the year after leaving school.
- > School completers are more likely than early leavers to enter further study, and school completers also have an advantage entering the labour market, being more likely than early leavers to secure full-time work.
- > About 40 per cent of early school leavers were in part-time work, seeking work or not in the labour force, double the rate for Year 12 completers.
- > Marginal attachment to the labour force (unemployment, part-time work and not being in the labour force) is more common among females and among school leavers in low SES areas.

Young Adults

- > Half of all 20 to 24 year-olds work full-time and 28 per cent are in full-time study.
- > While almost 50 per cent of young adults from high SES backgrounds engage in full-time education, less than one-fifth from low SES origins do.

Transition to the labour market

- > Despite a decline in teenagers opting for the labour force rather than full-time education, full-time employment rates for this group have remained fairly constant, supporting the view that full-time job opportunities for young Australians have fallen over the last 15 years.
- > Education and training is important to making a smooth transition from school to full-time work. Of those in full-time work in their seventh post-school year, almost 90 per cent of Year 12 completers and about 70 per cent of early leavers followed an education and training pathway on leaving school.
- > A third of early school leavers are only marginally attached to the labour force in their seventh post-school year, and one in 20 have been in that position for most of the time since leaving school.

Explanatory Notes

Apprentices and trainees Unless separately identified, apprentices and trainees may be in one of several categories depending on how they have reported their activity at the time of survey, consistent with the way the data are collected by ABS.

Deferrers Young people who have deferred study are counted as being in the education and/or work activities reported at the time of survey.

Full-time work work involving 35 hours or more per week.

Part-time work work involving less than 35 hours per week.

Not in the labour force (NILF) Refers to those not in work and not seeking work.

Unemployed Refers to those not employed in the week of the survey, and who had actively looked and were available for work in the previous four weeks.

School completers people who have attended school and completed Year 12.

Early school leavers people who have left school without completing Year 12.

Year 12 or equivalent Young people who have completed a school certificate (such as the South Australian Certificate of Education or the Tasmanian Certificate of Education) or equivalent qualification defined as VET Certificate III or higher.

Rounding Rows/columns in tables and figures may not sum to 100.0 due to rounding.

Seven in ten 15 to 19 year-olds are engaged in full-time education, and a further 17 per cent are working full-time.

- > 87 per cent of teenagers are either studying full-time or working full-time, with seven in ten in full-time education.
- > Females are more likely than males to be studying full-time.
- > 13 per cent of teenagers are not fully engaged in full-time work or full-time education.
- > Among teenagers not in full-time education, females are at greater risk than males of being unemployed, in part-time work or not in the labour force.
- > Australia is below many other OECD countries in terms of levels of participation in education, suggesting there is room for improvement.

Engagement in education and training varies by age and state and territory.

- > The vast majority of 15 and 16 year-olds are still at school.
- > At age 18, more than one in five young people are no longer studying and are in part-time work, unemployment, or not in the labour force, and by age 19 the proportion is close to one in four.
- > The age distribution of Year 12 students varies markedly across the states and territories, and this should be taken into consideration when interpreting state-level variations in earning and learning activities of 15 to 19 year olds.

Falls in the proportion of teenagers not earning or learning are related to improved school retention and growth in apprenticeships and post-school education.

- > After peaking above 16 per cent during the recession of the early 1990s, the proportion of 15 to 19 year-olds not engaged in full-time education or full-time work has declined, reaching 13.3 per cent in 2008.
- > This decline has corresponded with an increase in teenagers engaging in full-time education, especially school and apprenticeships, but not with growth in full-time employment.

Very few young people combine part-time study and part-time work.

- > Combining part-time earning and part-time learning activities may be considered the equivalent of full engagement, however, very few 15 to 19 year-olds actually do this.

Social background, location and academic achievement exert strong influences on the likelihood of young people being fully engaged in education or work at age 19.

- > Nineteen year-olds who were low achievers in school face more than double the risk of being less than fully engaged in education or work than 19 year-olds who were high achievers.
- > The social (SES) composition of the area in which a teenager lives influences their likelihood of being in full-time education, with those in high SES areas almost twice as likely to be in full-time study as are those in low SES areas.
- > Even for those who enter the labour market and do not remain in education at age 19, SES continues to exert an influence on their earning and learning activities.
- > Almost every second 19 year-old who lives in a major city is engaged in full-time education, compared with fewer than one in five in outer regional areas, and just 5.8 per cent – barely one in twenty – in remote or very remote areas.

Year 12 is important both to the chances of undertaking further study and for entry to the labour market.

- > School completers have an advantage over early leavers in terms of entering further education (six in every ten compared with around one-third of early leavers), as well as in the labour market, where they are more likely to secure employment, especially full-time work.

The initial activities of school leavers vary by background.

- > Females are more likely than males to enter higher education but males have greater rates of participation in VET (including apprenticeships) and full-time work.
- > Rates of participation in marginal labour force activities, such as part-time work and not participating in the labour force, are higher for female school leavers.
- > About 55 per cent of high achievers are enrolled in university in their first year after leaving school, compared to only 7.8 per cent of low achievers.
- > School leavers with low literacy and numeracy skills in Year 9 were almost three times more likely to be unemployed or not in the labour force than high achievers, compared to being engaged in other activities.
- > Marginal attachment to the labour force (unemployment, part-time work and not in the labour force) is much higher among low SES students and falls as SES rises.

Proportions of school leavers not earning or learning have fallen marginally in recent years.

- > In the early 1990s, the proportion of school leavers who were not in full-time education or full-time work rose significantly, but since then there has been a general trend downwards, with the current estimate at 26.9 per cent.
- > In 2008, females were more likely to be neither in full-time education nor in full-time work, continuing a trend that existed for much of the previous decade.

Key Findings

Half of all 20 to 24 year-olds are working full-time, and 28 per cent are in full-time education.

- > Full-time work is the single most common activity for young adults.
- > Males are more likely than females to be working full-time or unemployed.
- > Females are more likely than males to be in full-time education.
- > Females are also more likely than males to be working part-time while not in full-time education, or neither studying full-time nor in the labour force.

Earning and learning rates for young adults are influenced by school attainment, social background, and school achievement.

- > About one-third of young adults who have completed Year 12 are in full-time education – over five times the rate for those who were early school leavers.
- > Young adults who were early leavers and who are not studying full-time have a higher rate of full-time work, however they also have a higher rate of unemployment and a much higher rate of not being in the labour force.
- > While almost 50 per cent of young adults from high SES backgrounds engage in full-time education, less than one-fifth from low SES origins do.
- > High achievers are more than three times as likely to be in full-time education as low achievers.
- > Rates of unemployment and non-participation in the labour force fall as SES and achievement rise.

The proportion of 20 to 24 year-olds not engaged in full-time work or full-time education has been falling over the past decade, corresponding with a rise in full-time education but not in full-time work.

- > 21 per cent of young adults were not engaged fully in education or the workforce in May 2008, and were instead either unemployed, working part-time or not in the labour force.
- > As with 15 to 19 year-olds, the proportion of young adults in these marginal activities has been in decline since the early 1990s, and in 2008 was at its lowest level of the last two decades.
- > This decline has corresponded with increasing participation in further education and training and falling unemployment, however participation in full-time work has not increased.

Young women are more likely to be in part-time work or not in the labour force, but young men more likely to be unemployed.

- > While rates of less than full-time engagement have been falling for both genders, young women have been and continue to be more at risk of marginalisation than young men (26 per cent compared with 17 per cent in 2008).
- > Young men were more likely to be unemployed and not in full-time study than were young women, but this gap may be narrowing.
- > Young women, on the other hand are far more likely than young men to be working part-time and not studying full-time.
- > Females remain more likely to be neither in the labour force nor in full-time education but the gap between women and men on this measure is narrowing.

Sample survey measures suggest 4 in 5 young adults currently attain Year 12 or its equivalent.

- > The ABS Education and Work survey estimates that in 2008, 82 per cent of 20 to 24 year-olds had attained Year 12 and/or a qualification at the level of Certificate III or higher.
- > The proportion of young adults with these qualifications has been increasing gradually over time.

Census measures reveal lower levels of attainment for young Australians.

- > The 2006 Census indicates that only three-quarters of 20-24 year olds had attained Year 12 or at least an equivalent post-school qualification.
- > While there has been improvement from 2001 to 2006, the size of the gain suggests that considerably more effort will be needed to achieve the recently announced 90 per cent target by 2020.

Social disadvantage promotes lower rates of attainment among some groups of young Australians.

- > 19 year-olds from low SES backgrounds attain Year 12 or its equivalent at a rate 26.1 percentage points lower than that of those from high SES origins.
- > At age 24, well over one-third of those from low SES backgrounds have not completed Year 12 or equivalent, compared to about one in seven of those from high SES backgrounds.
- > Achievement levels in school also affect attainment, and since school achievement is highly correlated with social background, policies developed to target improvements in Year 12 completion will need to address the issue of social disadvantage.

Australia's attainment levels reveal room to improve based on international standards.

- > International comparison of levels of upper secondary attainment for 25-34 year-olds places Australia at about the average for OECD countries, and substantially lower than countries such as Korea, Sweden, the United States, Canada, New Zealand, Finland and Hungary.

Key Findings

Improvements in programs such as VET in Schools may be critical.

- > There is some evidence to suggest that countries which offer more extensive, well-structured programs of vocational education and training, do better in promoting rates of school completion.

Labour force participation of young Australians has fallen while levels of full-time employment for those in the labour force remain much the same.

- > The proportion of young people in the labour force has remained at roughly the same level since the early 1990s, however increased participation in full-time education means that an increasing proportion of teenagers and young adults are combining study and work.
- > Despite the largely continuous decline in the proportions of teenagers opting for the labour force rather than full-time education, full-time employment rates for this group have remained fairly constant, supporting the view that full-time employment opportunities for young Australians have fallen rather than grown over much of the last 15 years.
- > A positive feature of change in the youth labour market is that fewer and fewer young Australians have experienced unemployment over the same period.
- > The downturn in unemployment has not translated into large gains in full-time employment. Rather, it has mostly been accounted for by growth in part-time work.
- > However, in the last few years there have been small annual increases in the full-time work shares of those not in full-time education and in the labour force, associated with falls in both unemployment and part-time work.

The Australian youth labour market offers employment opportunities at above average rates across OECD countries.

- > In Australia in 2005, roughly two-thirds of 15 to 19 year-olds, and over 80 per cent of 20 to 24 year-olds, not in education and training, were employed. These levels of employment were higher than in other OECD countries by about 13 percentage points for teenagers and 8 points for young adults.
- > While Australia has an unemployment rate for 15 to 24 year-olds that is slightly lower than the OECD average, the ratio of unemployment in young people to unemployment in adults (aged 25-54) is higher in Australia compared with other OECD countries.

Early school leavers are more often unemployed or not in the labour force after seven years.

- > Early school leaving affects the opportunities of young people in making their transition from compulsory education to work.
- > For young people no longer in education and training after seven post-school years, 17.2 per cent of early leavers are unemployed or not in the labour force, compared to only 5.8 per cent of Year 12 completers.
- > Females who leave school before completing Year 12 face particular disadvantage in the transition from school to work, with gender segmentation of the labour market and male bias in the apprenticeship system working to ensure that the employment needs of female early leavers are more poorly served by the labour market.

Smooth pathways to full-time work more often involve education and training.

- > Education and training is important to making a smooth transition from school to full-time work. Of those in full-time work in their seventh post-school year, almost 90 per cent of Year 12 completers and about 70 per cent of early leavers followed an education and training pathway on leaving school.
- > Apprenticeships are an important pathway to full-time work for early leavers, while more than half the Year 12 completers working full-time seven years after school had been through university.
- > Relying on the labour force alone in the transition from school can work for some, though only a few experience smooth transitions. Only 3.0 per cent of Year 12 completers and 5.7 per cent of early leavers had taken up a job immediately on leaving school and remained in full-time work across the seven years, uninterrupted, though larger numbers tried this approach.
- > A third of early school leavers are only marginally attached to the labour force in their seventh post-school year. One in 20 early leavers have been in that position for most of the time since leaving school, in contrast to only 0.6 per cent of Year 12 completers.

Pathways to full-time work and attainment have an impact on earnings.

- > Of the pathways leading to full-time work, those involving education and training tend to be associated with higher earnings.
- > Pathways involving apprenticeship qualifications achieve the highest returns for both Year 12 completers and early school leavers, though Year 12 apprentices earn more than early school leavers.

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SITUATION OF YOUNG AUSTRALIANS

In this year's Federal Government Education Budget paper it was reported that most young Australians are making smooth transitions from school, with estimates that only about 3 to 6 per cent experience a poor transition marked by little work and no study (Commonwealth of Australia, 2008, p. 12). The results presented in the following sections of this report suggest that the numbers of young people experiencing difficult transitions are larger than the government's estimates. Not only are they larger, but they also show marked inequality, with young people from disadvantaged backgrounds far more likely to struggle in establishing careers after leaving school.

This is the tenth edition of the annual series, *How Young People are Faring*. The series provides important information on how successfully our education and training system is working to meet the needs of young Australians as they make the transition from school to further study and work. It provides the most up-to-date analysis of the effectiveness of transitions, including information on who is doing well and who is not doing so well in negotiating the various post-school pathways.

This edition is presented in the context of a new Commonwealth government and a new education and training agenda. An important recent development has been the establishment of the target for Australian schools to raise rates of completion of Year 12 or its equivalent to over 90 per cent of students by the year 2020. This announcement follows on from the commitment of governments in recent years to the National Reform Agenda to significantly improve the proportion of children acquiring the basic skills for life and learning and to increase the proportion of young people making a smooth transition from school to work or further study (COAG, 2006).

The establishment of such goals is based on the recognition that the acquisition of skills and qualifications is a key contributor to the economic success of workers as well as to general living standards. Increasing the numbers of years of schooling for young workers, and participation in further study, has a significant effect on the earnings, employability and productivity of individuals. The relationship is strong, with more highly educated workers receiving larger earnings and less often being exposed to unemployment. In 2005, for example, on average a full-time Australian worker with at least a bachelor's degree earned 65 percent more per week than a full-time worker without a degree (ABS, 2005). When costs and offsets are considered, the gain is still around 15 per cent, a total gain in earnings over a life time of almost \$300,000 based on earnings in 2000 (Borland, Dawkins, Johnson & Williams, 2000). The earnings gains associated with higher level skills and qualifications is a key issue given that labour demand in high-skill occupations continues to grow at a faster rate than for other occupations.

Introduction

In addition to individual returns and broader productivity gains, there is also the issue of economic and social impact. Since education raises the earnings and productivity of workers, it contributes to overall economic growth. Evidence from cross-country comparisons supports the conclusion that human capital formation has a positive effect on economic growth. For example, one estimate of the contribution of increased educational levels to economic growth across a range of countries suggests that an average increase of one year of upper secondary schooling contributes a 1.2 percentage point growth gain in GDP (Barro, 1997). There are also broad social benefits to improvements in education levels. Some studies suggest that the social benefits associated with a more highly educated population include better public health, lower rates of crime, environmental gains through a more active and aware citizenry, educationally supportive parenting, and greater social cohesion (see, for example, Owens, 2004). This is based on work that shows that more highly-educated people tend to be healthier, even allowing for the health benefits that they enjoy because of their higher income. They also tend to be less reliant on income support and welfare. Education also appears to lessen the risk of crime through helping to socialise young people who remain in school. Investments in education and training, therefore, provide social gains that can amount to much more than the costs of the initial investments, let alone to the gains made for individuals.

Given the potential value, what is the size of the task that faces Australia in meeting the new targets and goals? What do indicators reveal about current levels of school attainment and engagement in education and training as young people make the transition from school to work? How much change is needed to achieve the goals of the National Reform Agenda?

The 2008 edition of *How Young People are Faring* will present information that can help reflect on these issues. Various measures of attainment, participation, and transition will be used to shed light on a host of policy issues, from access to education to the quality of educational outputs. They will provide policymakers and others with the opportunity to compare different aspects of education and training for young Australians, to assess the role of the different sectors from school education to higher education and vocational education and training, and to identify areas that may need attention to help improve student outcomes and transition.

The data used are derived from a range of sources including annual Australian Bureau of Statistics (ABS) surveys of education and work, the labour force survey, and other national sources including longitudinal surveys of youth. This year, for the first time since it was administered, it is also possible to draw on the 2006 *Census of Population and Housing*. The results also include data from international comparisons of educational and employment activities for specific age groups as well as national comparisons of transition experiences for different groups of young people. What is presented is by no means an exhaustive presentation of available data. Rather, it is selective, presenting data on important educational markers from national and international surveys and collections, offered as representative of key aspects of transition from school education to post-school study and the workforce.

The information on how well the education and training system is working for young Australians is organized into three main sections. The first section provides a profile of the levels of engagement in education and training, firstly for teenagers (15 to 19 year-olds), then for school leavers and finally for young adults (20 to 24 year-olds). Of interest are the groups of young Australians who are not actively engaged in education and training and who rely solely on the labour market to provide the foundation for their future well-being. How many are in this situation and what are their backgrounds? How many school leavers does this involve and who are they? The second section looks at levels of educational attainment. How many young people complete Year 12 or its equivalent? Based on this, how big is the challenge that is faced in achieving a 90 per cent completion rate by 2020? The final section turns to patterns of transition from school to work. One of the aims of the National Reform Agenda is to ensure that all young people have the opportunity to make a smooth transition. This means that there need to be clear and recognised pathways to employment and further education and training when young people leave school. How smooth are current patterns of transition according to available data? How successfully are the pathways working for different groups of young Australians?

Introduction

A range of factors, including the risk of unemployment and other forms of exclusion for young people with insufficient education, underline the need for young people to stay engaged in education or training beyond the end of school and to pursue further learning. High tertiary entry and participation rates help to ensure the development and maintenance of a highly educated population and labour force and to support the future well-being of individuals. This is important, even in periods of economic prosperity, such as the one Australia has experienced over the last decade. For young people to take full advantage of labour market opportunities and build secure futures, participation in education and training beyond school is important, particularly if the economy should falter as recent signs suggest is possible. Tertiary education is generally associated with better access to employment and higher earnings. It is even more critical for those who do not gain senior school qualifications. Rates of participation in education are one measure of the degree to which a population is acquiring the sorts of skills and knowledge valued by the labour market and that will promote individual future well-being. Comparisons with other countries suggest that Australia can still do more in providing education and training opportunities for young people. Across the general population, and for young people specifically, Australia is below many other OECD countries in terms of levels of participation in education, suggesting there is room for improvement (OECD, 2008b and 2008c).

This section looks at current patterns of engagement in education, training and work of young Australians. It begins with the situation of teenagers (15 to 19 year-olds), before turning to the experiences more specifically of school leavers. The final part looks at young adults (20 to 24 year-olds).

Consistent with the way that data are collected and arranged by the Australian Bureau of Statistics, throughout the report, apprentices and trainees are classified according to their self-reported education and work statuses. This means that, except where they are identified separately, apprentices and trainees may be spread across several categories in the relevant tables, depending on whether they identified themselves as being in education or in full-time or part-time work. Young people who have deferred study are counted as being in the education and/or work activities reported at the time of survey, even if they have an education and training place which they have not yet taken up.

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Teenagers

Seven in ten 15 to 19 year-olds are engaged in full-time education, and a further 17 per cent are working full-time.

In May, 2008, 87 per cent of teenagers aged 15 to 19 were either studying full-time or working full-time (Table 1, top panel). Seven in ten were in full-time education (at school or elsewhere). A further 16.6 per cent of teenagers were in full-time work. The remaining 13.3 per cent of 15 to 19 year-olds were not fully engaged in full-time work or full-time education, and instead were either unemployed or working part-time, or were not in the labour force.

A focus in recent years has been on the concept of ‘earning and learning’, a notion that has helped structure criteria for new leaving ages in several states. Where the compulsory ages have been increased it has been associated with changes in the activity status that defines participation — full-time study in education or training, or full-time work. The results in Table 1 show that many teenagers are engaged in these positive activities, though it varies slightly by gender. While 86.7 per cent of 15 to 19 year-olds were, this was true for 84.7 per cent of females and 88.6 per cent of males. Females were much more likely to be engaged in full-time education than males (73.7 per cent as against 66.7 per cent for males). Teenage males, however, were far more often in full-time work (21.9 per cent compared to 11.0 per cent), suggesting that the opportunities for full-time teenage employment continue to favour males.

The differences in rates of full-time work or full-time study mean that more females than males are in a marginal earning and learning activity — part-time work (3 percentage points higher for females), unemployed (same rate), or not in the labour force (1.3 points higher for females).

Table 1
Education and labour market status of teenagers aged 15 to 19 years, Australia, May 2008 (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					
	Full-time work	Part-time work	Seeking work	Not in labour force	SUB TOTAL	Full-time work	Part-time work	Seeking work	Not in labour force	SUB TOTAL	TOTAL
	%	%	%	%	%	%	%	%	%	%	%
Males	1.1	22.7	3.8	39.1	66.7	21.9	5.2	3.2	2.9	33.3	100.0
Females	0.6	32.1	4.8	36.2	73.7	11.0	8.0	3.2	4.2	26.3	100.0
Persons	0.9	27.3	4.3	37.7	70.1	16.6	6.6	3.2	3.5	29.9	100.0

	NOT IN FULL-TIME EDUCATION (EXCLUDING THOSE IN FULL-TIME EDUCATION)				
	Full-time work	Part-time work	Seeking work	Not in labour force	TOTAL
	%	%	%	%	%
Males	65.8	15.6	9.8	8.8	100.0
Females	41.7	30.3	12.1	15.9	100.0
Persons	55.4	21.9	10.8	11.9	100.0

Source: ABS *Labour Force Australia* (2008) (data cube LM3)
Note: All students enrolled at school are treated as full-time. Apprentices and trainees may be included in education or in work.

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The bottom panel of Table 1 reports the activities as a proportion only of those who have left full-time study. This is important because it reports on the experiences of teenagers who have abandoned full-time education in favour of the labour force or other activity to pursue a future. In looking only at those not in full-time education, it is apparent that of these teenagers, females were more vulnerable than males, with three in ten working part-time, 12 per cent seeking work, and 16 per cent not in the labour force (Table 1, bottom panel). In contrast, two-thirds of males who were not studying full-time were in full-time employment. While far fewer teenage girls than boys leave full-time education, proportionately more of those who do then struggle to find a foothold in the labour market. It underscores the reasons why girls tend to remain in school much longer than boys. There are fewer opportunities for them in the labour force at this age.

Engagement in education and training varies by age and state and territory.

Table 2 reports the education and labour market status of 15 to 19 year-olds at each single year of age. It shows that the vast majority of 15 and 16 year-olds are in full-time education and, more often than not, also not in the labour force — most of these young people are still at school. Not surprisingly then, the share of 15 and 16 year-olds not in full-time education is less than 10 per cent, and consequently only a very small minority (1.4 per cent of 15 year-olds and 5.3 per cent of 16 year-olds) is also not engaged in full-time employment.

Table 2

Education and labour market status of 15 to 19 year-olds, and proportion not in full-time education or full-time work, by year of age, Australia, May, 2008 (%)

	IN FULL-TIME EDUCATION				NOT IN FULL-TIME EDUCATION				TOTAL	NOT FULLY ENGAGED
	Full-time work	Part-time work	Seeking work	Not in labour force	Full-time work	Part-time work	Seeking work	Not in labour force		
Age	%	%	%	%	%	%	%	%	%	%
15	0.0	27.1	8.4	62.5	0.7	0.3	0.9	0.2	100.0	1.4
16	0.3	34.0	4.6	51.4	4.4	2.3	1.7	1.2	100.0	5.3
17	0.6	29.9	3.5	37.2	14.3	6.8	3.0	4.6	100.0	14.5
18	1.5	22.3	3.5	21.7	29.7	11.2	4.8	5.4	100.0	21.4
19	2.0	23.3	1.5	16.2	33.4	11.9	5.6	6.1	100.0	23.6
15-19	0.9	27.3	4.3	37.7	16.6	6.6	3.2	3.5	100.0	13.3

Source: ABS *Labour Force Australia* (2008) (Table o3b)

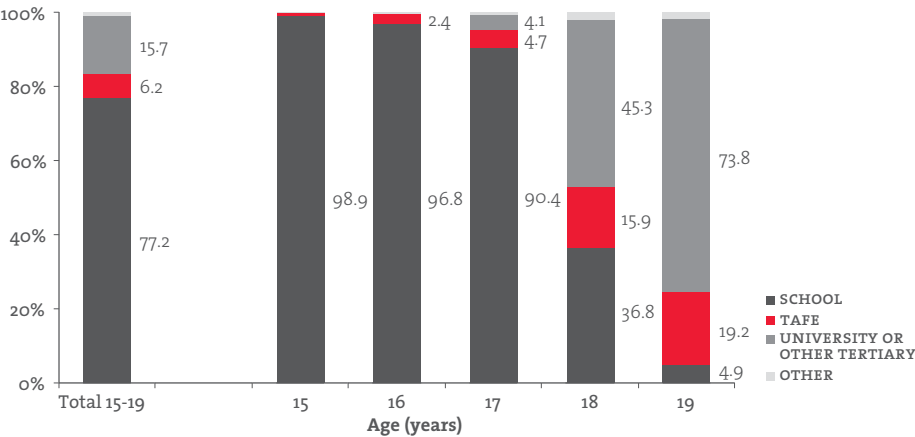
By age 17, when teenagers start leaving education in larger numbers, either before or after completing Year 12 (depending on the state or territory), the level of engagement in full-time education begins to decline more markedly. While there is a corresponding increase in full-time work, the labour market does not fully absorb the young people who leave full-time education at age 17, and we see 14.5 per cent of 17 year-olds marginalised to part-time work, unemployment, or no engagement with the labour market.

By age 18, this level of less than full engagement increases to more than one in five. The level of full-time education drops 22 percentage points — from more than seven in ten 17 year-olds to less than half of all 18 year-olds. The percentage in full-time employment, however, rises only 15 percentage points above the level for 17 year-olds, hence the larger proportion not fully engaged.

For 19 year-olds, the vast majority of whom have left school, full-time education (mostly university and TAFE study) accounts for 43 per cent, a further third are in full-time work and not in full-time study, and almost one in every four are not engaged in either full-time work or full-time education.

Figure 1 draws on the most recent Census data to display the point that prior to the age of 18, the vast majority of teenagers in full-time education are still at school. Among 18 year-olds in 2006, a little over one-third were still at school, and many of those who by 18 had completed Year 12 had gone on to university. University accounted for 73.8 per cent of 19 year-olds, and fewer than one in 20 remained at school. At each age, the role of TAFE increased in significance, and by age 19 almost one in five teenagers were studying at TAFE.

Figure 1
Type of education institution attended by 15 to 19 year-olds in full-time education, by single year of age, 2006



Source: ABS Census of Population and Housing (2006)

Table 3 shows that there are major differences between the states and territories when it comes to levels of teenagers not fully engaged in earning and learning. While figures for smaller states/territories may be unreliable, and should be treated with caution, the percentages of 15 to 19 year-olds in the larger states who were not engaged in full-time education or full-time work suggest important differences between some parts of Australia. For example, the extent of less than full engagement in NSW is 50 per cent higher than in Victoria.

Table 3
15 to 19 year-olds not in full-time education and not in full-time employment in each State and Territory, May 2008 (%)

STATE OR TERRITORY	% NOT FULLY ENGAGED IN EDUCATION OR WORK
NSW	14.0
Victoria	9.8
Queensland	15.4
South Australia	13.8
Western Australia	13.8
Tasmania	16.1
Northern Territory	24.8
ACT	8.5

Source: ABS Labour Force Australia (2008) (data cube LM3)
Note: All students enrolled at school are treated as full-time.

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However, it is important when interpreting state-level variations in the proportions of 15 to 19 year-olds not fully engaged in education or work to take into account differences across states in the age at which young people leave school. Figure 2 shows that the age distribution of Year 12 students varies markedly across the states and territories. For example, in Western Australia the majority of Year 12 students are 16 or 17, with very few 18 year-olds still at school. By contrast, in Victoria and Tasmania almost all Year 12 students are 17 or 18 years of age. These differences are largely a result of past differences in school starting ages across the states, and are also influenced by varying retention rates and minimum school leaving ages. With a common school starting age now in place across most states, the variations in age distributions can be expected to fall over the next decade.

The effect of these current differences on 15 to 19 year old education and labour market activities is to produce variations across states in the proportions of young people who have left school and are making a transition to post-school education, training or work. At the extremes, the proportion of 18 year-olds who have completed school will be much higher in Western Australia and Queensland compared with Tasmania and Victoria, resulting in relatively more 18 year-olds in Western Australia and Queensland being exposed to the labour market and therefore at increased risk of not being fully engaged. On the other hand, Victoria, with relatively high retention rates (see Figure 3) and older Year 12s, will have more of its 18 year-olds still completing school and therefore fewer exposed to the uncertainties of the labour market.

Figure 2

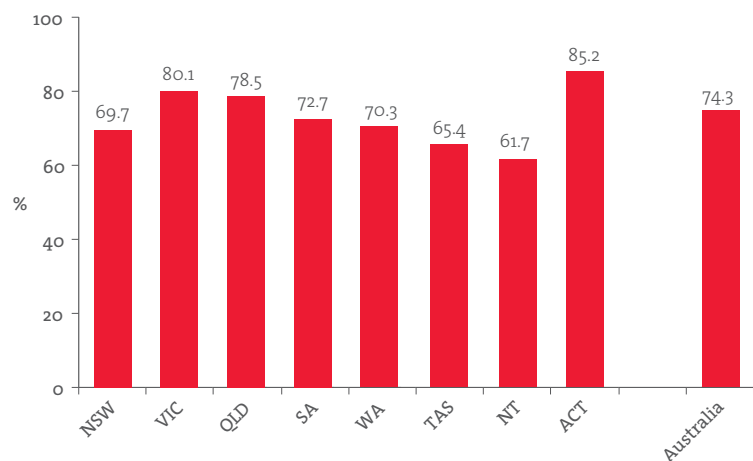
Age distribution of Year 12 students, by state/territory



Source: ABS Schools, Australia (2006) (Table 26)

Figure 3

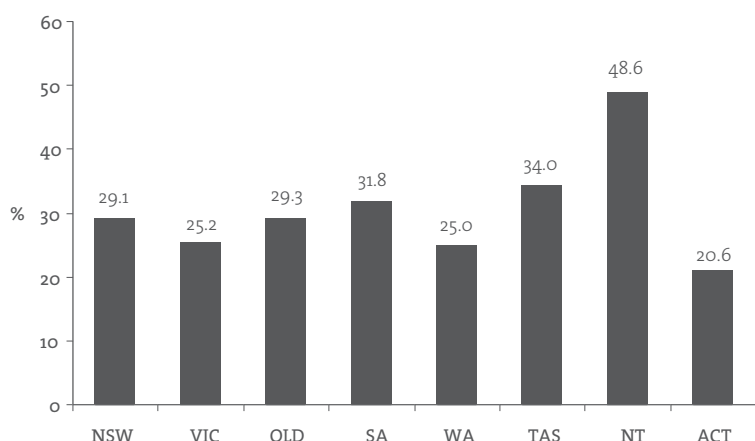
Apparent retention of full-time students from Year 7/8 to Year 12, by state/territory, 2007



Source: ABS Schools, Australia (2007)

To compare state and territory differences more meaningfully when looking at earning and learning activities of 15 to 19 year-olds, one option is to compare like with like in terms of Year 12 age distribution (for example, to compare Queensland with Western Australia, and compare Victoria with New South Wales). Another, and possibly more meaningful, way is to consider only 19 year-olds, results for which are provided in Figure 4. This approach potentially provides a fairer comparison between all states, since by age 19 most young people will have left school, regardless of the state or territory in which they live. It is worth remembering, though, that in some states 19 year-olds will have been out of school longer than in others and therefore further progressed in their transition – a factor which may influence how well they are faring at the time of comparison.

Figure 4
19 year-olds who are not in full-time education and not in full-time work,
by State/Territory, 2006 (%)



Source: ABS *Census of Population and Housing* (2006)

Note: This chart uses the Census to gain more accuracy than is often possible when using a sample survey such as the Labour Force Survey (LFS), particularly for the smaller states and territories. It may differ from the figures derived from the LFS because of the two-year gap between the census and the May 2008 Labour Force Survey, and because of potential sampling variability in the LFS.

When using 2006 Census data for examining the activities of 19 year-olds, the differences between most states and territories are reduced somewhat compared to all 15 to 19 year-olds, and the relative positions of the various states and territories shift around. Figure 4 shows that while the two territories still have the lowest (ACT) and highest (Northern Territory) proportions of 19 year-olds not engaged in full-time study or work, Victoria and Western Australia had the lowest, and similar, rates in 2006. South Australia, which was around the national average as measured by the Labour Force Survey, according to the census had more 19 year-olds in marginalised education and labour market situations than all other states except Tasmania.

South Australia, Tasmania and the Northern Territory clearly continue to face greater challenges than the other states and territories in helping young people engage in full-time work and study. This is likely to be at least partly attributable to population differences in socio-economic terms and, for the Northern Territory at least, a larger Indigenous population. Policy responses will need to take account of these sorts of factors.

Falls in the proportion of teenagers not earning or learning are related to improved school retention and growth in apprenticeships and post-school education.

Figure 5 presents trends in the proportions of teenagers not engaged in full-time education or full-time work. The trends cover the period 1989 to 2008.

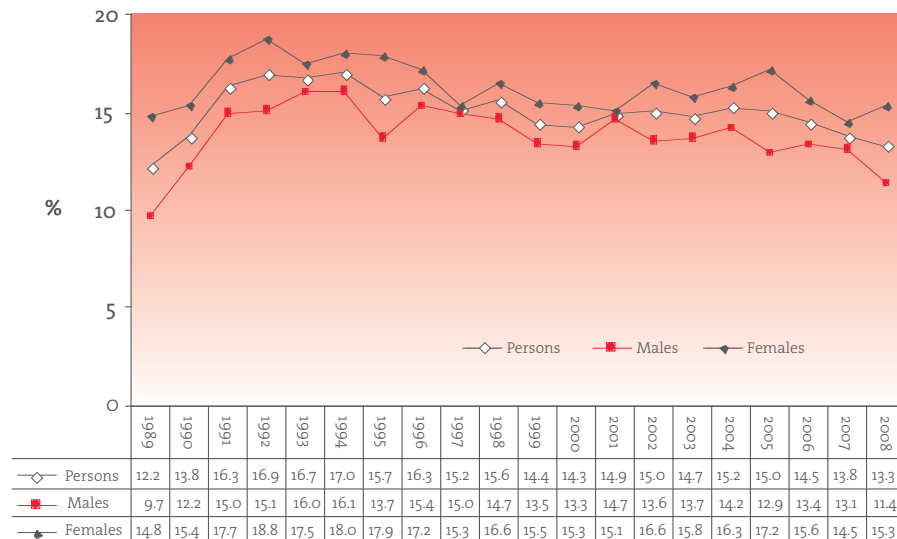
In general, since the recession of the early 1990s, there has been a decline in the proportion of 15 to 19 year-olds not engaged in full-time education or full-time work. From 16.9 per cent in 1992 and the peak of 17.0 per cent in 1994, the levels very gradually fell to 14.4 per cent in the late 1990s. Rates grew slightly in the next few years though got no higher than 15.2 per cent in 2002. Since then there has been a consistent fall each year, reaching 13.3 per cent in 2008.

The rates over this time have been consistently higher for females than for males. Females are more often not engaged in full-time education or full-time work. The gaps have fluctuated over time, and have been larger in recent years than during most of the 1990s. Teenage girls have shown an increase from 2007 to 2008, while males have shown a fall, widening the gap to almost 4 points. Whether the increase for females in the last year is due to sampling variability or is the beginning of an upward trend remains to be seen.

This decline in marginal attachment to education and the labour market for teenagers has corresponded with an increase in young people engaging in full-time education, rather than it being offset by growth in full-time employment (see Figure 6). As can be seen in Figure 7, the growth in full-time education amongst 15 to 19 year-olds is due to a combination of growth in post-school education and training and improved school participation.

Figure 5

15 to 19 year-olds not engaged in full-time education or full-time work, person and by gender, 1989-2008 (%)

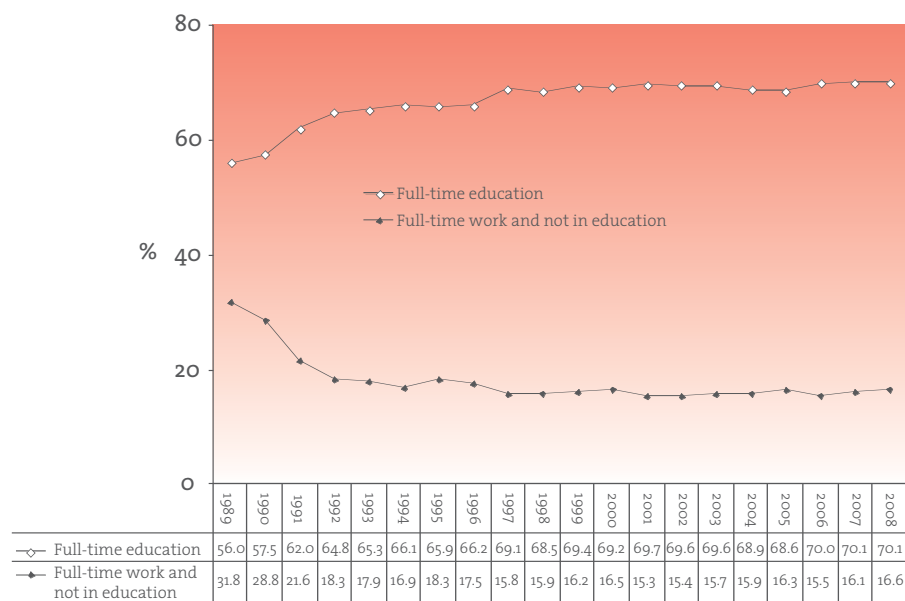


Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Note: All students enrolled at school are treated as full-time.

Figure 6

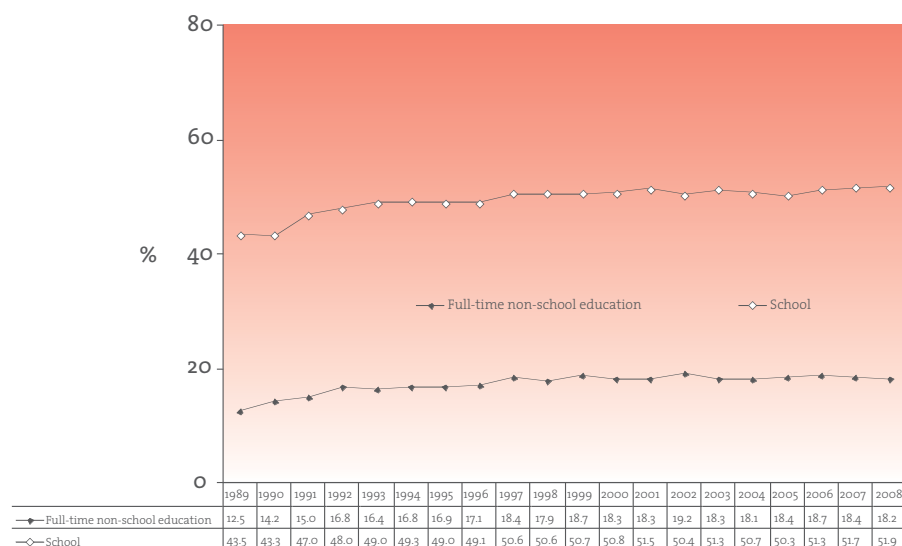
15 to 19 year-olds in full-time education and full-time work, 1989-2008 (%)



Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Note: All students enrolled at school are treated as full-time.

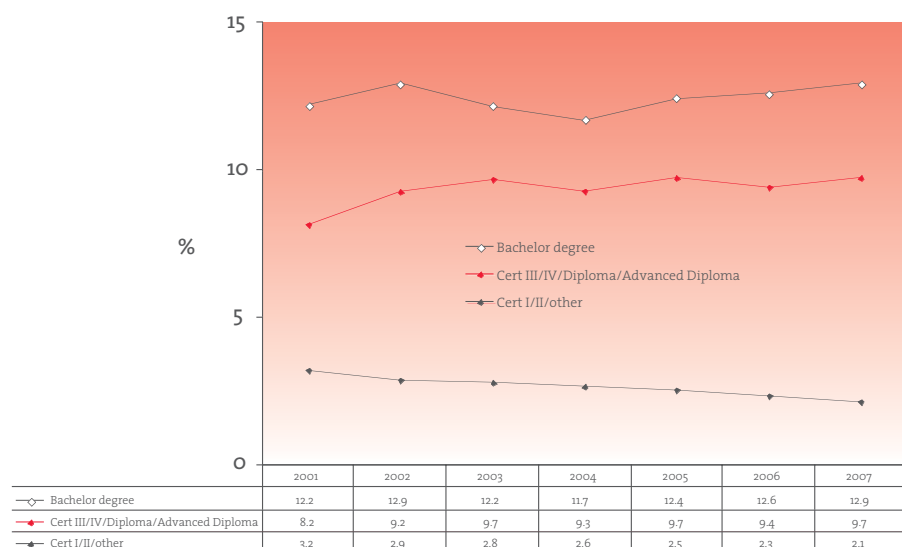
Figure 7
15 to 19 year-olds at school or in other type of full-time education, 1989-2008 (%)



Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Figure 8 shows the patterns of enrolments in various levels of non-school study by 15 to 19 year-olds between 2001 and 2007. There has been a rise in vocational education at Certificate III level and above, demand for university education has fluctuated over time but trended upwards since 2004, and enrolments in basic VET certificates as a proportion of the population have declined.

Figure 8
15 to 19 year-olds in education, by level of course, 2001-2007 (%)



Source: ABS *Education and Work, Australia* (2007)

There has been a steady increase in apprenticeships and traineeships over the period since 1995 (Table 4), which will account for some of the growth in Certificate III and higher VET courses displayed in Figure 8. Surveys of school leavers in Victoria and Queensland have shown that apprenticeships and traineeships are important pathway options for young people, especially young men, providing employment security, reduced exposure to unemployment, and higher incomes (Victorian Department of Education and Early Childhood Development, 2008; Queensland Department of Education, Training and the Arts, 2008).

Table 4

Participation in apprenticeships and traineeships, age 19 and below, 2001-2007 (%)

YEAR	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
% OF TEENAGERS IN TRAINING	5.4	5.7	5.8	6.1	7.0	7.2	7.4	7.9	8.2	8.5	8.9	9.1	9.1

Sources: NCVER *National Apprentices & Trainees Collection* (2008)
 ABS *Labour Force Australia* (2008)

School and apprenticeships (including some overlap as some students stay on at school to do school-based apprenticeships) therefore appear to account for much of the reduction in less than full engagement amongst 15 to 19 year-olds.

Table 5 presents state and territory trends from 1999 to 2008 in the proportions of teenagers not engaged in full-time work or study. In most states there has been a downward trend in recent years in the proportion of 15 to 19 year-olds not engaged in full-time education or work, although these trends are not entirely consistent across states. Improvement began in 2004 in Victoria, falling each year from 12.4 per cent to 9.8 per cent in 2008. South Australia follows the same pattern over the same period. In Western Australia there has been improvement since 2005. Rates have fluctuated in New South Wales and Queensland over the same period.

The differences in trends between states may be due to differences in policy and activity associated with post-compulsory schooling. School retention in Victoria has been steadily improving, following the establishment earlier this decade of new school completion targets. Changes to the compulsory school leaving ages in South Australia and Western Australia may have contributed in recent years to declines in the proportions of teenagers not in full-time education or full-time work.

Table 5

15 to 19 year-olds not in full-time education and not in full-time employment, by state/territory, Australia, May, 1999 – 2008 (%)

MAY	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	AUSTRALIA
1999	13.4	11.5	18.1	15.8	15.8	17.0	26.2	8.5	14.4
2000	14.7	11.1	16.7	14.0	14.3	16.9	31.3	11.4	14.3
2001	13.4	9.8	19.2	19.2	18.6	16.5	26.4	17.0	14.9
2002	14.8	10.7	17.8	17.2	17.8	15.6	31.5	11.0	15.0
2003	14.6	10.2	18.1	16.9	16.6	15.8	20.3	16.9	14.7
2004	14.3	12.4	17.2	19.7	15.0	15.7	48.6	12.7	15.2
2005	14.6	11.7	16.9	18.4	15.9	16.4	33.3	15.0	15.0
2006	13.8	11.4	17.5	18.0	15.1	13.7	25.3	10.4	14.5
2007	15.1	10.7	13.8	15.0	14.2	16.0	32.9	10.4	13.8
2008	14.0	9.8	15.4	13.8	13.8	16.1	24.8	8.5	13.3
MEAN	14.3	10.9	17.1	16.8	15.7	16.0	30.1	12.2	14.5

Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Note: Values for smaller states are unreliable due to large standard errors.

Some values differ from earlier editions of HYPAF due to use of revised estimate

Very few young people combine part-time study and part-time work.

Combining part-time education with part-time work can, in some respects, be considered the equivalent of full engagement with earning and learning activities. Table 6 shows that very few 15 to 19 year-olds actually do this, however (1.1 per cent). It is more likely that young people combining study and work are engaged in at least one of the activities on a full-time basis (Table 6).

Table 6
 15 to 19 year-olds not in full-time education or full-time work, and those combining part-time work and part-time study, Australia, May 2007 (%)

	NOT IN FULL-TIME EDUCATION OR FULL-TIME WORK	COMBINING PART-TIME WORK AND PART-TIME STUDY
AGE	%	%
15	3.1	0.1
16	5.8	0.5
17	13.0	1.4
18	24.6	2.1
19	22.5	1.3
15-19	13.9	1.1

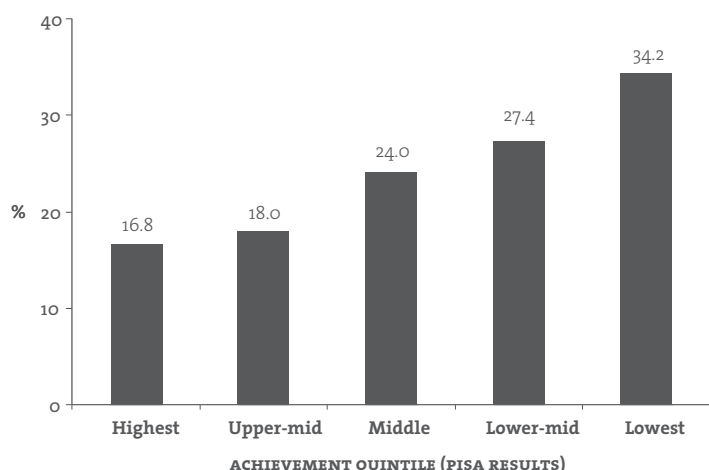
Source: ABS *Education and Work, Australia* (2007) (customised tables)
 Note: Due to use of figures from the 2007 Education and Work, the values in the first column do not match those shown earlier, which were based on the May 2008 Labour Force survey.

Social background, location and academic achievement exert strong influences on the likelihood of young people being fully engaged in education or work at age 19.

Drawing on the PISA results linked to the 2003 cohort of the Longitudinal Surveys of Australian Youth (LSAY), it is possible to examine the effects of achievement skill levels on the chances of not being engaged in full-time education or full-time work at age 19. PISA is an international student assessment program that attempts to measure the skills of school students at age 15 across a variety of applied skill or learning areas (OECD, 2004). In 2003, the PISA tests measured skills of students in reading, mathematics, science and problem-solving, with a particular emphasis on mathematics. The 2003 cohort of LSAY participated in PISA when students were aged 15. The cohort is followed annually and it is possible to look at the activities of students at age 19 according to their levels of PISA achievement. The results are presented in Figure 9, with students grouped into quintiles of achievement.

Achievement is strongly linked to whether or not young people are likely to experience labour force marginalisation upon leaving school. Figure 9 shows that lower achievers are far more likely than higher achievers to be either unemployed, in part-time work or not in the labour force, and not in full-time education. Nineteen year-olds in the lowest achievement quintile face more than double the risk of being less than fully engaged in education or work than do 19 year-olds in the highest achievement band.

Figure 9
19 year-olds not engaged in full-time education or full-time work in 2006, by achievement quintile (%)



Source: LSAY 2003 cohort (activity estimates derived from 2006 survey of Yo3 cohort)
Note: Achievement quintiles based on composite measure of PISA results across maths, reading, science and problem-solving.

Table 7 shows the impact of the socio-economic status of the area in which a young person lives on their education and labour market status. The top panel shows that the SES composition of the area in which a teenager lives influences their likelihood of being in full-time education at age 19, with those in high SES areas almost twice as likely to be in full-time study compared with those in low SES areas (56.4 per cent as against 29.2 per cent). The risk of not being engaged in either full-time education or full-time work is as high as 40 per cent among 19 year-olds in the areas of lowest SES, but decreases as socio-economic status increases. Fewer than one in five 19 year-olds living in high SES areas are either unemployed, in part-time work or not in the labour force, and not studying full-time (see also Figure 10).

The second panel, along with Figure 11, shows that even for those who enter the labour market and do not remain in education at age 19, the SES of the area in which they live continues to exert an influence on their work and study activities, with 19 year-olds in low SES areas twice as likely to be unemployed or not in the labour force compared with those in high SES areas, and less likely to be in full-time work.

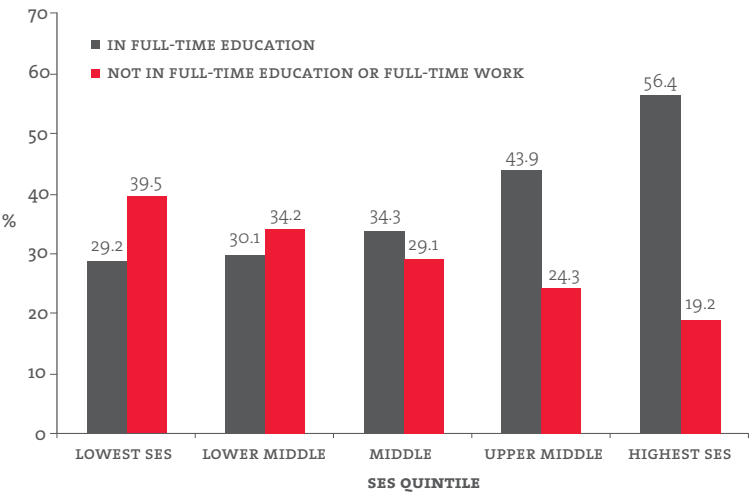
Table 7
 Education and labour market status of 19 year-olds, by socio-economic status of local area, 2006 (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					TOTAL
	Full-time work	Part-time work	Seeking work	NILF	SUB TOTAL	Full-time work	Part-time work	Seeking work	NILF	SUB TOTAL	
	%	%	%	%	%	%	%	%	%	%	
Lowest SES	1.3	11.2	2.6	14.1	29.2	31.3	15.6	9.1	14.9	70.8	100.0
Lower middle	1.0	14.2	2.6	12.3	30.1	35.8	16.2	8.2	9.7	69.9	100.0
Middle	1.4	16.7	2.6	13.5	34.3	36.6	14.7	6.2	8.2	65.7	100.0
Upper middle	1.2	22.7	3.1	16.9	43.9	31.8	13.8	4.6	5.9	56.1	100.0
Highest SES	1.6	33.2	3.5	18.0	56.4	24.5	12.2	2.9	4.1	43.6	100.0

	NOT IN FULL-TIME EDUCATION				TOTAL
	Full-time work	Part-time work	Seeking work	NILF	
	%	%	%	%	
Lowest SES	44.2	22.0	12.8	21.0	100.0
Lower middle	51.1	23.2	11.8	13.9	100.0
Middle	55.8	22.3	9.4	12.5	100.0
Upper middle	56.7	24.6	8.2	10.5	100.0
Highest SES	56.1	28.0	6.6	9.4	100.0

Source: ABS *Census of Population and Housing* (2006)
 Note 1: Employed persons who were away from work at the time of the census or who did not state the number of hours they work per week have been split between full-time and part-time work according to the relative frequencies of each.
 Note 2: Socio-economic status is based on the SEIFA Index of Disadvantage assigned to the SLA in which individuals live.

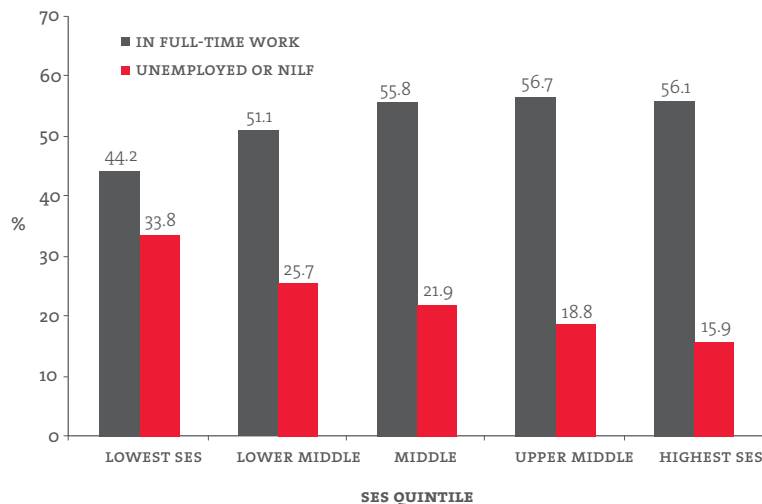
Figure 10
 19 year olds in full-time education or not in full-time education or full-time work, by socio-economic status of SLA, 2006



Source: ABS *Census of Population and Housing* (2006)

Figure 11

19 year olds not in full-time education who are in full-time work or unemployed/
not in labour force, by socio-economic status of SLA, 2006



Source: ABS *Census of Population and Housing* (2006)

Just as the social profile of home location influences education and labour force activities of young people, so too does remoteness and proximity to services such as schools, universities and TAFEs, and to jobs. Table 8 and Figure 12 illustrate this point by comparing the education and labour market status of 19 year-olds living in major cities, inner and outer regional areas and remote parts of Australia. There is a clear link between remoteness and type of activity, with almost every second 19 year-old who lives in a major city – and therefore with access to a full range of educational institutions – engaged in full-time education. This is compared, strikingly, with fewer than one in five in outer regional areas, and just 5.8 per cent – barely one in twenty – in remote or very remote areas.

Amongst the 19 year-olds not in full-time education, the effect of area is less strong, with teenagers from outer regional areas faring slightly better than their inner regional and major city counterparts, as they are more likely to find full-time work. Teenagers in remote areas still stand out as the most at risk, though, with one quarter of those who are not studying full-time also not engaged in the labour force. Those who are working are also relatively less likely to be in full-time work than teenagers from less remote areas.

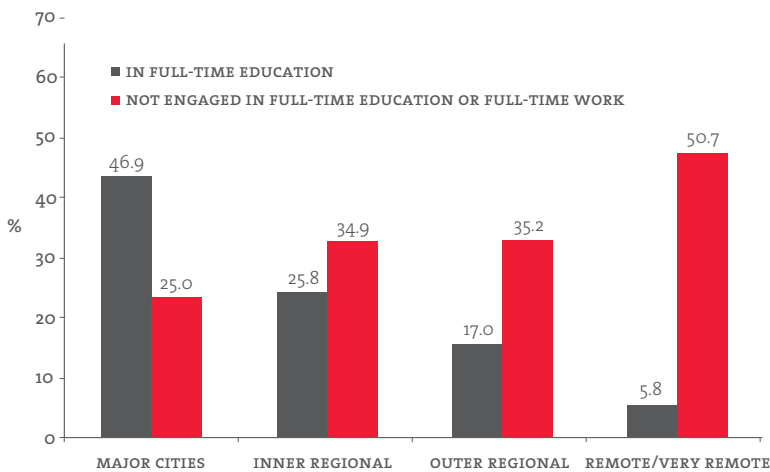
Table 8
Education and labour market status of 19 year-olds, by home location, 2006 (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					TOTAL
	Full-time work	Part-time work	Seeking work	NILF	SUB TOTAL	Full-time work	Part-time work	Seeking work	NILF	SUB TOTAL	
	%	%	%	%	%	%	%	%	%	%	
Major Cities	1.3	24.7	3.4	17.6	46.9	28.1	13.2	5.1	6.8	53.1	100.0
Inner Regional	1.3	12.2	2.3	10.0	25.8	39.3	17.3	8.1	9.5	74.2	100.0
Outer Regional	2.0	7.1	1.0	6.9	17.0	47.8	16.4	8.0	10.8	83.0	100.0
Remote/ Very Remote	1.1	1.3	0.6	2.9	5.8	43.5	22.3	5.6	22.9	94.2	100.0

	NOT IN FULL-TIME EDUCATION				
	Full-time work	Part-time work	Seeking work	NILF	TOTAL
	%	%	%	%	%
Major Cities	52.9	24.8	9.5	12.8	100.0
Inner Regional	53.0	23.3	10.9	12.8	100.0
Outer Regional	57.6	19.7	9.6	13.0	100.0
Remote/ Very Remote	46.1	23.7	5.9	24.3	100.0

Source: ABS *Census of Population and Housing* (2006)
Note: Employed persons who were away from work at the time of the census or who did not state the number of hours they work per week have been split between full-time and part-time work according to the relative frequencies of each.

Figure 12
19 year olds in full-time education or not in full-time education or full-time work, by location, 2006



Source: ABS *Census of Population and Housing* (2006)

O1

Engaging in Education, Training & Work

School Leavers

Year 12 is important both to the chances of undertaking further study and for entry to the labour market.

According to estimates derived from the ABS Labour Force Survey, 44 per cent of the young people who left school in 2007 were in full-time education in May, 2008. Over half of this group were also working part-time. The rate of entry to full-time further study is higher for female school leavers (47.7 per cent) than for males (41.1 per cent). According to the ABS estimates, large numbers of school leavers enter full-time work. Upon leaving school, entry to full-time work without also continuing in full-time education is much more likely among males (36.1 per cent) than among females (20.5 per cent). The large gender gap in full-time work may be partly due to the number of males who enter apprenticeships and are recorded as being in full-time work.

For activities other than full-time education or full-time work, 11.6 per cent of school leavers were either unemployed or not in the labour force and 15.3 per cent were in part-time work.

Table 9

Education and labour market status of persons aged 15 to 24 who left school in 2007, by gender, Australia, May 2008 (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					
	Full-time work	Part-time work	Seeking work	Not in labour force	SUB TOTAL	Full-time work	Part-time work	Seeking work	Not in	SUB TOTAL	
LABOUR FORCE	%	%	%	%	%	%	%	%	%	%	%
Males	1.3	19.9	2.5	17.4	41.1	36.1	12.6	4.8	5.3	58.9	100.0
Females	0.1	27.5	3.9	16.1	47.7	20.5	18.5	6.1	7.2	52.3	100.0
TOTAL	0.8	23.4	3.2	16.8	44.1	29.0	15.3	5.4	6.2	55.9	100.0

Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Female school leavers appear to have a less secure foothold in the labour market than do male school leavers, suggested by their higher rates of part-time work (18.5 per cent as against 12.6 per cent for male school leavers) and unemployment (6.1 per cent compared to 4.8 per cent for males). So, again, the poorer labour market experiences of females may in part account for higher levels of continued participation in full-time education.

Table 10 draws again on the Education and Work survey and presents figures on the education and labour market status of school leavers in the year after leaving, showing the relative impact of leaving school early compared with completing Year 12. School completers have an advantage over early leavers in terms of both entering further education (six in every ten compared with around one-third of early leavers) and when it comes to the labour market, where they are more likely to secure employment, especially full-time work. While one in five Year 12 completers are neither in study nor full-time work, more than twice as many early leavers are in this more tenuous situation of not studying and being either unemployed, in part-time work or not in the labour force. These patterns add weight to the recent focus on raising school completion rates through the introduction of 90 per cent school completion targets.

Types of study, for those in full or part-time education, also vary by highest year of school completion. For Year 12 completers, TAFE plays a secondary role in further study, with the majority of school completers who continue in study entering university (41 per cent of all Year 12 completers). For early leavers, however, TAFE plays a critical role in providing opportunities for further education.

Table 10
Education and labour market destinations of persons aged 15 to 24 who left school in 2006, by school leavers' highest year of school completed, Australia, May 2007 (%)

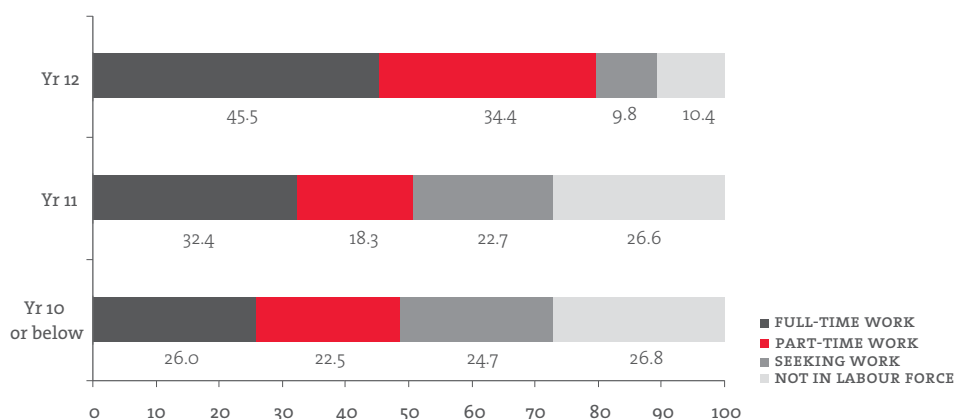
HIGHEST YEAR OF SCHOOL COMPLETED	IN EDUCATION (FULL-TIME OR PART-TIME)				NOT IN EDUCATION				SUB TOTAL	TOTAL
	Higher ed	TAFE	Other	SUB TOTAL	Full-time work	Part-time work	Seeking work	Not in labour force		
	%	%	%	%	%	%	%	%	%	%
Yr 12	41.0	16.7	3.5	61.3	17.6	13.3	3.8	4.0	38.7	100.0
Yr 11	1.0	29.7	1.8	32.5	21.9	12.4	15.3	18.0	67.5	100.0
Yr 10 or below	1.1	30.0	5.1	36.3	16.6	14.3	15.7	17.1	63.7	100.0
TOTAL	29.4	20.6	3.7	53.6	17.8	13.4	7.2	7.9	46.4	100.0

Source: ABS *Education and Work, Australia* (2007) (customised tables)

Figure 13 shows that even for those school leavers who do not continue in education, completion of Year 12 makes for a smoother transition to the workforce, where less than a third of early leavers who left in Year 11 and around just a quarter of those who left in Year 10 or earlier are in full-time work, compared with 45.5 per cent of Year 12 completers. Around a half of all early school leavers who do not pursue further education are either unemployed or not in the labour force in the year after leaving school, compared with only one in five Year 12 graduates.

Figure 13

Labour market destinations of school leavers (persons aged 15 to 24 in school in 2006 but not in 2007) who are not in education, by school leavers' highest year of school completed, Australia, May 2007 (%)



Source: ABS *Education and Work, Australia* (2007) (customised and published tables)

The initial activities of school leavers vary by background.

What happens to school leavers in their first post-school year varies according to who they are and their experiences in school. Table 11 presents the main education and labour market destinations of school leavers in their initial post-school year across a range of selected background characteristics. The results are for all school leavers. The results for Year 12 completers and early school leavers, separately, are presented in Table A3 in the appendix.

There are gender differences in the activities that school leavers pursue. Females are more likely to enter higher education (32.9 per cent compared to 25.8 per cent for males), a pattern that is consistent with their higher Year 12 completion rates. But while female school leavers may enjoy stronger university entry participation over males, the ascendancy is reversed in VET participation (including apprenticeships) and full-time work. Gaining a full-time job for those not in education and training still benefits male school leavers (20.5 per cent as against 15.3 per cent for females). Marginal labour force activities, such as part-time work and not participating in the labour force, are higher for female school leavers.

Gender differences are even more striking among early school leavers (see Appendix Table A3). While about 39 per cent of male early leavers are in part-time work, unemployed or not in the labour force in their first post-school year, the rate is almost 55 per cent for female early leavers. They outnumber male early leavers proportionately in each of these activities. The poorer outcomes for female early leavers highlight the greater pressure that is on young women to remain in school and complete Year 12, and to pursue further study.

Achievement in school is one of the strong predictors of student outcomes and future life chances. Gains in this area are likely to produce substantial returns for individuals. Take, as only one example, the relationship between literacy and numeracy skills in the middle years of school and the rates of participation in education and training in the initial post-school year. About 7 in 10 high achievers are in some form of education and training compared to about 4 in 10 low achievers. But there is even more variation in the type of education: about 55 per cent of high achievers are enrolled in university in their first year compared to only 7.8 per cent of low achievers. At the same time, for those attempting to enter the labour market, achievement and skill levels continue to have major impact. School leavers with low literacy and numeracy skills in Year 9 were almost three times more likely to be unemployed or not in the labour force as high achievers, compared to being engaged in other activities.

Table 11

Education and labour market destinations of school leavers, by selected background characteristics (%)

	IN EDUCATION			NOT IN EDUCATION				TOTAL
	Higher education	TAFE	Other	Full-time work	Part-time work	Seeking work	Not in labour force	
SEX								
Male	25.8	23.9	3.9	20.5	11.6	7.6	6.8	100.0
Female	32.9	17.4	3.6	15.3	15.1	6.8	9.0	100.0
SES (QUARTILES)								
Low	13.3	25.9	5.4	20.1	15.0	10.5	9.8	100.0
Lower middle	19.8	24.4	4.5	19.7	14.9	8.7	8.0	100.0
Upper middle	33.1	21.3	3.6	17.8	12.8	6.1	5.3	100.0
High	52.6	13.7	1.3	13.8	10.9	4.3	3.5	100.0
ACHIEVEMENT								
Low	7.8	28.6	5.1	19.4	16.4	11.3	11.4	100.0
Lower middle	19.6	24.5	4.8	20.9	14.3	8.1	7.8	100.0
Upper middle	34.5	18.9	2.9	16.1	13.7	5.9	8.0	100.0
High	54.9	10.7	2.2	14.8	9.3	3.5	4.6	100.0
LOCATION								
Urban	31.6	20.0	3.7	17.0	13.4	6.6	7.7	100.0
Rural	25.3	22.7	4.5	17.5	13.5	9.2	7.3	100.0
Remote	20.6	21.7	2.9	23.2	13.2	8.4	10.0	100.0

Source: Estimates derived by Stephen Lamb. The estimates for each category were derived from the Y98 cohort of LSAY and status was based on activity in the first post-school year. For consistency, the relative differences across each background characteristic derived from Y98 were applied to the ABS *Education and Work* estimates reported in Table 9 to provide a profile of labour market activities according to the selected background characteristics. Note: TAFE estimates include those in apprenticeships and traineeships.

Social class also exerts strong effects. Low SES school leavers are far less likely to undertake study and training in their first year (45 per cent as against 68 per cent for high SES school leavers). University entry sharply divides school leavers along SES lines — 13.3 per cent for low SES school leavers compared to 52.6 per cent for high SES leavers. Marginal attachment to the labour force (unemployment, part-time work and not in the labour force) is also much higher among low SES students and falls as SES rises. That such striking disparities remain despite continuous economic growth over the past decade suggests that in terms of accessing education and training, Australia remains socially divided.

Where school leavers live also influences their initial post-school activities. School leavers in the major cities of Australia are more likely to continue in study once they leave school. Just on 31.6 per cent of school leavers in urban Australia enter university compared to 25.3 per cent of leavers in rural areas and 20.6 per cent in remote locations. For school leavers not in education, those in rural and remote regions have higher rates of unemployment and non-participation in the labour force than their urban counterparts.

These patterns are consistent with the results of state-wide surveys undertaken in Victoria and Queensland as part of the large-scale On Track and Next Step surveys, which track the destinations of large numbers of school leavers (Victorian Department of Education and Early Childhood Development, 2008; Queensland Department of Education, Training and the Arts, 2008). These annual studies also show SES, gender and achievement differences in destinations for school leavers. They also outline some of the reasons school leavers give for not continuing in study and training, mainly highlighting three issues: (1) not wanting to do more study at this time, (2) economic and financial impediments, and (3) not feeling capable or well-enough prepared to undertake study. These main reasons also vary by social and educational background.

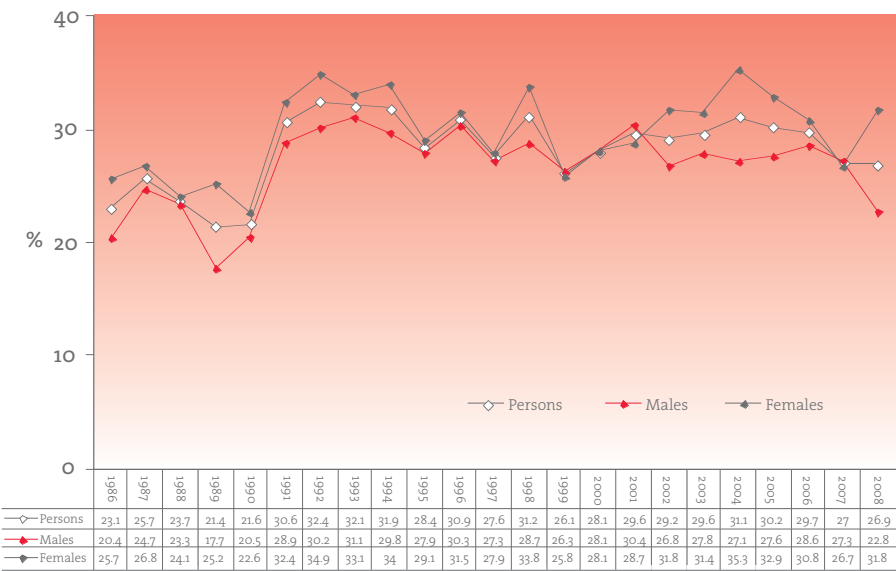
Proportions of school leavers not earning or learning have fallen marginally in recent years.

Figure 14 presents trends in the proportions of school leavers not engaged in full-time education or full-time work in their first post-school year. The trends cover the period 1986 to 2008.

In the early 1990s, the proportion of school leavers who were not in full-time education or full-time work rose significantly, from around 20 per cent to over 30 per cent. Since then there has been a general trend downwards, with the current estimate at 26.9 per cent. The level of less than full engagement has differed between males and females to varying degrees over time. While male and female school leavers in 2007 were equally likely to be neither in full-time education nor in full-time work, in 2008 females were more likely than males to be in this situation, continuing a trend that had existed for much of the previous decade.

See Appendix A1 for trends in the impact of school completion compared with early leaving on the likelihood of not being engaged in full-time education or full-time work.

Figure 14
School leavers aged 15 to 24 not engaged in full-time education or full-time work in May of year after leaving school, 1986-2008 (%)



Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Young Adults

Half of all 20 to 24 year-olds are working full-time, and 28 per cent are in full-time education.

Compared with teenagers and school leavers, young adults aged 20 to 24 were less likely to be studying full-time and more likely to be in the labour force. By this age young people have left school and some of those who entered post-school education will have completed their course and some others dropped out. Nevertheless, 28 per cent of 20 to 24 year-olds in May, 2008 were in full-time education (Table 12). The single most common activity for this age group was full-time work, which occupied about half of all 20 to 24 year-olds.

Males were more likely than females to be working full-time (56.1 per cent compared to 44.1 per cent), while females were twice as likely as males to be neither studying full-time nor in the labour force (10.6 per cent compared with 4.8 per cent), and also more likely than males to be working part-time while not in full-time education. Females were slightly more likely than males to be in full-time education and males were more likely to be unemployed.

Table 12
Education and labour market status of young adults aged 20 to 24 years, Australia, May 2008 (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					TOTAL
	Full-time work	Part-time work	Seeking work	Not in labour force	SUB TOTAL	Full-time work	Part-time work	Seeking work	Not in labor force	SUB TOTAL	
	%	%	%	%	%	%	%	%	%	%	
Males	1.9	13.1	1.3	10.7	26.9	56.1	7.3	4.9	4.8	73.1	100.0
Females	2.0	15.7	1.7	10.4	29.9	44.1	12.6	2.8	10.6	70.1	100.0
Persons	2.0	14.4	1.5	10.6	28.4	50.2	9.9	3.9	7.6	71.6	100.0

Source: ABS *Labour Force Australia* (2008) (data cube LM3)

01
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Earning and learning rates for young adults are influenced by school attainment, social background, and school achievement.

In Australia, as in other countries, school attainment tends to affect the chances of participation in further study and training as well as employability. Table 13 shows that among young adults, about one-third of those who had completed Year 12 were in full-time education. This was over five times the rate for those who were early school leavers. While young adults who were early leavers were more likely than Year 12 completers to be in full-time work and not full-time education (65.2 per cent as against 46.6 per cent), they also had a higher rate of unemployment (6.7 per cent as against 3.4 per cent). In addition, a relatively large proportion of young adults with low levels of school education participate in neither the labour force nor full-time education (12.9 per cent of early leavers compared with 6.0 per cent of school completers).

Table 13
Education and labour market activities of young adults, by selected background characteristics (%)

	IN FULL-TIME EDUCATION					NOT IN FULL-TIME EDUCATION					
	Full-time work	Part-time work	Seeking work	Not in labour force	SUB TOTAL	Full-time work	Part-time work	Not in labour force	Not in labxour force	SUB TOTAL	TOTAL
	%	%	%	%		%	%	%	%		
SCHOOL											
Year 12	2.4	17.2	1.7	12.6	34.0	46.6	10.0	3.4	6.0	66.0	100.0
Early leaver	0.5	2.7	0.6	2.6	6.3	65.2	8.9	6.7	12.9	93.7	100.0
SES											
Low	1.9	7.7	0.9	7.2	17.7	54.6	11.0	5.6	11.3	82.5	100.0
Lower middle	1.1	11.2	1.5	6.8	20.6	56.9	9.9	4.3	8.3	79.4	100.0
Upper middle	2.6	13.9	1.1	12.7	30.3	51.6	9.7	3.1	5.3	69.7	100.0
High	2.4	24.8	2.4	16.1	45.7	36.1	9.6	2.3	6.3	54.3	100.0
ACHIEVEMENT											
Low	1.1	5.8	1.5	5.0	13.4	60.7	10.3	6.4	9.2	86.6	100.0
Lower middle	2.0	9.3	0.9	8.4	20.6	56.3	9.4	4.7	9.0	79.4	100.0
Upper middle	2.3	17.5	1.4	11.3	32.6	47.4	10.5	2.8	6.8	67.5	100.0
High	2.6	25.1	2.2	17.5	47.4	36.1	9.5	1.5	5.3	52.5	100.0
LOCATION											
Urban	1.8	15.9	1.4	10.5	29.6	49.4	10.4	3.9	6.7	70.4	100.0
Rural	2.2	11.2	1.9	8.8	24.1	55.0	8.5	3.8	8.5	75.9	100.0
Remote	3.0	9.0	1.7	13.3	27.1	48.7	8.3	3.8	12.1	72.9	100.0

Source: Estimates derived by Stephen Lamb. The estimates for each category were derived from the Y98 cohort of LSAY when most sample members were aged 21, 22 or 23. For consistency, the relative differences across each background characteristic derived from Y98 were then applied to the ABS Labour Force Survey estimates reported in Table 9 to provide a profile of labour market activities according to the selected background characteristics.

Socio-economic status and school achievement are also major influences on the earning and learning activities of young adults. While almost half of those from high SES backgrounds engage in full-time education, less than one-fifth from low SES origins do. Each increase in SES is associated with a higher rate of participation in full-time education. The same is true of school achievement. Using a measure of achievement based on Year 9 literacy and numeracy skills, the patterns show that high achievers (those in the highest quartile of achievers in Year 9) were more than three times as likely to be in full-time education as low achievers.

SES and achievement also influence the employability of those not in full-time education. The unemployment rate among young people from low SES backgrounds (5.6 per cent) is more than double that of high SES young adults (2.3 per cent). Rates of unemployment and non-participation in the labour force fall as SES rises. The same patterns apply to achievement, with labour force marginalisation falling as the school achievement skill levels of young adults rise.

The results suggest that low school achievers and young people from low SES backgrounds are at greatest risk of marginalisation. This is because when young people are not in full-time education or training, do not have a job and are looking for one or are not engaged in the labour force, they are more at risk of social exclusion. It is low achievers and low SES young adults who are mainly affected.

The proportion of 20 to 24 year-olds not engaged in full-time work or full-time education has been falling over the past decade, corresponding with a rise in full-time education but not in full-time work.

Table 14

Proportions of 20 to 24 year-olds not in full-time education and unemployed, in part-time work or not in the labour force, and the proportions in full-time work or full-time education, May, 1989-2008 (%)

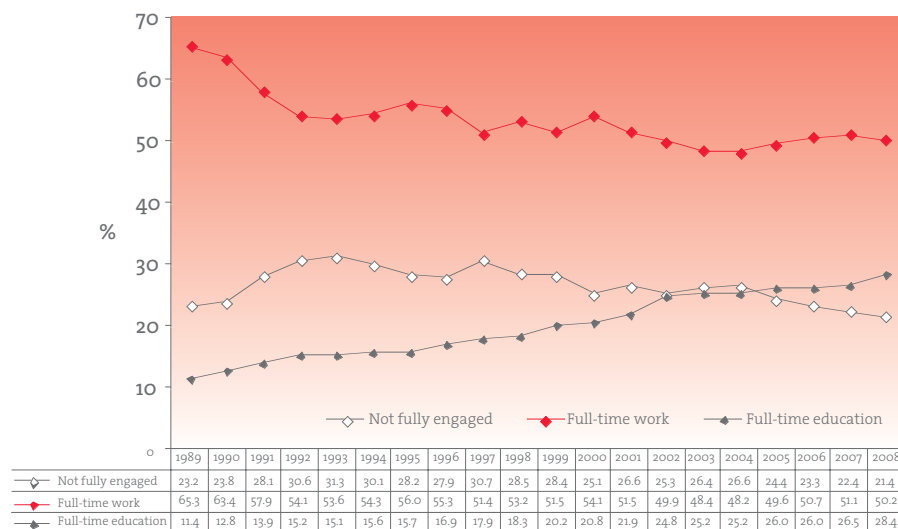
	NOT FULLY ENGAGED				FULLY ENGAGED	
	Total not fully engaged	Part-time work, not in full-time education	Unemployed, not in full-time education	Not in labour force, not in full-time education	Full-time work	Full-time education
	%	%	%	%	%	%
1989	23.2	6.9	6.7	9.6	65.3	11.4
1990	23.8	6.9	7.2	9.6	63.4	12.8
1991	28.1	7.2	11.0	9.9	57.9	13.9
1992	30.6	9.1	12.0	9.6	54.1	15.2
1993	31.3	9.5	11.3	10.5	53.6	15.1
1994	30.1	9.7	10.3	10.2	54.3	15.6
1995	28.2	9.7	8.7	9.8	56.0	15.7
1996	27.9	9.8	8.4	9.6	55.3	16.9
1997	30.7	10.8	10.4	9.6	51.4	17.9
1998	28.5	10.4	8.5	9.6	53.2	18.3
1999	28.4	11.3	7.3	9.8	51.5	20.2
2000	25.1	10.0	6.7	8.5	54.1	20.8
2001	26.6	10.7	7.4	8.5	51.5	21.9
2002	25.3	10.2	6.0	9.0	49.9	24.8
2003	26.4	11.0	6.3	9.1	48.4	25.2
2004	26.6	11.9	4.9	9.8	48.2	25.2
2005	24.4	11.3	4.8	8.3	49.6	26.0
2006	23.3	10.5	4.3	8.5	50.7	26.0
2007	22.4	10.4	3.5	8.5	51.1	26.5
2008	21.4	9.9	3.9	7.6	50.2	28.4

Source: ABS *Labour Force Australia* (2008) (data cube LM3)

See Appendix Table A2 for gender differences in the labour force status of persons not fully engaged.

While some 78.6 per cent of 20 to 24 year-olds were in either full-time education or full-time work, at least one in every five young adults (21.4 per cent) at this age in May, 2008 were not engaged fully in education or the workforce, and were instead either unemployed, working part-time or not in the labour force (Table 14). As with 15 to 19 year-olds, the proportion of young adults in these marginal activities has been in decline since the recession of the early 1990s, and in 2008 was at its lowest level in two decades. This reduction in less than full-time engagement with study and work has been fuelled by falling unemployment (down to below 4 per cent after the double-digit highs of the 1990s) and increasing participation in further education and training, which has grown steadily over the last two decades, and now occupies more than twice the proportion of young people it did in the 1980s. Participation in full-time work, on the other hand, has not increased, having been hovering around 50 per cent of 20 to 24 year-olds for the past decade, after falling dramatically during the recession.

Figure 15
20 to 24 year-olds not in full-time education or full-time work, in full-time work and not studying full-time, and in full-time education, 1989-2008 (%)



Source: ABS *Labour Force Australia* (2008) (data cube LM3)

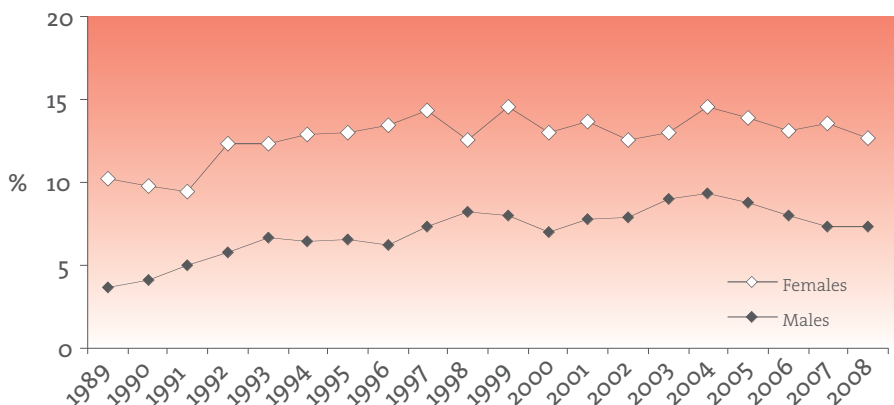
Young women are more likely to be in part-time work or not in the labour force, but young men are more likely to be unemployed.

The overall measure of less than full engagement in education and work, however, masks some important differences between males and females. While rates of less than full-time engagement have been falling for both genders, young women have been and continue to be more at risk of marginalisation than young men. In May, 2008, over a quarter of females aged 20 to 24 were not engaged in full-time education and work, compared with 17 per cent of males, and the size of that difference has remained fairly uniform in recent years (see Table A2 in appendix). Young men were more likely to be unemployed and not in full-time study than were young women, but this gap may be narrowing. Young women, on the other hand are far more likely than young men to be working part-time and not studying full-time. Females in this age group have historically been far more likely to be neither in the labour force nor in full-time education (not surprisingly, given that this group will include some young women who are pregnant and/or mothers), and while this remains the case in more recent years, the gap between women and men on this measure is narrowing, due mostly to a declining proportion of women who fall into this category, but also to slight increases in the proportion of men who are not in the labour force and not in full-time education (Figure 16).

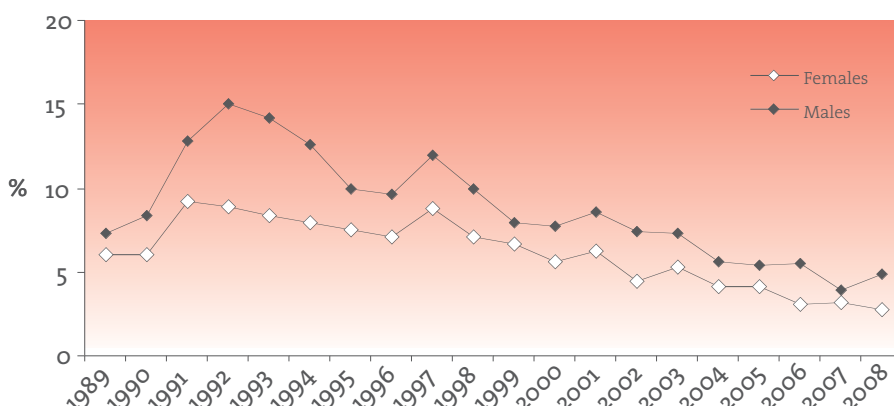
Figure 16

Young adults not studying full-time and in part-time work, unemployed, or not in the labour force, by gender, 1989-2008 (%)

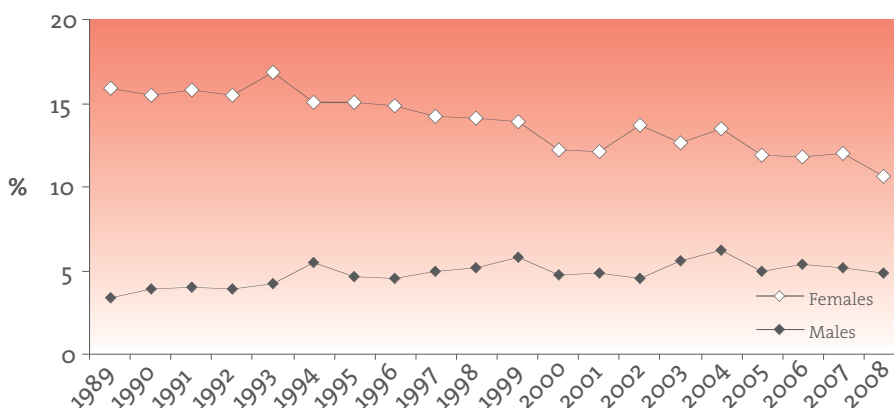
PART-TIME WORK



UNEMPLOYED



NOT IN THE LABOUR FORCE



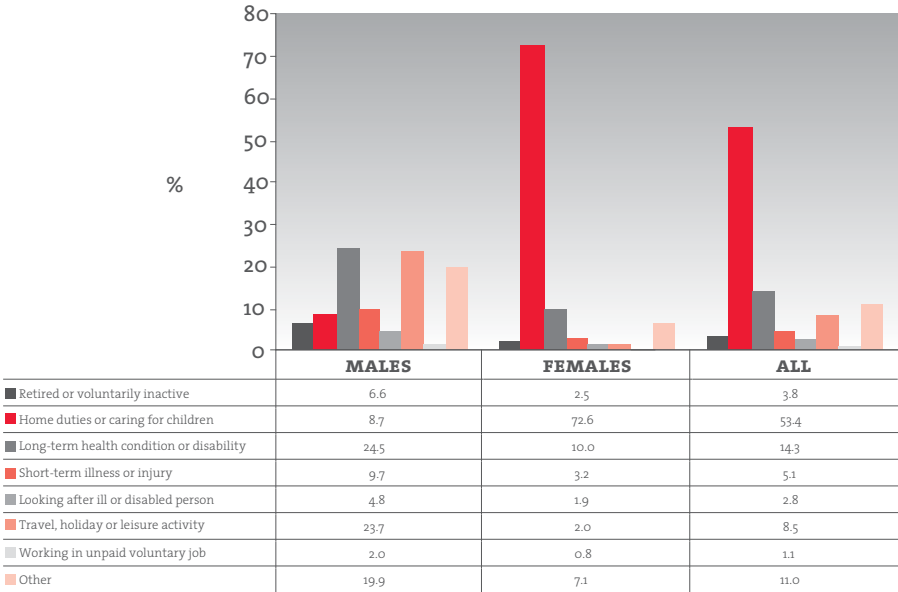
Source: ABS *Labour Force Australia* (2008) (data cube LM3)
See appendix table A2 for percentage values.

O1

Engaging in Education, Training & Work

What are the main activities of those who are not in the labour force? For young adults (20-24 year-olds) 4.8 per cent of males were not in the labour force in 2007, while the rate for females was 10.6 per cent. For teenagers the rates were 2.9 per cent for males and 4.2 per cent for females. Figure 17 presents the activities of 15 to 24 year-olds who in 2007 were not in education, training or work, were not unemployed and not seeking work. The rates were obtained from the *Persons Not in the Labour Force Survey*, conducted throughout Australia in September 2007 as a supplement to the ABS monthly Labour Force Survey (LFS). The series collects details about main activity while not in the labour force.

Figure 17
Activities of 15-24 year-olds not in the labour force, by gender, 2007 (%)



Source: ABS *Persons Not in the Labour Force* (2008).

Home duties or caring for children is the main activity reported by young people not in the labour force and not in education or training. This accounts for over half (53 per cent) of those not in the labour force. Short- and long-term health issues account for a further fifth (19.4 per cent).

The main activities of those not actively looking for work or studying are quite different for males and females. For females, the most commonly reported activity is 'home duties and caring for children' (72.6 per cent), while for males this activity was reported by only 8.7 per cent. More important for males was long-term health issues or disability (24.5 per cent) and travel (23.7 per cent).

It is important to remember that females make up many more of those not in the labour force. Therefore, while among males long-term health issues may account for a much higher proportion of those not in the labour force compared to females, the actual numbers are not very different (9,600 for males and 9,100 for females).

Education and training are essential elements in the economic and social well-being of nations. Education plays a key role in providing individuals with the knowledge, skills and competencies needed to participate effectively in society and in the economy. A higher level of school completion is a goal of almost all western nations. There is common interest among governments in ensuring that young people leave school with the skills and qualifications to help promote successful transition from school to working life. It is widely recognised that young people who fail to complete Year 12 or gain equivalent qualifications can experience difficulty in making the transition from school to post-school education and training, and employment, as revealed in the previous section. Compared with Year 12 graduates, non-completers are more likely to experience unemployment and those who do succeed in finding work are more likely to obtain jobs in a narrow field of occupations. Non-completers are also more likely to be reliant on government income support

The social and individual returns need also to be viewed in the context of the wider type of community that a more highly educated population promotes. It is not only the economic and social gains from better education and training that are important to consider, but what a more advanced society should be, what it should strive to be as a place for its citizens. As a recent major US study on the costs and benefits of investing in programs to promote higher school completion rates concluded:

Increases in tax revenues and reductions in taxes paid into public health, criminal justice, and public assistance would amount to many billions of dollars a year in excess of the costs of educational programs that could achieve these results. But, it is important to note that this is more than just good public investment policy with monetary returns. A society that provides fairer access to opportunities, that is more productive and with higher employment, and that has better health and less crime is a better society in itself. It is simply an added incentive that the attainment of such a society is also profoundly good economics (Levin et al., 2006, p. 22).

The recent announcement by the Australian government of a 90 per cent target by 2020 for all school leavers to have attained Year 12 or its equivalent is consistent with the global concerns of nations to promote mass systems of schooling and educational productivity. How much more work is required in Australia to achieve this goal? Where are we at and how far is there left to go?

O2

Educational Attainment

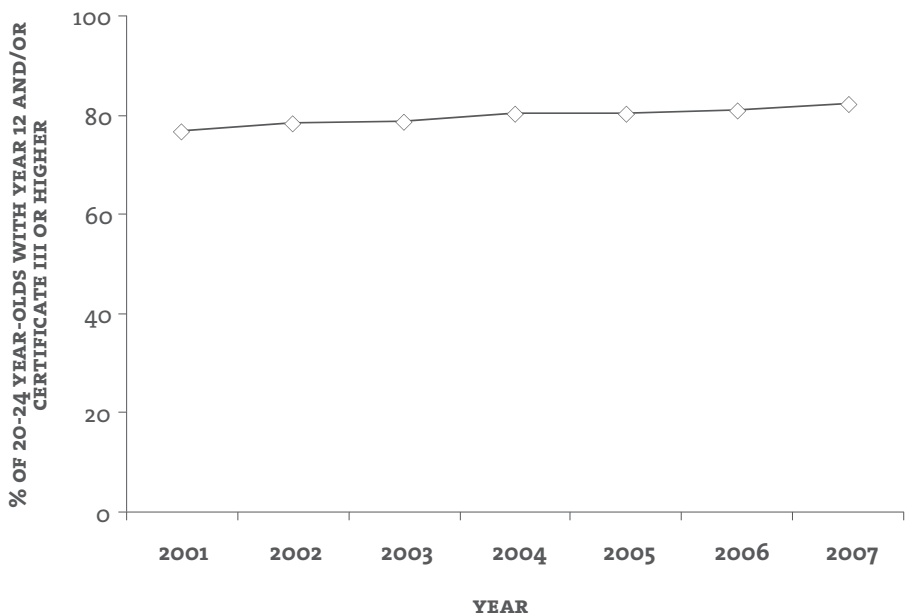
Estimates of Attainment

Sample survey measures suggest 4 in 5 young adults currently attain Year 12 or its equivalent.

Attainment of Year 12 and/or a qualification at the level of Certificate III or higher is a recognised indicator by which to measure the educational attainment level of young people in Australia, and allows comparisons across states and territories as well as across different groups of young people.

The ABS survey of Education and Work is one source which can be used to ascertain these attainment levels, and Figure 18 shows the proportion of 20 to 24 year-olds with Year 12 or its equivalent (a qualification at Certificate III-level or higher), for the period since 2001. This source estimates that in 2007, 82 per cent of 20 to 24 year-olds had achieved at least this level of educational attainment, and indicates that the proportion of young adults with these qualifications has been increasing gradually over time.

Figure 18
Proportion of 20 to 24 year-olds who have completed Year 12 or have a post-school qualification (Certificate III or higher), 2001 to 2007



Source: ABS Education and Work, Australia (2001-2007)

Census measures reveal lower levels of attainment for young Australians.

This year, for the first time since it was administered, it is possible to draw on the 2006 Census data to calculate the same measure of educational attainment (Year 12 or its equivalent). The figures can be used with the previous census to examine change. The census should provide more precision in measuring attainment for the population than is sometimes possible using cross-sectional surveys such as *Education and Work*. The levels of attainment of Year 12 or its equivalent for the population of young Australians at age 19 and at age 24 (and for 20-24 year-olds) are presented in Table 15.

Table 15
Attainment of Year 12 or equivalent qualification (Certificate III level or higher) for 19, 24 and 20-24 year-olds: 2001 and 2006 (%)

	19 years		24 years		20-24 years	
	2001	2006	2001	2006	2001	2006
	%	%	%	%	%	%
New South Wales	66.7	70.4	73.5	74.6	71.6	73.8
Victoria	67.7	74.4	75.6	78.3	74.2	78.2
Queensland	71.5	73.6	72.8	74.5	72.6	74.6
South Australia	62.5	66.2	69.3	71.5	67.9	70.6
Western Australia	65.1	68.6	69.8	71.3	69.0	71.2
Tasmania	56.8	62.0	59.6	67.2	59.6	67.2
Northern Territory	34.5	41.1	52.1	52.0	48.1	47.2
ACT	78.1	81.2	83.4	84.9	83.4	84.2
Australia	67.0	71.3	72.8	74.8	71.6	74.4

Source: ABS *Census of Population and Housing* (2001 and 2006)

The results show that almost three quarters (74.4 per cent) of 20 to 24 year-olds in 2006 had obtained a Year 12 certificate and/or a post-school qualification at Certificate III level or higher, compared with 71.6 per cent in 2001 (Table 15). The estimates are lower than those derived from the ABS *Education and Work* series. They suggest that to reach the government’s target of 90 per cent Year 12 or equivalent completion will require a 15.6 percentage point improvement between 2006 and 2020.

There has been improvement from 2001 to 2006 (a gain of 2.8 points) though the size of the gain suggests that considerably more effort will be needed to achieve the 90 per cent target by 2020. Future gains of this size would mean the 90 per cent target would not be reached until after 2030. To achieve 90 per cent attainment nationwide by 2020 will require gains of more than a full percentage point each year for 20 to 24 year olds, i.e. improvement at double the rate measured between 2001 and 2006.

The gains that are needed vary across states and territories. There are state and territory differences in attainment reflecting largely the influence of population differences, geography and remoteness, but also policy differences related to schooling and programs. In 2006, 84.2 per cent of young people in the ACT held a Year 12 or equivalent qualification, compared with 78 per cent in Victoria, and between 70 and 75 per cent in most other states. Tasmania (67.2 per cent) and the Northern Territory (47.2 per cent) have the most ground to make up and will require the most support.

The patterns hold for both 19 year-olds and 24 year-olds. For both these single year ages, there has been an increase in attainment levels since 2001 – a two percentage point rise at age 24 and a four point rise at age 19.

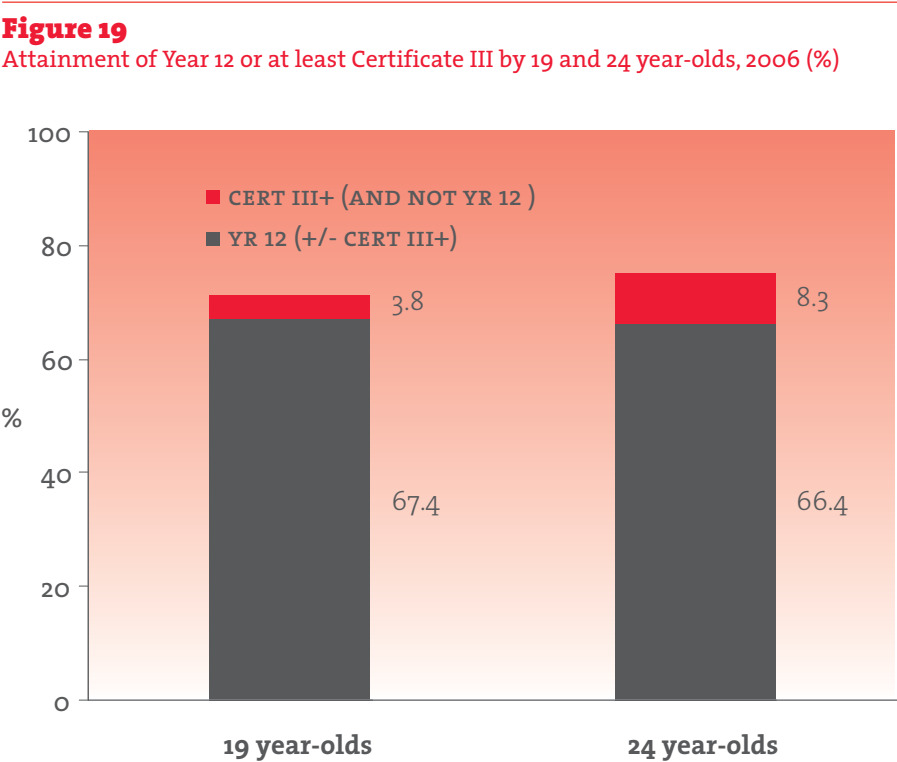
The attainment target combines Year 12 with equivalent qualifications (VET Certificate III or above) which may be obtained in settings other than school. How much of the current attainment rate is based on a Year 12 qualification and how much on equivalents?

O2

Educational Attainment

Figure 19 shows that for 19 year-olds, the vast majority who have achieved the target level of attainment have done so by completing Year 12. Less than four per cent of 19 year-olds have completed a Certificate III or above and not completed Year 12. In contrast, by age 24 young people who did not complete Year 12 have begun completing apprenticeship and other post-school qualifications, such that 8.3 per cent of 24 year-olds have at least a Certificate III qualification, but not Year 12.

National Year 12 attainment rates, according to the 2006 census figures, stand at 67.4 per cent for 19 year-olds and 66.4 per cent for 24 year-olds. These rates are substantially lower than what would be suggested by the Year 12 apparent retention rates reported in the *ABS Schools Australia* series (ABS, 2008). This is because the census estimates are based on reported successful completion and overcome the effects of population changes and academic failure which remain as influences on the measure of the apparent retention rate. The census estimates are likely to provide a more accurate measure of the rate of Year 12 completion and graduation.



Source: ABS Census of Population and Housing (2006)

Social disadvantage promotes lower rates of attainment among some groups of young Australians.

The variations across states and territories are partly due to differences in populations. Social composition is strongly related to patterns of attainment. If governments want to improve attainment levels, then they will have to address the issues associated with social disadvantage that continue to produce lower rates of completion among parts of the population. Table 16 presents rates of Year 12 or equivalent attainment for different groups of 19 and 24 year-olds.

Table 16 shows that Year 12 attainment among 19 year-olds varies substantially by social background. Young people from low SES backgrounds attain Year 12 or its equivalent at a rate 26.1 percentage points lower than that of those from high SES origins. Less than 60 per cent of young people from low SES backgrounds complete Year 12 or its equivalent. Rates of attainment increase with each rise in SES.

The rates of attainment are higher for 24 year-olds as young people leaving school without Year 12 complete equivalent qualifications such as apprenticeships and other VET certificates, as well as Year 12 certificates through adult education and TAFE. Even so, social gaps in attainment remain large. At age 24, well over one-third of those from low SES backgrounds have not completed Year 12 or equivalent, compared to about one in seven of those from high SES backgrounds.

02 Educational Attainment

Table 16 Proportions of 19 and 24 year-olds who have completed Year 12 or equivalent, by selected background characteristics (%)

	19 year-olds	24 year-olds
	%	%
SEX		
Male	66.3	72.6
Female	76.2	78.4
SOCIO-ECONOMIC STATUS		
Low	58.3	64.4
Lower middle	66.9	70.0
Upper middle	73.8	75.9
High	84.4	86.2
ACHIEVEMENT AT YEAR 9		
Low	51.5	57.4
Lower middle	67.9	71.7
Upper middle	78.7	83.8
High	90.1	92.7
LOCATION		
Urban	73.0	75.5
Rural	65.7	70.0
Remote	67.6	69.8

Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY. For consistency, the relative differences across each background characteristic derived from Y95 were applied to the ABS Census figures reported in Table 15 to provide a profile of attainment according to the selected background characteristics.

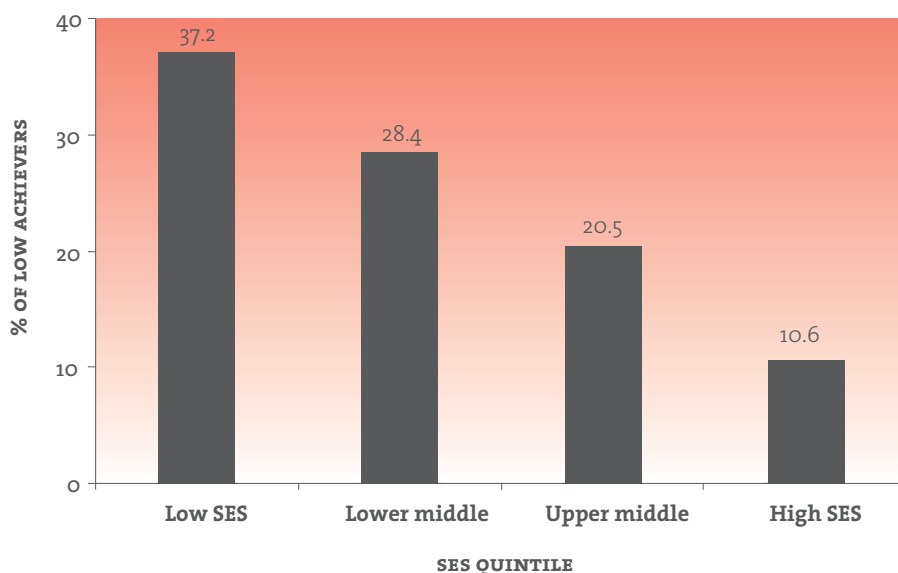
It is clear that social disadvantage remains a major barrier to completing Year 12 and policies to improve rates of attainment will need to address this issue. It is important to note that this is the case outside of any consideration of social differences in the quality of achievement for those who do complete.

Achievement levels in school also affect attainment. Only about one in every two low achievers at age 19 (those with low levels of literacy and numeracy skills in Year 9) completes Year 12 or its equivalent. About 9 in every 10 high achievers complete Year 12. There is some improvement by age 24 for low achievers as they finish equivalent types of study. Even so, there remains over a 30 point gap in attainment between low and high achievers.

School achievement is highly correlated with social background. Figure 20 shows the proportions of young people from each social background (SES quintile) who are low achievers. It reveals that 37.2 per cent of children from low SES backgrounds were low achievers in Year 9 (in the bottom quartile of literacy and numeracy achievement), while only 10.6 per cent of children from high SES backgrounds were low achievers.

Figure 20

Social backgrounds (SES quintile) of low achievers (%)



Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

This highlights the point that policies developed to target improvements in Year 12 completion will need to address the issue of social disadvantage. Australia needs education and training policies that address the needs of the poor if it wants to raise attainment levels.

Gender and location also affect attainment rates. Table 16 shows that fewer males than females complete Year 12 or equivalent by age 19: 66.3 per cent of males compared to 76.2 per cent for females. The gap narrows for 24 year-olds, partly because of the higher rates of entry and completion of apprenticeship qualifications among young adult males. The gender gaps in attainment reflect in part poorer labour market opportunities for teenage females and the greater pressure on young women to obtain educational qualifications to assist in transition to the paid workforce.

Young people living in rural and remote parts of Australia are less likely to complete Year 12 than those living in cities. Similar sized gaps exist for both 19 and 24 year-olds.

International Comparisons

Australia's attainment levels reveal room to improve based on international standards.

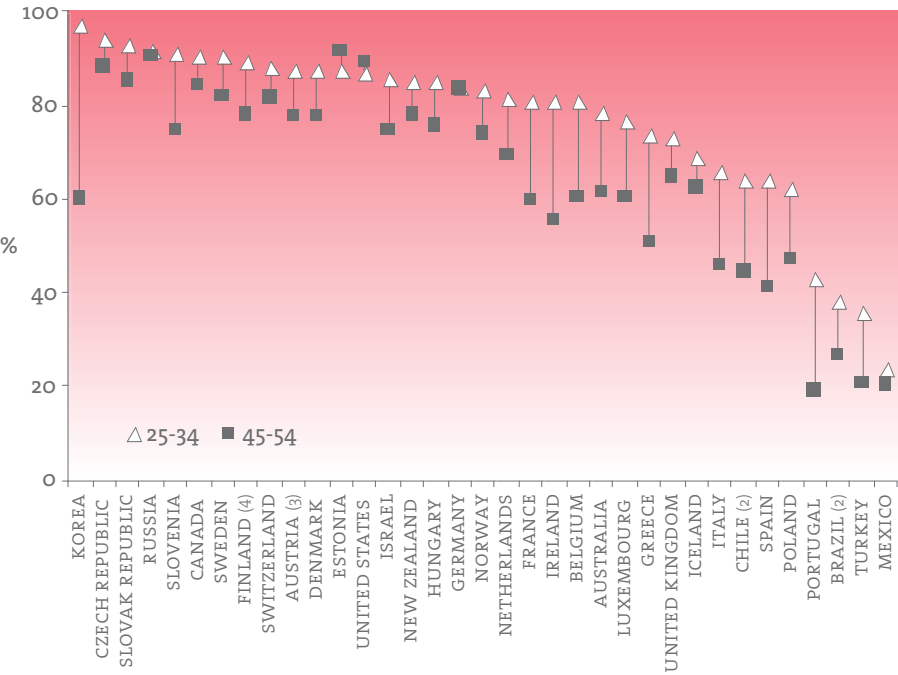
It is difficult to compare accurately Year 12 completion or graduation rates across countries. This is in part because current measures tend to estimate rates using numbers of graduates against the population at a typical age of graduation (such as at age 18 or 19), even if graduates are of varying ages (see OECD, 2007b, for an example of the application of this approach). Such estimates can exceed 100 per cent and can vary substantially from nationally reported rates in individual countries (see Lamb, 2007). Moreover, the notion of Year 12 as a final year is more relevant in some countries (such as the United States, Australia and Canada where secondary or high school tends to end in Year 12) than in others (such as Norway, United Kingdom and Germany where post-compulsory education is based on a number or cycle of years rather than year levels, such as a two, three or four-year post-compulsory program).

Common across nations is the concept of gaining equivalent school or upper secondary qualifications or not. Using this concept it is possible to examine levels of attainment for the adult population. Figure 21 compares Australia against other OECD nations on the attainment rates of at least an upper secondary education qualification for 25 to 34 year-olds and for 45 to 54 year-olds.

Figure 21 shows that levels of upper secondary attainment in Australia have increased across age groups, from about 60 per cent among 45 to 54 year-olds to about 79 per cent for the younger age group (25-34 year-olds). This reflects marked improvements in recent decades in school completion rates in Australia. The improvements in attainment for the younger age cohort in Australia are consistent with gains being made in other countries.

Even with the improvements in upper secondary completion, the rate of attainment for the 25-34 year-olds places Australia at about the average for OECD countries which is 77 per cent. The rate for Australia is substantially lower than for Korea (97 per cent), Sweden (91 per cent), the United States (87 per cent), Canada (91 per cent), Switzerland (88 per cent), New Zealand (85 per cent), Denmark (87 per cent), Finland (89 per cent), Germany (84 per cent), and Hungary (85 per cent). It is higher than that for Iceland (69 per cent), Luxembourg (77 per cent), the United Kingdom (73 per cent), Italy (66 per cent), Spain (64 per cent), and Poland (62 per cent). It suggests that while improvements have been made, there is still need for greater effort to improve levels of school completion.

Figure 21
Attainment of at least upper secondary education¹ in OECD countries, population aged 25 to 34 years and 45 to 54 years, 2005 (%)



1. Excluding ISCED 3C short programmes.
2. Year of reference 2003.
3. Including some ISCED 3C short programmes.
4. Year of reference 2004.
Source: OECD (2007a)
Note: Countries are ranked in descending order of the percentage of 25 to 34 year-olds who have attained at least upper secondary
See also Appendix Table A4.

Improvements in programs such as VET in Schools may be critical.

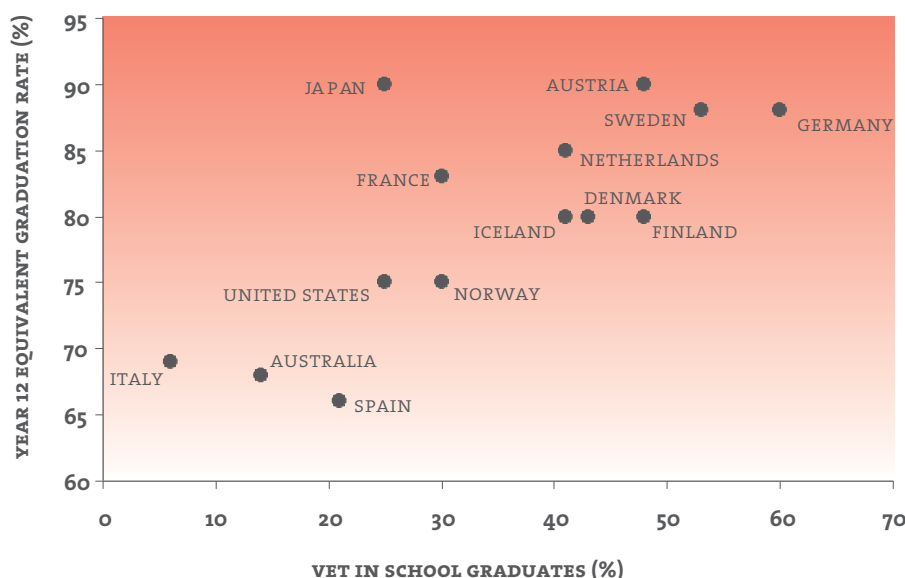
One of the main differences associated with variations across countries in rates of upper secondary educational attainment is related to the provision of vocational education and training in schools. Currently there are few robust comparative evaluations of the impact of alternative school programs offered in the senior secondary years. However, at a surface level, there is some evidence to suggest that countries which offer more extensive, well-structured programs of vocational education and training, do better in promoting rates of school completion. Figure 22 displays the relationship between completion or graduation rates and the proportions of students graduating with VET qualifications. The graduation rates are cohort-based rates derived from individual national data sources.

Figure 22 suggests that there is a relationship between school completion rates and the provision of vocational education and training programs in school. Countries that have higher graduation rates tend also to have higher proportions of VET graduates. Nations that offer separate fully-structured programs of VET or qualifications combining school and workplace learning, such as Germany, Austria, Denmark, Sweden, France and the Netherlands, have the highest rates of school completion and the lowest numbers of students who leave school without a qualification. Though care needs to be taken before assuming the relationship is causal, the patterns suggest that VET provision is often linked to higher completion rates.

O2 Educational Attainment

Figure 22

VET graduates, by Year 12 graduation rates (%)



Source: Lamb (2007)

Other factors concerning VET provision in schools are also worth considering in this context. One is the quality of learning and achievement associated with the provision of VET programs against more academic studies. Another, linked to this issue, is the stratifying effect that diversification of programs promotes.

On the first point, Australia has approached the provision of VET in schools in a similar way to the United States with students offered a menu of VET subjects or units which form part of a broader program of study. Students can select as little or as much VET as they want, opting for no VET at all or for several subjects. Some other nations have approached VET provision differently, building far more structured models of program provision. In these systems, such as Sweden, Finland, Germany, Austria, Denmark, and the Netherlands, VET is organised as a range of separate occupationally-structured programs which students choose as a whole course of study rather than as a set of subject or unit options (see Lamb, 2008a and Lamb, 2008b, for further discussion of this point). In some of these nations, VET programs contain the same foundations as academic programs and, in at least one nation (Sweden), the VET

programs qualify students for entry to university. Therefore, nations with well-structured VET programs and high levels of enrolments in VET can also have high rates of participation in university. Both Sweden and Finland, for example, have large enrolments in VET programs and high rates of school completion, entry rates to higher education well above OECD averages, and strong labour market outcomes (positive gains) for students graduating with VET qualifications (see Lamb, 2008b). Furthermore, evidence from international comparisons indicates that higher levels of VET provision need not compromise standards of learning and achievement, with countries that have high levels of VET enrolments also displaying higher than average levels of achievement on PISA mathematics tests (Lamb, 2008b). Also, VET need not be a source for relegation of weaker students. While in many countries the average performance of VET students on achievement tests is lower than of students in general or academic programs, in a small number of countries the advantage is reversed, with VET students outperforming students in academic programs (OECD, 2007b).

On the second point, alternative VET provision in schools can contribute to social stratification, and does, particularly in older style systems that stream students along alternative paths and in different schools from an early age. Family background is strongly linked to who enters academic programs and who enters VET courses and, therefore, the pathways can promote social stratification (see OECD, 2007b, p.279). However, this need not always be the case. In both Finland and Sweden there are low rates of social segregation across schools as well as high rates of completion and strong outcomes for students. VET pathways need not be sources of relegation, though this depends in part on the quality of the programs and the way VET in schools is organised.

It is important to ensure that young Australians are provided with well-structured and successful pathways to employment and further education and training when they leave school. A key objective of the National Reform Agenda is to increase the proportion of young people making a smooth transition from school to work or further study (COAG, 2006). This goal is founded on the reality that while some school leavers make smooth transitions to further study or training and then full-time work, others can spend periods of time — for some, quite long periods — not engaged in study, work or training. The numbers of young people in these circumstances and the nature of their experiences can tell us much about the performance of schools and the education and training system as well as the labour market in meeting the needs of young Australians as they enter adult life.

One of the fundamental issues affecting transition is the state of the labour market. During periods of prosperity, when the economy is buoyant and opportunities for work and apprenticeships more plentiful, unemployment rates tend to be low and the potential for smoother transition from school to work for all young people enhanced. These conditions have marked the Australian economy over the last 10 years, particularly the resource-rich economies of Western Australia and Queensland, but also other states and territories. What effects have they had on the youth labour market and on patterns of transition?

This section will present data reflecting on the state of the Australian youth labour market, on job growth, employment rates and unemployment, and how conditions compare with other OECD nations. It will then present information focusing on the major pathways different groups of school leavers take as they negotiate their way through further study and training to take advantage of the opportunities provided in the labour market.

03 Transition to the Labour Market

Youth Labour Market

Labour force participation of young Australians has fallen while levels of full-time employment for those in the labour force remain much the same. Over the last 20 years there have been a number of changes to the Australian labour market that have affected the opportunities for young people to find full-time work.

One of the changes has been a long-term fall in full-time teenage job opportunities. Structural changes to the Australian economy have gradually changed the number of jobs available to young people. Analyses of the youth labour market by Sweet (1992), Freeland (1996), Lewis and Mclean (1998) and Wooden (1999) have drawn attention to the long term fall in full-time job opportunities for teenagers over earlier periods. The decline in full-time employment is reflected by falls in the percentages of young people (teenagers and young adults) in the labour force and not in education and by the employment status of those in the labour force, as displayed in Figures 23 and 24.

Apart from a brief period in the early 1990s, the proportion of 15 to 19 year-olds in the labour force has remained at roughly the same level from 1986 through to 2008 — around 60 per cent (see Figure 23). The rate for 20 to 24 year-olds was roughly 80 per cent across the whole period. For both age groups, however, participation in full-time education has grown, meaning that an increasing proportion of teenagers and young adults are combining study and work (largely part-time work). For this reason the proportion of young people in the labour force and not in full-time education has been declining. For teenagers (15 to 19 year-olds) it has fallen consistently from 44.1 per cent in 1986 to 26.3 per cent in 2008. The percentage of young adults (20-24 year-olds) in the labour force and not in full-time education fell from 79.0 per cent in 1986 to 64.0 per cent in 2008.

Figure 24 shows that the shares of young people in full-time work and not in full-time education fell in the late 1980s and has remained fairly stable from 1992. In 1989 almost 8 in 10 teenagers in the labour force rather than full-time education were in full-time employment. By 1992 the rate fell to about 6 in 10 and remained at that level through to 2008, with a slight rise in the last two years. So despite the largely continuous decline in the proportions of teenagers opting for the labour force rather than full-time education (reported in Figure 23), full-time employment rates for this group from the early 1990s have remained at much the same level, supporting the view that over much of the last 15 years full-time employment opportunities for young Australians have not grown, but rather fallen. This has changed in the last couple of years where the full-time employment rate of those not in full-time education has risen.

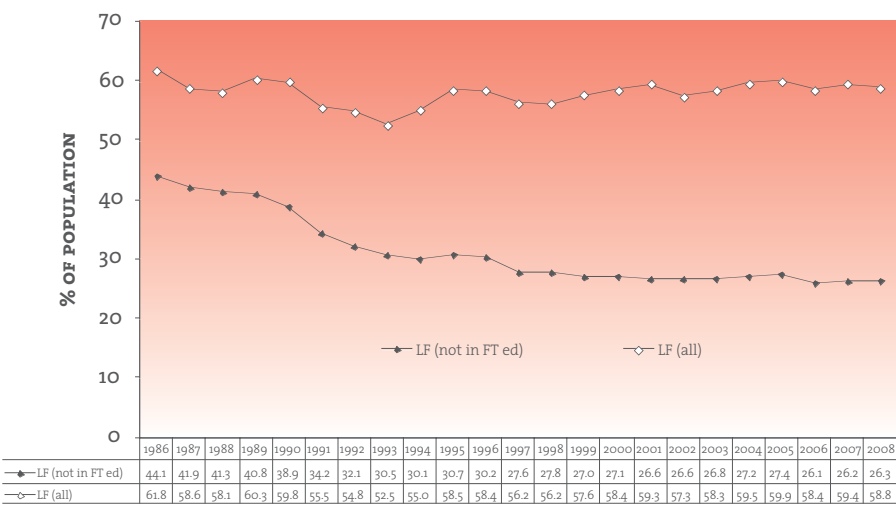
Over the same period, unemployment has fallen. For 15 to 19 year-olds, the unemployment rate fell from 26.7 per cent in 1992 to 12.2 per cent in 2008. For 20 to 24 year-olds the rate fell from 15.8 per cent to 6.0 per cent. Unemployment has been a state experienced by fewer and fewer young Australians over time, a positive feature of change in the youth labour market.

The downturn in unemployment, however, has not translated into gains in full-time employment. Rather, the downturn in unemployment has been accompanied by growth in part-time work. This has been a major long-term transformation of the labour market for young people. In 1992, 16.2 per cent of teenagers (15 to 19 year-olds) not in full-time education had part-time jobs. This rate rose steadily to 26.4 per cent in 2005, accounting for most of the fall in unemployment. On the basis of these changes it would seem that increasingly teenagers have switched from being unemployed to being in part-time work. This pattern also holds for 20 to 24 year-olds, for whom part-time work grew from 12.1 per cent in 1992 to 18.3 per cent in 2004, accompanied by a similar sized decline in unemployment.

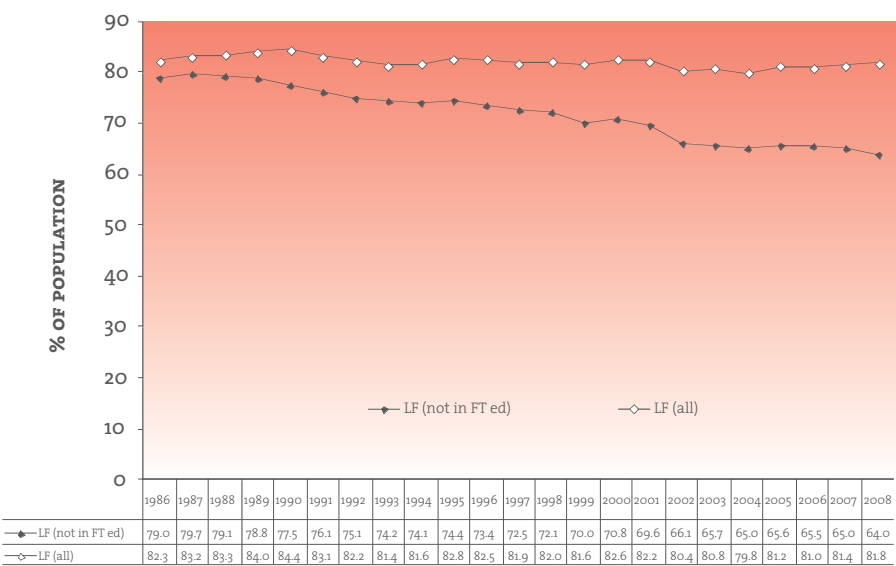
The long-term decline in full-time employment for young Australians coupled with increasing levels of part-time employment suggest that young Australians are now less able than previously to rely on full-time employment as a pathway from school. Part-time employment experienced for long periods does not produce the same outcomes (see next section of this report for longer-term consequences) and most young people in part-time work seek and would prefer full-time work.

Figure 23
Labour force participation for 15-19 year olds and 20-24 year-olds as a percentage of population: all in the labour force compared with those not in full-time education and in the labour force, 1986-2007 (%)

15-19 YEAR-OLDS



20-24 YEAR-OLDS

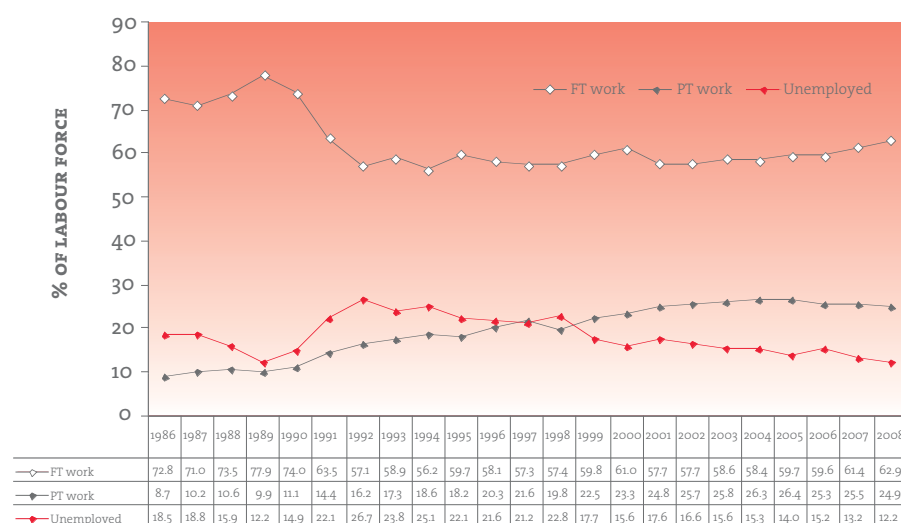
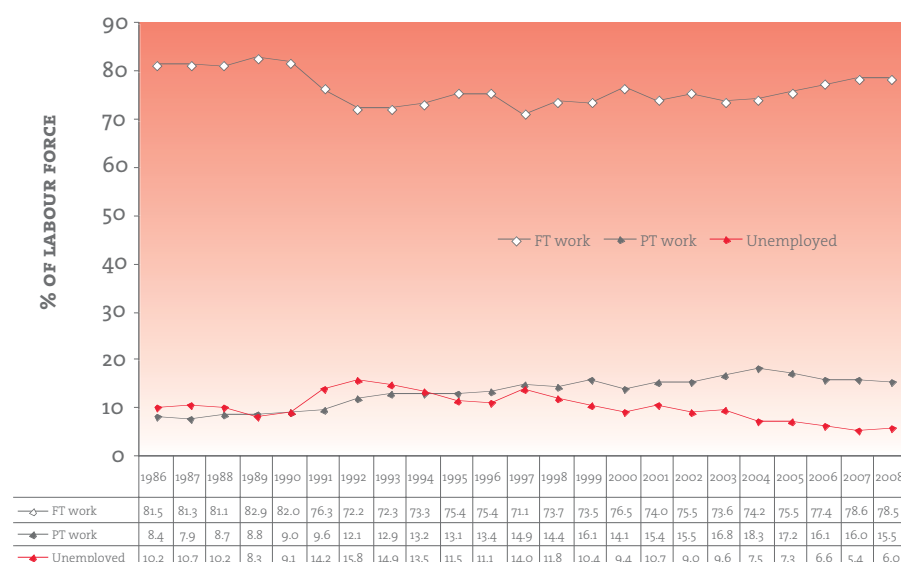


Source: ABS *Labour Force Australia* (2008) (data cube LM3)

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Figure 24

Employment and unemployment status of those in the labour force and not in full-time education: 15-19 year olds and 20-24 year-olds, 1986-2007 (%)

15-19 YEAR-OLDS**20-24 YEAR-OLDS**

Source: ABS Labour Force Australia (2008) (data cube LM3)

There were changes over the period in the late 1990s around the conditions associated with income support and part-time work allowing a higher number of hours of part-time work without benefit penalties. This may have contributed to some of the change at this time. However, the longer term trends suggest more evolutionary changes in the nature of labour market opportunities for young people involving part-time work.

In the last few years (since 2006 for 15 to 19 year-olds and 2005 for 20 to 24 year-olds) there have been small annual increases in the full-time work shares of those not in full-time education and in the labour force associated with falls in both unemployment and part-time work.

The longer-term falls in full-time employment opportunities for youth are supported by data comparing job growth with older adults. This information is provided in Table 17. It shows that from 1995 the number of 25 to 64 year-olds in full-time jobs grew from 5,083,100 to 6,447,100 in 2008 (a 27 per cent increase). Over the same time, the numbers of 20 to 24 year-olds in full-time jobs fell from 793,300 to 744,900 (a 7 per cent decrease). For teenagers the numbers were 232,000 in 1995 and 239,300 in 2008 – a 3 per cent increase.

Table 17
Full-time job growth for 15-19 and 20-24 year-olds not in education compared with adults aged 25-64, May 1995 to May 2008

	NUMBER IN FULL-TIME WORK		
	15-19*	20-24*	25-64
MAY	'000s	'000s	'000s
1995	232.0	793.3	5083.1
1996	223.7	766.2	5179.3
1997	203.5	699.3	5245.0
1998	208.9	717.2	5317.3
1999	211.0	672.8	5418.1
2000	218.5	693.6	5549.8
2001	206.4	664.2	5613.2
2002	208.3	657.7	5652.5
2003	215.2	659.7	5732.1
2004	220.7	681.3	5858.6
2005	228.6	715.6	6004.1
2006	217.9	735.8	6112.0
2007	229.0	751.2	6351.0
2008	239.3	744.9	6447.1

Source: ABS *Labour Force Australia* (2008) (data cubes LM1 and LM3)
* Values for 15-24 year-olds is for persons not in full-time education
Note: Values from 2001 onwards may differ from previous HYPAF editions because of the use of revised estimates.

In more recent years, there has been growth in full-time jobs for all age groups, though it is the longer-term consistency in growth that characterises the adult population (25 to 64 year-olds). Numbers of jobs held by teenagers and young adults in 2008 are higher than 5 years ago but not much different to the levels of 1995.

The Australian youth labour market offers employment opportunities at rates above the average for OECD countries
Young Australians may not necessarily participate in education and training at the same rate as in other OECD countries, but those not in education and training are engaged in productive activities at above-average rates.
According to OECD figures reported in Table 18, roughly two-thirds of 15 to 19 year-olds in Australia not in education and training in 2005 were employed and the rate for 20 to 24 year-olds was over 80 per cent. The rates of those in employment were higher than other countries, on average, by about 13 percentage points for teenagers and 8 points for young adults. This suggests that young Australians in these age groups are finding employment at rates equal to or better than other OECD countries, on average.

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Table 18

Percentage of the youth population not in education who are employed, 2005 (%)

	15-19 year-olds	20-24 year-olds
Poland	20.2	46.1
Hungary	31.8	64.6
France	32.8	68.6
Slovak Republic	34.4	63.5
Turkey	34.5	44.4
Greece	36.7	64.9
Belgium	37.0	70.5
Germany	38.4	66.5
Italy	38.6	60.8
Czech Republic	45.4	74.1
Finland	46.3	72.3
Switzerland	52.4	82.5
Spain	53.3	72.2
Sweden	55.2	76.7
Austria	55.8	82.2
United States	57.5	75.7
Portugal	59.1	77.4
United Kingdom	61.0	75.2
Denmark	62.9	81.8
Netherlands	64.2	82.2
Australia	66.0	80.8
Luxembourg	66.2	82.4
Canada	66.4	77.4
New Zealand	71.7	75.1
Ireland	74.8	83.2
Norway	80.3	83.6
Average	53.2	72.6

Source: OECD (2007b)

Another way of comparing the relative performance of the Australian youth labour market is to compare across OECD nations the ratios of unemployment for young people (15 to 24 year-olds) compared to adults (25 to 64 year-olds). These figures are presented in Table 19.

Table 19
Ratio of the unemployment rate for 15 to 24 year-olds to the unemployment rate for 25 to 54 year-olds, in rank order

Country	UNEMPLOYMENT RATE		
	15 to 24 year-olds	25 to 64 year-olds	Ratio
Germany	11.7	8.0	1.5
Slovak Republic	20.1	10.1	2.0
Japan	7.7	3.7	2.1
Ireland	8.7	4.1	2.1
Portugal	16.6	7.8	2.1
Czech Republic	10.7	4.9	2.2
Canada	11.2	5.1	2.2
Switzerland	7.1	3.1	2.3
Austria	8.7	3.8	2.3
Turkey	19.6	8.3	2.4
Mexico	6.7	2.7	2.4
Spain	18.2	7.2	2.5
Poland	21.7	8.4	2.6
Hungary	18.0	6.8	2.6
Denmark	7.2	2.7	2.7
Netherlands	7.3	2.7	2.7
France	18.7	6.9	2.7
Australia	9.4	3.4	2.8
United States	10.5	3.7	2.8
Belgium	19.2	6.8	2.8
Korea	8.8	3.1	2.8
Greece	22.0	7.6	2.9
Finland	15.7	5.3	3.0
Norway	7.3	1.9	3.8
Italy	20.3	5.3	3.8
United Kingdom	14.4	3.7	3.9
New Zealand	9.7	2.5	3.9
Sweden	18.9	4.4	4.3
Luxembourg	14.9	3.3	4.5
Iceland	7.2	1.3	5.4
OECD countries	11.9	4.9	2.4

Source: OECD (2008a)

The figures show that while Australia has an unemployment rate for 15 to 24 year-olds that is slightly lower than the OECD average (9.4 per cent compared to 11.9 per cent), the ratio of unemployment in young people to unemployment in adults is slightly higher than the OECD average. This means that the rate of unemployment for young people compared to the rate for adults is higher in Australia than in other OECD countries, on average. The unemployment rate for young Australians is 2.8 times higher than that of adults (25 to 64 year-olds). The OECD average ratio is 2.4. Countries which have lower ratios than Australia include Germany (1.5), Japan (2.1), Ireland (2.1), Canada (2.2), and Spain (2.5).

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Pathways Measured Across Seven Post-School Years

Some national studies of school to work transition use cross-sectional measures of activities or characteristics of school leavers. The OECD annual report, *Education at a Glance*, for example, reports on the transition characteristics of age cohorts measured for a particular year. Similarly, the ABS series *Education and Work* presents the labour force and study activities of a different sample of young people each year. Some longitudinal data sets, however, provide the opportunity to examine the longer-term experiences of the same group of school leavers measured at different intervals as they make the transition to work and adult life. This section presents information on the pathways of young Australians across the first seven post-school years using such a data source. The information in this section was derived from an analysis of the 1995 cohort of LSAY. The cohort of 13,613 Year 9 students was first surveyed in 1995 and contacted annually to look at progress through school and into further study and work. The results are based mainly on the 2005 survey which is seven years after many of the students had been in Year 12.

There is value in taking the opportunity to look at transition over the longer term. The patterns of transition from school to work have changed somewhat over the last two decades. For example, young people rely on part-time employment in their initial years in the workforce more often than in the past. Education and training participation has also increased, as shown above. As a result, the average transition from education to full-time work has become more prolonged. According to Keating (2000/2001) the time it takes for young people to make the transition from compulsory education to full-time work has grown, on average, from four years in 1992 to six years in 1998. It is important therefore to look at transition beyond the first few years after school.

Early school leavers are more often unemployed or not in the labour force after seven years.

Table 20 presents the main work and study activities of young people seven years after leaving school, reported separately for Year 12 completers and early school leavers. The results show that some young people are still in education and training (18.3 per cent of Year 12 completers and 9.4 per cent of early school leavers), though most by this stage are in the labour force. However, many of those who after leaving school enter university or vocational education and training such as apprenticeships or TAFE courses, have completed their study by this stage and made the transition to the workforce.

Some 61.6 per cent of Year 12 completers and 57.8 per cent of early school leavers are in full-time work and are no longer in education and training. Part-time work accounts for a further 14.2 per cent of Year 12 completers and 15.6 per cent of early school leavers.

Table 20
Main activity of young people in 7th year after leaving school

	YEAR 12 COMPLETER	EARLY SCHOOL LEAVER
	%	%
EDUCATION AND TRAINING		
University	13.0	3.4
High-level VET	2.2	1.9
Low-level VET	1.5	1.8
Apprenticeship	1.0	1.7
Traineeship	0.6	0.6
NOT IN EDUCATION AND TRAINING		
Full-time work	61.6	57.8
Part-time work	14.2	15.6
Unemployed or NILF	5.8	17.2
TOTAL	100.0	100.0

Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

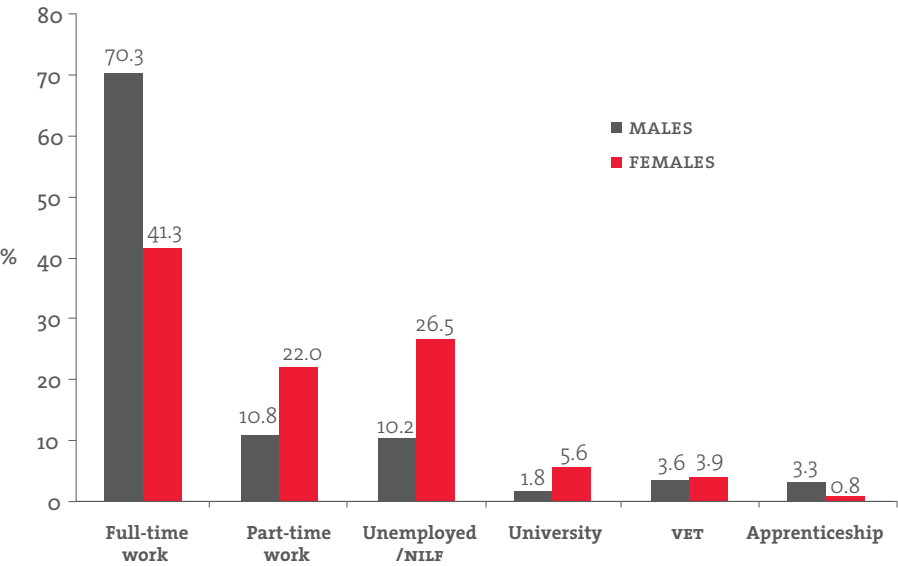
Being unemployed or not in the labour force varies by levels of school attainment. After seven post-school years, 17.2 per cent of early leavers are unemployed or not in the labour force compared to 5.8 per cent of Year 12 completers.

The activities, though, vary by gender. Figure 25 displays the main work and study activities for males and females separately. The top panel shows the activities of early school leavers, while the bottom panel shows them for Year 12 completers. Male early leavers are far more often in full-time work seven years after school — 70.3 per cent compared to 41.3 per cent for female early leavers. Female early leavers are far more often than males either in part-time work (22.0 per cent compared to 10.8 per cent for males) or unemployed or not in the labour force (26.5 per cent as against 10.2 per cent for early leaver males). These stronger rates of marginalisation for females compared to males highlight the difficulties facing females who leave school before completing Year 12 and underline the relative disadvantage female early leavers in Australia face in making the transition from school to work, compared to males. Gender segmentation of the labour market and male bias in the apprenticeship system work to ensure that the employment needs of female early leavers are more poorly served by the labour market.

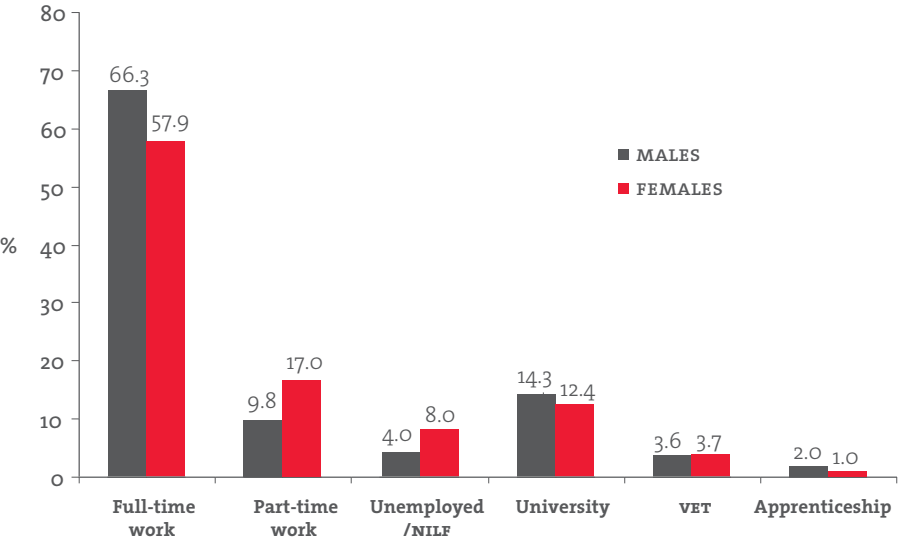
Early leaving affects the opportunities for males as well. Figure 25 shows that while four per cent of males who completed Year 12 were unemployed in the seventh post-school year, the rate for early leaver males was more than double, at 10.2 per cent.

Figure 25
Main activity in 7th post-school year, by gender: non-completers (%)

EARLY LEAVERS



YEAR 12 COMPLETERS



Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

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It is not only school attainment that matters, however. Other work has shown that the experiences students have in school and the amount of learning measured in achievement scores and literacy and numeracy skills have direct effects, independently of school attainment, on the likelihood of making a smooth transition from school to work and further study. This was the finding of a study by Chiswick, Lee and Miller (2003) on the effects on labour market outcomes of literacy, numeracy and schooling. From an analysis involving data from the 1996 Australian Aspects of Literacy Survey, the authors reported that approximately half of the total effect of schooling on both labour force participation and on unemployment can be attributed to literacy and numeracy skills and the other half to the direct effect of schooling (attainment). This finding supports the view that improving general levels of achievement standards in school is an important goal within itself for enhancing the workforce and further study outcomes of all young people.

Smooth pathways to full-time work more often involve education and training.

Table 21 presents the main types of education, training and work pathways of school leavers to full-time employment seven years after leaving school. Excluded from the table are all of those school leavers who were not in full-time work in the seventh year (38.4 per cent of Year 12 completers and 42.2 per cent of early school leavers). The focus is on those who have made a successful transition to full-time work and their pathways. The pathways are grouped into two broad categories depending on whether school leavers undertook any education and training over the seven years or not. For those who did undertake education and training, the pathways are defined by the type of qualification obtained — (1) university degree, (2) high-level VET certificate or diploma (Certificate 4 or above), (3) apprenticeship qualification, (4) traineeship qualification, (5) middle or low-level VET certificate (Certificate 3 or lower), or (6) where study was undertaken but not completed (study, but no qualification). For those who did not undertake any study or training after leaving school, the pathways are defined by the type of activity they engaged in for most of the seven years — (7) full-time work every year, (8) full-time work for most years but with some time unemployed, in part-time work or

not in the labour force (less than two years), (9) full-time work but with much interruption (more than two years), (10) part-time work for all years, (11) part-time work with periods unemployed or not in the labour force, and (12) unemployed or not in the labour force for the majority of years.

Education and training is important to making a smooth transition from school to full-time work. Over half of all Year 12 completers and nearly 90 per cent of those in full-time work in their seventh post-school year followed an education and training pathway on leaving school. Over half of this group entered university.

For early leavers, about 70 per cent of those in full-time work entered a pathway involving education and training. The patterns show that apprenticeships are an important pathway. Almost one in five of all early leavers and one-third of those in full-time work in the seventh post-school year had undertaken and completed an apprenticeship.

Table 21
Pathways to full-time work (%)

Pathway to full-time work	% OF ALL SCHOOL LEAVERS		% OF FULL-TIME EMPLOYED	
	Year 12 completer	Early leaver	Year 12 completer	Early leaver
EDUCATION AND TRAINING	54.3	41.5	88.0	72.0
1. University qualification	26.1	0.9	42.3	1.6
2. High-level VET qualification	5.7	2.3	9.2	3.9
3. Apprenticeship qualification	5.2	18.7	8.4	32.4
4. Traineeship qualification	5.0	6.5	8.1	11.3
5. Low-level VET qualification	2.6	3.9	4.3	6.8
6. Study, but no qualification	9.7	9.2	15.7	16.0
NO EDUCATION AND TRAINING	7.5	16.1	11.9	28.0
7. Full-time work for all years	3.0	5.7	4.8	9.8
8. Full-time work, some interruption	2.8	6.9	4.5	11.9
9. Full-time work, much interruption	0.6	2.0	1.0	3.5
10. Part-time work for all years	0.6	0.8	0.9	1.4
11. Part-time work, interruption	0.4	0.5	0.6	0.8
12. Unemployed or NILF for most years	0.1	0.3	0.1	0.6
IN FULL-TIME WORK IN 7TH POST-SCHOOL YEAR	61.8	57.7		
NOT IN FULL-TIME WORK IN 7TH POST-SCHOOL YEAR	38.2	42.3		
TOTAL	100.0	100.0	100.0	100.0

Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

Relying on the labour force alone in the transition from school can work for some, though for smooth transitions the numbers are fairly small. Only 3.0 per cent of Year 12 completers had taken up a job immediately on leaving school and remained in full-time work across the seven years, uninterrupted, though larger numbers (7.4 per cent of all Year 12 completers) tried this approach, some with success. For early school leavers 5.7 per cent gained stable full-time work for the whole period with a further 10.4 per cent having success but with periods of interruption. Together this equates to only about a quarter per cent of the early school leavers in full-time work in their seventh post-school year.

Twenty per cent of Year 12 graduates and almost a third (32.6 per cent) of early school leavers are only marginally attached to the labour force in their seventh post-school year, i.e they are not in education and they are either unemployed, in part-time work, or not in the labour force. Table 22 shows the pathways these young people have taken across the seven years since leaving school, for those in part-time work and those unemployed or not in the labour force separately. It highlights the difficulties faced by early leavers, and, conversely, the benefits of completing school: close to one in every twenty early leavers (4.3 per cent) are unemployed or not in the labour force in their seventh post-school year, and have been in that position across nearly all seven years, while this is the case for only 0.4 per cent of all Year 12 completers.

Table 22
Pathways of young people not in full-time work or study (%)

	YEAR 12 COMPLETERS			EARLY SCHOOL LEAVERS		
	Part-time work	Unem-ployed/ NILF	TOTAL	Part-time work	Unem-ployed/ NILF	TOTAL
Pathway	%	%	%	%	%	%
EDUCATION AND TRAINING	12.4	4.7	17.0	11.5	9.5	20.9
University qualification	5.7	1.5	7.2	0.1	0.2	0.3
High-level VET qualification	1.9	0.7	2.5	0.8	0.5	1.2
Low-level VET qualification	0.3	0.2	0.5	1.9	1.4	3.3
Apprenticeship qualification	0.9	0.5	1.4	2.6	0.9	3.5
Traineeship qualification	1.4	0.5	1.9	2.6	2.3	4.9
Study, but no qualification	2.2	1.3	3.5	3.5	4.2	7.7
NO EDUCATION OR TRAINING	1.9	1.1	3.0	4.1	7.7	11.7
Full-time work	0.2	0.1	0.3	0.6	0.1	0.7
Full-time work, some interruption	0.7	0.1	0.8	0.7	0.6	1.2
Full-time work, much interruption	0.1	0.1	0.1	0.1	1.0	1.1
Part-time work	0.5	0.1	0.6	0.9	0.2	1.1
Part-time work, interruption	0.3	0.3	0.6	0.8	1.5	2.3
Unemployed or NILF	0.1	0.4	0.6	1.0	4.3	5.3
TOTAL WORKING PART-TIME OR UNEMPLOYED/NOT IN LABOUR FORCE	14.3	5.8	20.0	15.6	17.2	32.6

Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

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Pathways to full-time work and attainment have an impact on earnings. The pathways that young people take to full-time work have different effects on employment conditions such as earnings. Table 22 reports the median annual earnings of school leavers in full-time work in their seventh post-school year.

Of the pathways leading to full-time work, those involving education and training tend to be associated with higher earnings. Only one education and training pathway for Year 12 completers — that involving a low-level VET qualification — was associated with lower median earnings than those who experienced pathways without education and training.

Pathways involving apprenticeship qualifications achieve the highest returns for both Year 12 completers and early school leavers, though Year 12 apprentices earn more than early school leavers. The median earnings of early leaver apprentices are slightly lower than those of university graduates who completed Year 12, at this point of their respective career cycles.

Early school leavers who gain low-level VET qualifications or those who undertake study but do not obtain a qualification earn less in median terms than those who entered full-time work on leaving school and remained employed over the whole time or experienced only a brief interruption. This suggests that some forms of education and training do not provide much gain to school leavers who do not complete Year 12 over labour force experience alone.

Table 23
Median annual earnings of those in full-time work in 7th post-school year, by pathway

	YEAR 12 COMPLETER	EARLY SCHOOL LEAVER
	%	%
EDUCATION AND TRAINING		
University qualification	43,992	43,160
High-level VET qualification	37,700	37,440
Apprenticeship qualification	46,800	43,600
Traineeship qualification	36,400	33,800
Low-level VET qualification	36,000	31,720
Study, but no qualification	36,900	34,400
NO EDUCATION AND TRAINING		
Full-time work	36,400	39,000
Full-time work, some interruption	36,400	33,800
Full-time work, much interruption	32,500	30,200
Part-time work	32,500	27,560
Part-time work, interruption	35,100	26,000
Unemployed or NILF	31,200	20,800

Source: Estimates derived by Stephen Lamb from the Y95 cohort of LSAY.

Australian governments have set ambitious targets to raise Year 12 completion rates and increase the numbers of young people who make a smooth transition from school to further study and work. This edition of *How Young People are Faring* shows that given current levels of school completion and patterns of engagement in education and training the targets may be achievable though much work has still to be done.

The 2006 Census indicates that of 19 year-olds about 7 in 10 had completed Year 12 or equivalent. While there was a small improvement from 2001, the size of the gain suggests that considerably more effort will be needed to achieve the recently announced 90 per cent target by 2020. School attainment rates are very uneven across groups of young Australians. Teenagers from poor backgrounds (those in low SES families) are three to four times as likely as those from wealthy backgrounds (those in high SES families) to leave school without completing Year 12 or its equivalent. Social disadvantage remains a major barrier to completing Year 12 and policies to improve rates of attainment will need to address this issue.

Many young people add to the skills they acquire in school by undertaking tertiary study in order to assist them in the transition to work. Rates of engagement in full-time education or full-time work have grown in recent years, and many young people make successful transitions from school to further study and work. Successful engagement in earning and learning, though, still remains uneven across groups of young Australians. School completers have an advantage over early leavers in terms of entering further education (six in every ten compared with around one-third of early leavers), and in the labour market, where they are more likely to secure employment, especially full-time work.

Some school leavers in Australia struggle to make a successful transition from school to further study and work. Those who do not achieve well in school, those from lower SES backgrounds and particularly early school leavers with these characteristics often struggle to find stable full-time employment and more often do not continue to engage in the education and training they need to assist them in acquiring the skills for employment. Early school leaving without any further study increases the risk of exclusion and of poor labour market prospects. Low achievement in school, much more prevalent among children from poor backgrounds, contributes to early school leaving and depresses rates of participation in further study.

Australia is below many other OECD countries in terms of levels of participation in education and attainment of upper secondary education, suggesting there is room for improvement (OECD, 2007a, 2008b and 2008c).

Successful pathways from school to work often involve university study or vocational education and training in TAFE and in apprenticeships. VET is an important pathway to work and further study. Apprenticeships are important for many young people in making a smooth transition from school to full-time work. They are associated with positive employment and earnings outcomes.

Final Note

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Table A1
 Percent of school leavers aged 15 to 24 who were unemployed, in part-time work or not in the labour force, and not studying, in May of the year after leaving school, by highest year of school completed, selected years 1999-2007 (%)

	Yr 10 or below	Yr 11	Yr 12
MAY	%	%	%
1999	39.2	29.9	16.5
2001	45.5	41.7	17.7
2003	46.7	36.0	19.3
2005	48.9	40.4	19.8
2007	47.1	45.7	21.1

Source: ABS Transition to Work and Education and Work (selected years, customised tables)
 Notes: 1. 1999 and 2001 report Yr 10 completion only, not Year 10 and below.
 2. These reported percentages exclude all students whether full-time or part-time.

Table A2
 Proportion of young adult males and females aged 20 to 24 years not in full-time education who are unemployed, in part-time work or not in the labour force, May, 1989-2008 (%)

	IN PART-TIME WORK			UNEMPLOYED			NOT IN THE LABOUR FORCE		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
MAY	%	%	%	%	%	%	%	%	%
1989	3.6	10.3	6.9	7.3	6.0	6.7	3.4	15.9	9.6
1990	4.2	9.7	6.9	8.4	6.0	7.2	3.9	15.5	9.6
1991	5.0	9.5	7.2	12.8	9.2	11.0	4.0	15.8	9.9
1992	5.8	12.3	9.1	15.0	8.9	12.0	3.9	15.4	9.6
1993	6.7	12.4	9.5	14.2	8.3	11.3	4.3	16.9	10.5
1994	6.5	12.9	9.7	12.6	7.9	10.3	5.4	15.0	10.2
1995	6.5	13.0	9.7	9.9	7.5	8.7	4.6	15.1	9.8
1996	6.3	13.5	9.8	9.7	7.1	8.4	4.5	14.8	9.6
1997	7.3	14.3	10.8	12.0	8.8	10.4	5.0	14.2	9.6
1998	8.3	12.6	10.4	10.0	7.1	8.5	5.2	14.1	9.6
1999	8.0	14.6	11.3	7.9	6.7	7.3	5.8	13.9	9.8
2000	7.0	13.0	10.0	7.7	5.6	6.7	4.8	12.2	8.5
2001	7.7	13.7	10.7	8.6	6.2	7.4	4.9	12.1	8.5
2002	7.9	12.6	10.2	7.4	4.5	6.0	4.5	13.7	9.0
2003	9.0	13.0	11.0	7.3	5.3	6.3	5.6	12.6	9.1
2004	9.4	14.5	11.9	5.6	4.1	4.9	6.2	13.4	9.8
2005	8.8	13.8	11.3	5.4	4.2	4.8	4.9	11.9	8.3
2006	8.0	13.1	10.5	5.5	3.1	4.3	5.3	11.8	8.5
2007	7.3	13.6	10.4	3.9	3.1	3.5	5.2	12.0	8.5
2008	7.3	12.6	9.9	4.9	2.8	3.9	4.8	10.6	7.6

Source: ABS *Labour Force Australia* (2008) (data cube LM3)

Appendix Tables

Table A3

Education and labour market destinations of Year 12 completers and early school leavers, by selected background characteristics (%)

	IN EDUCATION			NOT IN EDUCATION				TOTAL
	Higher education	TAFE	Other	Full-time work	Part-time work	Seeking work	Not in labour force	
YEAR 12 COMPLETERS								
SEX								
Male	38.2	18.3	3.5	20.7	11.7	4.2	3.5	100.0
Female	43.4	15.3	3.5	15.2	14.6	3.5	4.4	100.0
SES (QUANTILES)								
Low	25.1	22.1	6.9	20.8	15.1	7.3	3.7	100.0
Lower middle	29.6	21.1	4.5	20.0	16.2	4.6	4.0	100.0
Upper middle	43.1	16.8	3.4	18.1	12.0	3.2	3.3	100.0
High	60.7	10.3	0.8	13.2	10.7	2.0	2.0	100.0
ACHIEVEMENT								
Low	15.4	26.2	4.6	21.1	19.1	7.1	5.6	100.0
Lower middle	28.9	21.2	5.9	20.5	15.4	4.9	4.4	100.0
Upper middle	43.8	15.7	2.7	16.7	13.3	3.1	4.4	100.0
High	61.1	9.4	1.9	14.7	8.5	1.8	2.5	100.0
LOCATION								
Urban	42.8	16.7	3.6	16.4	13.2	3.3	3.9	100.0
Rural	38.2	18.5	3.0	19.0	13.2	5.6	2.5	100.0
Remote	31.3	15.4	3.1	24.8	13.9	5.0	6.4	100.0
EARLY SCHOOL LEAVERS								
SEX								
Male	0.7	34.8	4.1	21.1	10.9	14.5	13.8	100.0
Female	1.4	23.6	3.4	16.9	15.6	16.7	22.5	100.0
SES (QUANTILES)								
Low	0.0	30.1	3.2	20.1	14.3	14.1	18.2	100.0
Lower middle	0.4	30.4	4.1	19.8	11.6	17.0	16.7	100.0
Upper middle	0.8	29.6	3.7	18.3	14.5	13.6	19.6	100.0
High	5.7	29.1	4.7	16.6	11.6	13.8	14.5	100.0
ACHIEVEMENT								
Low	0.1	29.0	5.1	17.2	12.6	16.0	20.1	100.0
Lower middle	0.4	32.4	2.3	23.6	12.2	14.2	15.0	100.0
Upper middle	1.5	31.8	3.4	16.4	14.7	15.5	16.7	100.0
High	4.9	24.0	5.0	21.1	14.6	15.0	15.4	100.0
LOCATION								
Urban	1.1	29.0	3.5	19.9	13.2	15.8	17.5	100.0
Rural	0.9	29.2	6.7	14.8	12.9	14.7	20.9	100.0
Remote	0.4	33.9	2.3	22.1	11.7	14.6	15.0	100.0

Source: Estimates derived by Stephen Lamb. The estimates for each category were derived from the Y98 cohort of LSAY and status was based on activity in the first post-school year. For consistency, the relative differences across each background characteristic derived from Y98 were applied to the ABS Education and Work estimates reported in Table 9 to provide a profile of labour market activities according to the selected background characteristics.

Note: TAFE estimates include those in apprenticeships and traineeships.

Table A4
 Attainment of at least upper secondary education¹ in OECD countries by gender, population aged 25-35 and 25 -64, 2005 (%)

	25-64		25-34	
	Males	Females	Males	Females
Australia	70	60	79	78
Austria ²	86	75	90	85
Belgium	66	66	79	83
Canada	84	86	89	92
Czech Republic	94	86	94	93
Denmark	82	80	87	88
Finland	77	81	87	92
France	68	64	80	82
Germany	87	80	85	83
Greece	56	58	68	80
Hungary	80	73	84	86
Iceland	67	58	67	72
Ireland	62	67	78	84
Italy	50	50	62	70
Korea	81	70	97	98
Luxembourg	70	62	77	77
Mexico	22	21	23	25
Netherlands	75	68	80	82
New Zealand	79	78	84	86
Norway	78	76	82	85
Poland	44	58	55	70
Portugal	24	29	37	49
Slovak Republic	90	82	93	93
Spain	49	49	59	69
Sweden	82	86	89	92
Switzerland	87	79	89	86
Turkey	32	21	42	29
United Kingdom ²	70	63	74	72
United States	87	89	86	88
OECD average	69	66	76	78

Source: OECD (2007a)
 1. Excluding ISCED 3C short programmes.
 2. Including some ISCED 3C short programmes.

Appendix Tables

The Foundation for Young Australians
21-27 Somerset Place
Melbourne Victoria 3000

GPO Box 239
Melbourne Victoria 3001

P 03 9670 5436
F 03 9670 2272

www.fya.org.au