The economics of effective transitions: Improving young people's transitions through clearer pathways

June 2025

Origins of this report

This study has been commissioned by Learning Creates Australia for The Power of Recognising More participatory action-research study and is supported by our research partner, Nous Group.

We gratefully acknowledge the contributions of our design partners, whose insights and collaboration have been invaluable to this work. In particular, we extend our special thanks to Megan O'Connell, David Scott School, Plumpton High School, University Admissions Centre (UAC) and the University of Technology Sydney (UTS).

The Power of Recognising More is a three-year participatory action-research study (2023–2025) designed to explore how broader recognition of learning success can support the equitable transformation of education in Australia.

Acknowledgement of Country

We acknowledge the traditional custodians of the land throughout Australia who have been learning and educating on Country for over a thousand generations. We pay our respects to their Elders past, present and emerging for they hold the memories, traditions, cultures and hopes of Aboriginal and Torres Strait Islander Australia. We acknowledge that Aboriginal and Torres Strait Islander people continue to live in spiritual and sacred relationships with Australia.

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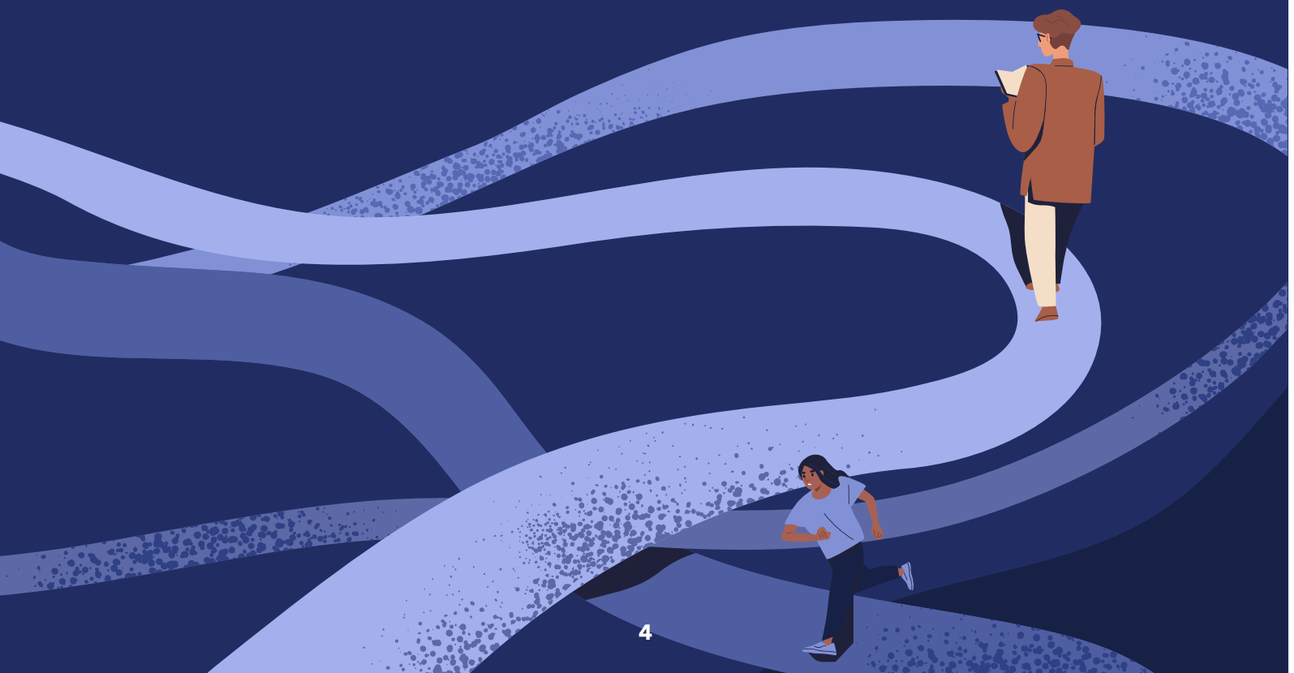
Introduction: the economics of improving transitions

Schooling is an investment, an investment of time and money. For 13 years most young people invest their time to attend school, whilst governments invest billions of dollars in education.[1]

This paper sheds new light on how to maximise that investment after a young person finishes school, showing the immense economic gains that could be realised if we change how we credential success at the end of Year 12.

A young person could gain up to $260,000 extra, whilst the economy-wide benefits are $2.1 to $5 billion annually.



Young people want their efforts to be recognised, for 13 years of schooling to count for more than just a number. Too many young people are disengaged from school, feeling like they don't fit in as they cannot bring their full selves to school.[2]

Even for those who fare well within the current system, many struggle to transition from school to further education and employment. They may not have had the opportunity to discover their passion or understand their skills and capabilities and where they might go next. Or they might not have had the chance to demonstrate their ability, with rigid assessment tasks not enabling them to showcase their talents.[3]

The tide is turning and change is possible. Schools are recognising a broader range of measures, and higher education institutions are responding in turn with a myriad of different pathways.[4]

Over three years Learning Creates Australia has partnered with hundreds of schools, education providers and systems that are broadening how they recognise young people's learning success. We've followed their journey, documented their investment in teacher professional development and captured their successes and challenges.[5]

We've collected evidence of improved student outcomes, greater engagement and completion, more optimistic mindsets and a stronger sense of individual capability and future pathways. There are clear individual benefits from broader definitions of learning success, as well as benefits for teachers and schools. And the benefits are the greatest for the learners who are from disadvantaged backgrounds.[6]

This report takes that early evidence to model the economic outcomes we might expect from systemwide adoption of broader recognition of learning.

Using a five-step approach that combines literature review, public datasets, sector engagement, and a robust modelling framework (see page 17 of the technical appendix), it estimates the added value to Australia of recognising young people's full capabilities in their education and employment decisions.

The modelling numbers are based largely on potential outcomes for young people from low socio-economic backgrounds, given these young people are most likely to experience the most significant benefit, but the benefits will flow across the system. Benefits modelled include higher skill levels, lower unemployment, and better matching to job opportunities and job retention.

Modelling from Nous estimated that:

A young person could benefit up to **$27,200 per annum** from broader recognition of their learning.

That is up to **$260,000 per person between 21 and 30** – Enough to pay off HECS debts, or to place a deposit on a house!

The benefit is expected to be the **largest for young people experiencing disadvantage.**

The benefits extend beyond the individual, as better recognition can support more efficient transitions to employment and support Australia's need for a skilled workforce.[7]

When you factor in the broader economic gains, the **economy-wide benefits are $2.1 to $5 billion annually.**

About broader recognition of learning

Broadening how we recognise learning means measuring, assessing and credentialing a wider range of skills and capabilities by the end of Year 12. This helps young people better understand and communicate their strengths – supporting their engagement in school, confidence in learning, and ability to pursue meaningful future pathways.[8]

Broadening how we recognise learning is aimed at improving school engagement, completion and transition to future pathways.

Redefining learning success to recognise the full range of young people's skills and capabilities can tip the scales for young people as they navigate the critical transition from adolescence to adulthood, finish school, and shape their futures.

Too many young people, around one in five do not complete secondary school,[9] while around one in six are unemployed or underemployed at age 25.[10] At the same time, ATAR, the measure of success at the end of year 12, is not used by 75% of young people.[11]

New credentials such as learner profiles are already being used by learners and higher education institutions and employers want to see more than what is captured in traditional ranks and scores.[12]

Placing greater value on the full range of young people's skills, knowledge, and capabilities can open doors to opportunity that shape wellbeing, deepen engagement in learning, and strengthen pathways beyond school. This shift challenges outdated definitions of success that rely solely on academic outcomes, and embraces a more inclusive understanding of what it means to prepare young people for a complex and dynamic world.

We're seeing real results

Our action research with schools, systems and education providers is finding that redefining learning success is having an impact in a range of ways:

- Increased engagement and connection to learning, including increased learner confidence, perception of learning relevance and reduced suspension rates
- Greater identification of new pathways
- Increased readiness for post school transition
- More understanding of capabilities, including teacher ability to support capability development and progression
- Improved sense of hope and optimism (students and parents)
- Greater awareness of new pathways[13]

We are finding that the broader recognition of learning links to a variety of post-school outcomes, including:

- Increased school completion
- Increased participation in education and training[14]

There is strong evidence that suspensions are reduced and school retention increased across a range of schools as learners have greater agency and ability to plan their learning, and are more engaged.[15]

And there are strong indicators of improved access to education and training, although longer term data is needed on retention.

Global literature finds strong longitudinal evidence that these shifts in behaviour result in:

- Higher employment levels
- Better job matching and faster transitions
- Higher long-term earnings

There aren't yet any longitudinal studies on this in Australia, but the learnings are likely to be applicable to our local context.

At Plumpton High School, suspensions fell by 6.5 percentage points when they brought in broader recognition of learning success.[16]

There was a 42% increase in confidence to complete school successfully for UTS - U@Uni academy participants[17]

80% Big Picture students feel optimistic about their future and have clear post-school aspirations[18]

Modelling the impact of broader recognition of learning

We know broader recognition of learning has immense value to students and schools, including in terms of higher engagement, better outcomes and increased teacher satisfaction.[19] What hasn't been measured to date is what the economic gains might be from broader recognition being available to all young people in Australia. This is needed to show whether it is a worthwhile investment.

What was modelled

Modelling was based on the existing early mover evidence. It was assumed that:

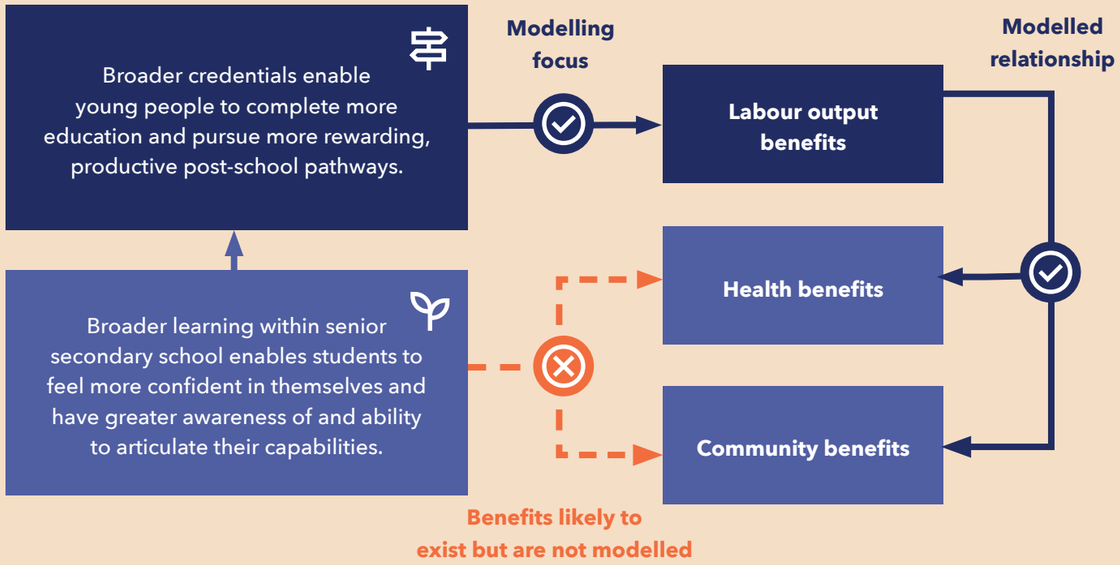
- New credentials are rolled out across Australia
- These credentials capture skills, knowledge, mindsets and capabilities
- The credentials are valued by admission centres, tertiary providers and employers

Nous took a five step approach to modelling the additional value to the Australian community if young people's full capabilities are considered in decisions about employment and further education:

1. Review existing literature to understand the potential benefits and emerging evidence
2. Develop a modelling framework (see page 17 of the technical appendix)
3. Collate key public datasets on outcomes for young people
4. Engage with the sector to inform modelling assumptions
5. Estimate the quantifiable potential benefits of broader learning recognition for Australia.

The modelling estimates the direct impact of credentials on supporting young people to complete education, the flow on health benefits and indirect community benefits.

Scope of the modelling conducted



Five impacts

The modelling looks at changes in pathways for young people through five impacts:

- More secondary school finishers (and less early leavers)
- Increased further study (and less employment immediately post school)
- Reduced unemployment and underemployment
- Better job matching
- Faster transitions to employment

The modelling uses an estimate of how many young people would benefit from broader learning recognition based on the numbers of low socio-economic background young people. This is based on evidence that these young people are more likely to benefit from broader recognition.[20]

Whilst the modelling takes a conservative approach and doesn't look at direct health savings, it does account for increased health literacy from school completion and engagement in the labour market.

"If we had been offered the opportunity to have more of our achievements formally recognised by the education system, it would have made such a difference to our confidence, our drive, our sense of self-worth, and our love for learning."
- Learning Creates Community Associates

What is job matching?

Job matching refers to the alignment between young people's career aspirations, knowledge, skills, capabilities and credentials and the roles on offer in the labour market. Mismatches can include:

A mismatch between aspirations for a role and the volume of jobs in that occupation in the labour market. For example two thirds of young people in Australia want to be a professional but only a quarter of jobs are professionals. Most young people aspire to a narrow range of jobs - like doctor, sportsperson, nurse and teacher.[21]

A mismatch between a young person's training and their desired role. One in four disadvantaged and one in ten advantaged students aspire to a role requiring higher level qualifications like a university degree, but are not planning on studying at these levels.[22]

A mismatch between capabilities and skills and roles. For example employers in emerging industries such as clean energy require employees that are curious, agile and innovative, and that have scientific and technical skills. Employers are finding it challenging to find staff with the required capabilities.

Misalignment between the labour market and young people means employers cannot find the employees they want, and young people are trained for jobs that do not exist.[23]

The modelling looks at changes in pathways for young people through five impacts:

#1
More secondary school finishers

Assume that broader learning recognition will result in more students being motivated to finish secondary school.

Rationale: Students are more motivated to finish secondary school when the schooling system values their capabilities more effectively and they are more aware of positive pathways.

#2
Increased further study

Assume that broader learning recognition results in young people being more likely to enrol in and complete further study.

Rationale: Young people are more aware of educational pathways that match their skills and interests, they are more likely to follow educational paths to completion.

#3
Reduced unemployment

Assume that broader learning recognition results in more young people avoiding unemployment and finding full-time employment.[24]

Rationale: Young people are better able to demonstrate their skills through a broader learning credential and are more aware of pathways that suit them. They are able to find employment more easily.

#4
Young people are better matched to jobs

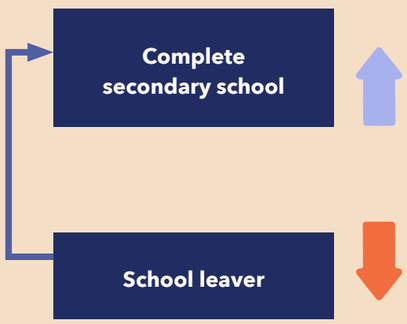
Assume that broader learning recognition will result in more students understanding their interests and capabilities better, resulting in being better matched when in employment.

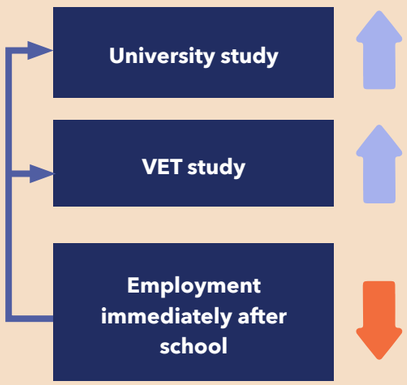
Rationale: Young people are more aware of their preferences and skills, and employers can more easily recognise their capability.

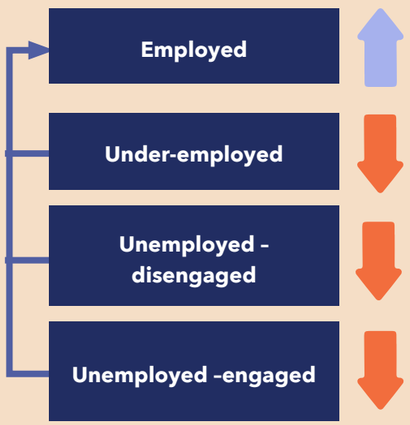
#5
Faster transitions into employment

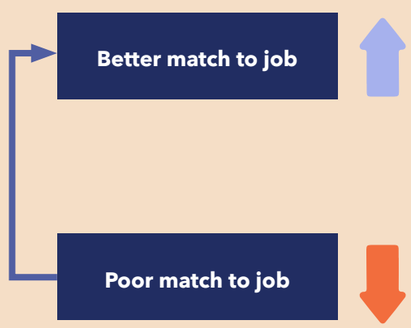
Assume that broader learning recognition results in more young people knowing their favourable pathway at a younger age, resulting in faster transitions into employment.

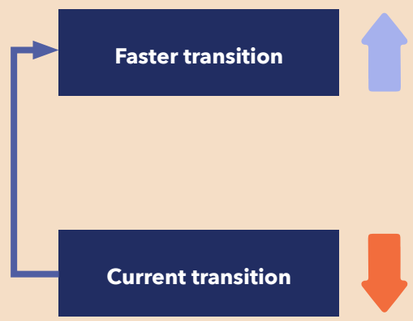
Rationale: Young people are more aware of pathways that are of interest to them and employers can more easily recognise their capability.











Findings from economic modelling

The economic modelling found six quantifiable potential benefits:

- Higher productivity due to educational attainment
- Higher job productivity due to better job matches
- Fewer employment turnovers due to better job matches
- Additional labour output due to quicker transition from education to work
- Improved physical health outcomes
- Improved mental health outcomes

Benefits to young people

The modelling estimates that an individual young person could benefit from up to $27,200 per person annually, and $260,000 between 21 and 30.

The exact benefits will vary between young people, with young people who fare poorly in the current system, including young people from disadvantaged backgrounds, likely to benefit the most.

Benefits for a young person range frm $5,400 to $27,200 with an average of $17,700 per annum.

All learners gain a benefit from discovering what they like and are good at, and pursuing this pathway, but the economic benefit is greater for young people who were likely to make a poor transition such as from school to unemployment.

The diagram on the opposite page shows the elements that constitute the economic benefits.

Benefits to the economy

There are significant economy wide benefits of broader recognition, driven by factors including young people making swifter transitions, better employment matches, lower employee turnover and higher productivity due to an increased skill base.

These benefits could range between $2.1 to $5 billion annually.

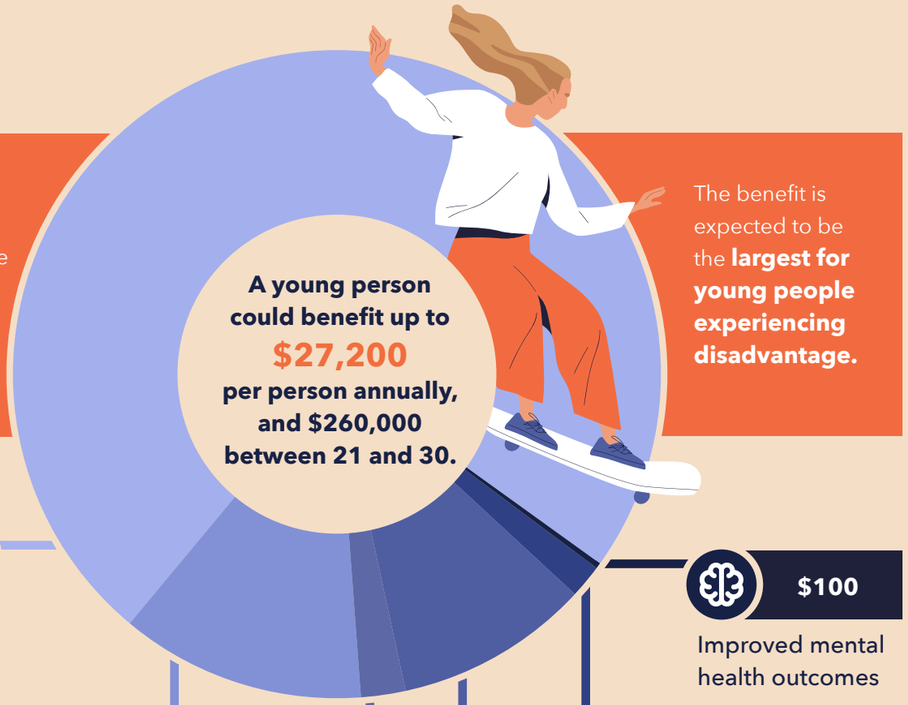
As young people are empowered to move into more favourable economic pathways, there is an increase in economic labour output, decreased welfare spending by the Australian Government and reduced strain on public healthcare.

Benefits to the community

There are a range of other benefits likely to accrue from broader recognition that are not able to be modelled. These include increased exercise and lower incidence of self harm, greater civic engagement and cultural enrichment and increased income equality.

Potential individual economic benefits for a young person (aged 21-30) positively impacted by broader recognition of their learning success

When you factor in the broader economic gains, the **economy-wide benefits are $2.1 to $5 billion annually.**



A young person could benefit up to $27,200 per person annually, and $260,000 between 21 and 30.

The benefit is expected to be the **largest for young people experiencing disadvantage.**

Between $300 - $22,100
Higher productivity due to educational attainment

$2,400
Higher job productivity due to better job matches

$400
Fewer employment turnovers due to better job matches

$1,900
Additional labour output due to quicker transition from education to work

$100
Improved mental health outcomes

$300
Improved physical health outcomes

This modelling is conservative and there are likely many community benefits not modelled, these include: Increased exercise and lower incidence of self harm, greater civic engagement and cultural enrichment and increased income equality.

How would you spend $260,000?

If a young Australian had an extra $27,200 each year in their 20s - it could be genuinely transformative. Here's what that amount could realistically equate to:

Deposit for a home

In many parts of Australia, $260,000 could cover a 20% deposit on a $1.3 million property – enough for a quality home in most metro areas.

It could also fully cover the purchase price of a small apartment or house in some regional centres or outer suburbs.[25]

Paying off HELP debt

The average HELP debt in 2024 was around $26,500.[26]

$260,000 could wipe that debt almost 10 times over, freeing up significant financial and psychological space for young people to invest in their future.

Starting a business

Starting a small business in Australia typically costs between $5,000 and $50,000, depending on the sector.[27]

With $260,000, a young person could launch and scale a venture, hire staff, or run multiple business ideas – with room to fail, learn, and try again.

Investing for the future

Invested with an average return of ~5% per year, $260,000 could grow up to $1.5 million by retirement (age 65).

That's intergenerational change – the kind that builds wealth, not just income.[28]

Financial security and wellbeing

This kind of financial buffer could fund a gap year, support family members, or offer time to focus on mental health.

It creates the breathing space for young people to make values-aligned choices, not ones driven by crisis or scarcity.

Start a family

The average out-of-pocket cost of raising a child in Australia is estimated at $12,876 per year.

$260,000 could support up to two children for more than a decade, helping cover costs of childcare, housing, healthcare, and early education. It could make starting a family feel possible – not postponed due to financial pressure.[29]

When young people are actually given the conditions to succeed – through recognising more of their skills an capability, support and pathways – we're not talking about indulgences. We're talking about financial futures, family stability, mental health, and agency.

Conclusion

The latest economic modelling makes it clear: if we broaden how we credential learning at the end of school – recognising not just academic achievement, but also students' strengths, skills, and capabilities—we unlock far greater value for individuals and society.

Individual gains are especially pronounced for students facing the greatest barriers, but every learner stands to benefit from a richer, more holistic recognition of who they are, what they know and can do.[30]

System-wide advantages follow: better job-fit, faster workforce transitions, and a more agile labour market in an era of tightening skills demand.

Current outcomes are falling short – too many young people leave school unprepared and disengaged. Evidence from emerging practice, backed by our modelling, shows there's a smarter way.

The numbers don't lie: by expanding our definitions of learning success, we can maximise our investment in education and deliver stronger life outcomes for young people and a healthier economy for us all.

Appendix: Technical Methodology

We use **Broader Learning Recognition (BLR)** throughout this technical appendix to refer to the practices, programs and policies that acknowledge not just academic achievement, but also the skills, capabilities, mindsets and experiences that young people have gained and which prepare them for life and work. It helps young people see their strengths, stay engaged, and access meaningful futures.

1. Overview of modelling scope and approach

To estimate the potential economic value of broader capability-based credentials, this analysis builds on early evidence in Australia and global evidence. In Australia, early adopters of BLR are seeing clear shifts in students' mindsets and behaviours, leading to stronger engagement in education and more informed, confident navigation of future pathways. These outcomes are evidenced in *Learning Beyond Limits, The Whole Learner* and *Notes from the Field* reports. There is also a wealth of global evidence linking shifts in behaviours and mindsets in school to positive post-school outcomes, such as:

- Increased completion of secondary schooling
- Increased participation in further education and training
- Higher employment
- Better job matching
- Faster school-to-work transitions
- Higher long-term earnings.[31]

With longitudinal outcome data not yet available for students participating in BLR programs in school in Australia, this analysis considers scenarios of:

- The number of young people who could be positively impacted by universally adopted BLR practices
- The economic gains that could be realised by young people through BLR enabling them to pursue more prosperous education and career opportunities.

Modelling assumes a future where broader capability-based credentials will be extensively available to all young Australians when they participate in secondary school and adopted by all secondary schools, and that a proportion of these young Australians will be positively impacted by BLR.

This is modelled through a pathways framework, where all young Australians are modelled to have a pathway with designated economic outcomes, formulated using ABS TableBuilder 2021 Census data,[32] and assume that BLR enables some young Australians to follow a more economically advantageous pathway.

Upon estimating these impacts and the economic benefits to young Australians, the aggregate flow-on benefits to the economy are then estimated, including broader benefits to businesses, the community and the government.

2. Modelling the potential impacts of BLR on economic pathways of young people

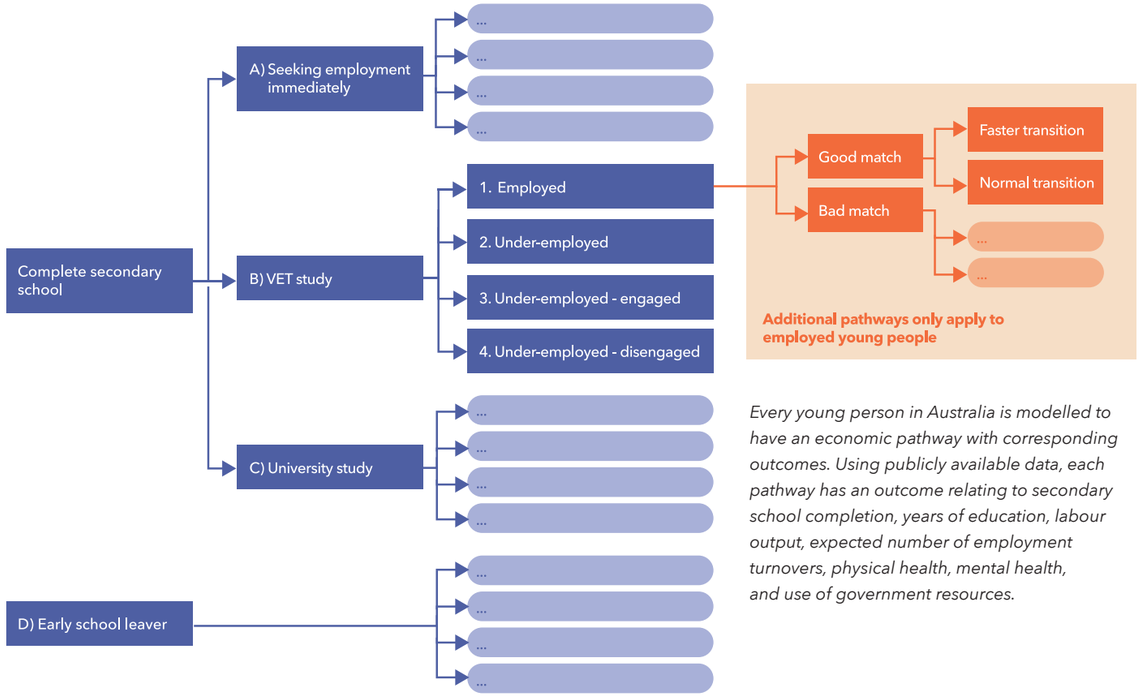
Modelling assumes that young people, in the base case and in a BLR-enabled future, follow educational and labour market pathways, each with associated labour, health and community outcomes. Pathways comprise:

- The number of years of secondary and tertiary education completed
- Labour force status (employed, underemployed, unemployed – engaged, unemployed – disengaged)
- For those employed, whether they are in job that is well or poorly aligned to their capabilities
- The speed of transition into employment post-education (faster or a normal speed).

The pathways are illustrated in the figure opposite although some are simplified or not shown in entirety for presentation purposes.

The pathways framework assumes fixed outcomes (i.e. income and health outcomes) for each pathway, regardless of availability of BLR, but that BLR credentials will enable some individual young people to move into more education and labour pathways with economically advantageous labour, health and community outcomes.

Pathways framework: Education and employment pathways for young people



Every young person in Australia is modelled to have an economic pathway with corresponding outcomes. Using publicly available data, each pathway has an outcome relating to secondary school completion, years of education, labour output, expected number of employment turnovers, physical health, mental health, and use of government resources.

The framework assumes that young people can be positively impacted by BLR in up to five ways:

1. **More secondary school finishers:** Assume that BLR results in more students being motivated to finish secondary school.
2. **Increased further study:** Assume that BLR results in young people being more likely to enrol in further education due to being more aware of educational pathways that match their interests and skills.
3. **Reduced unemployment:** Assume that BLR results in more young people avoiding unemployment and finding employment through being better able to demonstrate their skills to potential employers.
4. **Better matched to jobs:** assume BLR makes young people more aware of their interests and capabilities and therefore are more likely to be better matched to employment.
5. **Faster transitions into employment:** Assume that BLR results in more young people knowing their favourable pathway at a younger age, resulting in faster transitions to employment.

Not all positively impacted young Australians would experience all five pathway impacts, and their respective benefits, and this is reflected in the modelling results.

Estimated impacts are modelled through a proportion of young people moving into pathways with more favourable labour output, health and community outcomes. The modelling commences with these impacts leading to changes in education and employment pathways for young people. Health and community benefits are then modelled as flow on impacts to these labour market pathway changes. While it is likely that BLR would affect a young person's health and approach to community directly, these impacts are not modelled due to the difficulty of robustly estimating the size of the effect of BLR.

For each pathway, the number of young people in the base case is modelled from ABS TableBuilder 2021 Census data for high school completion, highest educational attainment, labour force status, rates of chronic physical health conditions, and rates of chronic mental health conditions[33]. The base case proportions of employed young people in a good match for employment and their speed of transition into employment for each education level is modelled using two NCVER research papers[34,35]. Three cases are then considered for the number/proportion of young people positively affected by BLR, to model the aggregate amount of young people whose pathways change due to BLR. This is described in Section 4.

3. Modelling the potential benefits to individual young people

For the five impacts modelled on labour market, education, or health outcomes, six types of potential economic benefits are quantified:

1. **Higher labour output due to productivity gain** from completing more education (accounting for foregone employment output if undertaking tertiary education)[36]
2. **Higher labour output from better job matching** into a job better aligned with their skills and preferences ('good match' job)[37]
3. **Avoided output loss from reduced turnover** as young people are better matched to jobs and have lower rates of turnover[38]
4. **Additional labour output due to quicker transition** into desired career resulting in more time earning a wage[39]
5. **Improved physical health outcomes** resulting from more education (i.e. linked to health literacy)[40]
6. **Improved mental health outcomes** resulting from more education (i.e. linked to health literacy)[41].

The impacts of BLR could mean a positively impacted young person realises an average economic benefit valued at $17,700 annually, or between $5,400 to $27,200 annually depending on their change in education pathway. These total figures are sums of the average benefit for each of the six quantified benefits, where the average recognises the mid-point value of the different economic changes modelled for young individuals affected by BLR. Not all positively impacted young people will realise this summed amount (i.e. all six benefits). The modelling assumes that only a portion of young people are positively affected by BLR, and they are not considered in averages.

The economic benefits over the long-term are significant. It is estimated that a young person could realise up to between $26,000 and $135,000 in economic value on average by the age of 25 due to BLR. By the age of 30, a positively impacted young person could realise on average up to between $42,000 and $260,000, and up to between $63,000 and $281,000 of benefits accrued in their lifetime. Similarly, these lifetime benefits will not necessarily be realised by all young people. The average benefit per young person is calculated by using the increase in outcome associated with changing pathways and averaged by the number of young people assumed to change pathways. The economic value is quantified using a relevant figure identified in the economic literature. Two examples are detailed below, while the rest are described in the end notes. An example benefit is the additional labour output due to quicker transitions.

Modelling assumes BLR leads to a higher portion of young people becoming employed earlier compared to the base case speed of becoming employed. The amount of saved time from a quicker transition is multiplied by the Census derived wage of a young person's economic pathway to estimate the economic benefit. The average benefit for a young person experiencing a quicker transition ($1,900) is then calculated by weighting the changes in proportions of young people moving pathways.

A unique approach is taken to quantifying the benefit of higher labour productivity due to additional educational attainment, which has a weighted average benefit of $12,600 per year. Benefit estimation uses figures from Leigh (2024) which provides estimates of economic returns for each educational pathway[42]. This is the largest benefit type for young people, although there is also a wide range in the size of the benefit depending on the change in education pathway of a young person. Given this variability in benefit size, the analysis considers the pathway change for each young person before and after BLR impacts (differing in approach compared to all other benefit types where the change in pathway proportions is considered at an aggregate level, not per individual young person). Benefit estimation therefore considers the resulting additional educational attainment (in years) and the percentage premium of that additional education on the Census derived wage of a young person for each economic pathway[43]. This means there are different productivity benefits estimates for every additional year of education in secondary school, VET, and university, and hence a range of $300 to $22,100 per year, and an overall benefit range of $5,400 to $27,200 per year. This analysis also considers the costs of foregone wages when pursuing additional year(s) of tertiary education not completed in the base case.

4. Modelling the potential aggregate economy-wide benefits

Approach to estimating the potential number of young people positively affected by BLR

Modelling considers three future cases for the total number of young people whose economic pathways change due to BLR, due to uncertainty in the likely BLR adoption and impact on pathways. The modelling assumes that all schools adopt learning practices and credentials that incorporate BLR, but this augmented education system only impacts the economic pathways and outcomes of a portion of young people. Assumptions on the number of young people who change their pathways due to BLR are based on the amount of young people from low-socio economic status backgrounds in each pathway. This linkage is assumed as emerging BLR evidence shows that students from low SES backgrounds are more frequently experiencing benefits, that are greater in size.

The three future cases also make assumptions on how long each benefit lasts for. The three cases are:

Assumptions	High Case	Medium Case	Low Case
Overall assumption of case	A large majority of young people with a low socio-economic status (SES) background, and a portion of non-low SES young people transition out of unfavourable economic pathways into more favourable economic pathways.	A large majority of young people with a low socio-economic status (SES) background, and a portion of non-low SES young people transition out of unfavourable economic pathways into more favourable economic pathways.	A smaller proportion of young people with a low SES background, and a small portion of non-SES young people transition out of unfavourable economic pathways into more favourable, economic pathways (Note: this is modelled as half the people as in the medium and high case).
Age to which labour output benefits last	Until a young person reaches the age of 30.	Until a young person reaches the age of 25.	Until a young person reaches the age of 25.
Proportion of young people that change overall educational and labour market pathway (impacts 1-3)	7.1%	7.1%	3.5%
Proportion that move from a 'bad employment match' to 'good match' (impact 4)	6.0%	6.0%	3.0%
Proportion who experiences faster transitions into employment (impact 5)	11.2%	9.4%	7.5%

Modelling suggests that in the high case, at least 235,000 young people, and up to 620,000, could benefit from BLR each year. 235,000 is considered a minimum number of positively affected young people in the high case, depending on the extent of 'full overlap' in impacts. 'Full overlap' would mean a young person benefits from all five pathway impacts, shown above, and therefore all six benefit types. However, not all impacted young people will realise all these pathway changes and benefits. Therefore, there could be up to 620,000[44] young people annually who benefit from BLR in at least one way in the high case. There would be a minimum 165,000 young people benefitting in the medium case and 135,000 in the low case.

Approach to quantifying the potential benefits for businesses and the community

Three types of flow-on benefits to businesses that employ these young people and the broader community are also quantified. They include:

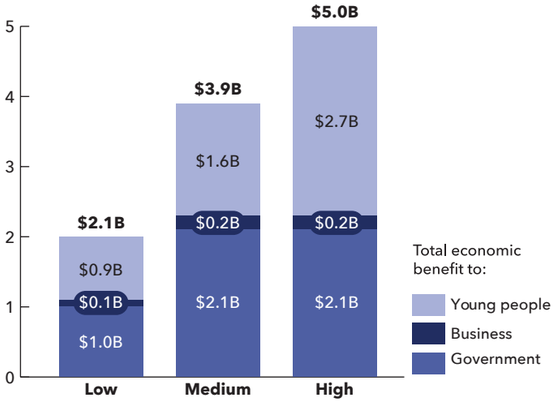
- Business savings from reduced turnover of staff[45]
- Decreased welfare spending by the Australian Government[46]
- Reduced strain on public healthcare.[47]

For each benefit and case, the aggregate benefit is calculated by multiplying the amount of young people positively affected with the average benefit. The approach per benefit is explained in the end notes. These aggregate benefits are categorised relating to benefit realisation (who receives the benefit be it an individual, business or government), and benefit type (whether it is a labour output, health or community benefit).

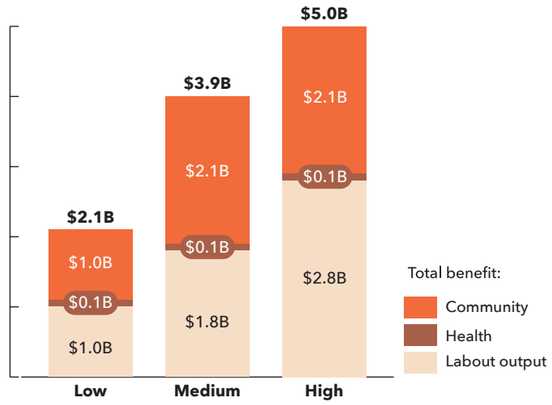
Results of modelling potential aggregate economy-wide benefits

The potential aggregate economic results of the modelling are shown on the following page in two charts. The left-side chart shows benefits categorised by those who realise the benefit, and the right-side chart shows benefits by type. The annual aggregate economic benefit associated with young people who are positively impacted by BLR ranges from $2.1 billion in the low case, and up to $5.0 billion in the high case.

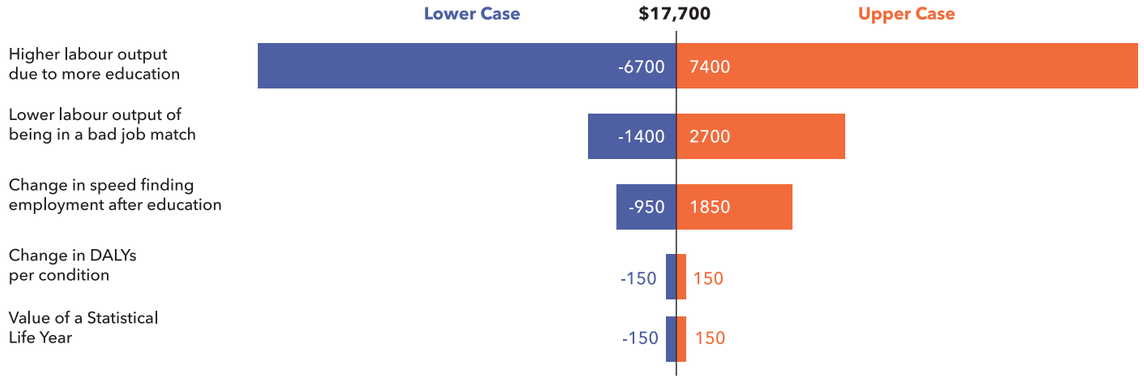
Annual aggregate economic benefits associated with young people (ages 21-30) who had access to broader learning recognition, by benefit realisation



Annual aggregate economic benefits associated with young people (ages 21-30) who had access to broader learning recognition by benefit type



Results of the lower and higher case sensitivity analysis to total annual average benefit to individual young people impacted by BLR



5. Key modelling assumptions

The modelling makes key macroeconomic assumptions on the potential benefits to young people:

Labour Market: A key labour market assumption in the modelling is that BLR drives increased job productivity through re-allocation of young people into better fitting jobs and through greater skillset from additional education. Modelling does not quantify the benefits of more young people being employed in terms of labour market output, as it is assumed there is a finite or equilibrium number of available jobs supplied in the labour market, and there are economic costs of a young person displacing another worker. The analysis rather quantifies the benefit of a more skilled and productive labour force of young people. Analysis does assume that a portion of young people will move from unemployment to employment but only quantifies the economic benefit of reduced government welfare payments to young people. Analysis also further assumes there is no upper limit on the provision of additional tertiary education to young people, and therefore pathway changes, if they choose to pursue it, given the future ubiquity of education.

Expenditure on additional tertiary education: Analysis does not include the additional revenue to education providers or tuition costs to young people from completing additional tertiary education. It is assumed this expenditure could be spent on consumption or other economically valuable goods and this modelling does not attempt to compare the value of these expenditures to a young person.

Similar logic is applied to expenditure of young people on education courses they do not complete or use in future employment as it is assumed that young people still derive an economic benefit from this education. The modelling however does quantify the costs of foregone labour output when a young person chooses to undertake tertiary education.

Mental and physical health: Modelling does not quantify the direct health benefits from BLR to young people. These benefits could include more confidence through studying in an education system that results in better mental health. This is due to challenge of robustly attributing any immediate impact of BLR to health outcomes, so these benefits are modelled as flow on benefits from improved labour market engagement.

Other key assumptions include:

Educational productivity would be realised immediately: It is assumed that productivity resulting from further education is realised immediately once employed, rather than building over time in the labour market as an individual gains more experience or decreasing as work experience becomes more relevant than education. This assumption is based on the findings in Leigh (2024).[48]

Length of benefits: It is assumed that labour output benefits from productivity will last until a young person reaches the age of 30 in the high case, and 25 for the medium and low case. The health benefits are modelled to last a lifetime and are annualised.[49]

6. Sensitivity analysis

Sensitivity analysis was undertaken to test the robustness of parameters identified in labour market and health literature and used in modelling. We consider a lower and upper case of key parameters to understand the sensitivity of results. It demonstrates that benefits modelling is sensitive to some but not all economic parameters. The benefits to young people are sensitive to parameters used for the effect of additional education on a person's labour output, and the wage increase from being in a good match job. The potential economic benefit quantified for a young person had limited sensitivity to health benefit parameters. The sensitivity results are presented above.

7. Limitations of the modelling

There are key limitations and assumptions made in the modelling that are included to overcome data gaps.

Limited outcome data on BLR impacts complicates estimating impact: There is limited documented longitudinal evidence on post-school outcomes in Australia related to BLR, as well as the scale of young people positively affected. A key limitation is therefore the assumptions on the number of young people who would be positively impacted by BLR. This uncertainty is addressed through considering the three cases. However, credible literature is applied for the quantifiable impact to individuals of more education and better job matches, once it is assumed a young person has been positively impacted.

Benefits cannot be modelled distributionally: The modelling considers benefits per young person uniformly per pathway for the low, medium and high case (except for the labour productivity education attainment benefit), which does not reflect the notion that BLR would likely affect young people in different ways and to different extents.

The analysis could not consider BLR costs: This modelling only analyses the benefits of BLR, however consultation with early movers suggests that BLR implementation costs would be substantial. BLR implementation and operating cost data was not readily available from early movers or quantifiable for analysis. Costs would include educational policy change, changes in secondary school curriculum, and adoption of new practices within schools.

Not all benefits that could result from BLR are quantified: It is not possible to robustly estimate the direct effect of BLR on health and community outcomes directly as the link between BLR and these benefits is hard to measure.

Endnotes

1 Australian Government (2024)

2 Connell-Tobin et al (2024)

3 Connell-Tobin et al (2024)

4 Learning Creates Australia (2025)

5 Learning Creates Australia (2025)

6 Learning Creates Australia (2025)

7 Learning Creates Australia (2025)

8 Connell-Tobin et al (2024)

9 ACARA (n.d.)

10 ABS (2025)

11 Learning Creates Australia (2023)

12 Learning Creates Australia (2023)

13 Learning Creates Australia (2025)

14 Learning Creates Australia (2025)

15 Learning Creates Australia (2025)

16 Plumpton High School (2025)

17 University of Technology Sydney (2024)

18 Big Picture Learning Australia (2022)

19 Learning Creates Australia (2023)

20 Learning Creates Australia (2025)

21 OECD (2025a)

22 OECD (2025b)

23 Jobs and Skills Australia (2024)

24 Analysis does not quantify the economic benefit to young people from finding employment due to BLR, due to challenges of estimating displacement costs. However, analysis does quantify the benefits of the improved labour productivity of young people from additional education and better job matches, as well as reduced welfare expenditure by government.

25 YourMortgage (2025)

26 Clare & O'Connor (2024)

27 Wise (2025)

28 ASIC (2025)

29 Canstar Blue (2024)

30 Connell-Tobin et al (2024)

31 Refer to References.

32 ABS (2021)

33 ABS (2021)

34 Mavromaras et al (2011)

35 Fitzpatrick et al (2011)

36 Modelling assumes positively affected young people could realise economic returns on their labour output and income from additional education completed according to Returns to education in Australia, Leigh (2024). Productivity gains, per education pathway change, are estimated as the difference between a higher wage and the wage a young person would have earnt otherwise according to average wages from the 2021 census from Australian Bureau of Statistics (2021), indexed by inflation to 2025 values and accounting for time spent undertaking education instead of participating in the workforce.

37 Modelling assumes positively affected young people could move into better aligned jobs matched to their skills and interests, where higher satisfaction results in a wage premium according to NCVER research in Mavromaras et al (2011). This research also finds the current proportion of young people in well matched jobs. The wage gain benefit is then indexed by inflation to 2025 values.

38 Modelling assumes positively affected young people could move into better aligned jobs, resulting in lower turnover rates (17% for good matches and 25% for bad matches). Analysis uses data from NCVER in Mavromaras et al (2011) on the current proportion of young people in well matched jobs for each education level and results from the paper "What is the scale and impact of graduate overqualification in the UK?" in CIPD (2022).
Using the average age young people enter the workforce in NCVER (2024), this gives an estimate of avoided turnover by age 25 per person. The benefit is then quantified through the decreased amount of time spent in unemployment in RBA (2025).

39 Modelling assumes positively affected young people could become employed earlier (20% in the medium case). The average amount of time taken to find employment for each level of education is found in Fitzpatrick et al (2011). Benefit quantification estimates the once-off additional wage earnt by a young person from earlier employment, which is then annualised for presentation purposes.

40 The National Health Survey in ABS (2023), AIHW 2024 national disease burden data tables in AIHW (2024), AIHW Physical health of people with mental illness, Life expectancy in AIHW (2025) and the census rates of chronic health conditions per economic pathway are combined in a calculation to provide a measure of disability adjusted life years (DALYs) per chronic physical health condition. Modelling assumes some young people transition into more favourable economic pathways which are associated with lower prevalence of chronic physical health conditions. This is combined with research "Value of statistical life" in PM&C (2024) to evaluate the economic value of change in DALYs when a young person changes pathway.

41 The National Health Survey in ABS (2023), AIHW 2024 national disease burden data tables in AIHW (2024a), AIHW Physical health of people with mental illness, Life expectancy in AIHW (2025) and the census rates of chronic health conditions per economic pathway are combined in a calculation to provide a measure of DALYs per chronic mental health condition. Modelling assumes some young people transition into more favourable economic pathways which are associated with lower prevalence of chronic mental health conditions. This is combined with research on the value of statistical life in PM&C (2024) to evaluate the economic value of change in DALYs when a young person changes pathway.

42 Returns to education in Australia in Leigh (2024).

43 ABS (2021)

44 Population of young people aged 25 sourced from TableBuilder in ABS (2021) Census data, accounting for population growth according to 2022-2071 projections in ABS (2024).

45 Modelling assumes more young people transition into better aligned jobs, resulting in lower turnover rates in Mavromaras (2011) and are less likely to experience turnover in work in CIPD (2022) after the average age they start employment in NCVER (2024). This avoided turnover results in business savings through avoided costs of hiring, calculated using the average cost of hiring according to THE HR Industry Benchmark Survey 2021 in ELMO Software (2021), indexed for inflation.

46 Modelling assumes some positively affected young people transition from unemployment into employment. The average cost of benefits paid to an unemployed young person is calculated through combining the amount of payment one can receive in unemployment benefits in Services Australia (2025) alongside the amount of people receiving certain payment types from the Department of Social Services data in DSS (2025). As positively affected young people transition from unemployment to employment, this average cost is the per-person amount saved by government in avoided unemployment benefit payments.

47 Modelling combines Productivity Commission research on costs of hospitalisations "Report on Government Services 2025" (PC, 2025) and rates of hospitalisation for people with chronic health conditions in AIHW (2024b), and census rates of overall chronic health conditions per pathway to estimate a measure average hospitalisation costs per year for each pathway. As young people favourably change their pathways due to BLR, they move into pathways with lower prevalence of chronic health conditions and lower hospitalisation costs. This results in less public spending on health per year.

48 Leigh (2024)

49 Life expectancy in ABS (2023) – 83.2 years averaged across males and females

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