

# Executive summary

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To fulfil both labour market and social imperatives, national and state youth policy is focused on ensuring that young people make effective transitions from school. One mechanism promoted by Australian governments has been to encourage a higher proportion of young people to complete Year 12 or an equivalent qualification, the latter principally envisaged as a vocational alternative. Understanding which post-compulsory education pathways suit particular young people is an important step in the design of policies and programs for this group. The main post-compulsory schooling options available to young people include: remaining at school to complete Year 12, with later university studies or vocational education and training (VET); earlier school leaving, with participation in vocational education and training (some of which could be considered equivalent to Year 12 or higher); and earlier school leaving without further participation in post-compulsory education and training.

This report provides an assessment of the contribution of Year 12 completion to the better labour market outcomes achieved by individuals who complete it. It also aims to assess the benefits provided by those vocational qualifications viewed as being the equivalent of Year 12 completion. In undertaking these assessments, the report utilises data from the Longitudinal Surveys of Australian Youth (LSAY) cohorts of students initially in Year 9 in 1995 (Y95) and 1998 (Y98). In Y95, these outcomes are studied after Year 12 completion between 1999 and 2006; in Y98, these outcomes are studied between 2002 and 2007. The results therefore relate specifically to the experiences and conditions faced by young people in these data between 1999 and 2007. VET provision has changed in Australia since the young people analysed here undertook their courses, as indeed has schooling. Hence, the results may not be the same as those achieved by the current set of young people who complete the same named qualification levels, or those who choose new transition paths that were not previously available. However, it was necessary to use data in which the outcomes of young people were actually observed, which is the strength of the Y95 and Y98 data.

The set of outcome measures studied in the paper includes: being in full-time employment; being in a full-time activity (that is, either full-time employment or full-time study); being in unemployment; current wages and earnings; and the occupation in which individuals are employed (its skill or status level).

The analysis in this study excludes individuals who proceed to full-time university study or full-time courses at VET institutions within two years of completing Year 12. There are three reasons for this. First, the outcomes of such individuals are not captured entirely within the timeframe used for this study. Second, most interest lies in estimating the impact of completion of Year 12 for those whose decisions to undertake Year 12 are 'marginal', not those students most likely to proceed to university because of their academic achievement and family backgrounds. Third, such individuals have the potential to confound the Year 12 effect estimates, since their outcomes will incorporate both the effect of their time studying and subsequently through any effects that completion of their new qualifications might have on their outcomes.

Estimates using regression analysis are provided of the impact of completion of Year 12 on a number of labour market outcomes. Separate identifiers are included in the regression equations for Year 12 completion, for apprenticeships and traineeships and for other VET certificate level II and III qualifications (based on the classification individuals self-report of the level of VET

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course they commence and complete) as a means of identifying the benefits of completing these 'equivalent' courses.

Rather than relying on just one strategy to identify the causal effects of Year 12 or its vocational equivalent, a number of alternative strategies have been adopted here to achieve this; these have demonstrated that the estimates are robust to alternative methods of estimation and to attrition from the surveys.

## Findings

The results of the analysis in this report point to widespread, but modest, effects from the completion of Year 12 among young Australians who do not proceed immediately from Year 12 to further studies. These effects include better full-time employment rates, lower incidence of unemployment, higher wages and higher-status jobs. The effects seem not to be related to the specific characteristics of individuals, except that they are more pronounced for females than for males and are more evident in data from the Y95 cohort than the Y98 cohort. Across the wage and occupation outcomes, there is less difference between the genders and no change in Year 12 effects between cohorts.

The data also point to benefits of a similar magnitude from completing an apprenticeship for males and a traineeship for females. This result contrasts with earlier studies, which have tended to find that VET qualifications have provided greater benefits to males than females. However, these studies were largely conducted at a time when the numbers of traditional apprenticeships were far higher than the numbers of traineeships. It may now be the case that traineeships have become a more widely accepted and valued qualification than was previously the case and this appears to have benefited females.

The data do not show the same kind of benefits from completing VET qualifications at certificate levels II or III. In whatever way these certificates may be equivalent to Year 12, they do not appear to be equivalent to Year 12 in terms of their impact on outcomes for young people early in their working lives. Their outcomes were no better, and in some case appeared worse, than early school leavers who had not undertaken any post-school qualifications. Part of this may reflect that these qualifications provide benefits down the track, while young people may be enticed into early school leaving because they have already lined up an immediate job. There is some modest evidence that these qualifications may, indeed, provide some benefits in some outcomes over the longer-term, but they are nothing like the consistent and widespread benefits provided by completion of the other qualifications considered here.

This finding highlights the need for investigation into the precise equivalence between vocational and academic qualifications beyond investigation of equivalence in outcomes. That certificate levels II and III qualifications obtained without contracts of training realise poor outcomes by comparison with Year 12 completion and completion of an apprenticeship or traineeship, which in some instances are equivalent-level qualifications, warrants complementary investigation. This should include an analysis of the content and nature of the qualifications and aspects of the behaviour of individuals or of the acceptance of these qualifications in the community and by employers.