Executive summary

This report explores the different characteristics of the transitions into post-school and/or the labour market of young Australian and Canadian men and women. It makes extensive use of data from the Longitudinal Surveys of Australian Youth (LSAY) and the Canadian Youth in Transition Survey (YITS) to provide insights to cross-national differences and changes in educational and labour market transitions between the two countries.

The context of the analysis presented in the report is an educational environment in each country where levels of educational attainment are rising. The post-secondary school education rate among 25 to 29 year old Australians increased by 11.6 percentage points between 1996 and 2006; in Canada the rate increased by 6.2 percentage points (OECD 2008b). However, young Canadians continue to engage in post-school study at a much higher rate than their Australian peers. In Canada, in 2006, the proportion of young adults aged 20 to 24 years with a post-school qualification was the highest in the group of countries constituting the Organisation for Economic Co-operation and Development (OECD), at 51.9%, whilst in Australia this proportion was only 38.4% (OECD 2008b).

A large part of the difference in rates of participation in post-school education is due to differences in the non-university sector. In Canada this type of education features the college/CEGEP\(^1\) sector and in Australia it features the vocational education and training (VET) sector. Although rates of engagement in university education are similar in the two countries, a much larger proportion of young Canadians participate in college education than do Australians in VET. Furthermore, whilst women are more likely than men to participate in both college and university education in Canada, young women are under-represented in VET in Australia.

These differences in post-school study are likely to impact on the labour market and other chances of young men and women in the two countries for education, partnership etc. A large theoretical and empirical literature in labour economics emphasises the importance of education to labour force participation and earnings over the life course. Recently, the OECD (2008b, p.70) has attributed the trend towards strong employment growth for young Canadian women, in part, to their high rates of participation in post-school education. Another recent OECD report (OECD 2008a) has identified a strong correlation between qualification levels and the employment outcomes of young Australians.

Using data from the LSAY (1995 and 1998 cohorts) and the Canadian YITS (Cohort A and Cohort B), this study contributes new information on the determinants of post-school study and the impact of study on labour market outcomes. Three possible educational choices are identified for young school leavers: enrolment in a bachelor degree (university choice); participation in another type of post-school study (VET or college choice); or no post-school education. Multinomial logit regression techniques are used to measure the relationship between a range of school leaver characteristics and the choice between these alternatives. The characteristics studied include gender, indigenous status, location, language, disability, type of school, Year 12 or 13 completion, parental education and academic achievement at school. A focus of the study is how the relationship between

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\(^1\) CEGEP is a post-school institution unique to Quebec and equivalent to a community college.
these attributes and the choice of post-school education varies between young Australians and Canadians.

The findings on the characteristics of participants in post-school study in this report show that there are a number of distinctive features of the group of young people that participates in VET. In particular, the report indicates that in Australia the relationship between participation in VET and high academic achievement at school is not strong. There is also a weak relationship between participation in this type of post-school study and levels of parental education. Each of these findings contrasts with the report’s findings on the characteristics of Canadian participants in college/other post-school education. In Canada, non-university post-school study is more likely to be taken by young people with relatively high levels of academic achievement and from more advantaged family backgrounds. This makes it more similar in its characteristics to university education in both Australia and Canada.

These results have significance for education policy on several levels. First, they could indicate that VET provides Australian students with low educational outcomes at school and/or from less advantaged family backgrounds with educational opportunities that are not present in the Canadian system. However, less positively, the results may also indicate that there is a lack of competition for places within the VET system. This, in turn, could indicate that students and/or their parents do not perceive positive labour market outcomes from achieving a VET qualification.

The findings of this study on the influence of post-school study on labour market outcomes provide some evidence on this latter conjecture. They show that the probability of full-time employment at age 25 is not improved by the completion of a VET qualification. Furthermore, the impact of parenthood on the chances of employment retention is similar in the group of women with VET qualifications and those without any post-school qualifications. In contrast, the Canadian results show a positive relationship between a college/other post-school education qualification and full-time employment chances at around 24 to 26 years of age.

In total, the results summarised in this report highlight the additional insights to the functioning of educational systems that can be achieved from cross-national comparisons. In this case, the distinctive features of the Australian VET system have been highlighted via a comparison with Canada’s college system.

These results are relevant to the design of Australian policy aimed at growth in post-school education. Specifically, they suggest that this growth may not be achievable within the VET system, as it is currently comprised. On the basis of the results presented in this report, questions can be asked about the demand for the type of courses currently offered in the VET system. There appears to be more competition for places in the Australian university system.

The results of the project support the OECD (2008b) assessment that other countries can gain from a closer examination of Canada’s college system. The results also indicate that further research is warranted on the particular aspects of the Canadian college system that make it attractive to high school graduates. These may include the range of educational qualifications offered by the colleges, the close relationship between secondary education and college education, especially in Quebec, and the inclusion of programs of academic education leading to university entrance. The results of the project also suggest there is scope for further research on the aspects of the Australian VET system that have contributed to its success in providing post-school education accessible to students with relatively poor school outcomes and from families with relatively low educational resources.