

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.3 – Assistance for skills and career development.

DEST Question No. E043_06

Senator Carr provided in writing.

Question:

What research does the Department have on differentials in outcomes based on educational attainment? For example, is educational attainment a useful predictor of likelihood of unemployment, earning potential, health outcomes etc. If so, how do outcomes differ? Could the Department provide us with a copy of that research?

Answer:

(a) *What research does the Department have on differentials in outcomes based on educational attainment?*

The Department monitors economic and social outcomes by educational attainment through a number of sources, and commissions and makes use of published research on these issues. Some key sources and research are described below.

Sources on specific outcomes

Labour force participation, employment and unemployment

- ABS *Survey of Education and Work* (Cat No 6227.0), conducted annually.
- ABS Population Census, conducted every five years.
- Graduate Career Council of Australia (GCCA) *Graduate Destination Survey*, conducted annually (<http://www.gradlink.edu.au/content/view/full/821#survey>).
- National Centre for Vocational Education Research (NCVER) *Student Outcomes survey*, conducted annually (<http://www.ncver.edu.au/statistic/31214.html>).

Earnings and income

- ABS *Survey of Education and Training Experience* (Cat No 6278.0), last conducted in 2001 when it was called the *Survey of Education, Training and Information Technology*. The 2005 survey is currently in the field.
- ABS *Household Income and Income Distribution survey* (Cat No 6523.0), conducted continuously from 1994-95 to 1997-98, and then in 1999-2000, 2000-01 and 2002-03. In 2003-04, and every sixth year thereafter, the *Household Income and Expenditure Survey* (HIES) (Cat No will provide the data normally collected in the Household Income and Income Distribution survey. The Household Income and Income Distribution survey will be conducted every two years in between the HIES cycles to provide a biennial household income series.
- The GCCA and NCVER destination/student outcome surveys also collect information about starting salaries of new graduates.

Health and other outcomes

- Health issues are the responsibility of the Department of Health. Much valuable information on health is published by the Australian Institute of Health and Welfare (AIHW) in its *Australia's health 2004* report (<http://www.aihw.gov.au/publications/index.cfm/title/10014>).

Compendiums of information about education and training outcomes

- Information about educational attainment and outcomes are reported in an abbreviated form in the Department of Education, Science and Training Annual Reports. In the 2003-04 report, for instance, there was some relevant information about post school outcomes on pages 70-72 (http://www.dest.gov.au/portfolio_department/dest_information/publications_resources/resources/annual_reports/).
- A useful compendium of information about education and training is the ABS *Education and Training Indicators* (Cat No 4230.0) which was last published in 2002. This summarises some of the findings from the sources discussed above.

Specific studies on the role of education qualifications on labour market outcomes

Two specific recent studies which examined in detail the relation between labour force and earning outcomes are:

- Kennedy, S and Hedley, D *A note on educational attainment and labour force participation in Australia* Treasury Working Paper No 2003-03, November 2003 (<http://www.treasury.gov.au/documents/744/PDF/Education%20and%20participation.pdf>).
- Ryan, C A *What are the longer term outcomes for individuals of completing vocational education and training qualifications?* National Centre for Vocational Education Research, 2001 (<http://www.ncver.edu.au/publications/765.html>).

Research using the Longitudinal Survey of Australian Youth (LSAY) commissioned by the Department from the Australian Council for Educational Research (ACER) and other academic researchers provides a wealth of information on the role of education and training in affecting young people's economic and social outcomes. The data collected in LSAY relates to young people up to the age of around 25 years. Information about LSAY research is available at <http://www.acer.edu.au/research/LSAY/overview.html> .

(b) Is educational attainment a useful predictor of unemployment, earning potential, health outcomes etc. If so, how do outcomes differ?

Educational attainment is associated with labour force participation, full-time employment, unemployment and earnings potential. This is shown in the table below, which indicates that in broad terms on average higher educational attainment is correlated with higher labour force participation, higher likelihood of being in full time employment, lower unemployment and higher earnings. The results in the table are an average across all people within the specified age categories.

Key Labour Market Performance Indicators by Educational Attainment (latest available data)				
<i>Highest level of educational attainment</i>	25 - 64 year olds (data relates to 2004)			15 - 64 year olds (data relates to 2001)
	<i>Labour force participation (as % of population)</i>	<i>Employed full time (as % of population)</i>	<i>Unemployment rate (%)</i>	<i>Average weekly earnings of full time wage and salary earners (\$) (b.)</i>
Bachelor degree or higher	87.2	66.6	2.8	1,155
VET (a.)	84.6	65.6	3.1	845
Year 12 (c.)	77.5	55.3	5.0	737
Year 11 or below (c.)	64.6	41.9	6.2	684
Total	76.9	55.8	4.2	854

Source: ABS Education and Work 2004 (Cat. No. 6227.0), unpublished data for columns 2, 3 and 4
ABS Education and Training Experience 2001 (Cat. No. 6278.0) for column 5

Notes:
(a.) VET refers to Certificate III/IV or Advanced diploma/diploma
(b.) Excludes persons aged 15 - 24 who are still attending school
(c.) Includes Certificate I and II holders, except for those whose highest school level is Year 9 or below.

While these data show that averaged over the span of ages up to 64 years those with Year 12 as their highest qualification enjoyed overall better labour market outcomes than those with lesser qualifications, a recent report based on LSAY data indicated that for the non academically inclined there was no benefit up to their early twenties in completing Year 12 compared to leaving after Year 10 and taking a job or, better still, an apprenticeship. However, the report cautions that this result may not hold beyond the early years of young people's careers. This report is available at <http://www.acer.edu.au/research/LSAY/research.html> .

(c) *Could the Department provide us with a copy of that research?*

The data referred to above are available on the Internet, at the websites indicated in the reply (a) above, aside from those referring to ABS publications, all of which are located at the Ausstats website (<http://www.abs.gov.au/ausstats/abs%40.nsf/ausstatshome?OpenView>).