

# IT'S CRUNCH TIME

RAISING YOUTH ENGAGEMENT AND ATTAINMENT AUGUST 2007



A unique conjunction of factors - strong economic conditions and growth into the foreseeable future, Australia's continuing need for a skilled workforce, and the forecast demographic squeeze facing the nation - mean it is now crunch time to open the doors to greater youth engagement in learning, in the economy and in the society.

There is considerable scope to further engage all young Australians in learning or work. In May 2007 there were 526,000 15 to 24 year olds not in full-time learning or full-time work. Of these approximately 306,000 were unemployed, underemployed or were not in the labour force but wanting to work.<sup>1</sup> Each year approximately 45,000 to 50,000 early school leavers are not going into full-time work or learning or a combination of these (see Figure 1).

Much of Australian industry is aiming to become world class in terms of surviving and prospering in an increasingly global economy. Building the skill base is a key element of the strategy that firms have identified to improve their competitiveness and to achieve this status.<sup>2</sup>

While we produce a high number of tertiary education graduates, close to one in five young adults have not completed Year 12 or a Certificate III vocational qualification. Rates of school completion in Australia have barely shifted over the past 15 years while our OECD competitors continue to move ahead.<sup>3</sup> And while commencement rates for apprenticeships and traineeships are relatively high, completion rates are relatively low.<sup>4</sup>

Young Australians without basic educational attainments and levels of engagement will not be adequately equipped to cope with the demands being made of them either in the workplace or in the wider society.

Because of our sustained economic achievements we now have a unique opportunity to invest in young people and to cement institutional arrangements over the long-term to ensure that all young people are engaged, skilled and developed. Some progress has been made in recent times in improving the level of youth disengagement. The issue is to use the current economic good times to sustain the positive trend.

Access Economics estimate that boosting the proportion of young people completing school or an apprenticeship to 90 percent would represent good value for the investments required. They estimate increasing school and training retention rates would:

- Have the same positive impact on the economy as increasing Australia's total migrant intake by 180,000 over the period to 2040;
- Have a similar economic impact as increasing the workforce participation rates of older workers by 6.6 percentage points - from nearly 53 percent to 59.5 percent; and
- Boost annual GDP by 1.1 per cent (equivalent to \$9.2 billion in today's money) by 2040 - representing an extra \$500 a year per Australian in today's money.<sup>5</sup>

To gain these dividends however Australia needs further policy reforms.

## What needs to be done?

There should be simple, clear but compelling objectives driving federal and state government policy. These are, that subject to their ability, every young person:

- Will attain Year 12, or, overtime, a vocational equivalent at AQF Certificate III level<sup>6</sup>

1 See How Young People are Faring 2007 At a Glance, DSF, 2007, [www.dsf.org.au](http://www.dsf.org.au); underemployed: working part-time but wanting more hours.

2 Australian Industry Group, World Class Skills for World Class Industries, May 2006

3 Professor Barry McGaw, former Director of Education at the OECD, in Council for the Australian Federation, The Future of Schooling in Australia, Federalist Paper No.2, 2007

4 Mark Cully, Kirby Comes of Age: The birth, difficult adolescence and future prospects of traineeships, DSF, 2006; K Ball & D John, Apprentice and trainee completion rates, NCVET, 2005

5 Access Economics, The Economic Benefit of Increased Participation in Education and Training, Business Council of Australia & DSF, 2005

6 Certificate III qualifications encompass an array of occupations (and related skills). These include, for example: an animal attendant; beauty therapist, electrician; milliner; painter & decorator; motor mechanic; pastry cook; plumber; tailor; or tiler. The nature and duration of these courses vary and not all will necessarily be completed in the time it takes to complete high school.

# IT'S CRUNCH TIME

RAISING YOUTH ENGAGEMENT AND ATTAINMENT

- Will be engaged in full-time work or learning, or a combination of these
- Will be provided with the resources, and assisted to access the relationships and integrated pathways needed to achieve these outcomes.

The objectives are vital if Australia is to successfully cope with a demographic squeeze resulting from 'baby boomers' embracing retirement; the need to increase the rate of participation in the workforce; and to raise productivity levels to points where they match or exceed our competitors.

As a proportion of the workforce age population, 15-19 year-olds are projected to fall from 12.2 percent in 2007 to 11.2 percent in 2018 and gradually increase to 11.6 percent in 2026. The major fall occurred in the 1980s and 1990s - young people will remain important contributors to the workforce and national wealth (see Figure 2).

Many of the building blocks required are already in place, but a qualitative change in existing schooling and training arrangements and resources is needed. We will need to do things differently, not just create more pathways and more programs.

We suggest ten main reform areas:

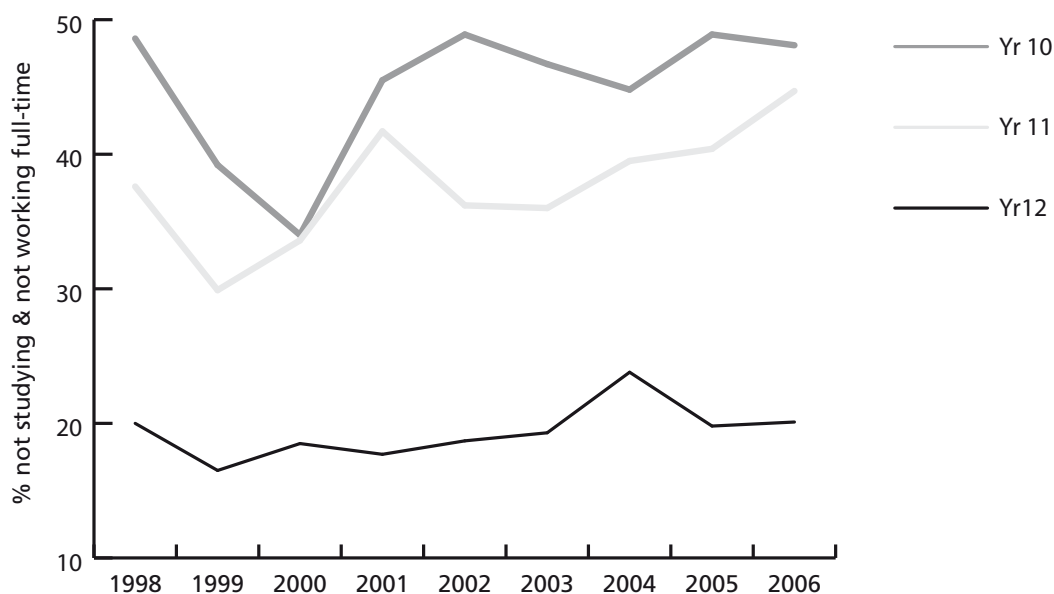
- Successful transitions for all students from primary to secondary schooling

- Purposeful student learning during the 'middle years'
- High quality vocational education in schools and in structured learning at workplaces
- Realistic and rigorous training and work options for students to complete their education
- Support for intermediaries and incentives for apprentices to complete their training
- Second chance options for young adults to complete Year 12 or its equivalent
- Renewed purpose and scope for traineeships
- Personal support or mentoring for every potential early school leaver to make a successful transition to further learning or work
- Improved teacher support and preparation for 'hard to teach' students
- An Indigenous presence in schools and support for Indigenous students and communities

Specific actions are suggested for each area. These include a stronger focus on literacy and numeracy as foundations for learning, renewed emphasis on the quality of vocational education and better support arrangements for early school leavers.

The paper highlights the potential role that demand-side intermediaries like Group Training organizations can play to connect young people between learning, training and employment.

**Figure 1: The percentage of school leavers not studying and not in full-time work in May the year after leaving school by their highest year of school completed, May 1998-2006**



Source: ABS, Survey of Education and Work

# IT'S CRUNCH TIME

RAISING YOUTH ENGAGEMENT AND ATTAINMENT

The purpose and performance of traineeships should be reviewed to ensure they better meet Australia's growing demand for high quality on-the-job skills and that they assist people outside the labour market to make their way into sustainable and rewarding employment.

It's Crunch Time recommends gradually lifting the proportion of young people leaving school completing Year 12 or achieving a Certificate III level qualification to 90 percent by 2015. This would move Australia closer to the skill leaders in the OECD. Indicators of progress are also suggested for the engagement of teenagers and young adults in full-time learning or work or a combination of these.<sup>7</sup>

### What does this mean for industry and what would be the likely impact?

Clearly industry plays an important role in facilitating change through the provision of increased opportunities for school students to take part in structured workplace training and in work experience; and through the provision of employment and training places for young people leaving school.

<sup>7</sup> The other indicators are: 50 percent of Indigenous students leaving school completing Year 12 or achieving a Certificate III level qualification, increasing to 55 percent by 2015; and by 2010, more than 90 percent of teenagers and more than 85 percent of young adults participating fully in full-time study, or full-time work, or a combination of these.

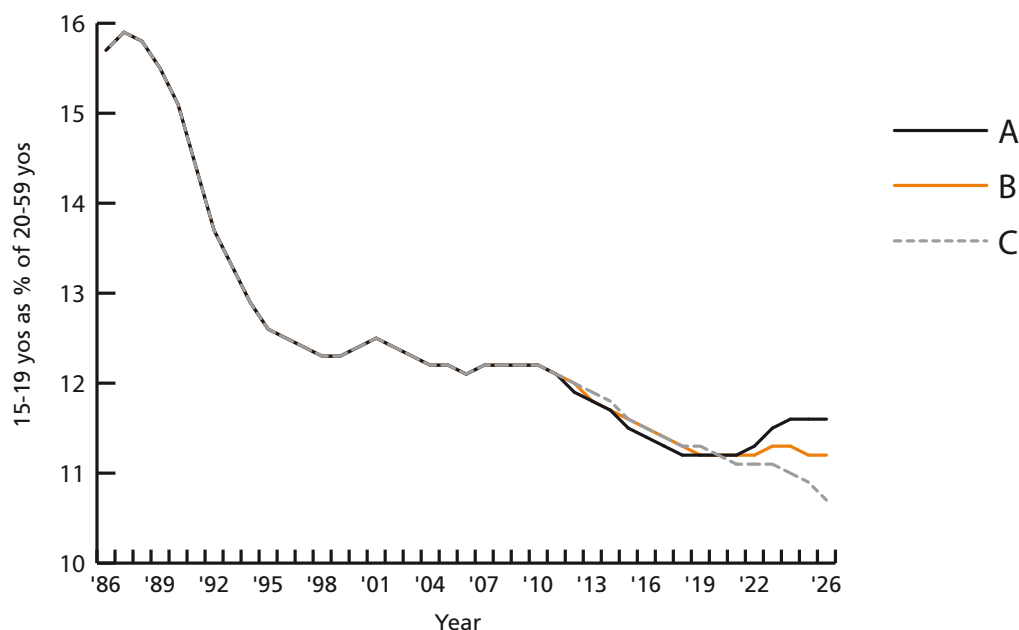
For some industries and some employers this will mean rethinking recruitment policies, re-committing to apprenticeships and traineeships and providing a second chance to young people who need it.

There would be implications for other stakeholders as well. An important change would be in the culture of schools. For educators there would be closer scrutiny of the ways students are inducted into secondary schools and the creativity, pedagogy and results of what follows. Increased expectations would be made of students: to learn not so much by being attentive consumers of knowledge as by actively helping to shape and expand the frontiers of their knowledge.

Australia's long-term capacity to compete successfully in the global economy will depend on the depth of skills we nurture and the stake our young people have in the future. It's crunch time right now to make the investments and reforms needed to really deliver on the great opportunities Australia has ahead of it.

The full report, *It's Crunch Time: Raising youth engagement and attainment* can be accessed through the Australian Industry Group's website, <http://www.aigroup.asn.au> and the Dusseldorf Skills Forum website, <http://www.dsf.org.au>

**Figure 2: The actual and projected number of 15-19 year olds as a percentage of actual and projected 20-59 year olds, June 1986-2026**



Source: ABS, Population Projections, Australia, 2004-2101. The three population projections shown – A, B and C – are based on different assumptions about birth rates, life expectancy and migration.



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