

## Does 12 years of worthwhile learning matter?

The nature of work has changed. Today there is an increased emphasis on cognitive and information skills over mechanical and raw physical skills, meaning that young Australians require a broad range of capacities to participate and compete successfully in the labour marketplace. Education is the key to developing these skills – and especially to acquiring 'soft skills' like clear thinking, problem solving and relationship-building that are now highly valued in the workplace. Since the late 1980s and 1990s governments have focused on developing these skills in the Australian workforce through improved school retention rates, structured workplace training, expansion of apprenticeship programs, better links between schools and industry, and greater competition in the delivery of education and training.

Across developed nations the guaranteed universal provision of 12 years of worthwhile learning is considered crucial to both improving the job prospects of young people and maintaining a dynamic economy with a strong skills base. The OECD observes that "rising skill demands in OECD countries have made qualifications at the upper secondary level of education the minimum credential for successful labour market entry. Upper secondary education serves as the foundation for advanced learning and training opportunities, as well as preparation for direct entry into the labour market ... young people in OECD countries who leave without an upper secondary qualification tend to face severe difficulties in entering the labour market."<sup>1</sup>

The message coming from countries such as the United States, Canada and Britain is the same. The Americans say, "technological advances in the workplace have increased the demand for a skilled labor force to the point where a high school education serves more as a minimum requirement for entry into the labor force. Completing a high school education is now even more essential in order to access additional education and training for the labor force."<sup>2</sup>

The Canadians agree: "building the requisite human capital, or skills and knowledge, begins with a strong educational foundation. The completion of high school is widely recognized in Canada and in other countries as the minimum education requirement. However the labour demand for skills and knowledge suggests that post-secondary education is fast becoming the new educational standard. Certainly, those youth who fail to complete high school will have particular problems integrating into the new economy and society."<sup>3</sup>

And in Britain the message is blunt: "more people need to be better educated than ever before if we are to be a successful high-skills economy ... To make a significant impact on national competitiveness and productivity we need to focus on the full range of abilities and skills. All, not just some, young people need to continue their education and training beyond the compulsory years."<sup>4</sup>

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<sup>1</sup> OECD, *Education at a Glance 2002*, Paris, 2002, p 32

<sup>2</sup> National Centre for Education Statistics, *Drop Out Rates in the United States 2001*, Washington, 2001. See [http://nces.ed.gov/pubs2002/droppub\\_2001/](http://nces.ed.gov/pubs2002/droppub_2001/)

<sup>3</sup> JW Bowbly and K McMullen, *At a Crossroads. First Results for the 18 to 20 year Old Cohort of the Youth in Transition Survey*, Human Resources Development Canada and Statistics Canada, 2002, p 19

<sup>4</sup> Department for Education and Skills, *14-19: Extending Opportunities, Raising Standards*, HMSO, 2002, p 7

The importance of 12 years of learning for Australians is reinforced in a number of ways.

Firstly, it is a principal platform for further study and learning throughout life. It is the crucial base from which young people are able to upgrade their education continually in order to stay employed and effectively engaged in society.<sup>5</sup> Senior secondary qualifications are a 'break point' enabling those holding these qualifications to gain additional education attracting a higher earnings premium.<sup>6</sup> Australian researchers describe Year 12 as "a crucial bridge to further education and the income benefits that can result."<sup>7</sup> Longitudinal data in Australia shows that only eight per cent of early school leavers had gained a tertiary qualification or were studying seven years after leaving school compared to 56 per cent of those who had completed a Year 12 qualification.<sup>8</sup>

Secondly early leavers experience lower levels of earnings compared with school completers, although this is obviously not as great as the earnings gap between early leavers and tertiary graduates. The OECD estimates the earnings of workers without a senior school qualification in Australia is generally 80 per cent of the earnings of those with Year 12.<sup>9</sup> According to Applied Economics a reasonable estimate of the lifetime earnings gained (in present values) by completing Year 12 as opposed to Year 10 is \$550,000 for males and \$500,000 for females.<sup>10</sup>

Thirdly, early leavers are exposed to a much greater risk of unemployment. Over the long term early leavers are much more prone to disengagement and long term unemployment than school completers. 57 per cent of Year 9 leavers experienced severe labour disadvantage or disruption across their first seven years after leaving school, compared to 36 per cent of Year 10 leavers, 21 per cent of year 11 leavers and 14 per cent of Year 12 leavers.<sup>11</sup>

The recent HILDA survey commissioned by the federal government confirms the importance of participation in education to a Year 12 level in terms of workforce participation.<sup>12</sup> Overall, early leavers were three times more likely to be unemployed than young people with 12 years of learning under their belt. An important finding was that young women who had completed Year 12 were just as likely as their male counterparts to have a job - by contrast young women without Year 12 are three times more likely than their male counterparts to be labour force non-participants.

Participation in and completion of 12 years of sustained and worthwhile learning does make a difference for young people. Governments have consistently recognised this and promised to provide this for all young people.

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<sup>5</sup> Report from the Prime Minister's Youth Pathways Action Plan Taskforce, *Footprints to the Future*, 2 vols., Canberra, 2001 (Eldridge report) p 17

<sup>6</sup> OECD, *Education at a Glance 2002*, Paris, 2002, p 124

<sup>7</sup> S Lamb, P Dwyer and J Wyn, 'Non completion of school in Australia. The changing patterns of participation and outcomes', LSAY Research Report 16, Sept 2000, p 50

<sup>8</sup> LSAY Briefing No 5, mimeo., 2001

<sup>9</sup> OECD, *op.cit.*, see Table A13.1, p 132

<sup>10</sup> Applied Economics, *Realising Australia's Commitment to Young People*, DSF, Sydney, 2002, Chapter 7

<sup>11</sup> S Lamb and P McKenzie, 'Patterns of Success and Failure in the Transition from School to Work in Australia', LSAY Research Report No 18, ACER, Melbourne, 2001, p 30

<sup>12</sup> See V Pawagi, 'Youth in Focus. Interaction between Educational Participation, Educational Attainment and Labour Force Activity', mimeo., Department of Family and Community Services, Canberra, 2002