



Professions Australia Submission to the Review of Higher Education 29 July 2008

Professions Australia (PA) is an organisation of professional associations. These associations represent more than 350,000 professionals across Australia and cover the professions in three broad areas: the built environment; business services; and health. We exist to be the champion of the professions in the service of the community and their voice to government. A note on Professions Australia which includes a list of current members is attached.

Professionals make up around 20 per cent of the Australian workforce. Two of our strategic priorities are the supply and demand for skills in Australia and the associated issues around higher education which is the main source of professionals for the workforce. The other source is skilled migration.

In February 2008 PA put out a paper "Higher Education: Delivering Australia's Future Professional Workforce Requirements". A copy of this paper is attached.

PA is pleased to note that the Rudd Government has made early moves to implement initiatives in respect of many of the issues raised in the paper and by other commentators. In particular

- The establishment of this Review of Higher Education
- The establishment of Skills Australia
- The Higher Education Investment Fund
 - And the special one off payment of \$500 million paid in 2007-08
- The phase out of full fee paying undergraduate places from 2009
- The doubling of the number of Commonwealth Scholarships from 44,000 to 88,000 by 2012
- The provision of extra funds to encourage more students to study maths and science
- Future Fellowships to attract and retain Australia's mid-career researchers
- Doubling over four years of the number of postgraduate scholarships available to higher degree research students.

However, other areas will need attention if we are to achieve and maintain a world class system which will meet the needs of the Australian community for professionals.

For ease of reference, this short submission will attempt to address these areas under the questions that are posed in the Review's Discussion Paper, even though they may not be a good fit in all cases. This submission does not, however, seek to address all of the questions for discussion.

Question 1: How adequate is the statement of functions and characteristics of higher education in modern Australia

The statement is fine and if as a result of this Review, the government(s) takes actions to live up to the aspirations of the statement it will have been a worthwhile endeavour. That said, a question arises as to whether something should be said in the statement regarding the role that the higher education sector can play in providing education and training in rural and regional areas in Australia and the supply of professionals in these areas. (See response to Question 3 below)

Question 2: Are there impediments to the higher education sector being able to innovate in the development of courses and programs? etc

Many of the decisions on higher education rely on knowledge of future skills supply and demand. Even if we were to move to a more market oriented approach to the provision of higher education places and funding, markets work better with better information. PA notes the establishment of Skills Australia and urges that it be given sufficient resources to establish an ongoing capacity to map Australia's longer term requirements for professional skills which should be looked at in a global context. Effective channels of communication between Skills Australia and all of those involved in taking decisions on the range of courses and numbers of places in the various disciplines will need to be established and maintained.

Moreover, potential students need to have good access to information on the demand for various skills and to careers advice on what is involved in the various professions that deliver those professional skills to the community.

On the other side of the coin, as a reflection of the cumulative pressures on higher education institutions, some smaller professions face course restructuring and consolidation of faculties. This often marginalises smaller professions, whose resource and teaching needs are very similar to larger professions. These needs may not be adequately catered for if they become incorporated in a larger faculty, particularly if it is with larger non professional degrees. As professional programs are often more resource intensive for universities than other degree programs, they can be vulnerable when resources are stretched. Some smaller professions report to PA significant pressures on their capacity to maintain adequate professional education.

Question 3: What are the appropriate mechanisms at the national and local level for ensuring higher education meets national and local level needs for high level skills? What is the role of state and territory governments in this area?

An issue for many of the professions is the difficulty faced by many potential students from rural and regional backgrounds to gain entry and support themselves through higher education. There are also difficulties in encouraging graduates to take up positions in rural and remote areas. This is particularly so in the health professions but not limited to them. Even the mining industry has trouble recruiting sufficient professionals, notwithstanding the fact that many graduate each year from the relevant university courses.

It is understood that approximately three in every four regional students and three in every five metropolitan students who attend regional universities on a full-time basis

for their undergraduate degree find their first full-time employment in regional Australia following graduation. (B-HERT Policy manifesto)

Suggestions have been put forward that consideration be given to reducing HECS rates for students who attend universities which are headquartered in regional Australia as a mechanism for redressing the net migration flow of people, particularly younger Australians, from regional and rural areas to capital cities. Other options suggested for consideration have included linking rural and regional service to relief from a portion of HELP debts based on a period of working after graduation in rural and remote areas.

Consideration could also be given to more and bigger Commonwealth Accommodation Scholarships to assist meeting the burden of accommodation for those who for geographic reasons have to live away from home if they are to continue with their education. There may also be a need for modifications to the student support arrangements through the Youth Allowance and AUSTUDY schemes where some of the parameters for qualifying may have some unintended consequences for potential students from rural and remote areas.

Question 6: How effectively are Australian higher education institutions responding to demographic change, especially in providing lifelong learning to meet the challenge of the ageing population and the need for upgrading skills and retraining?

A commitment to continuing professional development is an important requirement in all member professions of PA. With the rapid development of technologies and the changing nature of the workplace, instilling a culture of lifelong learning is assuming greater importance. Retraining and continuous upgrading of skills are becoming mandatory. There needs to be education and training opportunities across the working life of individuals in a range of professions.

Our education system and government support programs need to foster this capability, both through the structure of the programs and the culture of the institutions. We need new models of delivery, shorter upgrade courses and increased use of modularised provision which can be articulated to full courses. There also needs to be flexibility in the timing and modes of delivery; for example night study and the external delivery of courses may facilitate not only the professional to undertake the professional development course but also assist in having practising professionals take on a teaching role.

Governments also have a role to play through the support measures they can offer continuous professional development both for the individuals and the higher education institutions.

Question 7: What is the relevance of the findings and approaches proposed in the United Kingdom paper Higher Education at Work, for increasing skills levels in the workforce in Australia?

For a number of professions, to qualify to be able to practice, clinical/practical experience as well as academic qualifications, is required. This is the case for medicine, nursing and other health professions but the requirement is not limited to these professions.

Undergraduate clinical training in medicine and nursing usually involves placements in public hospitals. Much of the clinical training component of allied health courses also involves public hospital placements, although some is provided in private hospitals and private practices. Public hospitals may receive some payment from universities for the use of their facilities for clinical training purposes. Indeed there is an explicit clinical training component in the government's contribution to medical and nursing course costs. However, for allied health and other courses there is no separately identified clinical/practical training component in government funding.

Training for veterinary undergraduates in their final year has been outsourced from most Australian universities to private practitioners. There is no public provision of infrastructure for veterinary practice and few university veterinary hospitals. This gives rise to issues such as a of lack of financial compensation to private practitioners, the quality of clinical training etc

In other disciplines such as engineering there is a requirement for expensive equipment and this equipment requires the employment of technicians whose salaries must be paid in a competitive market. Current funding arrangements do not adequately meet these needs and funding is required to update and purchase laboratory equipment to meet present and future requirements if inadequate equipment is not to undermine the quality of undergraduate training.

There is also an issue of the employability skills of graduates. Really contributing in the workplace means more than having the necessary technical skills. It means engaging with the organisation and its goals, understanding the dynamics of the workplace, and taking up a job role with an informed role of all of its requirements. It also means applying a broad range of employability skills learned in many contexts and through many experiences. The Employability Skills Framework developed by the Australian Chamber of Commerce and Industry and the Business Council of Australia included the following skills: communication; teamwork; problem solving; self-management; planning and organising; technology; life-long learning; and initiative and enterprise.[Business, Industry and Higher Education Collaboration Council(BIHECC) draft report – September 2007]

Professions Australia considers that a comprehensive analysis needs to be undertaken of the needs of the various professions for clinical and industrial practicum placements, for laboratory and other equipment to support practical undergraduate training and the funding required to purchase and operate it. The review should also cover employability skills.

To this end PA and Universities Australia have come together to hold a workshop to discuss issues in the area of Learning and Work. The workshop, to be held on 31 July 2008, will discuss issues such as:

- Clinical and other practical workplace experience requirements of the professions at the undergraduate and/or the graduate level
- The increasing requirements for students to work to support themselves financially and the disconnect between this work experience and the work experience required of them from the perspective of their chosen profession
- Regional employment requirements of the professions and the connection between this and work integrated learning

- What the universities require and are doing in the area of work integrated learning
- The work of the Australian Collaborative Education Network
- Universities Australia proposal for an Internship Program
- The work of the Business, Industry and Higher Education Collaboration Council on Graduate Employability Skills
- Lessons to be learnt from the experience of those in the area of vocational education.
- Is there a role for cadetships in the professions?

Some important issues are:

- defining what is required of the clinical/practical/workplace experiences;
- who provides the places;
- how are the places found;
- are there enough places to cater for the demand;
- what of international students;
- the costs and how are they paid for;
- the accreditation requirements and who should do the accreditation.

The Workshop will no doubt give rise to other questions and hopefully some answers.

The aim is to work out what universities and the professions can do together and to develop a basis for going forward in this important area. It may lead to some recommendations for government policy initiatives. Should it do so the outcomes will be forwarded to the Review.

Question 11: What evidence is available from institutions about the impact on individuals or groups of either failure to gain income support or the adequacy of income support?

PA notes that the Commonwealth Government provides a range of financial assistance for students to help meet the costs of tuition fees and for some students, to assist with meeting the costs of living

However, PA also notes that there are growing financial pressures that are having an increasing impact on student behaviours and study experiences. Research by Birrell suggests that current policy settings are likely to discourage young people from entering university or studying full-time. Indeed the participation rate in university education has been going backwards since 2002. Some of this decline could be the result of the very buoyant jobs marketing the current strong economy. It is possible, however, that it is a combination of this and the increasing financial burden on students.

Moreover, the level of unmet demand for student places has been decreasing. This would seem to be the result of an increase in the number of places on offer. It could also be due in part to a decrease in demand. A decrease in demand and a fall off in the participation rate in times of high and increasing demand for skills in the workforce is a matter which needs careful consideration.

At the same time, financial factors are having an effect on those who are studying. The AVCC survey on Australian University Student Finances 2006 revealed that 40

per cent of full-time undergraduates agreed that paid work adversely affects their studies, compared with 16 per cent of the surveyed students in the study conducted in the year 2000. Students are working long hours to support their time at university. Almost a quarter of full-time undergraduates reported that they regularly missed classes or other study commitments to attend paid employment. The paid employment students are entering into is, in the vast majority of cases, employment not related to field of studies.

Public subsidies may enhance educational attainment by enabling students to study full-time and to work fewer hours and as such could be a good investment for the nation. PA considers that this Review should have a thorough examination of student financial support measures with a view to recommending to Government a simplified, equitable and effective system for students to ensure they have sufficient income while studying.

Question 12: How can the quality of the student experience within Australia's higher education institutions be monitored nationally? Is there evidence that declining student/staff ratios have impacted on the quality of the student experience?

There is certainly evidence of increasing student/staff ratios. Whilst there have been productivity gains in most sectors of the economy, the gains needed to sustain these increases in the student staff ratios go well beyond the average. It would appear that the driving force has been a squeeze in the level of funding for universities.

Another effect of the funding squeeze has been a fall in academic incomes against average weekly earnings and, in the medium term, this can be expected to impact on the ability of universities to recruit and retain high quality teaching staff.

Just how this has impacted on the quality of the student experience and how this can be monitored is not clear. What would seem to be clear, however, is that the reduction in the student/staff ratios has not been driven by a belief that this was a way of improving the quality of the teaching or of the student experience.

Another contributing factor to the increasing student/staff ratio is the rapid increase in the number of foreign students enrolling in Australian universities. The proportion of the total student population represented by overseas students has trebled from 8.4 per cent in 1996 to 25.5 per cent in 2006. In 2006 there were 250,794 international students who paid fees totalling \$2,375 million. There are many benefits from international students studying in our universities: they are a good source of income for the universities concerned and for Australia's export performance; cultural diversity for the student bodies of the universities concerned; for our international relations; and are a good source of skilled migrants for Australia. However there may be some drawbacks if, for example, there were to be a causal link between the increase in the numbers of international students and the increase in the student staff ratios leading to a deterioration in the student experience. This is not put forward as an argument against increased numbers of international students; rather that staff resources are appropriately supplemented to account for the increase in their numbers. Moreover the market for international students is very competitive and if Australia does not maintain and improve its investment in the quality of our universities we will not be able to rely on income from foreign students nor on the skilled migration that flows from their participation in our university system.

Question 31: Is it time to reshape tertiary education in Australia and streamline financing and regulatory arrangements. If so, what structural changes would you make and why?

Question 32: Is the level of regulation in the sector appropriate. If not, why not and what should be done to reduce the level of regulation?

The regulatory environment and the reporting requirements for the higher education sector is a maze which would seem to be difficult and time consuming for institutions to navigate. There are Commonwealth and State and Territory requirements, self accrediting and non-self-accrediting regulatory matters and universities and vocational institutions differences. While ever there are multiple jurisdictions involved there will be overlaps and multiple reporting requirements.

Some progress on aligning the Commonwealth / State and Territory arrangements has been made. For example, the Australian government announced in the 2007-08 budget that it will reduce the amount of red tape that binds universities by working with the States and Territories to streamline the relevant regulatory and legislative requirements. To enact this reform the Commonwealth will ask the States and Territories to refer regulatory powers over their financial management of universities which will avoid some duplication and red tape. Specifically, there would be only one layer of financial auditing and associated reporting requirements imposed on universities. The Commonwealth will work with the States and Territories to implement the reform and to ensure their legitimate needs for financial data are met.

Progress has also been made with the development of national protocols in the areas of governance and higher education approval processes.

However there would seem to be a considerable way to go to achieve regulatory best practice. PA considers that this should be a high priority for governments. We do not have a preferred model but experience would seem to show that where multiple jurisdictions are involved differing requirements and regulations seem to follow. As the Commonwealth provides the bulk of the government funding for the sector this would appear to be the most logical jurisdictional home for the future, notwithstanding the history of the sector. Wherever the home, care needs to be taken not reduce the ability of institutions to differentiate themselves and to compete. The uniformity should be in the regulatory requirements not in the outcomes produced by the institutions.

29 July 2008



PROFESSIONS AUSTRALIA

Who are we?

A national organisation of professional associations. These associations represent more than 350,000 professionals across Australia and cover the professions in three broad areas: the built environment; business services; and health.

Why do we exist?

To be the champion for professions in the service of the community and its voice to government.

What do we seek to achieve?

World class professions in Australia making an optimum contribution to the economic, social and environmental well being of Australia.

How?

By providing: a forum for members to *interact* with peers; *information* on current issues; and *influence* we

- communicate with, and facilitate the sharing of ideas among, members for the advancement of the Professions.
- promote the interests and welfare of the Australian community through the combined influence and expertise of the Professions;
- maintain and advance the standards of the Professions consistent with the public interest;
- promote and advance ethical and responsible behaviour to foster community confidence in the integrity of the Professions;
- act as the national peak body for communicating with government on issues of concern to the Professions.

What are our Strategic Priorities?

1. Skills
2. Education
3. Accreditation
4. Standards
5. Environment
6. Globalisation



The member associations comprising Professions Australia are:

The Royal Australian Institute of Architects
Australian Dental Association
CPA Australia
Pharmaceutical Society of Australia
Australian Institute of Quantity Surveyors
Australasian Institute of Mining and Metallurgy
Audiological Society of Australia
Australian Veterinary Association
Australian Computer Society
Australian Marketing Institute
Spatial Sciences Institute
Institute of Actuaries of Australia
Institute of Chartered Accountants in Australia
National Institute of Accountants
Australian Institute of Landscape Architects
Institute of Management Consultants
Planning Institute of Australia
Australian Institute of Radiography
Records Management Association of Australasia
Australian Sonographers Association

Associate Members

The System Administrators Guild of Australia
The Institution of Surveyors NSW South Wales Inc
The Victorian Institute of Teaching
Australian Dental Council
Australian Medical Council
Australian Nursing and Midwifery Council
Australian Pharmacy Council



HIGHER EDUCATION POLICY: DELIVERING
AUSTRALIA'S FUTURE PROFESSIONAL WORKFORCE
REQUIREMENTS

February 2008

Professions Australia is a national organisation of professional associations representing around 350 000 Australian professionals

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1. KEY ISSUES & RECOMMENDATIONS

1.1 **Issue:** many of the decisions on higher education rely on knowledge of future skills demand and supply. Even if we were to move to a more market oriented approach to the provision of higher education places and funding, markets work better with better information.

Recommendation

Professions Australia recommends the early establishment of an ongoing capacity to map Australia's longer term requirements for professional skills which should be looked at in a global context. We support the early establishment of Skills Australia as proposed by the incoming Government and seek to contribute to its operations.

1.2 **Issue:** The situation with Commonwealth funding for higher education has reached the point where it is placing too great a burden on institutions and on students. Participation rates are flat or declining.

Recommendation

The Higher Education Indexation Factor (HEIF) which currently is set at 2% per year for 2008 be replaced with an indexation factor which more closely matches the real increases in costs of providing tuition.

1.3 **Issue:** Student financial support is a complex web, not high enough and in some areas inequitable in its implementation. Many students have to work long hours to support themselves often in jobs unrelated to their studies while they also have to gain practical experience in their chosen field and employability skills.

Recommendation

PA welcomes the incoming Government's undertaking to double the number of students receiving Commonwealth Learning Scholarships. This is an important first step but the Government needs to undertake a thorough review of the whole range of student financial support both as to its level, its structure and its implementation, with a view to establishing a more coherent system which is equitable in its application and which would complement professional requirements for practical skills and employer requirements for employability skills.

Recommendation

The Australian Government conduct a review of the clinical and practical training needs of all of university courses with a view to determining what is necessary to provide the equipment in laboratories, the places in clinics and industry and the funding required. This review should be tied in with the review of student support.

1.4 **Issue:** Critical shortage of students completing year 12 with 2-Unit Maths or better.

Recommendation

Implementation of the proposals of the incoming Government to halve the HECS fees of new maths and science students from 2009 and to halve the HECS repayments of those maths and science graduates who take up work in a relevant maths and science occupation, particularly teaching. Steps also be taken to show students from an early age the importance of mathematics and where it can take them in a career, by improving the curriculum and by providing adequate resources in schools and universities.

1.5 **Issue:** Undergraduate and graduate programs for many smaller professions have been merged with other programs, thus reducing the time and resources necessary to cover important core and related competencies for those professions.

Recommendation

Professions Australia calls on universities and higher education policy-makers to recognise the particular challenges facing small professions, and to provide the necessary financial and structural support to ensure high quality education for all professions. In negotiating “compacts” with universities, the Federal government should introduce an incentive for universities to retain or return to specific programs for small disciplines.

1.6 **Issue:** Enrolments in higher degree by research have declined to the point that we are storing up problems for the future in the supply of academic staff and our innovative capacity.

Recommendation

That the value as well as the number of Australian Postgraduate awards be increased and that in order to reduce the need to cross subsidise research from teaching revenues, funds provided to universities for research be increased so that they more closely match the cost of conducting that research.

1.7 **Issue:** Australian alignment with the Bologna Process.

Recommendation

Australia should monitor closely developments with the adoption of the Bologna process and remain involved. However, we should not rush into its adoption in Australia and before we do so, we should ensure that the necessary student support arrangements are in place

2. Summary

2.1 Professions Australia is the peak body for professional associations in Australia. Professionals make up around 20 per cent of the Australian workforce. The Australian higher education system is the main source of professionals for the workforce. The other source is skilled migration. Thus the higher education system is a matter of keen policy interest to Professions Australia.

2.2 Members of Professions Australia contribute to the Australian higher education system in a number of important practical ways such as: curriculum development; accreditation of professional undergraduate and postgraduate programs; professional standards; promoting careers in the professions; teaching and training; and support for research.

2.3 Another important role is advocacy in areas of shared policy interest. Higher education is one such area where many professions have a common interest. This paper seeks to draw attention to a number of concerns with and shortcomings of, the current state of play in higher education in Australia.

2.4 Funding, both the overall level and the way it is allocated to institutions, and to courses, is of concern. While funds for higher education are a very considerable outlay from the federal budget and the universities have significant assets, there are signs that the funding is not sufficient to produce a system that is up there with the world's best. This has implications for the quality of higher education being provided to Australian students and for the competitiveness of Australia in providing higher education to foreign students. Student staff ratios have increased significantly and the requirements for funds and facilities for the necessary practical training –essential to education for many professions- are not adequate in many cases.

2.5 The annual negotiation of the number of Commonwealth Grant Scheme places for each course for each university provides limited flexibility to move funds to meet changing demand, and the short term nature of the process does not make for good planning. This method of allocation relies on judgements on skills demand which we are not well equipped to make. We support the early establishment of Skills Australia as proposed by the incoming Government and seek to contribute to its operations through participation on its Board.

2.6 There has been a significant rise in the number of full-fee paying students. For domestic students there are implications for equity, with full-fee paying students gaining entry to courses when those who cannot afford to pay cannot get entry, even though they may have better academic results. International full-fee paying students are a good source of income for the universities and export income for Australia and they also have other benefits for the country. However, there are issues which need consideration. The income derived should be a source of additional funds for universities, not a means of making up shortfalls in Australian Government funding. Foreign students are also a good source of skilled migration but this should not be a substitute for providing sufficient CGS places to meet skills demand from Australian sources to the extent that we are able. Consideration also needs to be given to the equity of taking these skilled people from poor countries whose development needs may be greater than ours.

2.7 The Higher Education Endowment Fund is welcome. Professions Australia supports the view that funds should go to a small number of significant infrastructure items which will increase the quality and international competitiveness of Australia's higher education.

2.8 There is a reasonably comprehensive suite of student financial support measures for Australian students. However, Professions Australia notes that financial pressures on students are having an increasing impact on student behaviours and study experiences. An increasing proportion of students are finding the need to work adversely affects their study. It may well be that the conditions for eligibility for the various elements of support which are available are too restrictive. Professions Australia calls on government to reconsider an effective broad-based income support system for students to ensure they have sufficient income while they are studying.

2.9 Linked to the above, skill shortages in professions mean that – particularly in professions where registration is not required for practice – students who find work in the field may fail to complete their course of study, moving into practice full-time without completing a qualification. This has implications for overall professional standards.

2.10 Undergraduate and graduate programs for many smaller professions have been merged with other programs, thus reducing the time and resources necessary to cover important core and related competencies for those professions. Professions Australia calls on universities and higher education policy-makers to recognise the particular challenges facing small professions, and to provide the necessary financial and structural support to ensure high quality education for all professions.

2.11 There is a range of issues covering graduate employability skills; work integrated learning (WIL); and clinical placements which need attention. These issues should not be addressed in a piecemeal fashion. Professions Australia considers that a comprehensive analysis needs to be undertaken of the needs of the various professions for clinical and industrial placements, and for laboratory and other equipment, to support practical undergraduate training and the funding required.

2.12 Rural and regional issues need to be addressed, perhaps through the mechanism of modification of student support measures. Students could be encouraged through these measures to study in rural and regional institutions and to work in these areas after graduation.

2.13 Our education system and government support programs need to foster continuing professional development capability both through the structure of the programs and the culture of our institutions.

2.14 The separation of the VET system and the university system restricts the movement of students from Vocational Education and Training (VET) to universities and impedes joint planning to address community and industry needs. Higher education policy must address pathways for articulation from vocational education and training to enable VET students to move on to a university education.

2.15 Some progress on aligning Commonwealth / State and Territory legislative and other arrangements for higher education has been made. However, there is some

considerable way to go to achieve regulatory best practice and Professions Australia considers that this should be a high priority for Governments.

2.16 Professions Australia believes that we should monitor closely developments with the adoption of the Bologna process and remain involved. However, we should not rush into its adoption in Australia, and if we do decide to adopt the Bologna process, we should ensure that the necessary student support arrangements are in place. We should consider carefully whether this is a decision which needs to be taken by the government or whether it is a matter which could be left to individual institutions and professions.

2.17 Research graduates are a source of new knowledge and know how and scholarly renewal. There has been a 30% decline in the over 11 years in higher degree by research enrolments. The incoming Government has said that it will double from 4,800 to 9,600 the number of postgraduate students receiving an Australian Postgraduate Award for their PhD or Masters by Research. These proposals should be supported but they do not provide the complete answer; the level of the stipends and the level of the research infrastructure funding needs also to be addressed

3. Professions Australia

3.1 Professions Australia is a national organisation of professional associations representing around 350,000 Australian professionals. A list of our members is at **Attachment 1**.

3.2 We exist to be the champion for professions in the service of the community and its voice to government.

3.3 By providing: a forum for members to *interact* with peers; *information* on current issues; and *influence* we:

- Communicate with, and facilitate the sharing of ideas among, members for the advancement of the Professions;
- Promote the interests and welfare of the Australian community through the combined influence and expertise of the Professions;
- Maintain and advance the standards of the Professions consistent with the public interest;
- Promote and advance ethical and responsible behaviour to foster community confidence in the integrity of the Professions; and
- Act as the national peak body for communicating with government on issues of concern to the Professions.

3.4 In this way we seek to achieve world class professions in Australia making an optimum contribution to the economic, social and environmental well being of Australia.

4. Professions and the Higher Education System

For the purposes of this paper we use the following definition of professions:

“A profession is a disciplined group of individuals who adhere to ethical standards and who hold themselves out as, and are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others”

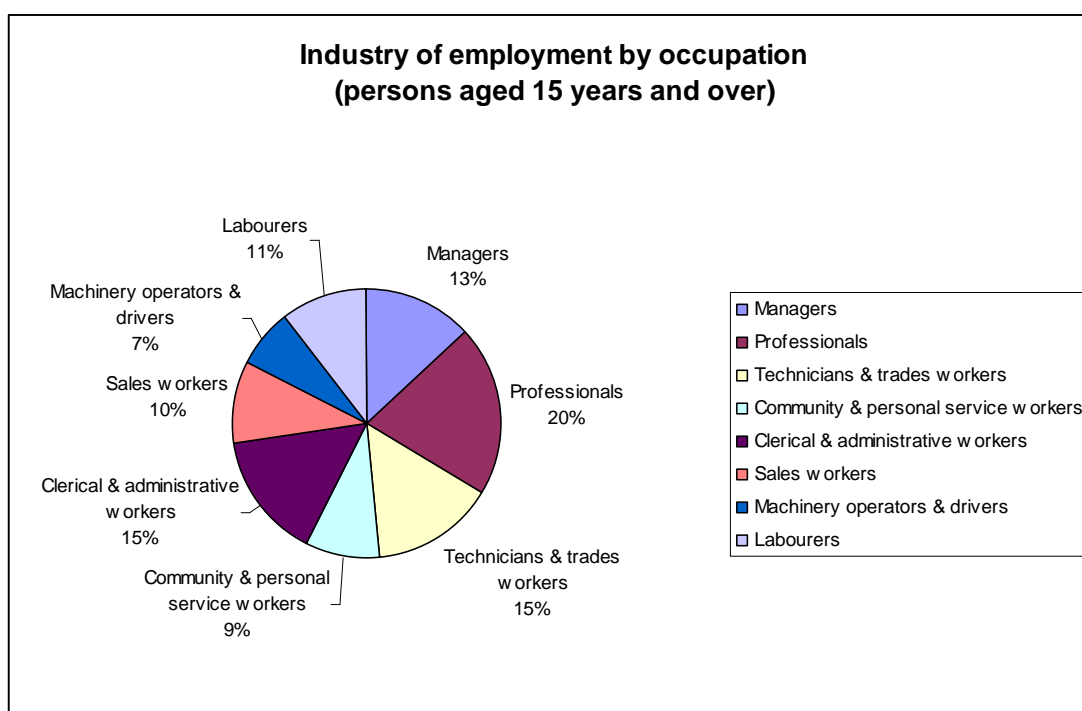
4.1 Professionals account for about 20% of Australia’s total labour force (see Chart 1 below) and represent the largest occupational grouping. Persons in professional occupations accounted for more than half of all employed people in Australia with a higher education qualification in 2001.

4.2 As in other developed economies, demand for professional and technical occupations is growing at a much faster rate than overall employment. Australia is facing a major skills formation challenge across a number of professional occupations

with 31 listed on the Department of Employment and Workplace Relations (DEWR) Skills in Demand List.

4.3 As the higher education sector is the primary source of professional skills, the quality, relevance and accessibility of university education is a core area of interest for Professions Australia and its members. The other main source of professional skills is skilled migration which has its own set of complex issues. Other than to acknowledge that they exist, this paper does not seek to address skilled migration issues.

4.4 One of the primary objectives of our higher education system must be the development of the professional skills capacity and capability to meet Australia's future economic, health, social and environmental needs on a sustainable basis.



Source: ABS 2006 Census of Population and Housing (Australia)

4.5 The primary focus of this discussion paper is on professionally focused education. Professions Australia recognises that higher education policies must also accommodate the sector's much broader responsibilities for the provision of education in the traditional core disciplines in sciences, social sciences and the humanities. It is also critical that higher education needs are considered in the context of a broader national policy framework for education that encompass all forms of post-secondary education, including vocational education and training, university undergraduate and graduate education and ongoing professional development. Such a policy framework needs to provide for a range of education opportunities, lifelong learning and alternative pathways to post-secondary education and training consistent with the demand for skills.

5. The relationship between Professional Bodies and the Higher Education Sector

5.1 Apart from having a keen interest in the policy aspects underpinning the higher education system in Australia, professional associations, as peak bodies representing professional sectors, interact with the higher education sector in a number of important ways:

- **Curriculum development**

5.2 Professional associations work with universities to ensure changing professional skill requirements are incorporated into curricula. This includes, for example, ensuring that graduates have the capabilities to operate in different cultures as well as being capable of working independently at a high level of technological skill and in multi-disciplinary teams.

- **Accreditation of professional programs**

5.3 Professional bodies play an important role in accrediting professional undergraduate and graduate programs. Accreditation of professional education programs is a key element for the assurance of quality and the maintenance of professional standards against national and international standards.

5.4 The approach to accreditation adopted by most professional associations is focussed mainly on curriculum content as well as measures of institutional capability such as the number and qualifications of staff, resources and facilities.

- **Professional standards**

5.5 Professional bodies are concerned also with the need for existing professionals to maintain and enhance their professional capabilities. Continuing professional development (CPD) is essential for the maintenance of professional standards and the protection of consumers of professional services. There is scope for universities to have a growing role in the delivery of CPD.

- **Promoting careers in the professions**

5.6 Professional associations play an active role in developing and implementing strategies to position their professions as an attractive career option and to ensure the future supply of professionals meets community needs.

5.7 Some of the initiatives that individual professional associations are currently pursuing include:

- Developing and implementing strategies to encourage school-leavers to pursue careers in particular professions, for example, by working with career counsellors at the community level, participation in career expos and developing information resources for school leavers and undergraduates;
- Working to promote the profession as an attractive career option including through branding campaigns such as those being run by the accounting professional bodies;
- Supporting students on campus; and
- Conducting surveys of industry leaders about future professional skill requirements.

- **Teaching and training**

5.8 In recent years funding for higher education has been inadequate to maintain resourcing and staffing levels. In some sectors the professions assist in overcoming this funding shortfall by providing voluntary (unpaid) work placements (including clinical supervision). The existing system for the clinical training of many health professionals, for example, is heavily dependent on qualified professionals providing their time on a pro bono basis.

- **Research**

5.9 Professional bodies also fund research projects with universities on a range of issues of interest to individual professions including workforce and professional standards issues.

PROFESSIONS AUSTRALIA POLICY ISSUES

6. Australia's Investment in Higher Education

6.1 While the education system serves broad social policy objectives, the quality of a nation's education infrastructure is a competitive issue. It is now widely recognised that future economic success will be highly dependent on the quality of a nation's human capital, that is, the skills and knowledge of its workers. Skills formation must therefore be central to Australia's economic and education strategies. It must be seen as an investment rather than a budget cost to be minimised.

6.2 University education funding is a core responsibility of the federal government and consumes a significant proportion of total federal education outlays. In 2006, the total taxpayer funding to universities from the Australian Government's Education, Science and Training Portfolio was around \$8.7 billion.

6.3 To put this into context, for the 40 higher education providers (HEPS) the total operating revenue was \$15.5 billion. Of the total amount, \$6.6 billion was from Australian Government grants and other Australian Government payments; \$1.8 billion was for HECS-HELP; and \$0.3 billion for FEE-HELP. Up-front student contributions were \$0.4 billion and the remainder was split between the following: fees and charges (\$3.5 billion); consultancy and contracts (\$0.8 billion); investment income (\$0.7 billion); State and Local Government (\$0.6 billion); and other sources (\$1.2 billion).

6.4 Higher Education expenses were \$14.2 billion. Of this total amount \$4.4 billion was by way of salary and salary related expenses (excluding payroll tax) for academic staff, and a further \$3.8 billion by salary and salary related expenses (excluding payroll tax) for non-academic staff. The remainder was for payroll tax (\$0.4 billion); depreciation and amortization (\$0.9 billion); repairs and maintenance (\$0.5 billion), and other expenses (\$4.7 billion).

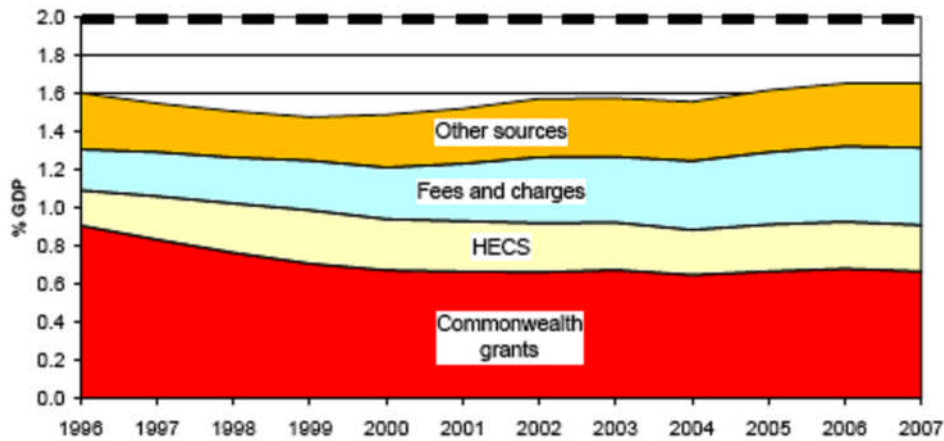
6.5 For the 40 HEPS in 2006 total assets were \$37.7 billion. Of that amount, \$1.6 billion was cash and cash equivalents, \$6.4 billion was investments, \$25.1 billion was property, plant and equipment, \$3.4 billion was receivables and \$1.1 billion was other assets. Liabilities for the 40 HEPS were \$8.3 billion. Net assets were \$29.4 billion, of which \$16.2 billion were retained surplus, \$12.3 billion were reserves and statutory funds \$0.8 billion.

6.6 Clearly these are very sizeable sums. The question is whether they are sufficient, and whether the funds are being allocated in the most effective manner.

6.7 There are indications that they may not be sufficient and, moreover, that the Australian Government contributions which are the largest single source of higher education income, are diminishing in real terms as a percentage of GDP.

6.8 As shown in Chart 3 below Commonwealth investment in universities as a percentage of GDP has declined since 1996, while private contributions through HECS payments and fees from overseas students have provided the only growth.

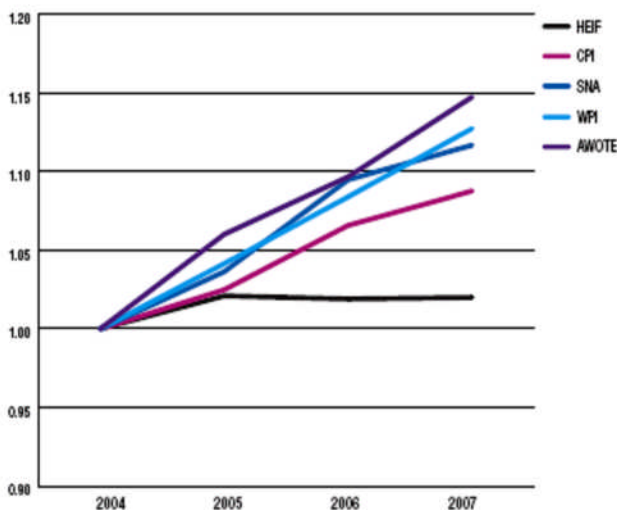
Chart 3: Investment in Universities as a Percentage of GDP



Source: AVCC Achieving the Vision November 200

6.9 One of the contributing factors in this decline in government funding has been the decision in 1993 to cease the full indexation of the annual funding that universities receive from the government. Instead funding is increased each year by the HEIF (higher education indexation factor). From 2005 to 2007, in addition to the HEIF indexation of block grants universities received 2.5% compounded in additional Commonwealth Grant Scheme funding in return for compliance with the federal Government’s Workplace Reform requirements and National Governance Protocols. These additional funding increases end in 2007. From 2008 onwards institutions will return to having Block Grants indexed according to the HEIF which is somewhat less than other common measures of wage and non-wage cost increases.(2% has been set for the 2008 HEIF).

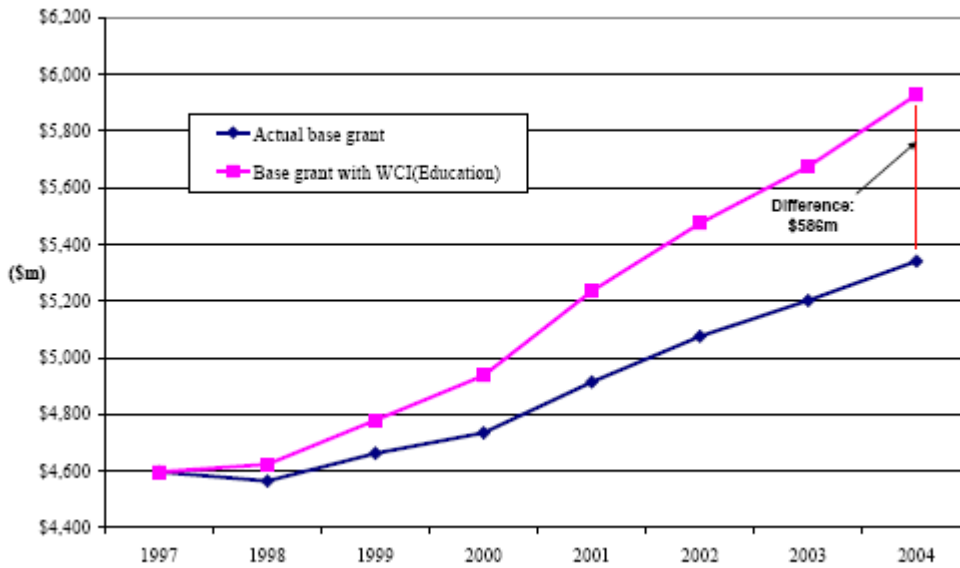
6. Indexation: Comparison of changes in cost indices 2004-07



Sources: Average Weekly Ordinary Times Earnings (AWOTE) and Wage Price Index (WPI) Reserve Bank of Australia Labour Cost Time Series, pub. G06; Consumer Price Index, Reserve Bank of Australia time series, pub. G02. Safety Net Adjustment (SNA) Fair Pay Commission Decisions on minimum wage increases 2005, 2006 & 2007 – substituted for Australian Industrial Relations Commission Safety Net Award decisions which ceased in 2004; Higher Education Indexation Factor (HEIF), DEST, Higher Education Report 2005, p.131 for 1995 to 2006; DEST Higher Education Group for 2007.

Chart 4 below illustrates the effect that this has had on overall funding levels.

Chart 4: Impact of under-indexation

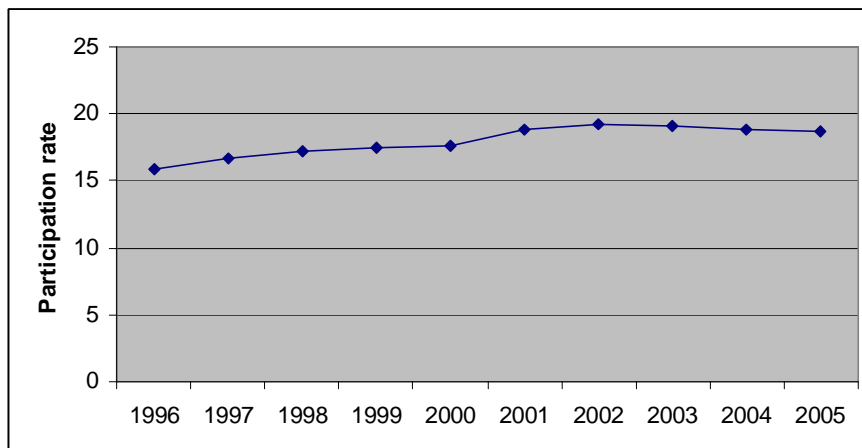


Source AVCC :Achieving the Vision November 2004

6.10 Australia’s level of investment should be of some concern. Some of the indications that this should be the case are: declining participation rates in university education; levels of unmet demand by potential students for university places; student staff ratios; and where Australian universities rank in relation to other universities in the world and our region.

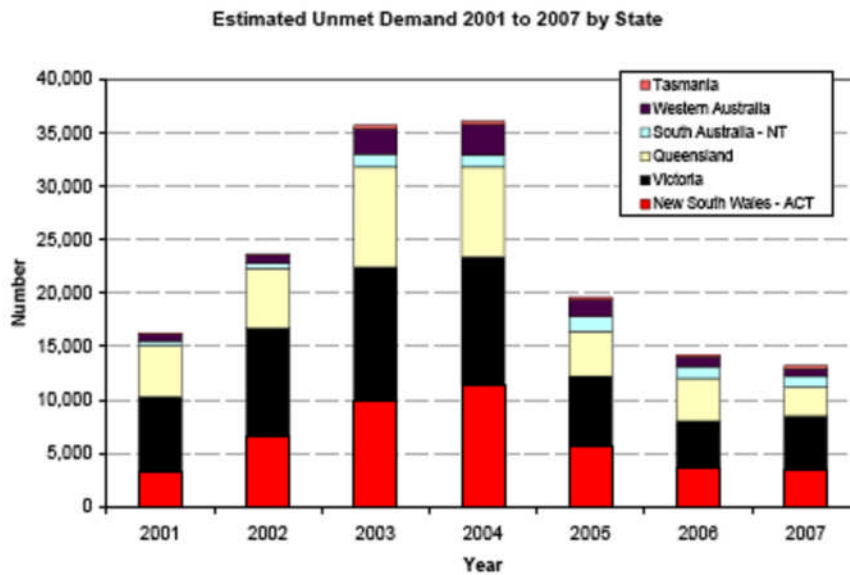
6.11 The participation rate in university education it has been going backwards since 2002. Some of this decline could be the result of the very buoyant jobs market in the current strong economy. It is possible, however, that it is a combination of this and the increasing financial burden on students with the decrease in government funding for higher education.

Chart 5: Participation rate for domestic students aged 17-24 years, 1996 to 2005



Source: Selected Higher Education Student Statistics, various years.
Participation rate reflects the number of domestic students in higher education as a percentage of the general population in the same age group.

6.12 The levels of unmet demand for student places, while it has been decreasing, is still significant, and in total for the period 2001-06 amounts to around 135,000 places. Moreover, the decline in unmet demand is as much a product of a decrease in demand as it is an increase in the number of places on offer. A decrease in demand for university places and a decrease in the participation rate in times of high and increasing demand for skills in the workforce, is a matter which needs careful consideration.

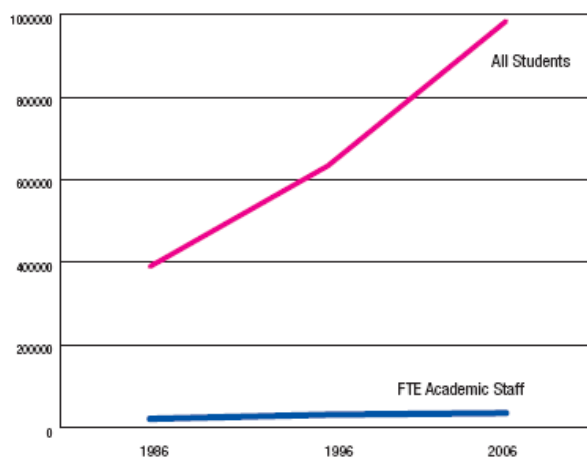


Source: Universities Australia

6.13 The reduction in funding also has had negative implications for the quality of higher education service delivery.

6.14 An important effect has been on the student: staff ratio which increased from 14.3:1 to 20.9:1 between 1990 and 2005 (source: AVCC - 2005 Student to Teacher Ratio for Academic Staff with Teaching Function).

7. Relative changes in student and staff numbers 1986–2006



Source: DEET (1993) National Report on Australia's Higher Education Sector; DETYA (1996) Selected Higher Education Student Statistics; DETYA (1996) Selected Higher Education Staff Statistics; DEST (2005) Staff Statistics; DEST (2006) 2006 full year higher education student data

Chart 7 key points:

- The lack of adequate indexation for economy-wide movements in salaries has required universities to find internal operating efficiencies and productivity gains. Teaching productivity has increased over the two decades since 1986 (as has research productivity simultaneously).
- Further efficiency gains are unlikely to be sustained without a diminution of quality.

(Source Group of 8 Backgrounder 1 2007)

6.15 Whilst there have been productivity gains in most sectors of the Australian economy over this period, the gains needed to sustain these increases in the student: staff ratios go well beyond the average.

6.16 At the same time that class sizes increased, academic incomes have fallen against average weekly earnings and, in the medium term, this can be expected to impact on the ability of universities to recruit and retain high quality teaching staff.

6.17 Combined these two factors will impact negatively on the quality of Australian universities and their competitiveness.

6.18 Professions Australia believes that changes to the student: staff ratio have already had an adverse effect on the quality of undergraduate teaching provided to students in Australian universities.

7. The Way Funds for Universities and for Courses are Determined and Allocated

7.1 Professions Australia is concerned not only about the absolute amount of money that the government invests in the higher education system, but it also the way the money is invested, as this will have consequences for the effectiveness of that investment.

7.2 Under the Commonwealth Grants Scheme (CGS), funds are provided to cover a proportion of the costs of course provision for a defined number of student places in various disciplines in each university. The amount of the grant for each course varies between disciplines. The number of places and the disciplines are negotiated each year for each university. There is some limited flexibility for each university to move funds between disciplines in any year. From 2009 CGS agreements will move to a three year basis. This should give some greater confidence for planning purposes but will not necessarily give greater flexibility to move money between courses to meet changing demand.

7.3 Over and above the Commonwealth grant, universities are able to charge students fees up to a defined limit for each course. On average in 2006 this amounted to 40% of the fee (\$5,435 per place) in 2006.(Go8 Backgrounder No.1 2007)

7.4 Of the undergraduate students in 2006, some 97per cent were in Commonwealth supported places. (Go8 Backgrounder No.1 2007)

7.5 This method of allocation of funds has some undesirable features:

- It relies on making judgements on skills demand.
- The system provides limited flexibility for institutions to move funds and student places from areas of low student demand to areas of higher demand.
- It has led to levels of unmet demand in some faculties in some universities and unmet supply in others.

- New schools have been opened, some of which have struggled to remain viable either through lack of demand or an inability to appoint and retain teaching staff.

7.6 As regards skills demand, in its discussion paper (Skills Mapping: Assessing Australia's Longer Term Requirements for Professional Skills February 2005) Professions Australia expressed the view that to better match the supply and demand for professional skills over the longer term, more comprehensive, robust and forward looking information on Australia's future requirements for professional skills is essential. Without this information governments and other stakeholders are not well positioned to make the most appropriate and cost effective decisions on the development of our professional skills base. Professions Australia recommended the early establishment of an ongoing capacity to map Australia's longer term requirements for professional skills. This remains true today and is of fundamental importance if we are to continue to negotiate the number of Commonwealth Government supported student places by discipline by university.

7.7 In this regard, Professions Australia notes that the incoming Government propose to establish Skills Australia to advise the government on the skills needs of Australia. It will assess evidence from commissioned research and industry stakeholders to inform Australia's workforce development needs.

7.8 Skills Australia will provide government with recommendations about the future skill needs of the country. It will identify:

- Future skills shortages, so they can be addressed before they negatively impact on economic activity;
- Persistent skills shortages, so that current capacity blockages can be overcome;
- Barriers that prevent skills formation in areas where persistent skills shortages exist; and
- Industries where retraining and up-skilling of workers may be required to prevent unemployment, under-employment and skills obsolescence.

7.9 Professions Australia supports this initiative, noting that the skills shortage issues need to be looked at in a global context. Australia is not the only country facing this issue and competition for skilled people is likely to continue to increase. Given the composition of our membership, Professions Australia believes it would have an important role to play in assisting the work of Skills Australia when it is established.

7.10 As regards allocations of funds between institutions and disciplines, The Group of Eight (Go8) has put forward an alternative proposal. Under this proposal, student access to undergraduate and graduate courses would be aided by a universal entitlement to an income-contingent loan (Tertiary Education Loan Scheme) and for meritorious and for needy students, via national tuition scholarships. Merit based scholarships would absorb the CGS payments and would be made available to the institution at which the student enrolls. Two national order of merit lists would be produced each year – one for school leavers and one for non-school leavers. The number of scholarships to be awarded each year would be determined by the Commonwealth Minister on advice from Australian Tertiary Education Commission

(ATEC) about division of the scholarships between the two lists. The establishment of ATEC is also part of the Go8 proposal and it would be responsible for planning, resource allocation and regulation in respect of post-school education throughout Australia.

7.11 Higher education institutions would set their prices for courses. ATEC would set tuition price caps by field of education. These upper price points would represent a margin of some 25 per cent on the indicative cost of a course determined on advice from the Productivity Commission. The value of a scholarship would vary according to the course into which the student is accepted. Where the scholarship value is less than the course price the student would be able to borrow all or part of the gap through the Tertiary Education Loans Scheme. Under University – Community Partnerships, ATEC would be able to provide places for designated “public interest” courses for which the Government pays a community service obligation retainer when student numbers are insufficient to sustain worthwhile scholarship.

7.12 While not in as much detail, the Australian Chamber of Commerce and Industry have put forward a similar proposal in their paper “Skills for a Nation: A Blueprint for Improving Education and Training 2007-2017”.

7.13 Professions Australia is of the view that these proposals warrant serious consideration by the Government. However, whatever path is chosen Professions Australia believes that better estimation of skills demand will be vital.

8. Full Fee Paying Students

8.1 As well as CGS places universities are able to offer places to full fee paying students, both Australian and overseas students.

8.2 For **Australian students**, places for full fee paying students can be offered to students by individual universities once the CGS places for the particular course at that university have been filled. Until the 2007-08 Budget there was a limit on the number of places which could be offered; 35% of Commonwealth funded places in all courses except medicine where the cap was 25%. However, those restrictions were lifted by the previous Government. The effect of the lifting of these restrictions has yet to be seen. In 2006 there were 13762 domestic students in public universities paying full fees. This represents around 3% of total student numbers.

8.3 It is not clear whether these students are paying full fees for the entire undergraduate course or whether they pay only for the first one or two years and then if successful they gain a Commonwealth funded place for the remaining years of their course.

8.4 If the latter is the case, Professions Australia urges caution about issues of equity, with the well off being able to buy their way into more prestigious universities in front of students who failed to gain a Commonwealth funded place but who nevertheless had better academic results than a student who was able to pay full fees for the first year.

8.5 Although all full fee paying students have access to Fee Help, the amount of the support is limited to \$100,000 and the costs of some of the courses are exceeding

this amount. Even if the full amount can be borrowed the repayment burden may put the concept beyond the reach of all but the well off. Professions Australia supports the general principle that at all places at Commonwealth funded universities should be on the basis of merit not on capacity to pay.

8.6 The trend towards full fee paying students at more prestigious universities could also have undesirable consequences for regional universities and availability of graduates for regional employment. (See section on Rural and Regional below).

8.7 The incoming Government has said that it will cut out full fee paying domestic students from 2009.

8.8 As regards **students from overseas**, under current arrangements universities are able to supplement their income through the provision of tuition to foreign students who pay full fees.

8.9 As shown in Table 1 below the growth in the amount of training provided by universities in recent years is almost entirely due to the growth in the number of overseas students.

TABLE 2: Student load* for commencing undergraduate students by citizenship 1996 to 2003

Commencing undergraduates	1996	1997	1998	1999	2000	2001	2002	2003
Total Domestic	132,036	135,014	134,839	137,822	138,237	142,690	141,326	135,185
Total Overseas	15,988	19,073	20,664	23,895	27,903	31,726	32,806	36,132
Total all commencements*	148,022	154,086	155,502	161,717	166,141	174,416	174,132	171,317

Source: Department of Education Science and Training, *Higher Education Statistics Collection: 2003 and 2001*, Canberra. Available at <http://www.dest.gov.au/highered/statpubs.htm>

* 'Student load' is measured by the number of equivalent full-time students (EFTSU).

* Numbers may not add due to rounding of EFTSU.

Source: Birrell Myth

8.10 The proportion of the total student population represented by overseas students has trebled from 8.4 per cent in 1996 to 25.5 percent in 2006.¹ In 2006 there were 250,794 international students who paid fees totalling \$2,375million (Go8 Backgrounder No.1 2007).

8.11 The provision of tuition to foreign students is a good source of income for both the universities concerned and for Australia's export performance. Education overall has become Australia's fourth largest export after iron ore, tourism and coal. According to the OECD, Australia enrolls 10% of the worlds cross border students and is the fourth largest exporter of education after the USA, the UK and Germany.

8.12 There are other benefits of cultural diversity for the student bodies of the universities concerned, and for international relations for the country. Also, upon graduation foreign students are a good source of skilled migrants in those disciplines which are on the MODL (Migrant Occupations Demand List) of the Department of Employment and Workplace Relations. Almost half of the permanent skilled

migration visas in the 2004-05 migration program went to overseas-born individuals who had completed tertiary studies in Australia.

8.13 Questions arise over the adequacy of this list and whether it closely matches skills in demand. Concerns have also been expressed that some foreign students are choosing courses which are on the list just so that they can qualify for skilled migration and, after graduation and migrating, do not work in the profession.

8.14 There is also a question as to whether too much reliance is being placed on overseas students to fill demand, rather than providing more places for CGS places for Australian students. In the case of computing, the migrant numbers are greater than the output from domestic training. For accounting, the migrant component is more than half the domestic undergraduate completion number; the migrant number is equivalent to about 25 percent of all undergraduate domestic completions. There are concerns that reliance on overseas students has generated problems in some programs where academic standards have suffered due to the poor English language skills of some of the overseas students, plagiarism, additional student counseling and literacy support and additional tutoring and mentoring by staff.

8.15 Concerns about the weak link between the skills of overseas student entering through the skilled migration program and actual labour force requirements have led to tougher English-language entry requirements, plus the creation of a new visa category for skilled work experience.

8.16 Ethical/equity issues also arise. The question is whether a relatively well off country like Australia should be taking professionals from countries who are less well off and who may have a need which is equal to or greater than our own for these skills for economic and social development in those countries. This would be more relevant in some professions than others.

8.17 Professions Australia supports the provision of tuition to foreign students on a market based fee structure provided that it is not looked on as a source of cross subsidy for any shortfall in the funding for the provision of tuition of domestic students. Nor should places for foreign students be at the expense of places for domestic students and the skilled migration which flows from them to training our own professionals.

8.18 Professions Australia notes that competition for foreign students is high and that if Australia does not maintain and improve its investment in the quality of our universities we will neither be able to rely on the income foreign students provide nor on the skilled migration that flows from their participation in our university system.

9. Higher Education Endowment Fund

9.1 The Australian Government has made an investment for the future of universities by establishing a new, perpetual Higher Education Endowment Fund (HEEF) with an initial investment of \$5 billion from the 2006-07 budget surplus. Income from the HEEF will be used to support capital works and research facilities.

9.2 While \$5 billion will initially be invested in the HEEF, it is the intention to make further contributions to the Fund from future surpluses. Indeed a further \$1 billion was earmarked for the HEEF in August 2007.

9.3 The Board of Guardians of the Future Fund will be responsible for investing the capital component to maximise the earnings available for distribution each year.

9.4 The HEEF income will be distributed to universities by the Minister for Education, Employment and Workplace Relations, taking into account the advice of an independent HEEF Board.

9.5 The HEEF Board will advise on the best strategic investment proposals which provide quality infrastructure and support Australian Government policy with respect to diversity, specialisation and responsiveness to labour market needs. The Board will take into consideration whether universities had been able to raise matching funds, for example from state or territory governments, industry, alumni or members of the public.

9.6 The HEEF Board has a chair and six members, with the Chief Scientist and the Secretary of the Department of Education, Employment and Workplace Relations participating in an ex-officio capacity. Members of the Board have been selected on the basis of their knowledge of the higher education sector.

9.7 Professions Australia welcomes the establishment of the HEEF. The effectiveness of the initiative will depend on the quality of its administration and of the projects for funding put forward by the educational institutions. Professions Australia supports the view that funds should go to a smaller number of significant infrastructure items which will increase the quality and international competitiveness of our higher education. The HEEF should be a pathway to excellence.

10. Student Financial Support

10.1 The Commonwealth provides financial assistance which is not means tested, to help meet the tuition fees for students in both CGS (HECS-HELP) places and for full fee paying students (FEE-HELP). This assistance is in the form of loans. The principal of the loans is increased each year in line with the CPI but the loans are otherwise interest free. There is a 20% upfront loan fee. FEE-HELP loans are limited to \$80,000 for courses except for medicine for which the maximum is \$100,000.

10.2 Loans must be repaid at a predetermined rate once income levels pass a threshold level and the repayment amount increases as the income level of the borrower increases. There is a 10% bonus added to any voluntary repayments made which are over and above the compulsory repayment amount.

10.3 From 1 January 2005 students received a Learning Entitlement giving them access to the equivalent of five years full-time study in a Commonwealth supported place. The five year entitlement may be extended where a student is undertaking an initial undergraduate course or pathway in which the normal enrolment period is more than five years (eg. medicine at undergraduate or graduate degree levels or double degrees with honours).

10.4 The Commonwealth also provides two forms of Commonwealth Learning Scholarships via Commonwealth Education Costs Scholarships (CECS) and Commonwealth Accommodation Scholarships (CAS)

10.5 CECS are intended to assist students from a low socio-economic background (e.g. receiving a Centrelink Allowance/Pension or Low Income Health Care Card) and/or Indigenous Australians, with costs associated with higher education. In 2007 CECS was valued at \$2,120 (indexed annually) per year and payable for a maximum of four years.

10.6 CAS are intended to assist rural and regional students from a low socio-economic background (e.g. receiving a Centrelink Allowance/Pension or Low Income Health Care Card) and/or Indigenous Australians, with relocation and accommodation costs associated with studying on campus at a higher education facility. Students applying for CAS will be automatically assessed for CECS. In 2007 CAS was valued \$4,240 (indexed annually) per year and payable for a maximum of four years. The incoming government has undertaken to double from 44,000 to 88,000 the number of undergraduate students receiving a Commonwealth Learning Scholarship, including accommodation bursaries.

10.7 ECU Undergraduate First Year Equity Bursaries are intended to assist students from equity groups to establish themselves in their first year of tertiary study. Students who meet all of the eligibility requirements for CECS, but are not successful in gaining a CECS place, may be eligible for this bursary.

10.8 Means tested financial assistance is also available to eligible students through Centerlink via the Youth Allowance or AUSTUDY.

10.9 Youth Allowance is for students 16-24 years of age and studying full time and for those over 25 who are studying full time and who were in receipt of Youth Allowance immediately before turning 25 and are still doing the same course.

10.10 AUSTUDY is available to those over 25 and doing an approved full time course at an approved institution.

10.11 Professions Australia notes that there seems to be growing evidence that financial pressures are having an increasing impact on student behaviours and study experiences. Research by Birrell suggests that current policy settings are likely to discourage young people from entering university or studying full-time. According to the Australian Vice-Chancellors Committee (AVCC) study, *Paying their Way*,² financial pressure can significantly impede a student's study through the need to work.

10.12 It would seem that the means test for student income support is too harsh, the full allowance is too low and students are penalised too much for earning supplementary income above a threshold that is too low.

10.13 The AVCC 2006 survey on Australian University Student Finances 2006 revealed that 40 per cent of full-time undergraduates agreed that paid work adversely affects their studies, compared to 16 per cent of surveyed students in the study

² AVCC, *Paying their Way: a survey of Australian undergraduate university students finances*, 2001.

conducted in the year 2000. Students are working long hours to support their time at university. Almost a quarter of full-time undergraduates reported that they regularly missed classes or other study commitments to attend paid employment. The paid employment students are entering into is, in the vast majority of cases, employment not related to their field of studies. Universities Australia is seeking the removal of the assessable income component for all scholarships and bursaries regardless of funding source. They are also seeking a reduction in the age of independence from the current 25 years to 18 years, in order that university students will not be assessed on the basis of their parents and assets.

10.14 In a separate but related proposal, Universities Australia, have put forward a proposal for a National Internship Scheme. The primary purpose of the proposal is to meet the unmet need for generally trained, flexible graduates who are work ready. However, the Scheme could also have the potential to provide increased income support for students delivered in a way that complements their studies and increases their future employability and productivity. Suitable corporate tax arrangements to encourage and support the development and implementation of such a Scheme by corporations could be developed and governments themselves could participate directly by providing internship places in their own departments and authorities.

10.15 At the very least the government needs to address the situation where firms who pay the HECS fees of student employees incur fringe benefits tax at the top individual marginal tax rate of 46.5%.

10.16 Professions Australia supports the underlying intentions of the Government in the introduction of the Commonwealth Learning Scholarships. However, there are concerns that the positive effect of the initiative may be being undermined as the scholarships are time limited and in some cases will not cover the full period of study of some students for some courses. Counting the Scholarships as income against youth allowance also erodes the benefits to students from the program.

10.17 Public subsidies may enhance educational attainment by enabling students to study fulltime and to work fewer hours and as such are a good investment by the nation. Professions Australia calls on government to reconsider an effective broad-based income support system for students to ensure they have sufficient income while they are studying.

Engineering Example

In terms of engineering education, the average engineering student has 20 formal contact hours at university per week involving attendance at lectures, tutorials and laboratories. Beyond actual contact hours, students will then need to complete another 30 hours independent study per week in order to pass their courses. This equates to 50 hours of study per week which, when combined with an average of 15 hours of part-time work per week leaves students with little time for involvement in other aspects of university life for example participation in university sporting teams or other university cultural or recreational activities.

Another issue affecting engineering education is the need for students to retain year-long part-time work simply for the purposes of income generation. The continuing need to retain such part-time work limits the ability of students to undertake full-time industry internships related to their degree during the end of year summer vacation

period. Professional practice exposure of this nature is a crucial element in the engineering education process and an expectation of potential employers of engineering graduates. Without a history of vacation work placement in the relevant engineering industry, graduates are at a disadvantage when seeking employment.

11. Mathematics Skills Crisis

11.1 The number of students studying higher level mathematics in Australian high schools is declining. A report by the International Centre of Excellence for Education in Mathematics found the percentage of Year Twelve students undertaking advanced and intermediate mathematics had fallen by more than twenty three per cent in the ten years to 2006. If this trend continues, by 2015 less than one quarter of all Year Twelve students will study advanced or intermediate mathematics. Intermediate mathematics is equivalent to 2-Unit mathematics. To put it another way, by 2015 more than seventy five percent of Year Twelve students will have mathematics skills less than 2-Unit level.

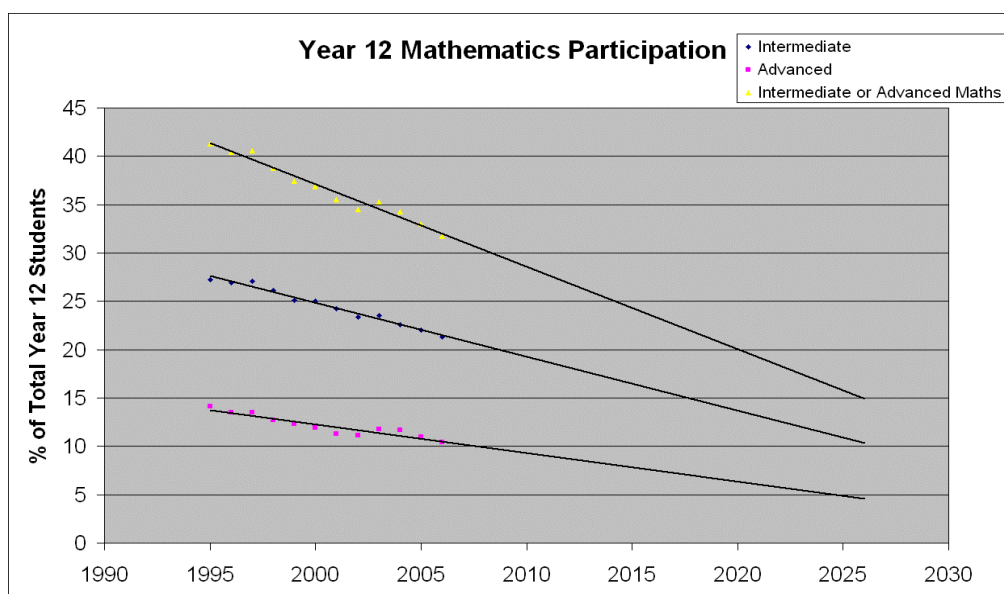
11.2 The mathematics skills crisis is creating a vicious cycle that is slowly impacting on mathematics education. That is, fewer high school students are studying advanced or intermediate mathematics, which means fewer students are enrolling in university mathematics classes leading to a reduction in the number of mathematics teaching staff in universities and leading to lower numbers of enthusiastic, mathematics-qualified teachers in schools. The cycle will ultimately result in a shortage of skilled professionals in the fields requiring tertiary mathematics education, including engineering, science, finance and the actuarial profession, all of which are areas on which our society and economy depend for continued prosperity.

11.3 Furthermore, a diminution of mathematics skills poses a threat to Australia's capacity to compete internationally. It is likely there will be increasing competition for mathematically-trained people, resulting in the need to buy-in skills and mathematics-reliant products, services and intellectual property from overseas. This has negative implications for our future research and development capability and for our nation's long term prosperity.

11.4 Given the seriousness of this crisis, what can be done? Firstly, there needs to be strong advocacy both with the Federal Government and with each State Government concerning this issues and steps needed to be taken at Government level, which include increasing coherence and standards of mathematics curriculum across the Commonwealth, better resourcing of University mathematics departments, ensuring a minimum standard of mathematics education for secondary mathematics teachers, and comissioning and implementing best practice textbooks and teaching methods. Secondly, secondary school students need to be shown the where mathematics can take them career-wise. Thirdly, mathematic teachers need to show students the big picture of mathematics, as students are discouraged by not seeing how it all fits together.

11.5 A suggestion put forward by APESMA is for the Federal Government to fund programs to encourage experienced professionals to retrain as maths and science teachers. It is envisaged that this will bring into the classroom teachers who can convey a passion and excitement for maths and science to the next generation of graduates. Such retraining courses should be HECS exempt.

Chart 8



11.6 The incoming Government has proposals to address this issue and to encourage young Australian students to study and teach maths and science by:

- Halving the HECS fees of new maths and science students from 2009; and also
- Halving the HECS repayments of maths and science graduates if they take up work in a relevant maths or science occupation, particularly teaching.

12. Employability Skills, Clinical and Other Practical Experience.

12.1 For a number of professions, to qualify to be able to practice, clinical/practical experience as well as academic qualifications, is required. This is the case for medicine, nursing and other health professions but the requirement is not limited to these professions.

12.2 Undergraduate clinical training in medicine and nursing usually involves placements in public hospitals. Much of the clinical training component of allied health courses also involves public hospital placements, although some is provided in private hospitals and private practices. Public hospitals may receive some payment from universities for the use of their facilities for clinical training purposes. Indeed there is an explicit clinical training component in the government's contribution to medical and nursing course costs. However, for allied health and other courses there is no separately identified clinical/practical training component in government funding.

12.3 Training for veterinary undergraduates in their final year has been outsourced from most Australian universities to private practitioners. There is no public provision of infrastructure for veterinary practice and few university veterinary hospitals. This gives rise to issues such as a of lack of financial compensation to private practitioners, the quality of clinical training etc

12.4 In other disciplines such as engineering there is a requirement for expensive equipment and this equipment requires the employment of technicians whose salaries must be paid in a competitive market. Current funding arrangements do not adequately meet these needs and funding is required to update and purchase laboratory equipment to meet present and future requirements if inadequate equipment is not to undermine the quality of undergraduate training.

12.5 Professions Australia considers that a comprehensive analysis needs to be undertaken of the needs of the various professions for clinical and industrial practicum placements, for laboratory and other equipment to support practical undergraduate training and the funding required to purchase and operate it.

12.6 There is also an issue of the employability skills of graduates. Really contributing in the workplace means more than having the necessary technical skills. It means engaging with the organisation and its goals, understanding the dynamics of the workplace, and taking up a job role with an informed role of all of its requirements. It also means applying a broad range of employability skills learned in many contexts and through many experiences. The Employability Skills Framework developed by the Australian Chamber of Commerce and Industry and the Business Council of Australia included the following skills: communication; teamwork; problem solving; self-management; planning and organising; technology; life-long learning; and initiative and enterprise.[Business, Industry and Higher Education Collaboration Council(BIHECC) draft report – September 2007]

12.7 Some of these skills can be learned as part of university curriculum and others through other means including Work Integrated Learning (WIL). The BIHECC report included a number of recommendations pertaining to the development of these skills through university curriculum development and WIL. As mentioned in paragraph 10.14 above, Universities Australia has put out a discussion paper on a National Internship Scheme.

12.8 Although there are a number of different issues involved here they are related, as is the issue of student support. The government should develop a comprehensive package of measures and funding to cover this important aspect of professional training.

13. Continuing Professional Development

13.1 A commitment to continuing professional development is an important requirement in all member professions of Professions Australia.

13.2 With the rapid development of technologies and the changing nature of the workplace, instilling a culture lifelong learning is assuming greater importance. Retraining and a continuous upgrading of skills are becoming mandatory. There needs to be a range of education and training opportunities across the working life of individuals in a range of occupations.

13.3 Our education system and government support programs need to foster this capability both through the structure of the programs and the culture of the institutions.

13.4 We need new models of delivery, shorter upgrade courses and increased use of modularised provision which can be articulated to full courses. There also needs to be flexibility in the timing and modes of delivery eg. night study and external delivery of courses may facilitate not only the professional to undertake the professional development course but also assist in having practising professionals take on a teaching role.

13.5 Governments also have a role to play through the support measures they can offer for continuous professional development for the individuals and the higher education institutions.

14. Universities and Smaller Professions

14.1 As a direct reflection of the cumulative pressures on higher education and tertiary institutions, an important issue facing smaller professions, in particular, is institution and course restructuring and consolidating faculties. This often marginalises smaller professions, whose resource and teaching needs are very similar to larger professions, but which may be not adequately catered for if they become incorporated in a larger faculty, particularly if it is with larger, non-professional degrees.

14.2 Professions Australia has identified a number of resource costs integral to successful higher education for the professions. These include, but are not limited to, the need to maintain:

- Structures for strong industry-education links, such as a professional advisory board, and/or alumni program;
- Industry liaison and engagement, including the capacity to engage practitioners (often remunerated) as guest lecturers and for supervision;
- Up-to-date teaching and meeting facilities, including profession-specific studios, information technology and laboratories;
- Experience-based learning, such as through placements, laboratories, studies, workshops and field trips;
- Bursaries and placement programs, including supporting professional education in and for regional contexts;
- Attendance of staff at professional conferences which are often more costly yet attract less university funding than academic conferences; and
- Resources to support professional accreditation processes.

14.3 As professional programs are often more resource-intensive for universities than other degree programs, they can be vulnerable when resources are stretched. In particular, smaller professions – those with fewer students and less recognition – report to Professions Australia, significant pressures on their capacity to maintain adequate professional education.

14.4 As a result of cost savings measures implemented by universities many small professional programs are no longer free-standing or independent university teaching and administrative entities. They are frequently situated within larger administrative structures, and often alongside larger programs. In these contexts, smaller professional programs risk potentially significant consequences for resources and administrative status, with concerning implications for the quality of education available for students in these professional degrees.

The Planning Example

A common example is found in the built environment professions, such as urban and regional planning. Those planning programs which are incorporated in faculties that contain larger programs, report increasing challenges to the provision of appropriate professional education. In becoming subsidiary elements in larger administrative and teaching units, such programs lose the power and resources to maintain appropriate clear professional and industry links, or to deliver the professionally-necessary learning experiences.

Where planning programs are incorporated in faculties that contain other professional programs – such as engineering or architecture and design – the weight of numbers (staff and students) in the larger professions often prevail and the smaller professions are disempowered. Administration, budgeting and operations within the school can become skewed toward the larger professions at the expense of the smaller counterparts. Even advisory bodies, when managed by a broad-based school, can become populated largely by practitioners from larger professions, reflecting the interests or the professional background of key members of the school.

Slightly different problems face degree programs for small professions joined with ‘non-professional’ programs. Even kindred social science programs, such as human geography, are less resource-intensive and do not have the professionally-oriented expectations of planning education. The professions require graduates with first-hand knowledge and professional skills, but such learning requires interaction with the planning profession and the urban development environment as part of education. A particular concern is the reduced opportunities for fieldwork in planning programs. It is apparent that universities find this demand hard to meet in the current climate of increased liability and ever-reducing resources.

In some instances, smaller degree programs have even been amalgamated, not just in faculty but also in degree (for example, planning combined with property management). Such circumstances often require changes to entry requirements which alter the skill and interest range of students, and can have significant implications for the way in which professional education is delivered. Amalgamations also necessitate compromise in course content and time. This has implications for the delivery of all necessary core competencies within the degree, and subsequently for the capability of graduating professionals, their eligibility for professional recognition and suitability in the employer market.

14.5 Professions Australia calls on universities and higher education policy-makers to recognise the particular challenges facing small professions, and to provide the necessary financial and structural support to ensure high quality education for all professions. In negotiating “compacts” with universities, the Federal government should introduce an incentive for universities to retain or return to specific programs for small disciplines.

15. Rural and Regional Issues

15.1 An issue for many of the professions is the difficulty faced by many potential students from rural and regional backgrounds to gain entry to and support themselves

through, higher education. There are also difficulties in encouraging graduates to take up positions in rural and remote areas.

15.2 This is particularly so in the health professions but not limited to them. Even the mining industry has trouble recruiting sufficient professionals notwithstanding many graduate each year from the relevant university courses..

15.3 Approximately three in every four regional students and three in every five metropolitan students who attend regional universities on a full-time basis for their undergraduate degree find their first full-time employment in regional Australia following graduation. (B-HERT Policy manifesto).

15.4 Suggestions have been put forward that consideration be given to reducing HECS rates for students who attend universities which are headquartered in regional Australia as a mechanism for redressing the net migration flow of people, especially younger Australians, from regional and rural areas to the capital cities. Other options suggested for consideration have included linking rural and regional service to relief from a portion of HELP debts based on a period of working after graduation in rural and remote areas.

15.5 Consideration could also be given to more and bigger Commonwealth Accommodation Scholarships to assist in meeting the burden of accommodation for those who for geographic reasons have to live away from home if they are to continue with their education. There may also be a need for modifications to the student support arrangements through the Youth Allowance and Austudy schemes where some of the parameters for qualifying may have unintended consequences for potential students from rural and remote areas.

16. Research and Higher Degree Funding

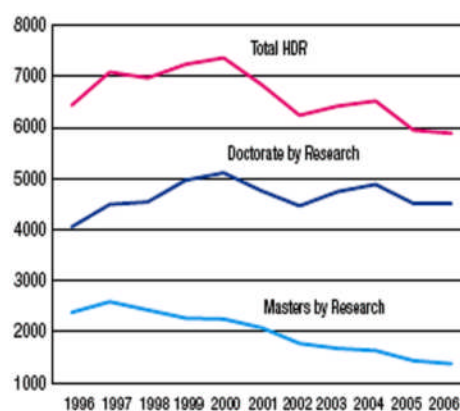
16.1 Research graduates are a source of new knowledge and know how. They enable scholarly continuity and renewal and they serve as a conduit for the flow of new ideas and technologies to businesses, community organisations and government bodies. (Go8 backgrounder No3 November 2007). There has been a nearly 30% decline, over 11 years, in higher degree by research enrolments.

16.2 Table 3 below indicates that Australian PhD student commencements are precariously low in a number of fields that are critical to Australia's sustainability and competitiveness. For an economy heavily based on minerals and energy exports, and seeking to establish itself as a world financial centre, there appears to be insufficient commencements in earth sciences and mining related engineering, accounting, banking and finance. There are a surprisingly low number of new PhD students undertaking environmental studies and very few Australians commencing doctoral work in key areas of health sciences, notably dental, optical and radiography studies.

Table 2: Commencing domestic PhD student load (EFTSL), 2006 (selected fields of study)

Field of study	Student commencements
Mathematics	81
Earth Sciences	65
Information Systems	38
Manufacturing Engineering	21
Process & Resources Engineering	64
Geomatic Engineering	10
Dental Studies	18
Optical Science	3
Radiography	4
Accounting	25
Banking, Finance & Related Fields	16
Forestry Studies	4
Fisheries Studies	3
Environmental Studies	53

Chart 3: Commencing student load for domestic Higher Degree Research students, 1996–2006



Source: DEST, Higher Education Student Statistics, various years

16.3 The age profile of Australia's academic staff is much older than the employed workforce as a whole and significant numbers are likely to retire or move to other jobs over the medium term future. The current trend in enrolments could mean Australia will be confronting a shortfall in the academic workforce with PhD qualifications.

16.4 Another issue is that Australia's share of the stock of PhD enrolments is well below that of major competitor countries.

16.5 It seems that a complex web of factors have brought about this situation with the decline in enrolments in higher degrees by research. Indications are that academic work has become less attractive than other occupations in terms of working conditions. There are too few fellowships and their terms are not generous. Research grant funds fall short of the cost of doing the research and developing and maintaining the necessary research infrastructure. The expectations placed on researchers for more self-generating income are becoming more demanding.

16.6 There are calls for: more postgraduate scholarships; increases in the postgraduate stipends and HECS exempt places; and increases in the level of research infrastructure funding from the present level in Australia of around 20 cents per competitive grant dollar earned to a level more comparable to international benchmarks (45 cents in the UK and 55 cents in the USA).

16.7 The incoming Government has said that it will double from 4,800 to 9,600 the number of postgraduate students receiving an Australian Postgraduate Award for their PhD or Masters by Research. These proposals should be supported but they do not provide the complete answer; the level of the stipends and the level of the research infrastructure funding needs also to be addressed.

17. Articulation Arrangements between Higher Education and Vocational Education and Training (VET)

17.1 The current lack of policy coherence for tertiary education as a whole is a problem. The lack of coherence contributes to labour demand/supply imbalances, labour market shunting down and the risk of underinvestment in education by young/older Australians. Perceptions about the higher status of a university education, for example, can encourage students to seek a university place when VET may provide a better option in terms of labour market opportunities. Current arrangements also restrict the movement of students from VET to universities and impede joint planning to address community and industry needs.

17.2 Higher education policy must address pathways for articulation from vocational education and training to enable VET students to move on to a university education. Better articulation arrangements between skill levels would provide additional flexibility to address skill shortages when they arise. It may also address perceptions about relative status.

18. Realigning Commonwealth – State Responsibilities

18.1 In Australia thirty-six universities and higher education institutions are established by State or Territory legislation. The institutions have very considerable assets, including land, buildings, plant and equipment. Many universities control large amounts of Crown land (land granted by government and generally closely regulated).

18.2 However, as noted in paragraph 6.3 above, these institutions rely on the Commonwealth Government for a large proportion of their revenue. Both the States and Territories and the Commonwealth regulate the sector placing a compliance and a reporting burden on the institutions and this can inhibit them from making their optimum contribution to Australia.

18.3 For example, legislative differences mean that universities cannot always operate on a level playing field in seeking to expand and diversify their revenue sources through commercial activities. Governance and management in public universities have not always been responsive to changes in the operating environment over the last decade, such as diversification of revenue sources and growth in commercial activities. There is a need for greater national consistency in recognition of universities and accreditation of courses and providers.

18.4 The duplication of accountability and reporting is a burden. Understandably the significant Commonwealth investment in universities and the large number of students in receipt of Commonwealth support necessitates a robust accountability and reporting regime. At the same time, public universities which are statutory bodies established under State and Territory legislation are subject to similar regulatory and accountability requirements as other statutory bodies in the same jurisdiction.

18.5 Some progress on aligning these Commonwealth / State and Territory arrangements has been made. For example, the Australian Government announced in the 2007-08 Budget that it will reduce the amount of red tape that binds universities by working with the states and territories to streamline the relevant regulatory and legislative requirements.

18.6 To enact this reform the Australian Government will ask the states and territories to refer regulatory powers over their financial management of universities which will avoid duplication and reduce red tape. Specifically, there would be only one layer of financial auditing and associated reporting requirements imposed on universities. The Australian Government will work with the States and Territories to implement the reform and to ensure their legitimate needs for financial data are met.

18.7 Progress has also been made with the development of national protocols in the areas of governance and higher education approval processes.

18.8 However, there would seem to be some considerable way to go to achieve regulatory best practice. Professions Australia considers that this should be a high priority for Governments.

19. The Bologna Process

19.1 Consideration is being given to Australian alignment with the Bologna process which involves 45 European countries undertaking a series of reforms intended to

create an integrated higher education area by 2010. Participants have agreed to work towards greater consistency in areas such as degree structures, credit transfer and quality assurance systems. At a minimum, compatibility would involve:

- A three cycle degree structure (Bachelor, Masters, Doctorate);
- Promotion of the Diploma Supplement;
- A credit accumulation/transfer system compatible with the European Credit Transfer System(ECTS); and
- The existence of an accreditation/quality assurance framework meeting Bologna criteria.

19.2 From both the perspective of Australia as a significant exporter of education services and from the perspective of international recognition of Australian qualifications, it is of importance for the Australian higher education system to keep in step with overseas developments. Thus we need to keep a close eye on developments with Bologna process.

19.3 That said, Professions Australia believes that it is not something into which we should rush. The process is still developing in Europe and there will be a wide range of implications for the current higher education arrangements in Australia.

19.4 On the one hand, the Bachelors / Masters model provides students with three years extra to determine whether the profession which they initially chose remains the correct one for them. To the extent that this reduces the dropout rate during the course or after graduation this would be a desirable outcome. Students will also receive a broader education than a narrow focus and this should produce a more rounded professional.

19.5 On the other hand, it would seem that for a number of professions a three year bachelor's degree, followed by a two year masters degree may not be enough time to train students in the particular profession they have chosen. For example, the University of Sydney which has already introduced a graduate entry dental program still requires a four year graduate dental program. Some other professions would no doubt go down a similar path.

19.6 Questions would also arise as to the compatibility of qualifications with those who already hold degrees and are in practice in their chosen professions.

19.7 Should Australia go down the Bologna path there would need to be consequential changes to the student support schemes. The learning entitlement period would need to be extended from the current five year period applicable to most degrees so as to cover the expected duration of the courses. Likewise the HECS Help and FEE Help would need to be modified. Students would graduate with significantly higher debt levels and this could have consequences for their preparedness to work in regional and rural areas where the level of remuneration may be less than in metropolitan areas.

19.8 The Diploma Supplement should involve less of step change. It seems not to change the current arrangements very much and the additional information on the nature of the course and the institution may be of some assistance to those who rely on the information embodied in certificates of qualification. For most professions it

would not do away with the need for accreditation of courses and qualifications from individual institutions.

19.9 Australia's accreditation/quality assurance framework would need to meet the Bologna criteria. At first glance this would not seem to pose insurmountable problems.

19.10 Professions Australia believes that we should monitor closely developments with the adoption of the Bologna process and remain involved. However, we should not rush into its adoption in Australia and before we do so, we should ensure that the necessary student support arrangements are in place. We should consider carefully whether this is a decision which needs to be taken by the government or whether it is a matter which could be left to individual institutions and professions. In this regard, some professions are already providing graduate entry and at least one university (Melbourne University) has embarked upon a model which is similar to the bachelor/masters approach.

Attachment 1: Professions Australia Membership



The member associations comprising Professions Australia are:

The Royal Australian Institute of Architects
Australian Dental Association
CPA Australia
Pharmaceutical Society of Australia
Australian Institute of Quantity Surveyors
Australasian Institute of Mining and Metallurgy
Audiological Society of Australia
Australian Veterinary Association
Australian Computer Society
Spatial Sciences Institute
Association of Consulting Engineers Australia
Institute of Actuaries of Australia
Institute of Chartered Accountants in Australia
National Institute of Accountants
Australian Institute of Landscape Architects
Australian Institute of Interpreters and Translators
Institute of Management Consultants
Planning Institute of Australia
Australian Institute of Radiography
Records Management Association of Australasia
Australian Marketing Institute
Australian Sonographers Association

Associate Members

The System Administrators Guild of Australia
The Institution of Surveyors NSW South Wales Inc
Australian Dental Council
Victorian Institute of Teaching
Australian Medical Council
Australian Pharmacy Council
Australian Nursing and Midwifery Council