

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2004-05 SUPPLEMENTARY ESTIMATES

**Outcome:** 1  
**Output Group:** 1.4 Transition through and from school

#### **DEST Question No. E469\_05**

Senator Harradine provided in writing.

#### **Question:**

What impact does non-completion of school have on the personal, social and economic wellbeing of young women over their lifetime? What is the impact on the economy as a whole or on welfare dependency?

#### **Answer:**

##### *Non-completion of school*

Research to date shows that, all other things being equal, higher educational attainment leads to faster transitions from school to the workforce and better longer-term economic and social outcomes for both girls and boys.

Most female and male Year 12 completers and non-completers make smooth and fairly rapid transitions into the workforce after leaving school. However, those who do not complete school and do not undertake further study are more likely than Year 12 completers to experience periods of unemployment and to move between jobs before settling into a chosen profession (McMillan & Marks 2003). The labour market outcomes for non-completers improve if they complete post school qualifications. In this context, it is useful to note that one year after leaving school just under half of all female early leavers are engaged in some form of education and training, split evenly between New Apprenticeships and other vocational education courses provided by TAFE colleges (McMillan & Marks 2003).

The emotional well-being of young people is the subject of a study currently in progress at the Australian Council for Education Research (ACER) using the Department-funded Longitudinal Survey of Australian Youth (LSAY). Emotional well-being is being measured by survey respondents' assessments of how happy they are with various aspects of their lives, including lifestyle and career. The analysis will in particular explore the relationship between emotional wellbeing and, among other things, post school pathways, gender and school completion.

In the longer term, in line with the general finding that higher education qualifications are associated with better outcomes in the labour market, those who do not complete Year 12 or a post school qualification have lower rates of labour force participation and of full-time employment, higher unemployment rates and lower wage levels than those who complete Year 12. This is based on analysis by the Department of data from the ABS (ABS 2004a and ABS 2004 b) and other sources. Those who fail to complete Year 12 or a post school qualification are also more likely to become dependent on welfare and to have children at a younger age, who in turn are also less likely to complete school (Pech & McCoull 1999).

A recent study in Australia sought to estimate the likely increase in economic output from an increase in school retention (Dusseldorp Skills Forum & Business Council of Australia 2003). The estimated benefit is however heavily dependent on the underlying models' assumptions about the employment outcomes from staying on longer at school.

A number of studies have over the years attempted to assess empirically the link between skills (or human capital) and economic growth. Recent studies by the OECD suggest that investment in education provides good returns in the long run for national economies. An indicative estimate of these returns was summarised in the OECD *Education at a glance* (2003) which indicated that an extra year of education for the workforce as a whole led to an average 6% increase in GDP across the OECD countries.

A recent study conducted in Canada sought to estimate the relationship between human capital and economic growth by using a direct measure of human capital based on internationally comparable literacy scores. The study found that this measure of human capital was more highly correlated with economic growth than years of schooling, that this correlation was stronger for women than men, and that a country with a 1% higher than average literacy score achieved 1.5% higher GDP per head (Coulombe, Tremblay & Marchand 2004).

The studies referred to above are available on the net as follows:

- Australian Bureau of Statistics (2004a) *Education and Work, Australia* (Cat No 6227.0) (<http://www.abs.gov.au/>).
- Australian Bureau of Statistics (2004b) *Household Income and Income Distribution* (Cat No 6523.0) (<http://www.abs.gov.au/>).
- Coulombe, S., Tremblay, J.-F. and Marchand, S. (2004) *Literacy Scores, Human Capital and Growth Across 14 OECD Countries*, Statistics Canada and Human Resources and Skills Development Canada, Ottawa (<http://www.statcan.ca:8096/bsolc/english/bsolc?catno=89-552-M2004011>)
- *Dusseldorp Skills Forum et al (2003) A 2004 Budget Proposal, Boosting Young People's Educational and Economic Participation: Addressing the Other End of the Inter-Generational Equation* (<http://www.dsf.org.au/papers/145.htm>).
- McMillan, Julie and Marks, Gary (2003) *School Leavers in Australia: Profiles and Pathways, Research Report No. 31, Australian Council for Educational Research, Melbourne* (<http://www.acer.edu.au/research/LSAY/research.html>).
- Organisation for Economic Cooperation and Development (2003) *Education at a glance* (<http://www.oecd.org/home/>)
- Pech, Jocelyn and McCoull, Frances (1999) *Intergenerational Poverty and Welfare Dependence: Is There an Australian Problem?* (<http://www.aifs.gov.au/institute/afrc6papers/pech.html>)