Sweet Group Pty Ltd

Unemployed and inactive youth: What works?

Prepared for the Department of Education, Employment and Workplace Relations

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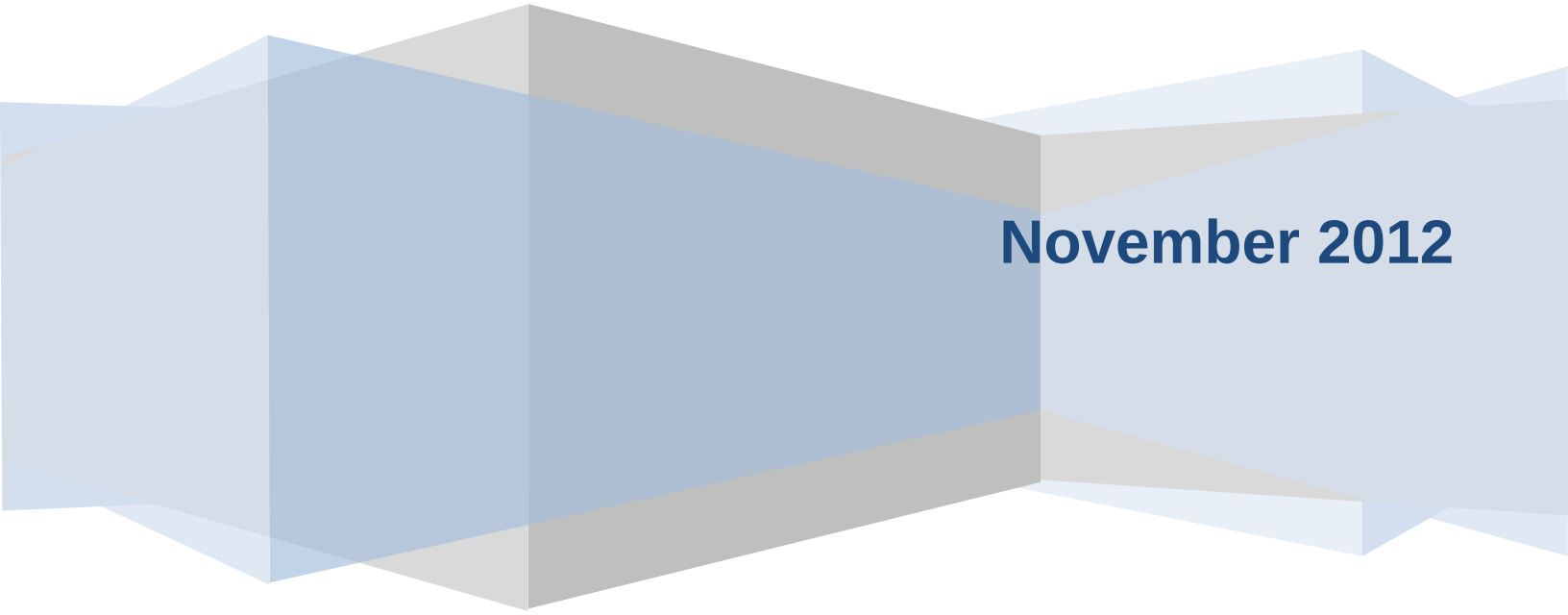

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Key findings

The scale of the problem

In May 2012 close to eight per cent of all 15-19 year-olds and 14% of all 20-24 year-olds were not in full-time education and either unemployed or inactive: neither working, studying full-time nor looking for work. The inactive represented more than half of the total. Of those who had left full-time education, over a quarter of 15-19 year-olds and a fifth of 20-24 year-olds were either unemployed or inactive. The scale of the problem varies among the states and territories, but is highest in the Northern Territory, and lowest in the Australian Capital Territory.

The proportion of all 15-19 year-olds who are unemployed or inactive is at about the OECD average, falling well short of OECD best practice. And Australia does not fall among the small group of six best-performing OECD countries that manage to keep the number of unemployed and inactive teenagers low both as a share of the age group and as a share of those not in education. However the proportion of 15-19 year-olds who are not in education and who are unemployed or inactive, and proportion who are unemployed or inactive among either all 20-24 year-olds or those 20-24 year-olds not in education is among the lowest in the OECD.

Overall levels of unemployment and inactivity among Australian youth jumped sharply during the recession of the early 1990s, and then slowly declined until the 2008-2009 Global Financial Crisis. They then increased, but as a share of the population are still well below the levels of the early 1990s. However as a share of those who have left full-time study, unemployment and inactivity levels among 15-19 year-olds in particular are now close to the levels observed in the early 1990s.

Largely because of falling unemployment levels over most of the period, combined with some increase in inactivity among 15-19 year-olds since 2008, inactivity has been steadily increasing since the 1990s as a share of total unemployment plus inactivity. Youth inactivity is much less likely to fall as a result of the improved labour market conditions than is youth unemployment: this underscores the growing importance of better understanding the causes of youth inactivity and how to address them.

Periods of unemployment and inactivity are common among young people, and often their duration is fairly brief, although we know more about the duration of youth unemployment (which is generally briefer than unemployment among adults) than we do about the duration of inactivity. While some might argue that these brief periods of unemployment and inactivity are not a serious problem, other countries attempt to minimise even brief periods, and there is wide agreement that for those young people who experience prolonged periods of unemployment or inactivity after they leave education, the long-term consequences can be very negative. Entering welfare benefits as a teenager or young adult appears to be a significant long-term risk factor.

Characteristics of unemployed or inactive young people

The literature is also in agreement that the group of those who are unemployed or inactive is very diverse in its characteristics, needs and circumstances. Some have major personal, educational, social, health or economic barriers to participation in employment and education. However others do not. It is widely agreed that policy and programme responses should be flexible enough to allow both prescriptions for young people's behaviour and forms of assistance to suit individual needs and circumstances.

Around half of all inactive teenagers are recipients of welfare benefits, the largest form of which is disability support pensions. The status of inactive teenagers who are not on welfare benefits is unknown. It is clear, however, that since the introduction of the National Partnership on Youth Attainment and Transitions the number of inactive teenagers who are not welfare benefit recipients has almost doubled,

whereas the number of benefit recipients has grown much less. Hence the greatest increase has been among those about whom the least is known and who are the hardest to contact and assist.

Around three in four unemployed or inactive 15-20 year-olds are aged 18-20: as a share of the population the number rises with age. However while the number under the age of 18 may be relatively small, their risk of becoming unemployed or inactive is very high. When dealing with those who have dropped out of school, the Commonwealth's Youth Connections programme focuses its assistance upon those under the age of 18.

Young women are more likely to be inactive than young men after the age of 20, and this reflects the increasing importance of family formation and child rearing after that age. Somewhat over a half of those young women who receive welfare benefits receive parenting payments, and somewhat more than one in three receive a disability support pension. Nearly all of the young men who receive welfare benefits receive a disability support pension.

While failing to complete at least Year 12 greatly increases the risk of young people becoming unemployed or inactive, those who have completed Year 12 or a post-school qualification make up around half of all unemployed or inactive 15-24 year-olds. And around half have been out of school for two years or more. Only around half of unemployed 15-19 year-olds are school leavers, and only around a third of inactive teenagers are school leavers. A recent study has shown that the probability of early school leavers returning to study peaks after they have been out of education for three months, and after that declines very sharply. The chances of somebody who has been away from school for 18 months or more returning to study are quite low, and are lowest among those who have left because they had a problem with school.

Prevention is better than a cure: The impact of labour market conditions, educational participation and educational attainment

Levels of youth unemployment and inactivity are strongly related to rates of educational participation and to the overall state of the labour market. This can be demonstrated both by looking at differences between countries and by looking at Australian data over time. Countries that have low rates of educational participation tend to have high youth unemployment and inactivity rates, as do countries in which overall unemployment rates are high.

Australian time series data shows that substantial inroads into overall youth unemployment and inactivity levels can be made simply by raising educational participation rates and reducing overall unemployment rates. However while overall levels of youth unemployment seem to respond strongly to increases in educational participation and to falling overall unemployment, levels of inactivity appear to obey a different set of rules, and are much less responsive either to changes in educational participation or to changes in overall unemployment rates. In this sense alone youth inactivity poses a more difficult policy challenge than youth unemployment.

The type of educational participation, not just its level, seems to make a difference to youth unemployment and inactivity levels. Part-time study appears to have an appreciable impact, and it seems to have a larger impact in reducing inactivity among teenagers than in reducing unemployment. Furthermore, studying part-time has a greater impact upon reducing unemployment and inactivity among those with the lowest levels of educational attainment than upon those with higher levels of attainment. Differences between the Australian states in trends over time in unemployment and inactivity suggest that the biggest impact in reducing the overall level of unemployment and inactivity among teenagers comes from increased school participation, not increased tertiary participation. This can be explained by the probability that increases in school participation will reflect increased participation by lower achievers and students from disadvantaged backgrounds, the groups who are the most likely to become unemployed

or inactive, whereas increased tertiary participation will be drawn predominantly from higher achievers, the socio-economically advantaged and higher achievers, the groups who are less likely to become unemployed or inactive.

While those with low levels of educational attainment are more likely to become unemployed or inactive, increased educational attainment seems to have a much bigger impact upon reducing inactivity levels than upon reducing unemployment levels.

Programmes and policies that work

Although they overlap to some extent, evaluations of what works in reintegrating disengaged youth fall into two broad categories: those that focus upon reintegration into employment; and those that focus upon reintegration into education and training.

Within the first category, many studies focus upon the unemployed more generally rather than upon unemployed and inactive youth. A recent major OECD review of the youth labour market has summarised the literature and given an overview of recent experience in OECD countries. It highlights the following features of effective assistance: early intervention; outreach programmes that can contact all disconnected youth, not just recent school leavers and the unemployed; profiling so that those most at risk of long-term unemployment can be identified; good targeting that distinguishes between the different needs of different categories of clients such as school drop outs and young adults, and tailors assistance according to need; a mutual obligations approach to the receipt of income support; tight job search requirements and mandatory participation in active labour market programmes, backed by a threat of sanctions that are moderate but not so strict as to encourage movements into inactivity; job search assistance programmes as the most cost effective form of active labour market programme; and programmes that combine services and offer a comprehensive package such as job search assistance, mentoring, work experience and remedial education and training.

Evaluations of what works in reintegrating disconnected youth into education and training almost invariably recognise the difficulty of motivating those who have been absent from study for an extended period. Interventions that are successful in reintegrating the most disengaged and disadvantaged young people seem to share a number of common features: a highly individualised approach that recognises the diverse needs and circumstances of young people; early establishment of trust and respect through personal advisers; advice and guidance, both personal and career-related; a multi-disciplinary approach; individual action plans; ongoing support services for those who have personal and social difficulties; practical and experiential learning; and the involvement of and co-ordination between public authorities in a range of portfolios such as health, education, juvenile justice and housing, as well as the involvement of parents, employers and community members; and ongoing assessment and monitoring of progress

Effective countries

Austria, Denmark, Germany, the Netherlands, Norway and Switzerland have succeeded in keeping unemployment and inactivity low both as a share of the population aged 15-19 and as a share of those who are not in education. Whilst characterised by high rates of educational participation and well-functioning labour markets with low unemployment and high rates of labour force participation, they also exhibit a number of institutional arrangements that help to explain their effective outcomes. Upper secondary programmes in each are generally longer than in Australia, and so they both retain a higher proportion of young people in education and training and retain them for longer; and each has a strong apprenticeship system that attracts between a quarter and over half of all young people. The latter appears significant less because participation in vocational education improves transition outcomes than because of the way in which strong apprenticeship systems help to actively marshal employers and trade unions in support of youth transition arrangements at the national, regional and sectoral levels. And in each of the

six a high national priority is placed upon trying to ensure that school-to-work transitions are effective, and all view preventing early school leaving as preferable to interventions that take place once a young person has dropped out of education.

Three of the countries – Denmark, the Netherlands and Norway – are notable for having created networks of nation-wide services that track and rapidly contact young people who drop out of education and training and attempt to reengage them so that they can obtain an upper secondary qualification. These intermediary agencies act in the space between the education and training system and the public employment service and income support system. All three have a tight mutual obligations approach to the receipt of income support by young people: some concern has been expressed in OECD reviews that the tightness of these obligations may have a displacement effect in pushing some young people onto welfare benefits or other forms of inactivity.

Austria, Germany and Switzerland are notable for attempting to make their apprenticeship and vocational education systems as inclusive as possible, for attempting to use apprenticeship and vocational education and training as counter-cyclical instruments, for introducing programmes that explicitly attempt to include the disadvantaged and at-risk within apprenticeship and vocational education and training, and for the strong co-operation that exists between governments, employers and trade unions in introducing such counter-cyclical and equity-focuses initiatives.

In countries such as Hungary, Italy, Spain, the Slovak Republic and Turkey where quite large numbers of young people are unemployed or inactive, unemployment rates tend to be higher and educational participation rates lower than in successful countries. However differences in institutional arrangements are also apparent. Links between education and the labour market are weaker, apprenticeship and other forms of work-based learning are limited, mutual obligation approaches to the receipt of income support are less common, none appear to have agencies to rapidly track and reengage early school leavers, few youth-specific measures are offered by the public employment service, and co-ordination between governments, employers and trade unions, and between different government portfolios to support youth in the transition appears weaker.

The composition and characteristics of young people who are unemployed or inactive, combined with the sharp rise that has occurred in inactivity levels since the introduction of the Compact with Young Australians, suggest that by themselves any future increases in school participation and any future decreases in overall unemployment levels will not be sufficient to reduce the total numbers who are unemployed or inactive. The current approaches to activation under the Compact appear in practice to be less than optimal, although in many ways sound in principle, and work is needed to better understand how the Compact's requirements and the ways that they are implemented by key agencies such as Jobs Services Australia, Centrelink and TAFE are affecting young people's choices between learning and inactivity.

New approaches to reintegrating disengaged young people are suggested. Effective cooperation between a reengagement agency or service and Centrelink and Job Services Australia and its providers is one option. Another option may be a youth-focused job placement and education reengagement agency that is separated from job placement services that cater for adults. An appropriate target would be young people who have not completed Year 12 and who are subject to the requirements of the Compact with Young Australians, as well as young people who have not completed Year 12 and who are inactive. A rough estimate of need and demand suggests that such an agency may need to provide for an upper limit of between 22,500 and 89,700 15-21 year-olds, depending upon assumptions that are made about the period of unemployment or inactivity required for eligibility.

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1. Introduction

Youth unemployment has been a long-standing policy issue both in Australia and in the OECD as a whole. In recent years awareness has been growing that the problem extends beyond those who are unemployed. Analysis and policy formulation need also to take account of those who are inactive: neither in education and training nor in the labour force.

The reasons for taking youth unemployment and inactivity seriously are by now well understood and will not be treated in detail here. For the individual young person periods of unemployment and inactivity in the period after leaving full-time education can, if extended, carry long-term costs in the form of reduced employment and earnings, and increased probabilities in the longer-term of unemployment, periods outside the labour force, and welfare dependency. For society as a whole these translate into reduced productivity and GDP, and higher government expenditure on services such as welfare, health, and policing[1].

At the international level awareness that the problem extends beyond unemployment has partly stemmed from improved data on joint education and labour force participation[2]. At the national level better understanding of the issue has been made possible through longitudinal surveys such as LSAY and HILDA that allow much better analysis of labour market flows and dynamics. And in countries such as the United Kingdom this has been complemented by a growing body of research that looks at the personal characteristics and circumstances of unemployed and inactive youth.

An improved evidence base has helped to highlight both the permeability of the boundary between youth unemployment and youth inactivity and some key differences between the two. Nevertheless there is much that remains unknown about the relationship between youth unemployment and inactivity, and about the most effective policies that can help to reduce the extent of both.

This paper provides an overview of the extent and characteristics of unemployment and inactivity among 15-24 year-olds in Australia, compares the extent of the problem in Australia to other OECD countries, provides an overview of what appears to work in other countries in keeping the extent of the problem low, and suggests how Australia might improve the effectiveness of the ways in which it addresses the issue.

2. How large is the problem?

2.1 The situation in May 2012

In May 2012, 7.8% of all 15-19 year-olds and 13.7% of all 20-24 year-olds were either unemployed and not in full-time education[3] or were inactive: neither in full-time education nor in the labour force[4]. Among those who had left full-time education, 29.1% of 15-19 year-olds and 19.9% of 20-24 year-olds were either unemployed or inactive (Table 1). The inactive represented 55% of the combined group of unemployed and inactive 15-19 year-olds and 62% of the combined group of unemployed and inactive

[1] See for example OECD (2010) *Off to a Good Start? Jobs for Youth*, Paris; Godfrey, C. et al. (2002) *Estimating the Cost of Being Not in Education, Employment or Training at Age 16-18*, Research Report RR346, Department for Education and Skills, London.

[2] Since the late 1990s the OECD has been progressively extending and improving the statistics that it publishes on joint education and labour force status in its annual *Education at a Glance* publication.

[3] Those who are in full-time education can also be counted as unemployed if they are also looking for work. In this paper in most cases unemployment includes only those not in full-time education when referring to Australian data from ABS sources.

[4] Annex A1 discusses the impact upon these estimates of limiting the definition of inactivity to those not attending full-time education as opposed to those not attending education at all.

20-24 year-olds. The level of inactivity among 15-19 year-olds is marginally higher than the level of unemployment, but among 20-24 year-olds it is appreciably higher.

Among 15-20 year-olds, the age group encompassed by the participation and income support requirements of the Compact with Young Australians, 8.6% of the population of the same age and 27.3% of those not in full-time education were either unemployed or inactive. Those who were inactive represented 57% of the combined total.

While the absolute level of unemployment and inactivity is substantially higher among the older age group, for those who are not in full-time education it is much higher among those under the age of 20, 29% of whom were unemployed or inactive in May 2012. Nevertheless the level of unemployment and inactivity among those of the older age group who have left full-time education is, at 20%, not trivial.

These differences between the age groups are not, of course, unexpected, given that a higher proportion of 15-19 year-olds is in full-time education, and given that 20-24 year-olds in general have higher educational qualifications than 15-19 year-olds as well as greater work experience.

Table 1: Persons aged 15-24 unemployed or inactive as a share of the population and as a share of the population not in full-time education, May 2012 (%)

	Age 15-19			Age 20-24		
Share of:	**Unemployed[1]**	**Inactive[2]**	**Unemployed or inactive**	**Unemployed[1]**	**Inactive[2]**	**Unemployed or inactive**
Population	3.5	4.3	7.8	5.2	8.5	13.7
Persons not in full-time education	13.1	16.0	29.1	7.5	12.4	19.9

1. Unemployed and not attending full-time education.
2. Not in the labour force and not attending full-time education
Source: 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*, Tables 03b and 03c.

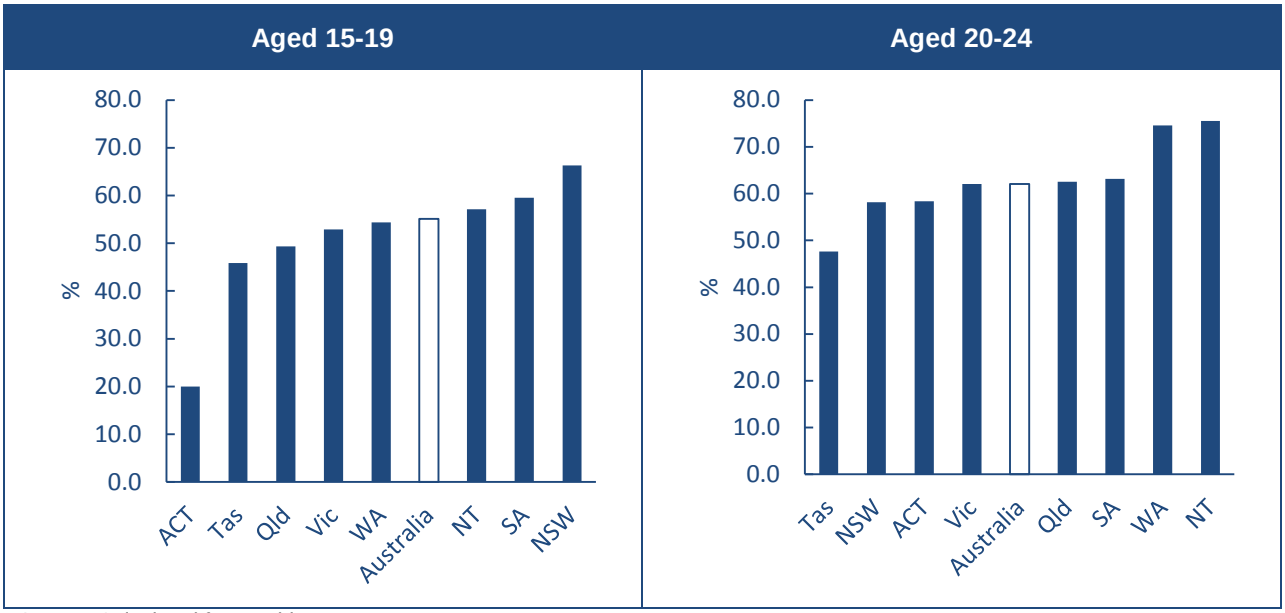
State and territory differences

Levels of youth unemployment and inactivity vary widely among the Australian states and territories. While the relative position of each state and territory varies according to the age group being considered and the indicator that is used, it is generally the case that the overall combined level of unemployment and inactivity is highest in the Northern Territory and Queensland, and lowest in the ACT. In May 2012 13% of teenagers in the Northern Territory were unemployed or inactive, compared to only two per cent in the ACT. Among 20-24 year-olds, 27% were unemployed or inactive in the Northern Territory but only eight per cent in the ACT.

Among those who were not in full-time education, 36% of 15-19 year-olds and 30% of 20-24 year-olds were unemployed or inactive in the Northern Territory, but only ten per cent and 12% of each age group were unemployed or inactive in the ACT (see Table A1). Variability among the states and territories is around twice as high, on all indicators, for levels of inactivity as it is for levels of unemployment.

There are also quite marked differences between the states and territories in the share of the total that is represented by inactivity. For example among 15-19 year-olds inactivity represents around a fifth of the total in the ACT but close to two thirds of the total in New South Wales. Among 20-24 year-olds, less than half of the total are inactive in Tasmania, but three quarters of the total are inactive in the Northern Territory and Western Australia (Figure 1).

Figure 1: Inactivity as a share of unemployment plus inactivity, persons aged 15-24, states and territories, May 2012



Source: Calculated from Table A1.

2.2 International comparisons

Comparisons with levels of unemployment and inactivity in other OECD countries help to put these Australian indicators into context. In 2010 the number of 15-19 year-olds unemployed or inactive as a share of the population was, at 8.1%, equal to the OECD average (Table 2)[5]. On each of the other three indicators shown in Table 2, (15-19 year-olds unemployed or inactive as a proportion of those not in education; 20-24 year-olds unemployed or inactive as a proportion of the population; and 20-24 year-olds unemployed or inactive as a proportion of those not in education) Australia fell well below the OECD average: in each case close to or more than a standard deviation below the OECD average. While there may be room for improvement, particularly among 15-19 year-olds, these indicators show that we do not have a major problem with levels of unemployment and inactivity among young people when compared to the OECD average.

Table 2: Persons aged 15-24 either unemployed or inactive, OECD countries, 2010 (%)

	Unemployed or inactive as a share of:			
	All persons aged:		All persons not in education aged:	
	15-19	20-24	15-19	20-24
Australia	8.1	11.2	38.5	19.1
OECD average	8.1	18.7	56.3	32.3

Source: OECD Education at a Glance 2012, Table C5.2a. See Table A2.

In 2010, 21 OECD countries had a smaller proportion of 15-19 year-olds who were either unemployed or inactive than Australia (Table A2). On this measure we fall well short of OECD best practice. However only six countries (Luxembourg, Norway, the Netherlands, Slovenia, Iceland and Switzerland) had fewer 20-24 year-olds who were either unemployed or inactive, and only Norway and the Netherlands had

[5] Unlike the Labour Force Survey data used to construct Table 1, the relevant OECD source does not distinguish between full-time educational participation and total participation.

fewer 15-19 and 20-24 year-olds either unemployed or inactive among those who were not in education. On these indicators Australia is close to OECD best practice

An ideal policy outcome is to have very few young people either unemployed or inactive both as a share of the total population and as a share of those not participating in education. And so a better yardstick of Australia's relative performance, and a better way to identify OECD best practice, is to look at how we compare when both measures are jointly taken into account. Table 3 jointly classifies OECD countries into one of four categories (Very low, Low, High and Very high) on each indicator for 15-19 year-olds based on the extent to which they diverge from the OECD average. Australia is classified as Very low on the basis of the proportion of those who are not in education, but as High on the basis of the proportion of the total population. Both Canada and New Zealand are similarly classified.

The best performing OECD countries, classified as Very low on both indicators, are Austria, Denmark, Germany, the Netherlands, Norway and Switzerland. Israel, Italy and Spain are the worst performing countries, classified as Very high on both indicators[6]. Possible reasons for this finding are discussed in Section 5.

Table 3: OECD countries jointly classified on two indicators of the level of unemployment and inactivity, 15-19 year-olds, 2010

		Unemployed or inactive as a share of all 15-19 year-olds			
		Very low	**Low**	**High**	**Very high**
Unemployed or inactive as a share of 15-19 year-olds not in education	**Very low**	Austria Denmark Germany Netherlands Norway Switzerland	Iceland	Australia Canada New Zealand	Mexico
	Low	Czech Republic Sweden	Portugal	United Kingdom	
	High	Finland Poland Slovenia	United States		Turkey
	Very high	Hungary Slovak Republic	Belgium Estonia France Greece Luxembourg	Ireland Korea	Israel Italy Spain

1. On each measure countries are classified as Very low, Low, High or Very high if they fall: more than half a standard deviation below the OECD average; between half a standard deviation lower than the OECD average and the OECD average; between the OECD average and half a standard deviation above the OECD average; and more than half a standard deviation above the OECD average.
Source: Table A3

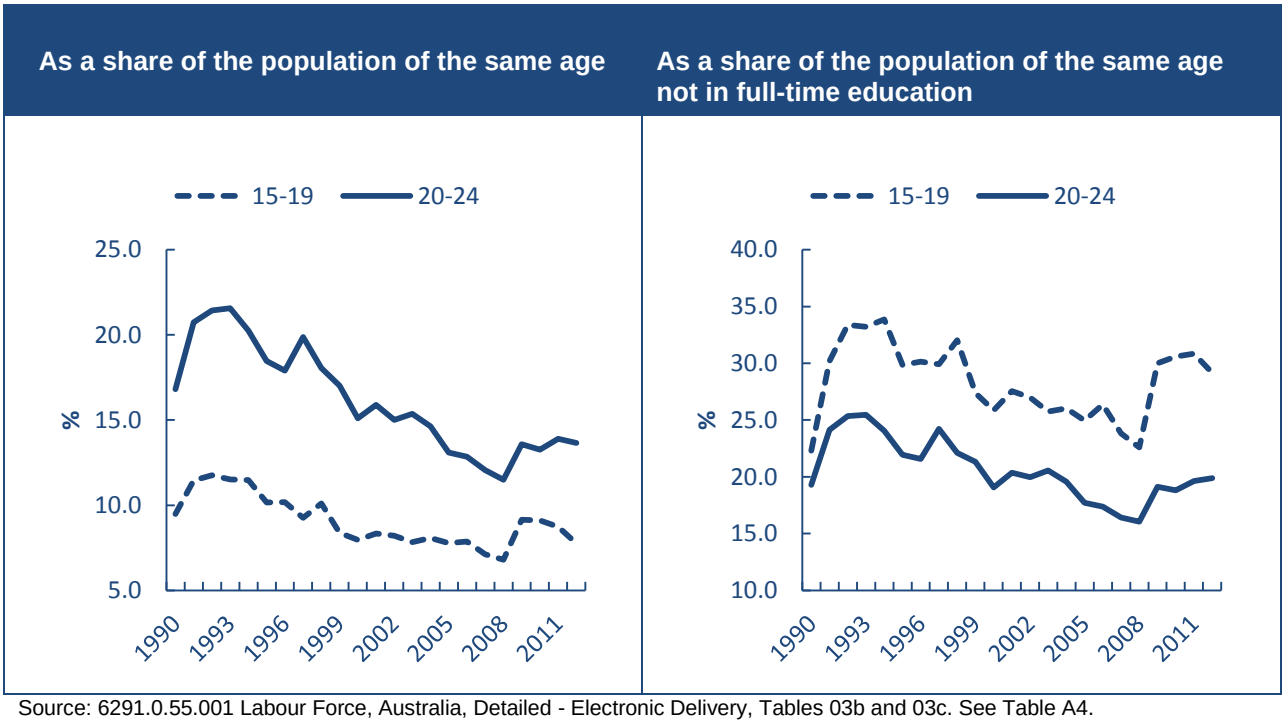
2.3 Trends

Another way to put present levels of unemployment and inactivity into perspective is to look at trends over time. Figure 2 shows trends since 1990 in the number of unemployed and inactive 15-24 year-olds both as a share of the population and as a share of those who are not in full-time education.

[6] A similar analysis has not been performed for 20-24 year-olds, as the two indicators are highly correlated across OECD countries for this age group, whereas for 15-19 year-olds the correlation is relatively small (0.93 compared to 0.25).

In both age groups and using either indicator there was a sharp jump in the numbers unemployed or inactive during the recession of the early 1990s, and then a slow but progressive decline until the 2008-2009 Global Financial Crisis. For both age groups the proportion of the population that was unemployed or inactive almost halved between the peak of the early 1990s and 2008. Despite the increase observed after the GFC, overall levels remain quite low as a share of the population when compared to most of the 1991-2008 period. However the proportion of 20-24 year-olds who are unemployed or inactive has fallen little since 2009, compared to some decline among 15-19 year-olds.

Figure 2: Persons aged 15-24 unemployed or inactive, 1990-2012 (May) (%)



Source: 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Tables 03b and 03c. See Table A4.

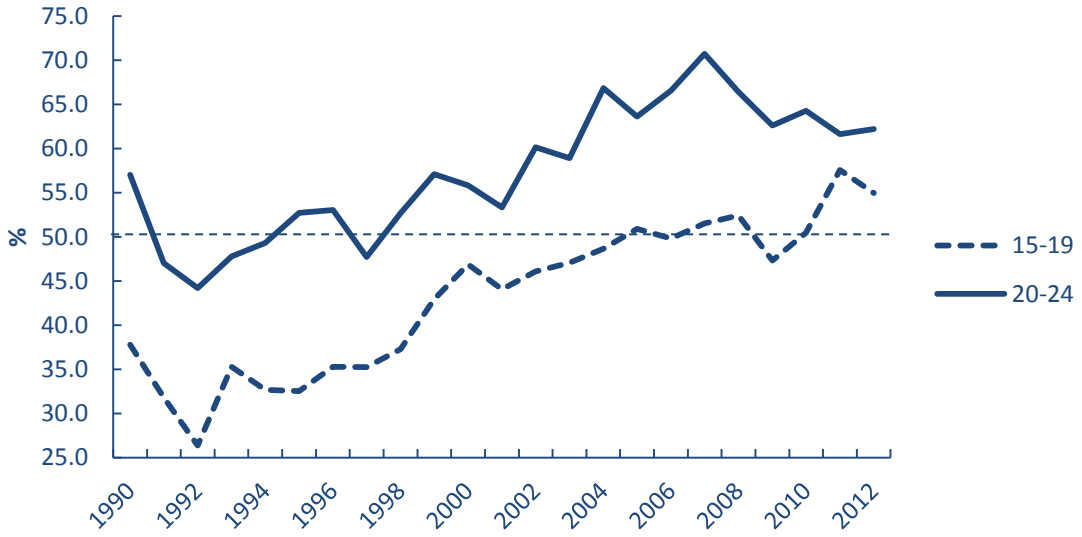
Among those who are not in full-time education the fall in unemployment and inactivity was much more gradual between the early 1990s peak and 2008 than it was among the population of 15-24 year-olds as a whole. 29.1% of 15-19 year-olds who were not in full-time education were unemployed or inactive in May 2012 compared to an early 1990s peak of 33.9%; among 20-24 year-olds 19.9% were unemployed or inactive compared to an early 1990s peak of 25.5%. Among 15-19 year-olds not in full-time education the jump in the total numbers unemployed or inactive has been particularly sharp since 2008, with the current level exceeding that observed for almost all of the period since the late 1990s. It is well above the 22.1% recorded prior to the 1990s recession.

There have also been compositional changes, with a progressive increase since 1992 in the share of the total represented by inactivity (see Figure 3). Among 20-24 year-olds the inactive jumped from 44% of the total in 1992 to a peak of 71% in 2007, and has since declined somewhat to 62%, still well above the levels of the early 1990s. Inactivity as a share of the total who are unemployed or inactive has declined among 20-24 year-olds since the introduction of the National Partnership on Youth Attainment and Transitions.

Among 15-19 year-olds inactivity as a share of the total has increased steadily since the early 1990s, rising from 26% of the total in 1992 to a peak of 58% in 2011. There was a noticeable jump in inactivity's share of the total who are either unemployed or inactive after the introduction of the National Partnership

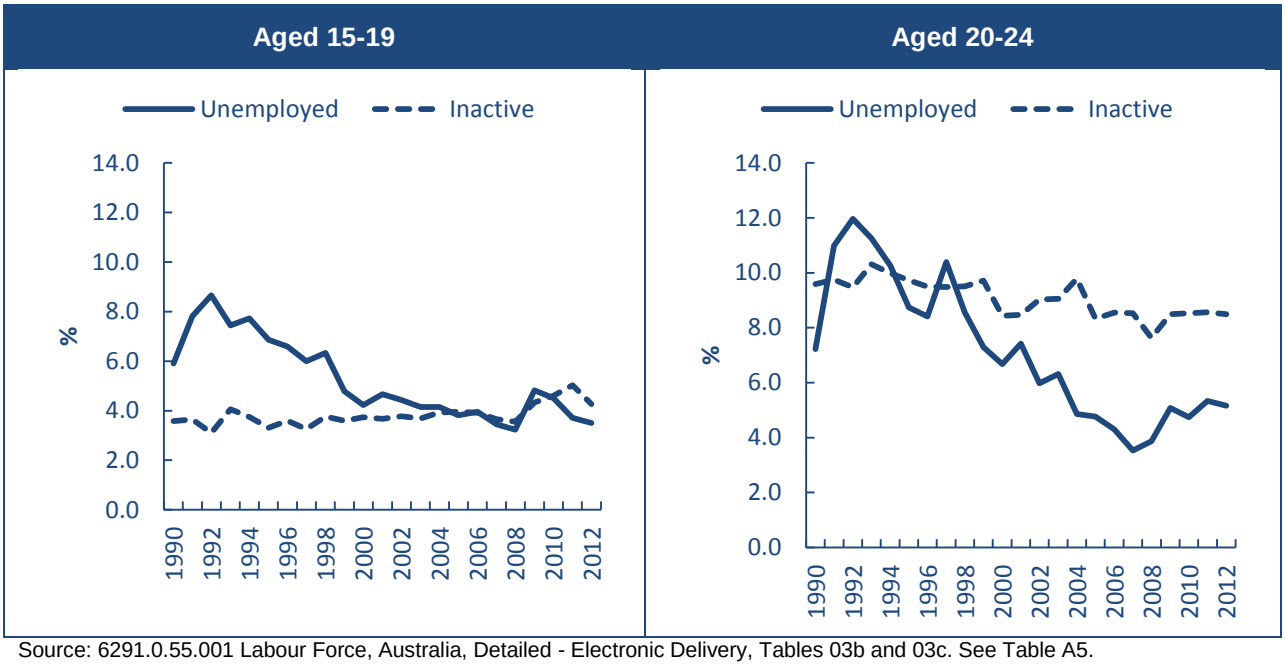
on Youth Attainment and Transitions in 2010: among teenagers who are not in full-time education the number who are inactive now substantially exceeds the number who are unemployed.

Figure 3: Persons inactive as a share of those unemployed or inactive, 15-24 year-olds, 1990-2012 (May) (%)



Source: 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Tables 03b and 03c. See Table A4.

Figure 4: Persons aged 15-24 unemployed and inactive as a share of the population of the same age, 1990-2012 (May) (%)



Source: 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Tables 03b and 03c. See Table A5.

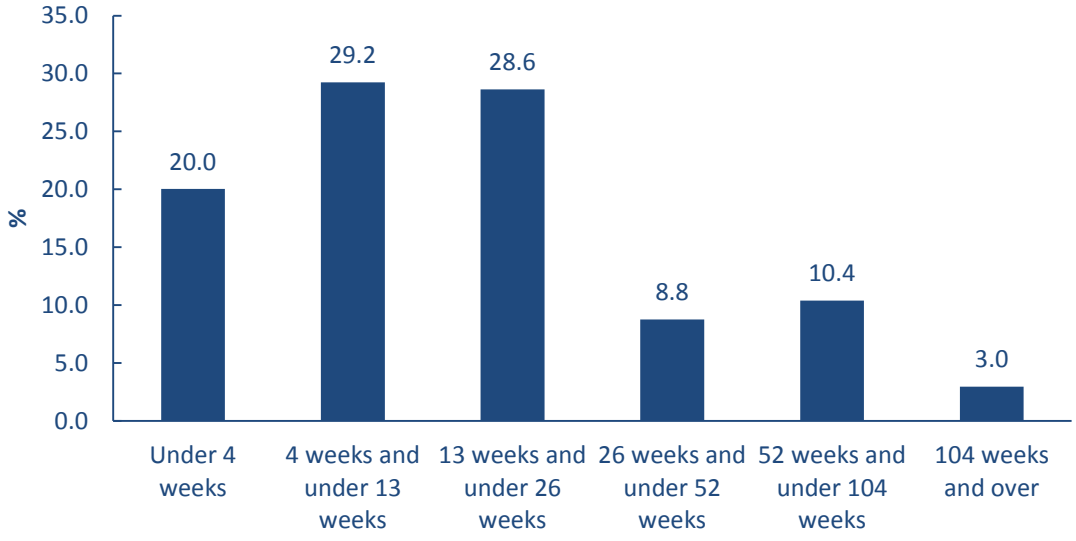
Figure 4 shows that the major reason for inactivity's growing share of the total has been less a rise in absolute levels of inactivity than a fall in the proportion of the age group that is unemployed. This is most evident among 20-24 year-olds, with both unemployment and inactivity falling, but unemployment falling at a far greater rate than inactivity. Among 15-19 year-olds, inactivity's growing share of the total is

largely a function of it remaining stable while unemployment fell, combined with a more recent (post-2008) increase. Given that the principal reason for the fall in youth unemployment over the period was a decline in overall unemployment, this suggests that levels of inactivity among young people are much less responsive to the state of the labour market than is unemployment. Table 10 in Section 4 provides a more detailed analysis of this.

2.4 Duration and frequency

Periods of unemployment and spells outside of both education and the labour force are common experiences for young people. Whether they become problems, with either short-, medium- or long-term consequences, in part depends upon how long they last (as well as upon how frequent they are)[7]. The probability of early-career unemployment having longer-term consequences is by now well known to be a function of its duration: the longer the period of unemployment, the greater the likelihood of it having long-term consequences. In May 2012 20% of unemployed 15-19 year-olds had been looking for work for less than four weeks, and half for less than three months. Only 22% had been unemployed for six months or more (Figure 5)[8].

Figure 5: Unemployed 15-19 year-olds by duration of unemployment, May 2012 (%)



Source: 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Table ST UM3

We know less about the duration, frequency and consequences of inactivity, partly because, unlike unemployment duration, this type of data is not reported as part of the regular Labour Force Surveys. However longitudinal data does provide some insights. Hilman (2005)[9] estimates that close to two thirds of 1997 LSAY participants had spent some time outside of the labour force and full-time education by 2003, and that for the majority the period of time was quite short: around one month. Marks (2006)[10] argues, on the basis of an analysis of LSAY data for young people who do not go to university, that there

[7] And in turn these interact with individual characteristics such as family background, health and educational achievement.

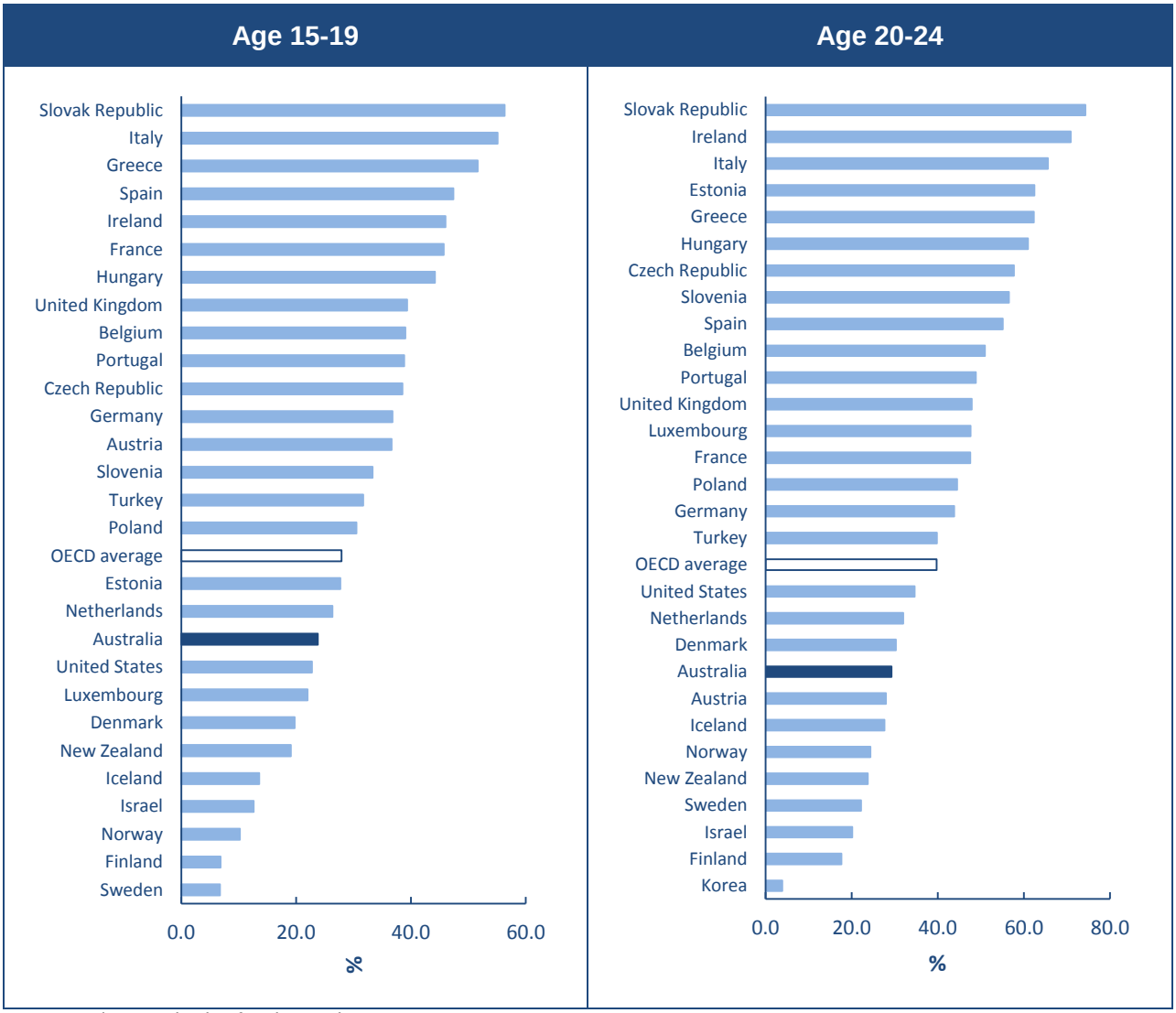
8 It should be noted, however, that this includes both those in full-time education and those not in full-time education, with the latter making up only around 39% of all unemployed 15-19 year-olds.

[9] Hillman, K. (2005) Young People outside the Labour Force and Full-time Education: Activities and Profiles, *Longitudinal Surveys of Australian Youth Research Report* No. 45, ACER, Melbourne.

[10] Marks, G. (2006)The transition to Full-time Work of Young People Who Do Not Go to University, *Longitudinal Surveys of Australian Youth Research Report* No. 49, ACER, Melbourne.

is a high degree of movement between inactivity on the one hand and work and education on the other, and that the longer-term difficulties of this group are less than those of young people who become unemployed[11]. In a recent paper Anlezark (2011)[12] argues that for most young people periods of detachment from work or study are not permanent, and that assistance should focus upon those young people who remain disconnected from work or study for extended periods.

Figure 6: Long-term unemployment[1] as a share of all unemployment, OECD countries, 15-24 year-olds, 2011



1. Unemployment lasting for six months or more.
Source: OECD.Stat

Against this view, of course, there is the view, common in best-performing OECD countries, that early intervention strategies are needed in order to prevent these spells outside of work and education from

[11] It may be worth pointing out here that the Labour Force Survey shows that levels of inactivity among 15-19 year-olds are almost twice as great during the months of December and January as in the March to October period.
[12] Anlezark, A. (2011) At Risk Youth: A transitory state? *Longitudinal Surveys of Australian Youth Briefing Paper* No. 24, NCVER, Adelaide.

becoming extended, rather than waiting until they do before intervening[13]. Even accepting the argument in relation to individuals, the economic arguments in favour of reducing the number and frequency of spells outside of employment point to the loss of earnings and taxation receipts that accumulate over time from such spells if they are widespread, even if short-lived in single instances. And there is some research from Sweden which argues that, even if young people exit unemployment more rapidly than adults, unemployment after leaving education can have long-term negative effects on both employment trajectories and earnings[14]. The OECD has long argued that there is strong evidence that starting off in the labour market unemployed almost guarantees future employment problems[15].And recent analysis by the OECD of school-to-work transition patterns in the United States has shown that the risk of young people being trapped in inactivity increases both for school dropouts and for young single parents[16].

Fortunately unemployment is likely to be a briefer experience for young people in Australia than in many other OECD countries. Figure 6 shows that for young people in 2011, long-term unemployment (unemployment lasting for six months or more) was a somewhat smaller share of all unemployment in Australia than in the OECD as a whole, and its incidence was certainly far lower than in countries such as Italy, Greece and Spain where the long-standing structural problems of the youth labour market have been compounded by the Global Financial Crisis. While this gives some comfort, it is evident that, whilst, as with levels of unemployment and inactivity, we may be far from the worst in the OECD and in fact are somewhat better than average, there are other countries that do better than us. In this instance in Norway, Sweden, Denmark, Israel and Iceland in the case of 15-19 year-olds, and in Korea, Finland, Israel, Sweden, New Zealand and Norway in the case of 20-24 year-olds, on average unemployment is a much briefer experience for young people than it is in Australia.

Whilst most of the relevant literature refers to duration of unemployment rather than to the duration of inactivity, Section 3 makes it clear that a substantial proportion of the group that we are concerned with (close to half of inactive 15-19 year-olds) is on welfare benefits such as disability pensions and single parent payments. For these young people the duration of inactivity is likely to be extended, the long-tem consequences higher, and the difficulties of re-engaging them far greater. From an analysis of LSAY data Polidano et al. (2012) find that having dependent children reduces the chances of female early school leavers re-engaging in education by 48%, and that this is almost entirely related to the low re-engagement rate of single mothers[17]. Swedish research shows that those who are inactive as 20-24 year-olds have a significantly elevated risk of being economically inactive seven years later, and that the risk is greater for the inactive than for those in other marginalised labour market categories[18]. There are at least some suggestions in the available data that the average duration of youth inactivity may be greater than the duration of youth unemployment: Section 3.2 shows that fewer of the inactive than of the unemployed are school leavers, and a greater proportion has been out of school for two years or more.

[13] See Section 5 for further discussion of this.

[14] Nordström-Skans, O. (2004) Scarring effects of the first labour market experience: A sibling based analysis, Institute for Labour Market Policy Evaluation, Working Paper 2004:14, Stockholm.

[15] See OECD (1998) "Getting started, settling in: The transition from education to the labour market", Employment Outlook, Paris; OECD (2010) *Off to a Good Start? Jobs for Youth*, Paris.

[16] Quintini, G. and Manfredi, T. (2009) "Going separate ways? School-to-work transitions in the United States and Europe", *OECD Social, Employment and Migration Papers*, No. 90, Paris.

[17] Polidano, C., Tabasso, D. and Tseng, Y. (2012) A Second Chance at Education for Early School Leavers, *Melbourne Institute Working Paper* No. 14/12, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.

[18] Franzén, E. And Kassman, A. (2005) "Longer-term labour-market consequences of economic inactivity during young adulthood: A Swedish national cohort study", *Journal of Youth Studies*, Vol. 8 (4), pp. 403-424.

3. Who is unemployed and inactive?

3.1 Messages from the research literature

Young people who are unemployed or inactive have a very diverse range of needs and exhibit a very wide range of personal circumstances. Many are disadvantaged, but it should not be automatically concluded that all are. A useful recent United Kingdom classification suggests that they fall into three groups[19]:

- Those who are engaged in some form of identifiable activity that is not education, training or employment. This includes those who are doing voluntary work or taking a gap year and those who are in custody. They are estimated to constitute 22% of the total;
- Those who have identifiable barriers to participation such as a disability or childcare responsibilities, some of whom may require assistance to be able to participate, but some of whom may be able to participate without assistance. They are estimated to constitute another 22% of the total; and
- Others, estimated to constitute 55% of the total.

While useful, this classification cannot directly be translated to Australia. Recent research by NCVER has shown that a high proportion of those who take a gap year between school and university are not inactive: around 40% work during this period, and a further third report undertaking some form of study[20]. And we do not have any firm estimates of the number of young people who are in custody[21]. At best, available Australian data allows a disaggregation into those who are unemployed, those who are receiving some form of welfare benefit, and a group of others who are inactive but not on benefits and whose activities and status are largely unknown (see Section 3.2).

Another classification of young people who are neither employed nor in education uses data from the United Kingdom's Youth Cohort study. It suggests three groups:

- Those who are open to learning (41% of the total);
- Those who are undecided (22% of the total), who typically exhibit negative attitudes to school and lack the resilience and skills to take up available opportunities; and
- A "sustained" group (38% of the total) who fit into the stereotypical image of the NEET group: coming from deprived backgrounds, no recent employment history, low educational attainment, and negative school experiences[22].

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[19] Walsh, K. (2010) EEO Review: Youth Measures, 2010. United Kingdom, European Employment Observatory, http://www.eu-employment-observatory.net/. The author cites the United Kingdom Department of Education as the source.

[20] Curtis, D., Mlotkowski, P. and Lumsden, M. (2012) *Bridging the Gap: Who Takes a Gap Year and Why?*, NCVER, Adelaide.

[21] The Australian Institute of Health and Welfare estimated that in 2009-10 around 7,250 young Australians were under juvenile justice supervision. However the age groups encompassed by this varied among the states and territories; of the groups of interest here many who are in custody would be included within the adult justice system; the relevant ABS publication does not provide a disaggregation by age; the data excluded Western Australia and the Northern Territory; and 86% of the total were under community-based supervision. See http://www.aihw.gov.au/publication-detail/?id=10737420208.

[22] Spielhofer, T., Benton, T., Evans, K., Featherstone, G., Golden, S., Nelson, J. and Smith, P. (2009). *Increasing participation: understanding young people who do not participate in education or training at 16 or 17*, National Foundation for Educational Research, London

Table 4 shows the barriers to re-engagement identified among those participants in the Youth Connections programme who have been continuously disconnected from education for longer than three months. The range of identified barriers is extremely wide. Personal, social, health, financial, accommodation and housing problems are among them, with low self esteem, poor basic educational skills, lack of social skills and behavioural, financial, family and mental hath problems being common themes. A high proportion of these young people obviously have multiple barriers that make re-engagement with education and training difficult. However it is important to emphasise that the 22,171 young people included within this group of Youth Connections clients over the 1 January 2010 to 30 September 2012 period represent a relatively small subgroup of unemployed or inactive youth[23]: it should not be assumed that they are a typical or representative sample.

Table 4: Identified barriers to participation among level 2B Youth Connections clients (%)

Barrier	%	Barrier	%
Low self esteem	56%	Abuse or Domestic Violence issue	12%
Low literacy or numeracy	52%	Medical or other health issue	12%
Socialisation issues	44%	Negative experience with education and training	12%
Financial distress	42%	Homelessness	8%
Behavioural problems	41%	Learning Difficulty	8%
Inadequate family support	36%	Parent/Pregnancy	7%
Suspected or diagnosed mental health issue	32%	Disability	5%
Anger management issues	28%	Disconnection from cultural heritage	5%
Alcohol or drug misuse	26%	In detention/previously in detention	5%
Unstable living arrangements	26%	Out of home care	5%
Bullying	21%	Young Carer responsibilities	4%
Critical life event	18%	Gifted	1%
Current or previous juvenile justice orders	17%	Volatile substance misuse	1%

Source: DEEWR (2011) *Youth Connections Program Report, 1 January 2101 to 30 September 2012*.

Two recent European reviews[24] highlight a wide range of factors associated with an increased probability of young people not being engaged in education, training or employment. They include: disability; coming from an immigrant background; low educational attainment; living in remote areas; coming from a low income family; coming from a low income household; and having parents who are divorced. Many of these factors are cumulative. The reviews stress the heterogeneity of the group. Some, such as those with a disability, the unemployed or young carers may have little control over their circumstances, whereas others, such as those taking a gap year or doing voluntary work, may have full control over their situation. The authors argue that this emphasises the importance of policies that adopt a range of initiatives capable of addressing diverse needs.

A 2007 report for the Greater London Authority finds the characteristics associated with young people being neither employed nor studying to include poor educational attainment, persistent truancy, teenage

[23] 154,500 15-20 year-olds were not in full-time education and were either unemployed or not in the labour force in May 2012.

[24] European Foundation for the Improvement of Living and Working Conditions (2011) *Young People and NEETs in Europe: First Findings*, and European Foundation for the Improvement of Living and Working Conditions (2011) *Recent Policy Developments Related to Those not in Employment, Education and Training* (NEETs), www.eurofound.europa.eu/.

pregnancy, use of drugs and alcohol, looking after children, disability, mental health issues and crime and anti social behaviour[25].

Using LSAY data, Hilman[26] found that young people who were outside of the labour force and full-time education at the time of interview in 2003 were more likely to: be female; come from the lowest educational achievement quartile; come from families in which neither parent held higher education qualifications; live in provincial or remote areas; have left school before Year 12; be married; be a parent; and have a health problem or disability.

A 2006 study by the Scottish Executive[27] points out that being unemployed or inactive:

> "...represents a wide range of circumstances. For some young people being NEET is a finite, transitional phase, ending in a positive outcome. For others, NEET is both a symptom of disadvantage and disengagement in earlier years and indicates a lifelong disengagement from actively participating in and benefiting from a prosperous society... NEET status represents a dynamic group: whilst the overall numbers NEET remains broadly static, many of the actual individuals within the group are changing at a rapid rate; but ... within this there is a core cohort who do not change over time."

3.2 Australian statistical data

This section looks at data from Australian government sources on the relationship between on the one hand unemployment and inactivity and on the other hand factors such as welfare dependency, age, gender, educational attainment, and period since leaving school.

The unemployed, benefit recipients and others inactive

Figure 7 disaggregates 15-19 year-olds who were unemployed or inactive in June 2011 into three groups: those who were unemployed; those who were inactive but on welfare benefits (disaggregated by type of benefit received); and those who were inactive but whose status was unknown. It shows that:

- The unemployed represented 42% of the total and the inactive represented 58% of the total;
- Benefit recipients, of whom the largest group received disability support pensions, represented 26% of the total;
    - And benefit recipients represented 45% of those who were inactive;
- Those estimated to be inactive but whose status was unknown represented 32% of the total;
    - And those whose status was unknown represented 55% of the inactive.

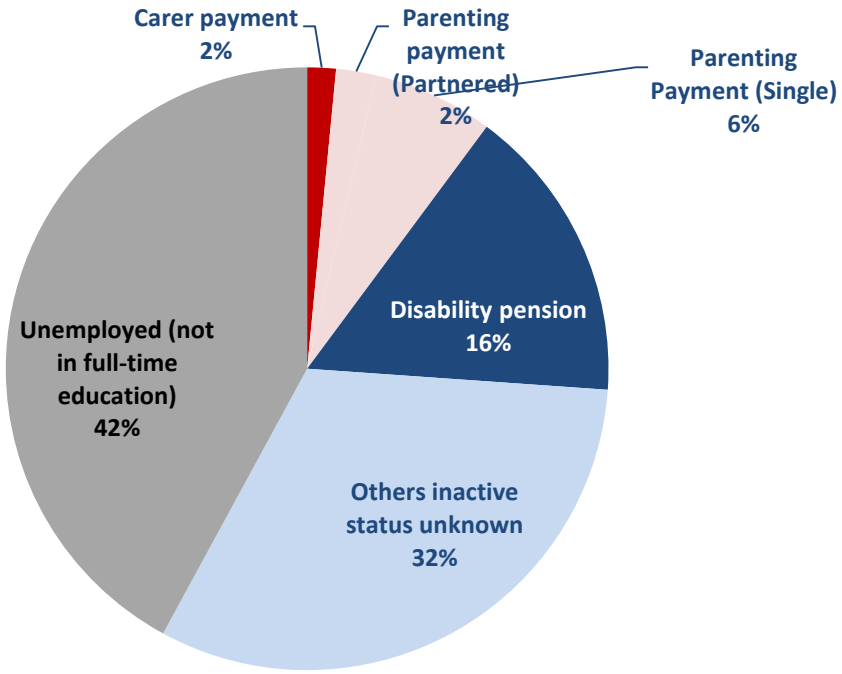
In sum, among those who are not in full-time education and who are unemployed or inactive, there are more who are inactive than who are unemployed, and among the inactive the number who are not on welfare benefits exceeds those who are.

[25] Research as Evidence (2007) What works in preventing and re-engaging young people NEET in London, www.research-as-evidence.co.uk/.

[26] Hillman, K. (2005) Young People outside the Labour Force and Full-time Education: Activities and Profiles, Longitudinal Surveys of Australian Youth, *Research Report* No. 45, ACER, Melbourne.

[27] Scottish Executive (2006) *More Choices, More Chances: A Strategy to Reduce the Proportion of Young People not in Education, Employment or Training in Scotland*, Edinburgh.

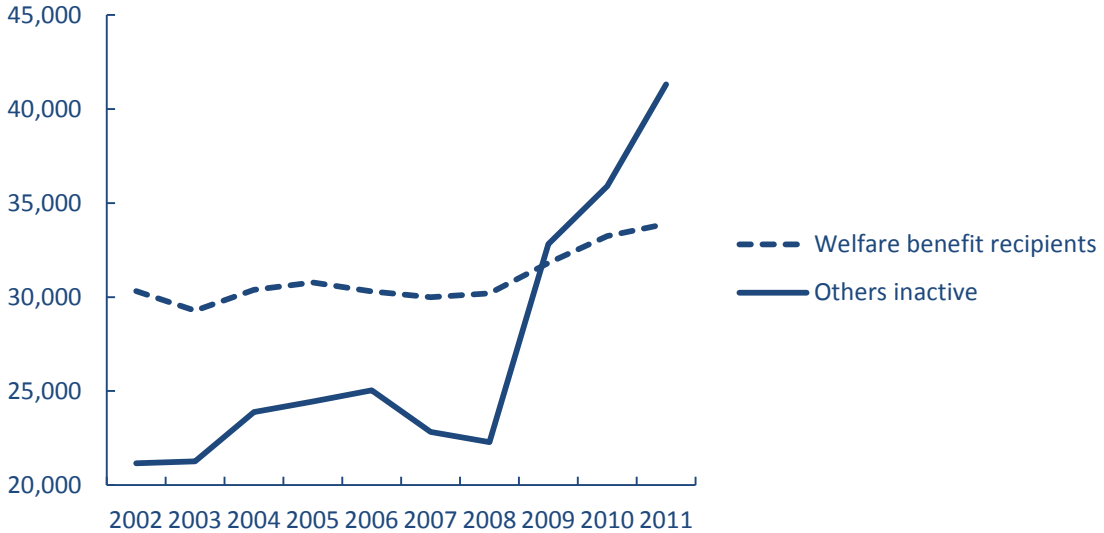
Figure 7: Estimated composition of 15-19 year-olds who were unemployed or inactive, June 2011



Sources: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery and FaCHSIA *Statistical Paper No. 10 Income Support Customers A Statistical Overview 2012.*

Trends in the composition of inactivity

Figure 8: Inactive persons aged 15-19 by whether welfare benefit recipients or not[1], 2000-2011 (June)



1. The "Others inactive" category is calculated by subtracting the number of benefit recipients from the total number inactive.
Sources: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery and FaCHSIA FaHCSIA *Statistical Paper No. 10 Income Support Customers A Statistical Overview 2012*.

Between May 2009 and May 2011 there was a sharp rise, compared to the 2000-2008 trend, in the number of young people who were inactive: among 15-20 year-olds it rose from 72,300 to 101,700[28]. Estimates for 15-19 year-olds for the 2008-2011 period, which coincides both with the 2008-2009 Global Financial crisis and the introduction of new participation and income support requirements as part of the Compact with Young Australians, show that most of this increase occurred among those who were not welfare benefit recipients (Figure 8)[29]. The number of inactive 15-19 year-olds who were not on benefits almost doubled from around 22,300 to almost 41,300 between 2008 and 2011, whereas the number of benefit recipients rose by only a little over ten percent from 30,200 to 33,900. Thus over the period the composition of the inactive group changed quickly, with the share represented by benefit recipients falling from 58% to 45% of the total. Hence the greatest increase was amongst those about whom the least is known and who are the hardest to contact.

Age

Table 5 shows the relationship between age in single years and unemployment and inactivity[30]:

- Around three quarters of all unemployed and inactive 15-20 year-olds are aged 18 and over. Less than ten per cent are aged less than 17;
- As a share of the population, almost no 15-16 year-olds are unemployed or inactive. The proportion of young people unemployed or inactive is directly proportional to age, increasing from one per cent of those aged 15 to around 12% to 13% of those aged 18, 19 and 20;
- As a share of those who are not in full-time education, unemployment and inactivity are inversely related to age. Whilst the relationship is not perfectly linear, in broad terms the younger a person is, the higher is their probability of being unemployed or inactive once they have left full-time education. Nearly two thirds of all 15 year-olds who are not full-time students are either unemployed or inactive, as are around 40 per cent of 16 and 17 year-olds who are not full-time students. Even among 18-20 year-olds the proportion who are unemployed or inactive among those who are not full-time students is not trivial at around one in four of each age.

Table 5: Unemployment and inactivity by single years of age, ages 15-20, May 2012

	Age:						
	15	**16**	**17**	**18**	**19**	**20**	**15-20**
('000)	3.1	8.7	24.5	37.9	41.3	39.0	154.5
% of total unemployed and inactive	2.0	5.6	15.9	24.6	26.7	25.2	100.0
Share of:							
Population	1.1	3.0	8.2	12.6	13.3	12.4	8.6
Population not in full-time education	64.9	41.0	38.1	26.3	25.5	23.1	27.3

Source: 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery. See Table A6

This suggests that while those aged 18 and over are likely to be the largest group of clients for services and programmes targeted at young people who become unemployed or inactive after leaving full-time education, those aged 17 and under are likely to be highly at risk and thus as a group most likely to need

[28] Although the number fell to 87,800 in May 2012.
[29] 20 year-olds, who fall within the income support requirements of the Compact with Young Australians, cannot be separately identified in FaHCSIA data, as they are included among 20-29 year-olds.
[30] Similar patterns are evident for unemployment and inactivity individually: see Table A6.

assistance. However because their numbers are so small they are likely to be difficult to identify and contact.

It is interesting to compare the age distribution of unemployed or inactive 15-20 year-olds with the age distribution of Youth Connections Level 2B clients (those who have been disengaged from education for three months or more). Table 6 indicates that Youth Connections focuses strongly upon disconnected young people who are under the age of 18, those who have the highest probability of being unemployed or inactive after leaving full-time education. They are a minority of unemployed or inactive 15-20 year-olds (24%) but represent 80% of Youth Connections Level 2B clients. On the other hand 18-20 year-olds, who constitute 77% of unemployed or inactive 15-20 year-olds, represent only 20% of the Youth Connections Level 2B client group.

Table 6 Age distribution of unemployed or inactive 15-20 year-olds and of Youth Connections Level 2B clients

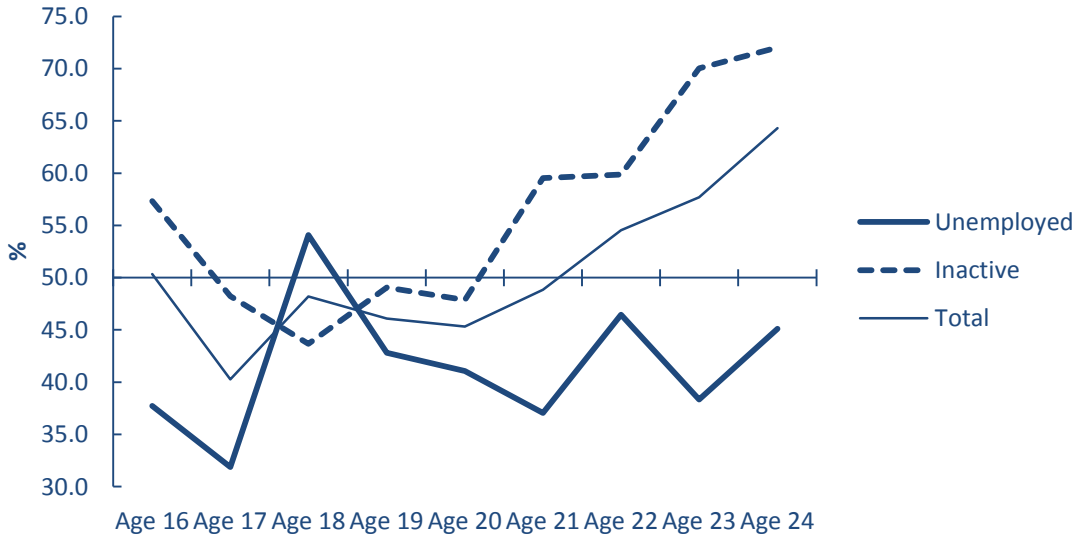
	Age								
	<15	**15**	**16**	**17**	**18**	**19**	**20**	**>20**	**Total**
Unemployed or inactive	n.a	2.0	5.6	15.9	24.6	26.7	25.2	n.a	100.0
Youth Connections 2B	13.1	16.7	26.4	23.4	12.8	6.1	1.2	0.3	100.0

Sources: Table A6 and DEEWR (2011) *Youth Connections Program Report, 1 January 2010 to 30 September 2012*.

Gender

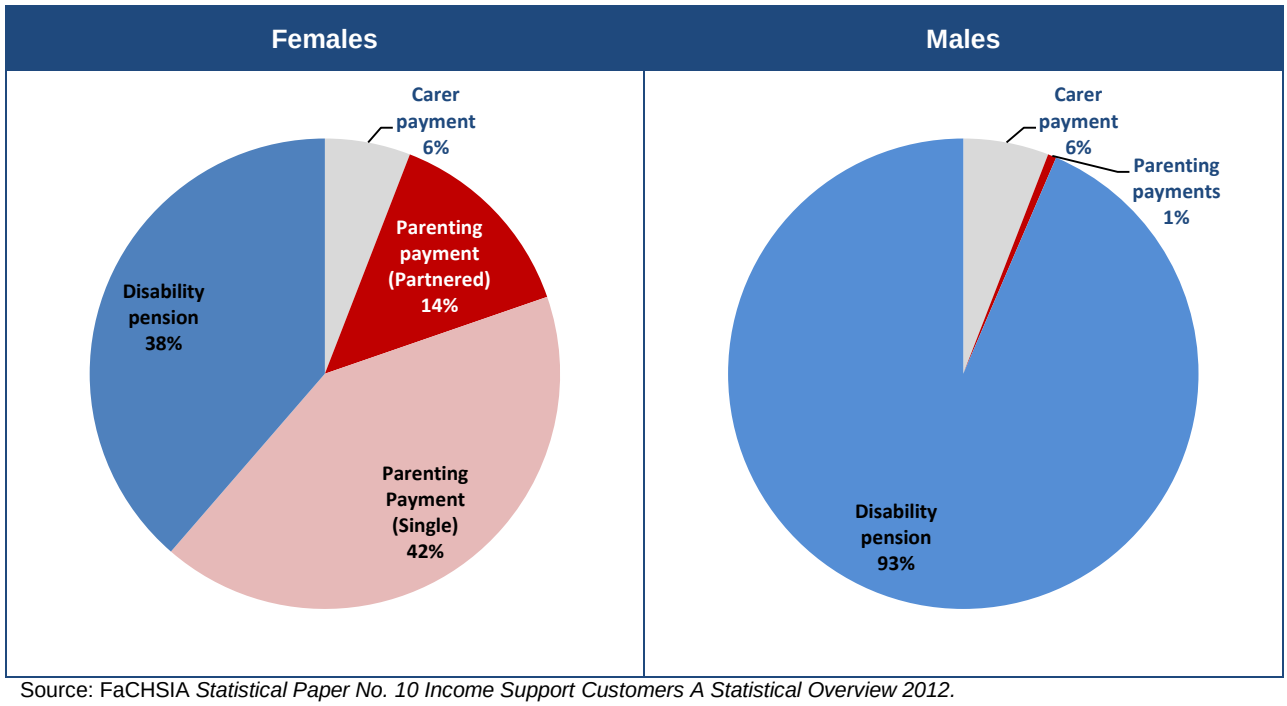
While females and males make up roughly equal proportions of the unemployed plus inactive group until the age of 20, females' share rises sharply after the age of 20 (Figure 9). This is a function of their increasing share of the inactive group, and in turn this is a function of the increasing importance of family formation and child care.

Figure 9: Females as a share of unemployed and inactive 15-24 year-olds by single year of age, May 2012 (%)



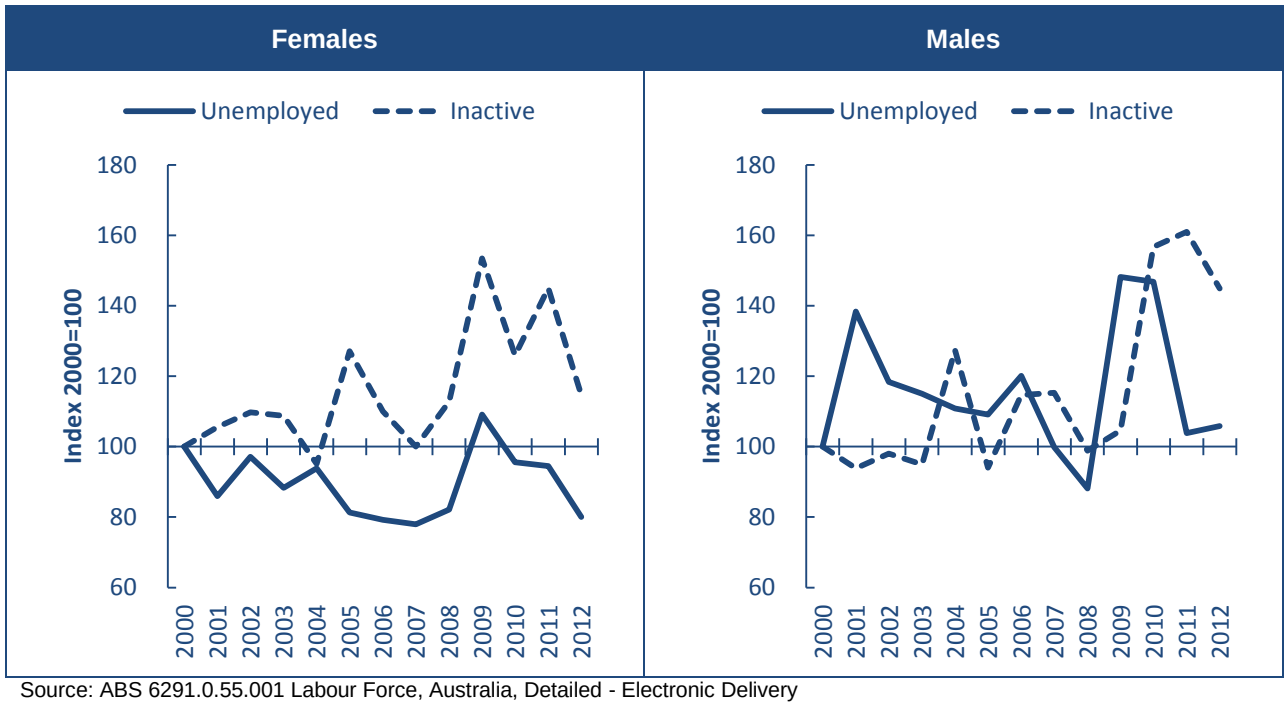
Source: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery

Figure 10: Pensions and benefits received by benefit recipients under the age of 20 by gender, June 2011 (%)



Source: FaCHSIA *Statistical Paper No. 10 Income Support Customers A Statistical Overview 2012.*

Figure 11: Change in number of 15-19 year-olds unemployed or inactive, May 2000-2012 indexed to May 2000



Source: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery

There are marked differences in the types of welfare benefits claimed by young women and young men (Figure 10). Among females, 42% are receiving single parent payments, 38% disability support pensions,

and 14% parenting payments (partnered). Disability support pensions account for 93% of all male benefit recipients

The number of young women who were inactive jumped sharply during the GFC but has since fallen somewhat. On the other hand the number of young men who were inactive did not increase sharply until 2010 when the new income support requirements of the Compact with Young Australians was introduced for existing claimants[31], and the number has remained high, falling only very slightly in 2012.

Figure 11 points to different trends in unemployment and inactivity levels by gender among 15-19 year-olds between 2000 and 2012. Throughout most of the period the number of females aged 15-19 who were unemployed was lower than in 2000, increased only slightly during the 2008-2009 GFC, and has fallen appreciably since then. For young men unemployment stayed above the 2000 level for most of the period, jumped very sharply during the GFC, and has since fallen back sharply and is close to the 2000 level.

Educational attainment

Low levels of educational attainment have a very large impact upon the chances of a young person becoming unemployed or inactive (see Section 4 following). However this does not mean that all or even the great majority of young people who are unemployed or inactive have low levels of educational attainment: completing Year 12 or obtaining a post-school qualification may greatly reduce the risk of becoming unemployed or inactive, but it does not confer immunity. In May 2011, 42% of unemployed or inactive 15-19 year olds and 54% of unemployed or inactive 20-24 year-olds had completed Year 12 or a post-school qualification (Table 7). However on average inactive youth appear to have lower levels of educational attainment than unemployed youth.

Table 7: Persons aged 15-24 who were unemployed or inactive in May 2011 by highest level of educational attainment (%)

	Unemployed	Inactive	Unemployed or inactive
Age 15-19			
Certificate III/IV or above	13.4	2.5	7.0
Year 12	32.9	36.0	34.7
Year 11	13.2	11.3	12.1
Less than Year 11	40.6	50.4	46.4
Total	**100.0**	**100.0**	**100.0**
Age 20-24			
Bachelor degree or above	10.7	5.6	7.7
Advanced diploma/Diploma	8.0	6.0	6.8
Certificate III/IV	16.4	9.6	12.4
Year 12	23.6	29.5	27.1
Below Year 12	41.2	49.3	46.0
Total	**100.0**	**100.0**	**100.0**

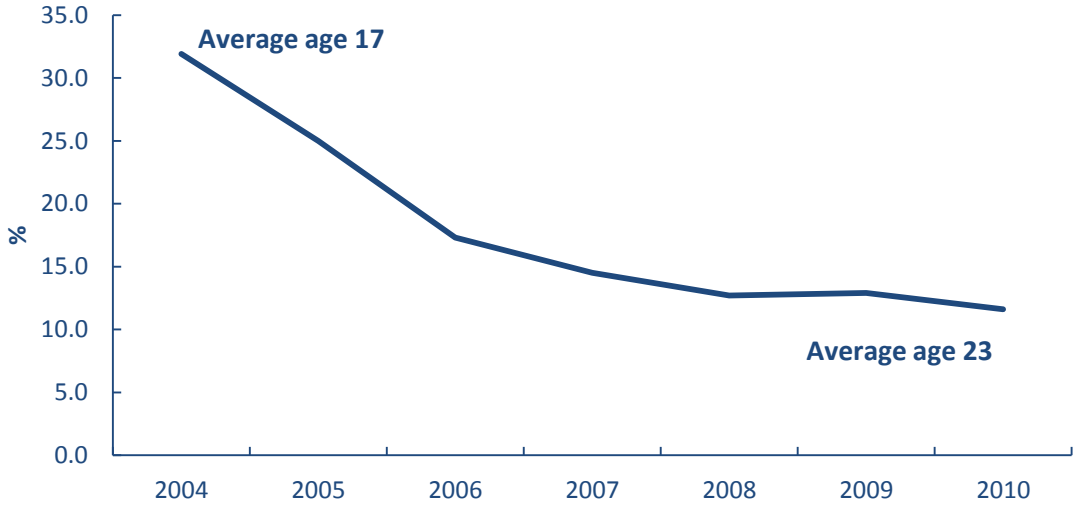
Source: ABS *Education and Work Australia*, May 2011, Tables 17 and 18.

[31] The new requirements were introduced for new claimants on 1 July 2009.

Year left school

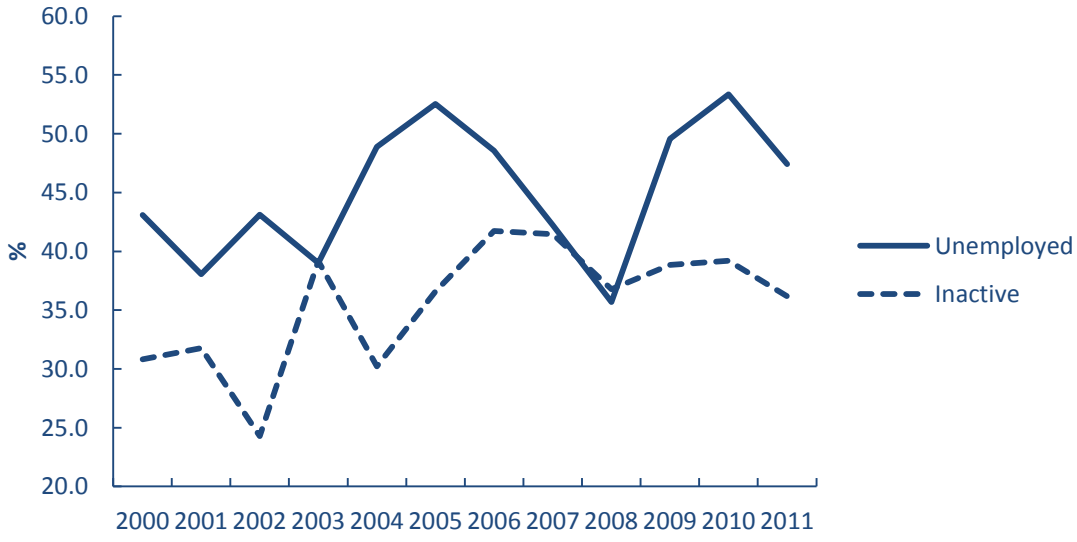
For many young people the transition from full-time education to work can be a long and drawn out process. Problems in settling into work may not necessarily occur immediately after leaving full-time study, but can arise in subsequent years, even if the probability of becoming unemployed or inactive reduces over time. Data from the 2003 LSAY (Longitudinal Surveys of Australian Youth) cohort shows that the proportion of those who were not in education and who were either unemployed or not in the labour force in fell each year from 2004 to 2010, but was still appreciable by age 23. Around a third was unemployed or inactive at age 17, a quarter at age 18, and around one in nine at age 23 (Figure 12).

Figure 12: LSAY 2003 cohort participants not in education who were unemployed or not in the labour force, 2004-2010 (%)



Source: http://www.lsay.edu.au/cohort/2003/4.html.

Figure 13: School leavers as a share of persons aged 15-19 not in full-time education and unemployed or inactive, 2000-2011 (%)



Sources: Estimated from ABS *Survey of Education and Work* Cat No. 6227.0 and ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery.

Reflecting the fact that transition difficulties are not only experienced shortly after leaving school, Table 8 shows that around half of those 15-19 year-olds who were unemployed or inactive in May 2012 had left school two years or more previously, with the proportion of the inactive who had been out of school for two years or more being slightly higher than for the unemployed.

Figure 13 shows a similar pattern. It estimates that in 2011 only around half of all 15-19 year-olds not in full-time study who were unemployed were school leavers, and only around a third of those who were inactive were school leavers. A similar pattern can be observed for most of the period between 2000 and 2011.

Table 8: Persons aged 15-19 not attending full-time education and unemployed or inactive by year left school, May 2012 (%)

Year left school	Unemployed	Inactive	Unemployed or inactive
2008	3.9	7.4	5.8
2009	14.6	15.5	15.1
2010	30.2	31.8	31.0
2011 or 2012	51.3	45.4	48.1
Total	**100.0**	**100.0**	**100.0**

Source: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery, Table LM3.

Policies and programmes to assist those who have problems in the transition should not, then, assume that the majority will be immediate school leavers. As many are not, policies need to take account of the ease with which young people can re-engage with education and training, and of their willingness to do so once they have been away from full-time study for an extended period of time.

A recent study by Polidano and colleagues[32] uses LSAY data to examine the probability of re-engagement in education by early school leavers. It finds that among the 2003 LSAY cohort, 82% of early leavers returned to education within the first 5 years. However the chances of re-engagement peak three months after leaving school, and fall sharply thereafter, with the chances of re-engagement falling by 50% from the three-month peak probability. When a young person has been away from school for a year to 18 months, the chances of re-engagement are 66% lower than in the initial period. And the chances of re-engagement fall even further for those who leave because they either had a problem with school or were not doing well at school (compared to those who leave school for the positive reason that they want to get a job), and for those who fail to find a job that they would like as a career. Re-engagement chances fall by around 20% to 25% for both of these groups.

4. Prevention is better than a cure: The impact of labour market conditions, educational participation and educational attainment

The proportion of young people who are unemployed or inactive is likely to be partly explained by overall labour market conditions. Youth unemployment levels are, in nearly all countries, closely correlated with overall unemployment levels[33,34] and in all countries unemployment rates are higher

[32] Polidano, C., Tabasso, D. and Tseng, Y. (2012) A Second Chance at Education for Early School Leavers, *Melbourne Institute Working Paper* No. 14/12, Melbourne Institute of Applied Economic and Social Research, University of Melbourne.

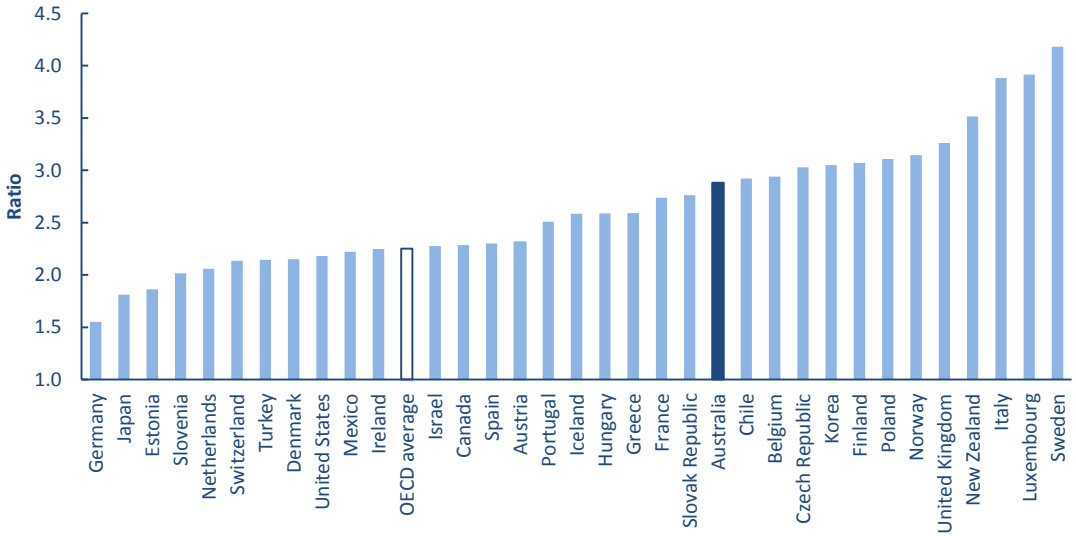
[33] However the size of the correlation varies widely, being close to 1.0 in Australia, and close to zero in Denmark (when measured over 1990-2010).

[34] See, for example Layard, R., Nickell, S. and Jackman, R. (2005) *Unemployment: Macroeconomic Performance and the Labour Market*, Oxford University Press, Oxford.

among young people than among adults. This is not surprising, as young people have less labour market experience, shorter average periods of job tenure, fewer experienced-derived skills, and fewer connections and contacts than adults. However there are marked differences between countries in the relative disadvantage of young people in the labour market. This is reflected in the ratio of youth to adult unemployment, which is conventionally measured using the unemployment rate among 15-24 year-olds as a ratio of the unemployment rate among 25-54 year-olds[35]. This measure of the relative competitiveness of young people in the labour market reflects both their skills and qualifications relative to those of adults, and what the OECD has called the "youth friendliness" of the labour market. This includes factors such as: the availability of youth wages and training wages; the strictness of employment protection legislation; the availability of apprenticeships and similar arrangements; the existence of special youth-focused safety net arrangements and labour market measures for those who are unemployed or inactive; the closeness of the connections between employers and schools, and opportunities for students to combine study with part-time and vacation jobs. On most of these measures Australia performs relatively well compared to many other OECD countries[36].

In Australia youth unemployment was 2.9 times higher than adult unemployment in 2011 (Figure 14), somewhat above the OECD average of 2.3, well below the worst performing OECD countries (Sweden, Luxembourg, Italy, New Zealand, all with ratios of 3.5 or more), but well above the best performing countries (Germany, Japan, Estonia, all with ratios below 2.0).

Figure 14: Youth to adult unemployment ratios, 2011



Source: Calculated from OECD.Stat

The proportion of young people who are unemployed or inactive will also reflect educational participation rates, which will set its upper bound. A participation rate of 100% would allow none to be unemployed or inactive; a rate of 95% would allow a maximum unemployment and inactivity rate of five per cent and so on.

Understanding the strength of the relationship between levels of unemployment and inactivity among young people on the one hand and overall labour market conditions and educational participation rates on

[35] With a ratio of 1.0 indicating that unemployment rates are equal for both age groups, and a ratio of 2.0 indicating that they are twice as high among youth as among adults.
[36] OECD (2000) *From Initial Education to Working Life: Making the Transition Work*, Paris; OECD (2009) *Jobs for Youth: Australia*, Paris.

the other is important, as it helps us to get a feeling for the extent to which specific safety net arrangements for those who have dropped out of full-time study and who cannot find work are likely to have an impact compared, for example, to policies to reduce overall unemployment levels and to increase educational participation rates.

International comparisons

Across OECD countries there is a significant relationship between levels of unemployment and inactivity on the one hand and educational participation rates and overall unemployment levels on the other, although the correlation is not perfect (Table 9):

- Countries with low rates of educational participation such as Turkey and Israel tend to have high proportions of the relevant age group unemployed or inactive;
- Countries with high overall unemployment rates such as Spain and Turkey have tend to have high rates of unemployment and inactivity among those who have left education.

Table 9: Simple correlations between unemployed plus inactive indicators for persons aged 15-24, educational participation rates and unemployment rates, OECD countries, 2010

	Unemployed or inactive as a share of:			
	Population		Population not in education	
	Age 15-19	Age 20-24	Age 15-19	Age 20-24
Education participation rate	-0.88	-0.69	0.21	-0.42
Unemployment rate, age 15-64	0.15	0.48	0.52	0.62

1. Correlations equal to or greater than 0.36 are statistically significant
Sources: OECD (2012) *Education at a Glance*, Table C5.2a and OECD Employment Outlook 2010, Table B.

Australian trends

Table 10: Simple correlations between indicators of unemployment and inactivity and educational participation and unemployment rates, persons aged 15-24, May 1990 to May 2012[1]

	Unemployed or inactive and:				Inactive and:				Unemployed and:			
	Share of population		Share of population not in full-time education		Share of population		Share of population not in full-time education		Share of population		Share of population not in full-time education	
	Age 15-19	Age 20-24	Age 15-19	Age 20-24	Age 15-19	Age 20-24	Age 15-19	Age 20-24	Age 15-19	Age 20-24	Age 15-19	Age 20-24
Per cent of age group in full-time education	-0.64	-0.88	-0.04	-0.73	0.45	-0.78	0.78	0.31	-0.70	-0.86	-0.48	-0.80
Total unemployment rate age 15-64	0.91	0.98	0.71	0.95	-0.46	0.78	-0.62	-0.08	0.95	0.98	0.95	0.97

1. Correlations equal to or greater than 0.41 are statistically significant at the five per cent level. Correlations equal to or greater than 0.53 are significant at the one per cent level.
Source: Calculated from ABS 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*

These relationships are also apparent, and to an even stronger degree, using Australian data over time. Using data for the 1990-2012 period, Table 10 shows correlations between indicators of unemployment and inactivity for 15-24 year-olds and both educational participation rates and the overall unemployment rate. The table shows that, with only one exception, a substantial proportion of the variation in the

combined number of young people who are either unemployed or inactive over the period can be accounted for by variation in levels of educational participation and by variation in the overall level of unemployment.

In broad terms, as educational participation rises the proportion of young people who are either unemployed or inactive falls, and as total unemployment rises, so does the proportion of young people who are either unemployed or inactive. These results suggest that substantial inroads into levels of youth unemployment and inactivity could be made simply by raising educational participation and reducing unemployment.

However it is very important to point out that unemployment and inactivity seem to behave differently in the way that they relate to educational participation and overall unemployment. The correlations between unemployment and both educational participation and overall unemployment are all generally very high and highly significant. When educational participation rises, unemployment levels fall as a share of the age group. When overall unemployment rises, so does unemployment among young people. However in the case of inactivity, correlations are generally smaller, sometimes statistically insignificant, and when they are significant, at times the direction of the correlation is counter-intuitive and hard to explain. For example the Table seems to suggest that inactivity rises with educational participation among 15-19 year-olds, and falls when overall unemployment rises.

All of this suggests that unemployment and inactivity among young people should not be treated identically in policy terms. Whilst overall levels of youth unemployment are likely to respond strongly to increases in educational participation and to falling overall unemployment, the same should not be concluded about levels of inactivity, which appear to obey a different set of rules and thus to pose a more difficult policy challenge.

Does part-time study make a difference?

Table 11: Persons aged 15-24 unemployed or inactive by type of educational attendance, May 2011 (%)

	Per cent:		
	Unemployed	**Inactive**	**Unemployed or inactive**
Age 15-19			
Not enrolled at all	16.0	22.9	39.0
Not enrolled full-time	13.2	18.5	31.7
Difference	-2.8	-4.4	-7.3
Age 20-24			
Not enrolled at all	8.4	12.0	20.4
Not enrolled full-time	7.6	11.0	18.6
Difference	-0.8	-1.0	-1.8

Source: ABS *Education and Work Australia*, May 2011, Tables 17 and 18.

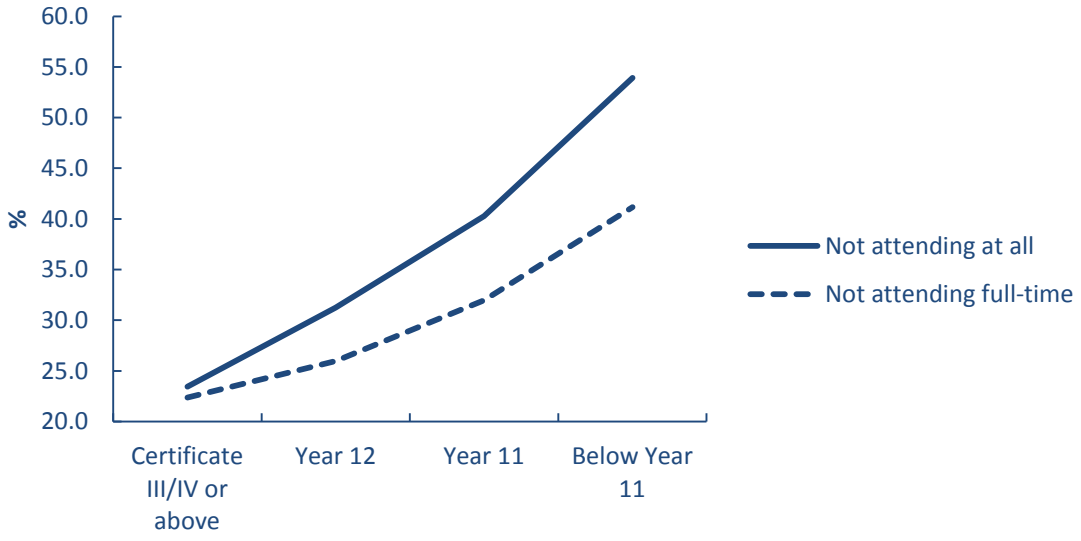
The ABS Survey of Education and Work allows an estimate to be made of the impact of part-time study upon levels of unemployment and inactivity[37]. Table 11 shows the proportion of 15-24 year-olds who

[37] This is not possible using detailed data cubes from the Labour Force Survey, which report full-time participation but not total participation. Despite this limitation, the Labour Force Survey's data cubes have been drawn upon extensively as they provide consistent time series data, they provide this over a long period, and they provide

were either unemployed or inactive in May 2011 by whether they were not attending education at all or were not attending full-time. The difference between the two represents those who were studying part-time[38]. It suggests that part-time study has an appreciable impact in reducing the chances of a 15-19 year-old becoming unemployed or inactive, with the biggest impact being on levels of inactivity, which are 4.4 percentage points lower among those not enrolled full-time compared to those not enrolled at all. Among 20-24 year-olds there is a much smaller impact, either upon unemployment or inactivity, both of which are at most one percentage point lower among those studying part-time.

And for 15-19 year-olds, studying part-time seems to have the biggest impact in reducing levels of unemployment and inactivity upon those who have the lowest levels of educational attainment. Among those with a Certificate III/IV or above the difference in the proportion either unemployed or inactive between those not attending at all and those not attending full-time is one percentage point, for those who have completed Year 12 it is five percentage points, for those who have only completed Year 11 eight percentage points, and for those whose highest level of attainment is less than Year 11 the difference is 13 percentage points (Figure 15).

Figure 15: Persons aged 15-19 either not attending at all or not attending full-time who were unemployed or inactive by highest level of educational attainment, May 2011 (%)



Source: ABS *Education and Work Australia*, May 2011, Table 17

Education sector and variation between the states

Over the 1990-2012 period, growth in tertiary participation among 15-19 year-olds has been much stronger than growth in school participation: this has been particularly noticeable since 2009 (Figure 16). Analysis of state-level trends suggests that the proportion of teenagers who are unemployed or inactive not only reflects the overall level of full-time educational participation, but also appears to be at least in part a function of which sector the educational participation occurs in. For each of the Australian states[39] Figure 17 shows trends in the proportion of 15-19 year-olds unemployed or inactive, participating in full-

detailed and easily accessible single year of age data. None of these are readily available from the annual Survey of Education and Work.

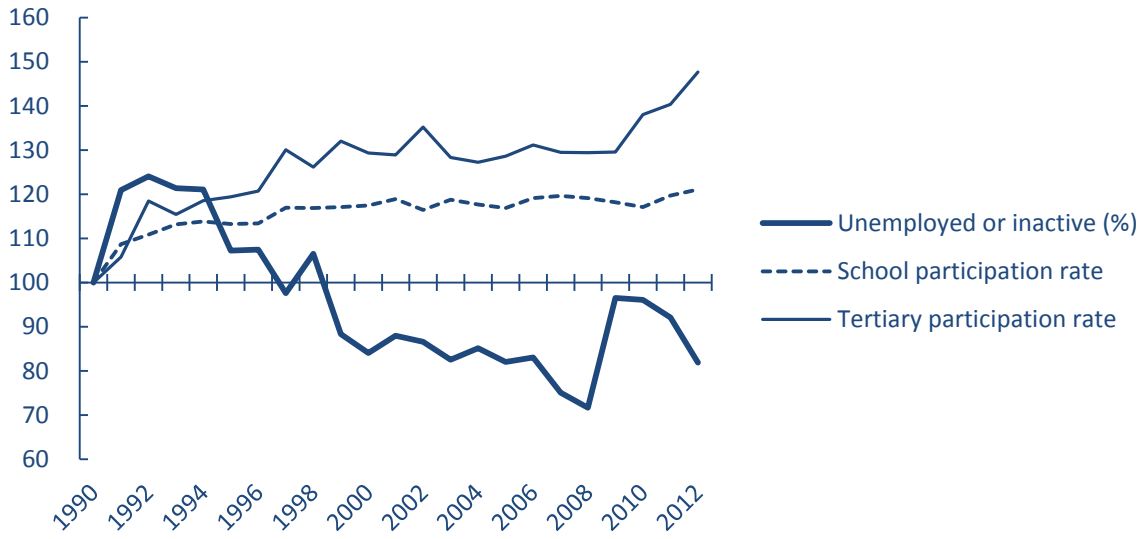
[38] Estimates for those studying part-time are not shown separately as they are almost all subject to very high standard errors, whereas estimates for those not studying at all and those not studying full-time are generally not.

[39] Estimates for the Northern Territory and the Australian Capital Territory are subject to very high relative standard errors.

time schooling, and participating in full-time tertiary education over the period 1990-2012, with values indexed to 1990 levels. Table 12 summarises the 2012 values of the indexes for each state.

New South Wales and Victoria both experienced growth in full-time educational participation over the period (by 29% and 24% respectively) but in 2012 their levels of unemployment or inactivity among teenagers were much the same as in 1990, and appeared not to have responded to the overall increases in participation that occurred over the period. In both states, tertiary participation has grown substantially faster than school participation. On the other hand, in Queensland, South Australia and Western Australia growth in participation has been more evenly balanced between the sectors, and in Tasmania growth in school participation has been stronger than growth in tertiary participation. In each of these states, rising overall participation has been accompanied by falling levels of unemployment and inactivity, with the fall being particularly strong in Western Australia and Tasmania.

Figure 16: 15-19 year-olds participating in schooling, in full-time tertiary education, and unemployed or inactive as a share of all 15-19 year-olds, 1990-2012 (May 1990=100)



Source: Calculated from ABS 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*

Table 12: 2012 index values for unemployment and inactivity, total full-time educational participation, full-time school participation and full-time tertiary participation (1990=100)

	Unemployed or inactive as a share of all 15-19 year-olds	Full-time education participation rate	School participation rate	Tertiary participation rate
New South Wales	97	129	120	158
Victoria	92	124	116	150
Queensland	73	125	118	143
South Australia	80	139	140	134
Western Australia	54	143	139	149
Tasmania	50	157	159	151

Source: Calculated from ABS 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*

Figure 17: Per cent of 15-19 year-olds unemployed or inactive, participating in full-time schooling and participating in full-time tertiary education, states, 1990-2012 (1990=100)

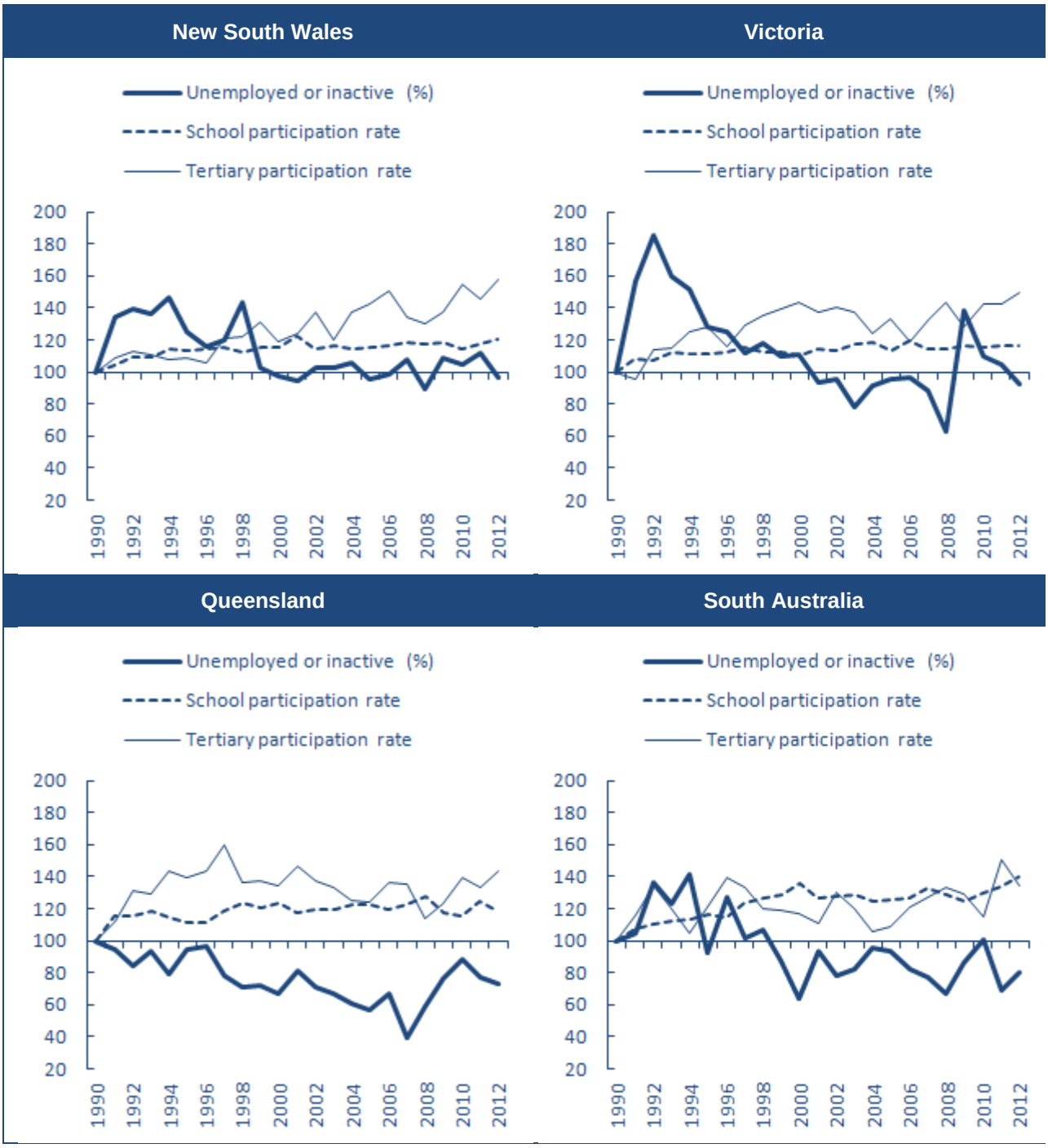
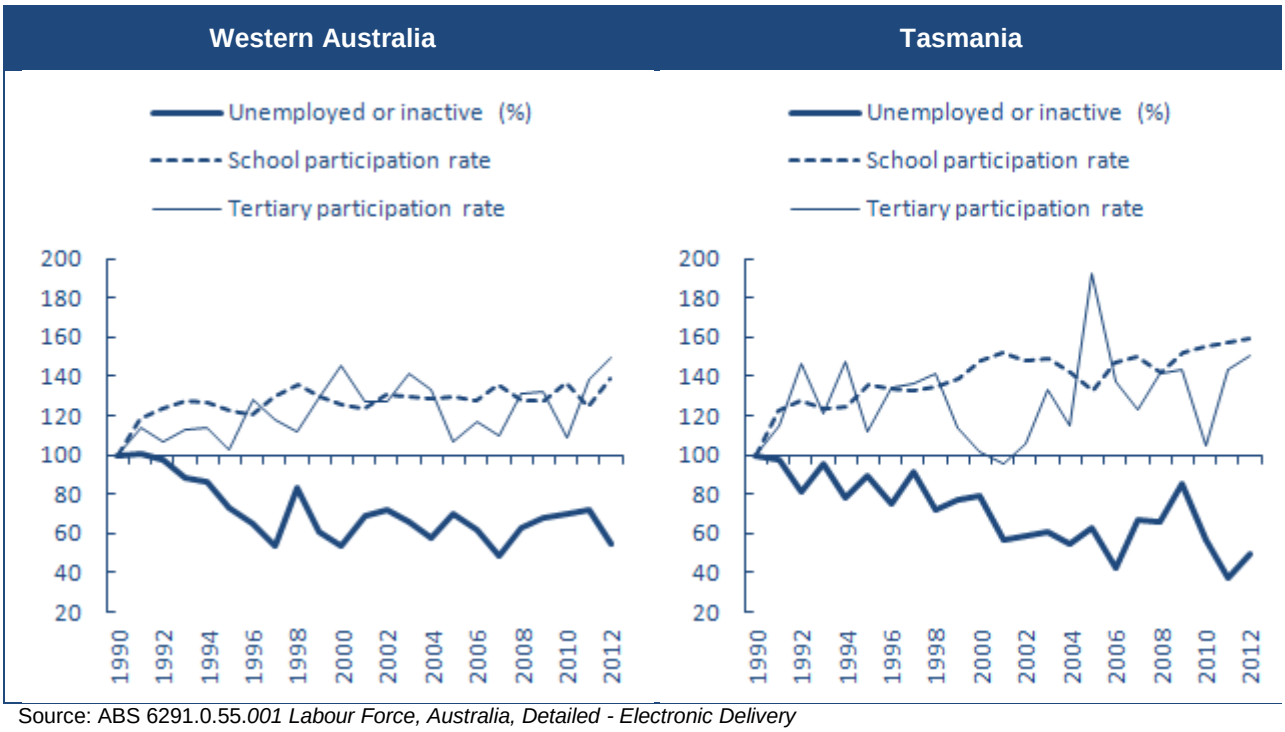


Figure 17 (continued)



Source: ABS 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*

These different patterns help to explain why the increases in overall educational participation in New South Wales and Victoria have not been translated into falls in unemployment and inactivity levels. Increased school participation is likely to reflect increased participation by lower achievers and students from disadvantaged backgrounds, the groups who are the most likely to become unemployed or inactive. On the other hand increased tertiary participation will be drawn predominantly from higher achievers, the socio-economically advantaged and higher achievers, the groups who are less likely to become unemployed or disadvantaged.

This suggests that policies that target school participation will have a bigger impact upon overall levels of unemployment and inactivity than policies that pay less attention to the sectors in which growth in participation is located and that favour tertiary participation over school participation.

The impact of educational attainment

Educational participation has an impact upon overall levels of unemployment and inactivity partly through the way in which it results in a reduction in the supply of youth labour, and partly through the way in which it leads to higher levels of skill and qualifications, which in turn make young people more competitive in the labour market. Educational attainment provides a more direct indicator of the latter, and it has a very large impact upon young people's chances of becoming unemployed or inactive.

While the relationship between unemployment and educational attainment is well known, Table 13 shows that the effect of increased educational attainment upon reducing the incidence of inactivity is much larger than its impact upon reducing the incidence of unemployment:

- Among 15-19 year-olds who were not in education in May 2011, 13.5% of those with Year 12 or above were unemployed compared to 19.1% of those without Year 12;
- The level of inactivity among those without Year 12 was, at 31.3%, almost twice as great as among those with Year 12 (16.1%);

- For 20-24 year-olds who were not in education, the incidence of unemployment was roughly twice as high among those without Year 12 as among those who had completed Year 12; and
- The incidence of inactivity was, at 25%, around three times higher than among those who had completed Year 12.

Table 13: Persons aged 15-24 not enrolled in education[1] and unemployed or inactive by highest level of educational attainment, May 2011 (%)

	Per cent unemployed	Per cent inactive	Per cent unemployed or inactive
15-19			
Certificate III/IV or above	18.5	4.9	23.4
Year 12	12.2	19.1	31.2
Subtotal: Year 12 or higher	*13.5*	*16.1*	*29.6*
Year 11	18.1	22.2	40.3
Below Year 11	19.4	34.5	53.9
Subtotal: Below Year 12	*19.1*	*31.3*	*50.4*
Total	**16.0**	**22.9**	**39.0**
20-24			
Year 12 or above	6.5	8.0	14.4
Below Year 12	14.6	25.1	39.7
Total	**8.4**	**12.0**	**20.4**

1. Whilst absolute levels of unemployment and inactivity will vary according to whether they are measured among those not in education at all or those not in full-time education, the relativities between levels of educational attainment are very similar for both. Hence only one set of values (for those not in education at all) are shown.
Source: ABS *Education and Work Australia*, May 2011, Tables 17 and 18.

5. What works?

This section summarises and synthesises key messages from evaluations of policies and programmes that are effective in responding to unemployed or inactive youth, either through speeding up their reintegration into employment, or through reintegrating them into education and training. It then looks at the institutional arrangements that characterise countries that are the most effective in keeping the number of unemployed or inactive young people low, and compares these to arrangements in less effective countries. In each case the emphasis is upon policies, programmes or institutional arrangements that are effective in re-engaging young people who have become unemployed or inactive after they have left education and training. Preventative policies, programmes and institutional arrangements that reduce youth unemployment or inactivity by reducing early school leaving are not the focus[40], although clearly the two are closely related, and in many countries preventative and remedial approaches are seen as complementary ways to tackle the same problem.

[40] There is, of course, a very large literature on strategies that are effective in reducing early school leaving. Examples that summarise the state of the art include OECD (2012) *Equity and Quality in Education: Supporting Disadvantaged Students and Schools*, Paris and Lamb, S. and Rice, S. (2008) *Effective Strategies to Increase School Completion,* Victorian Department of Education and Early Childhood Development, Melbourne.

5.1 Programmes and policies that work

Although the two are not mutually exclusive, this section begins by looking at research on approaches that are effective in reintegrating unemployed or inactive youth into employment, and then examines approaches that are effective in reintegrating them into education and training.

Studies that focus on reintegration into employment

In an early overview of research in 17 OECD countries on the characteristics of effective labour market programmes, Martin (2000)[41] highlighted eight lessons about what works. Many of these have, by now, been widely adopted within OECD countries. Whilst not specific to programmes that deal with young people, the overview is highly pertinent:

- Integrate referral to active programmes as closely as possible with benefit and placement work. Ideally, all three basic functions should be provided by the same front-line public employment office (so-called one-stop labour offices);
- Use profiling for new benefit claimants to identify those most at risk of becoming long-term unemployed; provide the latter (but not the others) immediately with counselling and job-search assistance.
- Make passive income support as "active" as possible by using instruments like re-employment bonuses, in-work benefits, regular contacts of claimants with the public employment service, job clubs and the like;
- Use availability for work (to be controlled by work tests) and job-search initiatives (to be confirmed by employers) as independent criteria which must be met in order to qualify for continued benefit receipt;
- Make continued receipt of income support conditional on participating in active programmes after a certain minimum duration of an unemployment spell (say after six or eight months); do not, however, guarantee a slot in a programme by that time, but handle the referral flexibly in accordance with the availability of slots which correspond to the needs of the job seeker in question;
- Ensure that participants in training and public sector employment programmes continue to be available for work in the open labour market; encourage them to engage actively in job search;
- Ensure that participation in training and public-sector employment programmes does not serve mainly to establish new benefit entitlements: for example by making the duration of employment subsidies to the private sector shorter than the minimum contribution period required for benefit entitlements.
- Explore ways of making the public employment service more effective by giving greater play to the role of market signals.

In 2007 the OECD published an overview of strategies that are used to activate the unemployed in OECD countries[42]. Again, whilst not specific to young people, it is highly relevant. It concluded that:

[41] Martin, J. (2000) What works among active labour market policies: Evidence from OECD countries' experiences, *OECD Economic Studies* No. 30, 2000/I, Paris.
[42] OECD (2007) "Activating the unemployed: What countries do" *Employment Outlook*, pp. 207-242.

- Countries seem to be increasing the number and variety of instruments used to activate jobseekers, focusing on density of contacts, verification of job search, the set-up of individual action plans and referrals to active labour market programmes after a period of unsuccessful job search;

- In most countries registration for placement is a precondition for benefit payment. Registration of full jobseeker details and assessment of work availability are key instruments for ensuring. that intervention occurs early and in an organised manner;

- Many recent evaluations have shown that job-search assistance and monitoring can have a sizeable impact on re-employment rates. Reflecting this, an increasing majority of countries now have relatively explicit job-search reporting procedures. Australia is among a small number of countries that requires job seekers to report job-search activity on at least a monthly basis. A few countries (Greece, Italy, Poland and Turkey) appear not to verify job search in principle or practice;

- As part of job-search assistance and monitoring, almost all countries follow a practice of intensive obligatory interviews between the jobseeker and an employment counsellor;

- Almost all countries apart from Turkey have established some sort of individual action plan, sometimes for the totality or large majority of newly registering unemployed, sometimes destined for particular target groups; in most of them jobseeker participation in the plan is obligatory. In about a third of the countries, an action plan is supposed to be in place for all unemployed within one month of registration;

- Referring jobseekers to vacancies not only helps reduce the risk of prolonged unemployment, but also acts as a work test;

- Compulsory participation in active labour market programmes after a period of unsuccessful job search can help reduce the risk of either long-term unemployment or labour market exit. Australia is one of the only countries (together with Denmark, Sweden and the United Kingdom, perhaps the Netherlands, and Germany for those under the age of 25) considered to have such obligatory programmes for all benefit recipients passing a well-specified spell of unemployment;

- It is advisable to leave participants in active labour market programmes some time for job search, which may facilitate them finding work even before the end of the programme; and

- A number of studies show significant positive effects of intensive intervention measures on the duration of benefit spells or on job-finding rates.

Swedish research that used a randomised experimental design in which different forms of intensive job placement assistance were compared to standard public employment office services has found that individual coaching in the form of counselling, and training in job search is cost effective in increasing exits from unemployment and in reducing unemployment duration and has positive effects on employability and earnings in the years following the programme. Combining these forms of job search assistance with monitoring of job search seems to generate better results than monitoring alone[43].

An important recent OECD review has examined programmes and policies that are effective (and ineffective) in reducing youth unemployment and inactivity in 16 OECD countries, including Australia.

[43] Hägglund, P. (2009) Experimental Evidence from Intensified Placement Efforts Among Unemployed in Sweden, IFAU (Institute for Labour market Policy Evaluation) *Working Paper* No.2009:16, Stockholm.

The review leads to a relatively parsimonious set of five key messages about effective approaches. These are quoted below[44]

> "Successful programmes appear to share the following characteristics:
>
> - *Outreach programmes together with early intervention and profiling* involving all the responsible stakeholders are crucial. Appropriate co-operation should exist between the PES and the education system to reach youth as soon as possible when a risk of them dropping out of school is detected. For example, referrals from schools to the PES are essential if dropping out of school is to be addressed at the earliest opportunity when success is most likely. Youth outreach programmes should identify and contact disconnected NEET youth and not just school-leavers who cannot find a job. All jobless youth should be encouraged to register with the PES, where a profiling process should be implemented quickly to determine who is job-ready and who should be involved in re-employment or more comprehensive programmes.
>
> - *Good programme-targeting* is important. For example, there is a need to distinguish between teenagers and young adults and to focus on school drop-outs. Specifically, the most desirable solution to the employment problems of teenagers is to help them remain in school and acquire useful qualifications, whereas for young adults, help to get work experience is more important.
>
> - *Tight job-search requirements and mandatory participation, in ALMPs, backed by the threat of moderate benefit sanctions* tend to "encourage" early exit from unemployment to a job and prevent long-term exclusion. Young people without sufficient work experience are generally not entitled to unemployment benefits. During a period of crisis, unemployment insurance eligibility could be expanded to better cover young workers and access to social assistance could be extended for those youth who risk marginalisation. However, this should be coupled with a rigorous "mutual obligations" approach based on an effective mix of so-called "carrots" (income support and effective ALMPs) and "sticks" (activation stance and moderate benefit sanctions).
>
> - In terms of the mix of ALMPs[45], *job-search assistance programmes* are often found to be the most cost-effective for young people who are assessed as ready to work, providing positive returns to both earnings and employment. During a crisis, it is essential that access to appropriate job-search assistance measures is provided by the PES[46] in the first weeks of unemployment. A shift from a "work-first" approach to a "learn/train-first" approach could be considered for those who have had major difficulties in finding a job. Such a shift could be especially appropriate during an economic downturn when the opportunity cost of time spent on a training programme or in education is lower. While it would be important to include an on-the-job component to learning and training programmes, public-sector jobs could also be offered temporarily to disadvantaged youth so that they acquire skills that would be transferable to private sector jobs and hence enhance their chances of finding a job when the economic recovery strengthens.
>
> - In addition, programmes that integrate and combine services and offer a comprehensive "package" seem to be more successful. As an example, job-search assistance programmes should include not only workshops to learn how to write a resumé and contact potential employers, but also mobility and housing assistance. Comprehensive programmes including adult mentoring, work experience and remedial education may yield positive returns, particularly for the most disadvantaged youth."

The review points out that public employment services (PES) play a very limited role as direct employment providers, and that only eight per cent of employed youth in Europe found their current job through the PES in the mid 2000s. One of the most important conclusions from the review is quoted below:

[44] OECD (2010) *Off to a Good Start: Jobs for Youth*, Paris, pp. 128-129.
[45] Active Labour Market Programmes
[46] Public Employment Service

> "Comprehensive and effective activation strategies for youth are in fact the result of co-ordinated interventions at the local level of many different stakeholders, public or private, well-co-ordinated by the PES in the fields of education, employment, and social and income support." (OECD, 2010, p. 125).

Studies that focus on reintegration into education and training

The European Union has recently (2011) published a review of the scale and nature of early school leaving in Europe[47]. Based on in-depth research in nine European countries, as well as analysis of international and national literature, the review examined how countries are trying to tackle the problem, and identified the characteristics of effective policies. It examined both preventative strategies and effective strategies for re-engaging young people. Unlike the previously-described OECD reviews its focus is less upon re-engagement with employment than upon the characteristics of effective approaches to reintegrating early school leavers into education and training. The review emphasises the importance of:

- Recognising the diversity of early school leavers' needs through tiered and multi-faceted services;
- Establishing respect, trust and high expectations as a basis for intervention;
- A student-centred, individualised approach to learning, which can be provided in a variety of ways: for example through the provision of guidance, mentoring, individual learning plans or case management;
- Using practical and experiential approaches to learning;
- A multi-disciplinary approach, with mixed staff teams or collaboration with external stakeholders, so that the full range of support needs of the young person can be addressed;
- Individual action plans and clear pathways to the future for those who have had negative prior experiences with education; and
- Continuity, consistency and cohesion between services and supports so that young people do not get confused in the web of different services, and individual case management as a way to offer consistent support for at-risk youth.

The European Foundation for the Improvement of Living and Working Conditions has recently published a review of recent European policy developments relating to young people not in employment, education and training. It summarises not only reintegration initiatives but also preventative measures and school-to-work transition measures[48]. The review summarises current European reintegration measures as follows:

- Systems that provide second chances for young dropouts have become established elements of the education and training landscape in most European countries. In many of the smaller member states (such as Finland, Ireland, Lithuania, Luxembourg and Sweden) there is a single established reintegration programme, while in larger countries such as England and France there are a range of second chance opportunities which are implemented by various actors;
- Reintegration programmes tend to focus on the provision of alternative learning environments and methods rather than on main stream vocational education and training (although in countries such as Spain and Portugal programmes are mostly vocationally oriented). They also tend to be more practically orientated than mainstream provisions and include elements of non-formal

[47] European Union (2011) *Reducing Early School Leaving in the EU*, Directorate General for Internal Policies Policy Department B: Structural and Cohesion Policies – Education and Culture, http://www.europarl.europa.eu/studies.

[48] European Foundation for the Improvement of Living and Working Conditions (2012) *Recent Policy Developments Related to Those Not In Employment, Education and Training (NEETs)*, www.eurofound.europa.eu.

learning. These measures also usually highlight the importance of gaining soft skills and the importance of personal and social development;

- Most of the reintegration programmes identified are national in scale and implemented by multidisciplinary teams, sometimes in collaboration with NGOs and social partners. They vary in the level of support they provide to the young person, depending on the needs of their target groups;

- The re-engagement process of an excluded young person can be complex, involving a range of public authorities. Sweden and the England have set up 'one-stop-shop' guidance centres which provide a broad range of services to young people;

Sweden's Navigator Centres

Navigator Centres were established in 2004 "... to create a common ground of cooperation for different actors helping youth toward employment and education." The centres address all the needs of the young person, not just their skills needs, and are a national network of one-stop-shop services for young people seeking reintegration into education, training and employment, rather than being directed to contact several different public agencies. According to a national evaluation, around 45%–71% of all visitors to Navigator Centres manage to move on to employment or education within a year. In addition, those who did not stated that their confidence and commitment to work had been strengthened.

Source: http://www.eurofound.europa.eu/emcc/erm/studies/tn1109042s/se1109049q.htm

- Tracking services have been introduced to identify, support and monitor inactive young people in countries like Denmark, Finland, Luxembourg, the Netherlands, Norway and England. Such measures monitor participation in education and training, contact early school leavers after they have dropped out and seek to find a pathway to education, training or employment. For example in Finland municipalities or groups of municipalities have been obliged since January 2011 to recruit youth outreach workers, who contact and follow up young people who have left the education system before obtaining an upper secondary level qualification and are at a high risk of becoming unemployed or inactive;

- A whole-person approach to reintegration aims to identify and address the full range of barriers and issues the young person is facing. Such approaches rely on an intense level of support from a range of professionals from the education, social and health sectors. They also start from the basics, such as helping young people to rediscover an interest in learning. Approaches such as this can be found in around a third of the countries. Most of the examples are fairly well established systems, based on years of piloting and development.

Slovenia's 'Project Learning for Young Adults' Programme

This is a non-formal education programme for unemployed young adults aged 15 to 25 who have failed at school, have no basic vocational education and face social exclusion. Participants are meant to gain positive learning experiences and to more clearly define their aspirations concerning their career and their general life. Participation is voluntary and participants are entitled to stay in the programme for one year. The programme has a high success rate; around 60–70% of participants enrol in a suitable educational programme or find employment. The high success rate is said to be due to the provision of an individualised, supportive yet flexible learning environment. The role of the mentor is also crucial in supporting the individual through this transition.

Bynner et al. (2004)[49] reviewed the English literature on government policies since 1997 on social exclusion among young people aged 13–25 years. The review examined the impact of interventions that are effective across a range of areas of social exclusion such as teenage pregnancy, homelessness and youth offending, not just unemployment and inactivity. It highlighted five themes that were common in effective approaches across all areas of social exclusion:

- *The importance of parental advice and financial support* for young people and the problems that occur when this is not available. Evaluation evidence indicates the need to involve the parents of teenagers, highlighting a need for family and community-based initiatives.

- *Personal advisers*. The evidence consistently emphasises the importance to at-risk young people of contact with a highly skilled professional personal advisers. Well-trained advisers combining youth work, teaching, counselling and brokerage skills are critical to success. Personal advisers may be particularly significant where a young person lacks the support of his or her own family.

- *Use of sanctions*. The use of sanctions against them may be particularly damaging for those who are vulnerable and reinforce the impact of their negative experiences at school and at home Where support is conditional on attending a course or seeking work, any sanctions associated with non-compliance need to be applied with great care and sensitivity.

- *Multi-agency working*. Co-operation between agencies is a key component of holistic policies. Effective inter-agency partnerships supply the best means of matching the appropriate provision to individual need.

- *Assessment and monitoring*. Individual assessment prior to entry into education or training is a key to ensuring a balance between meeting individual needs and evenness of provision

Using a combination of case studies and a literature review, a 2007 study for the Greater London Authority[50] examined the features of effective Connexions[51] services that were attempting to re-engage young people who are neither in employment nor education and training. High quality data that provides services with detailed knowledge of the profile, location and circumstance of the young people with which they have to deal was found to be very important, and data sharing between agencies such as schools and the Connexions services was found to be a key element of this. Personal advisers were found to be the key factor in best practice in advocacy, brokerage, and information and guidance. Personal advisers who focused upon unemployed or inactive young people were found to be more effective than generalist advisers who focused upon a wider range of careers and advisory assistance. This was because they: had smaller caseloads; worked on an intensive one to one basis with each individual; were able to build high levels of trust; developed greater expertise in understanding the needs, motivations and aspirations of the target group; and could act as advocates for the young person when engaging with employers and training and education providers. Like other studies, it highlighted the great diversity of those young people who are neither employed nor in education, and stressed the need for very individualised approaches that can reflect this diversity.

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[49] Bynner, J. Londra, M. and Jones, G. *The Impact of Government Policy on Social Exclusion Among Young People: A Review of the Literature for the Social Exclusion Unit in the Breaking the Cycle Serie*s, Social Exclusion Unit, Office of the Deputy Prime Minister, London.

[50] Research as Evidence (2007) *What Works in Preventing and Re-engaging Young People NEET in London*, www.research-as-evidence.co.uk/.

[51] An agency built upon the previous Careers Service that combines its traditional careers advice and guidance roles with personalised advice and guidance to those at risk in the transition from school to employment. See http://www.connexionslive.com.

Research in further education colleges in the London area by the University of London's Institute of Education summarises the four most critical elements for successful educational provision for young people who are unemployed or inactive[52]. They are:

- Partnership arrangements across a range of community agencies and services that help to ensure a breadth of provision;

- Effective management and organisation. Best practice occurs when the whole of the college management structure had been engaged in the issue, so that this type of provision is planned and funded as an integral part of the curriculum. Continuous workforce development to support delivery also constitutes an important element of effective management;

- Personalised learning and personalised individual support. The best provision has to be flexible and responsive to individual needs, often involving non-formal learning in the first instance, and is often negotiated by personal advisers on an individual basis with education and training providers; and

- Information, advice and guidance, including progression routes so that courses have clear destinations that are meaningful to participants, and rapid follow-up of those who drop out.

The United Kingdom piloted Activity Agreements in 2006 in eight "high NEET" areas to test ways of re-engaging 16 and 17 year olds. The pilot ran initially between April 2006 and March 2008, and was extended for a further three years, testing its effectiveness on different groups young people, with an increasing focus on those falling into one of the recognised vulnerable groups. The Activity Agreement is a personally negotiated contract between the young person and a personal adviser that focuses on a mix of personal development, skill development and work-related activities. Non-means tested financial incentives were offered but were conditional upon young people fulfilling their agreement. An evaluation of the pilots found that three features contributed to success: intensive support and one-to-one engagement with an adviser; the activities being tailored to meet individual need; and the allowance acting as an incentive to help engage and retain young people[53]. A separate evaluation of the Educational Maintenance Allowance showed that while its financial incentives had a positive impact on encouraging young people to stay at school and in reducing inflows to unemployment and inactivity, it was less successful in encouraging those who were already unemployed or inactive to return to study[54].

A recent evaluation of the Youth Employment Project in Victoria by the Brotherhood of Saint Laurence[55] reinforces many of the messages from the international literature about what works in assisting disengaged youth. The evaluation concludes that successful approaches:

- Provide structured yet flexible individual support that recognises the highly diverse and variable needs and circumstances of disengaged youth. Individual case management should not, as with young Jobs Services Australia clients, be available only after six months, and should not just be available for those who want to acquire Year 12 or an equivalent qualification. Support should

[52] LSN (2009) *Tackling the NEETs Problem*, www.lsnlearning.org.uk.
[53] Department for Education Young People Analysis Division (2010) *What Works Re-engaging Young People Who Are Not in Education, Employment or Training (NEET)? Summary of Evidence from the Activity Agreement Pilots and the Entry to Learning Pilots,* Research Report DFE-RR065, https://www.education.gov.uk/publications/RSG/NEET/Page1.
[54] Maguire, S. and Rennison, J. (2005) "Two years on: The destinations of young people who are not in education, employment or training at 16", *Journal of Youth Studies*, Vol. 8 (2), pp. 187-201.
[55] Bodsworth, E. (2012) *Pathways that Work: Lessons from the Youth Employment Project in Caroline Springs*, Brotherhood of Saint Laurence, Melbourne.

encompass varied forms of assistance such as job search training, advice and guidance, or resumé writing;

- Involve a wide network of community organisations and support services, including the involvement of employers through the provision of work experience and job sampling;

- Provide practical and applied teaching and learning that includes personal development and life skills, not just vocational skills; and

- Recognise that successful outcomes for disengaged youth can encompass a wide range of destinations: for example part-time employment, part-time study or combinations of part-time work and part-time study, not just full-time study or full-time work.

Case studies of Youth Connections programmes in the Brisbane area similarly emphasise the importance for reengagement of factors such as engagement with families and other stakeholders, and the initial building of trust[56].

A recent Victorian review of effective re-engagement models for disengaged learners is not limited to young disengaged learners but contains a number of important lessons[57]. It points out that disengaged learners are disproportionately drawn from disadvantaged groups in the community, and that their prior experience of education has often been disjointed and problematic. They often have limited knowledge about what courses are available and what they can lead to, have limited confidence and interest in studying, low achievement levels, poorly formed career goals, and lack adequate career guidance and pathways planning. In order to be effective in re-engaging disengaged learners, approaches need to: adopt an outreach model; offer intensive guidance and support, monitoring and follow-up; adopt an engaging pedagogy; use applied or hands-on teaching and learning; and provide learners with well articulated pathways to other study or work.

The Social Policy Research Centre at the University of New South Wales has recently published a report of a three-year investigation that summarises approaches that are effective in assisting young carers, a subset of inactive young people who are on welfare benefits[58]. Many of the lessons from this review resonate with those from overseas research on what works with unemployed and inactive youth more generally. The authors stress the importance, among other factors, of:

- Flexibility in service delivery, regardless of the type of service, so that the individual needs of the young carer can be addressed, especially with respect to education;

- Case management, in the sense of having one contact person who can locate services and act in the young carers' interests. Regular communication, a solid relationship based on trust and long-term and consistent engagement were identified as essential elements for successful case management;

- Interagency work, and co-operation and collaboration between organisations; and

[56] Crane, P. And Kaighin, J. (2011) Identifying Good Re-engagement Practice: Case Studies from Brisbane North and West Youth Connections Action Research, faculty of Health, Queensland University of Technology, eprints.qut.edu.au/41437/1/Youth_Connections_PAR_full_report.pdf .

[57] Davies, M., Lamb, S. and Doecke, E. (2011) *Strategic Review of Effective Re-engagement Models for Disengaged Learners*, Victorian Department of Education and Early Childhood development, Melbourne.

[58] Cass, B. et al. (2011) *Young Carers: Social Policy Impacts of the Caring Responsibilities of Children and Young Adults*, Social Policy Research Centre, University of New South Wales.

- Working with the families and involving other members of the family whilst ensuring that the young carer remains the central

5.2 Effective (and less effective) countries

This Section explores the features of institutional arrangements that appear to be successful in keeping rates of youth unemployment and inactivity low within a country. Six OECD countries succeed in keeping the number of 15-19 year-olds who are unemployed or inactive very low both as a proportion of the total age group and as a proportion of those who have left education: Austria, Denmark, Germany, the Netherlands, Norway and Switzerland.

Table 14: Upper secondary participation and total participation patterns, 2010

		Upper secondary participation at:					Total participation at:		
	Typical upper secondary completion age	Age 15[1]	Age 16[1]	Age 17[1]	Age 18[1]	Age 19[1]	Age 15-19[1]	Age 15-19[2]	Upper secondary students in vocational programmes (%)
Australia	17	98	94	78	36	22	81	79	23[3]
Austria	17-18	94	90	75	44	19	78	87	77
Denmark	18-19	98	93	87	83	57	85	87	47
Germany	19-20	98	95	89	79	47	90	92	52
Netherlands	17-20	99	99	90	61	41	91	89	67
Norway	18-20	100	95	92	87	39	86	81	54
Switzerland	18-20	97	92	88	79	49	85	87	66

1. Based upon administrative data.
2. Based upon Labour Force Survey data.
3. Author's estimate. Consistent with OECD definitions, only those 15-19 year-old school students doing a VET in Schools programme at Certificate III level and non-school vocational education students are classified as in vocational programmes.
Sources: OECD (2012) *Education at a Glance*, Tables C1.1a, C1.1b , C1.3 and C5.2a.

Section 4 pointed out that having a low proportion of the total age group unemployed or inactive strongly reflects educational participation rates among the age group. Table 16 shows patterns of educational participation among 15-19 year-olds in the six countries and in Australia. Four differences between the six countries and Australia are apparent:

- Overall levels of participation are generally lower in Australia than in the six other countries (although the extent of the difference in one or two cases depends upon whether estimates are based upon administrative data or Labour Force Survey data);

- The typical age at which young people complete upper secondary education is greater in the six comparison countries than in Australia. This reflects the fact that typically upper secondary programmes last for three years or more in these countries, rather than the two years that is typical of Australia, as a result of which other countries keep young people in upper secondary education for a longer period;

- Reflecting the last point, upper secondary participation rates at ages 18-19 are in almost all cases higher in the six comparison countries than in Australia. This is significant in light of the discussion in Section 4 about the impact that upper secondary participation (as opposed to total

participation) appears to have upon the proportion of the age group that is unemployed or inactive; and

- The proportion of upper secondary students in vocational education programmes is far lower in Australia than in the other countries[59]. There does not seem to be a strong correlation among OECD countries between rates of participation in vocational education and overall participation. However, as the discussion that follows suggests, it may be indicative of the strong role that social capital can play in these countries in helping to reduce rates of disengagement among young people.

It should also be pointed out that each of the six has an apprenticeship system for youth that is considerably larger than Australia's. The size of national apprenticeship systems is often difficult to estimate exactly, but it is reasonably safe to estimate that in Germany and Switzerland half or more of all young people enter working life through an apprenticeship, and that in Austria, Denmark, the Netherlands and Norway somewhere between a quarter and a half of all young people enter an apprenticeship or similar arrangements[60]. In contrast, the most recent estimate shows that only seven per cent of all 15-19 year-old Australians are in an apprenticeship or traineeship[61].

Again as discussed in Section 4, youth inactivity and unemployment rates tend to be fairly strongly related to overall labour market conditions. All of the six countries to be discussed here have unemployment rates that are below the OECD average (and in all except Denmark rates that are well below average), and all are much more successful than OECD countries as a whole in providing employment for their citizens (Table 15).

Table 15: Unemployment rates and employment to population ratios, persons aged 15+, 2011

Country	Unemployment rate	Employment to population ratio
Australia	5.1	75.0
Austria	4.1	73.4
Denmark	7.6	74.8
Germany	5.9	74.0
Netherlands	4.4	76.1
Norway	3.2	77.6
Switzerland	4.0	81.8
OECD - Total	**7.9**	**67.5**

Source: OECD.stat

In looking at the strategies adopted to reduce the number of young people who are unemployed or inactive, and in particular at strategies adopted to reduce the number among those young people who have left education, the six countries fall into two categories. On the one hand Denmark, the Netherlands and Norway have created networks of nation-wide services to track and

[59] Australian data reported to the OECD on participation in upper secondary vocational education has been highly variable and unreliable. Until the early 1990s all upper secondary students were reported to be in general education programmes, then for some years a figure of around 24% was reported. In the mid 1990s this suddenly jumped to around 65%, but in the 2012 edition of Education at a Glance it fell to 48%.

[60] Sweet, R (2009) "Apprenticeship, pathways and career guidance: A cautionary tale" In Rauner, F., Smith, E., Hauschildt, U. and Zelloth, H. (Eds) *Innovative Apprenticeships: Promoting Successful School-to-Work Transitions*, Lit Verlag, Berlin.

[61] NCVER (2011) *Young People in Education and Training 2010*, Adelaide, Table 1.

rapidly contact young people who drop out of education and attempt to re-engage them with education and training. These services are over and above those adopted to ensure that few young people drop out of initial education and training, and over and above measures adopted within public employment services to activate unemployed youth. The three countries have, in effect, created intermediary agencies that operate in the space between the education and training system and the public employment service and income support systems.

And on the other hand Austria, Germany and Switzerland place a very strong emphasis upon making their vocational education and training systems, and in particular apprenticeship, as inclusive as possible, and upon ensuring that it responds rapidly when overall labour market conditions deteriorate. Again, these measures are over and above those adopted to ensure that few young people drop out of initial education and training, and over and above measures adopted within public employment services to activate unemployed youth. Both groups of countries can be compared to other countries that either have put in place no special initiatives for young people such as those that can be observed in the six effective countries, that have introduced few or weak measures to activate unemployed youth, or both. Each group of countries is discussed separately.

5.2.1 Denmark, the Netherlands and Norway

Denmark[62]

In Denmark high rates of educational participation and attainment are viewed as the key to keeping youth unemployment and inactivity low. Within the education and training system Denmark has for many years attempted to create a wide variety of highly flexible pathways (defined both in terms of the diverse programmes available and in terms of the diverse types of institutions that offer them) within both general education and vocational education (the latter including but not limited to a strong apprenticeship system) as well as a number of specialist pathways for those young people who find it difficult to fit into the mainstream programmes. An example of the latter is the national network of Production Schools that offers highly practical, individualised project-based programmes for those who have dropped out of normal schooling and attempts to re-engage them with mainstream programmes.

A national network of 52 municipal Youth Guidance Centres provides advice and guidance to assist the transition from compulsory education to upper secondary education, and the transition from upper secondary education to the labour market. These centres have grown from a pilot follow-up initiative that was established in two areas in 1980, and in 1982 it became compulsory for all municipalities to keep in personal contact with all school drop outs. The main target group for the Centres are those aged 15-17 years, but they can deal with those up to 25 years of age.

A specific goal of the Centres is assisting young people under the age of 25 who are not involved in education, training or employment. They provide outreach services for this group, as they are obliged to establish contact with them to help them get back into education and training or employment. If a young person drops out of school without having completed an upper secondary qualification the school must

[62] Sources of information on Denmark include: Hummeluhr, N. (1999) Youth Guarantees in the Nordic Countries, paper prepared for the OECD Thematic Review of the Transition from Initial Education to Working Life, Paris; OECD (1999) Thematic Review of the Transition from Initial to Working Life. Country Note: Denmark, Paris; Association of Production Schools (2008) *The Danish Production Schools: An Introduction* www.psf.nu/content/uploads/charter/international_engelsk.pdf ; Cort, P. (2008) *The Danish Vocational Education and Training System*, 2nd edition, National Education Authority Danish Ministry of Education; OECD (2010) Jobs for Youth: Denmark, Paris; Madsen, P. (2010) *EEO (European Employment Observatory) Review: Youth Employment Measures, 2010. Denmark*, www.eu-employment-observatory.net/; Danish Ministry of Education http://eng.uvm.dk/Education/Educational-and-vocational-guidance/Youth-Guidance-Centres; Østerlund, R. personal communication.

immediately notify the Centre, which must contact them within five days. If, on being contacted, the young person is found not to be in education, and to be unemployed or not in secure work[63] the Centre must arrange a meeting to formulate an individual action plan involving work, education and training to assist them to reengage with education and training. These plans must be prepared and agreed to within 30 days. If young people refuse the assistance of the youth guidance service, they are reported to the municipality (which also administers the social security system) and their eligibility for income support will be affected. In assisting early school leavers to return to education, the Youth Guidance Centres work closely with other agencies such as health, welfare, housing and juvenile justice.

There is a relatively clear dividing line between the role of the Youth Guidance Centres and the Public Employment Service, which generally will not become involved with those under the age of 18, who are seen to be primarily the responsibility of the education system (broadly defined) and of the municipalities.

As in many other European countries, unemployment insurance benefits (UIB) in Denmark are linked to prior employment history. While this often makes school leavers ineligible for UIB, in Denmark they can qualify for benefits if they have completed an upper secondary (ISCED 3) qualification that is relevant for a specific unemployment insurance fund and if they have joined a fund no later than two weeks after leaving school. Unemployment benefits are relatively generous, and the duration can be generous compared to other countries, but benefits have been provided within a tight mutual obligations framework since the mid 1990s, are strictly conditional upon active job search and a willingness to start any suitable job at a day's notice, and activation rules are tight. All unemployed people (including youth) are profiled for employability, receive an individual action plan, must document job search activity, have mandatory regular contacts with the PES, and after a certain period must participate in activation plans, the requirements for which are stricter for young people than for others.

18-25 year-olds who have been receiving UIB for six of the previous nine months must participate in 18-month-long training programmes, and their UIB is halved after six months of unemployment. Social assistance, which is parallel to the unemployment insurance system, is available for deprived or uninsured youth not eligible for UIB, but the municipalities, which administer it, must offer activation measures to those who receive it, and activation rules are the same as for UIB.

In general, young people receiving UIB or social assistance have to be activated before 13 weeks of continuous unemployment, and for those under the age of 25 without an upper secondary qualification (and without children) the rules presume that the goal of activation is enrolment in education[64]. Despite the generosity of UIB and social assistance, the tightness of the activation rules for young people in Denmark has meant that the proportion of young people receiving UIB who stay unemployed for longer than six months is very low: less than 5% in 2007.

Since 2007 there has been a sharp rise in the number of young people receiving disability benefits in Denmark, and concern has been expressed that entering health-related benefits at a young age may act as a long-term inactivity trap.

[63]This includes those young people who are in jobs such as petrol station attendant that do not require a recognised vocational qualification, those who are in part-time work, and those who are in jobs that they expect to be temporary.

[64]Active labour market programmes, including guidance and the upgrading of skills and qualifications, practical training in enterprises and wage subsidies are used extensively for those over the age of 25.

The Netherlands[65]

The Netherlands defines an early school leaver as a young person between the ages of 12 and 23 who is not attending education and who has not achieved a "basic qualification" at ISCED 3 level. In Australian terms this is equivalent to Year 12 or a Certificate III vocational qualification. Since 2002 the Netherlands has had a target that is even more ambitious than the general European goal of reducing the percentage of early school leavers to less than 10% by 2020. In the Netherlands the target is to reduce the number to a maximum of 25,000 by 2016. To put this target into perspective, it represents around 1.2% of the Dutch population aged 15-24: translated into Australian terms this would represent around 38,000 15-24 year-olds without Year 12 and not attending education, compared to the current figure of 373,900[66]. The strategy, which is referred to as "*Aanval op de uitval*", or the Drive to Reduce Dropouts, has resulted in a reduction in the number from 71,000 in 2001 to 38,600 in 2010-2011. The strategy is based upon a view that prevention is better than a cure, includes a suite of related and coordinated measures across education, the labour market and the community, and includes a systematic approach to stakeholders working together.

> "It all starts with high quality education. Education that is effective and interesting will ensure that young people feel involved and remain so...But high-quality education also means the right kind of guidance in finding a follow-up course of study or training that suits the pupil and that links up with labour market demand. Schools have the task of assisting young people to make that choice"[67]

At the national level the strategy involves a number of measures:

- **A qualification obligation**: This requires compulsory school attendance until the age of 18 (previously 16) or until young people have achieved a basic qualification (as defined above). After the age of 18 there is an additional obligation up to the age of 27 to resume schooling or to work if a basic qualification has not been attained. Failure to meet this condition can result in a loss of part or all of social benefits or assistance entitlements.

- **Personal education numbers**: The equivalent of a unique student identifier, this allows students to be tracked and monitored across different parts of the education system and early leavers to be identified quickly It also allows detailed monitoring of early leaver numbers for policy purposes across regions, socio-economic characteristics, municipalities, and school types.

- **Regional Monitoring and Co-ordination Centres**: A network of 39 Regional Monitoring and Co-ordination Centres[68] (RMCs), each covering a number of municipalities, is responsible for monitoring and reporting in detail on early school leaver numbers and characteristics. Each person leaving education prematurely must be reported to one of these Centres[69], which also offer programme-based guidance and, in conjunction with other organisations, endeavour to ensure that the young person receives a basic qualification. However here is very wide variation in the ways in which they provide advice and guidance or work in conjunction with other community

[65] Sources of information on the Netherlands include: Netherlands Ministry of Education, Culture and Science (2012) *The Approach to Early School Leaving: Policy in the Netherlands and the Provisional Figures of the 2010-2011 Performance Agreements*, http://www.aanvalopschooluitval.nl/english; OECD (2008) *Jobs for Youth: Netherlands*, Paris; Bekker, S. (2010) *EEO (European Employment Observatory) Review: Youth Employment Measures, 2010. Netherlands*, www.eu-employment-observatory.net/; Oomen, A., personal communication.

[66] ABS 6227.0 *Education and Work Australia May 2011*, Tables 17 and 18. Note that this figure includes those who are employed, but the Dutch target does not distinguish between those who are employed and those who are not.

[67] Netherlands Ministry of Education, Culture and Science (2012) *The Approach to Early School Leaving: Policy in the Netherlands and the Provisional Figures of the 2010-2011 Performance Agreements*, p. 4.

[68] In some sources referred to as Regional Registration and Co-ordination Centres)

[69] However in practice there is some variation and unevenness in this reporting.

agencies to assist school drop outs in addition to their obligatory tracking, monitoring and reporting role: there is no national co-ordination of RMCs, and each region has its own approach.

- **A digital absence portal**: Since 2009 all school must by law register absenteeism. This allows the truancy which can be a precursor of early leaving to be quickly detected, and allow assistance to help re-engagement to be quickly offered. As soon as a student has been absent without permission for 16 hours a month the school is legally obliged to notify the RMC, which usually contacts the student immediately to investigate the reasons and to develop an action plan.

- **Career orientation and guidance**: The Dutch national career guidance action plan involves information, mentoring, coaching, personal guidance, links to business, and work placements. Work placements so that young people can learn about work and society are a standard requirement, and a general call to employers is made by the government to ensure that enough places are available.

- **Transfer to follow-up education programmes**: The intention is to make it possible for young people who might slip through the cracks to continue from pre-vocational studies to an upper secondary vocational programme without having to change school.

- **Care structures in schools**: The number of care co-ordinators in schools has been increased, with 98% of schools now having one or more.

A key philosophy underpinning most of these measures is that schools should be more responsible regarding the destinations of their former pupils at around the age of 16. They are now required to stay in contact with young people during the transfer from lower secondary school to MBO, or upper secondary vocational schools[70], and funding for MBO schools, which are attended by those most likely to drop out, has been increased.

A number of administrative and financial arrangements and structures underpin these measures. Covenants or long-term performance agreements between the national government and municipalities and schools set targets for reducing the number of early leavers. Joint action within regions between schools, municipalities, youth care workers and business and industry is required to be coordinated by the contact municipality for each agreement, although each municipality is free to decide how this will be done. Regional Training Centres, which have something in common with Australian Group Training Companies, are also involved through assisting students to find work placements. And schools receive additional funding for each pupil that contributes to a reduction in the number of early leavers ("no cure no pay").

Initiatives to reduce the number of early leavers are complemented by strategies to tackle youth unemployment aimed at getting every unemployed young person back to school or work within six months so that long-term unemployment is not an option. The strategy was developed by a national 2004-2007 tripartite Youth Unemployment Taskforce that brought together employers, unions, education institutions, local authorities and other actors. The taskforce aimed to: improve co-operation between (local) actors; marshal employers on youth jobs and traineeship placements; stimulate training for young people and tackle early leaving (see above); and improve young people's occupational choices and reduce labour market mismatches.

[70] This contrasts with a common Australian situation: "The Director General of Education... said the Department had no responsibility to monitor students on approved pathways, including those in full-time work" Patty, A. "Disruption, time wasting after school leaving age raised" *Sydney Morning Herald*, November 2, 2012.

Young people under the age of 18 in the Netherlands are not entitled to social assistance. Parents have a duty to support them, but receive child benefits to contribute to the costs. As in many European countries, Dutch school leavers with no recent labour market history have no right to claim unemployment benefits. They can, however, apply for means-tested social assistance, which is accompanied by tight requirements to take on "generally acceptable work". Young people who claim social assistance are first sent back to school if they have inadequate qualifications, or are otherwise placed in a work experience programme as soon as they apply for assistance (the Work-First scheme). Single parents with children under the age of five are not automatically exempt from applying for work, and this has resulted in the number of single parents on welfare benefits falling slightly faster than other groups[71].

In 2008 these requirements had resulted in almost no one below the age of 25 receiving social security benefits without a reason[72]. In order to receive unemployment benefits young people need to have been employed for 26 out of the previous 36 weeks. There are tight mutual obligation conditions and reintegration requirements attached to the receipt of benefits and their duration, with active job search being required, and strict requirements for the acceptance of a "suitable" job. The Centres for Work and Income (CWIs, equivalent to Australia's Job Services Australia providers) profile job seekers into those considered job ready and those requiring preparation for the labour market (for example through job-search training or work experience). In combination, tighter requirements have been associated with a decline in the number of young people on income support, particularly unemployment benefits and social assistance. The CWIs work in close cooperation with the RMCs, particularly where the RMC judges that the goal of a return to school is impractical and that the young person would be better off in a job. Similarly, the CWIs work closely with the RMCs when exploring options for a young unemployed person to return to study.

However less than a third of unemployed 15-24 year-olds appear to register with the CWI, and other than the activation of passive benefits through Work-First schemes, there are few active labour market programmes for youth in the Netherlands. There is, however, some suggestion that the strict Dutch approach to mutual obligations and income support may have unintended consequences such as few young people registering with the CWIs and displacement between different disability benefit schemes[73].

Norway[74]

In Norway, as in Denmark and the Netherlands, the view of the government, as well as of the social partners, is that the most important measure against youth unemployment is reducing the drop-out rate from upper secondary education.

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[71] This is similar to arrangements in Sweden, where the Social Service Act was amended in 1998 to allow municipalities to require welfare participants to take part in activation measures such as job search, education and training or work experience. As a result, in some municipalities such as Stockholm participation in activation measures is now mandatory as a condition of receiving social benefits. This has a resulted in a reduction in inflows to the population at risk of receiving welfare, particularly young people. See Persson, A. and Vikman, U. (2010) Dynamic Effects of Mandatory Activation of Welfare Participants, IFAU (Institute for Labour market Policy Evaluation) *Working Paper* No.2010:6, Stockholm.

[72] However in the case of those with a disability there has been a sharp increase i the number of young people entering an alternative occupational disability scheme.

[73] See OECD (2008) op.cit., p. 141.

[74] Sources of information on Norway include: OECD (1998) Thematic Review of the Transition from Initial Education to Working Life. Country Note: Norway, Paris; OECD (2008) *Jobs for Youth : Norway*, Paris; European Industrial Relations Observatory On-Line "Norway: Helping young workers during the crisis - Contributions by social partners and public authorities" http://www.eurofound.europa.eu/eiro/studies/tn1101019s/no1101019q.htm; Euroguidance "Guidance system in Norway – Introduction" http://www.euroguidance.net/?page_id=892.

In the mid 1990s Norway introduced a set of reforms designed to raise participation in and completion of upper secondary education. These reforms included broadening and simplifying the available general and vocational education pathways, and introducing apprenticeships as an integral part of most of the vocational programmes (hitherto apprenticeship in Norway had largely been accessed by adults). For present purposes a central component of the reforms was the creation of a follow-up service for secondary school drop outs through an amendment to the Education Act that required all counties to establish a follow-up service (*Oppfølgingstjenesten* or OT) for 16-19 year-olds in the target group (now 16-21 year-olds).

The goal of the service is to reintegrate early leavers into school, and to do so quickly. The service provides information, guidance and practical assistance to direct individuals into an activity leading to general matriculation, a formal vocational qualification, or a partial qualification that can improve their access to the labour market. It operates through a network of coordinators who in turn work with local counsellors or mentors who are the principal point of contact with the young people. The service is required to contact all those who are neither in the education system nor at work. This includes all those who are entitled to an upper secondary place but fail to apply, as well as those who drop out of school. Some sources refer to it as also contacting those who are "about to drop out".

The service works closely with the school counsellor service and the school psychological service which among other tasks work to prevent drop-outs (at times co-locating with it, or being run by it), with the Norwegian Labour and Welfare Administration (NAV), and with health, welfare and other community services. Each young person who accepts an offer of assistance is assigned a personal counsellor or mentor, and is required to develop a personal action plan that is regularly reviewed. The assistance that is provided is not standardised, but closely tailored to individual need. In addition to personal advice, counselling and access to community services, young people can be offered trainee places in firms, subsidised employment, education and training opportunities, or combinations of these. The service appears to be well resourced with quite low case loads.

Between six and seven per cent of students need contact with the follow-up service. The introduction of the follow-up service coincided with a very rapid decline in long-term unemployment as a share of all youth unemployment: from close to a third in 1995 to effectively zero in 1996 for 15-19 year-olds[75], and long-term youth unemployment in Norway remains among the lowest in the OECD (Figure 6).

A distinctive feature of unemployment and inactivity among youth in Norway is that the number that is inactive exceeds the number unemployed. There are a number of reasons for this, including the tendency of Norwegian youth to take gap years after finishing secondary school. However this is perceived as a problem, even if the total number is not large, to the extent that the inactive are *a priori* harder to contact and are less closely connected to the labour market than the unemployed. It is also perceived as a problem because the probability of a young person who is on one or another form of welfare benefit shortly after leaving education remaining on that benefit over an extended period can be shown to be quite high. Young people who are on health-related benefits have also been shown to have a low probability of returning to employment. Thus in looking at strategies to activate those young people who are not in education and not employed, it is important to understand not only activation strategies within Norway's public employment service, but also more recent reforms aimed at single intervention framework for all those not formally in the labour force.

To obtain unemployment benefits, a young person must satisfy an income test, and to have earned at least a minimum salary for at least one year. Few school leavers are able to meet this requirement, and this helps to explain why the share of young people among the registered unemployed is very low: concern has been expressed that the difficulty that young people experience in qualifying for unemployment

[75] OECD (2000) *From Initial Education to Working Life: Making the Transition Work*, Paris, p.115.

benefits may have had displacement effects in pushing young people out of the labour force and possibly into inactive status and receipt of sickness or disability benefits[76]. There is evidence to support the existence of these displacement effects as access to unemployment benefits has become more restrictive[77].

Iceland's response to the Global Financial Crisis

In late 2009 Iceland introduced a set of measures for unemployed 16-25 year-olds to complement measures that had been introduced some months earlier for all unemployed persons. Called "activating the young" (*Ungt fólk til athafna)*, the programme contains a range of measures that can include personal counselling, volunteer work, and a wide range of courses: personal development, leisure, vocational education and training, and general education. Upon registering with the public employment service all young people receive counselling, and can then choose a set of three measures that are of most interest from the available options. The aim is for everyone to find a suitable measure within two months of registering. Every unemployed 16-25 year-old had been contacted by June 2010, and as of October 2010 46% of them were no longer registered as unemployed. Penalties in the form of loss of benefits for a period applied to those who refused to take part.

Source: Agnarsson, S. (2010) *EEO (European Employment Observatory) Review: Youth Employment Measures, 2010. Iceland,* www.eu-employment-observatory.net/

For young people who become unemployed, Norwegian labour market policy is fairly general and universal, with few initiatives aimed at specific target groups. However young people are a prioritized group in terms of the ordinary labour market schemes, and also through different guarantees. The youth guarantee states that all registered unemployed aged 16 to 20 must be offered labour market measures. In practice this means that up to 50% of those under the age of 20 registered as unemployed are assigned to active labour market measures, generally vocational training programmes, although evaluations show that employment programmes are the most successful. The follow-up guarantee was extended to those aged 20-24 in 2008, and they must be followed up after three months of continuous unemployment. Beyond these guarantees there are no specific youth-targeted measures. Those receiving unemployment benefits must submit an employment status card every 14 days, as well as seeking employment and being available for jobs.

Vocational rehabilitation and training is widely used in Norway to bring people who are on welfare benefits back into employment, but appears not to have helped reduce the high inflow into long-term disability benefits. It appears that in Norway entering benefits at a young age may act as an inactivity trap. The OECD has concluded that "...it appears that what is needed in Norway is a comprehensive approach concerning how all types of benefits (unemployment, health-related or social) are granted to individuals. It does not make sense to be very restrictive with UIBs and to strongly activate those who receive them if a significant side-effect of such a policy is to push more people out the labour market, into a status intrinsically characterised by a low probability of ever re-entering the labour market."[78]. For these types of reasons, in 2006 Norway merged its former Public Employment Service and its National Insurance Service to form the Employment and Welfare Agency or NAV, a one-stop shop in which employment and welfare professionals share the same premises. However it was not until 2011 that a complete national network of offices that combine the two functions was in place[79], and a relatively early

[76] In this context it should be noted that the new requirements for receiving Youth Allowance (Other) that were introduced in 2009-2010 in Australia coincided both with a rapid fall in the number of unemployed young people receiving it, and a rapid rise in inactivity levels.
[77] See OECD (2008) op. cit., pp. 110-112.
[78] OECD (2008) op. cit., p. 120.
[79] See www.nav.no/English.

evaluation of the reform by the Swedish Agency for Public Management has pointed to mixed results and implementation difficulties[80].

5.2.2 German-speaking apprenticeship countries[81]

As pointed out above, each of the six OECD countries that have only a small proportion young people either unemployed or inactive has an apprenticeship system that accounts for quarter or more of all young people: in each case this is high by international standards. Having a large vocational education and training system for youth *per se* does not appear to be associated with good youth labour market outcomes. However there is solid evidence that, within Europe at least, countries that have large or reasonably large apprenticeship systems obtain better youth labour market outcomes than those that do not: for example lower early career unemployment rates and fewer school leavers not in the labour market[82].

This is likely to be the result of a number of factors: apprenticeship provides a clearly articulated pathway for young people to enter the labour market; it helps to improve the match between training and labour market demand as the offer of a training place depends upon a place being offered by employers; it establishes direct connections between young people and individual employers; it requires strong institutional arrangements between employers, trade unions and governments to support skill development and the school-to-work transitions; and this co-operation, which is a form of social capital, needs to be evident at the sectoral and regional or local levels, not just in peak national bodies. Many of the institutional pre-conditions for large apprenticeship systems are difficult to replicate and often do not travel well across national borders. For these reasons the lessons for Australia are probably fewer in the case of Austria, Germany and Switzerland than in the case of Denmark, the Netherlands and Norway, and consequently the three German-speaking strong apprenticeship countries will be discussed in less detail.

Austria, Germany and Switzerland do not appear to have the types of arrangements for rapidly tracking and following up early school leavers that can be found in Denmark, the Netherlands and Norway.

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[80] Christensen, T. and Lægreid, P. (2010) *Reforming Norway's Welfare Administration*, Staskontortet, Stockholm http://www.statskontoret.se.

[81] The sources on national arrangements drawn upon for this Section include: Lassnig, L. (1998) Youth Labour Market Policy in Austria 1980-1997, paper prepared for the OECD Thematic Review of the Transition from Initial Education to Working Life, http://www.oecd.org/edu/highereducationandadultlearning/transitionfrominitialeducationtoworkinglife-homepage.htm#4; Lechner, F., Bergmann, N. And Matt, I. (2010) *EEO (European Employment Observatory) Review: Youth Employment Measures, 2010. Austria*, www.eu-employment-observatory.net/; Hoeckel, K., Field, S. and Grubb, N. (2009) *Learning for Jobs. OECD Reviews of Vocational Education and Training: Switzerland*, Paris; Hoeckel, K. and Schwarz, R. (2010) *Learning for Jobs. OECD Reviews of Vocational Education and Training: Germany*, Paris; Vogler-Ludwig, K. and Stock, L. (2010) *EEO (European Employment Observatory) Review: Youth Employment Measures, 2010. Germany*, www.eu-employment-observatory.net/; Scharnhorst, U. (2009) "Innovative apprenticeships: Promoting successful school-to-work transitions. The example of Switzerland", In Rauner, F., Smith, E., Hauschildt, U. and Zelloth, H. (Eds) *Innovative Apprenticeships: Promoting Successful School-to-Work Transitions*, Lit Verlag, Berlin; and Hoffman, N. (2011) *Schooling in the Workplace: How Six of the World's Best Vocational Education Systems prepare Young People for Jobs and Life*, Harvard Education press, Cambridge Mass..

[82] See for example Gangl M. (2003), "Returns to Education in Context: Individual Education and Transition Outcomes in European Labour Markets", in W. Muller and M. Gangl (eds.), *Transitions From Education to Work in Europe – the Integration of Youth into EU Labour Markets*, Oxford University Press, Oxford; Ryan, P.(2001), "The School-to-Work Transition: A Cross-National Perspective", *Journal of Economic Literature*, Vol. 39, No. 1, pp. 34-92; Van der Velden R., R. Welter, and M. Wolbers (2001), "The Integration of Young People into the Labour Market within the European Union: the Role of Institutional Settings", *Research Centre for Education and the Labour Market Working Paper* No. 2001/7E.

However they are distinctive for having strong dual systems of apprenticeship[83], and for using their apprenticeship systems as part of targeted strategies to improve young people's transition outcomes. The apprenticeship system is at the heart of initiatives to counteract the impact of labour market downturns upon young people. This is done through targeted strategies to expand the number of training places, and through initiatives to include disadvantaged and at-risk youth within the mainstream of vocational education and apprenticeship.

Austria

Austria has had a long emphasis upon targeted programs that support young people in entering the regular labour market. The Vocational Training Act was reformed in 2008 to include an apprenticeship guarantee: young people who want to do an apprenticeship but cannot find a place with a company may complete a training programme in the newly introduced *überbetriebliche Lehrausbildung* (supra-company training programme) as a regular and equally valued component of the dual system, and these are now legally recognised as being equivalent to a regular apprenticeship. The programme targets both socially disadvantaged young people and drop outs. And as part of the 2008 reform of the Vocational Training Act a new system of subsidies to companies was introduced to support the creation of new apprenticeship places. In an additional response to the economic downturn that began in 2008, in 2009 an existing program called *Aktion Zukunft Jugend* or Campaign for the Future of Young People was extended to ensure that unemployed young people aged 19-24 will receive job placements as early as possible through skills training, employment subsidies and the like.

Austria's youth employment policy has long had an emphasis upon young people with a disability, through a range of initiatives, including the *Integrative Berufsausbildung* (integrated vocational training scheme) which allows participants to complete a regular apprenticeship over a longer period or to obtain a partial qualification. Additional wage subsidies are also available for employers who recruit apprentices from targeted groups: for example females in non-traditional trades, young people with disabilities, those with social problems, and graduates of the integrated vocational training scheme. Austria also has a network of production schools, similar to those that exist in Denmark that were referred to above, whose target includes young people who have dropped out of school or an apprenticeship, and that combine workshop activities, guidance and personal support. Their placement rate in further education, apprenticeships or jobs is around 80%.

Germany

In response to concerns about a decline in the number of apprenticeship places, a National Pact for Training and Young Skilled Staff was agreed to between the German government, employers and the trade unions in 2004 in which the government committed to implement reforms to the dual system, to provide additional support for disadvantaged youth, to increase subsidies for employers taking on new apprentices, and to promote apprenticeships more vigorously. In return employers agreed to create additional places for young people. The agreement has met with success in increasing the number of places, with campaigns to create places being concentrated on particular regions or disadvantaged groups

Germany has a number of programmes designed to facilitate transition into vocational education for those who have difficulties – for example those who have problems coping with the requirements of an apprenticeship. During a basic vocational or pre-vocational year (*Berufsgrundbildungsjahr* or *Berufsvorbereitungsjahr*) students receive career guidance and acquire the basic vocational skills designed to help them either obtain an apprenticeship, or to enter a full-time school-based programme or to start working but without receiving a full qualification. The number of such programmes and participation in them has increased in recent years, in large part in response to the shortage of apprenticeship places. In response to the economic downturn of 2008-2009 additional funding was

[83] The apprenticeship systems in each of Denmark, the Netherlands and Norway have some distinctive features that differentiate them from the dual systems of the three German-speaking countries.

provided for these transitional year programmes, and additional funding and support was provided to companies taking on apprentices. Labour market reforms in Germany in recent years have included limiting the period that unemployment benefits are payable to 18 months, and requiring benefit recipients to demonstrate that they have been looking for work

Switzerland

Young people's level of participation in apprenticeship in Switzerland is the highest in the OECD, and Switzerland has not experienced the problem of employers failing to provide sufficient places to match the demand from young people that has been the case in Germany in recent years, despite the fact that in general Switzerland does not provide apprenticeship employers with subsidies. It is a flexible and evolving system: for example in 2004 two-year programmes were introduced to make participation by low-achieving students easier.

And Switzerland places a heavy emphasis upon preventing dropouts. Measures include a bridge year following lower secondary school for those unsure of their next step and those who have not yet found an apprenticeship, a case management system that identifies and supports individual students who are thought to be at risk of dropping out, and a very strong career guidance system that includes both compulsory sessions in school and services provided by counsellors in centres outside of the school.

5.2.3 Some also-rans[84]

In countries such as Hungary, Italy, Spain, the Slovak Republic and Turkey the number of young people who are inactive is high either as a share of the population, as a share of those not in education or both. Relatively high overall unemployment is feature of all such countries, and in some upper secondary dropout rates are relatively high. In addition, many are characterised by structural weaknesses in their labour markets that make entry to work difficult for young people such as high rates of employment protection, limited opportunities for students to work part-time and a high incidence of temporary contracts that do not form a stepping stone to permanent work. Whilst many have large vocational education and training systems for young people, a common observation is that the involvement of employers and trade unions in these systems is limited, and contact with the work place either through work placements, internships or apprenticeships is limited. None, perhaps with the exception of Turkey, have well developed apprenticeship systems.

Commonly unemployed young people in such countries have no or limited access to unemployment benefits as a result of insufficient employment histories, and no or limited access to alternative forms of income support such as social assistance. This makes linking the receipt of income support to participation in active measures difficult. None appear to have the types of agencies that rapidly track and try to reengage early leavers that are found in Denmark, the Netherlands and Norway. In many, the public employment service offers either no or few youth-focused measures, early intervention strategies for unemployed youth are absent, and unemployed young people fall under the same regulations and requirements as adult job seekers. Co-ordination between governments, the social partners and communities, and co-ordination across government portfolios in support of youth is often weak. In many few special measures to improve employment and transition outcomes were introduced as a result of the 2008-2009 Global Financial Crisis.

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[84] The comments in this section draw upon a series of 2010 reports issued by the European Employment Observatory describing youth employment measures introduced following the 2008-2009 Global Financial crisis (www.eu-employment-observatory.net/) , country reports produced as part of the OECD's Jobs for Youth study, and in particular those on Greece, Spain and the Slovak Republic (http://www.oecd.org/employment/theoecdjobsforyouthreview.htm), and reports produced as part of the OECD's Learning for Jobs review (http://www.oecd.org/education/educationeconomyandsociety/learningforjobs.htm).

6. How could Australia improve?

Challenges

In a broad sense the policies that are most likely to reduce the proportion of young people who are unemployed or inactive are those that help to increase participation in full-time education, and in particular in full-time schooling in the case of 15-19 year-olds, and policies that both keep total unemployment low and ensure that the labour market is youth friendly. However the correlations between unemployment and inactivity among young people and either educational participation or overall unemployment are not perfect, and high quality and appropriate institutional arrangements both to prevent young people dropping out in the first place and to assist those who become disengaged are essential.

In response to the 2008-2009 Global Financial Crisis Australia introduced the National Partnership on Youth Attainment and Transitions that contained, *inter alia*, new uniform national educational participation requirements, a learn-or-earn approach to income support for unemployed youth, and an improved community-based service to help reengage early school leavers with education and training and to reduce school dropout among those at risk of disengaging. These measures have been associated with and appear to have contributed to an improvement in school participation rates, in grade progression rates, and in Year 12 completion. And they have been associated, alongside improvements in overall labour market conditions, with a reduction, compared to the levels observed in 2009, in the number of 15-19 year-olds who are unemployed.

However the measures have also been associated with a large and unprecedented increase in inactivity among those of the age group targeted by the learn-or-earn requirements of the Compact with Young Australians85. They have also been associated with a sharp fall in the proportion of unemployed people under the age of 20 who are receiving Youth Allowance (Other), and in a sharp drop in the number of 16-20 year-olds whose families are eligible for Family Tax Benefit Part A[86].

Over and above these more recent increases, inactivity has increased steadily as a share of total unemployment plus inactivity since the early 1990s. Among 20-24 year-olds who have left full-time study the number who are inactive has exceeded the number who are unemployed since the mid 1990s, and among 15-19 year-olds it has exceeded the number who are unemployed, or nearly exceeded it, since the mid 2000s.

By itself the recent large increase in inactivity among those who are not welfare benefit recipients (and some small associated increase in the number of young welfare benefit recipients) suggests that current approaches will need to be added to or modified if there is to be an appreciable fall in the number of unemployed or inactive youth. However there are other reasons for taking the same view. First, an emphasis upon school participation will not, at least in the short-term, be sufficient to reduce the overall number given that three quarters of unemployed or inactive young people under the age of 21 are aged 18 or more, and are not of typical secondary school age. Attracting those who have not completed Year 12 (around half of all those who are unemployed or inactive) back to school, or into TAFE, will be much harder than keeping them there in the first place.

The difficulty in attracting young people who have not completed Year 12 and who are unemployed or inactive back into education and training increases the longer they have been away from study. Recent research shows that under normal circumstances (in other words without any specific intervention) the

[85] See Figure 8 and dandolopartners (2012) *Interim Evaluation of the National Partnership on Youth Attainment and Transitions: A Report for the Department of Education, Employment and Workplace Relations*, Canberra.

[86] For the former see Sweet, R. (2012) A Curate's Egg: Good Practice in School-to-Work Transitions, COAG Reform Council, www.coagreformcouncil.gov.au/excellence/good_practice.cfm. For the latter see FaCHSIA Statistical Paper No. 10 Income Support Customers A Statistical Overview 2012 and prior issues.

probability of early school leavers returning to study falls sharply after they have been out of school for as little as three months[87]: and, as we have seen, around half of those who are unemployed or inactive are not immediate school leavers but have been out of school for two or more years.

Given the rise in inactivity among the age group targeted by the Compact with Young Australians, the attractiveness of what TAFE and other providers have to offer them does not seem to have been sufficient to overcome what the literature shows to be the very large barriers to reengaging with education and training by many (although not all) disengaged youth: the Compact's educational carrot and the manner of its dangling does not seem to have been attractive enough.

Furthermore, although the weight of international evidence favours the type of activation strategies that are embodied in the Compact, at the moment the activation requirements of the Compact do not extend to welfare benefit recipients or to those who are not receiving any form of income support. The latter group, who represent over half of all those under the age of 20 who are inactive, are particularly hard to activate.

Neither will any future reduction in overall unemployment rates by itself be sufficient to address the problem: there are now more inactive than unemployed young people under the age of 21, and we have seen that youth inactivity is relatively insensitive, compared to youth unemployment, to fluctuations in labour market conditions. Future improvements in overall labour market conditions will almost certainly result in fewer young people being unemployed, but a parallel and equal reduction in inactivity levels cannot be guaranteed.

Finding out what has caused the recent rise in inactivity

An important first step will be to get a much better understanding of why the introduction of the requirements of the Compact with Young Australians in 2009-2010 have been associated with a jump in the number of young people who appear to be choosing inactivity over learning. It seems sensible to look for this in the interaction between young people in the target group and the key agencies responsible for administering and implementing the Compact: Jobs Services Australia (JSA), Centrelink, and TAFE (and other education and training providers). There is some limited case study evidence to suggest that the links between these are not working as well as may be hoped, and highlighting gaps between what appears to be current practice on the ground and the messages about best practice in reengaging young people into either employment or education that were summarised in Section 5.

An evaluation by the Brotherhood of Saint Laurence of the Caroline Springs Youth Employment Project[88] has reported concerns about the interaction between young people and JSA providers that include: an emphasis upon compliance at the cost of engagement; the lack of a capacity to provide holistic and intensive support; case management that is inadequate to address barriers to employment and support job readiness; a funding model that encourages young job seekers to look for full-time work, even though for many a mix of learning and part-time work may be more appropriate; case management not being available until the young person has been out of work for at least six months; and a limitation of assistance provided through Youth Connections to those seeking to gain Year 12 or the equivalent.

Case studies of Youth Connections programmes in the Brisbane area have found that there is usually a significant lack of fit between young people and the education and training options that are available. "Availability of places at alternative education, timely availability of short vocational courses, and more

[87] See Polidano, C. et al. (2012) *op.cit*..

[88] Bodsworth, E. (2012) *Pathways that Work: Lessons from the Youth Employment Project in Caroline Springs*, Brotherhood of Saint Laurence, Melbourne.

integrated articulation between Job Search Agencies [sic] and Youth Connections providers supported by Centrelink policies which encourage this, were specifically identified as institutional level needs" [89].

Expecting unemployed young people, particularly low achievers, those out of school for some time, and those with negative school experiences to be able to easily slot into standard TAFE courses on their own initiative without special assistance, or without special educational provision, appears both unrealistic and contrary to the evidence that is available on what works in re-engaging early leavers into education and training. For reconnection with education and training under the requirements of the Compact to be successful, a number of practical issues need to be resolved: courses need to be suitable to individual needs, so that, for example, basic literacy may need to be addressed before a course at Certificate II level can be attempted; staff assisting young people when they are seeking income support need to be aware of what education and training programmes are available; young people need to be aware of what is available and what courses will lead to; many will need expert advice and guidance on course choice; and courses need to be available at times when the young person is ready to commence study.

All of this argues for a more systematic examination of the problem to try to understand whether the recent rise in inactivity has been a function of factors such as activation requirements that are too inflexible, a need for better targeting, inflexible implementation, or a lack of appropriate education and training options.

Options

It also argues, in association with the evidence on international best practice that has been reviewed, for approaches to reengaging young people that intervene sooner, are more flexible in the ways in which they see educational participation or employment as the goals of assistance and intervention, better recognise young people's differing needs and circumstances through better profiling and targeting, provide greater flexibility in the mix of employment and education and training options, and better provide support, mentoring, advice and counselling. The adoption of such approaches may well require a reconsideration of the participation and income support requirements of the Compact with Young Australians.

There are, of course, features of Australia's approach to reengaging unemployed or inactive young people that accord with what is known about good practice. Income support for the unemployed with low educational qualifications is contingent upon taking part in active measures (although perhaps these may be too inflexibly designed), and for others it is contingent upon demonstrating active job search. And the community-based Youth Connections programme shares many of the features of the safety net services for early leavers in Denmark, the Netherlands and Norway (although it is not directly connected to the participation and income support requirements of the Compact, and does not intervene as early as the other countries' safety net services). However we clearly can do better.

All of the best practice countries reviewed here believe that prevention is better than a cure. Schools should have the prime responsibility for preventing students from dropping out, for making learning engaging and interesting for all young people, and for giving special assistance to those most at risk of dropping out early. The argument for this to be a Commonwealth government responsibility, rather than the responsibility of schools and school systems, does not appear to be a strong one. However experience in Denmark, the Netherlands and Norway shows that even when schools do their utmost to reduce early leaving, some young people continue to drop out early, and it shows that community-based services that operate outside of but in association with schools and that can draw upon a wide range of community services and resources can be effective tools for rapidly reengaging school drop outs. And so an option

[89] Crane, P. And Kaighin, J. (2011) Identifying Good Re-engagement Practice: Case Studies from Brisbane North and West Youth Connections Action Research, faculty of Health, Queensland University of Technology, eprints.qut.edu.au/41437/1/Youth_Connections_PAR_full_report.pdf , p. 11..

that could be considered for Australia is something akin to the reengagement services in these countries, alongside more effective arrangements for cooperation and coordination between such a service and job placement and income support services for youth.

An argument can also be made for such a service being responsible for providing job placement services for young people and for administering the participation and income support requirements of the Compact with Young Australians, as well as for reengaging early leavers with education and training. Denmark and Norway have moved towards an integration of their job placement agencies and their income support, including welfare benefit, administrations but they, like the Netherlands, have retained their youth safety net services as separate organisations from their public employment services.

Whether located as part of job placement agencies or independently, such services should integrate referral to active programmes, both education and training programmes and active labour market programmes such as job search assistance, as closely as possible with benefit and placement work. Ideally they need to be able to provide a comprehensive package of services in a one-stop setting so that young people do not fall through the cracks in being bounced from one agency to another. Comprehensive packages should include assistance such as job-search training, support, advice and counselling, mentoring, work experience and remedial education. Reengagement services for young people need to be able to work closely with education and training providers, both schools and TAFE, to ensure that the courses in which disengaged youth enrol are ones that interest and suit them, although traditionally this has not been part of the role of Australian job placement agencies. And they need to be able to separately provide for those young people for whom reintegration into school or into post-school education and training is appropriate, and those for whom such reintegration is unlikely to be successful and for whom job placement is more appropriate: recognising, for example, that the type of reengagement that is appropriate for a 16 year-old early school leaver may not be appropriate for a 19 year-old who has been out of education and in the labour force for two years or more. An option for addressing these types of issues could be a youth-focused job placement and education reengagement agency that is separated from job placement services that cater for adults.

However organised, an appropriate target for such an agency is young people who have not completed Year 12 and who are subject to the participation and income support requirements of the Compact with Young Australians. And it will be important to have the eligibility requirements in terms of age for any reengagement service aligned to those of the Compact with Young Australians[90]. It should also have a charter to contact and assist those young people who have not completed Year 12 and who are inactive but not on welfare benefits, and perhaps also some of those who are on benefits and for whom intensive support and assistance could result in reintegration into the workforce. Such a target group is somewhat broader than the current eligibility requirements of the Youth Connections programme's Connection Level 2B assistance, which focus attention upon those young people judged as having substantial educational, personal or social barriers that limit their participation in education, training or employment.

Reengagement services should be able to assist young people very quickly after they drop out of school, become unemployed or become inactive. At present the Youth Connections programme's Connection Level 2B assists those who have been continuously disconnected from education and training for three months or more, and JSA offers case management to those who have been unemployed for six months or more. International best practice and recent Australian research both suggest that if the aim is to reengage the young person in education and training, intervention needs to occur before three or six months of unemployment or inactivity have elapsed. The three examples of reengagement services reviewed in Section 5.2.1 all intervene well before three months of disengagement have elapsed.

[90] At present the upper limit for eligibility for access to Youth Connection's services (19) does not align to that of the Compact.

Issues of capacity would obviously arise in phrasing the need for a youth reengagement service in this way. Available data makes it difficult to precisely estimate the size of the potential target group: published data from the Labour Force Survey on unemployment duration by age does not separate those who are in education from those who are not in education, no Labour Force Survey data is published on the duration of inactivity, the relationship between unemployment and inactivity duration and educational attainment is not readily available, and data on the number of benefit recipients is not separately published for 20-21 year-olds, but is available for those under the age of 20.

However a rough estimate of the upper limit of need and demand can be made under the following assumptions: the distribution of unemployment duration is similar for those in education and not in education; the distribution of inactivity duration is the same as the distribution of unemployment duration; the proportion of those without Year 12 is similar for all durations of unemployment and inactivity and for those inactive teenagers not on welfare benefits and on welfare benefits; and the proportion of 20-21 year-olds on welfare benefits resembles the proportion of 15-19 year olds[91].

In May 2012 84,457 15-21 year-olds were unemployed and not in full time education, and 107,445 were inactive (not in the labour force and not in full-time education)[92]. Table 7 estimates that 54% of unemployed 15-19 year-olds and 62% of inactive 15-19 year-olds have attained less than Year 12; Figure 7 estimates that 55% of inactive 15-19 year-olds are not on welfare benefits; and Figure 5 estimates that 80% of unemployed 15-19 year-olds had been unemployed for longer than one month, 51% for longer than three months, and 22% for longer than six months. Applying these estimates and the above assumptions to May 2012 data for 15-21 year-olds, Table 16 suggests that reengagement services would need to assist an upper limit of around 89,700 if they were limited to 15-21 year-olds without Year 12 who had been unemployed or inactive for longer than a month, around 57,100 if limited to those unemployed or inactive for longer than three months, and around 22,500 if limited to those unemployed or inactive for six months or more.

Table 16: Estimated upper limits of the need and demand for reengagement services for 15-21 year-olds

	Unemployed not in full-time education	Inactive, not in full-time education, not on welfare benefits	Total
Total	84,457	107,445	191,902
Without Year 12	45,438	66,615	112,053
Duration			
More than 1 month	36,350	53,292	89,652
More than 3 months	23,173	33,974	57,147
More than 6 months	7,893	14,655	22,548

[91] It is likely that the average duration of unemployment is briefer for those in education than for those not in education, and that the average duration of inactivity is longer than the average duration of unemployment. Special tabulations from the Labour Force Survey that disaggregate the duration of both unemployment and inactivity by educational attendance would help to make estimates more accurate. Commissioning analysis of HILDA and/or LSAY data on spells and the duration of unemployment and inactivity among young people and their correlates in terms of individual characteristics such as educational attainment would also help to improve understanding of the likely size and nature of the target group.

[92] ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, Tables 03b and 03c.

Statistical Annex

Table A1: Persons aged 15-24 unemployed and inactive, States and territories, May 2012 (%)

Share of population:

	15 - 19			20-24		
	Unemployed	**Inactive**	**Unemployed or inactive**	**Unemployed**	**Inactive**	**Unemployed or inactive**
NSW	2.6	5.0	7.6	5.0	6.9	11.9
Vic	2.9	3.3	6.2	4.9	8.0	12.9
Qld	4.8	4.6	9.4	6.7	11.2	18.0
SA	3.4	5.0	8.3	4.5	7.6	12.1
WA	3.0	3.5	6.5	3.1	9.0	12.1
Tas	3.8	3.2	7.0	10.2	9.3	19.4
NT	5.6	7.4	13.0	6.5	20.1	26.6
ACT	1.7	0.4	2.1	3.3	4.6	7.9
Australia	**3.5**	**4.3**	**7.8**	**5.2**	**8.5**	**13.7**

Share of population not in full-time education:

	15 - 19			20-24		
	Unemployed	**Inactive**	**Unemployed or inactive**	**Unemployed**	**Inactive**	**Unemployed or inactive**
NSW	10.9	20.6	31.5	7.8	10.9	18.7
Vic	14.3	16.1	30.3	7.6	12.4	19.9
Qld	14.8	12.9	27.6	9.0	14.9	23.9
SA	14.4	19.6	34.1	6.2	10.6	16.7
WA	11.7	11.9	23.6	4.1	12.1	16.2
Tas	15.1	11.8	26.9	13.0	11.8	24.8
NT	17.2	18.8	35.9	7.2	22.4	29.6
ACT	7.7	1.9	9.6	5.1	7.2	12.3
Australia	**13.1**	**16.0**	**29.1**	**7.5**	**12.4**	**19.9**

Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery, Table LM3

Table A2: Persons aged 15-24 either unemployed or inactive, OECD countries, 2010

	Unemployed or inactive as a share of:			
	All persons aged:		All persons not in education aged:	
	15-19	20-24	15-19	20-24
Australia	8.1	11.2	38.5	19.1
Austria	5.3	12.6	39.7	19.2
Belgium	5.9	18.0	72.5	31.6
Canada	8.2	15.3	44.6	25.3
Czech Republic	3.8	13.6	55.3	26.3
Denmark	5.5	12.1	44.1	26.0
Estonia	6.1	22.4	82.1	45.1
Finland	5.1	15.8	61.5	32.9
France	7.9	20.6	71.3	34.6
Germany	3.7	13.7	47.5	26.0
Greece	7.5	21.6	66.9	40.4
Hungary	4.6	21.5	77.1	41.5
Iceland	6.8	10.6	45.3	23.7
Ireland	10.4	26.4	71.3	41.7
Israel	22.5	36.9	80.3	53.5
Italy	12.5	27.1	75.9	45.8
Korea	8.5	23.5	80.1	39.8
Luxembourg	6.3	7.5	78.8	20.4
Mexico	18.6	26.6	47.4	36.0
Netherlands	3.8	7.8	35.5	17.5
New Zealand	10.4	18.4	44.4	29.8
Norway	3.5	9.0	18.8	15.6
Poland	3.6	17.7	62.1	37.4
Portugal	7.4	16.4	50.2	27.1
Slovak Republic	4.6	22.1	73.3	40.1
Slovenia	3.2	9.3	63.6	26.6
Spain	12.8	27.4	73.8	45.2
Sweden	5.4	14.3	50.5	26.7
Switzerland	4.8	11.1	41.6	20.4
Turkey	25.6	43.7	63.5	58.4
United Kingdom	10.0	19.3	51.4	29.2
United States	7.6	19.4	52.9	31.6
OECD average	**8.1**	**18.5**	**56.3**	**32.3**
Standard deviation	**5.3**	**8.2**	**16.1**	**10.6**

Source: *OECD Education at a Glance 2012*, Table C5.2a

Table A3: Classification of OECD countries using two indicators of levels of unemployment and inactivity among 15-19 year-olds, 2010

	Unemployed and inactive 15-19 year-olds:			
	As share of all 15-19 year-olds (%)	Category[1]	As a share of 15-19 year-olds not in education (%)	Category[1]
Australia	8.1	High	38.5	Very low
Austria	5.3	Very low	39.7	Very low
Belgium	5.9	Low	72.5	Very high
Canada	8.2	Low	44.6	Very low
Czech Republic	3.8	Very low	55.3	Low
Denmark	5.5	Very low	44.1	Very low
Estonia	6.1	Low	82.1	Very high
Finland	5.1	Very low	61.5	High
France	7.9	Low	71.3	Very high
Germany	3.7	Very low	47.5	Very low
Greece	7.5	Low	66.9	Very high
Hungary	4.6	Very low	77.1	Very high
Iceland	6.8	Low	45.3	Very low
Ireland	10.4	High	71.3	Very high
Israel	22.5	Very high	80.3	Very high
Italy	12.5	Very high	75.9	Very high
Korea	8.5	High	80.1	Very high
Luxembourg	6.3	Low	78.8	Very high
Mexico	18.6	Very high	47.4	Very low
Netherlands	3.8	Very low	35.5	Very low
New Zealand	10.4	High	44.4	Very low
Norway	3.5	Very low	18.8	Very low
Poland	3.6	Very low	62.1	High
Portugal	7.4	Low	50.2	Low
Slovak Republic	4.6	Very low	73.3	Very high
Slovenia	3.2	Very low	63.6	High
Spain	12.8	Very high	73.8	Very high
Sweden	5.4	Very low	50.5	Low
Switzerland	4.8	Very low	41.6	Very low
Turkey	25.6	Very high	63.5	High
United Kingdom	10.0	High	51.4	Low
United States	7.6	Low	52.9	Low
OECD average	**8.1**		**56.3**	
Standard deviation	**5.3**		**16.1**	

1. On each measure countries are classified as Very low, Low, High or Very high if they fall: more than half a standard deviation below the OECD average; between half a standard deviation lower than the OECD average and the OECD average; between the OECD average and half a standard deviation above the OECD average; and more than half a standard deviation above the OECD average.
Source: OECD *Education at a Glance 2012*, Table C5.2.

Table A4: Persons aged 15-24 unemployed and inactive as a share of the population and as a share of those not in full-time education, 1990-2012 (May) (%)

	Share of the population:						Share of those not in full-time education:					
	Unemployed	Inactive	Unemployed or inactive	Unemployed	Inactive	Unemployed or inactive	Unemployed	Inactive	Unemployed or inactive	Unemployed	Inactive	Unemployed or inactive
		15 - 19			20-24			15 - 19			20-24	
1990	5.9	3.6	9.5	7.2	9.6	16.8	13.9	8.4	22.3	8.3	11.0	19.3
1991	7.8	3.6	11.5	11.0	9.7	20.7	20.6	9.6	30.2	12.8	11.4	24.1
1992	8.7	3.1	11.8	12.0	9.5	21.4	24.6	8.8	33.4	14.1	11.2	25.3
1993	7.4	4.1	11.5	11.3	10.3	21.6	21.5	11.7	33.2	13.3	12.2	25.5
1994	7.7	3.7	11.5	10.3	10.0	20.3	22.8	11.1	33.9	12.2	11.9	24.1
1995	6.9	3.3	10.2	8.7	9.7	18.5	20.1	9.7	29.9	10.4	11.6	21.9
1996	6.6	3.6	10.2	8.4	9.5	17.9	19.5	10.6	30.1	10.1	11.4	21.6
1997	6.0	3.3	9.3	10.4	9.5	19.9	19.4	10.5	29.9	12.7	11.6	24.2
1998	6.3	3.8	10.1	8.5	9.5	18.1	20.1	11.9	32.0	10.5	11.6	22.1
1999	4.8	3.6	8.4	7.3	9.7	17.0	15.6	11.8	27.4	9.2	12.2	21.3
2000	4.2	3.7	8.0	6.7	8.4	15.1	13.7	12.1	25.8	8.4	10.6	19.1
2001	4.7	3.7	8.3	7.4	8.5	15.9	15.4	12.1	27.6	9.5	10.9	20.4
2002	4.4	3.8	8.2	6.0	9.0	15.0	14.6	12.4	27.0	8.0	12.0	20.0
2003	4.1	3.7	7.8	6.3	9.1	15.4	13.6	12.1	25.7	8.5	12.1	20.6
2004	4.1	3.9	8.1	4.9	9.8	14.6	13.4	12.7	26.0	6.5	13.1	19.6
2005	3.8	4.0	7.8	4.8	8.3	13.1	12.3	12.7	24.9	6.5	11.3	17.7
2006	4.0	3.9	7.9	4.3	8.5	12.8	13.2	13.1	26.4	5.8	11.6	17.4
2007	3.5	3.7	7.1	3.5	8.5	12.1	11.6	12.3	23.8	4.8	11.6	16.4
2008	3.2	3.6	6.8	3.9	7.6	11.5	10.8	11.8	22.6	5.4	10.7	16.1
2009	4.8	4.3	9.1	5.1	8.5	13.6	15.8	14.2	30.0	7.2	12.0	19.1
2010	4.5	4.6	9.1	4.7	8.5	13.3	15.2	15.4	30.6	6.7	12.1	18.8
2011	3.7	5.0	8.7	5.3	8.6	13.9	13.1	17.8	30.9	7.5	12.1	19.6
2012	3.5	4.3	7.8	5.2	8.5	13.7	13.1	16.0	29.1	7.5	12.4	19.9

Source: 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*, Tables 03b and 03c.

Table A5: Estimated composition of the unemployed or inactive group aged 15-20, June 2011

Category	Number
Carer payment	1,993
Parenting payment (Partnered)	2,797
Parenting Payment (Single)	8,398
Disability pension	20,704
Others inactive, status unknown	41,296
Unemployed and not in full-time education	54,600
Total	129,788

Sources: ABS 6291.0.55.001 Labour Force, Australia, Detailed - Electronic Delivery and FaCHSIA *Statistical Paper No. 10 Income Support Customers A Statistical Overview 2012.*

Table A6: Persons aged 15-20 unemployed or inactive by single year of age, May 2012

	Age 15	Age 16	Age17	Age 18	Age 19	Age 20	Age 15-20
('000)							
Unemployed	0.9	3.1	12.0	16.5	19.6	14.7	66.7
Inactive	2.2	5.6	12.6	21.5	21.7	24.3	87.8
Unemployed or inactive	3.1	8.7	24.5	37.9	41.3	39.0	154.5
% of total who are:							
Unemployed	1.4	4.6	17.9	24.7	29.4	22.0	100.0
Inactive	2.5	6.3	14.3	24.5	24.7	27.7	100.0
Unemployed or inactive	2.0	5.6	15.9	24.6	26.7	25.2	100.0
Share of the population							
Unemployed	0.3	1.1	4.0	5.5	6.3	4.6	3.7
Inactive	0.8	1.9	4.2	7.1	7.0	7.7	4.9
Unemployed or inactive	1.1	3.0	8.2	12.6	13.3	12.4	8.6
Share of those not in full-time education							
Unemployed	19.4	14.6	18.6	11.4	12.1	8.7	11.8
Inactive	45.6	26.4	19.5	14.9	13.4	14.4	10.1
Unemployed or inactive	64.9	41.0	38.1	26.3	25.5	23.1	21.9

Source: 6291.0.55.*001 Labour Force, Australia, Detailed - Electronic Delivery*, Tables 03b and 03c.

Table A7: Persons aged 15-19 unemployed or inactive by highest level of educational attainment and type of educational attendance, May 2011 (%)[1]

	Unemployed		Inactive		Unemployed or inactive	
	Not attending at all	Not attending full-time	Not attending at all	Not attending full-time	Not attending at all	Not attending full-time
Certificate III/IV or above	18.5	16.4	4.9	6.0	23.4	22.4
Year 12	12.2	10.8	19.1	15.2	31.2	26.0
Year 11	18.1	15	22.2	17.0	40.3	32
Below Year 11	19.4	14.6	34.5	26.6	53.9	41.2
Total	16.0	13.2	22.9	18.5	39.0	31.7
Year 12 or Certificate II//IV	13.5	11.9	16.1	13.4	29.6	25.3
Below Year 12	19.1	14.7	31.3	24.1	50.4	38.8

1. The table shows the proportion of those with each level of attainment and type of enrolment who were either or unemployed or inactive. For example it shows that 18.5% of those with a Certificate III/IV who were not attending at all were unemployed, and that 16.4% of those who had a Certificate III/IV who were not attending full-time were unemployed. Similarly, it shows that 34.5% of those with had less than Year 11 who were not attending at all were inactive, but that 26.6% of those with less than Year 11 who were not attending full-time were inactive.
Source: ABS *Education and Work Australia May 2011*, Cat. 62270DO001_201105, Table 17