



Submission to the

Review of

Australian Higher Education

22 August 2008

Government of Victoria

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OVERVIEW

The Victorian Government welcomes this opportunity to contribute to the Review of Australian Higher Education.

Higher education plays a vital role in securing Victoria's future. Our universities provide the grounding for an innovative and creative economy. They contribute to the health and wellbeing of individuals and the community overall and to social, cultural and civic development, as well as economic development. The communities of the 21st century will be built around the framework of an accountable and world-class education and training system.

Victoria takes pride in the scholarship, global reputation and rich cultural diversity of its universities. The Victorian Government acknowledges that the need for diversity and a reputation for high quality teaching, research and scholarship must be matched with a commitment to broad accessibility and high articulation rates into higher education (and tertiary education and training generally) across metropolitan and rural and regional Victoria.

Individual participation must be encouraged by removing geographical and financial barriers that prevent students from developing their potential. In particular, Victorians need better study opportunities and ways of going from one qualification to another, wherever they happen to live and whatever their backgrounds.

In April 2008, the Hon. Jacinta Allan, Victorian Minister for Skills and Workforce Participation, emphasised the following aspects in her initial response to the Review:

- the importance of maintaining institutional diversity as a strong feature of higher education in Victoria, with adequate funding that supports and fosters diversity;
- the importance of Victorian universities continuing to be responsive and internationally relevant, in the context of a decade of insufficient Commonwealth funding for higher education, particularly in relation to funding for rural and regional campuses and metropolitan campuses servicing educationally disadvantaged communities;
- the requirements of commerce and industry for skilled graduates and the projected failure of the higher education system to fully meet these needs over the next 15 years;
- the significance of barriers to higher education faced by students living in rural and regional areas, as well as students living in western metropolitan and outer Melbourne;
- the need for greater accessibility to higher education to address the shortfall of graduates and to ensure social inclusion; and,
- the need to re-examine student income support eligibility criteria and the adverse effects of these criteria on regional student participation, particularly in relation to high deferral rates and high numbers of students living below the poverty line.

This submission elaborates upon and provides evidence in support of those points. It follows the structure of the Review Discussion Paper by considering nine broad characteristics of Australian higher education.

VICTORIA'S PROPOSITIONS

1. STUDENTS AT THE CENTRE

Skills shortages and gaps already present a key challenge to Victoria's economic growth and pressures are likely to intensify in the absence of appropriate policy and program settings.

On current policy settings, there will be:

- a shortfall of 49,000 people with higher education qualifications in the next 15 years;
- a shortfall of 123,000 Diploma and Advanced Diploma qualifications by 2015.

Around 70% of the Australians who will form the workforce in 10 years time are already working.

With an accelerating rate of knowledge creation and technology development and diffusion through society and the economy, there will be greater demands on enterprises to adapt and for individuals to upskill or reskill entirely.

There is a need is to *more closely align supply with actual demand for higher education*. Unmet demand in Victoria alone for higher education has excluded *at least 60,000* eligible applicants since 2001.

The higher education sector is relatively highly regulated and centrally directed.

There is scope and opportunity to introduce a greater degree of demand responsiveness, with student choice at the centre of the allocation system.

The essential elements of any such system are:

- all eligible persons are entitled to a government-subsidised place in a course at a higher education institution, whether public or private;
- the choice of course and institution rests with the prospective student, subject to eligibility;
- the entitlement is exercised at the point of enrolment; and,
- any difference between the value of the entitlement (that is, the government subsidy) and the overall cost of a course can be met by way of an income-contingent loan from government.

A better alignment of student demand with higher education supply will not only better meet overall labour market needs, it will encourage diversification of providers and the development of specialisations, which benefits both students and the economy.

Any system could be moderated to provide for considerations such as amelioration of social disadvantage, location issues and community needs, separately identified and resourced by way of 'compact funding'.

2. ACCESS, EQUITY AND OPPORTUNITY

Australia's education and training system is relatively high performing by world standards.

However, there are groups within the population where underperformance is indicative of 'education disadvantage', which ultimately serves as a barrier to further training and higher education for these groups. As a general rule, participation and attainment is lesser for:

- non-metropolitan residents;

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- residents of Western and Northern Melbourne;
 - Indigenous Victorians; and,
 - persons of low SES background.

Boosting participation and equity by members of these groups requires a multi-pronged strategy, reaching back into the school years, into the secondary–tertiary transition and addressing the needs of older learners.

There is extensive evidence to show that Victorian students can be dramatically affected by access to income support for the cost of living and relocation while studying. This is a particular barrier for rural students/residents.

The Commonwealth review of taxation should address the shortfalls of the student income support arrangements, specifically:

- the level of the ‘age of independence’ (currently 25) in cases where students are required to move away from the family home to take up study; and,
- the point at which parental income and assets begin to restrict eligibility for support and the point at which eligibility ceases.

3. REMAKING THE STUDENT EXPERIENCE

The new learning conditions resulting from the reduction in public funding to universities in the past decade may be detrimentally affecting teaching and learning.

For example, over the past decade the student–teacher ratio has risen from around 14 students per academic staff member to 20.

Restrictions on income support and rising accommodation costs on students has had an unarguably deleterious effect on student welfare. As noted above, the Victorian Government supports steps to address failings in income support arrangements.

The introduction of Voluntary Student Unionism (VSU) by the former Commonwealth Government appears to have impacted negatively on the experience of students at universities and on the finances of universities, which needs to be addressed in the current review of VSU.

Victoria supports additional funding being provided to universities to improve learning outcomes. Both teaching and research are fundamental to the mission of a university.

The Victorian Government supports greater engagement between higher education institutions, industry and other organisations to enrich the learning experiences of students.

Victoria is concerned that the current quality assurance systems are process rather than outcomes-focused and strongly supports a more standards based approach, as set out in section 9 – Governance and regulation.

4. TOWARDS AN INTEGRATED TERTIARY SECTOR

Victoria has developed a distinctive model of tertiary provision which lends itself to the evolution of enhanced education and training pathways through a variety of articulation opportunities, with multiple entry and exit points.

However, there remain significant barriers to better integration, including:

- funding and accountability of the sectors;

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- attitudes and culture;
 - administrative issues;
 - curriculum and qualification design;
 - assessment; and,
 - lack of resources.

In order to facilitate better integration of and collaboration between higher education and VET, it is necessary to develop more compatible outputs and standards, along with instruments for reporting performance, and address a range of funding issues, particularly with respect to multi-sector institutions. The initial means of addressing such issues could be through a new Ministerial Council.

Improving partnerships between universities and specialised school education, such as in maths and science, is important if Victoria is to offer education at a higher level to meet demand for workers such as mathematicians, statisticians, scientists, gene technologists, medical researchers, microbiologists and immunologists.

5. NATIONAL RESEARCH AND INNOVATION

Innovation is crucial to Australia's economic growth and our ability to tackle social and environmental challenges.

Working with other jurisdictions, with industry and with the research community, Victoria has led extensive consultations across Australia and confirmed broad support for the need to elevate innovation policy to national priority status in order to help secure Australia's future prosperity. The current Commonwealth Review of the National Innovation System is providing that elevation.

The Victorian Government has made a detailed submission emphasising:

- forging better connections and collaborations between governments, universities and industry to improve knowledge creation and transfer;
- managing knowledge to provide for improvements in the management of skills and innovation in the workplace; and,
- making improvements to the focus and funding of research.

Universities are an important element of the national innovation system in that research conducted within universities forms a large part of Australia's knowledge creation. The higher education sector provides 27% of research and development activity in Australia, much greater than the OECD average of 18%. However, because of the relatively low rate of industry R&D, Australia's overall investment in R&D is low by OECD standards.

However, too much of that research fails to connect with industry.

Victoria considers that all universities should receive funding to conduct fundamental research, through block grants or the proposed 'compact funding'.

A joint Commonwealth/State approach is required that focuses on areas such as the management of innovation, strengths and gaps in performance, as well as frameworks to support collaboration and knowledge transfer from a research environment into industrial and commercial applications.

6. THE INTERNATIONAL DIMENSION

International students are highly valued members of the Victorian community. They make a substantial contribution to the life of the community and economy and add to the diversity of Victoria's social and cultural experience.

International education is the largest services export for both Victoria and Australia, with a value of \$3.9 billion to Victoria in 2007, accounting for 32 per cent of Australia's total international education export income.

In order to maximise the success of Victoria's international student market, it is imperative to offer the highest standards in teaching and learning, infrastructure, resources, quality mechanisms, student support and assurance and cultural experience.

The reduction in tertiary education public spending over the past decade has made institutions increasingly reliant on full fee paying international students to maintain revenue.

As competition for international students also increases from Europe and the United States and from emerging providers in Asia, Australia's performance is dependent upon its ability both to effectively market and to provide high-quality, internationally recognised programs.

Recent international trends point towards the necessity to develop overarching, national frameworks, as well as credit frameworks that allow international recognition of degrees.

The Victorian Government takes the safety and welfare of overseas students extremely seriously and undertakes to provide for overseas students through a range of measures, notably the *Study Melbourne Victoria* initiative, which provides a gateway to studying and living in Victoria and essential advice.

7. THE SOCIAL, CULTURAL AND CIVIC DIMENSIONS OF HIGHER EDUCATION

The Victorian Government recognises better access to and wider participation in higher education as a priority outcome in terms of economic and social policy.

The research and teaching undertaken by universities is a vital support for a liberal democratic society that seeks to be inquiring, innovative and engaged with international issues. Both activities are a critical enabling factor for social, cultural and economic growth in Australia, as well as supporting personal development and unlocking a wide array of life opportunities.

In terms of economic impact, the estimated annual *direct* and *indirect* contribution of Victorian universities to Victoria was around \$9 billion (in 2004). They directly employed 28,100 people and held gross assets of \$19.7 billion.

Regional universities can be a significant factor in retaining young people in rural and regional areas.

Many universities are interested in being more engaged with the community and industry and see benefits flowing from this to their researchers and students. However, there are often limited resources, and hence limited incentives, for institutions and staff to engage in 'third stream' activities.

Australian universities should be supported to pursue third stream activities, particularly if they build upon and enrich research and teaching. Compact funding provides a mechanism to fund such activity.

8. FUNDING HIGHER EDUCATION

The optimal funding level for the Australian higher education sector is the level required to ensure an internationally competitive sector that satisfies the social, economic and intrinsic value outcomes of higher education.

In determining that optimal level and the composition of funding, one size does not fit all. The current funding model does not accommodate the different needs and circumstances of different universities. There is abundant evidence, for example, that teaching costs at regional and outer urban campuses are substantially higher than metropolitan urban campuses but provision for these extra costs is negligible.

In relative terms, public funding of universities has declined markedly over the past decade. OECD data show public investment in tertiary education in Australia declined by 4% between 1995 and 2003, against an OECD average increase of 48%.

Australian tertiary students now pay nominal fees that are among the highest in the world although this is offset by other factors, such as heavily subsidised income-contingent loans for these fees.

A key question for the Review is to find an appropriate balance between public funding and other funding for higher education, including the level of student contributions. Funding needs to be increased generally and in particular fields of study, such as the health sciences and education, in order to maintain quality and improve access. This will require additional public funding but also a continuation of funding from private sources, including from students themselves.

The Victorian Government does not support full deregulation of fees. However, in the context of a demand-driven, student-centred allocation system, there is a strong case for some continuing degree of fee deregulation, within a capped fee model. This allows institutions to charge a range of fees up to specified limits.

Useful principles that could underpin an effective funding model include:

- **Flexibility:** the model should recognise institutional differences and allow institutions to operate with maximum autonomy and flexibility to pursue their goals and objectives.
- **Accessibility/equity:** within funding limits, the model should maximise opportunities for equitable participation of students, irrespective of socio-economic background.
- **Choice:** choice of course, choice of institution, choice of price and choice of mode of learning should be maximised.
- **Quality:** the model should promote excellence in education outcomes.
- **Simplicity/efficiency:** the model should be simple and easy to administer from a government, institution and student perspective.
- **Sustainability:** the model should be able to stand the test of time.
- **Predictability:** the model should limit the Commonwealth's funding commitment to a defined maximum level and should enable higher education institutions to plan with some certainty.

A process needs to be set in train to establish a realistic and credible "optimal level" of funding, having regard to factors such as the true cost of provision, the value of external and non-conventional activities and the public good value of higher education and the value of personal benefits. Such an exercise might be undertaken within the context of any new national policy advising arrangements.

There is merit in the proposal to introduce funding arrangements for base funding of core activities, allowing for the different circumstances of institutions, as proposed through so-called 'compact

funding'. Institutions drawing students from traditionally disadvantaged populations, for example, require additional funding for teaching and support. Compact funding could also provide 'strategic' funding, such as supporting high-priority/low-demand disciplines where it is considered important to maintain capability, in areas such as mathematics and sciences and languages.

9. GOVERNANCE AND REGULATION

Existing national arrangements continue to work relatively well and there is little evident support for any transfer of powers from the States/Territories.

The Victorian Government has itself recently commenced a review of the legislation of each of Victoria's eight universities with a view to streamlining governance and reducing regulation.

Victoria's ultimate reform package may serve as a model for other jurisdictions and harmonised national arrangements.

The Victorian Registration and Qualifications Authority (VRQA) is the accrediting authority in Victoria for non self-accrediting higher education providers. It offers a major benefit to the Victorian education and training system due to its streamlined approach to regulation and the breadth of its responsibilities.

The Australian Qualifications Framework (AQF) ensures a unified system of national qualifications in schools, vocational education and training (VET), and higher education and promotes national and international recognition of qualifications offered in Australia. The present review of the AQF provides an opportunity for consideration of the relationships between senior secondary, VET and higher education, the three of which remain in relative isolation from each other.

The Victorian Credit Matrix has been designed to work with and enhance the AQF, by laying the foundation for monitoring and building a more coherent and better linked qualifications framework in Victoria. The Credit Matrix also allows for benchmarking with other countries that have level-based national qualifications frameworks.

With respect to quality assurance, Victoria notes that, in establishing its quality regime, AUQA's first cycle of audits focussed on the identification of internal university quality processes, rather than on whether universities are teaching and assessing at appropriate standards. In line with directions indicated by MCEETYA, Victoria considers that AUQA should further develop a standards and outcomes based audit process.

A positive first step towards more co-operative Commonwealth–State arrangements in the tertiary sector may be the creation of a Tertiary Education Ministerial Council, tasked to create overarching national arrangements appropriately structured and planned to facilitate diversity and innovation through a more flexible funding and regulatory framework.

Victoria also sees merit in creating a national body to provide long-term support and advice on to governments and Ministers on governance, regulation and funding issues.

1. DEMAND – PUTTING STUDENTS AT THE CENTRE

Education and training underpin the development of a highly skilled, innovative workforce, which is a critical enabling factor for social, cultural and economic growth in Australia. Over the past decade, strong employment growth has been a feature of Victoria's successful economy and employment has been expanding faster in jobs requiring people with qualifications, in particular higher level qualifications.

This means that in terms of Victoria's future economy, demand for skilled workers will continue to grow, and the types of skills needed by industry will also continue to change.

Skills shortages

Victoria accounts for about one-quarter of the Australia's value-added production. It is a significant international economy in its own right.

Over the past eight years, Victoria's Gross State Product (GSP) has grown at an average annual rate of 2.9 per cent, the highest of the non-resource States. High levels of business investment have added to the economy's capacity. Other indicators, such as strong building approvals and increasing consumer spending, point to a strong economic environment in Victoria.

The recent positive economic performance has translated into a strong labour market. Skills shortages present a key challenge. Private sector surveys¹ consistently show that the current availability of labour and the existence of skills shortages continue to place significant constraints on business activity.

Trends include:

- growth in the consumption of household services, and the culture, leisure, and health industries;
- growth in the information and finance sector;
- higher demand for graduates and current employees with higher levels of education and training;
- slightly slower employment growth overall, with a corresponding rise in demand for more highly skilled occupations; and,
- growth in demand for transferable skills and flexibility across the workforce.

In addition, the ageing population, and a greater national focus on human capital, requires an increase in the quantity and quality of the education workforce to develop students who are able to meet the future demand for skilled workers.

Skills shortages and gaps already present a key challenge to Victoria's economic growth. Pressures are likely to intensify in the absence of appropriate policy and program settings.

¹ See National Australia Bank, *NAB's Quarterly Business Survey - March 2008* (Melbourne: National Australia Bank, 2007); The Australian Industry Group-PriceWaterhouseCoopers, *Survey of Australian Manufacturing for June 2007: Moderate growth continues, but export prospects hurt by Aussie dollar*; The Australian Industry Group, <http://www.aigroup.asn.au/scripts/cgiip.exe/WService=aigroup/ccms.r?pageid=3650>; and Victorian Employees' Chamber of Commerce and Industry, *VECCI Victorian Skills Survey 2006*.

Recent studies have shown that:

- there will be a shortfall of 49,000 people with higher education qualifications in the next 15 years;² and,
- there will be a shortfall of 123,000 Diploma and Advanced Diploma qualifications by 2015.³

Future labour market requirements

Apart from identifying apparent aggregate needs and trends, we cannot predict with any great degree of certainty or accuracy future needs in specific occupations. However, we can say with absolute certainty that the demand for skills, particularly higher-level skills, will continue to grow.

Higher-level skills formation in the future will be characterised by two factors:

- About 70% of the Australians who will form the workforce in 10 years time are already working.
- Some of the jobs of the near future (10 to 15 years) do not yet exist and others will have changed beyond recognition⁴.

The practical implications are that, with an accelerating rate of knowledge creation and technology development and diffusion through society and the economy, there will be greater demands on enterprises to adapt and for individuals to upskill or reskill entirely.

ADAPTING TO LIFELONG LEARNING

‘The effort of all governments working together on reform, underpinned by clear goals of what needs to be achieved in these areas, is critical to ensuring that all Australians have access to the quality education, training and support they need to be equipped for a life of success in learning and employment.’ (Council of Australian Governments’ Communiqué, 3 July 2008).

Lifelong learning is a fundamental response to the significant demographic challenges concerning the supply and demand for labour in an increasingly tight market. It also brings a number of professional, social and, personal and intrinsic benefits to the individual.

See [Appendix 1](#).

With a strong, vibrant and increasingly diverse higher education sector, Victoria considers there is scope and opportunity to introduce a greater degree of demand responsiveness, with student choice at the centre of the allocation system.

From Victoria’s standpoint, an obvious – and increasingly pressing – need is to *more closely align supply with actual demand for higher education*. *Universities Australia* estimates that unmet demand in Victoria for higher education places has amounted to *more than 60,000* eligible applicants missing out on a place since 2001, even allowing for its conservative methodology⁵. This alone closely approximates the projected graduate deficit by 2022 in Victoria.

² Chandra Shah, Lenore Cooper and Gerald Burke, *Industry Demand for Higher Education Graduates in Victoria 2008-2022: an identification of the higher education graduates required to meet industry skill demands*, p xiii.

³ Victorian Government, *Securing Our Future Economic Prosperity: Discussion Paper on Skills Reform*, p8.

⁴ Committee for Economic Development of Australia (CEDA), *Lifelong Learning*, p26. For a vivid presentation on technological change and the exponential growth of knowledge see *Shift Happens* - <http://blogs.msdn.com/ukschools/archive/2007/06/18/shift-happens-did-you-know.aspx>.

⁵ See Bob Birrell, Daniel Edwards and Ian R. Dobson, *The widening gap between demand for and supply of university graduates in Australia* in *People and Place*, vol.15, no.2, 2007, pp72-86.

A student demand model would place choice directly in the hands of eligible persons seeking entry to higher education by way of an entitlement or scholarship⁶. The essential elements of any such system are:

- all eligible persons are entitled to a government subsidised place in a course at a higher education institution, whether public or private;
- the choice of course and institution rests with the prospective student, subject to eligibility;
- the entitlement is exercised at the point of enrolment; and,
- any difference between the value of the entitlement (that is, the government subsidy) and the overall cost of a course can be met by way of an income contingent loan from government.

Victoria believes there is considerable merit in moving towards a more demand-driven model. Indeed, Victoria is moving its VET sector to a more demand-driven system of allocation.

A student demand driven system firstly, and most obviously, benefits the student as a consumer of a service for which he or she is making a significant contribution. Research shows that 40% of all applicants do not receive their first choice and 25% reject the offer they receive. This means that a large percentage of students are being denied their preferred choice and, in some cases, the opportunity to participate in higher education. Another 25% of students enrolling in a higher education course do so on the basis of previous higher education achievement. Even taking into account the necessary limits on eligibility for some courses (e.g. medicine), the current system of allocation seems inefficient and creates a misalignment between student demand and supply.

Research by the University of Melbourne shows that, based on previous patterns, student choices in a student demand driven process would be effective intermediaries between labour market demand and the supply of student places. At the University of Melbourne, applications for courses in areas of high labour market demand - including nursing, teaching and engineering - have increased in recent years, whereas applications for other courses have declined.⁷

Victoria considers that a better alignment between student demand and supply will not only better meet overall labour market needs but encourage diversification of providers and the development of specialisations, which benefits both students and the economy.

⁶ While this is sometimes referred to, usually pejoratively, as a “voucher”, this can have a number of meanings and characteristics – for example, each voucher being of equal value. Victoria does not necessarily agree with such an interpretation.

⁷ The University of Melbourne, *Submission to the Review of Australian Higher Education*, p.9.

SKILLS REFORM

In a recent discussion paper, the Victorian Government has signalled its intention to tackle skills shortages by encouraging more people to enter the training system to improve their qualifications and skills.

Proposed reforms will be directed at:

- boosting the number of individuals and businesses accessing training, which will increase the skills of Victoria's workforce;
- developing a VET system that engages more effectively with individuals and businesses and is easier to navigate;
- ensuring that the system is more responsive and flexible to the changing skills needs of businesses and individuals; and
- creating a stronger culture of lifelong learning.

See [Appendix 2](#).

Victoria acknowledges that, within constraints imposed by any prevailing public policy settings, the public system of education and training can never be entirely demand-driven. Any system would need to be moderated to provide for considerations such as amelioration of social disadvantage, location issues and community needs. But, that acknowledged, the greater the responsiveness of higher education institutions to their direct clients (that is, for the most part, their students), the greater the 'democratic accountability'.

Broader social, economic or cultural requirements that might extend beyond a university's conventional role and responsibilities can be separately identified and resourced by way of the "compact funding" that the present Commonwealth Government has indicated it will adopt or by way of another appropriate mechanism. This is discussed throughout this submission and in detail in Section 8.

As set out in Section 8, the Victorian Government considers that issues around funding – particularly, the *optimal level of funding* to maintain a high-quality higher education sector and the *distribution of the funding* burden between government, the individual and industry – needs more detailed analysis.

THE EMERGING SKILLS GAP IN EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

As part of COAG's work on a "third wave" of productivity reforms, there has been an increased focus on human capital and its links to long term economic growth. This includes a focus on the quality of school education and a greater understanding that high-quality early childhood services are critical in laying the foundation for children's subsequent learning, health and broader development, particularly for children from disadvantaged backgrounds. Victoria proposes a number of specific initiatives around the quality and supply of the early childhood development and teaching workforce.

See [Appendix 3](#).

Victorian Government's Position

There is a pressing need to ensure that capacity is adequate to meet continuing, unacceptably high levels of unmet demand for higher education in Victoria.

With a strong, vibrant and increasingly diverse higher education sector, Victoria proposes that there is scope and opportunity to introduce a greater degree of demand responsiveness, with student choice at the centre of the allocation system. This would place an entitlement (or scholarship) in the hands of a prospective student, subject to enrolment at an institution of that student's choice, rather than "creating" a place at an institution. This aligns with the direction of the Victorian Skills Reform initiative.

Victoria acknowledges that any system will need to be moderated to provide for considerations such as amelioration of social disadvantage, location issues and community needs, perhaps by way of compact funding.

2. ACCESS, EQUITY AND OPPORTUNITY

Based on the performance of Australian students in international assessments, such as the OECD Program for International Student Assessment (PISA), Australian school systems, including that of Victoria, are among the highest performing systems in the world.⁸ International benchmarking also demonstrates that Australia has relatively high levels of university educational attainment compared to the higher performing OECD countries. In Victoria, 43.9% of surveyed Year 12 or equivalent Victorian school leavers from 2007 were enrolled in university.⁹

Nevertheless, there are discrete cohorts within the population where underperformance indicates what might be termed 'education disadvantage', which ultimately serves as a barrier to further training and higher education, as discussed below. Overall, 13 per cent of Australian students participating in PISA, for example, failed to reach the benchmark which indicates functional literacy¹⁰. Of particular concern is the concentration of apparent disadvantage among Indigenous students and students of low socio-economic status (SES) background, and the barriers to participation in higher education by rural residents.

Transitions

Over the past 20 years, in particular, there has been a marked growth in participation in higher education, with the number of domestic students more than doubling from around 370,000 in 1985 to around 760,000 in 2007. Notably, the number of Victorian participants increased by only 67%, so that Victoria's proportion of domestic students declined from around 29% of the Australian total to around 24%, which has implications in terms of Victoria's continuing high levels of unmet demand, as identified in section 1 of this submission.¹¹

This growth has been in all segments of the population across Victoria and Australia. There are, nevertheless, differences in both participation and attainment characterised by regional location; SES background; and ethnic background.

As a general rule, participation and attainment is lesser for:

- non-metropolitan residents;
- residents of Western and Northern Melbourne;
- Indigenous Victorians; and
- persons of low SES background.

Department of Education and Early Childhood data confirm that rural and regional VCE students are less likely to continue on to higher education than their metropolitan counterparts.

Rural and regional students are also more likely to defer their studies than students from metropolitan areas.

Year 10 to Year 12 transitions

Table 1 shows that there is a very marked difference in the apparent Years 10–12 retention rate between metropolitan and non-metropolitan regions, which obviously impacts on ultimate higher education participation.

⁸ Michael Barber and Mona Mourshed, *How The World's Best-Performing School Systems Come Out On Top*.

⁹ Department of Education and Early Childhood Development (DEECD), *2008 On Track Survey*.

¹⁰ Sue Thomson and Lisa De Bortoli, *PISA in Brief From Australia's Perspective: Highlights from the full Australian Report: Exploring Scientific Literacy: How Australia Measures Up: The PISA 2006 survey of students' scientific, reading and mathematical literacy skills*.

¹¹ Department of Education, Employment and Workplace relations (DEEWR), *Higher Education Statistics series*.

Table 1 – Apparent Years10–12 Retention (%)

Year	2000	2001	2002	2003	2004	2005	2006	2007
Metro	82.8	84.9	85.5	86.3	86.4	86.2	85.1	85.3
Non-metro	72.1	74.7	76.4	75.9	76.0	75.6	73.1	73.4
All	79.0	81.3	82.3	82.7	82.9	82.7	81.1	81.3
Difference	10.7	10.2	9.1	10.4	10.4	10.6	12.0	11.9

Retention rates for both metropolitan and non-metropolitan students have improved somewhat since 2000, although they have fallen from a peak in 2004. However, as can be observed, after a couple of years of relative improvement, the spread between metropolitan and non-metropolitan students was actually wider in 2007 than in 2000.

VCE completions

The following trends with regard to VCE completion are evidenced by *On Track* survey data across three years from 2005 to 2007¹²:

- The number of VCE completions has increased in both metropolitan and non-metropolitan regions and Victoria's retention rate has remained generally stable (84.4 per cent in 2005 and 84 per cent in 2006).
- The percentage of those who complete VCE and then apply for a tertiary place has declined steadily across all non-metropolitan regions from 2005 to 2006.
- The percentage of those who complete VCE and then apply for a tertiary place has declined at a lower relative rate in all metropolitan regions, except the eastern metropolitan region.
- The percentage of those who completed VCE and were enrolled at university at the time of the *On Track* survey has declined in non-metropolitan regions.
- The percentage of those who completed VCE and were enrolled at university at the time of the *On Track* survey has increased in metropolitan regions.

Deferral rates

Table 2 shows the rate of metropolitan and non-metropolitan Year 12 student deferral rates.

Table 2 – Year 12 Deferral Rates 2004–07

Deferral Rate %	Survey Year			
	2004	2005	2006	2007
Metropolitan Regions	5.1	5.0	6.0	6.5
Non-Metropolitan Regions	9.6	10.6	13.3	15.9

On Track survey data across three years from 2005 to 2007 provides strong evidence that non-metropolitan students are much more likely to defer their studies:

- the percentage of those who completed VCE and then deferred tertiary study has increased by 5 percentage points in non-metropolitan regions; and,
- the percentage of those who completed VCE and then deferred tertiary study has increased by 1 percentage point in metropolitan regions.

¹² DEECD, *On Track Surveys 2005- 2007*.

The four major economic reasons given for deferring (multiple reasons can be given) are:

1. The individual is waiting to qualify for Youth Allowance to further support their study.
2. The individual would have difficulty supporting themselves if they were to commence a course of study.
3. The costs of study are a barrier to the individual.
4. The costs of travel to access study are a barrier to the individual.

The major non-financial reason for deferring is an unwillingness to leave home.

On Track reveals that the four economic reasons for deferring have been cited less by those who completed VCE in metropolitan regions (except waiting to qualify for Youth Allowance). Leaving home has also been increasingly cited by students in non-metropolitan regions as a reason for deferring. This latter reason would reflect both socio-cultural and economic factors – that is moving far from home at a young age and the economic cost of such a move (which is estimated to be of an order of at least \$15,000 pa).¹³

Students who defer their studies and gain employment often do not return to study as they get accustomed to the short-term income and lifestyle advantages or lose the confidence to continue with their studies.

Non-metropolitan regional university preferences

Between 2007 and 2008, first preference applications to regional campuses of Victorian universities declined by 5 per cent (453 applications).

Progression

Longitudinal research undertaken by the Australian Council for Educational Research (ACER) indicates that once a rural young person manages to gain admission to university they are just as likely (or more likely in the case of young people from small provincial cities) as their metropolitan counterparts to complete their course.¹⁴

University participation, access and equity

The Victorian Government has commissioned research into access and participation trends in Victoria. The final report, which will be provided to the Review, will include new data from the Victorian Tertiary Admissions Centre (VTAC) to provide an up-to-date evidence base that focuses on the dynamics of university entrance and enrolment in Victoria.

The preliminary report's main findings on non-participation verify other research:

- young people from regional areas usually need to relocate from home;
- proximity to a university campus plays an important role in the likelihood of attending university ;
- participation is linked to socio-economic status and to cultural attitudes to university, local employment and family expectations;

¹³ Richard Teese, Kira Clarke and John Polesel, *On Track Survey 2007 Statewide Report – The Destinations of School Leavers in Victoria*, pp.56-57.

¹⁴ Julie McMillan, *Course Change and Attrition from Higher Education*, Australian Council for Educational Research), p.35.

- the lower participation rate of non-metropolitan students is not because of weaker tertiary entrance performance;
- post-school destinations of Victorian Year 12 completers vary considerably by geographic region;
- students with lower ENTER outcomes are disproportionately from government schools, outer suburbia and from low SES backgrounds; and,
- as competition for university increases, the ability of students from low SES backgrounds and government schools to access university decreases.

The full preliminary report *University participation, access and entry in Victoria* (undertaken by ACER) in June 2008 forms [Appendix 4](#).

Contextualising socio-economic disadvantage

A family's socio economic status (SES) is based on income, parental educational attainment and parental occupation. There are well documented links between SES background, student performance at school and subsequent participation in higher education.¹⁵

Victorian students with low family SES background are much more likely to under-perform in literacy and numeracy and therefore lack the foundation skills to progress in education and to higher levels of training. For example, PISA reported that in 2006, 23 per cent of Australian students in the lowest socio-economic quartile failed to reach the literacy and numeracy benchmark, compared with 5 per cent of the highest socio-economic quartile. Only 6 per cent of students in the lowest socio-economic quartile obtained a Level 5 or higher, compared with 26 per cent of students in the highest socio-economic quartile.¹⁶

Students with low attainments in the middle years are less likely to progress to senior secondary school, let alone to higher education.

But even those low SES students who complete school face significant hurdles in seeking to progress to higher education. A recent analysis of university application data showed that students living in low SES areas generally gain lower tertiary entrance (ENTER) scores. They are less likely to obtain an offer for a university place compared with students with a higher SES.¹⁷

The 2008 *Universities Australia* data analysis of participation and equity groups demonstrates that students from high SES backgrounds are three times more likely to go to university than students from low SES backgrounds. The share of university places for low SES students is approximately 15 per cent of places compared to the population reference point of 25 per cent. The data further show that the proportion of under-representation of low SES students in the Go8 universities has remained stable; there is a markedly low representation in the professional faculties such as medicine, law, architecture and postgraduate studies.¹⁸

While there has been limited change over the past 15 years in Australian low SES participation rates, this trend is comparable with other countries such as the United Kingdom, Canada and the United States.

¹⁵ See for example Richard Teese and John Polesel, *Undemocratic Schooling: Equity and Equality in Mass Secondary Education in Australia*.

¹⁶ Thompson and De Bertoli, *op.cit.*, p.12.

¹⁷ Daniel Edwards, *What Happens When Supply Lags Behind Demand? Disadvantaged Students and the Ever Increasing Competition for University Places* in the *Journal of Higher Education Policy and Management*, vol. 30, no. 1 (2008) p.10.

¹⁸ Universities Australia, *Advancing Equity and Participation in Australian Higher Education*.

In Victoria, the decline in funded university places from 1996 to around 2003 and increasing competition for university places (more applications) has led to a decline in the 'market' position of lower SES applicants over time. In 1996, Year 12 VTAC applicants living in areas of low SES status in Melbourne achieved an indexed median ENTER of 0.85 and 53 per cent received an offer of a place. By 2004, the indexed median enter scores of such students had not changed substantially but the offer rate had declined to 43 per cent – that is by 10 percentage points or around 20% in actual terms.

The issue, however, is one of access rather than ability. *Universities Australia* data note that, once enrolled, these students perform as well as those from higher SES backgrounds.¹⁹

Issues of geographic disadvantage

A VTAC analysis of the geographic distribution of ENTER scores in 2007 ([Appendix 5](#)) shows a distinctive regional pattern.

Geographic disadvantage manifests in forms of:

- concentration of low SES families in particular locations;
- remote location; and,
- small communities.

Location has labour market implications, which in turn affects family income and SES, which in its turn affects the likely education attainments of children of families in particular locations. In a study of 'community adversity and resilience', which mapped relative social advantage and disadvantage, it was concluded that:

... where people live dramatically affects the diversity of job opportunities with respect to industry participation and skills, and it can affect labour market participation and engagement. Place does matter.²⁰

The incomes of residents of non-metropolitan Victoria tend to be substantially lower – on average, 15 per cent to 25 per cent lower – than their metropolitan counterparts.²¹

A lack of financial resources and social capital in a community affects schooling in a variety of ways.

The most obvious is in terms of the quality and range of education offerings available to students. Low SES communities cannot afford to provide much additional financial support of their schools in the way that high SES communities can afford. Keating has found that student performance in government secondary schools in Victoria corresponds to school size: in general, larger schools get better results.²² Students with low family SES tend to be clustered in smaller schools (less than 600 students) and students with high SES backgrounds in bigger schools (more than 900 students). By definition, schools in smaller rural communities will tend to be smaller rather than larger.

In terms of access to higher education, students in certain regional locations are therefore constrained in their choices by:

- low education attainment, with students in rural Victoria, for example, having both lower rates of year 10–12 transition and, for those who complete Year 12, lower than State

¹⁹ *Ibid.*

²⁰ Jack Keating and Stephen Lamb, *Public education and public purposes: School quality, sectors and place*, IARTV Seminar Series 138, p.6.

²¹ Australian Bureau of Statistics (ABS)S, 6523.0 – *Household Income and Income Distribution, Australia, 2005 -06*. -

²² Keating and Lamb, *op.cit.*, p.5.

average ENTER scores (the latter is also evident in several, generally low SES metropolitan areas);

- limited family and personal financial resources, which closes off options even for those rural students who achieve relatively high ENTER scores (see following);
- limited choice of local course availability for many rural students who cannot afford relocation. If there is a local university campus, the range of courses offered may be extremely limited, providing for only a few disciplines, which makes higher education unattractive in personal terms;
- limited personal confidence, local employment motivation or family support to encourage a school leaver to take the high cost option of moving to a location offering suitable higher education courses;
- reluctance to take on the financial strain of both high away-from-home living costs and relatively high HECS debt commitments which can also require students to commit significant time to earning income to cover living expenses at the expense of their study capacity and outcomes;
- limited subject choice in many small regional schools does not enable students to select subjects of most interest/relevance to their abilities which both reduces their ultimate ENTER score and their access to desired courses. This can also limit student course selection options and decisions; and,
- limited understanding of the benefits of higher education, particularly if one wants to stay in a regional area.

Issues of Indigenous disadvantage

Socioeconomic disadvantage and geographic disadvantage is highly compounded for indigenous students. As for SES disadvantage, there is a higher concentration of indigenous students in rural Victoria, Western Region Metropolitan areas, and the peri-urban fringe. The report of The Victorian Regional Higher Education Working Party (VRHEWP) concluded that the problem of access to higher education in rural areas 'is particularly severe for indigenous persons and those from low socioeconomic backgrounds who are not able to afford to transfer to study at the metropolitan cities. In addition to the economic impact of communities leaving school too early there are also severe social consequences.'²³

The PISA report emphasises the severity of this disadvantaged group: it suggests that indigenous students are generally attaining a level 'two and a half years behind the average for their non-indigenous contemporaries.'²⁴ According to PISA 40 per cent of indigenous, compared with 12 per cent of non-indigenous, Australian students failed to meet the OECD benchmark, compared to 20 per cent of all OECD students who failed to meet the OECD benchmark.

Income support

There is a substantial body of evidence showing that financial pressures are preventing young people studying at university, particularly in rural and regional areas of Victoria, including that cited above in respect of *On Track* data.

Recent research by Naomi Godden concludes that 'many regional young people cannot access Youth Allowance income support due to stringent eligibility criteria, suggesting causation to low regional tertiary participation.'²⁵ The annual cost for regional young people to study away from home is estimated at \$15–20,000 a year, which is out of reach of many families in rural

²³ Victorian Regional Higher Education Working Party, *Report to the Hon. Lynne Kosky, MP, Minister for Education and Training*, p.2.

²⁴ Thompson and De Bertoli, *op.cit.*, p.15.

²⁵ Naomi Godden, *Regional Young People and Youth Allowance: Access to Tertiary*, p.9.

communities (as indeed it would be for many metropolitan families). Because the Youth Allowance eligibility is assessed against parents' assets and income this is 'particularly inequitable for farmers or business-owners, because their assets (including land) provide income and cannot be sold.' Godden found in her research that 'the enormous financial burden on families to support their children, and strict Youth Allowance eligibility, cause some families to resort to desperate means to ensure their children are financially supported' at university.

WHY COUNTRY CHILDREN ARE LESS LIKELY TO ATTEND UNIVERSITY ²⁶

We struggled financially, when our son was at Uni, although we were both working.

Finances are the main reason many children do not attend university. If parents cannot help with finances, Uni is 'out'.

Austudy is the same whether you are from the country or the city. City children can live at home, country kids cannot. Accommodation costs are very high, and it is often more than most parents, on an average income, can afford to subsidise. City students can go home for a meal – many country students are on near starvation diets, even when subsidising Austudy with 1, 2 and sometimes 3 jobs, always scared they'll lose the government payment if caught. Simply put, country kids generally need more financial help and cheaper student accommodation, as do students from low income families. It is sad when talking to groups of students to see the struggle they have between study, work and budgeting for necessities ...

Centrelink's definition of 'independence' as an eligibility criterion for the Youth Allowance 'does not reflect the regional experience' with the age of 25 being too high. Moreover, to be eligible under Centrelink's *Workforce Participation* criterion, young people have to have been 'out of school at least 18 months and have earned 75 percent of the maximum rate of pay under "Wage Level A of the Australian Pay and Classification Scale" in an 18 month period (\$18,525 at October 2007).' The situation for rural and regional students in Victoria is further compounded by the fact that the Youth Allowance is currently 20 per cent below the poverty line which, as Godden indicates, 'forces students to either live in poverty or work long hours while studying, affecting their educational performance, wellbeing and connection with family.'²⁷

Researchers from the University of Ballarat have also found that 'many rural and regional young people and their parents are unaware of the requirements for qualification for Youth Allowance. Many parents simply do not have the "savvy" or awareness of ways of "working the system" and securing support payments that could possibly make a huge difference in judgements about whether leaving home to attend university was financially feasible.'²⁸ Their findings lead to the conclusion that, in regional and rural areas, there are overwhelmingly negative attitudes towards Youth Allowance, because the eligibility criteria are far too strict, and the Youth Allowance does not address the needs of regional Victorians, creating a barrier to tertiary education.

Models of income support

While Victoria acknowledges the strong policy rationale for means testing income support, there are real questions around the design of the present subsidy model and how well it reflects today's social and economic circumstances.

As detailed above, there is an extensive evidence base to show that a Victorian student's choice is affected by access to income support for the cost of living and relocation while studying. The evidence also shows that the current eligibility requirements reflect the needs of another era and

²⁶ Marcia Gingold, *Submission to the Victorian Parliamentary Inquiry into Geographical Differences in the Rate in which Victorian Students Participate in Higher Education (Submission #1)*.

²⁷ Godden, *op. cit.*, p.12.

²⁸ Barry Golding, Clem Barnett, Mike Brown, Lawrie Angus and Jack Harvey, *Everything is Harder: Participation in Tertiary Education of Young People from Rural and Regional Victoria*, p.5.

present heavy restrictions on regional students. Given the direct relationship evidenced by income support and student participation, the present Commonwealth review of taxation, which also covers transfer payments, should be utilised to address the shortfalls of current student income arrangements. Specifically consideration ought to be given to:

- the “age of independence” (currently 25 years of age) in cases where students are required to move away from family home to take up study; and,
- in cases where students do not qualify for independence, extend the parental income and assets cut off to accommodate students from middle income families.

It would be impractical to extend income support to all students who wish to study but it is the view of the Victorian Government that there needs to be a more equitable balance for families of relatively modest middle income, who would experience real hardship in financially supporting a family member’s participation in higher education. Under current arrangements the “taper rate” from which point any benefit begins to diminish can cut in at a family income of around \$31,000 pa. and disappear entirely at around \$60,000 - \$65,000, even with a number of other dependent children.

The recent doubling (by 2012) of the number of Commonwealth Scholarships, together with the introduction of National Accommodation Scholarships, is a welcome initiative. However the scholarships are for relatively modest amounts – the accommodation scholarships are worth \$4324 in 2008 or about 20%-25% of living away from home costs for a student from rural Victoria – and are therefore of limited utility to low SES background students. It has also been proposed that the accommodation scholarships be tenable for *interstate* relocations for higher education. Victoria has argued in a separate submission that the scholarships also be available for *intrastate* relocations.

A multi-pronged approach

Richard James from the University of Melbourne’s Centre for the Study of Higher Education has postulated a number of measures directed at increasing the participation of underrepresented equity groups in higher education.²⁹ James, among others³⁰, observes that improving access and equity for disadvantaged and rural and regional³¹ students requires a multi-pronged approach, taking into consideration the funding of higher education, as well as the cultural and social factors, which may be just as, if not more, challenging to address:

- framing policy around a multi-causal understanding of the factors underlying under-representation;
- instituting more flexible university admission requirements;
- renewing first year curricula;
- fostering the aspiration for higher education;
- reaching back into school, well before transition to university;
- setting targets and providing more incentives for universities to focus on teaching disadvantaged students;
- improving definitions and measures of socioeconomic status; and,
- developing more accurate ways of measuring graduate outcomes.

²⁹ Richard James, *Social Equity in a Mass, Globalised, Higher Education Environment: The Unresolved Issue of Widening Access to University*.

³⁰ See for example Stephen Lamb, Ann Walstab, Richard Teese, Margaret Vickers, and Ross Rumberger, *Staying on at School: Improving Student Retention in Australia*, pp.11-12.

³¹ As the foregoing discussion suggests, *regional* has metropolitan as well as non-metropolitan applications.

The Victorian Government is seeking to create opportunities for broader access and equity by pursuing such multi-pronged strategies, including by way of its *Blueprint for Government Schools*. However, clearly a fully effective approach to creating more social inclusive universities requires collaboration with the Commonwealth and universities.

BLUEPRINT FOR GOVERNMENT SCHOOLS

The Blueprint for Government Schools sets the directions for improved student, school and system performance. It outlines strategies to deliver on the three priority areas of:

- recognising and responding to diverse student needs;
- building the skills of the education workforce to enhance the teaching–learning relationship; and,
- continuously improving schools to maximise student learning, lift school performance and make the Victorian government school system even stronger.

The Blueprint is fundamentally about improving student outcomes. Its objective is to provide all students (irrespective of the school they attend, where they live or their social and economic status) with a high-quality school education and a genuine opportunity to succeed.

The Department of Education and Early Childhood Development (Victoria) is developing a new iteration of the Blueprint. This will provide the framework for a five-year reform agenda for early childhood services and schools. It will drive improvement and integration and help to deliver the best possible outcomes for all children and young people in Victoria. It is expected that the Blueprint for Early Childhood Development and School Reform will be released later this year.

[See Appendix 6.](#)

Victorian Government's Position

Victoria supports the removal of barriers to access to higher education, and tertiary education and training generally, in order to ensure that all capable students have the opportunity to participate. Addressing issues of access requires efforts from State and Territory governments, the Commonwealth, and universities themselves, and includes reaching back into the school years, a more flexible approach to identifying students likely to do well in university, and incentives for universities to assist disadvantaged students.

The Victorian Government also believes that existing income support arrangements for students are inadequate, particularly for rural students. This issue should be referred for urgent attention to the present review of taxation and transfer payment headed by the Secretary of Treasury.

3. REMAKING THE HIGHER EDUCATION EXPERIENCE

The student experience of university learning and campus life has changed markedly over the last 20 years — more providers exist, offering greater course choice and new approaches to course delivery (e.g. ICT learning tools).

As noted in the Review's Discussion Paper, subjective measures of student satisfaction with learning experiences (e.g. *Graduate Destinations 2006*) and objective measures of long-term employment outcomes and levels of remuneration indicate that the Australian higher education sector delivers strong outcomes to students.

The quality of teaching and curricula

Nonetheless, there is some evidence that the new learning conditions resulting from the reduction in public funding to higher education institutions in the last decade may be detrimentally affecting teaching and learning.

Over the past decade, the student-teacher ratio has risen from around 14 students per academic staff member to 20.³² The Discussion Paper notes that students have reported that increased ratios do, at the very least, reduce opportunities for student access to and interaction with lecturers and tutors.

Victoria notes that there is also strong evidence from the United States that the nature and frequency of student contact with faculty members is one of the factors that differentiates between more and less educationally effective institutions³³. The extent of informal contact with faculty is positively linked with an array of outcomes, including growth in autonomy and independence, and liberalisation of societal and political values.³⁴

Clearly, the quality of the student experience at university is also highly dependent upon the quality of classroom teaching and, of course, curricula. While there has been an increased focus on the quality of teaching and curricula at the higher education level in recent years, it remains the case that universities are institutions formally defined by their research activity and that career progress for academic staff is overwhelmingly dependent on perceived success in research (the "publish or perish" imperative).

A large number of university students now utilise online learning rather than necessarily receiving tuition on-site. The interests of this student group should also be considered when reassessing the student experience of higher education.

Boosting the quality of learning outcomes

Two key questions require attention:

- Are all higher education courses in Australia of sufficient quality to meet the three key outcomes specified in the Discussion Paper?
- Do different higher education institutions observe significantly different teaching and learning standards?

In relation to the first question, Victoria supports a greater recognition of universities as *teaching* environments, with concomitant incentives and rewards.

The Victorian Government supports the contribution of the Australian Teaching and Learning Council (and its predecessor, the Carrick Institute) to promoting high quality teaching and, more

³² Group of Eight (Go8), *Students the losers from outdated funding policy*, media release, 27 October 2007.

³³ E.T. Pascarella and P.T. Terenzini, *How College Affects Students: Volume 2*, p.642.

³⁴ *Ibid*, p.613.

recently, curricula. Victoria notes that Professor Kwong Lee Dow AC is reviewing the programs and activities of the Council, with the aim of producing an evaluative report in time for submission to the Bradley Review.

As indicated above, Victoria would support additional funding being provided to universities to improve learning outcomes. Greater financial incentives for high quality teaching would allow universities to think of departments or schools as teams – where some academics may be focused on excellence in teaching rather than research.

This is not to decouple ‘research’ from ‘university’ but rather to recognise that, while active research is intrinsic to the character of a university, not all members of a university’s academic community need be research intensive. Good teaching is informed by strong scholarship and a research-active environment.

As part of a renewed commitment to high quality teaching and curricula, the Victorian Government supports greater engagement between higher education institutions, industry and other organisations to enrich the learning experiences of students.

In relation to the second question, Victoria is concerned that the current quality assurance systems are *process-driven* rather than *outcomes-focused*. A sound assurance system is necessary to ensure the strength of the system across all institutions. As noted in the Discussion Paper, AUQA was originally tasked to report on the relative standards within the system and on its quality assurance processes. However, as the discussion paper notes, AUQA itself concedes that it has struggled to achieve this end. This is addressed in more detail in section 9.

Victoria notes, however, that the effectiveness of institutions – including the *value* that they add to students’ outcomes – cannot be determined by academic standards alone. As noted above, the evidence suggests that the institutional characteristics that lead to better student outcomes include the nature and frequency of contact with faculty and peers, environments that support intellectual and personal exploration, and contact with students from diverse backgrounds, along with pedagogies that encourage active student engagement in learning.³⁵ This, in turn, suggests that the importance of these characteristics (or other such characteristics identified through sound research) should be better recognised and supported by universities and government.

The quality of the broader university environment

It is also important to consider the quality of the student experience outside the lecture theatre (for example, whether there is access to reasonable living conditions and the opportunity to engage in campus life). There is good evidence that campus environments which provide opportunities for students to encounter different kinds of people and ideas, and support intellectual and personal exploration, are characteristic of more educationally effective institutions.³⁶

Restrictions on income support and rising accommodation costs for students has had an unarguably deleterious effect on student welfare. There is evidence that the tightening of criteria for those who can gain income support – available to 35.2% of the student population in 2006 in contrast to 42.4% in 2000 – has forced many students to either ‘live in poverty or work long hours while studying, affecting their educational performance, wellbeing and connection with family’.³⁷ The *2008 On Track* report indicates that the pressure of living costs causes many students to defer studies at university.³⁸

In short, the reduction in the eligibility for income support, along with the rising cost of accommodation, threatens the social inclusiveness of the student body and less well-resourced students’ capacity to participate in on-campus activities.

³⁵ *Ibid.*, p.642.

³⁶ *Ibid.*, p. 642.

³⁷ Godden, *op. cit.*, p.12.

³⁸ DEECD, *On Track Survey 2008*.

The introduction of Voluntary Student Unionism (VSU) by the former Commonwealth Government also appears to have impacted negatively on the student experience at higher education institutions. While the relatively recent introduction of the legislation makes it difficult yet to comment on its impact, several early reports note that it has affected health and sporting services, particularly in rural and regional areas. Several studies indicate that the VSU has made it difficult for many university students to access services like childcare, health services, counselling, advocacy, and sporting and cultural facilities, and has reduced the overall amenity of universities. It has also imposed additional costs on universities in attempting to maintain some of these services. The Commonwealth Government is currently consulting with higher education stakeholders on the impact of VSU, with the outcomes of this process being available to the Review.

Victoria notes that the VSU discussion paper outlines options for post-VSU funding of amenities and services. In general terms, universities need to be adequately funded for such purposes, whether through student contributions, public funding or a combination of both.

The improvement of the student experience should be informed by a consideration of the interests of domestic and international students alike, and of the value of their interaction. This will require the engagement of all levels of government (including relevant local governments) and universities themselves.

Victorian Government's Position

Victoria supports additional funding being provided to universities to improve learning outcomes. Both teaching and research are fundamental to the mission of a university.

Victoria is concerned that the current quality assurance systems are process rather than outcomes-focused and strongly supports a more standards based approach (see discussion in section 9 – Governance and regulation).

Victoria notes the links between vibrant, inclusive campus environments and educational outcomes, and is concerned that universities are not currently adequately funded to provide this sort of student experience.

As noted in the previous section, Victoria also believes that existing income support arrangements for students are inadequate and that issue should be referred for urgent attention to the present review of taxation and transfer payment headed by the Secretary of Treasury.

4. TOWARDS AN INTEGRATED TERTIARY SECTOR

Victoria's universities and higher education providers

There are eight universities established under Victorian statutes operating in Victoria. In addition, the Australian Catholic University operates two campuses in Victoria and is a significant provider in the disciplines of teaching and nursing. The Melbourne College of Divinity is a self-accrediting institution which provides high-quality ecumenical Christian education courses up to PhD level. There is also a growing private sector, with more than 50 registered higher education providers. Since 2003, five TAFE institutes have been granted the capacity to provide higher education courses.

Vocational Education and Training (VET)

There are over 1,300 public and private providers registered to deliver VET in Victoria including 18 TAFE institutes, four of which are located within multi-sector institutes (universities). Other providers include private registered training organisations (RTOs) and the adult and community education providers. Vocational education and training delivery in Victoria is funded through a significant government subsidy, student contributions in the form of fees and other fee for service activity.

Of the four dual sector institutions, the University of Ballarat is located and headquartered in regional Victoria and has a further three regional campuses.

TAFE institutions offer a wide variety of courses and are located across the length and breadth of the state, with 99 separate campuses. Eight of the 14 stand alone TAFE institutions have their headquarters in regional Victoria and three of the metropolitan-based TAFE institutions have campuses in rural and regional locations.

Partnerships between specialised schools and other education providers

Improving partnerships between universities and specialised school education, such as in maths and science, is important if Victoria is to offer education at a higher level to meet labour market demand for skills such as mathematicians, statisticians, scientists, gene technologists, medical researchers, microbiologists and immunologists.

JOHN MONASH SCIENCE SCHOOL

The proposed John Monash Science School, a specialised science, mathematics and technology comprehensive school for 600-plus senior students, is an initiative in this field of activity. In partnership with Monash University, the school will lead the development of innovative teaching and learning and be a focal point for the developing Victorian Science Strategy. It will be a State-wide provider and have State-wide impact.

However, capable students in other schools need also to be engaged in ways that have not traditionally been the province of universities – specifically, in areas of teaching, whether it be programs, science/maths camps or support to teachers.

Partnership opportunities in Victoria have emerged through the development of specialised curriculum programs such as those offered by a number of Victorian Government schools in the arts, sports, science, and vocational education and training. These partnerships have the capacity to:

- provide high-level specialist teaching to high achieving students;
- provide pathways for talented students, encouraging them to pursue further tertiary study in specialist areas such as science;
- create opportunities for reciprocal teaching arrangements, teacher training opportunities, and the promotion of careers in specialist areas; and,
- facilitate joint research activity and professional development for staff across the education system.

Victoria is looking to expand its range of specialised priority initiatives. Extending the reach of these initiatives to more students will require additional funding to increase capacity and improve facilities.

Institutional initiatives to improve access and equity

Victoria has developed a distinctive model of tertiary provision in a number of respects:

- the Victorian Certificate of Applied Learning (VCAL) is a recognised senior secondary education certificate, which provides an alternative pathway to further education and training from the more traditionally academic Victorian Certificate of Education (VCE);
- the development of non-school alternatives for the senior years of secondary education, through four Technical Education Centres (TECs) located within TAFE institutes and the Holmesglen Vocational College;
- by far the highest provision of Diploma and Advanced Diplomas in TAFE of any jurisdiction in Australia, with over 35% of the Australian total (compared to NSW, with 26%);
- the provision of higher education within the TAFE system; and,
- the existence of multi-sector institutions, which provide courses across VCAL, further education, vocational education and training and higher education.

These initiatives are leading to the emergence of an integrated tertiary education and training sector that increasingly lends itself to the evolution of enhanced education and training pathways through a variety of articulation opportunities, with multiple entry and exit points. They also serve to strengthen cross-sectoral collaboration.

Victorian institutions serving educationally disadvantaged communities have developed a wide variety of programs to improve access and equity.

-
- Melbourne University works in conjunction with the Indigenous Academy of Sport, Health and Education (ASHE), which focuses on individuals and their personal needs by providing individualised education and career planning.
 - Victoria University's Access and Success project works with schools in the west of Melbourne. It aims to improve young peoples' access to and successful participation in post-compulsory education and training. The University has also developed the Parent Information Program, which targets parents of students who are the first in their family to enter higher education, providing them with information in writing and at dedicated sessions.
 - Deakin University's scholarship program (valued at \$1,080,019 in 2007) is directed at rural and regional students who would otherwise not be able to attend university.
 - The Deakin-TAFE Alliance is a four-way partnership with the three TAFE institutes closest to Deakin's Melbourne, Geelong and Warrnambool campuses.
 - A new VCAL pathway into Bachelor of Teaching (Primary), a partnership between Deakin and schools in the Geelong region, will commence in 2009, providing access to higher education for students who would otherwise not be able to directly enter university from school.
 - The University of Ballarat's Rural Education Entry Program (REEP) allows current VCE students from regional and rural communities to be considered for a place at the University based on their overall ability and potential to succeed, rather than just their ENTER score. The University runs a Mentoring and Transition Program for commencing students, to enhance social networking, break down isolation, and assist with transition to the university, especially for those who are first-generation university students and those from rural and isolated areas.
 - La Trobe University is working closely with TAFEs in Mildura, Shepparton and Wodonga to address some of the challenges associated with small-scale operations in regional areas. The possibility of some teaching of university units by TAFE is being explored, together with articulation strategies, joint marketing strategies and joint service support.

There have been recent initiatives which recognise and assist to facilitate better integration, such as the extension of FEE-HELP to full-fee paying students studying VET Diploma and Advanced Diploma courses and the provision of scholarships for Associate Degree programs. Another such initiative in the 2008-09 Commonwealth Budget transformed the Higher Education Endowment Fund into the Education Investment Fund, with a substantial additional endowment and an extension of scope to include VET institutions.

Nevertheless, there remain significant barriers to better integration as documented in a recent national report:

- **Funding and accountability of the sectors** – Some of the greatest impediments to credit transfer arise from sectoral differences in funding and accountability.
- **Attitudes and culture** – Efforts to bridge the binary divide between the VET and higher education sectors continue to be hampered by cultural differences and by attitudes held by staff in both sectors.
- **Administrative issues** – Case studies identify a host of administrative issues that impede efforts to develop and implement credit transfer arrangements, ranging from timetabling, reporting requirements, length and structures of study periods and study modules, course approval processes, student categories and methods of calculating student load, to the timing of assessment and reporting. These issues are particularly problematic in cases where integrated cross-sector awards are being developed and implemented. Administrative problems continue to place additional and unnecessary pressures on those developing and implementing credit transfer arrangements.

- **Curriculum and qualification design** – Associated with basic differences in purpose between the VET and higher education sectors, there are also differences in the way in which qualifications are structured and described and in the approaches each sector takes to curriculum and assessment. Mapping of equivalence of student outcomes between the sectors becomes much more difficult when the way in which curriculum is designed, described and assessed in each sector is very different.
- **Assessment** – The use of non-graded assessment in the VET sector is a significant barrier to admission of VET students to higher education.
- **Lack of resources** – At the institutional level, credit transfer arrangements represent an impost on resources because of the need for a commitment of people, time and systems development. Effective development and sustainability of credit transfer arrangements require institutions to allocate significant funds specifically for this purpose.³⁹

In order to facilitate better integration of and collaboration between higher education and VET, it is necessary to develop more compatible standards, along with instruments for reporting performance, and to address a range of funding issues, particularly with respect to multi-sector institutions. The initial means of addressing such issues could be through a new Ministerial Council, as set out in Section 9.

STRENGTHENING CROSS-SECTORAL HIGHER EDUCATION PATHWAYS: THE CREDIT MATRIX

One of the key barriers to increasing participation in higher education is the limited availability of choices allowing students to return to education at different points in the articulation process.

The Victorian Registration and Qualifications Authority (VRQA) has developed the Credit Matrix as a common means to describe the learning that people undertake in the school, VET and higher education sectors. It is used to allocate a level (for the complexity of the learning outcomes) and points (for the volume of the learning) to the units, modules and subjects (all called units) within qualifications that are available to learners in Victoria.

See [Appendix 7](#).

Victorian Government's Position

The Victorian Government strongly supports and encourages the development of closer working relationships between universities, VET providers and schools to improve education and training participation and outcomes, particularly in rural Victoria.

An increasingly integrated tertiary sector is emerging in Victoria, creating opportunities for greater collaboration between universities, VET providers and schools. Such collaborations can be extremely important in expanding opportunity and provision in regional settings. In order to facilitate such integration, higher education and VET will need to be better aligned in terms of standards, performance reporting and funding arrangements.

University collaboration with schools will be important in maintaining capability in critical enabling sciences. This non-conventional activity requires additional funding.

³⁹ Phillips KPA, *Giving credit where credit is due: A national study to improve outcomes in credit transfer and articulation from vocational and technical education to higher education - Final report*, p.V.

5. DRIVING NATIONAL RESEARCH AND INNOVATION

In March 2007 the Victorian Government released a proposal for a National Innovation Agenda (NIA). The initial proposal recognised that innovation is crucial to Australia's economic growth and our ability to tackle social and environmental challenges.⁴⁰ "Innovation can and does happen anywhere, not just in high tech industries. It should be treated not as a research and development (R&D) or science and technology issue, but as a major economic strategy that must flow through all sectors of Australia from classrooms to workrooms to boardrooms."⁴¹

Working with other jurisdictions, with industry and with the research community, Victoria has led extensive consultations across Australia and confirmed broad support for the need to elevate innovation policy to national priority status in order to help secure Australia's future prosperity. The current Commonwealth Review of the National Innovation System is providing that elevation and the Victorian Government looks forward to the outcomes of that Review.

Universities are an important element of the national innovation system, which was clearly recognised in the NIA and the subsequent *Progressing a Shared National Innovation Agenda* released in March 2008⁴². The framework proposed in that document and jointly agreed by State and Territory governments recommended a focus on six key areas in all of which the higher education sector could be seen to make important contributions:

- increase business innovation;
- provide the infrastructure to enable innovation;
- develop skills for the innovation economy;
- create a better regulatory environment for innovation;
- forge better connections and collaborations; and,
- foster a culture of innovation.

In order to stay competitive, Victorian businesses will need to increase their productivity and boost their innovation capabilities. Doing so will require greater attention to the skills of their workforce. The ability to learn new skills, and adapt to a continually changing workplace, will be needed to facilitate rapid adoption of new technologies and practices in order to maintain international competitiveness¹. Maintaining and developing specialised skills including entrepreneurial and management skills that offer unique comparative advantages will be vital. Countries whose training systems and firms fail to keep pace with new practices and processes will find their markets disappearing to new suppliers in newly industrialised economies such as Brazil, Russia, India and China.

Forging better connections and collaborations

Research conducted within universities forms a large part of Australia's knowledge creation, but too much of that research fails to connect with industry. OECD surveys rank Australia equal last out of 26 countries for university collaboration with small to medium enterprises (SMEs) and last for university collaboration with large firms. Public research organisations rate poorly as well.

⁴⁰ [National Innovation Agenda March 2007](#)

⁴¹ Victorian Government National Innovation Agenda, p. 5

⁴² [Progressing a Shared National Innovation Agenda](#)

A higher degree of collaboration between governments, universities and industry would improve the speed and effectiveness of Victoria's – and Australia's – contribution to knowledge transfer. Interactions between the sectors, including funding streams from State and Federal governments, need to be well coordinated, given overlapping responsibilities across the education system and the changing needs of industry and the economy.

Managing Knowledge

The management capabilities of Australian businesses are often identified as an area of relative weakness when compared to leading innovation economies. The ability to compete globally as an innovative economy is underpinned by a skilled, creative and collaborative workforce. Work undertaken in support of the current National Innovation System Review demonstrated a need for more insights into how innovation is managed at the workplace level in Australia, including strengths and weaknesses, barriers and enablers, and optimal configurations of leadership, culture and management techniques.

Focus and funding of research

As well as promoting sound business environments to support innovation, governments have the capacity to promote innovation through:

- increasing the percentage of research funding through changes to the Institutional Grants Scheme (IGS);
- supporting and influencing the focus of research in Victorian/Australian universities;
- supporting institutions to compete for national and international research contracts;
- supporting innovation in regional universities; and
- continuing to support collaborative approaches to research and development through enhancements to the Collaborative Research Centres (CRC) mission statement which is to:
...emphasise the importance of collaboration between business and researchers to maximise the benefits of research through an enhanced process of utilisation, commercialisation and technology transfer.

Victoria supports:

- a joint Commonwealth/State approach that focuses on areas such as management approaches to and leadership of innovation at the enterprise level. This suggests a need for an assessment of management education programs and services to ensure that Victorian and Australian education and training systems are focused on delivering the skills and capability needed by managers to meet the challenges of the coming decades;⁴³
- agree and implement frameworks to support collaboration and knowledge transfer from a research environment into industrial, commercial and governmental applications;⁴⁴
- an urgent response by governments to identify mechanisms which build effective bridges between our knowledge creators and business builders; and
- increased support and funding for research institutions (both educational and industrial) through the various funding bodies, to enhance knowledge transfer sub-regionally, regionally and nationally.

⁴³ [Progressing a Shared National Innovation Agenda, p22.](#)

⁴⁴ [Progressing a Shared National Innovation Agenda, p25.](#)

CASE STUDY

In June 2004, National ICT Australia (NICTA), together with the University of Melbourne and Multimedia Victoria established the NICTA Victoria Research Laboratory. The Laboratory is located in the School of Electrical Engineering and Computer Science on the Parkville campus of the University of Melbourne and actively recruits graduate students to participate in new and exciting research programs.

NICTA provides leadership, critical mass, research directions and industry contacts, to maximise the potential for real-world impact. It is about fostering creativity, providing support for new ideas, and increasing Australia's pool of skilled ICT people. It is broad enough to encourage fundamental research, as well as having a strong drive toward "use-inspired" research: the applied research that is necessary for economic impact. The commercialisation of NICTA's research outcomes is crucial for it to become an enduring research centre of excellence.

With contributions from both the Victorian Government and the University of Melbourne, NICTA's Victoria Research Laboratory is an important component of Victoria's innovation ecosystem. The combination of top researchers supported by world class facilities and infrastructure has allowed NICTA to develop novel technologies that have global applications. The NICTA's ability to turn ideas into working solutions for emerging problems positions it to make a valuable and important contribution to Victoria's economic, social and environmental welfare.

In its relatively short existence, NICTA has developed new ideas, highly skilled graduates, new Intellectual Property and know how that is increasingly being recognised by other leading research institutions and industry leaders around the world.

Victorian Government's Position

A joint Commonwealth/State approach is required that focuses on areas such as the management of innovation, strengths and gaps in performance, as well as frameworks to support collaboration and knowledge transfer from a research environment into industrial and commercial applications . We need to build scale in Australia's areas of strength, developing new products, services and processes, and creating new opportunities.

6. THE INTERNATIONAL DIMENSION

The value of international education to Victoria

International (overseas) students represent 30% of the overall Victorian student population and are highly represented in niche areas such as information technology. They are highly valued members of the Victorian community and make a substantial contribution to the life of the community and the economy.

Victorian students also benefit from being exposed to an international environment which enhances the cultural and social life of all, as well as improving future productivity and outcomes for the State and developing Victoria's linkages and relationships with other countries.

International education is now the largest services export for both Victoria and Australia, with student enrolments in higher education representing 42% of all course enrolments. Victoria's share accounts for 32% of Australia's total international education export income and Victoria is the only Australian state to increase its market share over the last few years. The value of on-shore international education increased 25% in 2007 and Victoria was also the leading State in offshore education activities. Currently, three universities (Monash, RMIT and Swinburne) have offshore campuses.

There is an imperative to attract and retain the best and brightest international students. These students provide a clear contribution to Victoria's economy and knowledge and skills base and fill potential gaps in the domestic student market.

The reduction in tertiary education public spending has meant that institutions are increasingly reliant on full fee paying international overseas students to maintain revenue flow. However, traditional markets and suppliers of international overseas students are now providing quality and more cost competitive programs and training expertise and solutions to emerging and developing markets, creating a higher level of competition for these students.

Legislative framework and quality assurance

Victoria acknowledges the overall robustness of the Australian legislative and quality assurance framework in place to provide consumer protection to students, protect the reputation of Australia's education export markets and ensure the integrity of the student visa system. The *Education Services Act for Overseas Students (ESOS) Act 2000* and the associated guidelines, the *National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students*, provide consumer protection and national consistency and underpin Victoria's *Education and Training Reform (ETRA) Act, 2006*, which provides the legislative framework for quality education and training in Victoria.

Quality and transportability of qualifications

In order to continue maximising its share of the international overseas student market, particularly at the high-level research degree level, Victoria must ensure that university qualifications are robust and internationally transportable.

Australia is currently viewed as a destination of choice due to its competitively priced programs and is attractive skilled migration program. However, as competition for international students also increases from firmly established systems in the international market, such as in Europe and the USA, and from emerging such as in Asia, Australia's performance is dependent upon its ability to both effectively market and provide high quality, internationally recognised programs which will ensure a solid investment return for students. Additionally, as course fees increase, it will become even more important to position Australia in terms of 'quality' as well as, or rather than, relative cost.

Australians working and living overseas also receive a rich and varied experience which, upon return, serves to inform and contribute to Australia's knowledge and skills economy. They also serve to build cultural and trade links.

Recent international trends point towards the necessity to develop overarching, national frameworks, as well as credit frameworks which allow international recognition of degrees.

Victoria recognises the significant response to the Bologna Model from the Commonwealth Government, as its system of consistency and portability across European higher education systems impacts upon Australia's ability to remain relevant in a market of increasing globalisation and competition.

The key components of the Bologna process (mutual recognition of degrees, transparency and European cooperation in quality assurance) present a solution to the challenges posed by increasing world integration and globalisation.

Welfare and participation

Public perceptions of international students' safety, welfare and capacity highlighted in recent media articles have the potential to deter new students in choosing Victoria as their preferred destination for study and research.

The Victorian Government takes the safety and welfare of overseas students extremely seriously and undertakes to provide for overseas students through a range of measures, the most prominent of which is the State Government's *Study Melbourne Victoria* initiative, which was implemented in 2006 and provides a gateway to studying and living in Victoria. A range of mechanisms are in place through the initiative to ensure the safety and welfare of overseas students coming to Victoria to live and study. The Study Melbourne Victoria website, for example, provides information and advice around emergency services, health and wellbeing, consulates, multicultural living and travel. In addition, the *Melbourne Victoria Essential Services Guide*, made available to all eight of Victoria's public universities, also contains detailed information on a range of safety, health and wellbeing related topics.

Since 2001, the Commonwealth Government has doubled its intake of skilled migrants. However, evidence suggests that migrants from non-English speaking countries are not always able to maximise their credentials within the Australian labour market. Additionally, younger migrants from non-English speaking countries who have completed a degree at an Australian university also face difficulties in utilising their credentials effectively.

The major English language testing mechanism available is the International English Language Testing System (IELTS) The IELTS measures the ability to communicate in English across all four language skills – listening, reading, writing and speaking – for people who intend to study or work in English speaking countries.

In 2007, the Commonwealth Government increased the minimum English language standard for all skilled-visa applicants, as well as requiring former overseas students to undergo additional professional training or experience before becoming eligible for a skilled permanent residence visa. Additionally, the minimum English standard on the IELTS test has recently been increased to 6.

Victoria recognises the initiatives which have been put in place to address welfare and participation issues. However, it is still imperative that issues such as overall employability, English skills, academic and social support systems continue to be addressed in order to improve educational, career and life outcomes for those students.

Offshore representation

The Victorian Government recognises the valuable role of the Australian Education International (AEI) network in promoting the Australian education brand globally and encourages the continued investment in the network, particularly those offices located in emerging markets.

Victoria is one of the few states which has a network of overseas offices to represent State Government and state businesses in key overseas markets. There are dedicated Education Services Managers currently located in four international markets - India, China, Middle East, and Japan. These education specialists work closely with Victorian education export providers and the AEI network to identify new business as well as identify emerging threats and competitor activity.

Victorian Government's Position

In order to maximise the success of Victoria's international student market, and to attract high quality international students, it is imperative that we offer the highest standards in teaching and learning, infrastructure, resources, quality mechanisms, student support and assurance and cultural experience.

The Australian quality assurance and legislative framework in place to protect overseas students and the integrity of education on offer should be supported by internationally transportable, robust university qualifications. It should also be supported by a strong and inclusive welfare and participation system, and strong offshore representation.

Victorian higher education institutions need to be adequately supported by means of funding, promotion and through quality assurance to maintain its standing as a major exporter of knowledge in an increasing competitive market. It also identifies a clear requirement for continued support for an enhanced student experience through greater pastoral support and improved welfare for international students.

Victoria also notes that recent international trends point towards the necessity to develop overarching, national frameworks, in addition to credit frameworks that allow international recognition of degrees.

7. THE SOCIAL, CULTURAL, ECONOMIC AND CIVIC DIMENSIONS OF HIGHER EDUCATION

As set out throughout this submission, education and training underpin the development of a highly skilled, innovative community, which is a critical enabling factor for social, cultural and economic growth in Australia.

Clearly a university education can aid in the personal development and increase the opportunities of individual students. The broader economic benefits flowing from the university sector are also clear. In 2004, the annual *direct* and *indirect* economic impact of Victorian universities to the Victorian economy was estimated to be in the order of \$9 billion (not including the human capital effect of the TAFE component of the dual sector universities).

Beyond their traditional roles in teaching and research, universities engage in ‘third stream’ activities that have both economic and social benefits. This includes knowledge transfer, community service and community engagement. While universities have always undertaken such activities to some degree, recently there has been more focus on their importance.

Universities also directly and indirectly enhance the cultural life of their communities. A recent City of Melbourne report quantified not only the significant economic contributions by universities to Melbourne’s economy but also their role in enhancing the cultural life of their communities⁴⁵. What was said of the University of Ballarat is equally true of any university: university staff and students are consumers of, and contributors to, the performing and visual arts, food and wine, history and literature, and to the social dialogue that enriches community life and political comment.

Finally, it is important to recognise that the core activities of universities – research and teaching – also have significant social benefits. Widespread participation in higher education is a vital support for a liberal democratic society that seeks to be inquiring, innovative and engaged with international issues.

For these reasons, the Victorian Government recognises better access and wider participation as a priority outcome in terms of both economic and social policy.

Social and cultural contribution: the value of a university education

A university education is centrally concerned with expanding the capacity to address new ideas and different points of view, and to critically and creatively engage with the world.⁴⁶ Arguably these abilities have never been more important to society than they are now.

The social benefits of a university education flow not only from the classroom experience, but also through interactions with other students⁴⁷ – as Professor Schwartz, Vice-Chancellor of Macquarie University, explains:

...through discussions with academics and other students, and through participation in clubs, politics, and sports, students learn about the building blocks of a free society – freedom of expression, tolerance and respect for intellectual debate.⁴⁸

⁴⁵ Howard Partners, *Melbourne: Australia’s knowledge Capital – Report to the Melbourne Vice-Chancellors’ Forum*.

⁴⁶ Pascarella and Terenzini, *op.cit.*, in their comprehensive synthesis of the American find that there is a positive net effect of university education on critical thinking, reflective judgement, principled moral reasoning, disposition to lifelong learning, civic and community engagement, openness to diversity, and support for gender equality, p.629.

⁴⁷ Pascarella and Terenzini state that there is a positive net effect of interactions with university peers, including intellectual development, more liberal attitudes, better interpersonal skills, use of principled moral reasoning, and better maturity and personal development, *ibid.*, p.614.

⁴⁸ Steven Schwarz, *Should universities have social goals?*

Social and cultural contribution: community building and social capital

Universities play a central role in direct community building and social capital development. They do this through:

- social and cultural infrastructure, events, projects and alliances;
- understanding, addressing and advocating for regional needs; and,
- developing linkages between local, state, national and international ideas and cultures.

A Victorian Government commissioned study into community engagement⁴⁹ found that:

- universities in Victoria share a similar desire to undertake in community engagement via strategies that include partnerships with the region, industry, business and government;
- there is diversity in the engagement strategies used in different universities, largely due to history and campus locations;
- the academic community (students and staff) are integral to the process of community engagement; and,
- there is concern within universities, that, in the context of increasing pressure to become entrepreneurial, activities that lead to social and community engagement will be undermined by commercialisation, competitiveness and cutbacks.

All Victorian universities have articulated within their strategic plans their commitment to community and social engagement.

As noted in the 'knowledge capital' study for the Melbourne Vice-Chancellors Forum, universities are much more than instruments of economic and industrial development:

....universities are important public assets and resources for the knowledge economy. Their contribution is reflected not only through their economic and financial transactions with industry, government and society, but also as custodians of investments in facilities, equipment and libraries and in cultural and arts institutions.⁵⁰

Economic contribution

Victorian Universities make a significant contribution to the economy of the metropolitan and regional economies.

Universities are, of themselves, significant 'communities' within society. Within Melbourne alone, university communities comprise in excess of a quarter of a million people (staff and students) or over 5% of Victoria's resident population. In the City of Melbourne itself, students comprise about 40% of the resident population of 62,000, about half of whom are international students, with all that implies in terms of economic activity.

Universities are also very substantial enterprises in their own right. In 2007, Victorian universities:

- generated revenues of \$4.6 billion;
- directly employed 28100 people; and,
- held gross assets of \$19.7 billion.

⁴⁹ A. Winter, J. Wiseman and B. Muirhead, *Beyond Rhetoric: University-Community Engagement in Victoria*.
⁵⁰ Howard Partners, *op.cit.*, p.11.

Economic contributions to regional Victoria

A growing body of literature has pointed to the need to address population decline in regional areas. As the population across the whole of Australia begins to age, the presence of a robust youth demographic is essential to reinvigorate and regenerate communities. One of the challenges associated with this need is that traditionally, rural and regional communities have often seen their young people move away to pursue education and job opportunities elsewhere.

Providing broad and equivalent opportunities to regional communities, particularly to youth, is a primary means to counter this negative trend. In 2004 the Victorian Parliament's Education and Training Committee conducted the *Inquiry into the Impact of the High Levels of Unmet Demand for Places in Higher Education Institutions on Victoria*. The Committee found that 'where students are able to study in their local region, they are more likely to remain in that region to seek employment.'

The Victorian Regional Higher Education Working Party similarly found that a:

....regional university presence could be a significant factor in retaining young people in rural and regional areas. This would help to meet the Victorian Government's target of increasing the annual rate of population growth in rural and regional Victoria to 1.25% by 2006 from the present figure of about 1.2%.⁵¹

Reduce limitations and support engagement in third stream activities

Not all universities may wish to devote significant resources to third stream activities, preferring to focus on what might be regarded as their more traditional roles. However many universities are interested in being more engaged with the community and industry, and see benefits flowing from this to their researchers and students.

The OECD found that more active engagement, particularly around longer term community development and cultural issues, is constrained in many countries by the policy, funding and regulatory environments in which higher education institutions operate⁵². There are often limited resources, and hence limited incentives, for institutions and staff to engage in third stream activities.

A number of Australian universities surveyed in 2006 about the adequacy of public support for knowledge transfer expressed the view that current funding arrangements and programs in this country did not support the full range of actual and potential knowledge transfer activities. In particular they considered there was a deficit of support for projects involving knowledge transfer for human, social and environmental benefit.

Australian universities should be supported to pursue third stream activities, particularly insofar as they build upon and enrich research and teaching. However, this should be done in a voluntary and administratively efficient fashion, that minimises the regulatory burden on universities and allows them significant flexibility in deciding how best to work with those outside the institution.

If compact funding arrangements were to be adopted, one way of lifting the profile and significance of university engagement with industry and in the local community may be to incorporate a stream in such agreements that can be negotiated between the relevant parties.

⁵¹ Victorian Parliament - Education and Training Committee, *Report of the Inquiry into the Impact of the High Levels of Unmet Demand for Places in Higher Education Institutions on Victoria*, p.6.

⁵² Winter et al, *op.cit.*, p.13.

Victorian Government's Position

The Victorian Government recognises the importance of universities in supporting a strong social and cultural community and thus strongly supports better access to and wider participation in higher education as a priority outcome in terms of both economic and social policy.

Australian universities should be supported to pursue third stream activities, particularly if they build upon and enrich research and teaching. In order to allow this to happen, universities need to be funded for non-conventional activity. This could occur through mission-based compact funding.

8. FUNDING HIGHER EDUCATION

The optimal funding level for the Australian higher education sector is the level which is required to ensure an internationally competitive sector which satisfies the social, economic and intrinsic value outcomes of higher education.

In determining that optimal level and the composition of funding, Victoria considers that 'one size does not fit all'.

This is certainly true of public funding. Although it was never intended that the 38 public universities that emerged from the reform of the late eighties would be funded on the same basis. Over time that is, more or less, what has occurred. Accordingly, the current funding model does not actually accommodate the different needs and circumstances of different universities – for example, as discussed below at page 47, there is abundant evidence that teaching costs at regional and peri-urban campuses are substantially higher than metropolitan urban campuses but provision for these extra costs is negligible.

The outstanding feature of funding over the past decade has been the relative decline of public funding: the proportion of total university funds sourced from the Commonwealth declined from 54 per cent in 1996 to less than 33 per cent in 2005. A similar pattern has occurred in Commonwealth TAFE funding which declined as a proportion of total government and total revenue to VET over the period 1998 to 2006.

Recent OECD figures show that public investment in tertiary education in Australia declined by 4 per cent between 1995 and 2003, while the OECD average was an increase of 48 per cent.

While there has been, then, a significant shift from public funding to private funding in the university sector over the past decade, the overall quantum has remained fairly constant in real terms and comparable to expenditure in other OECD countries – that is, the relative decline in public funding has been largely offset by relative increases in private funding and fee for service activity (particularly international education).

The student contribution

According to the OECD, Australian tertiary students now pay nominal fees that are among the highest in the world, although this is offset by other factors, such as heavily subsidised income-contingent loans for these fees.⁵³

HECS payments from students in Commonwealth supported places made up 15 per cent of total university funding in 2005, up from 12 per cent in 1996. Given that increased HECS charges came into effect for students commencing from 2005, this proportion is likely to increase in the future. Total student accumulated HECS debt as at June 2006 amounted to almost \$13 billion, which has more than tripled since June 1996.

There is no evidence that current levels of HECS debt are yet acting to discourage some students from undertaking undergraduate and postgraduate studies, although, quite clearly, the burden of meeting living costs while at university is acting to deter many prospective students, particularly from rural Victoria, as set out in Section 2 of this submission.

The Review Discussion Paper observes that current arrangements, in terms of the student contribution, at least, are 'at best complex and at worst anomalous, inconsistent and irrational.'⁵⁴

⁵³ OECD, *op.cit.*, TableB5.1a, p.244.

⁵⁴ Review of Australian Higher Education, *Discussion Paper*, p.65.

This is a view shared by the original architect of HECS, who has noted radical changes to HECS since 1996, so that

In administrative terms it would be fair to describe the Australian tertiary education system is at least slightly chaotic.⁵⁵

With the emergence of TAFE Institutes as higher education providers, the growth of the private sector and the possibilities opened up by the new National Protocols on Higher Education Approval Processes⁵⁶ for the entry of a range of new and diverse providers, arrangements are likely to become even more complex and/or anomalous, inconsistent and irrational, in the absence of some process of rationalisation.

Seeking the balance

A key question for the Review turns around the appropriate balance – and level – of funding contributed by:

- graduates – based on the personal benefits that accrue from higher education;
- universities – flowing from their own commercial activities;
- industry – in terms of addressing their workforce needs; and
- government – in terms of public good considerations.

In its 2006 policy paper, the then Opposition, and now Government, recognised the need to address over-regulation and the funding restrictions imposed by the then Government. The paper posited three options:

- a return to the ‘stronger planning approach’ characteristic of the Commonwealth’s relationship with the sector two decades ago;
- adoption of a ‘full market-driven approach’, including deregulation of fees; or
- a ‘workable, middle course’, reflecting both the public good and the private benefit that flows from higher education.

The policy position settled upon was the third – a workable, middle course:

On the one hand, in the more market-driven environment, public policy needs to be concerned about promoting competitiveness, diversifying choices for students and improving the performance of Australia’s higher education system. On the other hand, contemporary policy must also safeguard the public purposes of higher education and research, which are derived chiefly from our public universities.⁵⁷

Third Way

Victoria broadly concurs with that position. Throughout this submission, Victoria has pointed to the need for additional public funding for a range of activities undertaken by universities for which they are currently under funded or not funded at all.

Victoria has also pointed to evidence, such as increasing class sizes, that funding needs to be increased generally and in particular fields of study, such as the health sciences and teacher education, in order to maintain quality and improve access. This will require additional public funding but also a continuation of funding from private sources, including from students themselves.

⁵⁵ Bruce Chapman and Kiatanantha Lounkaew, *HECS loses its way*, Campus Review Weekly 15.1.2008, pp10-12

⁵⁶ The Protocols can be downloaded from the MCEETYA website - http://www.curriculum.edu.au/mceetya/national_protocols_for_higher_education_mainpage,15212.html .

⁵⁷ Jenny Macklin, *Australia’s Universities: Building our Future in the World*, p.51.

The Victorian Government does not support full deregulation of fees. For all its many strengths in higher education, the experience of the United States warns of the risks of an unregulated market, a market in which the spiralling costs of tuition have been described by a US Federal Government Commission as indicative of an “increasingly dysfunctional” higher education financing system.⁵⁸

However, just as one size does not fit all in terms of public funding, neither does it fit in terms of pricing.

THE GRADUATE PREMIUM

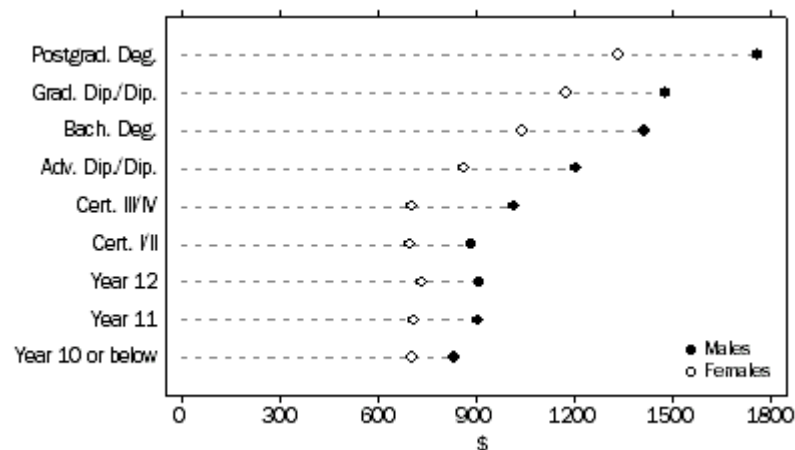
For the individual, undertaking education and training confirms personal benefits in the tangible form of income and in the less tangible form of contributing to understanding and the capacity to participate in society and the economy. As observed by David Wilson (V-C University of Brighton):

... higher education (like all educational achievement) is a positional good. Its benefits are not only economic (as in the so-called ‘graduate premium’ of lifetime earnings), but also relate to broader aspects of health, happiness, community security and democratic tolerance ... The disbenefits of not learning are correspondingly huge.⁵⁹

There is, for example, a clear relationship between educational attainment and average earnings. Specifically, as the level of education of an individual increases, earnings also increase. Individuals who have attained post-secondary non-tertiary or tertiary education enjoy substantial earnings advantages compared with those who have not at least completed upper secondary education.

As illustrated below, research by the Australian Bureau of Statistics (ABS) shows that the average weekly earnings of full-time employees was \$790 for those whose level of highest educational attainment was Year 10 or below, compared to \$1,624 for those whose level of highest educational attainment was a Postgraduate Degree.

The Graduate Premium



Source: Australian Bureau of Statistics, 2005

Over the past decade, employment has been expanding faster in jobs requiring people with qualifications, particularly higher level qualifications.

⁵⁸ US Education Department, *A Test of Leadership – Charting The Future of US Higher Education*, p.10.

⁵⁹ David Watson, *Universities and civic engagement: a critique and prospectus*, p.9.

In the context of a demand-driven, student-centred allocation system, there is, in the view of Victoria, a strong case for the retention of some degree of fee deregulation, within a capped fees model. This allows institutions to charge fees in a range up to specified limits.

As noted by Peter Karmel, a well designed funding system, providing for some degree of fee deregulation, would have the benefit of empowering institutions to

...offer services at prices determined by their having regard to costs and students would be in a position to weigh services offered against contributions charged. Thus a consumer sensitive market would develop⁶⁰.

In 2005, new funding arrangements allowed universities to set student contributions for students in Commonwealth Supported Places in a range from zero to 25% above 2004 rates.

All universities relatively quickly moved to the top of that range in all disciplines. As noted in the Discussion Paper, limited experiments by several universities to stimulate student demand in sciences and mathematics with low or no fees failed⁶¹.

The failure of this exercise in limited fee deregulation can be largely ascribed to the cost pressures facing universities, due to overall inadequate funding.

Victoria recognises that the 2008 Commonwealth Budget provided significant additional funding to universities, particularly towards their capital needs.

The challenge ahead is to create a funding model that is sustainable over time and is flexible and responsive to changing demands.

Towards a new funding model

The last review of higher education articulated (but evidently did not activate) a useful set of principles that might underpin an effective funding model:

- **Flexibility:** the model should recognise institutional differences and allow institutions to operate with maximum autonomy and flexibility to pursue their goals and objectives. The model should enable institutions to be responsive to changes in technology and changes in demand from students and industry.
- **Accessibility/equity:** within funding limits, the model should maximise opportunities for equitable participation of students, irrespective of socio-economic background.
- **Choice:** choice of course, choice of institution, choice of price and choice of mode of learning should be maximised.
- **Quality:** the model should promote excellence in education outcomes.
- **Simplicity/efficiency:** the model should be simple and easy to administer from a government, institution and student perspective. It should provide best value for money providing maximum benefit from the resources invested.
- **Sustainability:** the model should be able to stand the test of time, particularly given costs that can be associated with changes.
- **Predictability:** the model should limit the Commonwealth's funding commitment to a defined maximum level and should enable higher education institutions to plan with some certainty.⁶²

⁶⁰ Peter Karmel, *Reforming Higher Education*, ASSA Occasional Paper Series 2/2000, p.9.

⁶¹ Review of Australian Higher Education, *op. cit.*, p.32.

With perhaps these principles in mind, a process needs to be set in train to establish a realistic and credible “optimal level” of funding over the medium term and beyond for the sector as a whole, having regard to a wide and complex array of factors, such as:

- the true cost – or something approximating it – of teaching particular disciplines and rebasing, as appropriate, the Relative Funding Model;⁶³
- the differential costs against a such general model of costs of teaching particular student populations (for example, the higher costs of teaching students of low SES background);
- the ‘value’ of external and non-conventional activities;
- the public good value of higher education and the value of personal benefits, so far as these might be calculated or imputed; and,
- the impact on accessibility of changes in balance between sources of funding.

This task could be undertaken within the framework established by new national arrangements in respect of policy planning and coordination, as set out in the following section on Governance and Regulation.

Mission-based ‘compact funding’?

The present Commonwealth Government has indicated its intention to move to a “compact funding model”, as set out in its 2006 policy paper *Australia’s Universities: Building Our Future in the World*. The policy paper proposed an arrangement to “fund public universities through a compact, negotiated to value universities’ individual missions and their different roles and circumstances.”

Specifically, the paper outlined four components of funding:

- education;
- research and research education/training;
- community outreach; and,
- innovation.

The paper proposed that every university would be funded for the first component but need not be funded for all four. Under this model, universities would be given greater freedom to determine their priorities, and shape activities to suit their different missions.

Victoria asserts that both teaching and research activity are defining characteristics of a university in Australia. Therefore, just as universities need to be adequately resourced for teaching, all universities require core funding to meet the research criterion.

The Victorian Government has emphasised throughout this submission the diversity of the Victorian tertiary sector and the need to recognise in funding arrangements the particular circumstances of universities, in terms of, for example, the characteristics of their student populations, their location and network dispersal, engagement with other institutions, industry and the community, the importance and intensity of particular activities and their uptake of non-conventional activities and modes of provision.

⁶² Backing Australia’s Future - http://www.backingaustraliasfuture.gov.au/publications/setting_firm_foundations/6.htm#a. This reference also has a useful discussion of various funding models, from strongly planned and regulated to completely deregulated models.

⁶³ The Relative Funding Model is based not on cost drivers but on historical patterns of funding levels which in turn were the product of earlier government funding decisions.

THE PARTICULAR FUNDING NEEDS OF REGIONAL UNIVERSITY CAMPUSES

The former Commonwealth Government acknowledged higher education providers in regional areas play a 'critically important role in the economic and social life of their communities which goes far beyond traditional educational activities'⁶⁴. The Commonwealth Government has also recognised 'the unique contribution made by regional higher education institutions and campuses to their local communities and to students from regional and rural areas'

However, it is apparent that regional universities are under-funded for the tasks they must undertake. They face higher costs as a result of location, size, history, less potential to diversify revenue sources, smaller capacity to compete for fee paying students, and fewer opportunities for commercial partnerships.

See [Appendix 8](#).

Accordingly, there are a number of potential benefits of funding of universities through a compact model which entails less detailed government control over operations and enhanced capacity to fulfil missions:

- increased flexibility in the use of Commonwealth funds to achieve mission-driven goals, with no loss of total funding for any individual institution;
- forward funding allocations on a rolling triennial basis, providing some predictability for planning;
- greater recognition within compact funding of specific cost factors affecting performance;
- simplification of accountability reporting (exception-based), relying on institutions' own governance and management processes and outputs; and,
- removal of constraints and conditions that limit the flexibility that universities need for competitive operation.

Within a demand-driven model, Victoria supports the introduction of funding arrangements for base funding of core activities, allowing for the different circumstances of institutions, as proposed through so-called 'compact funding'. Specifically, as argued throughout this submission, institutions drawing students from traditionally disadvantaged populations require additional funding for teaching and support. Compact funding could also provide 'strategic' funding, such as supporting high-priority/low-demand disciplines where it is considered important to maintain capability, for example, in mathematics, sciences and languages.

As set out in the following boxes, there are significant funding issues in both health sciences education and teacher training, particularly concerning funding of clinical training and the practicum components, which are serving to constrain provision in these disciplines.

⁶⁴ Australian Government, *Our Universities: Backing Australia's Future*, 2003 - http://backingaustraliasfuture.gov.au/policy_paper/2.htm#2_4 .

HEALTH EDUCATION AND TRAINING COST ISSUES

An adequate supply of suitably qualified health professionals is essential to the provision of accessible, high-quality healthcare. Health expenditure represents about 10% of GDP in Australia and is forecast to rise to 16% by 2044.⁶⁵

In addition to the direct contribution the sector makes to economic performance, the link between maintaining the health of the workforce and broader productivity has also been clearly identified as part of the National Reform Agenda, with research indicating that health offers one of the highest returns on investment in productivity terms by preventing significant price inflation through wage pressures.⁶⁶ The Council of Australian Governments (COAG) recognised the importance of the health workforce at its 14 July 2006 meeting, at which it confirmed a range of supports designed to improve the supply and distribution of Australia's health workforce.

The supply of doctors, nurses and allied health professionals is reliant on graduates receiving high-quality tertiary education. Health undergraduate education across a range of disciplines thus needs to be a high priority, which comes with a necessary requirement for additional investment.

See [Appendix 9](#).

TEACHER TRAINING COST ISSUES

Current funding arrangements for teacher training at universities place teaching in a cluster with courses which are less expensive to provide. In addition, the practicum loading built into teacher education study units is reduced when students undertake combinations of education and non-education units in their course of study.

The Victorian Government is concerned that this policy, in the absence of compensatory funding from the Commonwealth Government, inhibits the capacity of universities to provide teacher education of the desired quality. For example, universities report that they cannot afford to visit students during their practicum as often as is desirable due to the administrative and staffing costs such activity requires, particularly for students in rural and remote schools. This effectively acts as a disincentive for universities to encourage practicum in rural and remote parts of Victoria which often suffer from recruitment difficulties.

See [Appendix 10](#).

⁶⁵ Productivity Commission, *Australia's Health Workforce*.

⁶⁶ Victorian Government, *A Third Wave of National Reform: A New National Reform Initiative for COAG*.

Victorian Government's Position

It is vital that a funding model is implemented that ensures adequate core funding for institutions, reasonable fees for students, is adaptive and flexible, and facilitates choice by students as well as the diversity and specialisation of institutions.

In the context of a demand-driven, student-centred allocation system, there is, in the view of Victoria, a strong case for maintaining some degree of fee deregulation, within a capped fee model which allows institutions to charge fee in a range up to specified limits.

Victoria proposes that a process be set in train to establish a realistic and credible "optimal level" of funding over the medium term and beyond, which would be determined following assessment of the true costs of course delivery.

Another key question to address is the appropriate balance between public funding and other funding of higher education, including the level of student contributions.

Victoria supports the introduction of funding arrangements for base funding of core activities, allowing for the different circumstances of institutions, so-called "compact funding". Specifically, it is proposed that institutions drawing students from traditionally disadvantaged populations require additional funding for teaching and support.

9. GOVERNANCE AND REGULATION

The Victorian Government acknowledges that existing national arrangements – through the multilateral forum of MCEETYA and its subordinate bodies, as well as through instruments such as the National Protocols for Higher Education Approval Processes – continue to work well.

However, it is important to recognise the impact of the policy agenda of the previous Commonwealth Government, which was directed towards the centralisation of university regulation and the imposition of extraneous requirements upon universities, such as the Higher Education Workplace Relations Requirements and Voluntary Student Unionism.

The degree of intrusion into and central direction of university affairs under the former Commonwealth Government created a good deal of unhappiness within the sector, with the result that there is no evident support for any transfer of powers from the States/Territories.

According to a Group of Eight discussion paper, “a persuasive case has not been made for a transfer of statutory powers over universities from the states directly to the Commonwealth”. Rather:

Diversity is more likely to flourish within a federated system of tertiary education institutional establishment than under a unified national system of universities. The shared responsibilities of the Commonwealth and the states for higher education financing and university establishment respectively provides a structural safeguard of university autonomy, protecting against action by one level of government alone to unilaterally impose its will and fetter university operations through direct or indirect measures⁶⁷.

Consultations undertaken by the Victorian Government in the context of a review of the National Governance Protocols revealed a general concern that the Protocols were too prescriptive. The view emerged through the discussion that, as a rule, the Protocols should be framed as *broad principles* rather than as detailed, heavily mandated *rules*⁶⁸.

State governance and regulatory arrangements

Victorian universities hold unique public responsibilities and attributes that do not necessarily fit uniformly within the governance requirements of the private sector. For example, universities are viewed as ‘sites of citizenship’, crucial for fostering civic values and participation, including engagement with the broader community. The Victorian community values higher education as a key public good, while acknowledging the significance and contribution of private investment in the future of our universities.

The Victorian Government has emphasised the importance of good governance in Victorian universities and it has historically taken a leading role in promoting governance reforms. The Victorian Review of University Governance in 2002 inspired the development of the Commonwealth Government’s *National Governance Protocols* which have since established a benchmark for standards across Australia. Additionally, in the 2002 statement *Future Directions for Victorian Higher Education*, the then Victorian Minister for Education and Training observed that ‘university governance arrangements that ensure public accountability and allow flexibility to respond to a changing environment’⁶⁹ are fundamental for universities to contribute effectively to Victoria’s innovation economy.

⁶⁷ Macklin, *op.cit.*, p36.

⁶⁸ Skills Victoria, *Report of Forum on the National Governance Protocols, 10 July 2007*. The present Government subsequently removed the statutory prescription of the Protocols.

⁶⁹ Lynne Kosky, *Future Directions for Victorian Higher Education 2002*, p.3.

Victorian Government Review of University Legislation

The Victorian Government has recently commenced a review of the legislation of each of Victoria's eight universities with a view to streamlining governance and reducing regulation.

While reform proposals are yet to be framed and considered by Government, the following issues have been identified as key areas to be addressed:

- institutional flexibility around the composition and size of governing councils;
- expansion of detail about the role and responsibilities of the Vice-Chancellor and the ways in which the respective roles of the Council and Vice-Chancellor should be codified;
- increasing the breadth and consistency of university objects, including increased emphasis on international and commercial operations;
- accountability requirements for multi-sector universities;
- simplification of processes around the creation, amendment and revocation of university statutes; and,
- reducing the restriction on universities to participate in commercial activity and innovation.

Victoria's ultimate reform package may serve as a model for other jurisdictions and harmonised national arrangements.

The role of the Victorian Registration and Qualifications Authority

The Victorian Registration and Qualifications Authority (VRQA) is the accrediting authority in Victoria for self-accrediting higher education providers and is provided for under the *Education and Training Reform Act 2006* (ETRA).

The VRQA offers a major benefit to the Victorian education and training system due to its streamlined approach to regulation and the breadth of its responsibilities, which enables an easing of the regulatory burden as well as lighter touch regulation.

Providers wishing to offer higher education courses in Victoria must apply to the VRQA for registration as a non self-accrediting higher education institution and for accreditation of their proposed higher education courses. Organisations seeking registration as a higher education institution must also apply to the VRQA.

Australian Universities Quality Agency

With respect to quality assurance, Victoria notes in, establishing its quality regime, Australian University Quality Agency (AUQA) first cycle of audits focussed on the identification of internal university quality processes, rather than on whether universities are teaching and assessing at appropriate standards.

In developing the nature and scope of second cycle audits, commencing this year, AUQA took account of input from the sector and from suggestions put forward in the report on the external review of AUQA.

The external review report indicates that second cycle audits should be more explicit in their use of external reference points and be cognisant that a standards-based approach will continue to be a significant policy issue in Australian higher education. MCEETYA Ministers have given their broad agreement to an audit approach which focuses more on standards, benchmarks, outcomes and external reference points.

Separate to the outcomes of the external review and their implications for cycle 2 audit, but closely related, is the issue of audit against the revised *National Protocols for Higher Education Approval*

Processes, which came into effect on 1 January 2008. Audit against the revised National Protocols sits effectively within the broader framework for the second cycle, providing one of what may be a number of external reference points against which institutions will be audited.

In line with directions indicated by MCEETYA, Victoria considers that AUQA should further develop a standards and outcomes based audit process.

Australian Qualifications Framework

Victoria recognises the strong contribution of the Australian Qualifications Framework (AQF) to ensuring a unified system of national qualifications in schools, vocational education and training (VET) and higher education and promoting national and international recognition of qualifications offered in Australia.

It also recognises that the Framework is undergoing major review and suggests that consideration be given to the relationships between senior secondary, VET and higher education, the three of which remain in relative isolation from each other. More robust pathways between the sectors will result in ease of articulation for students across the sectors. The Framework is also lacking a common system for credit recognition, resulting in a lack of standardised rankings or outcomes between the different qualifications issued in different sectors.

In recent years Victoria has developed its own common approach to describing and recording learning outcomes. The Victorian Credit Matrix has been designed to work with and enhance the AQF, by laying the foundation for monitoring and building a more coherent and better linked qualifications framework in Victoria. The Credit Matrix also allows for benchmarking with other countries that have level-based national qualifications frameworks.

Models of governance

A positive first step towards co-operative Commonwealth–State arrangements in the tertiary sector may be the creation of a new Tertiary Education Ministerial Council, under the auspices of COAG. It would be tasked to create overarching national arrangements appropriately structured and planned to facilitate diversity and innovation through a more flexible funding and regulatory framework. This position is expanded upon in more detail in the suggested models outlined below.

A national advisory council

The recreation of a national “tertiary education commission” with wide ranging policy, regulatory and funding responsibilities, enjoys some support within the sector as an “intermediary body” between government - in this case, the Commonwealth Government - and the tertiary sector (that is, both higher education and vocational education and training). This reflects unhappiness with the degree of intrusion into and central direction of university affairs under the former Commonwealth Government.

While this proposal merits further consideration - the Victorian Skills Commission currently has a policy and funding role and similar bodies exist in the UK and New Zealand, among other places - a number of significant issues would need to be resolved.

An alternative would be the establishment of a **national higher education advisory council** to provide long-term support and advice around governance, regulation and funding to governments and Ministers. Such a council would partly assume the role of the current Joint Committee on Higher Education but would have a broader composition (that is, with members external to government).

Victorian Government's Position

A good governance and regulatory model involves a fundamental balance between ensuring that each university's unique characteristics and aspirations are recognised, while prescribing appropriate accountability and service mechanisms. Victoria recognises the need for greater flexibility of governance and regulation and views the creation of a tertiary education ministerial council as an appropriate initial step towards co-operative Commonwealth-State arrangements in the tertiary sector.

Victoria sees merit in the establishment of a national body to provide long-term support and advice to governments and Ministers on governance, regulation and funding issues.

Victoria considers that the Australian University Quality Agency should further develop a standards and outcomes based audit process.

APPENDIX 1: ADAPTING TO LIFELONG LEARNING ⁷⁰

'The effort of all governments working together on reform, underpinned by clear goals of what needs to be achieved in these areas, is critical to ensuring that all Australians have access to the **quality education, training and support they need to be equipped for a life of success in learning and employment**' (Council of Australian Governments Communique, 3 July 2008).

Lifelong learning is a fundamental response to the significant demographic challenges concerning the supply and demand for labour in an increasingly tight market. It also brings a number of professional, social, personal and intrinsic benefits to the individual.

Tackling labour market challenges

Given the ageing of the Australian population, we can no longer rely as heavily on young people as the primary suppliers of new workforce skills. There has been a significant shift in the composition of the labour market in the past three decades. In the late 1980s, people under 45 years of age made up 76 per cent of the market; barely a decade later, workers under 45 years of age had declined to 69 per cent. It is projected that, by 2016, workers under 45 years of age will make up 58 per cent of the labour market, a decline of one per cent a year.

How do we facilitate lifelong learning?

Lifelong learning is underpinned by the ease of access to and ability to move through flexible, integrated primary, secondary, tertiary and further systems of education.

The median age of new entrants into tertiary education is steadily rising and the expectations of these students are different to the expectations of younger students. In addition, the modern workforce is becoming increasingly more flexible, mobile and innovative. The higher education sector and, indeed, all education and training sectors must adapt to meet the fluctuating needs of the average worker throughout their working life.

At present workers 45 years and above receive the lowest levels of formal training. They have increasingly come to be viewed as 'deskilled' in the context of technological advances. To compound this issue, the education and training system lacks the flexibility of structure which makes it more accessible to older workers with specific time and cost commitments. In short, the current 'reward' for investing in further education is not matched by the financial expenditure and time commitments required.

Fundamentally, older workers are looking for:

- short, specifically targeted pathways and modular learning;
- 'bite sized' programs;
- flexible, user-friendly services;
- open access;
- recognition of unique learning strategies;
- improved marketing to employers;
- recognition of prior learning; and,
- off-campus delivery.

⁷⁰ The principal reference for this section is Committee for the Economic Development of Australia (CEDA), *Lifelong Learning*, 2005.

In addition, completion of Year 12 or an equivalent vocational qualification is vital to underpin the notion of lifelong learning. Year 12 completion adds significant value to an individual's working capacity. Increased literacy and numeracy skills, as well as more tangible engagement with concepts and ideas and increased awareness of self-learning, are valued highly by prospective employers.

APPENDIX 2: SKILLS REFORM IN VICTORIA⁷¹

In a recent discussion paper the Victorian Government signalled its intention to tackle skills shortages by encouraging more people to enter the training system to improve their qualifications and skills.

Proposed reforms will be directed at:

- boosting the number of individuals and businesses accessing training, which will increase the skills of Victoria's workforce;
- developing a VET system that engages more effectively with individuals and businesses and is easier to navigate;
- ensuring that the system is more responsive and flexible to the changing skills needs of businesses and individuals; and
- creating a stronger culture of lifelong learning.

Key features of the proposed reforms include a more competitive VET environment via the introduction of:

- greater contestability for government-supported training delivery;
- a new investment model;
- improved information to make it easier for individuals and businesses to use the training system;
- continuing to improve the capacity of the TAFE workforce and capital development; and,
- continuing to build the capacity of the Adult, Community and Further Education sectors.

Increased contestability will allow an expansion in the number and types of providers able to apply for government training funding. This would encourage a broader range of private training providers into the publicly funded VET system.

The Government is considering **a new investment** model that will encourage more Victorians into training and to obtain higher levels of qualifications to increase their employment opportunities and productivity. As well as setting fees at levels consonant with the overall costs of delivery and the significant personal benefits from training, in recognition of the wider public benefit of training, the Government would increase its contribution to the costs of training.

Improving information to make it easier for individuals and industry to navigate the training system means that individuals and industry will be able to make more informed decisions about their training needs.

TAFE institutes would continue to be funded as full-service providers of public training. The Government would also continue to play a central role in funding and regulating TAFEs.

⁷¹ See Victorian Government *Securing our Economic Future: Discussion Paper on Skills Reform, 2008*.

APPENDIX 3: THE EMERGING SKILLS GAP IN EDUCATION AND EARLY CHILDHOOD DEVELOPMENT

As part of COAG's work on a "third wave" of productivity reforms, there has been an increased focus on human capital and its links to long term economic growth. This includes a focus on the quality of school education and a greater understanding that high-quality early childhood services are critical in laying the foundation for children's subsequent learning, health and broader development, particularly for children from disadvantaged backgrounds. Victoria proposes a number of specific initiatives around the quality and supply of the early childhood development and teaching workforce.

Supply and Demand

In relation to the early childhood workforce, there is a significant staff shortfall, particularly of qualified staff, noted by unfilled vacant positions and staffing exemptions granted to services. With the impact of new reforms, existing skill shortages and Victoria's significant birth rate growth, it is clear that sustained effort is required to ensure early childhood services are positioned to meet growing demand and quality requirements. This is critical given that research has established links between the qualification levels of early childhood staff and the quality of service provision and developmental outcomes for children. A lack of qualified staff poses considerable risks to children's development, affecting the ability of these children to participate in Australia's economy in future years.

With respect to the school system, the 2008 Teacher Supply and Demand Report found that, in 2009 in Victoria, there will be:

- a projected supply imbalance of qualified primary and secondary teachers;
- an undersupply of teachers in particular curriculum areas such as mathematics, science, Technology Studies, physical education and Languages Other Than English (LOTE); and,
- difficulties in the recruitment of teachers in some rural and remote areas.

The Victorian Department of Education and Early Childhood Development (DEECD) has in recent years developed a suite of initiatives to assist schools experiencing recruitment difficulties. For example, the Career Change Program⁷² enables suitably qualified professionals with relevant experience to become teacher trainees in priority Victorian government schools.

One major focus of these programs has been to broaden and increase the supply of teacher education entrants both from non-traditional sources (e.g. mid-life 'career changers') and from high-performing graduates with expertise in hard-to-fill subject areas (e.g. mathematics and science).

Another focus of current DEECD programs has been to provide incentives to student teachers (via the Teacher Practicum Scheme) and recent teacher graduates (via the Teaching Scholarship Scheme) to sample rural school experiences as undergraduates and seek employment in rural and regional schools on graduation.

The Commonwealth should build on State initiatives (outlined above) by supporting measures that:

- address the supply of teachers in difficult-to-staff subjects and geographic areas; and,
- encourage a more appropriate mix of teacher education between sectors and disciplines.

⁷² See <http://www.teaching.vic.gov.au/news/careerchg/default.htm>.

Teacher Quality

Research shows that the quality of teaching is the single most important school-based factor in determining student achievement, accounting for approximately 20-30 per cent of variation in student scores⁷³. Data also show:

- there is significant variation in the quality of teacher graduates produced by different pre-service courses;
- a high-quality practice component is essential in producing quality teacher graduates;
- the potential benefit of practical experiences in schools is limited by inadequate coordination with university-based components of teacher education and problems in resourcing and follow-through;
- high-performing graduates who become teachers are distributed unevenly across geographic regions; and,
- graduate teachers are more likely to seek employment in the particular geographic area in which they have completed their teacher training.

Research also shows that top-performing education systems use a range of strategies to attract the right people and develop them into quality teachers. These include improved recruitment practices, rigorous selection procedures for entry into pre-service courses and effective pre-service courses with extended practicum and integration of theory and practice⁷⁴.

The Victorian inquiry into the quality of pre-service teacher education was strongly of the view that course delivery and research activity can often have greater impact and immediacy when combined with the direct involvement of schools and current practising teachers.

The inquiry was also strongly supportive of teacher education programs that could provide more flexibility in terms of course delivery (e.g. online, part-time) and thereby greater access and affordability to non-traditional entrants, e.g. mature age 'career changers' and people living in rural and remote areas. The entry into teaching of people with a broader range of life and professional experience was considered an important factor in achieving improvements in overall teacher quality.

DEECD is currently considering the introduction of a new program, modelled on overseas schemes Teach First in the UK (<http://www.teachfirst.org.uk/>) and Teach for America in the USA (<http://www.teachforamerica.org/>), which have proved particularly successful in attracting high-quality graduates into teaching. The 2008-09 State Budget provided \$7.6 million over four years to employ up to 75 outstanding graduates across a range of disciplines to teach in government schools. Intensive teacher training, internships with leading employers and coaching opportunities will be provided. These teachers will be placed in hard-to-staff subject areas in secondary schools.

VICTORIA'S PROPOSITIONS

Supply and Demand

Consideration needs to be given to measures that the Commonwealth can take, in combination with the States, to improve teacher demand and supply, such as:

- An increased emphasis on early childhood education and care qualifications.

⁷³ See, for example, Council of the Australian Federation, *Future of Schooling in Australia*.

⁷⁴ See Barber and Mourshed, *How the world's best-performing systems come out on top*.

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- Determining the cost of early childhood education and care courses and considering more flexible delivery options⁷⁵.
 - Streamlining and promoting training pathways to encourage staff to attain early childhood qualifications.
 - providing further incentives in the form of scholarships, which might in turn increase the supply of students undertaking teacher education in these subjects.
 - Removal of Commonwealth taxes (e.g. FBT) on scholarships and incentives provided by State systems to address teacher supply and demand issues.
 - Initiatives that would encourage student teachers to study and/or undertake practicum placements in well-supported schools in rural and regional areas.

Teacher Quality

To improve teacher quality, the Commonwealth, in combination with the States, could take initiatives to:

- Support and enable expert practising teachers to deliver appropriate course components of pre-service teacher education within a school environment, as part of a 'clinical model' approach to course delivery.
- Encourage teacher education programs that give greater emphasis to school-based or 'clinical' experience articulated and linked to theory.
- Facilitate close and regular partnerships between schools and universities in the delivery of teacher education course programs.
- Increase funding for student-teacher supervisors in schools during practicum placements.
- Diversify and improve the calibre of candidates entering teaching through greater course flexibility and the development of alternative pathways.
- Examine potential enhancements to the ways in which student-teachers are selected to give weight to the range of aptitudes needed to function effectively as a teacher (e.g. to include other selection tools such as interviews and rigorous selection processes).

⁷⁵ See section 8 on funding of higher education.

APPENDIX 4: UNIVERSITY PARTICIPATION

Preliminary report on University participation, access and entry in Victoria by Daniel Edwards and Gary N. Marks, ACER

Introduction

This report provides an initial investigation into four issues of importance to Victorian young people in relation to university access and entry in Victoria. The discussion has been constructed to help frame the submission of the Victorian Government to the current federal *Review of Higher Education*, chaired by Professor Denise Bradley. This is the first report in a project being undertaken by the Australian Council for Educational Research (ACER) for Skills Victoria.

This Preliminary Report explores existing evidence relating to participation, access and entry to Victorian universities. It focuses on a number of recent studies that have particular relevance to Victoria, but also explores other research undertaken at the national level in relation to these issues. This report is prepared as a background and context-setting discussion for the subsequent Main Report, which will include new data from the Victorian Tertiary Admissions Centre (VTAC) to provide an up-to-date evidence-base that focuses on the dynamics of university entrance and enrolment in Victoria.

This report outlines issues, examines existing evidence and highlights areas for further analysis in four key areas:

- Residential location of Victorian domestic students before entering university and while at university;
- Areas of high non-participation in university in Victoria;
- Analysis of tertiary entrance scores required to gain access to Victorian universities; and
- Changes in university enrolment patterns in Victoria and within individual institutions.

The first two issues covered here primarily relate to geographic location and participation. There are strong links between residential location and a number of other factors that are influential on university participation, in particular socioeconomic background. These influential factors are mentioned in the discussion below, but the focus remains on geographic elements, and therefore these other factors are not explored in detail within this report.

Where did Victorian university students reside before commencement?

There is substantial evidence to suggest that residential location can be a predictor of university entrance, especially among recent Year 12 completers. This is due to the strong links between residential location and socioeconomic status (Edwards, 2008; Edwards, Birrell, & Smith, 2005) as well as issues relating to proximity to university campuses (Stevenson, Evans, Maclachlan, Karmel, & Blakers, 2000). This section examines existing research which shows areas where a large proportion of young people are enrolled at university. The next section focuses on research highlighting areas of low participation. It is important to note that in general, research into university access in Victoria has focussed on areas and groups with low participation rather than highlighting hubs of high participation.

Across Victoria, but particularly in Melbourne, there are areas where there is a substantial transition of students from Year 12 into university. As noted by both Teese (1984) and McCalman (1993), middle-class areas of Melbourne, particularly the inner eastern and southern suburbs, have traditionally been the main supply areas of university students in Victoria. This dominance of

university places by people living in these areas stems from the early twentieth century, when the only secondary schools in Melbourne to offer the prerequisite subjects to gain entry to university were located within these suburbs (McCalman, 1993; Teese, 1984).

Since these earlier times, university participation has grown enormously in Victoria, and now, the Victorian Certificate of Education is offered in schools catering for students from all regions. So, in simple terms of access to schooling, these early forms of selectivity by geography have been erased. However, research by Edwards et al. (2005) shows that university access patterns of Year 12 completers to Victorian universities are still very high among students from inner, southern and eastern parts of Melbourne. The analysis of university entry data from 1993 to 2003 by these researchers showed that students from these areas were much more likely to gain an offer to a university place when compared to students from other areas of metropolitan and regional Victoria. In particular, high concentrations of students gaining university offers were found in the statistical subdivisions of Boroondara City and Inner Melbourne.

The authors of this research linked the high transition rates among students from these areas with the fact that the tertiary entrance scores of these students were considerably higher than most other parts of the state and therefore students from these areas were most likely to gain a university offer at the end of Year 12. These higher scores have been attributed to school sector, socioeconomic status, cultural and social capital – the latter few of which there appear to be higher concentrations of in these areas of Melbourne (Birrell, Rapson, Dobson, Edwards, & Smith, 2002; Edwards et al., 2005; Lamb, 2007; Teese, 2000; Teese & Polesel, 2003). However, differences in participation between metropolitan and non-metropolitan areas cannot be so easily attributed to socioeconomic background.

The Main Report for this project will examine the most recent data available in Victoria to trace these enrolment patterns over a time series in order to identify whether the patterns identified by Edwards et al. (2005) remain. Using data from VTAC, this subsequent report will also investigate the extent to which other areas of Victoria are increasing their participation in university. It is anticipated that these data will show that the previously identified areas with concentrations of high university participation have continued to dominate university entrance over the past five years. However, particular attention will be given to areas of outer suburbia in Melbourne – where there has been considerable recent population growth – to see whether the participation patterns outlined in previous research have continued, or whether the growth of these areas and the new schools established there have helped to bolster university participation.

Areas of low participation in university

The literature and research in Australia on low university participation rates and identification of ‘at risk’ groups is far more common than explorations into areas of high participation. There are obvious reasons for this relating to policy initiatives designed to increase equity and access of groups with low representation. When examining issues of low participation by geographical area, there are some key themes that emerge from the existing research that has focussed specifically on Victoria. First, like other parts of Australia, regional and remote students are less likely to enrol at university. Second, within the Melbourne metropolitan area, students from outer suburbia and from the west and northern suburbs tend to have low university participation rates. This section initially examines relevant research relating to regional participation and then outlines findings from research about low participation rates within Melbourne.

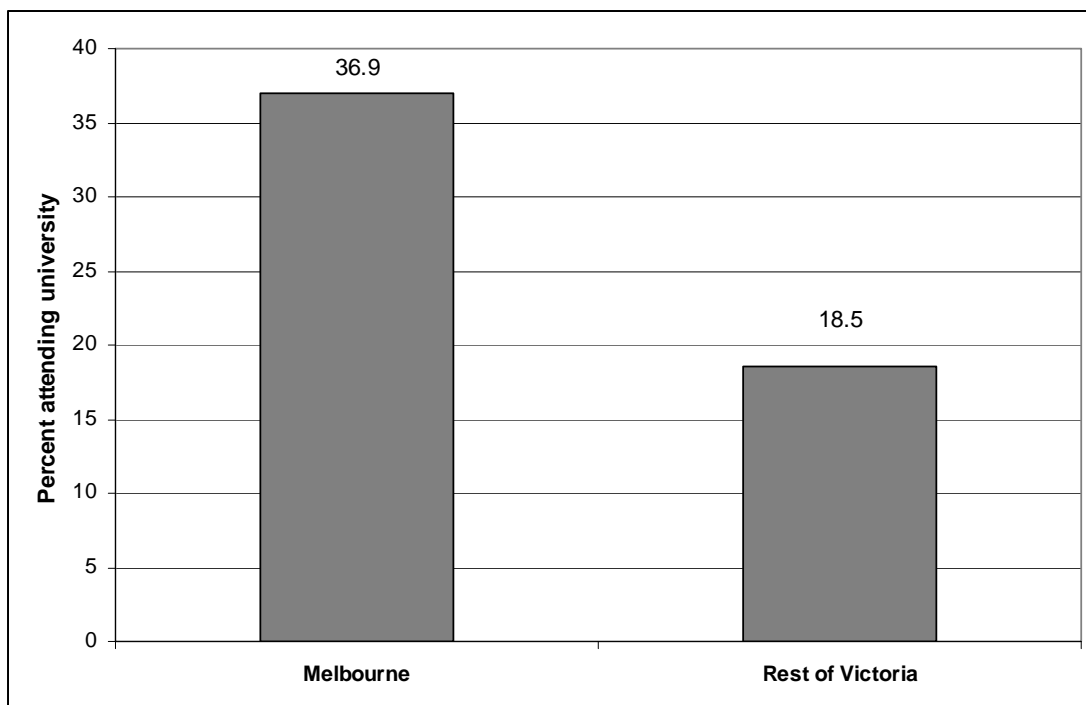
Regional vs Metropolitan participation

A number of national-level studies into the higher education participation of residents from regional areas have been undertaken over the past decade (Department of Education Training and Youth Affairs, 1999; Dobson & Rapson, 2003; Godden, 2007; Hillman & Rothman, 2007; James, 2002;

James, Baldwin, Coates, Krause, & McInnis, 2004; James, Baldwin, & McInnis, 1999; James, Wyn et al., 1999; Langworthy, 2004; Marks, N., Long, & McMillan, 2001; Stevenson et al., 2000; Teese, 2001). These studies have found that the university participation rates of Australians living in regional and remote areas are much lower than those living in metropolitan areas. In particular, James, Baldwin, Coates, Krause, and McInnis (2004, p. xiv) concluded from an Australia-wide perspective that 'people living outside urban regions continue to be a significantly under-represented group' within the higher education sector.

Figures from the 2006 Census of Australian Population and Households show that among young Victorians living in regional Victoria, university participation rates are very low, especially in comparison with their metropolitan counterparts. Figure 1 highlights this difference in participation rates by concentrating on those Victorians aged between 18 and 20 who were no longer enrolled at school. The difference in these rates is substantial. Similar findings in Victoria using the previous, 2001 Census have been noted by Dobson and Rapson (2003).

Figure 1: Higher education participation rates of 18 to 20 year olds (who are not enrolled in secondary school), Victoria, 2006



Source: ABS customised 2006 Census matrix, unpublished

However, these figures are not a completely accurate indication of the university articulation rates from these two regions. This is because they are skewed depending on proximity to a university campus. There are few university places available outside Melbourne, and therefore, young people from regional areas who are enrolled at university tend to leave their home towns and are unlikely to be counted in the Census as living in a regional area. As a result, the rates for regional Victoria may be indicative not just of low university articulation rates, but also the fact that university places are concentrated in the metropolitan area.

This problem was avoided by Stevenson et al. (2000), who used 1996 Census data to analyse participation rates across Australia. They examined university participation among young people aged 19 to 21 years by their residential address five years previously – when they would have been enrolled at school and most likely living with their family. Stevenson et al. found that across Australia in 1996 the participation rate of 19 to 21 year olds who had grown up in regional areas was 18.8 per cent, compared with 26.6 per cent for metropolitan-based young people. This is a much smaller difference than that apparent from Figure 1.

The lower participation rate of non-metropolitan students is not because of weaker tertiary entrance performance. Using applications and enrolment data for Year 12 completers in Victoria, Edwards et al. (2005) found that for the 2003 Victorian Year 12 cohort, students from regional Victoria were surprisingly more likely to gain an offer to university than those from metropolitan Melbourne, regardless of school sector. However, when it came to enrolling at university, only two thirds of regional Victorian students who received a university offer actually took up that offer and enrolled. By comparison, 85 per cent of metropolitan students accepted their offer and were enrolled in the following year.

In addition, the *On Track* project, run by the Victorian Department of Education and Early Childhood Development, reveals that the post-school destinations of Victorian Year 12 completers vary considerably by geographic region. Based on a survey of more than 34,000 school leavers, the 2007 report (Teese, Clarke, & Polesel, 2007) shows that school-to-university transition rates among regional-based students were lower than among those in metropolitan Melbourne. The *On Track* figures also reveal that within regional Victoria, participation in university was particularly low among students who attended school in the Goulburn Ovens Murray and Gippsland regions. In the Goulburn Ovens Murray region, only 29.1 per cent of Year 12s articulated to university in 2007, while the Gippsland figure was 31.7 per cent. This compares with a state average of 47.4 per cent. The massive differentiation in participation levels is revealed when the inner metropolitan figures are compared to these regional numbers; in the *On Track* Inner Eastern Melbourne region, 68.9 per cent of the Year 12 cohort articulated to university in 2007.

These Victorian figures, along with other national studies, highlight the accessibility issues faced by young people who live in regional areas and want to attend university. The reasons for not taking up university places are linked to the fact that young people from regional areas usually need to move from home in order to attend classes. Stevenson et al. (2000) show that proximity to a university campus plays an important role in the likelihood of attending university, but that participation is also linked to socioeconomic status. These issues are inextricably linked, because if you live in a regional area and your family is under financial strain, it is unlikely that money will be available to fund a move to attend university. Godden (2007), who undertook a qualitative study of regional Australian young people found that finance issues, especially in relation to lack of access to Youth Allowance, were particularly influential on young people's decisions to not participate in higher education. These findings were also articulated in the responses to the 2007 *On Track* survey (Teese et al., 2007). In acknowledgement of these issues, a number of charitable organisations in regional Victoria currently provide financial assistance to young people so finances are not a barrier to choosing whether or not to attend university. The *Chances for Children* program, based in Mildura is an excellent example of such an initiative.

However, it is important to note that financial barriers do not provide the only disincentive to attend university. Other factors relating to cultural attitudes to university study, local employment opportunities and family expectations relating to employment pathways are likely to also influence the post-school pathways taken by young people in regional Victoria.

Further analysis of this issue, to be undertaken in the Main Report using the most recently available VTAC data, will explore the university participation rates within regions of Victoria in order to enhance the knowledge and understanding relating to levels of access to, and participation at, Victorian higher education providers. It is anticipated that the findings will show that regional Victorian school completers are under-represented in Victorian universities, especially those based in metropolitan Melbourne. The implications of these findings will further contribute to the existing research relating to university participation in Victoria.

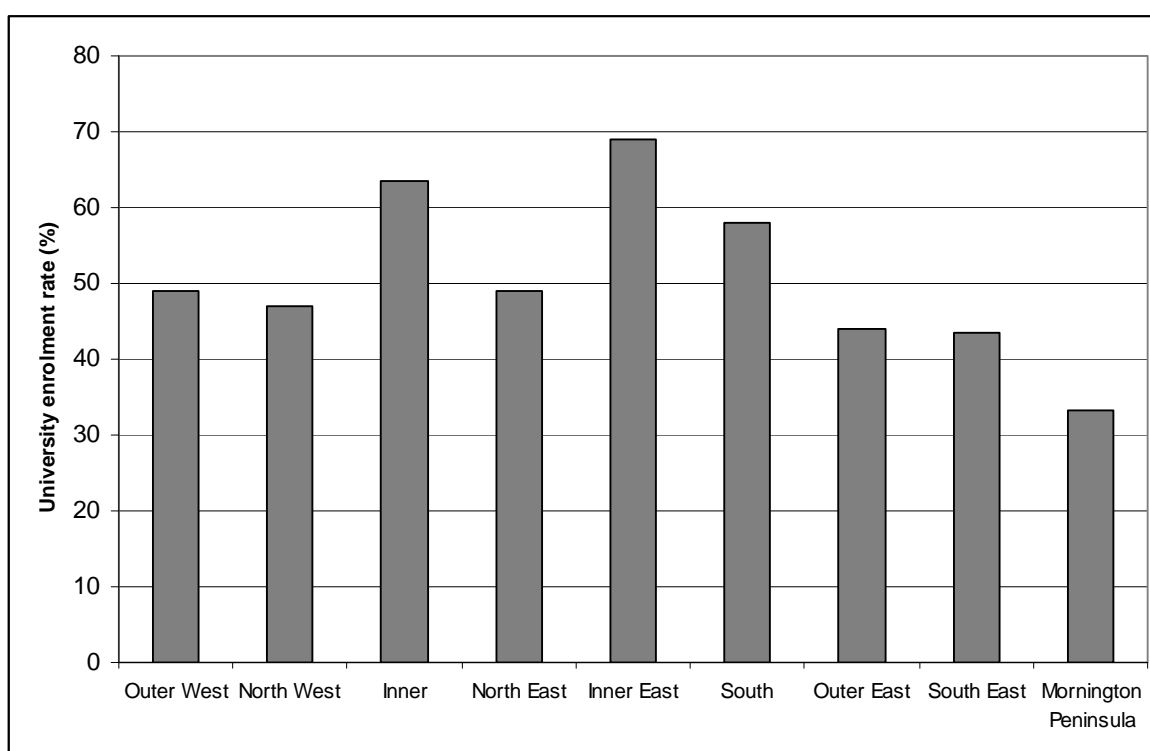
Differentiation in participation within Melbourne

While the low participation rates and disadvantage faced by rural and regional students is relatively well documented, less analysis has been carried out relating to geographical access patterns

within metropolitan regions in Australia. Of the Australian research into this area, the most detailed studies appear to have been undertaken in relation to Melbourne (Edwards, 2008; Edwards et al., 2005; Lamb, 2007; Teese, 2000; Teese et al., 2007; Teese & Polesel, 2003). Other Australian-based research has also been undertaken in other cities, including Adelaide (Thomson, 2002), Perth (Forsey, 2007) and Sydney (Vinson, 2002). Essentially, all of this research shows that there are patterns of differentiation within school outcomes and university access within the large metropolitan areas of Australia.

The 2007 *On Track* data show the considerable differences in the university transition rates of Year 12 students within regions of Melbourne. Figures from the *On Track* report (Teese et al., 2007) have been used in Figure 2 to highlight the range of participation levels within the metropolitan area. Particularly low levels are shown in the Mornington Peninsula, South East and Outer East. The Northern and Western regions also had relatively low participation.

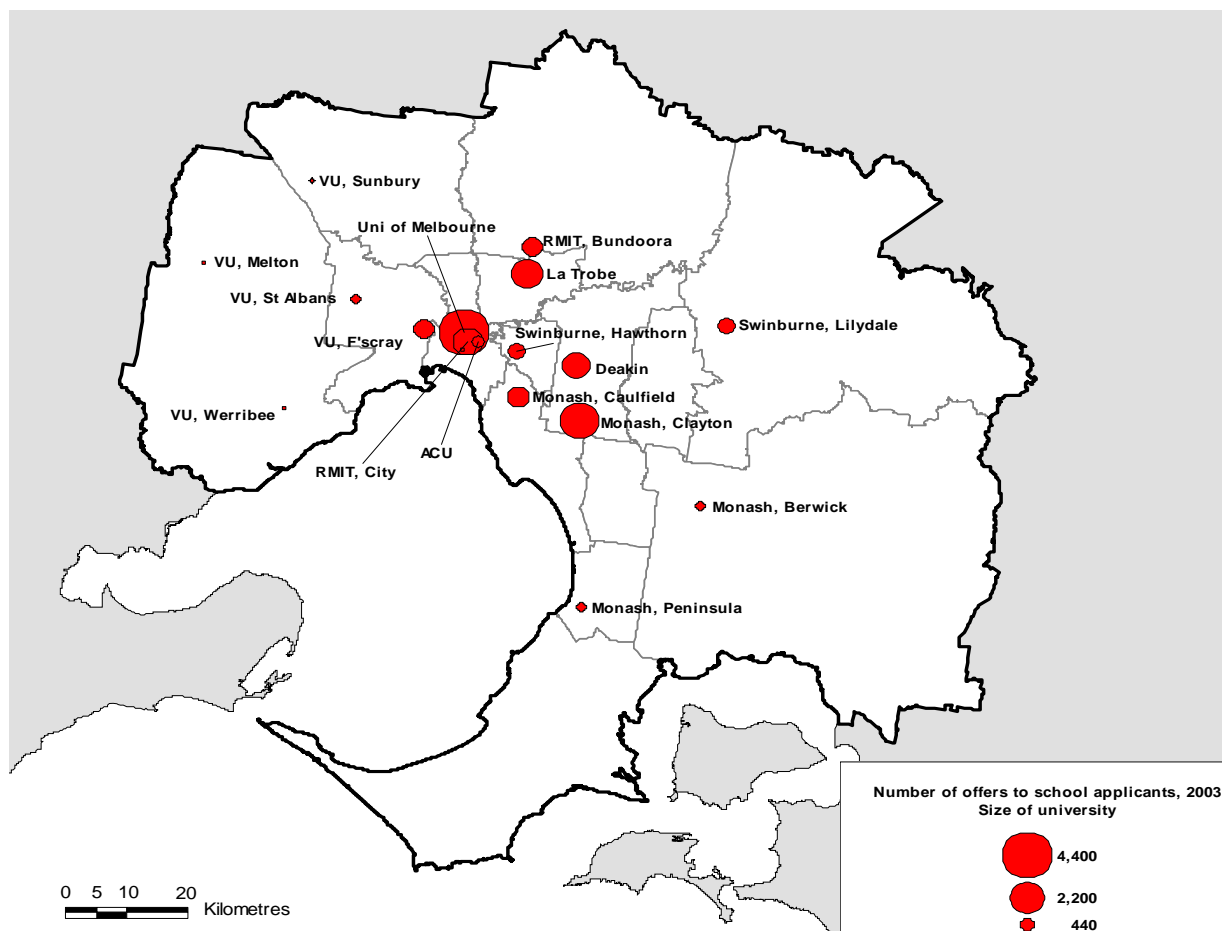
Figure 2: University enrolment rates of the 2006 Year 12 cohort by labour force region, Melbourne



Source: *On Track*, 2007. Data adapted from *On Track* report, table 15

Similar findings by Edwards (2006, 2007a, 2008; Edwards et al., 2005) have been dissected from other data sources such as the Census and the VTAC applications and admissions collection. This research highlights the link between proximity to university campuses and the transition from school to university of Melbourne students. In particular, accessibility to a range of university options for students in the outer suburbs of Melbourne is substantially limited. Examination of Map 1 (adapted from Edwards et al., 2005) shows that university campuses and student numbers in Melbourne are primarily concentrated in the inner areas. While there are satellite campuses of some universities in the outer suburban regions, these campuses tend to be relatively small. This suggests that accessibility to university for some metropolitan students is difficult and is likely to be a contributing factor to the lower university participation rates shown in some areas.

Map 1: Location and size of the main metropolitan university campuses in Melbourne, 2003



Source: Extracted from Edwards, 2005, Map 2.

Tertiary entrance requirements for Victorian universities

A significant factor in university attendance and participation is academic achievement levels at Year 12. Universities across Australia primarily use prior academic achievement as a way of allocating university places. Marks, McMillan, and Hillman found that tertiary entrance performance is most strongly related to prior achievement in literacy and numeracy followed by socioeconomic background (Marks, McMillan, & Hillman, 2001). The most prestigious courses and institutions tend to require the highest tertiary entrance scores. Analysis in Victoria by Birrell et al. (2002) and Edwards et al. (2005) is the most detailed in relation to examining trends in university acceptance score levels and the relative articulation rates of Year 12 students by Equivalent National Tertiary Entrance Rank (ENTER).

This research has shown that each year there are large numbers of students in metropolitan and regional Victoria who struggle to gain an ENTER that will provide them with a possibility of accessing university. While an academic pathway is certainly not the only destination considered by students and for many, university is not the right post-school option, there is evidence to suggest that those with lower ENTER outcomes are disproportionately from government schools, outer suburbia and from low socioeconomic backgrounds.

Research by Edwards (2008) has shown that as competition for university increases, the ability of students from low socioeconomic backgrounds and government schools to access university decreases. This research, examining rising competition for Victorian universities between 1996 and 2004, revealed that during this time the provision of university places in Victoria declined, while the number of students completing Year 12 increased. This imbalance in supply and demand

led to increases in the ENTER required to gain access to some universities in Victoria. The research showed that in particular, it was at the universities which traditionally had the lower cut-off ENTER scores that the largest increase in scores occurred (in particular, these universities included Victoria University and La Trobe University). This meant that by 2004, students who would have previously been able to gain access to a place in these universities were out of contention for places and consequently missed out. The analysis revealed that at the more academically accessible universities, the proportion of government school and of low socioeconomic status students gaining access declined notably between 1996 and 2004.

Since this research was undertaken, there have been some changes in the supply of university places in Victoria. It is likely that this may have helped restore access levels for some students who have university aspirations, but through educational disadvantage cannot achieve an ENTER that will grant them guaranteed access to a place. However, the extent to which new university places in the system have helped increase access for disadvantaged students is unknown. In the Main Report for this project, analysis of the most recently available data will be used to assess the extent to which this has happened and to identify current accessibility issues in the system in regard to tertiary entrance scores and university admissions.

Changes in university enrolment patterns

As discussed in the earlier sections, there have been notable changes in university enrolment patterns identified in research into access to Victorian higher education institutions over the past decade. In particular, the proportion of students from low socioeconomic status regions and from government schools declined at some universities in Victoria between 1996 and 2004 (Edwards, 2008). According to university enrolment statistics from the federal Department of Education, Employment and Workplace Relations (DEEWR) between 2002 and 2006 in Victoria, there was little change in the overall number of domestic undergraduate commencements at the eight Victorian-based universities .

However, the table shows that among the Victorian universities, there were different patterns in enrolment numbers during this time series. Some – in particular Swinburne – experienced growth in domestic undergrad commencements, while others – most notably Melbourne – experienced declines in student numbers.

Table 1: Undergraduate commencements for domestic students at Victorian universities, 2002 to 2006

University	2002	2003	2004	2005	2006	Change (no.) 02 to 06	Change (%) 02 to 06
University of Ballarat	1,313	1,331	1,257	1,225	1,285	-28	-2.1
Swinburne University of Technology	2,281	2,388	2,390	2,747	2,690	409	17.9
Victoria University of Technology	4,445	4,436	3,735	4,222	4,363	-82	-1.8
La Trobe University	6,211	6,040	5,384	5,275	5,933	-278	-4.5
Deakin University	6,057	6,139	5,946	6,546	6,234	177	2.9
Royal Melbourne Institute of Technology	5,587	4,780	5,277	5,453	5,761	174	3.1
Monash University	7,748	7,752	8,246	7,508	7,830	82	1.1
The University of Melbourne	6,066	5,797	5,864	5,934	5,388	-678	-11.2
Total	39,708	38,663	38,099	38,910	39,484	-224	-0.6

Source: DEST/DEEWR Higher Education Statistics Collection, UEAG 2002 to 2006

Unlike the relatively unchanged overall number of undergraduate domestic students in Victorian universities, there was substantial enrolment growth in the number of overseas students enrolled in these institutions between 2002 and 2006. Overall, among the undergraduate cohort, there was a 51.2 per cent growth in enrolments across the eight Victorian-based universities in this period. Some universities, such as Ballarat, Swinburne and La Trobe experienced substantial growth in enrolments of these students, albeit from relatively small bases. The largest providers, Monash, Melbourne and RMIT continued to increase their numbers of this group of students.

Table 2: Undergraduate commencements for overseas students at Victorian universities, 2002 to 2006 (onshore enrolments only)

University	2002	2003	2004	2005	2006	Change (no.) 02 to 06	Change (%) 02 to 06
University of Ballarat	303	477	1,490	1,050	1,056	753	248.5
Swinburne University of Technology	544	742	514	599	1,233	689	126.7
Victoria University of Technology	877	1,310	953	818	451	-426	-48.6
La Trobe University	484	678	783	692	1,104	620	128.1
Deakin University	426	685	881	709	818	392	92.0
Royal Melbourne Institute of Technology	1,059	1,264	1,279	1,277	1,489	430	40.6
Monash University	1,681	2,076	2,296	1,818	1,956	275	16.4
The University of Melbourne	1,122	1,290	1,279	1,288	1,714	592	52.8
Total	6,496	8,522	9,475	8,251	9,821	3,325	51.2

Source: DEST/DEEWR Higher Education Statistics Collection, UEAG 2002 to 2006

Research into other enrolment patterns within Victorian relating to school sector, socioeconomic status and geographic location have shown that in the past there have been interesting patterns of enrolment, often revealing increasing differentiation between groups. Previous VTAC analysis by Birrell et al. (2002) and Edwards et al. (2005) has shown that between the mid-1990s and mid-2000s, the proportion of enrolments of government school graduates in Victorian universities declined. Edwards (2007b, 2008) revealed that this decline was occurring over and above the shrinking in total numbers of government school enrolments. In addition to this research, the discussion in the section above outlined other findings relating to enrolment patterns linked to changes in tertiary entrance requirements.

Further and more up-to-date analysis of university enrolment patterns is required in Victoria. Utilising new VTAC data in the Main Report, this project will be able to explore how the participation among certain groups of students has changed in the past few years. Such analyses will be timely given the recent growth in the provision of domestic university places to Victorian universities. As discussed earlier, it is important to monitor the extent to which these places have increased opportunities of access for potential students in key equity groups.

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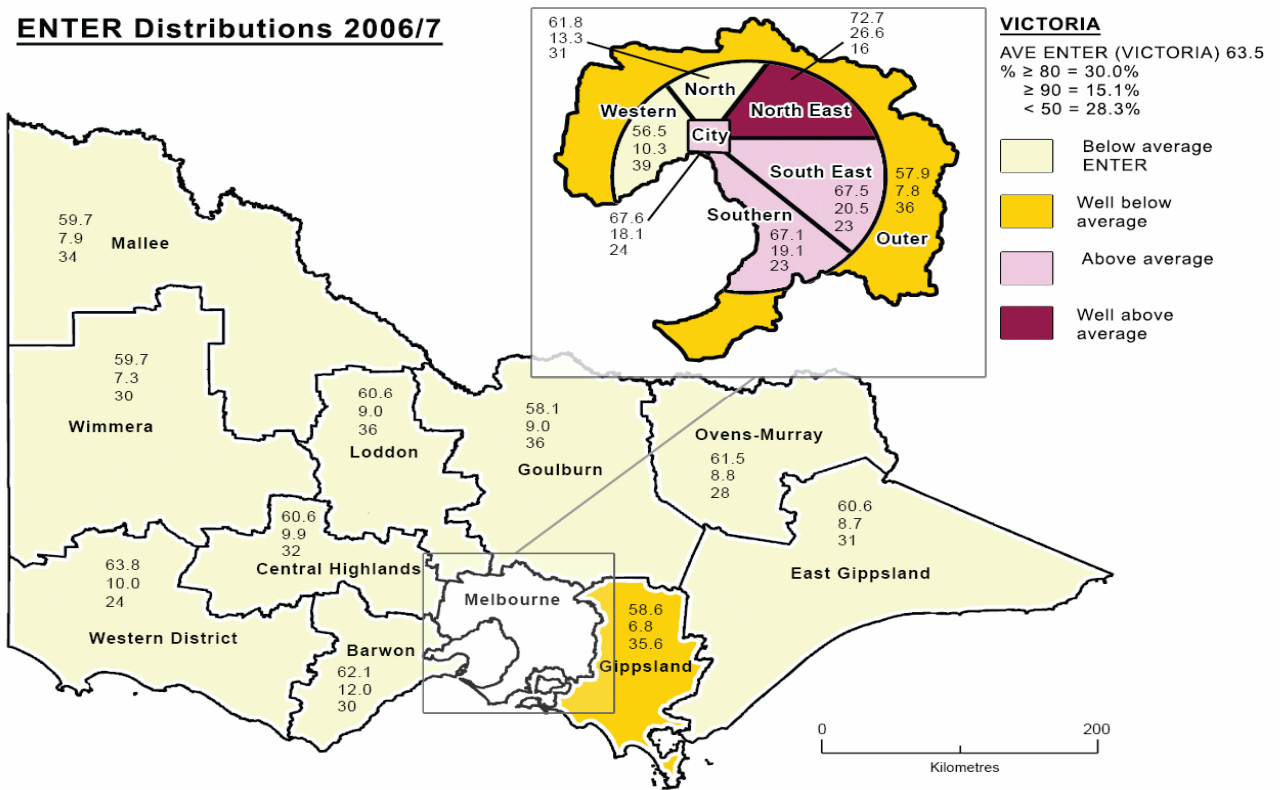
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APPENDIX 5: GEOGRAPHIC DISTRIBUTION OF ENTER SCORES

Victorian Tertiary Admissions Centre Data on Geographic Distribution of ENTER Scores in 2007

ENTER Distributions 2006/7



APPENDIX 6: VICTORIAN PROGRAMS FOR ACCESS AND EQUITY

The Victorian Government is seeking to create opportunities for broader access and equity by pursuing multi-pronged strategies.

Blueprint for Government Schools⁷⁶

The Blueprint for Government Schools sets the directions for improved student, school and system performance. It outlines strategies to deliver on the three priority areas of:

- recognising and responding to diverse student needs;
- building the skills of the education workforce to enhance the teaching–learning relationship and;
- continuously improving schools to maximise student learning, lift school performance and make the Victorian government school system even stronger.

The Blueprint is fundamentally about improving student outcomes. Its objective is to provide all students (irrespective of the school they attend, where they live or their social and economic status) with a high-quality school education and a genuine opportunity to succeed.

The Department of Education and Early Childhood Development (Victoria) is developing a new iteration of the Blueprint that will provide the framework for a five-year reform agenda for early childhood services and schools. It will drive improvement and integration and help to deliver the best possible outcomes for all children and young people in Victoria. It is anticipated that the Blueprint for Early Childhood Development and School Reform will be released later this year.

Growing Victoria Together⁷⁷

The Growing Victoria Together policy statement is a 10-year vision that articulates what is important to Victorians and the priorities the Government has set to build a better society. It includes a strong emphasis on high quality education and training for lifelong aims to achieve:

- against the national benchmark levels for reading, writing and numeracy, the proportion of Victorian primary students the will be at or above the national average;
- by 2010, 90 per cent of young people in Victoria will successfully complete Year 12 or its educational equivalent; and,
- the level of participation in vocational education and training of adults aged 25–64 years will increase.

Moving Forward⁷⁸

The Moving Forward program is directed at building a skilled provincial workforce to achieve the right skill mix in regional areas that enables regional industries and communities to maintain viability into the future.

⁷⁶ For more detail, see Department of Education and Early Childhood Development, *Blueprint for Government Schools* - <http://www.sofweb.vic.edu.au/blueprint/>.

⁷⁷ For more detail, see Department of Premier and Government, Growing Victoria Together - <http://www.dpc.vic.gov.au/CA256D8000265E1A/page/Growing+Victoria+Together!OpenDocument&1=30-Growing+Victoria+Together~&2=~&3=~>.

⁷⁸ For more detail, see Department of innovation, Industry and Regional Development - http://www.business.vic.gov.au/BUSVIC/STANDARD//pc=PC_61466.html .

Moving Forward initiatives include:

- The Skills and Jobs for Disadvantaged Workers initiative aims to provide disadvantaged Victorians with sustainable employment opportunities in Western Victoria's manufacturing sector and North East Victoria's transport, distribution & logistics industry.
- The New Training Opportunities in Areas of High Regional Demand initiative seeks to address skills shortages and improve education, training and employment outcomes through an increase in the provision of vocational education and training in areas that are critical to future regional economic growth
- The expansion of the Community Regional Industry Skills Program (CRISP) has sought to place a greater emphasis on supporting projects that help attract workers to meet specific skills shortage or fill specific positions as well as maintaining the participation of mature age Victoria in the regional workforce and their skills as mentors and trainers.

Local Learning and Employment Network⁷⁹

Local Learning and Employment Networks (LLENs) improve the education, training and employment outcomes of young people 15 to 19 years of age, particularly those most at risk of disengaging from education and training prior to completing Year 12 or its vocational equivalent.

LLENs facilitate partnerships and broker initiatives between local stakeholders including:

- local employers;
- education and training institutions;
- local government;
- other government Departments and authorities; and,
- the local community.

⁷⁹ For more detail, see Department of Education and Early Childhood Development, *LLENs and Other Networks* - <http://www.education.vic.gov.au/sensecyouth/lennetworks.htm>.

APPENDIX 7: STRENGTHENING CROSS-SECTORAL HIGHER EDUCATION PATHWAYS: THE CREDIT MATRIX⁸⁰

One of the key barriers to increasing participation in higher education is the limited availability of choices allowing students to return to education at different points in the articulation process.

The Victorian Registration and Qualifications Authority (VRQA) has developed the Credit Matrix as a common means of describing the learning that people undertake in the school, VET and higher education sectors. It is used to allocate a level (for the complexity of the learning outcomes) and points (for the volume of the learning) to the units, modules and subjects (all called units) within qualifications that are available to learners in Victoria.

Regional school, TAFE institutes and universities are beginning to see the benefits of using the Credit Matrix to develop:

- qualification pathways between school, TAFE and university;
- credit transfer arrangements between TAFE and university;
- concurrent programs that combine the delivery of qualifications from TAFE and university; and
- dual award qualifications that combine units from different sectors into the one qualification (for example Associate Degrees).

Some TAFE institutes are developing 'guaranteed' pathways of study from senior secondary school through TAFE to university using the Credit Matrix. These programs integrate TAFE and university qualifications into a formal pathway of study. These programs allow students to complete higher education courses in a shorter duration and at a reduced cost. They also provide encouragement for regional students to study and work in local areas without the need to move away from home.

⁸⁰ For more detail, see Victorian Registration and Qualifications Authority, *The Credit Matrix* - <http://www.vrqa.vic.gov.au/cmatrix/default.htm>.

APPENDIX 8: THE PARTICULAR FUNDING NEEDS OF REGIONAL CAMPUSES

The former Commonwealth Government acknowledged higher education providers in regional areas play a 'critically important role in the economic and social life of their communities which goes far beyond traditional educational activities'. The Commonwealth Government has also recognised 'the unique contribution made by regional higher education institutions and campuses to their local communities and to students from regional and rural areas'.

However, it is apparent that regional universities are underfunded for the tasks they must undertake. They face higher costs as a result of location, size, history, less potential to diversify revenue sources, smaller capacity to compete for fee-paying students, and fewer opportunities for commercial partnerships.

Universities with the most significant presence in rural Victoria include the University of Ballarat, Deakin University, La Trobe University and Monash University. Because of the nature of its mission to the western metropolitan region of Melbourne, Victoria University is in a like position.

There are significant cost factors in providing university education in a regional setting. The University of Ballarat has identified the following:

- financial disincentives for choosing to introduce high-cost courses in response to genuine need, such as in the health sciences and engineering where student intake numbers could be lower than in metropolitan campuses;
- significant costs incurred in undertaking the university's community obligations as specified in its Act;
- additional costs of having a large percentage of domestic students as first-generation university students creating cost burdens for the university in its support of these students through their studies; and,
- embedded structural rigidities relating to staffing and course profiles where there is a necessity to offer the same course on different campuses and where economies of scale are difficult to achieve.

There are also significant costs involved in the maintenance of separate libraries, car fleets, staff and facilities across campuses.

The University of Ballarat estimates that these additional costs 'may be closer to 30 to 35 per cent' of its total costs. They were estimated to be \$21 million in 2005–06.

The introduction of 'regional loadings' by the Commonwealth was intended to offset these additional costs for regional universities. However, the annual regional loading Ballarat University receives from the Commonwealth is approximately \$1.3 million representing 0.7 per cent of its total revenue (in 2007) and about \$20 million short of its actual costs.

The Victorian Government recognises that regional university campuses are critical to the long-term future of regional communities and it has invested considerably in Victoria's regional universities. This has included:

- more than \$37 million in university infrastructure through the Regional Infrastructure Development Fund;
- one-off funding for specific projects over \$32 million to support health services to provide the infrastructure required to provide clinical placements for an additional 220 medical student places at Deakin's new medical school at Waurin Ponds, Monash University's Churchill campus medical school; and,

-
- through the new Northern Victoria Regional Medical Education Network, a joint partnership between Monash University and University of Melbourne.

In addition, the Victorian Government makes a considerable investment in the staffing required to deliver clinical placements in health training in rural Victoria, including a new investment of \$7.5 million from 2007–09 in medical clinical academic posts.

The Victorian Government is also funding the construction of a new Dental School at La Trobe University's Bendigo campus as part of a \$14.5 million regional Dental School project.

A further \$20 million over two years was allocated through the 2008-09 Victorian State budget to provide for more projects developing teaching infrastructure for Victorian health students. A significant proportion of these capital improvements will be in regional health services to support the education of medical, nursing and allied health students and, in turn, contribute to improved productivity, health and safety, retention and promotion of interdisciplinary learning. This improves the efficiency of the workforce, leads to better patient outcomes and employee satisfaction.

APPENDIX 9: HEALTH EDUCATION AND TRAINING COSTS

An adequate supply of suitably qualified health professionals is essential to the provision of accessible, high quality healthcare. Health expenditure currently represents about 10% of GDP in Australia and is forecast to rise to 16% by 2044.⁸¹

In addition to the direct contribution the sector makes to economic performance, the link between maintaining the health of the workforce and broader productivity has also been clearly identified as part of the National Reform Agenda, with research indicating that health offers one of the highest returns on investment in productivity terms by preventing significant price inflation through wage pressures.⁸² The Council of Australian Governments (COAG) recognised the importance of the health workforce at its 14 July 2006 meeting, at which it confirmed a range of supports designed to improve the supply and distribution of Australia's health workforce.

The supply of doctors, nurses and allied health professionals depends on graduates receiving high-quality tertiary education. Health undergraduate education across a range of disciplines thus needs to be a high priority, which comes with a necessary requirement for additional investment.

The unique way in which health education is delivered, with a mix of classroom and practical experience, is a prime factor behind the cost pressures that affect the health disciplines. Practical clinical training is delivered in real health environments, each with their own constraints and pressures, including demand pressures, cost pressures, quality and risk management and access to quality supervision. These pressures apply across all health courses, where the costs of providing education flow to the health and community services sector alongside the education sector. Costs include the provision of separate equipment, training facilities and clinical supervision within health services. This factor sets these disciplines apart from courses that rely on university-only study and supervision.

Funding responsibilities for clinical training between Commonwealth and State/Territory health and education jurisdictions have become increasingly complex, fragmented and outmoded. Funding provisions for health disciplines are also inadequate and inconsistent. Insufficient funding in, for instance, nursing has resulted in recently offered additional places being forgone by universities due to their financial incapacity to continue to absorb loss-making growth.⁸³

The real cost of delivering the full health education and training experience is not reflected in current pricing under the Commonwealth Grants Scheme (CGS). The table below indicates that the per-student income for universities does not properly recognise the actual costs of health education delivery when the underlying clinical training expenses borne by both the academic and clinical institutions are considered.⁸⁴

Discipline	CGS cluster rates	Maximum student contribution	Maximum total income	Average cost to health service
Nursing	\$11,280	\$4,077	\$15,357	\$13,525 (range \$8,100–\$19,764)
Allied Health	\$10,106	\$7,260	\$17,366	\$5,740 (range \$2,130–\$10,435)
Medicine	\$18,227	\$8,499	\$26,726	\$27,701 (range \$19,200–\$39,600)

While medicine and nursing attract \$1,133 and \$1,065 respectively from the Commonwealth as separate additional funding for clinical training purposes, these amounts leave a significant

⁸¹ Productivity Commission, *Australia's Health Workforce*, 2006.

⁸² Victorian Government, *A Third Wave of National Reform: A New National Reform Initiative for COAG*, 2005.

⁸³ Out of 500 Commonwealth-supported university nursing places offered for second semester 2008, universities bid for only 90 places.

⁸⁴ Based on the *Victorian Government Submission to the Productivity Commission Study into Australia's Health Workforce*, July 2005, p41 (Table 14). Income figures are for 2008. The health service cost is based on 2005 analysis, where the 2008 cost is likely to be at least 6% higher.

shortfall.⁸⁵ For medical students, health service clinical training is roughly equivalent to 25% of the curriculum whereas \$1,133 represents only 8% of the CGS contribution. For nursing, clinical training is 40% of course time but \$1,065 represents less than 10% of the CGS amount. In recognition of the clinical training cost borne by public health services, Victoria has negotiated and implemented a cost-sharing clause within its Relationship Agreement for the Public Hospital Sector through which universities have agreed to transfer their Commonwealth 'medical student loading' (\$1,133) to hospitals training their medical students.

Allied health receives no such support for clinical practicum, despite the training being substantial and of commensurate duration and complexity to disciplines such as nursing. Clinical training is not an optional extra for allied health courses. For most allied health courses to gain accreditation, they must demonstrate that they can provide a minimum number of hours of clinical training in a health service. For instance, students of podiatry and occupational therapy are both required to spend at least 1,000 hours in clinical training. Without access to quality clinical placements, graduates do not receive the crucial preparation needed to be 'work-ready' health professionals. Evidence also clearly shows that early positive clinical placement experiences are effective in influencing the career decisions of students.

In the absence of an appropriate level of funding for clinical disciplines, support within health services for adequate clinical education is becoming increasingly difficult, to the point that some universities are now advising that they are unwilling to accommodate additional students in some of these areas. In a time of workforce shortages, this is a considerable concern for the Victorian Government.

Victoria strongly advocates:

- commissioning research into the real cost of delivering health education in both academic and clinical settings, to be informed by the current work of the National Health Workforce Taskforce and Universities Australia;
- recognising the critical importance of clinical training to health disciplines by elevating its status to a new area of national priority and providing significantly increased funding as part of a dedicated support stream – extra funding would address the substantial unmet costs of teaching, supervision and equipment within clinical environments;
- raising CGS cluster funding rates for all health disciplines;
- increasing the funding component for clinical training for medicine and nursing to, as a minimum, the contribution that Victorian medical schools pay under Victoria's cost-sharing arrangement (Relationship Agreement for the Public Hospital Sector) for domestic full fee-paying medical students (currently \$2,445 per EFTSL);
- introducing a specific funding component for clinical training in allied health at a rate either equivalent to the current rate for nursing or medicine or, preferably, through an approach that reflects the actual clinical training requirements set by relevant accreditation bodies; and,
- rewarding tertiary education providers for innovations in health curriculum models and course delivery, with an emphasis on approaches that increase the capacity, quality and efficiency of clinical training, including support for inter-professional learning and investment in simulation technologies.

⁸⁵ Evidence from the United Kingdom, for example, shows that the National Health Service is investing up to \$1,000 a week per student to offset the costs to health services of providing clinical training.

APPENDIX 10: TEACHER TRAINING COST ISSUES

Current funding arrangements for teacher training at universities place teaching in a cluster with courses which are less expensive to provide. In addition, the practicum loading built into teacher education study units is reduced when students undertake combinations of education and non-education units in their course of study.

The Victorian Government is concerned that this policy, in the absence of compensatory funding from the Commonwealth Government, inhibits the capacity of universities to provide teacher education of the desired quality. For example, universities report that they cannot afford to visit students during their practicum as often as is desirable due to the administrative and staffing costs which such activity requires, particularly for students in rural and remote schools. This effectively acts as a disincentive for universities to encourage practicum in rural and remote parts of Victoria which often suffer from recruitment difficulties.

The Victorian inquiry into the quality of pre-service teacher education was strongly of the view that course delivery and research activity can often have greater impact and immediacy when combined with the direct involvement of schools and current practising teachers. The Victorian Department of Education and Early Childhood Development supports initiatives that enable practising teachers to deliver appropriate components of pre-service teacher education within school rather than university environments where possible. This approach is likely to require additional support being made available to student teachers at the school level by a combination of current expert practitioners and university staff. Given its funding responsibility for higher education, the Commonwealth Government should provide financial incentives to support schools and universities to develop the suggested approach.

The Commonwealth Government should adopt funding arrangements that will provide sufficient resources for:

- Effective clinical training for student teachers.
- Effective and adequate supervision of student teachers, particularly in rural and remote areas.
- Effective partnerships between schools and universities in the delivery of teacher education programs.

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