


Report Fact Sheet

The Economics of Effective Transitions: Improving young people's transitions through clearer pathways

Part of the series: [The New Economics of Education](#)

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By: Commissioned by Learning Creates Australia, Modelling by Nous Group

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What is this report about?

This report estimates the economic value of broadening the range of young people's learning and capabilities that are credentialled when they finish school. It shows how credentials that reflect more than just test scores can lead to greater engagement and better transitions into further education, training and work – particularly for those facing disadvantage – and deliver significant gains for the economy. Built on evidence from global studies and emerging practice in Australia the modelling uses assumptions to estimate the potential impact across young people, the economy and society.

Key findings

- A young person could gain up to \$27,200 extra per year between ages 21–30 – largely due to more successful transitions into further education and employment
- That's up to \$260,000 per person – enough to start a business, pay off HELP debt, a home deposit
- Economy-wide potential gains estimated at \$2.1 to \$5 billion annually in productivity, faster transitions, better job matching and reduced government expenditure
- Benefits include greater secondary school completion, more further study, lower unemployment, and stronger job alignment
- The greatest gains are for young people facing disadvantage

Why it matters

Education is one of Australia's largest public investments – but we're not seeing the full returns we should. Too many young people leave school disengaged, under-prepared, and disconnected from their next steps. This report shows that recognising a broader set of capabilities – beyond only test scores and ranks – unlocks life-changing outcomes for young people and long-term economic value for the nation.

- This report builds on real change already happening in hundreds of schools and systems using broader credentials like learner profiles.
- It confirms that rethinking how we define and recognise success is not just the right thing to do – it's the smart thing to do.
- The findings strengthen the case for inclusive, human-centred and economically sound education reform.

What is 'broader recognition of learning'?

Broader recognition of learning means acknowledging not just academic achievement, but also the skills, capabilities, mindsets and experiences that young people have gained and which help prepare them for life and work. It helps young people see their strengths, stay engaged, and access meaningful futures.

How the modelling works

This report models the potential economic impact if there was national adoption of broader credentials that were recognised by universities, employers and training providers.

- Uses a five-step approach: literature review, data analysis, sector consultation, framework design, and impact estimation.
- Focuses on five improved transition outcomes: More school completions, increased further study, lower unemployment, better job matching and faster entry into employment
- Benefits modelled for a subset of young people aged 21–30, using data for young people from low socio-economic backgrounds (where gains are expected to be highest), noting not all young Australians will realise quantifiable economic gains.
- The model includes flow-on effects from increased health literacy, but excludes direct benefits of improved health, and social outcomes – meaning real benefits are potentially even greater.

Evidence base

- Draws on three years of participatory research on practice from 100+ schools and education providers
- Guided by global and Australian literature and economic analyses
- Draws on Australian publicly available data on employment, education and health outcomes for young Australians
- Grounded in credible, macroeconomic assumptions including assuming a finite number of jobs, a limited duration of benefits.

Limitations of the modelling

- Focuses on post-secondary school labour market gains only – does not quantify direct benefits from improved health, justice or social outcomes
- Long-term Australian labour market and education outcome data on broader recognition is still emerging, meaning the extent of benefits is uncertain
- Assumes widespread uptake and recognition of new credentials by institutions and employers
- The cost of implementing broader recognition practises by the education sector is not yet known.

About the series: The New Economics of Education

Australia is at a turning point. With an ageing population and rising youth disengagement, we need better returns from our education system. These reports provide conservative, credible economic modelling on how investments in broader recognition and capability development can unlock significant long-term value – for individuals and the economy.

Learning Creates: What we are asking for

Australia can't afford to keep losing young people to poor transitions and limited opportunity. The evidence is clear: building and recognising broader capabilities delivers real returns. Academic knowledge and broader capabilities are deeply connected – and all are essential to learning success. Governments, systems and parents must back the schools already leading this work and create the policy conditions to grow it – by resourcing what matters, supporting local adaptation, and rethinking how success is recognised.