

How Young People are Faring 2000. Learning, Work and Transition.

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Executive summary

The Australian economy is booming but how have young people fared in the labour market under these conditions? Three performance indicators, based on Australian Bureau of Statistics and OECD data, are presented in this report. Specific attention is given to two age groupings of young people, teenagers (15 to 19 year olds) and young adults (20 to 24 year olds). In particular, this report examines data about those young people currently disconnected from education, training and full-time employment and who, as a result, are less likely to achieve a sustainable livelihood over time.

The analysis shows that the proportion of young people 'at risk' in the labour market has decreased over the last decade. However, official data also demonstrate the stubbornness of the size and nature of the issues facing a substantial number of young people (about one sixth) trying to enter full-time work. Early school-leavers in particular face a number of difficulties in the labour market. As many as 17 per cent of 19 year olds have not attained a minimum level of education necessary to compete in today's demanding labour market.

Internationally, Australia performs well in terms of its proportion of tertiary graduates in the adult population. However, in terms of upper secondary school completion, Australia ranks behind most other OECD countries. Many young people do not hold a threshold qualification to enable them to have a reasonable chance of earning a sustainable income over their lifetime. The gap between the education haves and have-nots is a major challenge to Australian governments and education providers.

This report also features a special essay, using the limited available official data, of the changing nature of young people's participation in employment-based training. In particular, the older age and lower skill profile of New Apprentices compared with five years previously is highlighted. Some reasons for these changes in the target groups served by the New Apprenticeship are presented. The need for more comprehensive measures of the effectiveness of government assistance available to young people beyond initial education is emphasised.

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Introduction

Australia is achieving its lowest unemployment levels in more than a decade. In these highly favourable labour market conditions, how are young people faring? The focus of this report is on 15 to 24 year-olds and examines local and international data to throw some light on their transition from full-time education to full-time work.² Specific attention is given to those young people who are not in education and not in full-time work as a means of identifying those most 'at risk'. We also take a snapshot view of changes over time in young peoples' labour market participation. As part of this examination we also compare how young people in Australia fare with other OECD countries in terms of labour market and education outcomes.

The core of the report discusses three main indicators:

Indicator One: Proportion of the population aged 15 to 19 years not in full-time education and not in full-time employment.

Indicator Two: Ratio of the unemployment rate among 15 to 24 year olds to the unemployment rate among 25 to 54 year olds.

Indicator Three: Proportion of the population aged 20 to 24 years who have completed Year 12 or a post-secondary qualification.

Moving from education to work for many young people is not a single step of leaving the educational system and entering the world of work. The transition process can extend for some time with neither an obvious starting point or a clearly defined end. Several steps forth and back between education and work are likely for many. Young people may be engaged in job search and waiting times, involuntary unemployment or chosen time off for leisure, travel or other activities. The complexity of what is happening, therefore, cannot be captured in a single statistic such as the youth unemployment rate. Indeed over-reliance on this measure has hampered a deeper understanding of the nature of the difficulties experienced by young people.

A better way is to use the concept of risk to help us identify those young people who are more vulnerable than others in encountering prolonged difficulties in finding and sustaining stable employment. The 'at risk' group is defined as those young people who are:

- ✧ not studying and
- ✧ in part-time work, or
- ✧ who are actively looking for work (the unemployed), or
- ✧ those not in work and not considered as actively seeking work (not in the labour force).

² The chief Australian data sources are the Australian Bureau of Statistics' monthly *Labour Force Survey* and the annual *Transition from Education to Work* series, which is issued in May each year. The major international data source is *Education at a Glance: OECD Indicators 2000 edition*.

Active engagement in education, employment and training is a key ingredient in reducing the risk of young people not making a successful transition from education to full-time work. The Australian Council for Educational Research's (ACER) longitudinal youth survey has found that those whose principal activity in the first post-school year was either part-time work, being unemployed, or outside the labour force were much less likely over their first seven post-school years in total to make a successful transition to full-time employment.³ These findings are confirmed by other longitudinal data on young people.⁴

Indicator One: The proportion of the population aged 15 to 19 years not in full-time education and not in full-time employment.

Most teenagers are still full-time students; however, in May 2000, just under a third of 15 to 19 year olds were not in full-time education (see Table 1). Of these, only just over a half were in full-time work and the remainder, representing 14.4 per cent of all 15 to 19 year olds, (13.4 per cent for males and 15.5 per cent for females) were 'at risk' or prone to experiencing major difficulties in their transition to full-time work (see the shaded cells in Table 1).

Table 1: Education and labour market status of youth aged 15 to 19 years, Australia, May, 2000, per cent

Age group	In full-time education					Not in full-time education					Total
	Ft work	Pt time work	UE	Not in the labour force	Sub-total	Ft work	Pt time work	UE	Not in the labour force	Sub-total	
15-19 yrs											
Males	0.6	20.7	5.7	39.0	66.0	20.6	5.7	4.3	3.4	34.0	100
Females	0.2	30.2	5.2	36.2	71.8	12.7	7.0	4.3	4.2	28.2	100
Total	0.4	25.3	5.6	37.6	68.9	16.7	6.3	4.3	3.8	31.1	100

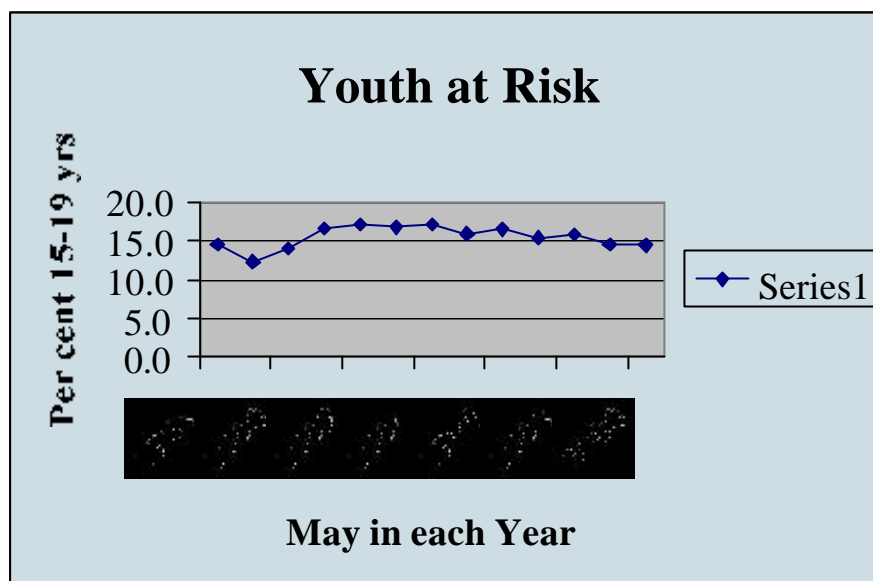
Source: Derived from Labour Force Australia, May, 2000, Cat 6223.0, Table 11

The good news is that the longer-term trend in the size of the 15 to 19 year old 'at risk' group is clearly downward from a high point of 17.1 per cent in May 1992 (see Table A1 in Attachment 1). However, this trend could be bottoming out as the May 2000 'at risk' proportion is virtually the same as for May 1999 (see Diagram 1).

³ McKenzie, P, 2000, "Pathways for Youth in Australia", Paper presented to the conference on Vocational Training and Lifelong Learning in Australia and Germany, Australia Centre, University of Potsdam, Germany, 29-31 May., p 7.

⁴ Data from the Australian Youth Survey show that of the 15 to 24 year olds in part-time casual work in 1990, 56 per cent are not in full-time permanent jobs in 1994. The same result holds for non-student part-time casual workers in 1990, with 55 per cent not in full-time permanent jobs in 1994 (see Gaston, N and Timcke, D, 1999, "Do casual workers find full-time employment? Evidence from the Australian Youth Survey", *The Economic Record* Vol 75, No 231, Dec, Table 2, p 339). See also Lamb S., Dwyer P., and Wyn J., 'Non-completion of School in Australia: The Changing Patterns of Participation and Outcomes', *LSDAY Research Report* No 16, ACER, Melbourne, 2000.

Diagram 1: The proportion of all young people aged 15 to 19 years not in full-time education or full-time work, Australia, May 1988 to May 2000.



Source: Labour Force Australia, specified years, ABS Catalogue No 6203.0, see Table A1.

The ‘at risk’ group varies considerably by year of age - reflecting the ending of compulsory schooling at age 15 – and Table 2 shows the age specific pattern for May 1999 and May 2000.⁵ A quarter or so of young people, at the age at which they are finishing secondary school (ages 17-19 years), are either choosing not to enter the full-time labour market or are experiencing real difficulty landing a full-time job. The difficulties are real - full-time jobs for non-students 15 to 19 year olds have fallen from 233,200 in May 1995 to 225,300 in May 2000.⁶ Job growth in recent years has largely benefited those aged 25 years and over to a much greater extent than young people.

Table 2: Proportion at each age of 15 to 19 year olds who are not in full-time education or full-time work, Australia, May 1999 and 2000, per cent

Age	1999	2000
15	2.9	2.3
16	6.7	8.4
17	13.4	11.3
18	23.7	26.3
19	26.2	23.6
15-19 yrs	14.5	14.4

Source: derived from Labour force Australia, May, 2000, Cat 6223.0, Tables 11

⁵ Except Tasmania where compulsory schooling ends at age 16.

⁶ Labour Force Australia, May 1995 and May 2000, Cat.6223.0.

The proportion of teenagers 'at risk' varies greatly by where they live (see Table 3). Tasmania and Queensland have the highest proportions of teenagers 'at risk' (17 per cent) while Victoria has the lowest proportion (11 per cent). The size of the 'at risk' group in New South Wales offers an insight into the difficulties young people face even in good labour market conditions. Despite record employment growth in the lead up to the Olympics (with an overall unemployment rate of 5.6 per cent in May 2000), NSW still has 14.8 per cent of teenagers not in full-time education or full-time work.

Table 3: The proportion of young people aged 15 to 19 years not in full-time education or full-time work for each State & Territory, May 1999 and 2000, per cent

State/Territory	1999	2000
New South Wales	13.5	14.8
Victoria	11.7	11.3
Queensland	18.0	16.9
South Australia	15.9	14.0
Western Australia	16.0	14.4
Tasmania	17.1	17.0
Northern Territory	26.2	*
Australian Capital Territory	8.5	11.7

Source: Labour Force, Teenage Employment and Unemployment, Unemployment, Australia, Preliminary - Data Report ABS Catalogue 6202.0.40.001, May 2000.

* denotes cell sizes too small to be reliable.

What happens to young people when they leave secondary school?

The most recent information about the destinations of students relates to 15 to 24 year olds leaving school in 1998 and shows their destinations in May 1999 (see Table 4). Two key points are worth noting. The likelihood of going onto further education varies greatly according to what year of secondary schooling completed. Nearly three quarters (73 per cent) of Year 12 leavers went onto higher education, TAFE (including New Apprenticeships) or other form of further education compared to just over a third of Year 10 leavers and under a half of Year 11 leavers.

The second key point is that many early school leavers not-in-education are also not in full-time work (39 per cent of Year 10 leavers and 30 per cent of Year 11 leavers). Overall, a fifth (20 per cent) of 1998 secondary school leavers five months later are in part-time work, unemployed or not-in-the-labour force.

Table 4: Education and labour market destinations of persons aged 15 to 24 who have left school (a): highest year of school completed, Australia, May 1999

Destination	In 1998		
	Completed Year 10	Completed Year 11	Completed Year 12
Attending an education institution in May 1999			
Higher education	0.9	2.4	48.2
TAFE	30.5	32.0	20.2
Other*	5.0	10.9	4.1
Not attending education institution in May 1999 and			
in FT work	24.4	24.8	11.0
in Pt work	14.4	9.4	8.8
Unemployed	13.1	17.2	4.5
Not in LF	11.7	3.3	3.2
Total percent	100.0	100.0	100.0
N	44,300	33,100	192,800

Source: Derived from Transition from Education to Work Australia May 1999, Table 16. ABS Cat 6227.0 * "Other" includes business colleges, industry skills centres and Other educational institutions.

There was little difference in the relative proportion of 'at risk' school leavers in 1997 and 1998 (see Table 5), although in absolute terms there was a notable decrease, (from 116,700 to 98,400). The poor labour market prospects for early secondary school leavers not in further education compared with Year 12 completers in both years is clearly evident.

Table 5: Secondary school leavers aged 15 to 24 'at risk': ie not in further education and in part-time work, unemployed or not-in-the-labour force in May 1998 and May 1999

May	Completed Year 10	Completed Year 11	Completed Year 12	Other year attended	Total	N
1997	38.6	32.2	17.1	12.0	100.0	116,700
1998	39.8	30.4	16.8	13.0	100.0	98,400

Source: Derived from Transition from Education to Work Australia May 1998 & 1999, Table 16. ABS Cat 6227.0

Young adults (20 to 24 year olds)

Table 6 shows the education and labour market status of young people aged 20 to 24 years for May 2000. Nearly four-fifths of this age group have left full-time education. However, only just over a half of this age group (54 per cent) are in full-time work. As many as a quarter of the age group are not in full-time education or in full-time work. Compared with teenagers, young people aged 20 to 24 years are more likely

to be unemployed, in part-time work and not-in-the-labour force (compare with Table 1). Between May 1995 and May 2000, the number of full-time jobs held on non-students aged 20 to 24 years fell by 8.5 per cent from 802,900 to 734,600.

Table 6: Education and labour market status of young adults aged 20 to 24 years, Australia, May, 2000, per cent.

Age group 20-24 yrs	In full-time education					Not in full-time education					Total
	Ft work	Pt time work	UE	Not in the labour force	Sub-total	Ft work	Pt time work	UE	Not in the labour force	Sub-total	
Males	0.5	8.5	1.0	9.1	19.2	61.3	7.1	7.8	4.7	80.8	100
Females	0.9	11.2	1.6	8.8	22.4	46.8	13.0	5.6	12.2	77.6	100
Total	0.7	9.8	1.3	8.9	20.7	54.2	10.0	6.7	8.4	79.3	100

Source: Derived from Labour Force Australia, May, 2000, Cat 6223.0, Table 12

Because of the high proportion of young adults who are 'not-in-the-labour force' for positive reasons (caring for children, household duties and so on), a more accurate measure of risk needs to be derived by looking more closely at those not in education who are looking for work or otherwise want to work.⁷ A narrower definition suggests that 24 per cent of young women may be 'at risk' and 17 per cent of young men (see Table 7).⁸ Compared to May 1999, the proportion of young adult women 'at risk' has lessened slightly while the size of the 'at risk' group of young adult men has remained basically the same.

Table 7: Proportion of young people, aged 20-24 years, not in full-time education who are unemployed, in part-time work or not in the labour force who are estimated to be looking for or wanting work and are available to work (marginally attached), May 2000, per cent.

Gender	Pt time employed	UE	Not in the labour force but wanting to work	Total
Males	7.1	7.8	1.7	16.5
Females	13.0	5.6	5.0	23.5

Source: Labour Force Australia, May 2000 ABS Cat 6203.0 and marginally attached, September 1999.

⁷ McClelland and Macdonald report, using 1997 labour force data, that 78 per cent of young women not in education and not in the labour force have dependants (McClelland and Macdonald in *Australia's Young Adults: The Deepening Divide*. Dusseldorp Skills Forum, Sydney, 1999, p4).

⁸ The estimates for the marginally attached for 20 to 24 year olds are based on September 1999 data and include all in the age group not in the labour force, including those in full-time education.

Indicator Two: The ratio of the unemployment rate among 15 to 24 year olds to the rate among 25 to 54 year olds

One measure of a 'youth friendly' labour market is the ratio of unemployed young people to prime age unemployed adults.⁹ Table 8, using full year OECD data for 1999, shows that Australians aged 15 to 24 years have two and a half times (2.5) the level of unemployment recorded by adults aged 25 to 54 years. This places Australia in the middle range of countries. Australia's ratio and ranking has not changed significantly in the past two years.

What causes countries to have youth friendly labour markets has little to do with the overall level of unemployment in that country. Countries such as Norway and the United States have labour markets that are performing well with low unemployment rates but nevertheless have high ratios of unemployed young people to adult unemployed. On the other hand, young people fare well in countries with strong apprenticeship systems such as Germany and Austria despite a high overall level of unemployment. This suggests that overall employment growth is insufficient to help young people and that effective mechanisms to underpin the transition from education to work are also important. Economic growth alone will not solve the problems faced by young people on entering the labour market, especially for those young people who are vulnerable due to their lack of education or other social disadvantages.

⁹ Another measure is the unemployment to population ratio for the non-student population. This helps to control for the higher proportion of students who are actively seeking part-time work in countries such as Australia.

Table 8: Ratio of the unemployment rate for 15 to 24 year olds compared to the unemployment rate for 25 to 54 year olds, 1999

OECD Country	Ratio
Germany	1.1
Austria	1.3
Ireland	1.6
Mexico	1.9
Hungary	2.0
Spain	2.0
Switzerland	2.1
Canada	2.2
Portugal	2.2
Czech Republic	2.3
Sweden	2.3
Denmark	2.3
Japan	2.3
Australia	2.5
Korea	2.5
Turkey	2.5
France	2.5
Netherlands	2.5
United Kingdom	2.5
New Zealand	2.5
Finland	2.6
Poland	2.8
Belgium	3.1
United States	3.1
Italy	3.5
Norway	4.0

Source: OECD Annual Labour Force Statistics, 1999.

Indicator Three: The proportion of the population aged 20 to 24 years who have completed Year 12 or a post-secondary qualification.

Most young people complete their full-time education between the ages of 20 and 24 years. Therefore the proportion of this age group that has completed Year 12 or holds a post school qualification is an important indicator of young people's capacity to compete in demanding labour markets. In many OECD countries this is regarded as the basic required level of educational attainment.

The proportion of young Australian adults aged 20 to 24 years with Year 12 completed or a post school qualification in May 1999 is 84 per cent. The longer-term trend from 1994 fluctuates somewhat but overall the pattern appears to be one of increasing educational attainment for young people (see Table 9).

Table 9: Proportion of 20 to 24 year olds that have completed Year 12 (or equivalent highest level of secondary school) or have a post school qualification, 1994 to 1998*

Year	<i>Per cent</i>
1994	74.0
1995	78.1
1996	80.4
1997	78.8
1998	82.4
1999	83.5

Those who have not completed Year 12 but who are still in education (secondary or tertiary) in the year of the survey are included,

Source: Transition from Education to Work Australia, specified years ABS Catalogue No 6227.0, Table 14 (1994), Table 15 (1995), Table 10 (1996, 1997, 1998).

Targets for post-compulsory education

Commonwealth and State Governments in 1991 set targets for post-compulsory education and training attainment for 19 and 22 year olds by the year 2001 (the Finn targets).¹⁰ However, the most recent data available indicate that these targets are not likely to be met.

The first target is that by 2001, 95 per cent of 19 year olds are to be either:

- ✦ participating in Year 12, or
- ✦ completed year 12, or
- ✦ completed Years 10 or 11 and participating in or completed some formally recognised education and training.

By May 1999 only 83 per cent of 19 year olds had attained these goals.¹¹ This means that 17 per cent of 19 year olds have not attained a minimum level of education necessary to be competitive in today's labour market over the long-term.

The second target is that by 2001, 60 per cent of 22 year olds are to be participating in education and training programs that lead to what is generally regarded as a qualification to denote a skilled worker. This refers to attainment of at least an AQF Level 3 qualification, or participating in or have completed higher education studies such as degrees or diplomas. May 1999 data show that only 50 per cent of 22 year olds had or were still studying to reach this level.¹²

The proportion of 15 to 64 year old Australians who have post-school qualifications has not improved markedly over time, only increasing from 46 per cent to 50 per cent between 1993 and 1999. Australia ranks a lowly 19th out of 28 OECD countries for those who have completed upper secondary school. More positively, Australians

¹⁰ ANTA, 1999, *Annual National Report 1999, Vocational Education & Training Performance Volume 3*, p21.

¹¹ ABS, 1999, *Transition from Education to Work, Australia*. Cat 6227.0, Table 17,p 20.

¹² ABS, 1999, *Transition from Education to Work, Australia*. Cat 6227.0, Table 17,p 20.

with degrees have increased from 12 to 18 per cent of the population aged 15 to 64 years over this period. However, at a more basic level of education attainment, Australia, compared with other major OECD countries, fails to equip a significant proportion of its young people with a threshold qualification to enable them to survive in more demanding labour markets (see Table A2 in Attachment 2).

Feature Essay:

New Apprenticeships and Young People

Introduction

Between June 1995 and June 2000, the number of New Apprentices increased over fourfold from 64,000 to 275,000 apprentices and trainees in training.¹⁴ The following analysis uses administrative data on the age and occupations of New Apprenticeship commencements to identify two key trends in the programs: first, the age groups served and second, the skill levels of the entry level training. However, the publicly available information on a number of aspects of the performance and effectiveness of New Apprenticeships is limited or non-existent. There is a strong case for government to provide much more detailed performance information on outcomes for New Apprentices, similar to that now provided for the vocational education and training sector.

What are New Apprenticeships?

New Apprenticeships are employment-based, entry-level, structured training arrangements based on a contract of training between an employer and an employee, with the employee engaged under special employment conditions. Federal and state governments provide incentives for employers to take on New Apprentices and in turn the employer agrees to release the New Apprentice for formal training delivered usually delivered off the job. Government funds the off-the-job formal training component.

While ‘New Apprenticeships’ is the generic term the Commonwealth Government has given to both apprenticeships and traineeships, some States and Territories still use the terms ‘apprentices’ and ‘trainees’. These differences reflect different administrative arrangements from the past: apprenticeships were regarded as the responsibility of State and Territory governments and traineeships were created and funded by the Commonwealth government. The Commonwealth has sought to streamline administrative procedures to make it easier to promote apprenticeships and traineeships as one generic product and for employers to take on New Apprentices.

The Commonwealth Government’s website indicates that New Apprenticeships are specifically aimed at young people.

New Apprenticeships combine practical work with structured training to give young people a nationally recognised qualification and the experience they need to get the job they want.¹⁵

¹⁴ NCVER, 2000, Australian Apprentice and Trainee Statistics – April to June Quarter.

¹⁵ “Introducing New Apprentices” <http://www.newapprenticeships.gov.au/employer/intronacs.htm>

Declining youth share

The most significant change in the profile of New Apprentices is the decline in the share of the places held by young people. People aged 19 years and under accounted for only 37 per cent of all commencements at June 2000 compared with 71 per cent of apprentices and traineeship commencements at June 1995. Nearly a third of commencements (32 per cent) in the year to June 2000 are aged 25 years and over (see Table 1). In March 2000, 10 per cent of all commencements went to persons aged 45 years and over, compared with only a 0.5 per cent share in June 1995.

Table 1: Age profile of New Apprentice commencements, 1999 and 2000

Age group	June 30 1999 per cent	June 30 2000 per cent
19 & under	37.3	36.7
20-24 yrs	31.5	31.3
25 plus yrs	31.2	32.0
Total	100.0	100.0
N	254.78	275.64

Source: NCVET Australian Apprentice and Trainee Statistics – April to June Quarter, 2000, Volume 6, No 2, Table 1.

Young people aged 19 years and under have increased their take up of New Apprenticeships in absolute terms from 42,000 to 72,000 commencements over the five-year period to 30 June 1999, a 70 per cent increase (see Table 2). However, other age groups have increased their numbers at much faster rates. The primary reason for the decline in ‘youth share’ over this period is the extension of access to New Apprenticeships to other age groups.

Table 2: Apprentice and Trainee Commencements 1994/95 & 1998/99 by broad age group and percentage change

Age group	1994/95	1998/99	Percent change
19 yrs & under	42,431	72,094	69.9
20 to 24 yrs	13,037	43,179	231.2
25 to 44 yrs	4,171	59,580	1328.4
45 yrs & over	316	20,103	6261.7
Total	59,955	194,956	225.2

Source: NCVET Apprentice & Trainee Statistics collection 23 (March Quarter 2000)

The continuing importance of New Apprenticeships in maintaining employment options for young people is shown by an increase in the proportion of New Apprenticeship (non-student) teenagers in full-time employment from 18 to 28 per cent since June 1994. Over the same period the participation rate for young adult non-full-time students aged 20 to 24 years in New Apprenticeships has increased from 2 to 6 per cent.¹⁶

Changing nature of New Apprenticeships

It is not possible to distinguish between apprentices and trainees at a national level because the administrative data available at this level now treats them as a combined category. However, data on apprentices and trainees are available separately for Victoria (see Table 3). While two-thirds of commencing apprentices in Victoria in 1999 are aged 19 years and under, only 28 per cent of trainees are in the same age group. While 93 per cent of commencing apprentices are aged 24 years and under, only 57 per cent of trainees are in the same age group. The older age profile of trainees is partly the result of the high proportion of existing employees (26 per cent) among the commencing trainees in 1999. These existing employees who became trainees had an average age of 35.8 years at commencement.¹⁷

Table 3: Apprentice and trainee commencements by age group, Victoria, 1999.

Age	Apprentices	Trainees
19 and under	68.4	27.8
20–24	24.6	28.8
25–44	6.8	34.3
45 and over	0.2	9.1
Total	100	100
N	11,859	33,963

Source: Derived from *Trends in Apprenticeships and Traineeships in Victoria, 1995–1999*, Appendix 6, Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System, Attachment 5, A38

Another factor that may help to explain the change in the age profile of New Apprenticeship commencements is the effect of the new employment services arrangements in the form of Job Network. A feature of the new arrangements is the cashing out of labour market programs such as wage subsidies and the placement of onus on the employment service provider to fund an appropriate form of assistance. In the absence of other dedicated labour market funding, employment service providers in the Job Network may be using the Traineeship element of the New Apprenticeship program as a disguised form of wage subsidy for the “hard to employ” from older age groups. However, there is no public acknowledgment that this has happened and it is not reflected in the program’s objectives. New

¹⁶ ABS Labour Force Survey, various years, Tables 11 and Table 12.

¹⁷ *Trends in Apprenticeships and Traineeships in Victoria, 1995–1999*, Appendix 6, Review of the Quality of Training in Victoria’s Apprenticeship and Traineeship System, p A25.

Apprenticeships should be an important avenue into full-time work for young people, and this should be one of the key criteria on which the performance of the program should be assessed.

The available evidence suggests that many New Apprenticeships are being taken up by older existing employees and the “hard to employ” from older age groups. The New Apprenticeship system could be in danger of being viewed by employers as a government subsidised training development opportunity to reduce their own commitment to training or alternatively, as a wage subsidy to take on and retrain workers over the age of 25. Its original primary objective to provide entry level employment-based skills training for young people appears to be receding in importance.

Decline in skill levels

The skill levels of New Apprenticeships appear to have declined in recent years with places are now concentrated in lower skilled occupations compared with five years previously. In 1995, nearly two-thirds of entry-level training (65 per cent) was trade-based. However, five years later in 1999 the trades only accounted just over a quarter of all those in entry training previously (see Table 3). To some extent this reflects a broader shift in the Australian economy away from traditional trade-based industries towards the service-based sectors. Another partial explanation may be the increasing acceptance of New Apprenticeships in non-traditional areas. However, it is important to note that most placements in 1999 are at skill levels lower than that of the trades equivalent.

Table 3: Occupational profile of apprentices & trainees, 1995 and 1999, per cent.

Occupation	1995	1999
1. Managers & Administrators	1.2	1.1
2. Professionals	0.2	0.7
3. Associate Professionals	2.6	3.6
4. Trades and related workers	64.6	27.3
5. Advanced Clerical & Service Workers	0.1	0.0
6. Intermediate Clerical Sales & Service Workers	19.1	27.1
7. Intermediate Production & Transport Workers	1.4	5.4
8. Elementary Clerical Sales & Service Workers	5.7	20.4
9. Labourers & Related Workers	5.1	14.4
Total	100.0	100.0

Source: NCVET Australian Apprentice and Trainee Statistics – January to March Quarter, 2000

The skill profile of New Apprentice commencements in 1999 is now at the low end of the formal skill spectrum (Skill Levels IV and V) compared with 1995 (see Table 4). Lower-skilled occupations account for two-thirds of all placements in 1999 (67 per cent) compared with just below a third in 1995. These lower-skilled jobs are over represented in the New Apprentice skill profile as jobs at these skill levels in the workforce at large account for only half of all jobs.

Table 4: Comparison of the skill profile of New Apprenticeship placements in 1995, 1999 and with all employees 1999, per cent.

	New Apprentices 1995	New Apprentices 1999	All employees
Skill Level I	1.4	1.8	24.3
Skill Level II	2.6	3.6	10.0
Skill Level III	64.7	27.3	16.2
Skill Level IV	20.5	32.5	27.7
Skill Level V	10.8	34.8	21.8
Total	100.0	100.0	100.0

Source: NCVET, March quarter, 2000

In terms of New Apprenticeships and the Australian Qualifications Framework (AQF), the proportion of Level II Certificates increased between 1995 and 1999 from just over a quarter to a third. New Apprenticeships in 1999 are still heavily concentrated at the Certificate II and III levels with only a small proportion of certificates (4 per cent) at Level IV and above (see Table 5). These data suggest that some New Apprenticeships may not be a strong foundation for career advancement but merely a means of access to a job that may have limited possibilities. Further investigation, using a longitudinal survey, is required to find out the career path of people with Level II certificates in these occupations.

Table 5: New Apprenticeship commencements by AQF level, 1995 and 1999, per cent*

	Cert I	Cert II	Cert III	Cert IV	Diploma	Adv Diploma	Unknown	Total
1995	1.8	25.8	71.1	0.4	0.0	0.0	0.8	100.0
1999	0.1	33.2	63.1	3.5	0.1	0.0	0.0	100.0

* the unknowns for 1995 (9.2 per cent) have been allocated according to the distribution of certificates for each occupation level. Source: NCVET, March quarter, 2000

Young people and access to training opportunities

Employed young people in Australia are more likely to be dissatisfied than other age groups with their access to training opportunities. A recent survey of 8,000 employees conducted for Morgan and Banks found that 60 per cent of young people aged 19 to 24 years stated that lack of employer-provided training is limiting their career. The proportion of young people who were dissatisfied with their access to opportunities to train through their employment was much higher than for the other age groups surveyed (see Table 7).¹⁸

Table 7: Do you feel that lack of employer-provided training is limiting your career?

Age group	Yes	No	Total
19-24 yrs	60.3	39.7	100
25-34 yrs	42.9	57.1	100
35-44 yrs	35.9	64.1	100
45-54 yrs	29.2	70.9	100
55+ yrs	21.7	78.3	100

Source: Survey for Morgan & Banks, October, 2000.

The survey results presented in Table 7 suggests young people view access to training opportunities through work as an important fringe benefit. Young people's degree of commitment to their employer and hence their decision to stay rather than to change jobs is likely to depend in no small part on this. A regular independent survey is needed to gauge the extent to which employers provide access to training and display the attributes of being a good employer. This should be seen as an important tool to encourage investment in skills development on a continuing basis.

Non completions

No regular information is published on New Apprentice non-completions, and previously published data is limited in its scope and analysis.¹⁹ A study analysing the level of non-completion of apprentices commencing between July 1994 and June 1996 estimated an attrition rate of between 20 and 30 per cent for the apprentice intakes studied.

A DETYA study of traineeship non-completion notes that for 1996 (the recent full year for which information was available for the study), the attrition rate was 44 per cent. Trainees with low levels of educational attainment and those who were unemployed prior to commencing a traineeship were most at risk of failing to

¹⁸ Morgan & Banks, 2000, *No Train, No Gain: Access To Quality Training May Reduce Staff Turnover By Two-Thirds*, Press Release, 16 October. Data supplied by Morgan & Banks.

¹⁹ DETYA, 2000, *Attrition in Apprenticeships An analysis of apprentices commencing between July 1994 and June 1996*. Available at www.detya.gov.au

complete their traineeship. However, non-completion rates for those who had completed Year 12 qualifications or who had had little or no prior unemployment were still around a third (35 to 36 per cent).²⁰ Fifty-five per cent of non-completers left their traineeship voluntarily, mainly because of perceptions by former trainees that wages were too low, actual training was not provided and poor workplace relations. Regular and up-to-date analysis of New Apprentice non-completions compared to young people's job retention overall is needed to assess the effectiveness of and opportunities to improve the program.

Need for better measurable outcomes

Young job seekers are still regarded by many employers as unattractive compared to jobseekers who are older, and therefore, seen as more experienced. Clearly a combination of formal training and the acquisition of work-tested skills are basic assets 'at risk' young people need to compete with other age groups in the labour market. Merely providing incentives to employers to take on young people and to provide some training opportunities may not be enough to help them in the medium term. Early school leavers able to gain work but provided with only limited access to training are not likely to escape from a cycle of insecure work and unemployment. Young people's job retention and job quality (measured through wage levels) need also be part of any performance assessment of how they are faring in the labour market.

Young people are not served by the dual messages of the New Apprenticeships program. On the one hand, the program is viewed as part of Australia's skill formation process, with the aim in particular of addressing skill shortages.²² On the other hand, New Apprenticeships are seen by government as a vehicle to "improve employment prospects for young people through a range of school to work pathways".²³ These tensions between skill formation and labour market objectives are also reflected in program funding and administration.

Conflicting labour market and skill formation objectives for New Apprenticeships means that Federal and State Governments often judge success differently. From the labour market program perspective of the Commonwealth, take-up and retention statistics are the relevant measures used to assess performance.²⁴ However, for State governments with their more direct responsibility for the publicly funded vocational educational and training system, meeting the skill needs of employers is likely to be a more important measure of performance.

From the perspective of young people, greater clarity from governments about the objectives of New Apprenticeships is required. This clarity should include

²⁰ DETYA, 1999, *Traineeship Non-completion*. Available at www.detya.gov.au

²² Dr Kemp, Media Release *Skills Shortages In Traditional Trades Can Be Reversed* -National Skills Forum K055 Friday 28 April 2000

²³ DETYA, 2000, *Agency Budget Statements* - DETYA - Section 2 - Outcome 2.

²⁴ DETYA, 1999, *Annual Report 1998-99*, Programme 3: Vocational Education and Training, Performance Information, Sub-programme 3.1: Industry Training Support

information in the form of performance measures related to its objectives. The following performance indicators are proposed:

- the participation rate of young people in New Apprenticeships (as a proportion of non- student full-time jobs held by 15 to 19 and 20 to 24 year olds);
- the access of 20 to 24 year old non-students to full-time employment compared to other age groups;
- AQF certificate level of New Apprenticeship commencements by occupation compared with occupations rated by extent to which skill shortages experienced;
- The employment destinations and wage levels of New Apprenticeship graduates by age and occupation;
- New Apprentice graduate satisfaction levels with the employment and training arrangements;
- Up-to-date information on non-completion rates by occupation and employment size of workplace and employing enterprise; and
- The type and extent of access to training opportunities for different age groups provided by employers and how is changing from year to year.

The best way to collect information and monitor program effectiveness is to focus on young people themselves and other parties involved such as employers and parents. It is also important for young people, coping with a sometimes hostile labour market, that there be consistent performance indicators for all forms of government-funded assistance available to young people from the end of compulsory school age. Armed with this knowledge, they can make well-informed decisions about what post compulsory school pathway to pursue in terms of its relative effectiveness.

Conclusion

The size of the 'at risk' group of teenagers of young people aged 15 to 19 years has declined over the last decade or more in line with improved economic conditions. In similar fashion, the proportion of young adults aged 20 to 24 years that could be considered as being 'at risk' in the labour market has improved. However, in both instances, it fair to claim that these improvements are not dramatic, especially compared to other age groups in the labour market. A significant group of young people 'at risk' can be identified from both point in time and longitudinal data. Young people remain at the back of the hiring queue.

The supplementary report on training and young people confirms this trend. Nearly a third of New Apprenticeships, traditionally a primary entry level point into the workforce for young people, are now taken up by people aged 25 years and over, many of whom are existing employees. The proportion of young people aged 15 to 19 in New Apprenticeships has decreased from 71 per cent in 1994/95 to 37 per cent of the total number in 1998/99.

The education levels of young people have also improved over time. However, in 1999, the threshold education level specified by Australian governments was not attained by nearly a fifth of 19 year olds. International comparisons also show that Australia, in terms of this basic educational coverage, is performing poorly.

Labour markets are increasingly differentiated by skills and the risk of unemployment is unequally distributed among skill groups. This suggests that education attainment and young people's chances of gaining employment are intimately linked. Young people in most OECD countries who have not completed upper secondary education are more vulnerable to unemployment. Early school leavers are particularly vulnerable. Many of these young people are caught in a low income cycle of intermittent work and unemployment.

Australia's pathways from school to work should be judged by how well they address the needs of young people most vulnerable in the labour market. Extending this analysis to a regional level would enable the development of 'risk profiles' for young people which could be used to assess the effectiveness of local institutions such as schools, employment services providers and, not least, the response of young people themselves to available opportunities.²⁶

²⁶ One example of such a "risk" profile in relation to the school to work transition has been developed by the Boston Consulting Group. See Boston Consulting Group, 2000, "Early intervention to reduce long-term unemployment", *BCA Papers*, Vol 2, No 1, April <http://www.bca.com.au>

Attachment 1.

Table A1: Proportion of 15 to 19 year olds not in full-time education or full-time employment, May 1988 to May 2000, per cent

	Per cent
May-88	14.5
May-89	12.3
May-90	13.9
May-91	16.5
May-92	17.1
May-93	16.7
May-94	17.0
May-95	15.9
May-96	16.4
May-97	15.4
May-98	15.8
May-99	14.5
May-00	14.4

Source: derived from Labour force Australia, specified years, Cat 6223.0, Tables 11

Attachment 2

Table A2: Percentage of young people aged 15 to 19 years that have neither enrolled in nor completed upper secondary education, OECD countries in rank order, specified years, per cent

Rank order	OECD countries	Year	15-19 yrs Per cent
1	Korea	1997	0.5
2	Sweden	1998	4.8
3	France	1998	5.2
4	Finland	1998	5.4
5	Canada	1998	8.7
6	Belgium	1998	9.3
7	Netherlands	1998	9.5
8	Switzerland	1999	11.0
9	Australia	1998	14.5
10	Czech Republic	1998	14.9
11	Denmark	1997	16.0
12	Spain	1998	20.2
13	Italy	1998	20.2
14	Portugal	1998	24.6
	Country mean		13.4

Source: OECD, 2000, *Education at a Glance: OECD Indicators*, Table C2.4, p149.