

Education and Training Committee

Final Report

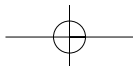
Inquiry into the Impact of the High Levels of Unmet Demand for Places in Higher Education Institutions on Victoria

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Parliament of Victoria
Education and Training Committee

Inquiry into the Impact of the High Levels of
Unmet Demand for Places in Higher Education
Institutions on Victoria

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Functions of the Education and Training Committee

The Education and Training Committee is constituted under the *Parliamentary Committees Act 2003*.

The Education and Training Committee's specific function under the Act is to:

"inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with education or training if the Committee is required or permitted so to do by or under the Act".

Terms of Reference

The Parliament of Victoria has referred to the Education and Training Committee a reference to inquire into, consider and report on the impact of the high levels of unmet demand for places in higher education institutions on Victoria, and in particular to consider:

- (a) the relationship between unmet demand and high-level skill shortages in the Victorian economy;
- (b) whether unmet demand has a negative effect on Victorian industry;
- (c) how the demand for teaching and nursing places is affected by insufficient numbers of HECS places (ie. in courses not available as full-fee paying courses);
- (d) how unmet demand impacts on the demand for TAFE places;
- (e) the degree to which commonwealth higher education funding policies directly contribute to unmet demand; and
- (f) the need at a national level to improve cooperative arrangements between the vocational education and training and higher education sectors.

The Committee is required to report to Parliament by 30 June 2004.

By resolution of the Legislative Assembly

Dated: 3 June 2003

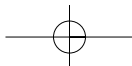
Chair's Foreword

I am pleased to present the report of the Education and Training Committee on its *Inquiry into the Impact of the High Levels of Unmet Demand for Places in Higher Education Institutions on Victoria*. The Education and Training Committee is a new Committee in the 55th Parliament of Victoria, established to reflect the increasing importance placed on education and training by individuals, industry, the State Government and the community.

The Committee's inaugural Inquiry was timely, especially as significant changes were concurrently occurring in the higher education sector in Australia. The negotiations and passage of the *Higher Education Support Act 2003* have dramatically changed the sector through what are undoubtedly the most substantial changes to higher education since the Dawkins reforms in 1987. These reforms include substantial changes to both student and university funding, which will have significant implications for demand and access to higher education now and into the future.

During the course of the Inquiry, the Committee consulted a wide variety of stakeholders from the higher education sector, the vocational education and training sector, industry, professional bodies, government and secondary education providers, all of whom expressed the significance and importance of the higher education sector to Victoria, its communities, its industries, professions and economy. The Committee thanks these stakeholders for their thoughtful contribution and insight. This report reflects their concerns and their vision for higher education in Victoria at a time of significant change for the sector, and continuing high levels of unmet demand for university places.

The high level of unmet demand for higher education experienced in Victoria is a reflection of the value that Victoria places on higher education. Significant levels of unmet demand demonstrate the State has a population that values higher education, that encourages both its youth and its adult members to pursue further academic studies after leaving school and, indeed, throughout their lives. Unmet demand in Victoria therefore also reflects the fact that Victorians have embraced the concept of lifelong learning. Yet, despite increasing demand, significant numbers of Victorians have been unable to access a university place, year after year, as higher education funding and the number of university places have decreased, entrance scores have risen and student debt has increased.



The recommendations contained in this report reflect the need to increase the number of university places in Victoria. While recognising that this can only be achieved over time, the Committee has identified some priority areas that ought to be targeted with an immediate increase in funding and places.

Some Members of the Committee have not agreed with all the findings and recommendations contained in the report. However, I am pleased to note that the Committee was able to put these differences aside, working co-operatively to achieve bi-partisan agreement on a new model that could achieve greater equity in the future distribution of university funding and places between the States. The Committee has therefore recommended that the State Government pursue through the Ministerial Council on Employment, Education, Training and Youth Affairs (MCEETYA) a review of the current allocation mechanism, in an attempt to establish a new national approach to university funding. Such an approach should incorporate a more sophisticated multi-variate based model that reflects the needs of both school leavers and mature age university applicants. The Committee agrees that this type of model would better meet the needs of the community and the economy in the 21st century.

The Committee and I wish to express our sincere thanks to all those who have assisted in the production of this report. In particular, the commitment of the Committee's staff needs to be acknowledged. The Report could not have been completed without the support and hard work of Karen Ellingford, Executive Officer, the Research Officers, Gabrielle Berman and Nick Fischer, and the Office Manager, Daisy Marshall.

I would also like to thank the Members of the Committee for their participation and contribution to the Inquiry.

The Committee hopes that this important report will inform the State and Commonwealth Governments regarding the future needs of the Victorian higher education sector.

Steve Herbert, MP
Chair

Executive Summary

Introduction

Victoria has a long history of public support for and participation in higher education. Since the establishment of the University of Melbourne in 1854, the State has had and continues to have some of the country's highest levels of participation in higher education.

There is little doubt regarding the value of higher education to individuals, to our communities and to the State. Victorian universities enrol over 150,000 domestic students and 40,000 international students. Universities directly employ 20,000 Victorians and they generate revenue of over \$2.5 billion. The value of higher education to the State is also evidenced by the fact that student, employer and industry demand for even greater levels of higher education provision continues to rise. It is clear that access to higher education in Victoria is critical to ensuring that Victorians are appropriately skilled and equipped to respond to the increasing challenges of a global economy.

Current published estimates of unmet demand vary significantly and tend to understate the level of unmet demand for higher education. This is particularly true of estimates for Victoria, which ranged from approximately 4,100 to 22,350 in the 2003/04 VTAC selection round. The Committee believes that until a nationally consistent approach to measuring unmet demand is adopted, the issue of unmet demand for higher education across Australia cannot be adequately or equitably addressed.

Level of Unmet Demand for Higher Education in Victoria

The number of Victorian applicants failing to receive a university offer at a Victorian university significantly increased from 14,593 in 1997 to 21,695 in 2003. This resulted in an increased level of unmet demand in Victoria from 28% in 1997 to 37% in 2003.

In measuring unmet demand for higher education, the Committee adopted a conservative definition which included only Victorian school leaver applicants with an ENTER above 53 and mature applicants that had previously completed a Year 12 or equivalent qualification. According to this conservative definition, over 13,000 eligible Victorians did not receive an offer of a HECS funded university place in 2003/04, including over 5,000 Victorian school leavers and nearly 8,000 eligible Mature applicants.

Further, based on the Committee's conservative estimates, the average level of unmet demand was 29.8% across metropolitan Melbourne and 18.9% across rural and regional Victoria in 2004. Unmet demand in metropolitan Melbourne was higher in regions with higher levels of socio-economic disadvantage, while in regional Victoria, the presence of a university campus seemed to stimulate demand for higher education in the local region, thereby resulting in higher levels of unmet demand.

In the two areas of national priority, nursing and teaching, a substantial pool of eligible applicants currently exists. In 2004, 1,579 Victorian applicants who placed nursing as a first preference and 2,607 who placed teaching as a first preference missed out on a place in these courses. These findings are of key concern to the Committee given severe nursing shortages across the State and projected future needs for additional teacher graduates.

The Committee's evidence also highlighted that the above estimates of unmet demand understate the true level of need for additional higher education places in Victoria. Social, cultural, financial and geographic barriers discourage a large number of potential applicants from applying for a higher education place. The Committee noted that this latent demand for higher education is likely to be highest in low SES areas, and rural and regional Victoria.

The Committee's findings provide clear evidence of an unacceptably high level of unmet demand for higher education at a time when demand for university education among potential students, industry, governments and the community continues to increase. At the same time, Victorian universities, and particularly regional and outer suburban universities and campuses, have the capacity and the willingness to absorb a large proportion of unmet demand. While the Committee recognises that it may take some time to significantly reduce unmet demand in Victoria, funding for priority areas is required immediately. The Committee therefore urges the Commonwealth Government to increase the number of HECS funded places in Victoria and to target a proportion of these places at nursing and teaching courses and at rural, regional and outer suburban university campuses.

Relationship between Unmet Demand and Skill Shortages

The Committee's terms of reference required it to consider the relationship between unmet demand for higher education and high level skill shortages and whether unmet demand has a negative effect on Victorian industry. The Committee found this aspect of the Inquiry the most challenging due to a lack of evidence addressing these issues and to significant data gaps regarding the quantum and nature of current and future skill shortages in Victoria.

Nonetheless, the Committee heard evidence that unmet demand for higher education has significant *potential* to negatively affect Victorian industry. For example, unmet demand for higher education amongst mature applicants may hamper the adaptability of the workforce, while increasing the costs associated with recruiting skilled professionals. Further, unmet demand has the potential to reduce the diversity of future student populations and, therefore the diversity of the future workforce. Thus, unmet demand has the potential to decrease Victoria's international competitiveness and increase its level of unemployment.

In examining relationships between unmet demand and skill shortages, the Committee heard that unmet demand for higher education is just one of a range of factors that contribute to high level skill shortages in Victoria. Other factors include conditions in the macroeconomic environment, industry, and the local labour market. The Committee heard that any link between unmet demand and skill shortages is likely to be strongest in rural and regional Victoria. Where there is a lack of local availability of a range of higher education courses, the local population is less likely to have a broad range of professional skills. Further, the lack of opportunities for children and/or spouses to undertake higher education locally may also negatively affect a person's decision to re-locate in order to take up regional employment opportunities.

The Committee received evidence that there is a clear relationship between unmet demand and current and projected future shortages in the health professions. Victoria urgently requires a substantial increase in HECS funded higher education places in a range of health disciplines, including medicine, dentistry and nursing. Further, the nursing sector needs an immediate and substantial increase in the number of places not only in Bachelor of Nursing courses, but also in postgraduate nursing specialisation courses across Victoria.

The Committee also heard that there are current shortages of specialist secondary teachers in maths, science, information technology and languages other than English, most notably in rural and regional Victoria. Concurrently, there are also high levels of unmet demand for places in teaching courses, among both the school leaver and mature age cohorts. The Committee heard that unless there is a substantial increase in the intake and completion rates of teacher education courses in targeted specialisations and in rural and regional areas, teacher shortages are likely to become more evident.

Impact of Unmet Demand on TAFE

A number of strong interdependent relationships between higher education and VET currently exist in Victoria. These cross-sector relationships include dual sector qualifications, articulation and joint courses, dual sector universities and shared campuses. Despite increasing support for these arrangements, the Committee heard that current ad hoc arrangements for pathways between TAFE and higher education do not sufficiently address the growing interface between the VET and higher education sectors. The Committee therefore believes that an increased level of long-term funding is required to ensure relationships and pathways between the sector remain viable into the future.

The Committee heard that the presence of four dual sector institutions in Victoria has resulted in the State having one of the highest proportions of students articulating from TAFE to higher education in the country. The impact of unmet demand for higher education on the TAFE sector is therefore likely to be greater in Victoria than in any other State. The Committee also heard evidence that some traditional TAFE applicants are displaced by unsuccessful higher education applicants. While it is difficult to determine the full magnitude of this displacement, there is clear potential for such displacement to occur due to three separate cohorts increasingly seeking entry to TAFE, namely those who apply as a fall-back opportunity should they be unsuccessful in obtaining their first preference of a university course, those who seek entry as an articulation pathway into higher education and those who choose TAFE over higher education primarily due to a range of economic, geographic and socio-cultural factors.

Commonwealth Government Higher Education Funding Policies

This Inquiry took place as the 2003 Commonwealth higher education reforms were negotiated and introduced, in the context of a sector that was widely held to have been under funded in Victoria for over a decade.

One of the key changes was the establishment of a new funding regime. The new Commonwealth Grant Scheme is viewed by many as a more restrictive funding model than the previous model. Given the need to protect institutional autonomy while also ensuring that State and national priority courses are adequately funded, it is the Committee's view that all future allocation of places must take place following extensive consultation between the Commonwealth and State Governments and universities. This is essential to ensure that delivery adequately reflects government, community, institutional and individual students' needs and capacities.

The Commonwealth Government allocated additional places to Australian universities for 2005-2008 through the conversion of marginally funded places into fully funded positions. In total 2,349 converted marginal places were allocated to Victoria, representing only 9.4 per cent of the total places allocated nationally. This is despite the fact that Victoria supported 16 per cent of previous over-enrolments. As these converted places will provide the overwhelming majority of growth places over the next four years, the university sector will continue to be constrained in its capacity to respond to unmet demand by the same range of factors that have constrained this capacity since 1996, when funding to the sector was reduced. It is therefore likely that the already high levels of unmet demand for higher education in Victoria will be further increased.

The introduction of a regional loading to assist universities has been welcomed by Victorian stakeholders. However, the Committee heard that the regional loading does not sufficiently cover the additional costs associated with delivering higher education in either regional or outer suburban areas. Further, the Committee heard that the distinction made between stand alone regional universities and campuses of metropolitan universities based in regional and outer suburban areas is unfair.

The Committee heard that the cost of undertaking a higher education course is becoming prohibitive to an increasing number of students. Where HECS place are available, the high contributions will increasingly become a factor influencing student decisions to undertake higher education. Full-fee paying

places are attractive to only the wealthiest Victorian students and the Commonwealth Government's new FEE-HELP scheme will do little to increase the affordability of fee paying places. Further, the Committee heard that the new equity provisions for disadvantaged groups are largely inadequate, both in terms of the number of students covered and the level of support offered.

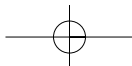
Also included in the higher education reforms was the designation of nursing and teaching as national priority courses. The Committee heard however, that implementation of the reforms will lead to little, if any growth of places in these disciplines, and that dependent on the allocation of over-enrolled places, the reforms may in fact result in a decrease in the potential number of places in these courses. The Committee also heard that effective delivery in the nursing and teaching disciplines will continue to be threatened unless the Commonwealth Government makes an ongoing (as opposed to temporary) commitment to increased funding for the practicum component of these courses.

Future Higher Education Allocation Methods

This Inquiry revealed a substantial level of unmet demand for higher education among eligible applicants. This situation is of concern to the Committee, as it continues to occur at a time when economic growth and prosperity is fundamentally tied to the qualifications and skill base of a population, and when technology and globalisation have made lifelong learning a necessity, and not a luxury.

A key issue that became evident during the course of the Inquiry is that the simple model utilising student participation rates and population growth rates to allocate university funding and places among the States cannot adequately address the complex interaction between delivery of higher education and the skill needs of individuals, industries and the Victorian economy. The impact on Victoria of the recent allocation of converted marginal places demonstrates that the use of simple indicators to allocate growth places thwarts the equitable distribution of Commonwealth funded higher education places among the States and Territories. In light of this, the Committee discussed some alternative models for a more equitable, future allocation of places. The Inquiry found that the introduction of a revised methodology is a matter of urgency for Victoria's high levels of unmet demand to be reduced, and for the future education needs of an increasingly sophisticated economy to be met.

The Committee agreed that the most equitable and appropriate allocation mechanism is a multi-variate formula based model that utilises indicators reflecting the nature of individual State economies, as well as the needs of school leavers and mature age university applicants, in recognition of the importance of both cohorts to ensuring a well educated and flexible workforce. The Committee has recommended that the Victorian Government seek a review of the allocation mechanism for university funding, in an attempt to achieve a new national approach to university funding that incorporates a more sophisticated multi-variate based model.



Recommendations

Chapter 1

Recommendation 1.1: That a nationally consistent measure of unmet demand for higher education be established by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) in consultation with State and Territory Admission Centres.

Chapter 2

Recommendation 2.1: That the Commonwealth Government progressively increase the number of HECS funded places in the Victorian university system to ensure all qualified applicants have access to a university education – 13,000 being the Committee's conservative estimate of unmet demand in Victoria in 2003/04.

Recommendation 2.2: That the Victorian Government work with the Commonwealth Government, local schools and higher education institutions to devise strategies to lift the higher education participation rate in areas of disadvantage.

Recommendation 2.3: That the State Government negotiate with the Commonwealth Government to ensure an increase in the Commonwealth Government funded student load for regional Victorian universities and campuses in the next student profile round. Further, that the Commonwealth and State Governments use their substantial influence as the primary funding provider and the regulator, respectively, to encourage and support universities to expand regional provision and to form and maintain partnership arrangements with other post-compulsory providers to ensure that a greater range of courses are offered in regional and rural Victoria.

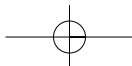
Chapter 3

Recommendation 3.1: That the State Government work through the Australian Health Ministers Council to request that the Commonwealth Government provide:

- Additional HECS funded higher education places in crucial health disciplines currently experiencing severe skill shortages
- A further allocation of HECS funded medical places as a matter of urgency
- Additional HECS funded places in the Bachelor of Dental Science at the University of Melbourne
- An immediate increase in HECS funded places in undergraduate nursing courses and postgraduate nursing specialisation courses and that greatest priority be given to increasing the number of places in rural and regional Victoria
- Increased support for organisations taking undergraduate students for clinical placements
- Increased assistance to students to undertake higher education courses in health disciplines currently experiencing severe skill shortages
- Incentives and assistance for students to practise in the public health sector and in rural and regional Victoria after graduation.

Recommendation 3.2: That the State Government negotiate with the Commonwealth Government as part of the 2005-2008 profile setting process for a further allocation of HECS funded places in Bachelor of Education courses throughout Victoria, and that the State and Commonwealth Governments work in a co-operative manner to ensure that an appropriate number of places are targeted at rural and regional Victorian university campuses and in disciplines with projected future shortages.

Recommendation 3.3: That the State Government, in partnership with the Commonwealth Government and industry, develop a sophisticated labour market forecasting system to provide reliable, quantifiable and up-to-date information on skill shortages, and that this system serve as a key source of advice in the allocation of places in higher education courses.



Recommendation 3.4: That the State Government work in partnership with Victorian industry and the university sector to develop a range of strategies to ensure that sufficient numbers of quality applicants are attracted to targeted higher education courses. Further, that these strategies are employed to ensure that targeted graduates are recruited in professions and occupations currently experiencing a high level of skill shortages.

Chapter 4

Recommendation 4.1: That the Victorian Government move to establish a joint Committee of ANTA MINCO and MCEETYA to institute formal national articulation arrangements, including a separate funding stream and a specific allocation of HECS places for articulation from TAFE to higher education.

Recommendation 4.2: That the Victorian Government move to ensure that cross-sectoral funding be reviewed every two years by a joint ANTA MINCO and MCEETYA Committee to ensure that cross-sectoral arrangements remain financially feasible, and that articulation processes are of high quality and remain a viable pathway to higher education.

Recommendation 4.3: That the Victorian Government, with the assistance of the Victorian Tertiary Admissions Centre, the Local Learning and Employment Networks and TAFE institutes, identify the full extent to which unmet demand for higher education causes displacement of vulnerable cohorts from the TAFE sector. Further, that this information become a formal part of the Commonwealth profile setting process.

Chapter 5

Recommendation 5.1: That future allocation of university places follows extensive consultation between the Commonwealth and State Governments and universities to ensure that delivery adequately reflects government, community, institutional and individual student's needs and capacities.

Recommendation 5.2: That after the implementation of the 2003 reforms, the Commonwealth Government review the allocation methods used for the conversion of marginally funded places with a view to bringing about a fairer allocation of places.

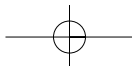
Recommendation 5.3: That the Victorian Government urge the Commonwealth Government to review the equity of the current regional loading, particularly as it applies to metropolitan based institutions in rural, regional and outer suburban communities.

Recommendation 5.4: That in consultation with the Commonwealth Government, the State Government seeks the distribution of a substantial proportion of converted marginal places directly to regional and outer suburban campuses and universities that have had to reduce their over-enrolled places. Further, that the Commonwealth and State Governments co-operate to ensure that regional and outer suburban campuses receive immediate, additional growth places to compensate for the loss of these places.

Recommendation 5.5: That the Commonwealth Government review the number of growth HECS places to Victoria in light of evidence suggesting that the number of domestic full fee paying places will not allow the higher education system in Victoria to grow and will merely reinforce the discrepancy between the wealthy and the less wealthy in terms of accessing high demand courses.

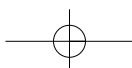
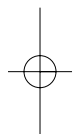
Recommendation 5.6: That in the interests of increasing access to university education among disadvantaged groups, the Commonwealth Government increase current scholarship payments to more fully reflect the costs of undertaking higher education. Further, that the Commonwealth Government consider offering HECS exemptions to highly disadvantaged students for the duration of their undergraduate course.

Recommendation 5.7: That MCEETYA assess the full costs of nursing and teaching courses to ensure that Commonwealth Government funding reflects the true costs of course provision. Further, that MCEETYA review course costs annually.



Chapter 6

Recommendation 6.1: That the Victorian Government place on the next MCEETYA agenda a requirement for a review of the allocation mechanism for university funding in an attempt to achieve a new national approach to university funding. Such an approach should incorporate a more sophisticated multi-variate based model that reflects the needs of both school leavers and mature age university applicants and that therefore better meets the needs of the community and economy into the twenty first century.



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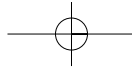
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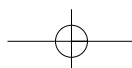
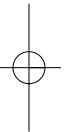
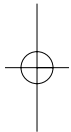
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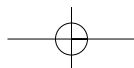
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List of Abbreviations

ACE	Adult and Community Education
ACFE	Adult, Community and Further Education
ADAVB	Australian Dental Association Victorian Branch
AEU	Australian Education Union
AHMC	Australian Health Ministers Council
AMA	Australian Medical Association
AMWAC	Australian Medical Workforce Advisory Committee
ANCI	Australian Nursing Council Inc
ANF	Australian Nursing Federation
ANTA	Australian National Training Authority
ANTA MINCO	ANTA Ministerial Council
AQF	Australian Qualifications Framework
ARCPOH	Australian Research Centre for Population Oral Health
AVCC	Australian Vice-Chancellors' Committee
CAS	Commonwealth Accommodation Scholarships
CECS	Commonwealth Education Costs Scholarships
CEET	Centre for the Economics of Education and Training
CGS	Commonwealth Grant Scheme
CLS	Commonwealth Learning Scholarships
DE&T	Department of Education and Training
DEETYA	Department of Employment, Education, Training and Youth Affairs

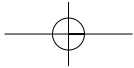


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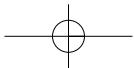
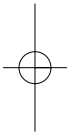
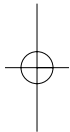
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DOTARS	Department of Transport and Regional Services
EFTSU	Effective Full Time Student Unit
ENTER	Equivalent National Tertiary Entrance Rank
FEE- HELP	FEE Higher Education Loan Program
HEAC	Higher Education Advisory Committee
HECS	Higher Education Contribution Scheme
HECS-HELP	Higher Education Contribution Scheme – Higher Education Loan Program
ICT	Information and Communication Technology
LLEN	Local Learning and Employment Network
LOTE	Languages Other than English
MCEETYA	Ministerial Council on Education, Employment, Training and Youth Affairs
NCVER	National Centre for Vocational Education Research
NTEU	National Tertiary Education Union
NUS	National Union of Students
OTTE	Office of Training and Tertiary Education
PIA	Planning Institute of Australia
PBS	Pharmaceutical Benefits Scheme
RCNA	Royal College of Nursing Australia
SES	Socio-Economic Status
TAFE	Technical and Further Education
TDA	TAFE Directors Association
UAI	University Admissions Index

VET	Vocational Education and Training
VCAA	Victorian Curriculum and Assessment Authority
VCAL	Victorian Certificate of Applied Learning
VCE	Victorian Certificate of Education
VLESC	Victorian Learning and Employment Skills Commission
VQA	Victorian Qualifications Authority
VSL	Victorian School Leaver
VTAC	Victorian Tertiary Admissions Centre



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Inquiry into Unmet Demand for Higher Education



1. Introduction

The context

Higher education exists to serve the public interest and is not a commodity...The mission of higher education is to contribute to the sustainable development and improvement of society as a whole: by educating highly qualified graduates able to meet the needs of all sectors of human activity; advancing, creating and disseminating knowledge through research; interpreting, preserving and promoting cultures in the context of cultural pluralism and diversity; providing opportunities for higher learning throughout life; contributing to the development and improvement of education at all levels (UNESCO, 1998)¹.

Establishing the dimensions of unmet demand for higher education in Victoria is of crucial importance to determining future directions and funding requirements of the Victorian higher education sector. As noted by UNESCO, higher education exists to serve the public interest and to advance society as a whole. The Committee supports this principle, recognising the intrinsic value of higher education to the production and dissemination of knowledge within the State. The Committee therefore undertook this Inquiry acknowledging the need to ensure the widespread accessibility of higher education in Victoria.

Victoria has a long history of public support for and participation in higher education. Since the establishment of the University of Melbourne in 1854, the State has had and continues to have some of the country's highest levels of participation in higher education. Together with a number of world recognised universities, Victoria is also home to some of Australia's most progressive and innovative institutes, including four out of five of the country's dual sector institutes.²

1. Taken from UNESCO's (1998) *World Declaration on Higher Education in the Twenty-First Century. Vision and Action*, UNESCO, Paris.

2. A dual sector university provides a range of both TAFE and higher education programs within one institution with a single university council responsible for the oversight of the institution as a whole, and separate boards responsible for the higher education and TAFE programs.

There can be little equivocation as to the value of higher education to our communities and to our State. As was noted by the Victorian Minister for Education and Training in the Ministerial Statement *Knowledge and Skills for the Innovation Economy* (2002), 'Victorian universities service over 150,000 domestic students and over 40,000 international students benefit from study at a Victorian university. Universities directly employ 20,000 Victorians. They generate revenue of over \$2.5 billion and make an immense contribution to the State economy'.³ The value of higher education to the State is further evidenced by the fact that student, employer and industry demand for even greater levels of higher education provision continues to rise.

Despite the value that Victorians place on higher education, and the fact that Australia had the OECD average with respect to public expenditure on tertiary education as a percentage of GDP in 2003,⁴ it has been reported that 23,531⁵ Victorian students missed out on a place in higher education in the same year. This figure represents 35 per cent of total estimated unmet demand in Australia, even though Victoria has only 25 per cent of Australia's population.

Most commentary on unmet demand for higher education concentrates on the effects on school leavers. However, the Committee believes that a definitive study of the impacts of unmet demand must also take into account mature applicants. This is particularly important in the context of globalisation, technological advances, shorter career tenures and multiple career paths. Access to higher, vocational and community education allows adults to train and retrain, thereby ensuring that lifelong learning becomes a reality rather than mere political rhetoric. It is within this context that unmet demand for higher education has the potential to influence whether Victoria has a highly knowledgeable, adaptable and skilled workforce, now and into the future.

Terms of Reference

On 5 June 2003, the Education and Training Committee received a terms of reference, by resolution of the Legislative Assembly, to inquire into, consider and report on the impact of the high levels of unmet demand for places in higher education institutions on Victoria, and in particular to consider:

- a) the relationship between unmet demand and high-level skill shortages in the Victorian economy

3. Minister for Education and Training (2002) *Knowledge and Skills for the Innovation Economy: Future Directions for Higher education in Victoria*, Victorian Government, Melbourne, p.1.

4. OECD (2003) *Education at a Glance*.

5. AVCC (2004) *Applications for Undergraduate Higher Education Courses 2003*, Canberra.

- b) whether unmet demand has a negative effect on Victorian industry
- c) how the demand for teaching and nursing places is affected by insufficient numbers of HECS places
- d) how unmet demand impacts on the demand for TAFE places
- e) the degree to which Commonwealth higher education funding policies directly contribute to unmet demand
- f) the need at a national level to improve co-operative arrangements between the vocational education and training and higher education sectors.

The Committee was required to report to Parliament by 30 June 2004.

Inquiry Process

Gathering Evidence

This report is based on evidence received through written submissions and a series of public hearings held in metropolitan and regional Victoria, and meetings held in Canberra and Sydney.

The terms of reference were advertised in *The Age* and the *Herald Sun* on Saturday 2 August 2003, *The Age* Education lift-out on Monday 4 August 2003 and *The Australian* Higher Education supplement on Wednesday 13 August 2003. Advertisements also appeared in a selection of student newspapers in 2003 as follows:

<i>The Swine</i>	Swinburne University of Technology	18 August
<i>Crossfire</i>	Deakin University	18 August
<i>The Moat</i>	La Trobe University	21 August
<i>Farrago</i>	University of Melbourne	25 August
<i>Lot's Wife</i>	Monash University (Clayton)	2 September
<i>Emit</i>	Monash University (Gippsland)	3 September
<i>Bootleg</i>	University of Ballarat	3 September

In addition, a mail-out of approximately 170 organisations was conducted, advising stakeholders of the terms of reference and inviting written submissions and expressions of interest to appear before the Committee. The mail-out targeted State and federal Ministers, key government departments (federal and State), universities, TAFE institutes, unions, student associations, local learning

and employment networks (LLENs), industry advisory bodies, key business and economic groups, and others in the education and training sector.

In total, 28 written submissions were received by the Committee from a diverse range of stakeholders including government departments, universities, student unions, statutory bodies and industry representatives. A list of written submissions is contained in Appendix A. A large body of supplementary material including data, published reports and research literature was also provided by a range of stakeholders throughout the Inquiry.

Initial briefings/discussions took place with the Victorian Department of Education and Training and the Victorian Tertiary Admissions Centre (VTAC) on 15 September 2003, to help the Committee set the directions for the Inquiry. Formal hearings commenced on 29 September 2003, with further hearings and meetings held over the period between October 2003 and February 2004 in Melbourne, Sydney, Canberra, Bendigo, Traralgon and Ballarat. Over 40 organisations were represented during the public hearing program. A list of witnesses is contained in Appendix B.

Analysing Evidence

The Committee first approached the terms of reference by considering trend data on first preference, higher education applicants. This data is published by VTAC and covers the period 1996/97 - 2003/04. The Committee subsequently obtained a further data set from VTAC that included the following variables:

- Student Equivalent National Tertiary Entrance Rank (ENTER)
- The year the student received an ENTER score
- The number of university preferences listed by the student
- The student's region of residence
- The highest university preference
- The preference level of the course offered
- An identifier for nursing or teaching course applicants and offerees.

Using this data, calculations of unmet demand for Victorians were undertaken, the results of which are discussed in chapter 2.

In addition to the VTAC data, the Committee received and analysed data and evidence obtained in both written submissions and public hearings.

Structure of Report

The structure of the report follows similar lines to the terms of reference for the Inquiry. Chapter 2 reports on the level of unmet demand for higher education in Victoria, including a regional analysis of unmet demand and a breakdown of ENTER scores for unsuccessful applicants, as well as a separate section on the number of applications and offers made in the nursing and teaching disciplines. Chapter 3 examines the relationship between unmet demand and high-level skill shortages in Victoria, as well as the potential negative effects of unmet demand on Victorian industry, and the economy and community more broadly. Chapter 4 examines the increasing interface between higher education and TAFE and the relationship between unmet demand in higher education and TAFE institutes. Chapter 5 provides an analysis of Commonwealth Government policy and funding changes introduced under the Nelson Review. The Report concludes with a chapter that examines higher education distribution models and their relationship to unmet demand, to help inform future policy in this area.

Higher Education and Admission Processes

Definition of Higher Education

Under section 9 of the Victorian *Tertiary Education Act 1993*, a 'higher education award' means any qualification described as a degree, associate degree, higher degree, graduate diploma or postgraduate diploma or certificate.

Most higher education programs are offered by publicly funded universities, although private providers can be authorised to conduct programs accredited under section 11 of the Act.

There are ten universities presently operating in Victoria including eight Victorian public universities, one private university, and the Australian Catholic University. Courses are also offered in Victoria by interstate universities. Victoria's universities are:

- Australian Catholic University
- Deakin University
- La Trobe University
- Melbourne University Private

- Monash University
- RMIT University
- Swinburne University of Technology
- University of Ballarat
- University of Melbourne
- Victoria University.

Of Victoria's eight public institutions, four (University of Ballarat, Victoria University, RMIT University and Swinburne University of Technology) are dual sector institutions that deliver a range of both higher education and vocational education and training courses. Nationally, there are currently only five of these dual sector institutions. It may be argued that the University of Melbourne could also be considered a dual sector institution as it provides a number of advanced diploma and certificate IV subjects in agriculture that allow articulation and accreditation. It does not, however, currently provide the full range of Australian Qualifications Framework (AQF) courses or provide any diversity in discipline or vocational areas.

A recent development in the provision of higher education in Victoria has been the empowerment of TAFE institutes to conduct courses in higher education and issue higher education awards under the *Vocational Education and Training (TAFE Qualifications) Act 2003* (Vic). However, in order to conduct higher education courses and issue higher education awards, a TAFE institute must have the course accredited by the Victorian Minister for Education's Higher Education Advisory Committee (HEAC), or, in the case of a dual-sector institution, the course must be accredited by the University Council.

In Victoria, two TAFE institutes, Box Hill Institute of TAFE and Northern Metropolitan Institute of TAFE (NMIT), have submitted higher education courses to HEAC for approval. These courses are not currently running and will not be approved nor ready for delivery until at least 2005.

Eligibility for Higher Education

To be eligible to apply to one of the universities operating in Victoria, domestic students must meet the minimum tertiary entrance requirements. In Victoria, the minimum tertiary entrance requirements are the satisfactory completion of both the Victorian Certificate of Education (VCE) and Units 3 and 4 English. The two English units must be completed in sequence and in the same calendar year. In addition to meeting the minimum tertiary entrance requirements, entry to particular higher education courses may be contingent on interviews,

prerequisite subjects or an admission test.⁶

Applicants that do not meet the minimum tertiary entrance requirements are assessed individually to determine whether they meet the requirements by having comparable qualifications.

Any applicant who previously qualified for university or college entrance under earlier requirements retains their eligibility.

Application Process

In Victoria, students apply for university courses through an application process administered by VTAC. There are currently three types of higher education courses offered:

Type 1: Higher Education Contribution Scheme (HECS) based university courses

Type 2: Full fee university courses

Type 3: Full fee university courses for international students only.

An eligible individual may apply for up to 12 undergraduate courses in total, but they cannot apply for more than eight of each type of course. All undergraduate applicants must list in order of preference the undergraduate courses for which they are applying, recognising that some courses may have extra requirements including interviews, entrance exams and prerequisite subjects.

Once student rankings, known as the ENTER (refer below) have been calculated for the current Year 12 cohort, there are three rounds of university offers made through the VTAC system. VTAC receives notification from universities as to which students they would like to offer a place in their courses. Students are eligible to receive offers for both HECS (Type 1) and fee-based (Type 2) courses in the same round. VTAC notifies students of only the highest offer received for each course type. The student has the right to accept or reject the offer at each round, though rejection in the final round will imply that the student will not have a position within the university system for that year (unless they have successfully made a direct application to a university).

6. The Admission test refers to the Undergraduate Medicine and Health Sciences Admission Test (UMAT). In addition to the achievement of a certain ENTER score, the test is a requirement for entry to a number of undergraduate medicine and health sciences courses. If the UMAT is not sat, the prospective student will have to sit the test and apply for entry the following year.

Equivalent National Tertiary Entrance Rank (ENTER)

For most school leavers applying for higher education courses their success is, at least in part, determined by their Equivalent National Tertiary Entrance Rank (ENTER) score. The ENTER is a national equivalence measure that determines the ranking of an individual in their State within five percentile units. The ENTER score is a broad ranking across all subjects, for all eligible students across the State. Nationally, each State has a ranking system similar to the ENTER, known as a University Admission Index (UAI). The ENTER is Victoria's UAI.

ENTER scores are calculated from students' study scores as recorded on their VCE Statement of Results sent by the Victorian Curriculum and Assessment Authority (VCAA). A study score is determined in a range between 0 and 50, and is issued for each subject completed. The study score provides an indication for students of their performance in each particular study but does not provide an indication of overall performance compared to all students across all studies.

To assist tertiary institutions and to provide an overall measure of the performance of all students across all studies, VTAC scales the study scores and calculates the ENTER. Scaling is not based on preconceived weightings or previous years' performances; rather the process of scaling is performed annually. Scaling adjusts study scores based on the overall VCE performance of all students taking that study in that year. The use of the ENTER guarantees that all studies are treated equally and provides a common rank for tertiary selection across Australia in that year.⁷

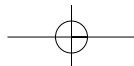
As a result of scaling, some scores in some studies are adjusted up, some down, and some remain about the same, depending on the overall strength of the group taking each study. Studies are scaled up only when the overall performance is high and studies are scaled down only when the overall performance is low.⁸

VTAC calculates an ENTER or notional ENTER for all eligible VCE and Victorian International Baccalaureate students.⁹ An ENTER is developed from an aggregate, produced by adding:

7. To encourage students to undertake a Language Other Than English (LOTE), the average performance of students in the LOTE is adjusted upwards by five, thereby increasing the likelihood that students undertaking these subjects will be scaled up.

8. VTAC (2003) *ABC of Scaling, Scaling the ENTER: A Simplified Explanation*, VTAC, Melbourne.

9. It should be noted that students who receive the Victorian Certificate of Applied Learning (VCAL) do not receive an ENTER. In order to receive an ENTER and to be eligible to apply for a higher education degree, at least four VCE subjects, in addition to English are required.



1. The scaled subject score in English, English Language, Literature or ESL
2. The next best three scaled subject scores permissible
3. Ten per cent of the fifth and/or sixth permissible scaled subject score that is available.

When selecting Year 12 students for entry into a course, institutions use one of two models:

1. A rank order derived from VCE results
2. A rank order derived from an index of criteria which may include reference to VCE results, interviews, folios, pre-selection tests and other criteria.

Where the first model is used, applicants with a VCE or equivalent are selected based on their ENTER. All other applicants are considered on the basis of all of their academic achievements to that point. Even though a Clearly-in ENTER (see below) is calculated for courses using this model, these Clearly-in ENTERs only apply to current Year 12 applicants proceeding directly from an Australian Year 12 studies program into university education. Where the second model is used, no Clearly-in ENTER will be developed for that course.

Clearly-in ENTER

A Clearly-in ENTER is a ranking above which a Commonwealth funded place in a particular course will be guaranteed. It is determined by the interaction of the following three factors:

1. number of places available in the course
2. number of applicants listing the course as a preference
3. quality of those applicants.

A Clearly-in ENTER is not set in advance, except where an institution publishes a guaranteed ENTER. However, the previous year's Clearly-in ENTER provides a useful guide to current students in determining what the likely cut-off point will be for their preferred course.

The Clearly-in ENTER is only applicable to current Year 12 students. For non-Year 12 applicants, all previous education and experience is taken into consideration when applying through VTAC. If no post-secondary study has been undertaken, an equivalent ENTER (based on previously completed Year 12

marks) will be calculated and used in combination with other factors such as prior work experience. Full fee students are assessed according to a different (lower) set of ENTER scores published prior to applications being due and, potentially, other requisites set by the university.

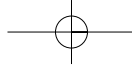
The key issue with respect to unmet demand and ENTER scores is that it is a relative and not an absolute measure. As such, any increase in demand will result in an increase in the Clearly-in ENTER where there is a fixed number of places in a course. Hence, if successful applicants are largely determined by their ENTER score, then offers are allocated on the basis of competitive processes that, in some cases, are not the best measures of capability and may exclude applicants who have the capacity to successfully undertake higher education courses. Consequently, any increase in demand is necessarily going to increase the ENTER and thus influence unmet demand.

Definition of Victorian School Leavers and Mature Applicants

A proper examination of unmet demand for higher education in Victoria must include both school leavers and mature age applicants. A distinction is made between the two, as the process for applying for a university place differs between these two cohorts, as does the proportional allocation of places for these two groups (for further information, see chapter 2).

The definitions of Victorian School Leavers (VSL) and Mature applicants adopted in this report are based on the relationship of each cohort to ENTER scores. VSL include all applicants who choose a higher education course as a first or second preference, and are assessed primarily or initially on their ENTER score. It should be noted that all current Year 12 applicants for higher education are included in this category and represent approximately 91 per cent of the total VSL category (the remaining are applicants that have undertaken no further studies, or had no further relevant work experience and completed Year 12 after 1991).

The Mature applicant category comprises all Victorian applicants who apply to VTAC, have a higher education course as their first or second preference and who are assessed on non-ENTER criteria. This cohort includes those returning to higher education and those attempting to articulate from TAFE to higher education, as well as individuals who may have substantial employment experience in an area relevant to a higher education course. Within this cohort



it is possible that ENTER scores may be calculated, however other criteria such as employment history and previous post-compulsory studies are used to assess applications.¹⁰

Measures of Unmet Demand

Unmet demand in higher education may be simply defined as the difference between student demand for higher education places and actual offers of places.¹¹ Conceptually, then, the issue of unmet demand does not seem particularly complex. In practice, however, the calculation of unmet demand is contingent on a series of definitions, methodologies and assumptions that have a significant impact on the magnitude of reported unmet demand. In order to ascertain unmet demand in Victoria, two commonly reported sources were initially considered by the Committee, namely the:

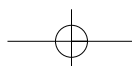
1. Australian Vice-Chancellors' Committee *Applications for Undergraduate Higher Education Courses*; and
2. ABS *Education and Work Survey*.

Australian Vice-Chancellors' Committee (AVCC) Report on Unmet Demand in Higher Education

The most commonly referenced report on unmet demand for higher education in Australia is produced annually by the AVCC. The AVCC has conducted this annual survey of applications for undergraduate courses in Australian universities since 1985. The scope of the survey relates to undergraduate courses only (Diploma, Advanced Diploma, Associate degrees and Bachelor degrees) and excludes overseas students, applications submitted directly to universities and those via Open Learning Australia. The data is provided by all State tertiary admissions centres (by VTAC in Victoria), covering all rounds of offers made to domestic applicants by the end of March each year. This represents the majority of university offers made for an academic year.

10. If applicants completed the VCE from 1992 onwards they will have previously received an ENTER score and may be considered a Victorian School Leaver. If, however, they have other criteria which may be relevant to their application such as further studies or relevant work experience they will be categorised as a mature applicant.

11. In the context of this Inquiry demand for higher education is defined primarily as demand for undergraduate higher education.



According to the AVCC's 2003 and 2004 *Applications for Undergraduate Higher Education* reports, the numbers of eligible applicants not receiving a university offer in Victoria were 23,531 in 2003, and 22,351 in 2004.

The AVCC argues, however, that the above figures overstate the true level of unmet demand for higher education and applies the following four discounting factors:

1. **Eligibility**

The eligibility discounting factor recognises that different admission processes and entry criteria are used in each State. It assumes that applicants who do not receive an offer and whose UAI ranking is below a certain cut-off score (determined on a State by State basis) do not represent genuine unsuccessful applicants.

2. **Double counting**

The double counting discounting factor assumes that interstate applicants apply in their own State as well as interstate and therefore discounts interstate applicants from each State's measure of unmet demand.

3. **Restricted range of preferences**

The AVCC model assumes that a percentage of those who express a low number of preferences are not genuine applicants. The AVCC formula first takes the percentage of applicants expressing only one preference who did not receive an offer and discounts the total number of applicants not receiving an offer by this percentage (to a factor of 100 per cent for the upper band and, 80 per cent for the lower band). It then takes the percentage of applicants expressing only two preferences who did not receive an offer and discounts the remaining total by this percentage (to a factor of 100 per cent for the upper band and, 80 per cent for the lower band).

4. **Rate of rejection of offers**

The rate of rejection of offers discounting factor uses each State's rejection rate (that is, proportion of successful applicants who subsequently reject their offer) to further discount unmet demand.

After discounting the measure of unmet demand to account for the above factors, the AVCC reports that unmet demand in Victoria was as low as 4,100 to 7,000 in 2003/04. However, the Committee received evidence criticising the methodology used by the AVCC to exclude between 15,351 and 18,251 unsuccessful university applicants from the measure of unmet demand in

2003/04. As stated in a written submission from the Victorian State Government:

The AVCC's formula postulates that applicants from interstate, and those who only express one or two preferences, are not 'serious' applicants. They also remove an estimated proportion of applicants who would not have accepted an offer, had one been made. However, it is plausible to argue that at least some or all of the applicants in the categories discounted by the AVCC are in fact 'serious' applicants. In particular, the AVCC's methodology eliminates an indefensibly large proportion of unmet demand on the basis of only one or two preferences. Victoria believes that as a result of these problems, the AVCC's methodology significantly understates the amount of unmet demand in Victoria.¹²

The AVCC methodology and the questionability of unmet demand figures were raised consistently throughout the Committee's Inquiry. Mr Matthew McGowan, Victorian Division Secretary, National Tertiary Education Union (NTEU) noted that while the Union does not 'have a problem with the raw data that the AVCC provides' it does 'have some question marks about the discounting provisions that they have within the data'.¹³

This was further remarked upon by RMIT University which observed that:

In recent years the issue of how to measure unmet demand has become increasingly contentious. The current methodology employed by the AVCC is to reduce the raw total of all applicants who do not receive an offer (however many preferences they express) by the proportion of those expressing one or two preferences who do not receive an offer. Unsuccessful applicants who express one or two preferences only are deemed to be "not serious" applicants, and are therefore not included in calculating unmet demand. RMIT questions the appropriateness of such an arbitrary criterion in determining the 'seriousness' of applicants for the purposes of calculating unmet demand. RMIT supports the view that a more robust measure of unmet demand than that currently employed by AVCC is required.¹⁴

12. Written Submission No. 24, Victorian State Government, p.7.

13. Minutes of Evidence, 29/09/03, p.29.

14. Written Submission No. 29, RMIT University, 24 October 2003, p.2.

The Committee similarly questions why applicants who know exactly what course they want to do, and therefore list only one or two preferences, are discounted from the measure of unmet demand if they subsequently fail to obtain a place. Examples of applicants that would be excluded are those applying for courses with limited offerings (for example, medicine is only offered at Monash and Melbourne Universities while veterinary science is only offered at Melbourne University) and those who, due to geographic, socioeconomic or other barriers, apply only for one or two courses at a specific university or campus.

The Committee acknowledges that this issue may not be entirely clear cut, as some of these students may have missed out on securing a place because they listed only one or two unrealistic preferences. However, it may be expected that these numbers would be low as students have the opportunity to change their preferences after they have received notification of their ENTER. Accordingly, a number of student, university and government representatives argued that use of this methodology eliminated a substantial and indefensible number of serious applicants.

A further criticism of the AVCC's discounting methodology made by the Victorian Government was that the discounting methodology was primarily designed to take into account school leaver applicants. The argument presented was that calculations of unmet demand need to explicitly address mature age applicants and the differences in their application processes.

Australian Bureau of Statistics (ABS) Education and Work Survey

The second published estimate of national and State unmet demand is the ABS *Education and Work Survey*. Unmet demand for education in this survey is determined by the proportion of respondents who reported that they had applied for a higher education course and had been unable to gain a place. Applying this methodology, the ABS estimates that 6,000 Victorian applicants were unsuccessful in 2002. According to the ABS, however, the Victorian survey data is highly unreliable due to the small number of respondents. This is confirmed by the fact that the AVCC, using hard data, identified at least 21,632 applicants who were unable to secure a university place in that year. In light of these findings, the Committee did not consider the *Education and Work Survey* as an appropriate measure of unmet demand for the purposes of this Inquiry.

Committee Estimate of Unmet Demand

Evidence received during the Inquiry highlighted that there was some confusion as to the true level of unmet demand for higher education due to the limitations of the various definitions and methodologies that are applied. Given these limitations, the Committee based its analysis of unmet demand on the actual numbers of applications and course offers made through VTAC. The Committee used raw VTAC data for the VTAC selection year 2003/04, as well as time series data compiled by VTAC for the period 1996/97 to 2002/03 to measure unmet demand in Victoria.

The four assumptions underpinning the Committee's estimate of unmet demand for higher education were:

- 1. Victorian Applicants Only**

The inclusion of only Victorian applicants applying to Victorian higher education institutes is in keeping with the Inquiry's terms of reference to examine unmet demand in Victoria and to look at its impact within Victoria. The Committee interpreted this to mean that the Inquiry was to be primarily focussed on Victorian applicants and higher education institutes in Victoria.

- 2. Higher Education as a First or Second Preference**

This approach is consistent with the AVCC methodology. The Committee judged it reasonable to assume that only applicants that had a higher education course as their first or second preference were genuinely interested in obtaining a place in a higher education institution. Applicants that had higher education as a third preference or lower were viewed by the Committee as applicants who had a genuine preference to enter TAFE rather than university. It can be noted that of the total applicants that had higher education as their first or second preference, only 4.9 per cent or 2,323 applicants had a TAFE course as a first preference.

- 3. An ENTER of 53 and Above for Victorian School Leavers**

The Committee received some evidence that measures of unmet demand should not include applicants that have ENTER scores below a certain cut-off point. It was proposed that these students may not have the academic capacity to undertake studies at the higher education level and hence should not be considered eligible applicants. This proposal is in line with the AVCC's eligibility discounting factor.

States differ in their approaches to defining eligibility and cut-off UAI scores. According to the AVCC, Western Australia and Northern Territory admissions centres consider an eligible applicant as one that receives a UAI in excess of 60. NSW considers 48.35 to be an appropriate cut-off score, while Victorian, Tasmanian and Queensland tertiary admission centres do not have any specific eligibility criteria.¹⁵

The Committee adopted a cut-off ENTER of 53, in recognition that it has been suggested as a national cut-off score by the Australian Association of Tertiary Admissions Bodies.¹⁶ The Committee also received some evidence that 53 was the level above which applicants might reasonably be expected to be successful in a higher education course. For further discussion regarding ENTER scores and the capacity of students to successfully complete a university degree see chapter 2.

4. **Completion of Year 12 for Mature Applicants**

In considering mature applicants, the Committee included only those applicants with a Year 12 or equivalent qualification on the grounds that it would provide a conservative estimate of unmet demand. Whilst it is not the Committee's belief that applicants without Year 12 or equivalent qualifications would be unable to successfully complete a university degree this approach is consistent with the discounting of the VSL cohort using a 53 cut-off ENTER. In adopting this measure of unmet demand, the Committee recognises that it may understate rather than overstate the number of applicants that should be considered.

The application of the above assumptions results in a conservative Committee estimate of **13,024** eligible higher education applicants not receiving a higher education place in Victoria in 2003/04. This can be contrasted to the 26,771¹⁷ Victorian applicants that could have been considered unsuccessful higher education applicants if the Committee's assumptions were not applied. It should be noted that both of these figures include only unsuccessful applicants that applied through VTAC and do not include those unsuccessful applicants that applied directly to the universities.

15. Australian Vice-Chancellors' Committee (2003) *Applications for Undergraduate Higher Education Courses 2003*, Canberra, Appendix B.

16. Written Submission No. 19, RMIT, University, 24 October 2003, p.2.

17. Calculated using raw VTAC data supplied to the Education and Training Committee.

Finding 1.1 *That published estimates of unmet demand in Victoria vary significantly and tend to understate the level of unmet demand for higher education. Further, that unless a nationally consistent approach to measuring unmet demand is adopted, the issue of unmet demand for higher education across Australia cannot be adequately or equitably addressed.*

Recommendation 1.1: That a nationally consistent measure of unmet demand for higher education be established by the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA) in consultation with State and Territory Admission Centres.

Commonwealth Higher Education Reforms

This Inquiry took place during a period of substantial change for the higher education sector in Victoria and Australia. During this time, significant reforms to the operations and funding of the sector were debated and passed in the Federal Parliament. These reforms were first articulated in *Our Universities: Backing Australia's Future*¹⁸ and are largely contained within the Commonwealth *Higher Education Support Act 2003*. These are the most significant changes to higher education since the Dawkins reforms in 1987. They include substantial changes to both student and university funding, which will have significant implications for demand and access to higher education now and in the future.

The Committee has received much evidence regarding the impact of these Commonwealth reforms, particularly relating to the Inquiry's terms of reference requiring consideration of the degree to which Commonwealth higher education funding policies have contributed directly to unmet demand. While this evidence is discussed in chapter 5, it is useful to briefly outline in this introductory section the key changes to be introduced under the Commonwealth reforms.

Changes to Student Funding

Under the reforms, all eligible Australian citizens and New Zealand and Australian permanent residents will have potential access to eight years equivalent full-time study in a Commonwealth supported HECS place. Under this system, any study in excess of this time will incur full fee costs.

18. DEST (2003) *Our Universities: Backing Australia's Future*, Commonwealth of Australia, Canberra.

From 2005, students will be required to pay HECS at a rate determined by individual institutions, within a pre-defined band set by the Commonwealth Government. The upper limit of this band was set at a 25 per cent increase on the projected 2005 HECS fees. As at May 2004, all Victorian universities had decided to increase their HECS fees between 15 and 25 per cent.¹⁹

Table 1.1 below provides the approximate range for each band under the new system.

Table 1.1: New HECS Bands (from 2005)

Band	Discipline	Range
Band 3	Law, Dentistry, Medicine, Veterinary Science	0 - \$8,004
Band 2	Accounting, Commerce, Administration, Economics, Maths, Statistics, Computing, Built Environment, Health, Engineering, Science, Surveying, Agriculture	0 - \$6,837
Band 1	Humanities, Arts, Behavioural Science, Social Studies, Foreign Languages, Visual and Performing Arts	0 - \$4,800
National Priorities	Education, Nursing	0 - \$3,840

Source: DEST (2003) *Our Universities: Backing Australia's Future*

In 2005, HECS-HELP will replace the current HECS scheme. HECS-HELP loans will continue as a deferred contingent repayment system indexed to the CPI, as is the case for HECS. The minimum repayment threshold will be increased from \$24,365 to \$35,000. The maximum repayment rate will increase to 8 per cent where income exceeds \$64,999.

For students undertaking Type 2 and 3 fee paying courses, a new scheme entitled FEE-HELP is to be introduced, whereby eligible students will be able to access an income contingent loan facility to pay fees. The loan will be for the full cost of the course up to \$50,000, in addition to a 20 per cent fee on the loan. Both the principal and the loan fee will be payable as a deferred contingent debt.²⁰

19. The Australian Catholic University, which has a Melbourne and Ballarat campus has decided not to increase its fees.

20. Universities will be allowed to offer up to 35% of total HECS places for domestic full fee paying places. This figure is an increase over the current level of 25%.

Changes to University Funding

Higher education institutions currently receive recurrent funding from the Commonwealth Government in the form of block grants, which are largely determined on a historical basis. These block grants are calculated at an average cost for a specified number of students per university, based largely on historical data of student loads and costs. In 2003, the Commonwealth funded load per Equivalent Full-time Student Unit (EFTSU) was \$9,587. Under the Commonwealth Grant System (CGS) to be introduced in 2005, the Commonwealth will replace the current block grant with a contribution, set by discipline, towards the cost of an agreed number of places in each discipline.

Under the CGS, universities will receive student HECS payments. The amount of HECS will be university determined, although the Commonwealth Government will specify a band within which a university can charge for a specific course. The HECS payment is in addition to the Commonwealth contribution set by discipline as outlined in the Table 1.2 below.

Table 1.2: Commonwealth Course Contribution Schedule 2005

Cluster	Discipline	Estimated Commonwealth Course Contribution
1	Law	\$1,509
2	Accounting, Administration, Economics, Commerce	\$2,481
3	Humanities	\$4,180
4	Mathematics, Statistics	\$4,937
5	Behavioural Science, Social Studies	\$6,636
6	Computing, Built Environment, Health	\$7,392
7	Foreign Languages, Visual and Performing Arts	\$9,091
8	Engineering, Science, Surveying	\$12,303
9	Dentistry, Medicine, Veterinary Science	\$15,422
10	Agriculture	\$16,394
National Priority	Education	\$7,278
National Priority	Nursing	\$9,733

Source: DEST (2003) Our Universities: Backing Australia's Future

With the introduction of the CGS, the Commonwealth Government will determine the allocation of places in each discipline through an individual contract with each university. This arrangement will allow the Commonwealth Government to specify the number of places and the discipline mix that it will support. The CGS will fund universities according to the actual numbers enrolled during that year, up to 101 per cent of the agreed number of places as outlined in individual Funding Agreements. Further, from 2005 any institution whose total enrolments exceed the agreed number by more than five per cent will be penalised. Institutions that consistently under-enrol by more than five per cent will have their places redistributed.

The Commonwealth Government currently provides partial funding of \$2,700 for each over-enrolled place that a university delivers in excess of those determined by block agreements. Under this arrangement, while the student is required to pay the full HECS contribution to the Commonwealth Government, the university receives funding of only \$2,700 for each student, regardless of the discipline. While the Commonwealth Government will not provide any funding for over-enrolments above one per cent of the agreed target under the new system, universities will instead receive the student's HECS payments from the Commonwealth Government for these over-enrolled places up to a maximum of five per cent of enrolments. Any enrolments over this five per cent will incur financial penalties.

Under the Commonwealth Government reforms, the majority of growth places in the higher education system for the four years from 2005 to 2008 will be allocated to replace 24,883 marginally funded (over-enrolled) places across the country. The allocation of these places has already been determined, with Victoria being allocated only 859 places for 2005, despite having 5,464 over-enrolled places in 2003.²¹ The small proportion of these growth places allocated to Victoria was largely a function of the distribution mechanism used by the Commonwealth Government, which primarily took into account growth rates and the relativities of participation rates in each State. In light of the relatively low growth rate and the relatively high participation rate, Victoria received only 9.4 per cent of the total places.

21. While the Department of Education, Science and Training (2002) *Higher Education Report for the 2004-2006 Triennium* reported that there were 5,464 over-enrolled places in 2003, it should be noted that this figure had been reduced in the last few years as Victorian institutions wound back their marginally funded places in anticipation of future financial penalties for over-enrolments.

National Priority Courses: Teaching and Nursing

The Commonwealth Government reform package identifies nursing and teaching as national priority courses. These courses have been allocated additional funding for existing places. Over four years from 2004 an increase of \$40.4 million for nursing and an additional \$81.4 million for teaching will be invested in these areas for clinical practice and teaching practicum. In addition, 574 new places in nursing will be funded over four years, 97 of which will be allocated to Victoria. Teaching, however, has not received any direct allocation of new Commonwealth funded places.

A national priority band of fees will be established, applying reduced fees for national priority courses. This band will be applied to teaching and nursing in 2005 with the student contribution ranging from \$0-\$3,854 per annum for these courses, as determined by individual universities.

Regional Funding

At the commencement of 2004, the Commonwealth Government provided an additional \$122.6 million over four years to incorporate a regional loading into the CGS for students enrolled at regional campuses. The loading will be applied according to the number of EFTSUs studying on regional campuses, paid at an average of \$6,686 per funded place.

For the purpose of the regional loading, a regional campus is defined as a campus located outside a mainland State capital city area, in a population centre with fewer than 250,000 people. Having satisfied the initial test of regionality, a campus will be recognised within one of four bands, established according to two criteria: distance from the closest mainland State capital and size of institution. The latter criterion has resulted in the regional loading being discounted for regional campuses of metropolitan based universities. Table 1.3 highlights the criteria, loading and number of universities in each band in Australia.²²

22. Loadings are based on 2001 higher education data and may vary in future years according to the actual numbers of students in regional campuses of public higher education institutions. The Victorian universities and campuses that have received funding under the scheme include: RMIT University's Bairnsdale and Hamilton campuses, the University of Ballarat's Horsham and Ballarat campuses, the University of Melbourne's Dookie and Creswick campuses, Deakin University's Geelong and Warrnambool campuses, La Trobe University's Beechworth, Bendigo, Mt Buller, Shepparton and Wodonga campuses and Monash University's Gippsland campus.

Table 1.3: Regional Loading Bands

Band	Loading Criteria	No. of Regional Campuses	Regional Loading
1	Northern Territory	2	30%
2	Distant and Small Campus is more than 300 km from a mainland capital city and has fewer than 10,000 EFTSU	9	7.5%
3	Proximate and Small or Distant and Large Campus is either more than 300 km from a mainland capital city or has fewer than 10,000 EFTSU	27	5%
4	Proximate and Large Campus is less than 300 km from a mainland capital city and has more than 10,000 EFTSU	20	2.5%

Source: DEST (2003) Our Universities: Backing Australia's Future

In addition to the regional loading, up to \$90 million will be provided for 3,000 accommodation scholarships to be targeted at disadvantaged students from rural areas needing to live outside their communities in order to study (as outlined below).

Scholarships

The Commonwealth reform package included the new Commonwealth Learning Scholarships Program. The program consists of two scholarship schemes, the Commonwealth Education Costs Scholarships (CECS) and the Commonwealth Accommodation Scholarships (CAS).

The CECS will be introduced to provide full-time undergraduate students from low socio-economic and/or Indigenous backgrounds with a scholarship of \$2,000 per year for up to four years. In 2004, 2,500 new CECS Scholarships were offered. By 2007, approximately 17,630 students will be in receipt of a CEC Scholarship.

The CAS will provide disadvantaged full-time undergraduate students from rural and regional areas with \$4,000 per year for up to four years to assist these students with accommodation expenses where they have to re-locate to undertake higher education. In 2004, 3,000 scholarships were offered Australia wide.

Under the Commonwealth Learning Scholarships Program, a pre-determined number of new scholarships will be allocated to higher education providers each year. Providers are required to offer at least the allocated number of scholarships each year. Thus the decision making with respect to the allocation of the scholarships is the administrative responsibility of the universities. Universities can only provide scholarships to applicants who are already enrolled as full-time students in an undergraduate program leading to a higher education award.

The determination of the allocation for each university is based on total student enrolments (50% weighting), proportion of low Socio-Economic Status (SES) students (30% weighting), and either the proportion of Indigenous students (20% weighting for CEC Scholarships) or the proportion of students from rural and isolated areas (20% weighting for CAS scholarships). The 2004 allocation of these scholarships to Victorian universities is noted in Table 1.4.

Table 1.4: Allocation of Commonwealth Learning Scholarships 2004

University	CAS	CECS	Total New Scholarships
Deakin University	79	85	164
La Trobe University	138	74	212
Monash University	143	103	246
RMIT University	101	65	166
Swinburne University of Technology	39	26	65
University of Melbourne	121	83	204
University of Ballarat	49	20	69
Victoria University	86	60	146
Total Victoria	756	516	1,272
Total Australia	3,000	2,500	5,500

Source: DEST (2004) Scholarship Allocations and Grant Amounts for 2004

As can be seen from Table 1.4 Victoria received 1,272 Commonwealth Learning Scholarships in 2004, 23 per cent of the total allocated nationally.

The TAFE Sector in Victoria

As part of the terms of reference for this Inquiry, the Committee was required to consider how unmet demand for higher education affects the demand for Technical and Further Education (TAFE) places. While this Inquiry is focussed

on unmet demand for higher education places, to contextualise chapter 4, which directly addresses this aspect of the terms of reference, a brief background to the TAFE system in Victoria is provided here.

TAFE institutes are defined in Victoria under the *Vocational Education and Training Act 1990* (Vic). Under the Act, a TAFE institution ‘means a university, school, college or centre at or from which technical and further education is provided, whereby “technical and further education” means post-secondary education wherever provided or offered which is not directed towards —

- (a) the award of a degree or diploma at an autonomous college or university; or
- (b) a higher education award’.²³

The TAFE system is the major provider of vocational education and training in Victoria. There are currently 20 TAFE institutes, including five universities with TAFE divisions.

TAFE Institutes

- Australian Maritime College of TAFE
- Bendigo Regional Institute of TAFE
- Box Hill Institute of TAFE
- Chisholm Institute of TAFE
- East Gippsland Institute of TAFE
- Central Gippsland Institute of TAFE
- Gordon Institute of TAFE
- Goulburn Ovens Institute of TAFE
- Holmesglen Institute of TAFE
- Kangan Batman TAFE
- Northern Melbourne Institute of TAFE
- South West Institute of TAFE
- Sunraysia Institute of TAFE
- William Angliss Institute of TAFE
- Wodonga Institute of TAFE.

TAFE Institutes within Universities

- RMIT University TAFE
- University of Ballarat TAFE
- Swinburne University of Technology TAFE
- Victoria University TAFE
- University of Melbourne TAFE.

23. As was noted above, the introduction of associate degrees will enable TAFE institutes to provide a ‘higher education degree’, however this associate degree had not been introduced as of 2004.

The Vocational Education and Training (VET) sector has grown significantly since the early 1990's. Between 1991 and 2000 the number of students in publicly funded VET grew by 70 per cent from under 1 million to 1.75 million.²⁴ Publicly funded VET providers receive State Government funding through the purchase of VET places. The Office of Training and Tertiary Education (OTTE) is the division of the Department of Education and Training that is responsible for VET in Victoria. OTTE reports through the Department Secretary to the Minister for Education and Training and provides support to three statutory authorities:

- Victorian Learning and Employment Skills Commission (VLESC)
- Victorian Qualifications Authority (VQA)
- Adult Community and Further Education (ACFE) Board.

These authorities are responsible for providing key policy advice to the State Government on matters relating to post-compulsory education and training, including the strategic allocation of funds to Victorian TAFE institutes, private training providers and Adult and Community Education (ACE) organisations.

Funding

The current form of funding of the VET sector largely originated with the 1992 Australian National Training Authority (ANTA) Agreement, which established ANTA as the national co-ordinating authority of vocational education and training.

Under the 1992 ANTA Agreement, the Commonwealth Government provided an initial one-off funding payment for the VET system in addition to cumulative funding for enrolment growth. The primary responsibility for recurrent base funding levels was designated to States and Territories. In 1998, Commonwealth funding for growth was abolished under the 1998 ANTA funding agreement, with States and Territories required to achieve growth through efficiencies.

The 2001 to 2003 ANTA Agreement, however, saw some additional funding provided to the State and Territory Governments. As part of this additional funding, Victoria received an additional \$12.5 million in 2001, \$18.7 million in 2002, and \$25.0 million in 2003. These minor increases in funding coincided with a massive growth in apprenticeships and traineeships from 49,100 in September 1998, to more than 141,900 in September 2003, an almost threefold increase.²⁵

24. NCVER (2000) *Vocational Education and Training in Australia 1991 to 2000 - At a Glance*, Adelaide.

25. NCVER (2003) *Apprentice and Trainee Activity 2003: September quarter - At a Glance*.

The direct result of the new ANTA Agreement was that by 2002, the Commonwealth/ANTA provided only 19 per cent of total VET funding in Victoria. At this time, approximately 6 per cent of funds came from ancillary trading, 21 per cent from fee for service, 4 per cent from student fees and charges and 50 per cent from the State Government.

Student Fees and Charges

The current fees and charges policy for students was established in 1995. The fees and charges policy provides a framework for the setting of student tuition fees for government funded VET tuition in TAFE institutes, ACE organisations and private training organisations. The fees and charges policy is not materially different across TAFE institutes, government funded ACE providers and private providers, but is laid out in separate instruments. The fees and charges policy for TAFE is set out in the 'Ministerial Directions to Councils of TAFE Institutes and Universities with TAFE Divisions' (schedule 1) made pursuant to the *Vocational Education and Training Act 1990* (Vic).

The current Ministerial Directions prescribe a charging rate of \$1.25 per student contact hour with exemptions, caps and concessions. In 2003, the Minister for Education and Training, after consultation with the Victorian Learning and Employment Skills Commission (VLESC) and Adult, Community and Further Education (ACFE) Board, endorsed a fee rise of \$0.25 per student contact hour with a concession fee of \$50 and a maximum fee of \$625. This represented the first increase in student fees since 1995. Courses in adult education, including basic literacy and numeracy, are charged at the minimum concession rate.²⁶

Ministerial Councils

As part of the 1992 ANTA Agreement, ANTA MINCO, a Ministerial Council of State and Territory Ministers responsible for education and training, was established with statutory responsibility in relation to strategic policy, national objectives and priorities for the vocational education and training system.

The year after the establishment of ANTA MINCO a number of other ministerial councils were amalgamated to form the Ministerial Council on Education, Employment, Training and Youth Affairs (MCEETYA).

26. Department of Education and Training (2003) *Discussion paper on the Review of VET Student Fees and Charges*, Victorian Government, Melbourne.

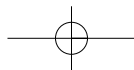
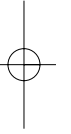
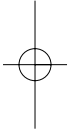
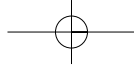
MCEETYA has a far broader mandate than ANTA MINCO, with responsibility for:

- Pre-primary education
- Primary and secondary education
- Vocational education and training
- Higher education
- Employment and linkages between employment/labour market programs and education and training
- Adult and community education
- Youth policy programs
- Cross-sectoral matters.

The functions of MCEETYA include the strategic co-ordination of national policy, and the negotiation and development of national agreements and reporting.

The relationship between MCEETYA and ANTA MINCO is important in the context of this Inquiry. Both MCEETYA and ANTA MINCO share some responsibility for vocational education and training issues as well as a number of ministerial representatives. Nevertheless, issues affecting the vocational education and training sector, and its funding are primarily the domain of ANTA MINCO, although it works in conjunction with MCEETYA on a number of issues, particularly with respect to the provision of VET in schools. With respect to higher education, however, MCEETYA is the sole ministerial council with responsibility for this area.

Thus while there is an increasing interface between the VET and higher education sectors, policy, funding and administration remains quite separate, sometimes to the detriment of co-operative initiatives and the facilitation of articulation pathways.



2. Level of Unmet Demand in Victoria

Introduction

Establishing the magnitude of unmet demand in Victoria is a requisite precursor to determining the impact of unmet demand on the Victorian population, industry and the economy more broadly. Access to higher education for Victorians includes educational opportunities for youth as well as opportunities for adults to participate in lifelong learning and vital retraining. Access to higher education and training is thus critical to ensuring that Victoria has a highly educated, highly skilled workforce that is able to respond to an increasingly competitive global economic environment.

This chapter provides an in depth examination of the magnitude of unmet demand for higher education. Underpinning this examination is the testimony of a wide range of stakeholders that the available range of calculations of unmet demand underestimates the extent of current unmet demand for higher education in Victoria (refer chapter 1). Nevertheless, the Committee decided to measure unmet demand based on a conservative methodology that considers only those applicants who have a high probability of successfully completing a higher education degree course if an opportunity to do so were made available.

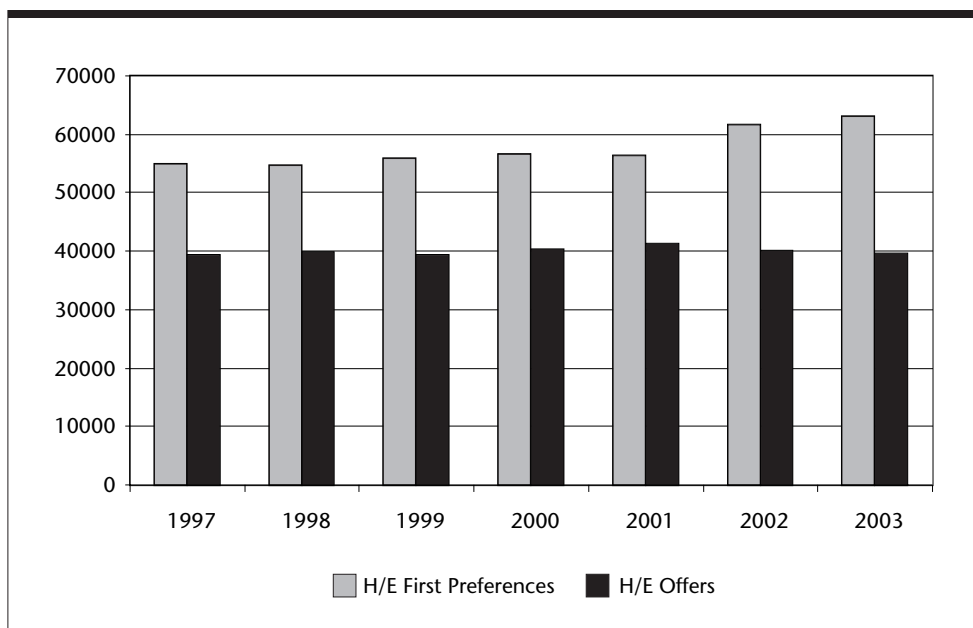
The first part of this chapter reports trends in the magnitude of unmet demand from 1996, and analyses in more depth the level of unmet demand for higher education in 2003/04. It examines the breakdown of unmet demand among VSL and Mature applicants, as well between different regions in Victoria. Unmet demand for teaching and nursing courses is also specifically examined, as required by the Committee's terms of reference.

The last section of the chapter examines the capacity of Victorian institutions to accommodate increasing levels of demand for higher education courses. It assesses current and future capacities of universities to take in additional students should additional Commonwealth Government funding be provided, particularly in the context of the changes occurring as a result of the 2003 higher education reforms.

Trends in Demand and Supply of Higher Education Places

Examining trends in the demand and supply of higher education places between 1997²⁶ and 2003 is critical to determining the access Victorians have had to higher education during this period. Figure 2.1 below shows trends in the numbers of first preference applications and offers in higher education in Victoria between 1997 and 2003. The data includes applications by and offers to interstate and overseas students as well as marginally funded places. It should be noted that the number of offers made does not reflect the number of HECS places funded by the Commonwealth Government, as it includes a proportion of places that have been marginally funded by individual institutions as well as full fee paying domestic students.²⁷

Figure 2.1: Trends in First Preferences and Offers of Higher Education Places (Including Interstate and Overseas applicants)



Source: Comparative data compiled by VTAC for the Education and Training Committee

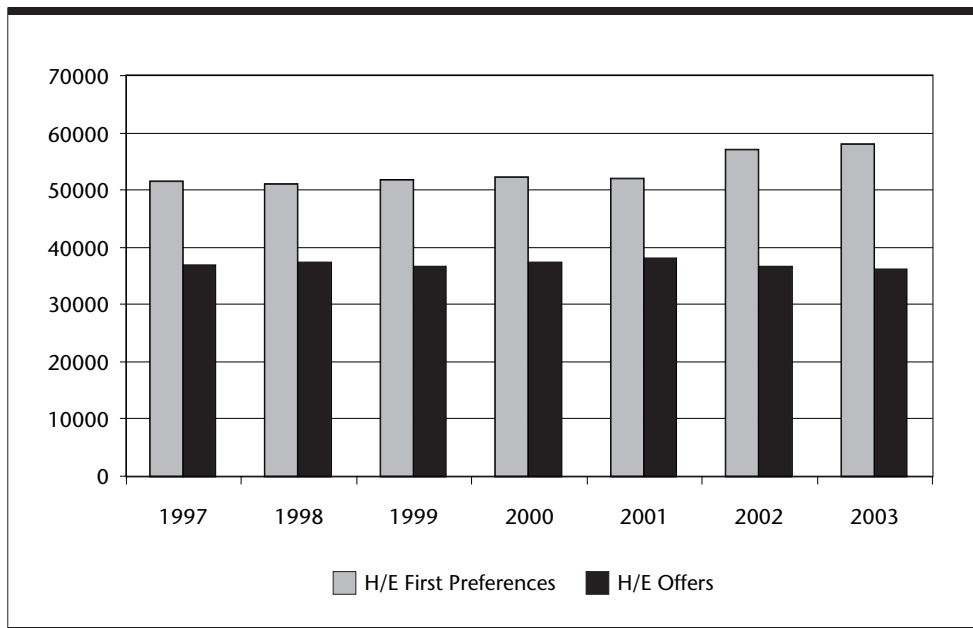
27. Comparative data is not available pre-1997.

28. It should be noted that Victorian applicants who apply for both interstate courses and local courses will be recorded as unmet demand in any State in which they did not receive an offer. Similarly, an applicant will be recorded as receiving an offer in every State in which he or she has received an offer. For example, if an applicant receives an offer in both Victoria and South Australia, both admission centres would include this figure in the total number of offers within the State, regardless of where the applicant took up the place. Similarly, if a student applied for courses in both States, yet received an offer from South Australia but not from Victoria, then the student would be registered as unmet demand within Victoria, even though he or she received a place in South Australia.

As Figure 2.1 demonstrates, the total number of first preference applicants in Victoria including interstate applicants increased annually from 54,968 in 1997 to 62,931 in 2003, an increase of 14.5 per cent. Yet, as Figure 2.1 also shows, the number of offers has basically stagnated, with 39,432 offers in 1997, increasing to only 39,629 offers in 2003.

Figure 2.2 also shows trends in the numbers of first preference applications, and higher education offers to Victorians, in Victoria, between 1997 and 2003²⁸. However, this series excludes all interstate and overseas students. As was noted in Figure 2.1, the number of offers made does not reflect the number of HECS places funded by the Commonwealth, as it includes a proportion of places that have been marginally funded by individual institutions as well as full fee paying domestic students.

Figure 2.2: Trends in First Preferences and Offers of Higher Education Places (Excluding Interstate and Overseas applicants)



Source: Comparative data compiled by VTAC for the Education and Training Committee

As Figure 2.2 demonstrates, the total number of Victorian first preference applicants increased annually from 51,465 in 1997 to 57,864 in 2003, a total increase of 12.4 per cent over this period. Yet, the number of offers to Victorian applicants has decreased slightly over this period. As a result, the number of

28. In accordance with VTAC definitions, the offers referred to in Figure 2.1 and Figure 2.2 are the sum of individual offers that applicants accepted or deferred plus the highest preference offers of those that rejected all offers. Each applicant is recorded as having one offer, even though they may have received multiple offers. The applicants included in this time series differ from the Committee's definition of eligible applicants, excluding second preference applicants and including students with ENTER scores less than 53.

Victorians who had a higher education course as a first preference but were unsuccessful in obtaining a place increased from 14,593 in 1997 to 21,695 in 2003, an increase in unmet demand of 48.7 per cent.

Much of the increase in university applications in Victoria can be explained by increases in Year 12 participation during this period, changes in community attitudes towards higher education, and an increasing awareness of the need for continual learning and retraining to compete in the changing domestic and global economy.

According to the ABS (2003), there has been an 8 per cent increase in the numbers of students being retained to Year 12 in Victoria over the period 1997 to 2003.²⁹ The increase in applications for higher education is partially due to this increase in participation in Year 12. It should be noted that demand stemming from increasing participation rates may be further enlarged by State Government support for still higher retention rates, and by increasing expectations of employee qualifications.

The increase in university applications can also be attributed to changing community attitudes towards higher education. According to a DEST study on *Parents' and Community Members' Attitudes to Schooling*, increasing numbers of parents are hoping that their children will undertake a higher education course after Year 12. According to the study, over 70 per cent of parents of children at non-government schools and 60.7 per cent of parents of children at government schools would like their child to go to university.³⁰ Stakeholders also noted this change in community attitudes towards higher education, highlighting that this was particularly evident in regional Victoria. For example, Professor Brian Mackenzie, Pro Vice-Chancellor, Monash University, Gippsland campus, noted:

There is something of a sea change in the attitude towards higher education of people in regional Australia, and there are many people applying to enter higher education now who would not have dreamt doing so 5, 10, or 20 years ago.³¹

This change in community attitudes may be partially explained by an increased awareness of the importance of higher education. However, it could also be explained by the increasing requirement for higher education qualifications in a wide variety of occupations that would not have required a degree in the past.

29. ABS (2003) *Schools Australia 2003*, Cat No. 4221.0, February.

30. DEST (2003) *Parents' and Community Members' Attitudes to Schooling*.

31. Minutes of Evidence, 8/12/03, p.200.

This situation is further compounded by increasing pressures on Victorians to re-skill and up-skill throughout their working lives. All these factors are contributing to an increasing need and greater demand for higher education.

Increasing demand for higher education in Victoria has not, however, been reflected in Commonwealth Government funding policies. The number of offers made to Victorians has decreased from 36,872 in 1997 to 36,169 in 2003. This decrease in offers may be partially attributed to a decrease in the offers of marginally funded places by universities, which have been forced to reduce over-enrolments in anticipation of future financial penalties by the Commonwealth Government for over-provision. This decrease in offers may also be explained by the decrease of 'almost 6,000 fully-funded places [which] have been removed by the Commonwealth from Victoria since 1996'.³²

As a result of these reductions in offers in combination with the increasing demand for higher education from Victorians, the discrepancy between the rate of growth of applications and the rate of growth of offers has been increasing, resulting in increasing unmet demand from 28.3 per cent in 1997 to 37.4 per cent in 2003.

The implication of this increase in unmet demand is that while greater qualifications are being demanded by employers, and Victorians have a greater need for the skills provided by a higher education degree, a greater proportion of both Victorian workers and school leavers are not able to secure higher education places. Consequently, an increasing proportion of Victorians are unable to gain the skills that they and industry believe are required to gain employment or to succeed in their workplaces.

While the above figures demonstrate a substantial and increasing level of unmet demand in Victoria, they provide only a limited assessment of the true level of unmet demand. The following section analyses the data further, adopting the following definition of unmet demand, as outlined in chapter 1:

- *All Victorian applicants that had a higher education course as their first or second preference and*
- *if they were Victorian School Leavers³³ they had an ENTER score greater than 53, or*
- *if they were Mature applicants they had a minimum Year 12 or equivalent qualification.*

32. Victorian Government (2003) Submission to the Senate Committee on Employment, Workplace Relations and Education on the Inquiry *Higher Education Funding and Regulatory Legislation*, Written Submission No. 469, p. 3.

33. The Committee defined 'Victorian School Leaver' in chapter 1 as an applicant who is primarily assessed on an ENTER score. Current Year 12 applicants account for 91% of the VSL cohort.

Finding 2.1: *That the number of Victorian applicants failing to receive a university offer at a Victorian university increased from 14,593 in 1997 to 21,695 in 2003, increasing the levels of unmet demand from 28% in 1997 to 37% in 2003. This is due to the failure of the Commonwealth Government to increase the number of university places in response to increasing demand for higher education among individuals, industry and the community.*

Victorian School Leavers (VSL)

This section examines unmet demand for higher education places from Victorian School Leavers (VSL). The Committee decided to examine unmet demand among VSL and Mature applicants separately to take into account the differences in the application processes for the two cohorts, the different issues faced by the two cohorts, and to directly address the specific concerns held by a large number of stakeholders with regard to the unmet demand for higher education by Mature applicants.

Table 2.1 shows the number of university applications and offers made by the VSL cohort, together with the number of students missing out on a university place in 2003/04. As was noted in chapter 1, the Committee assumed that only applicants that had a higher education course as their first or second preference were genuinely interested in obtaining a place in a higher education institution. Hence unmet demand is calculated only for those applicants who placed higher education as their first or second preference.

Table 2.1 shows that of the 27,752 VSL applicants who placed higher education as their first or second preference and received an ENTER greater than 53, 5,054 did not receive a university offer. This means that there is unmet demand of 18.2% in the VSL cohort.

Table 2.1: Unmet Demand for Higher Education by Victorian School Leavers

(2003/04)	1st or 2nd Preference University Applicants	University Offers	Unmet Demand	Unmet Demand (%)
Victorian School Leavers	27,752	22,698	5,054	18.2%

Source: Calculations based on raw 2003/04 VTAC data

Table 2.2 shows the distribution of ENTER scores among the 5,054 unsuccessful Victorian applicants in 2003/04.

Table 2.2: Distribution of VSL Unmet Demand by ENTER (2003/04)

ENTER	No. Unsuccessful Applicants	Unmet Demand (%)
90-99.95	50	1.0%
80-89.95	141	2.8%
70-79.95	689	13.6%
60-69.95	2,188	43.3%
53-59.95	1,986	39.3%

Source: Calculations based on raw 2003/04 VTAC data

Table 2.2 demonstrates that there were 50 students that received ENTER scores of 90 or above who did not receive a place in a university course in Victoria. It can be assumed that these applicants applied for courses with cut-off ENTER scores in the high 90s (e.g Law and Medicine) and were unsuccessful.

The greatest proportion of unsuccessful VSL applicants however, achieved an ENTER of 60 – 69.95, with a further 39.3 per cent achieving an ENTER of 53 – 59.95. This seems to support the notion that the current high level of unmet demand in Victoria is not a result of academic incapacity. Further, a study of RMIT students found no correlation between ENTER scores between 40 and 80 and substandard academic performance, and a variable relationship between ENTER scores and performance for students with scores below 40.³⁴

The Committee discussed with many stakeholders the relevance of the ENTER score and its value as an indicator of academic capacity and determinant in whether an individual should be afforded the opportunity to undertake a university education. There were two divergent views that were expressed to the Committee. While some universities indicated they would be wary of harming the prestige of their institution by lowering ENTER scores, a number of stakeholders indicated that the ENTER was often a poor indicator of students' worth and suitability for university study.

Professor Alan Lindsay, Deputy Vice-Chancellor and Vice-President (Academic), Monash University noted with respect to nursing:

34. Murphy, M., Papanicolaou, K. and McDowell, R. (2001). 'Entrance Score and Performance: A Three Year Study'. *Journal of Institutional Research*, 10(2), pp.32-49.

The work force demand for nursing is also high, but the ENTER scores are not commensurate with those figures; they are more in the 60s to the 70s. In fact, they peaked at our Peninsula and Gippsland campuses in 2001 and have dropped back slightly in the last two years. We have reservations about increasing the places at those sort of levels given our particular position and profile.³⁵

He further noted that Monash University was concerned with maintaining ENTER scores in general:

We need to partly combat that wasting-the-ENTER culture by ensuring that our cut-off scores are solid on those [outer suburban and regional] campuses, because if you drop them for a year or so to take in extra students, for whatever reason, that has a counterproductive effect in that able students then do not apply for those courses. So you cannot readily expand unless you can do so maintaining, in our view, a good solid entry level.³⁶

The University of Melbourne reiterated this sentiment, acknowledging that not all universities would be prepared to decrease their ENTER scores to accommodate applicants who miss out on places.³⁷

In contrast, however, Professor Brian Mackenzie, Pro-Vice Chancellor, Monash University, Gippsland argued that ENTER scores did not necessarily reflect the capacity of students to successfully undertake higher education courses and that this was particularly true in regional Victoria. He noted that:

We need to understand that ENTER scores are not the whole story, and especially they are not the whole story in rural areas. An ENTER score of 70 means that on a statewide basis you have scored higher than 70 per cent and lower than 30 per cent; so 30 per cent of students would be expected to have ENTER scores of 70 or higher. But in the regions it is much less than 30 per cent of students who have an ENTER score of 70 or higher. In the regions there is an ENTER score deficit of between 5 and 10 points, reflecting not, I believe, anything to do with natural brightness among country kids because ENTER scores have very little, I believe, to do with natural brightness. Rather, it has a great deal to do with the level of academic preparation, and the degree to which students have an academic culture in their home environment; and that is

35. Minutes of Evidence, 29/9/03, p.3.

36. Ibid., p.5.

37. Written Submission No. 10, University of Melbourne, 13 October, 2003, p.6.

considerably lower because country schools tend to be less well equipped they tend to have less in the way of specialist teachers, less in the way of specialist equipment, and fewer university personnel acting as parents in the region, and other intellectual sorts.³⁸

The belief that ENTER scores in regional Victoria are not reflective of the true capacity of applicants to successfully undertake higher education is evidenced by the fact that La Trobe University, Bendigo offers bonus points to students from regional areas. As was noted by Professor Peter Sullivan, Acting Pro Vice-Chancellor, La Trobe University, Bendigo, the offer of bonus ENTER points represents an attempt to partially address the discrepancy between ENTER scores and the capacity of rural and regional Victorians to successfully undertake higher education:

We offer a bonus of three points to anyone who comes from a regional or rural school. That is in fact the extent of the advantage. We are actually going next year to offer a bonus of five points for law.³⁹

The Committee also heard from Professor Kerry Cox, Vice-Chancellor, University of Ballarat, who reiterated that an applicant's ENTER is not necessarily reflective of his or her capacity to learn:

ENTER score is an input measure. At the University of Ballarat, without wanting to disparage our profile too much, we take students collectively a long way down the tertiary education rank compared to some of the so-called prestigious universities, and yet they are retained at university at about the national rates of retention. They complete at about the national rates of completion and upon completion they are employed at or about the national rates of employment for graduates and at starting salaries at or above the average median starting salary in Australia. So we take people with very significantly lower TERs and give them the opportunity, and then they perform. That is a clever Victoria, a clever Australia, mobilising the head power and not worrying too much about the prestige of the organisation, our organisation, as judged by the ENTER score.⁴⁰

38. Minutes of Evidence, 8/12/03, p.204.

39. Minutes of Evidence, 1/12/03, p.195.

40. Minutes of Evidence, 9/2/04, p.302.

Discussion regarding ENTER scores and capacity to successfully complete a university course often focussed on the teaching and nursing disciplines. A view strongly propounded by several stakeholders was that these professions would benefit from more places. Consequently, a reduction in unmet demand in regional areas is desirable even if it means giving greater access at mid-range ENTER scores. This is discussed further later in this chapter.

Finding 2.2: *That, according to the Committee's conservative definition of unmet demand, nearly one-fifth of Victorian School Leavers or 5,054 students who were capable of undertaking higher education courses were not able to access a government funded university place in the 2003/04 VTAC selection cycle.*

Mature Applicants

The second cohort to be considered in assessing unmet demand is Mature applicants. Mature applicants comprise all Victorian applicants who apply to VTAC and are assessed on non-ENTER criteria. This cohort includes those returning to higher education and those attempting to articulate from TAFE to higher education, as well as individuals that may have substantial employment experience in a relevant area. While an ENTER for this cohort may be calculated, other criteria such as employment history and previous post-compulsory study are considered when assessing applications.

Mature applicants may apply to a higher education course to re-skill or to acquire professional qualifications that previously had not been required for employment within a specific field. These applicants may be applying to undertake a second qualification, or they may be hoping to undertake a higher education qualification for the first time, having gone straight into the workforce upon leaving high school. The access that these applicants have to higher education is of particular importance in an economy that needs to consistently retrain its workforce to compete in a global environment. The access that these applicants have to higher education, now and into the future, is a reflection of the national commitment to lifelong learning. As was noted by Mr Angel Calderon, Head, Institutional Research Consultancy Unit, RMIT University:

The other dimension of unmet demand is the issue or the notion about lifelong learning ... To have a career we keep doing different courses of study; no longer do we have a degree that will last for life.

We need to keep going back to institutions to keep learning.⁴¹

41. Minutes of Evidence, 31/10/03, p.69.

Table 2.3 shows that 19,443 Mature applicants who had VCE or equivalent qualifications applied for a higher education course in 2003/04, but only 11,473 applicants received an offer. Unmet demand for higher education places from eligible Mature applicants was therefore 41 per cent.

Table 2.3: Unmet Demand for Higher Education by Mature Applicants

(2003/04)	1st or 2nd Preference University Applicants	University Offers	Unmet Demand	Unmet Demand (%)
Mature Applicants	19,443 ⁴²	11,473	7,970	41.0%

Source: Calculations based on raw 2003/04 VTAC data

It should be noted that the above figure is likely to understate unmet demand because it does not include those Mature applicants who do not have a minimum Year 12 or equivalent qualification. These applicants may be and are often offered places. However, as was noted previously, the Committee decided to adopt a conservative definition of unmet demand including only those applicants with a minimum Year 12 or equivalent education.

It should also be noted, however, that the Committee considers that Mature applicants are, in the main, 'eligible' on the basis that they would have a high probability of successfully completing their course. This is supported by the research literature. For example, Houltman (1996) shows that while entrance scores are not a significant determinant of performance in higher education, age is.⁴³ Houltman found that the age of a student has a strong, positive relationship with academic performance. Houltman's study also indicated that the performance of mature-age students was above average. It may be argued that not all the above applicants would have been capable of successfully completing a bachelor degree, however, there is evidence that a substantial proportion had a relatively high probability of doing so.

Despite the eligibility of Mature applicants, Tables 2.1 and 2.3 highlight that proportionately, and absolutely, unmet demand is higher for Mature applicants than it is for VSL. Over 40 per cent of all Mature applicants did not receive a university offer in 2003/04. This contrasts with the VSL cohort who had approximately 18 per cent unmet demand for places in higher education. This

42. Includes applicants whose region is registered as unknown. While these applicants could not be attributable to any specific Victorian region and hence could not be included in the following sections on the distribution of unmet demand in metropolitan Melbourne and regional Victoria, they have been included above to ensure that figures reflect total Victorian unmet demand.

43. Houltman, B. (1996). 'Entry Age, Entry Mode and Academic Performance on a Project 2000 Common Foundation Programme'. *Journal of Advanced Nursing*, 23, p.1089-1097.

distribution of unmet demand is consistent with a university system that places a priority on youth. While the Committee would certainly argue against any reduction in places for young people, the Committee also feels that in light of the increasing need to provide opportunities for lifelong learning, additional places should be provided to specifically accommodate demand for higher education from Mature applicants.⁴⁴

Finding 2.3: *That, according to the Committee's conservative definition of unmet demand, 41% of Mature Applicants or 7,970 potential students who were capable of undertaking higher education courses were not able to access a government funded university place in 2003/04. Further, that this is of concern as Victorians need to be able to access higher education in order to maintain a relevant skill base and to participate in lifelong learning.*

Total Unmet Demand

Total unmet demand for higher education is determined by the sum of unmet demand for higher education places from both VSL and Mature applicants. According to VTAC, 26,771 Victorian applicants applied but did not receive a place in a higher education institution in the 2003/04 VTAC selection cycle. However, the Committee adopted a conservative measure of unmet demand that included only:

- Victorian applicants applying to a Victorian university
- Applicants who placed higher education as their first or second preference
- Victorian school leavers with an ENTER greater than or equal to 53
- Mature applicants who held a minimum of a Year 12 VCE or equivalent.

Applying this definition, **13,024** (27.6%) eligible higher education applicants did not receive a higher education place in Victoria in 2003/04. The Committee reiterates that this figure is highly conservative and hence these 13,024 applicants reasonably reflect a minimum number of Victorian applicants that should have had access to a Commonwealth funded higher education place.

44. It is noted that some members of the Committee, while acknowledging the need for an increase in targeted places for Mature applicants, emphasised that any increase in places should be targeted at those applying for their first undergraduate degree who are least able to pay full fees.

Finding 2.4: *That based on the Committee's conservative estimate, over 13,000 eligible Victorians did not receive an offer of a HECS funded university place in 2003/04, including over 5,000 Victorian School Leavers with ENTER scores of 53 and above and nearly 8,000 eligible Mature applicants.*

Recommendation 2.1: That the Commonwealth Government progressively increase the number of HECS funded places in the Victorian university system to ensure all qualified applicants have access to a university education – 13,000 being the Committee's conservative estimate of unmet demand in Victoria in 2003/04.

While the Committee recognises that it may take some time to significantly reduce unmet demand in Victoria, funding for priority areas is required immediately. The Committee therefore urges the Commonwealth Government to increase the number of HECS funded places in Victoria and to target a proportion of these places at nursing and teaching courses and at rural, regional and outer suburban university campuses.

Demand and Supply in Melbourne

The inability to access higher education places in Victoria may be related to the region in which the applicant lives. The regional distribution of unmet demand is therefore considered separately to determine if there is a degree of geographical disadvantage in Victoria in securing a place in higher education. The Committee recognises that using broad geographical regions may obscure the presence of different socio-economic and ethnic groups within a single region. Given data limitations, however, the Committee was unable to conduct a more detailed analysis.

Figure 2.3 shows the location of universities, specialist campuses and regional campuses⁴⁵ within six metropolitan regions.⁴⁶ The level of unmet demand for higher education for each of these regional divisions is noted in brackets,⁴⁷ with the shading in the regional areas depicting the degree of relative advantage/disadvantage of the population in each area as calculated by the ABS index of disadvantage. It should be noted that the darker regions are relatively advantaged. Light regions are the most disadvantaged, as determined by demographics such as average incomes, average number of dependents, skills and unemployment rates of the local population.⁴⁸

45. A specialist campus is defined by the Committee as a campus that focuses on only one discipline or offers very limited number of courses.

46. For breakdown of VTAC regional divisions by postcodes see Appendix C. It should be noted that VTAC regional divisions are different to the ABS statistical divisions even though the names are the same. This is more noticeable in metropolitan Melbourne than in regional Victoria.

47. Unmet demand figures are available in Appendix E.

48. For a full breakdown of the composite indicators used to ascertain relative advantage/disadvantage see Appendix D.

Figure 2.3 Distribution of Unmet Demand in Metropolitan Melbourne (2003/04)

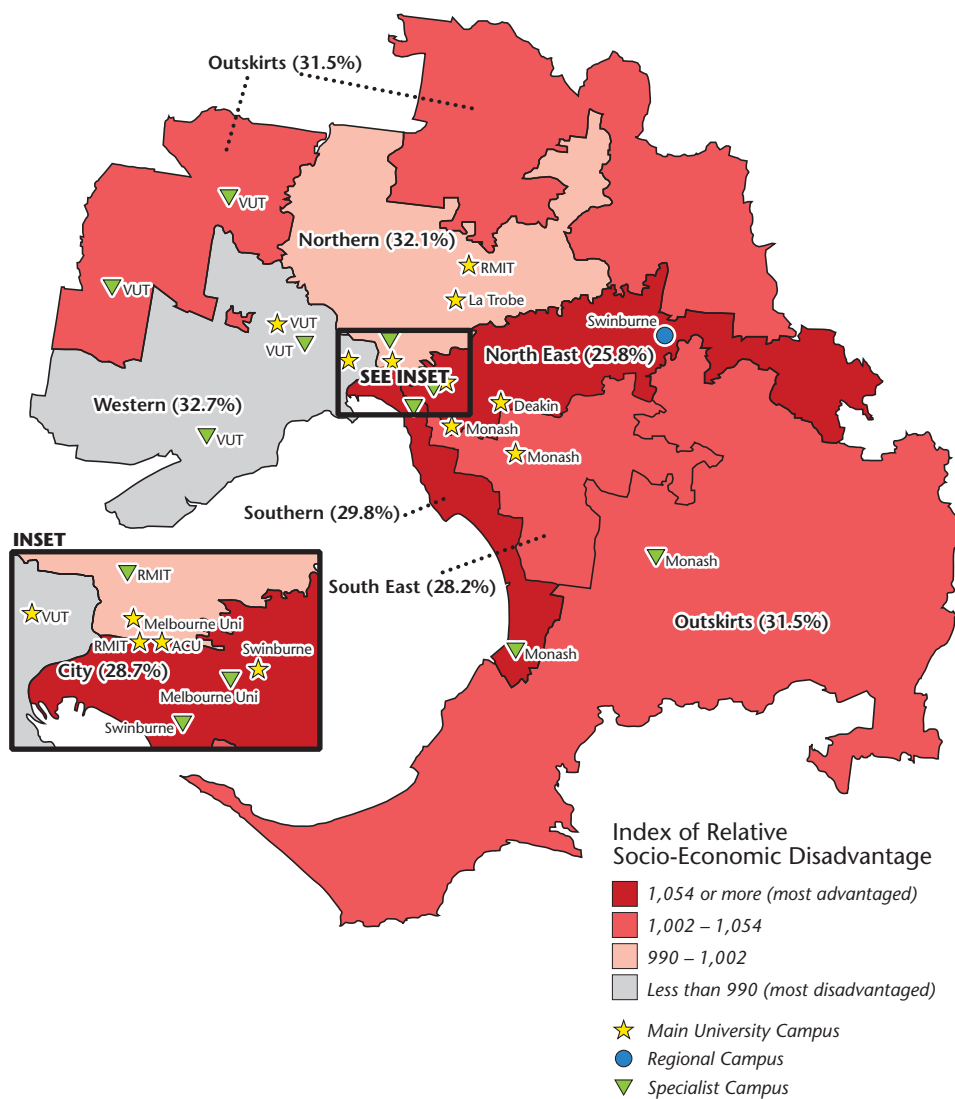


Figure 2.3 shows that the average unmet demand for metropolitan Melbourne was approximately 30 per cent in 2003/04, with unmet demand ranging from 25.8 per cent in the North Eastern suburbs to 32.7 per cent in the Western suburbs. These levels of unmet demand are, on average, approximately 10 percentage points higher than in regional areas. This greater demand for higher education in metropolitan Melbourne may largely be due to the greater ease of access to university institutions.

It is also apparent in Figure 2.3 that there is a very strong relationship between unmet demand and disadvantage⁴⁹ in metropolitan Melbourne. In 2003/04, the highest levels of unmet demand (32.7%) are found in the Western region, which has the highest relative levels of disadvantage. The region with the second highest levels of unmet demand (32.1%), the Northern region, similarly has the second highest level of relative disadvantage. In short, unmet demand for higher education in metropolitan Melbourne seems to be related to socio-economic status, with less affluent areas suffering from the highest levels of unmet demand.

The relationship between unmet demand and socio-economic status may be explained by the prevalence of lower ENTER scores in more disadvantaged metropolitan regions (as defined by ABS indices). It must be reiterated, however, that unmet demand calculated for any Victorian region by the Committee includes only those applicants with scores above 53 and a minimum VCE or equivalent education. Hence, these 'lower scores' of unsuccessful applicants are, by definition, above 53 and therefore it should not be concluded that 'unsuccessful' applicants from these areas are unqualified or incapable.

Table 2.4 shows the distribution of ENTER scores for unsuccessful higher education applicants in the Western region compared with the North Eastern region of Melbourne. The table demonstrates that unsuccessful Victorian School Leaver applicants from the North Eastern suburbs have higher ENTER scores. Therefore, it is possible that the higher unmet demand from the Western suburbs may be a reflection of lower ENTER scores from applicants in this area.

49. Higher levels of disadvantage are represented by a lower index.

Table 2.4: Distribution of VSL Unmet Demand by ENTER - North East and West Melbourne (2003/04)

ENTER	REGION	
	North East	West
90-99.95	1.4%	1.0%
80-89.95	3.7%	1.0%
70-79.95	19.9%	8.8%
60-69.95	41.7%	44.6%
53-59.95	33.3%	44.6%

Source: Calculations based on raw 2003/04 VTAC data

There may be several factors determining why ENTER scores from VSL applicants from the Western suburbs may be lower than those from the North Eastern suburbs, including reduced access to resources that support studies, and lower community and family expectations of, and support for, students undertaking VCE.

This relationship between unmet demand, ENTER scores and socio-economic background, however, is only a partial explanation of the relationship between unmet demand and various metropolitan regions. The number of unsuccessful Mature applicants in both Western and North Eastern regions is almost double that of the VSL cohort. An examination of the unsuccessful Mature applicant data from the Western suburbs shows that of the total number in this cohort, the greatest proportion (36.1%) comes from unsuccessful TAFE students wishing to articulate to higher education, as well as those who had attempted a higher education qualification previously and did not complete their studies (32.7%).

The Committee views this unmet demand from applicants from the Western suburbs wishing to articulate to higher education as having serious social justice implications. Unmet demand that is sourced from these areas indicates that applicants from the most disadvantaged areas, who are more likely to choose to go through TAFE first for financial or social reasons, are those who are unable to access higher education. This was explicitly noted by the Vice-Chancellor and President of Victoria University, Professor Elizabeth Harman who stated:

We also know that in the western region the highest proportion of applicants prefer to seek entry through TAFE courses. We are not quite sure whether this is because of their lower experience — the fact that many of them are first time in the family to higher education — or that the areas of lower socio-economic status are

concentrated in the west; the university is most highly rated in Australia, as you would be aware, in terms of drawing its students from low-income areas, and we have a very high non-English-speaking background population. We believe all those mixes of reasons may contribute to the fact that students in our area prefer to come in through TAFE before they make an application to the university.⁵⁰

With respect to those applicants wishing to undertake higher education studies for the second time, the Committee is concerned that some of these applicants may have been unable to complete their studies for financial reasons. The Committee is also concerned for the category of students attempting to articulate from TAFE to higher education study. The Committee believes that these applicants coming from an area that has 'only 85 per cent of the participation rate of the rest of Melbourne' are the very cohort that should be encouraged to aspire to university education.⁵¹

It should be noted that this substantial unmet demand from students wishing to transfer to higher education is also a reflection of a growing interface between higher education and TAFE, which will be discussed in further detail in chapter 4.

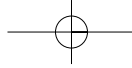
Finding 2.5: *That based on the Committee's conservative estimate, the average level of unmet demand for higher education across metropolitan Melbourne is 29.8% and that unmet demand in metropolitan Melbourne is highest in regions with the highest levels of socio-economic disadvantage.*

Finding 2.6: *That the Western suburbs have the highest level of unmet demand for higher education (32.7%) across metropolitan regions and that a large proportion (36.1%) of this unmet demand is being sourced from applicants wishing to articulate from TAFE to higher education.*

Recommendation 2.2: That the Victorian Government work with the Commonwealth Government, local schools and higher education institutions to devise strategies to lift the higher education participation rate in areas of disadvantage.

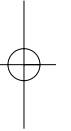
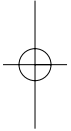
50. Minutes of Evidence, 10/11/03, p.110.

51. Ibid., p.109.



Demand and Supply in Regional Victoria

The access of regional Victorians to higher education was a particular concern to the Committee throughout the Inquiry. Figure 2.4 shows the distribution of unmet demand for higher education in these areas.⁵²



52. For details of applications, offers and unmet demand by region see Appendix E.

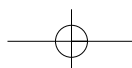
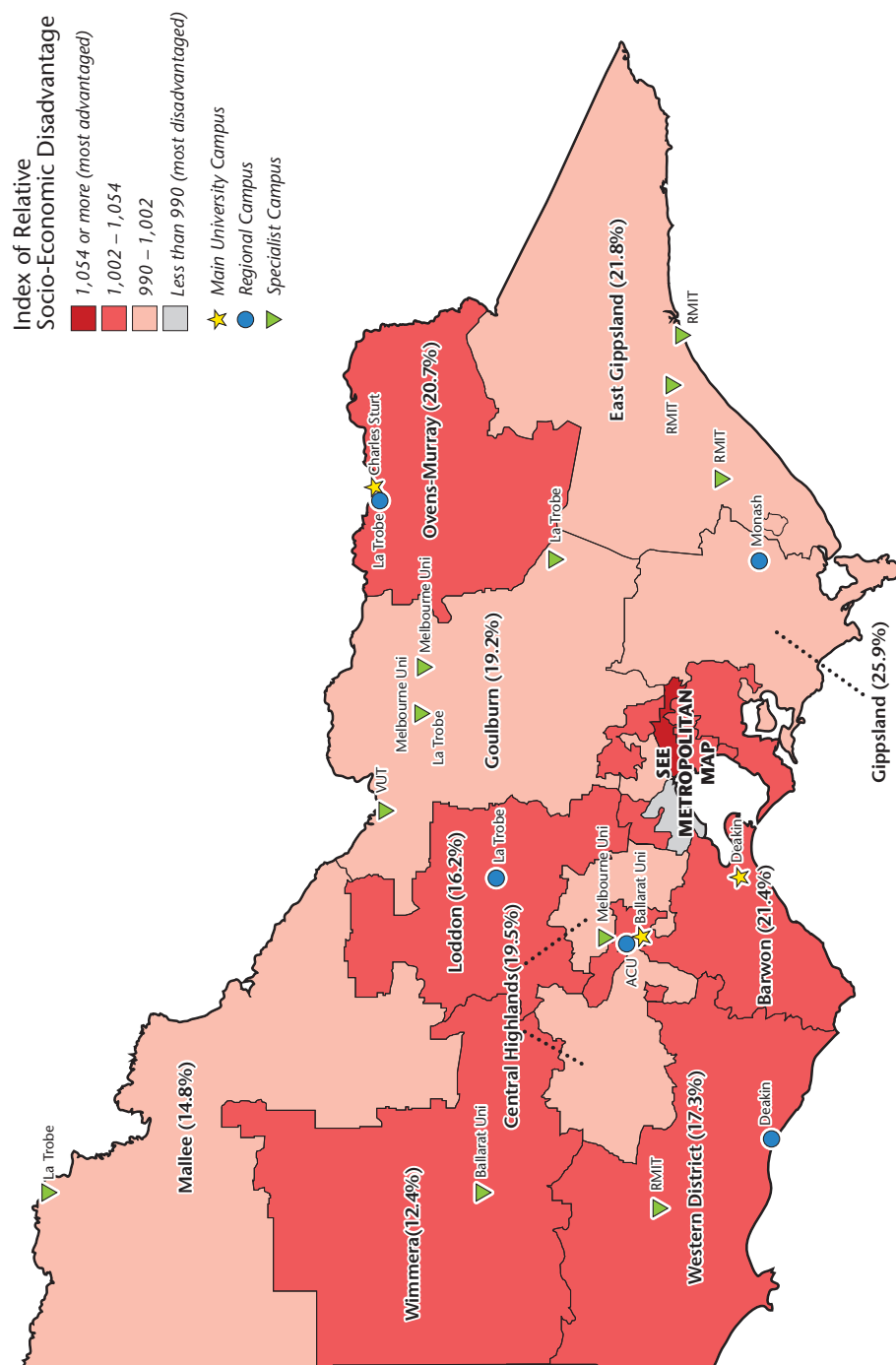


Figure 2.4 Distribution of Unmet Demand in Regional Victoria (2003/04)

From Figure 2.4 it can be seen that the average unmet demand for regional Victoria was approximately 19 per cent, with unmet demand ranging from 12.4 per cent in the Wimmera region to 25.9 per cent in Gippsland. As was noted in the previous section, the unmet demand figures for metropolitan Melbourne are on average, approximately 10 percentage points higher than for regional Victoria. As mentioned earlier, this may be due largely to a greater demand for higher education in metropolitan Melbourne, created by the ease of access to universities. Further, there is likely to be greater consideration required in light of the costs of undertaking higher education for regional Victorians, particularly for those applicants who would have to re-locate in order to undertake their higher education studies.

A further difference between metropolitan and regional Victoria highlighted in Figure 2.4 is the lack of an obvious relationship between disadvantage (as measured by socio-economic variables) and unmet demand for higher education in regional Victoria. It would seem, however, that unmet demand has a close correlation to the presence of a university campus in regional Victoria. For example, Figure 2.4 shows that the Mallee area had one of the lowest levels of unmet demand for higher education across regional Victoria. This might be explained by the fact that there is only one specialist university campus for the entire region and therefore demand from this region was low.

The impact that access to a local university has on demand for higher education in regional Victoria was noted by Ms Linda Wilkinson, Executive Officer, Gippsland East Local Learning and Employment Network (LLEN):

We see a different pattern of engagement in education and/or training post-school. The access is an absolute issue....We used to have a much greater presence from Monash Churchill, which has diminished in the last few years, which I think is disappointing. When I looked at the statistics that came out of the On Track calls that were made at the beginning of the year, there were certainly some offers made. When you look at the percentage of offers that were made to students, particularly in Bairnsdale and Sale, the take-ups are significantly less than the offers made; and then you look at the TAFE uptake and that is significantly higher than that for higher education.⁵³

Ms Wilkinson emphasised that access to a local university not only affects the demand for higher education but also the capacity or desire of applicants to take up that opportunity. Hence the absence of a local university negatively

53. Minutes of Evidence, 8/12/03, p.177.

affects attitudes towards higher education in regional Victoria, creating a 'latent demand' for higher education, which is discussed later in this chapter.

The high level of unmet demand in East Gippsland therefore implies that not only were take-ups low but also, that there were relatively few offers. In Barwon however, the high levels of unmet demand may be largely attributable to the presence of a main campus in the area, which encourages higher education to be valued, particularly where the university contributes significantly to the culture and to the economy, as was noted by the Committee for Geelong.⁵⁴ In this region, unmet demand can be attributable to significant demand for higher education, due largely to the presence of a main campus in the area.

There does however, appear to be exceptions to this relationship between high levels of unmet demand and a significant university presence in regional Victoria. Both Loddon and Wimmera have relatively low levels of unmet demand despite the presence of main campuses in these regions. These low levels of unmet demand can mainly be attributed to a conscious decision by La Trobe University and the University of Ballarat to respond to community demand by providing significant numbers of marginally funded places in 2003/04.

Hence, in contrast to metropolitan Melbourne, the presence of a university campus in regional Victoria significantly affects the level of demand and unmet demand for higher education.⁵⁵

Finding 2.7: *That based on the Committee's conservative estimates, the average level of unmet demand across rural and regional Victoria is 18.9%, with higher levels of unmet demand generally occurring in regions with a major university campus. Further to this, the Committee finds that the presence of a university campus stimulates demand for higher education in the local region, which cannot be met without adequate Commonwealth Government resourcing.*

Recommendation 2.3: That the State Government negotiate with the Commonwealth Government to ensure an increase in the Commonwealth Government funded student load for regional Victorian universities and campuses in the next student profile round. Further, that the Commonwealth and State Governments use their substantial influence as the primary funding provider and the regulator, respectively, to encourage and support universities to expand regional provision and to form and maintain partnership arrangements with other post-compulsory providers to ensure that a greater range of courses are offered in regional and rural Victoria.

54. Written Submission 28, Committee for Geelong, 25 February 2003/04, p.1.

55. For the total breakdown of applicants, offers and unmet demand in 2004 by region see Appendix E.

Demand and Supply in Nursing and Teaching

The Committee's terms of reference required it to also consider how the demand for teaching and nursing places is affected by insufficient numbers of HECS places in these courses. The following two sections explicitly examine the relationship between supply and demand for places in nursing and teaching courses in Victoria. These sections examine not only the magnitude of unmet demand for these courses but also the regional breakdown of unmet demand for these courses. The focus on regional distribution of unmet demand rather than the distribution within metropolitan Melbourne was premised on overwhelming evidence of the significant impact of unmet demand for nursing and teaching courses on regional Victoria, as discussed in chapter three.

Demand and Supply in Nursing

Table 2.5 shows the number of nursing course applications and offers in the 2003/04 VTAC selection cycle. Only applicants who placed a nursing degree course as their first preference and whose region could be identified are included in the data.

Table 2.5: Unmet Demand for Nursing Degree Courses (2003/04)

	Number Nursing Course Applicants	Number Nursing Course Offers	Number Unsuccessful Applicants	Unmet Demand (%)
Victorian School Leavers	1,281	894	387	30.2%
Mature Applicants	2,074	882	1,192	57.5%
Total ⁵⁶	3,355	1,776	1,579 ⁵⁷	47.1%

Source: Calculations based on raw 2003/04 VTAC data

56. For the breakdown of applicants, offers and unmet demand for higher education nursing courses in metropolitan Victoria by region see Appendix E.

57. Includes 200 applicants that were offered an alternative university course.

Table 2.5 shows that the number of eligible Mature applicants applying for nursing substantially exceeded the number of eligible VSL applicants in 2003/04. The reason behind the popularity of this course among Mature applicants is uncertain. What can be ascertained is that even though the numbers of eligible applicants are higher in the Mature applicant cohort (2,074), the VSL cohort still received a greater number of nursing places (894) than did Mature applicants. As a result, unmet demand for nursing courses in 2003/04 was decidedly higher for Mature applicants (57.5%) than for VSL applicants (30.2%).

The above figures suggest that there may be substantial numbers of Mature applicants with TAFE Division 2 nursing qualifications that are attempting to upgrade their qualifications yet are missing out on places. An examination of VTAC data shows that in fact, approximately 55 per cent of unsuccessful applicants within the Mature cohort were applicants wishing to articulate from TAFE certificate courses into a university degree course in nursing. In total, 1,579 eligible Victorian higher education applicants missed out on a place in a nursing course, close to 50 per cent of all eligible applicants.

The Committee is particularly concerned with the unmet demand sourced from unsuccessful Division 2 nurses. It notes that the substantial unmet demand from this cohort may create a disincentive for Division 2 nurses to attempt to upgrade their qualifications. A number of stakeholders emphasised the importance of facilitating this articulation process to ensure that career pathways are available for TAFE nursing applicants, and to also create incentives for them to remain in the profession. Stakeholders observed that Division 2 nurses were more likely to leave the profession than Division 1 nurses. It was also noted by Professor Olga Kanitsaki, Head of Nursing at RMIT University, that the ability to upgrade to a Division 1 nursing qualification is imperative in increasing the number of nurses with a bachelor degree in Victoria. Professor Kanitsaki noted that research by Aiken et al. (2003) had shown that an increase in the proportion of nurses holding a bachelor degree could reduce patient morbidity rates.⁵⁸

The Committee also heard from significant numbers of stakeholders with respect to nursing shortages in regional Victoria. In light of this evidence, an examination of the access that regional Victorians have to nursing degree courses in their local areas was undertaken.

58. Aiken et al. (2003) 'Educational Levels of Hospital Nurses and Surgical Patient Mortality', *Journal of the American Medical Association*, 290 (12), p.1617-2626.

Table 2.6: Distribution of Unmet Demand for Nursing Degree Courses in Regional Victoria (2003/04)

Region	Victorian School Leavers	Mature Applicants	Regional Delivery of University Nursing Course
Barwon	38.5%	34.7%	Deakin – Geelong campus
Central Highlands	20.0%	50.0%	Australian Catholic University – Ballarat campus University of Ballarat – Mount Helen campus
East Gippsland	21.2%	38.5%	RMIT – Sale
Gippsland	33.3%	14.4%	Monash – Churchill campus
Goulburn	31.7%	51.3%	University of Melbourne – Shepparton
Loddon	22.4%	53.5%	La Trobe – Bendigo campus
Mallee	33.3%	69.6%	
Ovens-Murray	26.9%	62.8%	La Trobe – Wodonga campus
Western District	16.7%	48.2%	Deakin – Warrnambool campus RMIT University – Hamilton
Wimmera	28.6%	0.0%	University of Ballarat – Horsham
Average Regional Victoria	27.3%	42.3%	
Average Metropolitan Melbourne	31.1%	63.3%	
Average Victoria	27%	50.9%	

Source: Calculations based on raw 2003/04 VTAC data

Table 2.6 shows little evidence of any significant pattern in the distribution of unmet demand for nursing places in regional Victoria. It does, however, show that some of the highest levels of unmet demand for nursing places came from Mature applicants in the Mallee region. Close to 70 per cent of these applicants did not receive a place in a nursing course. It is interesting to note that Mallee is the only region that does not have a higher education course in nursing. What is also noticeable is that in regional Victoria unmet demand for nursing places was higher for Mature applicants in seven out of ten regions, which is consistent with the finding for metropolitan Melbourne and for Victoria overall.

Demand and Supply in Teaching

The demand and supply of places in teaching courses in 2003/04 is set out in Table 2.7, which shows that the demand for teaching courses (applicants who placed a teaching course as a first preference) was marginally higher for Mature applicants than for the VSL cohort. However, the number of offers received by the VSL cohort exceeded the offers to Mature applicants, resulting in 36.4 per cent more unsuccessful Mature applicants compared to VSL. In total, 54.7 per cent of all Victorian teaching applicants did not receive a place in a teaching course.

Table 2.7: Unmet Demand for Teaching Degree Courses (2003/04)

	Number Teaching Course Applicants	Number Teaching Course Offers	Number Unsuccessful Applicants	Unmet Demand (%)
Victorian School Leavers	2,375	1,272	1,103	46.4%
Mature Applicants	2,390	886	1,504	62.9%
Total ⁵⁹	4,765	2,158	2,607 ⁶⁰	54.7%

Source: Calculations based on raw 2003/04 VTAC data

Table 2.8 shows the distribution of unsuccessful teaching applicants in regional Victoria. As was the case for nursing, the focus on the geographical distribution of unmet demand in regional Victoria was premised on significant evidence of the importance of access to these courses for regional Victorians.

59. For the total breakdown of applicants, offers and unmet demand for teaching courses in 2004 by region see Appendix E.

60. Includes 677 applicants who were offered an alternative university course.

Table 2.8: Distribution of Unmet Demand for Teaching Degree Courses in Regional Victoria (2003/04)

Region	Victorian School Leavers	Mature Applicants	Regional Delivery of University Nursing Course
Barwon	44.1%	68.6%	Deakin – Geelong campus
Central Highlands	44.4%	51.2%	Australian Catholic University – Ballarat campus University of Ballarat – Mount Helen campus
East Gippsland	54.1%	52.0%	
Gippsland	54.9%	48.0%	Monash – Churchill campus
Goulburn	39.6%	51.8%	Victoria University – Echuca
Loddon	38.0%	48.1%	La Trobe – Bendigo campus
Mallee	37.9%	18.2%	
Ovens-Murray	36.5%	34.4%	Charles Sturt – Wodonga campus
Western District	49.4%	57.1%	Deakin – Warrnambool campus
Wimmera	37.5%	60.0%	
Average Regional Victoria	43.6%	48.9%	
Average Metropolitan Melbourne	47.7%	64.7%	
Average Victoria	45.27	55.6%	

Source: Calculations based on raw 2003/04 VTAC data

Table 2.8 shows little evidence of any significant pattern in the distribution of unmet demand for teaching courses in regional Victoria, as was the case for nursing (Table 2.6). It can be seen, however, that Barwon had the highest levels of unmet demand for teaching places, with approximately 68.6 per cent of its

Mature applicants unable to get a place in teaching. This is despite the fact that the local university (Deakin) stated that it would welcome the opportunity to increase the number of Mature applicants in teaching, in acknowledgement of the contribution that the experience of these Mature applicants could provide to the teacher workforce.⁶¹

A final note with respect to the distribution of unmet demand for teaching courses in regional Victoria is that on average, Mature applicants have higher levels of unmet demand than the VSL cohort. This was also the case in Melbourne and for Victoria overall.

Unmet Demand and ENTER Scores for Nursing and Teaching

Overall, a substantial pool of eligible applicants exists for both teaching and nursing courses and factors other than capacity may be preventing applicants from accessing these courses. While some may argue that applicants with lower ENTER scores may not ultimately be capable of successfully completing a nursing or teaching degree course, evidence presented to the Committee does not support this argument. According to Professor Lawrence Angus, Head of the School of Education at the University of Ballarat, higher ENTER scores do not guarantee better teachers. Professor Lawrence Angus noted:

If you increase the number of places, the TER scores would go down. However, against that, the TER scores have been going up for several years now as more and more students have been applying and the cut out under which students are not being taken is considerably higher now than some years ago — as much as 10 points higher at lots of universities — so at the point we are at now we could fairly safely take students at a somewhat low ENTER score and still be taking students with a higher ENTER score than some of the teachers who are currently in the profession, and I do not know that there is any evidence to suggest that teachers who just scraped in and managed to get through have ended up being any better or worse teachers than those who got in with the very highest scores.⁶²

61. Written Submission No. 20, Deakin University, 5 November, 2003, p.1.

62. Minutes of Evidence, 9/02/03, p.241.

Associate Professor Tony Barnett, Head of Nursing at Monash University, similarly noted that mid-range ENTER scores between 50 to 60 are reasonable scores for nursing:

Generally speaking ENTERs have increased in all universities for nursing over the last three years. Monash has a cut-off in the order of 75 to 80. Similar numbers can be reported from other institutions; so ENTERs are increasing. Our concern is that if you wish to maintain the supply of graduates and maintain the number of nurses in the system you have to recognise that 65 and 50 is not a bad ENTER. So we are supportive of recognition of reasonable ENTER levels.⁶³

Professor Kanitsaki, also stated that:

There is evidence to support [the idea] that a band of 65 and onwards from 60 perform as well as the ones that have 90 and 80. They have done research to prove this.⁶⁴

Ms Jill Clutterbuck, Professional Officer, with the Victorian Branch of the Australian Nursing Federation, reported that allowing students with ENTER scores around 68 would still ensure that the enrolling students were of adequate quality.⁶⁵

Table 2.9 highlights the ENTER scores of VSL who had nursing or teaching courses as their first preference, yet were unsuccessful in securing a place in either of these courses. In total, there were 1,103 VSL who placed a teaching course as a first preference but were unsuccessful in gaining a place, and 386 who had a nursing course as a first preference but could not secure a place in the 2003/04 VTAC application round.

38. Minutes of Evidence, 31/10/03, p.72.

39. Ibid.

40. Minutes of Evidence, 10/11/03, p.105.

Table 2.9: ENTER Scores of Unsuccessful VSL Applicants – Nursing and Teaching Degree Courses (2003/04)

ENTER	Number Unsuccessful Applicants for Teaching	Unmet Demand for Teaching (%)	Number Unsuccessful Applicants for Nursing	Unmet Demand for Nursing (%)
90-99.95	0	0.0%	0	0.0%
80-89.95	18	1.6%	3	0.8%
70-79.95	176	16.0%	15	3.9%
60-69.95	526	47.7%	140	36.4%
53-59.95	383	34.7%	228	58.9%
Total Unmet Demand (ENTER 53 and above)	1,103	46.4%	386	30.2%

Source: Calculations based on raw 2003/04 VTAC data

From Table 2.9 it can be seen that even though many stakeholders believe that nursing and teaching applicants who have an ENTER of 50 and above could successfully undertake these courses, there were 720 VSL that had an ENTER above 60 who were unable to secure a place in a teaching course. In nursing, there were 158 VSL first preference nursing applicants that had an ENTER greater than 60, yet were unable to get into a nursing course. These figures further reinforce the fact that unmet demand for nursing and teaching places is not necessarily a reflection of the capacity of applicants to successfully undertake a higher education qualification.

In addition, Mature teaching and nursing applicants for whom non-ENTER criteria determine the success of an application for a university place are excluded from the above figures. These Mature applicants should be considered eligible candidates for nursing and teaching courses, on the basis that their experience and greater maturity provides them with a high probability of successfully completing their courses, as has been noted in the literature. However, despite their eligibility, 1,504 (62.9%) of mature applicants missed out on a place in a teaching course and 1,192 (57.5%) missed out on a place in a nursing course.

Overall, the 2003/04 measures of unmet demand for nursing and teaching courses in Victoria clearly demonstrate that a substantial pool of eligible applicants exists for these courses, and that current and future supply shortages may be simply remedied by increasing the numbers of places within Victorian

universities, without compromising the quality of the courses or the quality of the workforce graduating from these courses. Further discussion on the importance of additional places in these disciplines is provided in chapter 3.

Finding 2.8: *That a substantial pool of eligible applicants for higher education nursing courses currently exists in Victoria, and that 1,579 high quality Victorian applicants who applied for a nursing place were unsuccessful in securing a place in nursing, representing 47.1% unmet demand in this discipline.*

Finding 2.9: *That of the high number of students failing to gain a place in nursing degree courses, 75.5% were Mature applicants and 24.5% were Victorian School Leaver applicants. Further, approximately 55% of unsuccessful applicants within the Mature cohort were applicants wishing to articulate from TAFE certificate courses into a university degree course in nursing.*

Finding 2.10: *That a substantial pool of eligible applicants for teaching degree courses currently exists in Victoria, and that 2,607 high quality Victorian applicants that applied for a teaching place in 2003/04 were unsuccessful in securing a teaching place, representing 54.7% unmet demand in this discipline. The Committee finds that unmet demand for teaching courses is comprised of 42.3% of Victorian School Leavers and 57.7% of Mature applicants.*

Note: Recommendations addressing the nursing and teaching disciplines are found in Chapter 3.

Latent Demand

The Committee's calculations of unmet demand reflect only those applicants who apply directly to VTAC for a position in a higher education institution. Unsuccessful applicants who applied directly to Victorian universities for a place were not included in these figures. In addition to those applicants who apply directly to universities yet are unsuccessful, the Committee heard from a number of stakeholders of another potential source of 'unmet demand'. Latent demand refers to a pool of applicants that have the capacity to undertake higher education yet do not apply for places due to social, financial and geographical barriers. The argument heard from stakeholders was that under different circumstances, these potential applicants would apply for a higher education place. According to Professor Elizabeth Harman, Vice-Chancellor and President, Victoria University:

We see unmet demand in the traditional definition, firstly, as the more easily measured number of applicants who do not receive offers into courses for which they have made application. As you will see later in the submission we are not able to meet the demand we have. Secondly, we are also arguing, and of particular relevance in the western region, is that a large, effectively latent demand is much less easily measured where people do not make formal applications for places for a variety of reasons. In our region ... there is a large group of people in this category and combining that with the fact that the western region has only 85 per cent of the participation rate of the rest of Melbourne, we believe our latent demand is particularly large.⁶⁶

This latent demand is likely to be caused by factors such as community attitudes, poverty or financial constraints, debt aversion and geographical isolation.⁶⁷ Professor Lawrence Angus noted that latent demand occurs in rural Victoria as a function of the relatively low high school completion rates. He argued that there are eligible applicants in these areas that do not apply for higher education because of other competing priorities:

These areas of Victoria are ones where you might also identify significant latent demand for education — that is, completion rates in rural Victoria from high school are relatively low compared with the metropolitan areas.⁶⁸

Professor Lawrence Angus did note, however, that these attitudes are changing, as Victorian Year 12 participation targets are increasingly being met. He also added that this change would likely result in an increase in the demand for higher education from rural areas, which previously existed as latent demand.

It is interesting to note that the 'eligible' individuals who would be categorised as latent demand for higher education in Victoria would most likely be classified under a DEST 'equity' group if they had undertaken higher education. These groups include students from lower SES backgrounds and non-English speaking backgrounds, Indigenous Australians and rural and isolated students. Yet these individuals will never be recorded by DEST as belonging to an 'equity' group, because they escape statistical notice by not applying and therefore, not obtaining a higher education place. The presence of latent demand is evidence that safety nets are inadequate in ensuring that capable students from equity groups have the same opportunities to access higher education as other applicants.

66. Minutes of Evidence, 10/11/03, p.109.

67. It was noted by Phillips Curran/KPA Consulting (2002) that the literature suggests that debt aversion is more prevalent in individuals from low SES households.

68. Minutes of Evidence, 9/02/04, p.240.

In conclusion, quantifiable figures of unmet demand will always understate true unmet demand, as a number of students who have the capacity and potentially the will to undertake higher education are discouraged by a range of factors and do not apply. So even though the Committee has adopted a conservative methodology to measure unmet demand in this Inquiry, it believes that the quantifiable estimates of unmet demand understate the true level of unmet demand for higher education in Victoria and therefore overstate current levels of access to higher education.

Finding 2.11: *That social, cultural, financial and geographic barriers reduce the number of potential applicants for higher education and that this latent demand is likely to be highest in low SES areas, and rural and regional Victoria.*

The Capacity to Accommodate Unmet Demand

The presence of substantial quantifiable unmet demand as well as unquantifiable unmet demand in 2003/04 implies that a very large number of Victorians are missing out on higher education opportunities. The allocation of additional places, however, is ultimately contingent on the capacity of higher education institutions to absorb these places. The Committee heard repeatedly from Victorian universities that they would be able to respond to unmet demand if additional HECS based places are made available by the Commonwealth Government.

The Australian Catholic University stated that it has the capacity and willingness to take on more teaching and nursing students if a greater number of HECS places are provided:

Australian Catholic University would welcome the opportunity and have the capacity to provide further teacher education graduates upon the receipt of extra HECS places ... Australian Catholic University is confident that it has the physical resources to take additional students into its Bachelor of Nursing and its Bachelor of Midwifery programs at its Victorian Campus.⁶⁹

Deakin University also noted that it has the capacity to expand the provision of nursing places in both Geelong and Warrnambool commenting that:

Deakin has the capacity to provide additional nursing places at its campuses in Geelong and Warrnambool, thereby addressing the

69. Written Submission No. 3, Australian Catholic University, 6 October, 2003, pp.2-3.

major nurse shortfall in these particular rural and regional areas. We urge the State Government to make representations for increased higher education nursing places in Victoria based on the current levels of unmet demand for nursing places and the capability and capacity of Deakin University to meet this demand.⁷⁰

Professor Alan Lindsay, Deputy Vice-Chancellor and Vice-President (Academic), Monash University, noted that growth would be possible at both the Peninsula and the Berwick campuses in the long term:

We have the space, and we are developing, over a long term, the facilities that could see the campus grow. There have been some projections that over a period of time we could accommodate 6,000 to 10,000 students on the campus at Berwick ... We could take additional places at both Peninsula and Berwick at the moment, as you point out, but I think the greater long-term potential is for growth at Berwick.⁷¹

Professor Alan Lindsay further noted, however, that under current projected Commonwealth Government funding loads, this capacity for growth is limited.⁷²

The Committee was also informed that there is capacity at the universities and campuses where over-enrolments previously existed. As was noted by La Trobe University, Bendigo, the presence of over-enrolments at the campus effectively implies that they are capable of absorbing at least these numbers of additional students, irrespective of whether these places will exist after the State allocation of marginally converted places:

The potential reduction of the student numbers with full removal of unfunded and partially funded places, without replacement would be 432 in Bendigo, and around 500 overall in the Faculty for Regional Development ... It should be noted that La Trobe University, Bendigo has the facilities and the infrastructure to cope with the current level of student numbers, the current level of unfunded enrolments.⁷³

70. Written Submission No. 4, Deakin University, 8 October 2003, p.2.

71. Minutes of Evidence, 29/09/03, p.5.

72. Ibid.

73. Written Submission No. 2, La Trobe University, Bendigo, 6 October 2003, pp.2 and 4.

The Committee also heard from Professor Iain Wallace, Vice-Chancellor, Swinburne University of Technology, regarding this issue. Professor Iain Wallace noted that the Lilydale campus had a significant number of over-enrolments and that it has substantial capacity to increase the number of places over time:

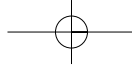
At the moment there are 1800, only 680 of which are fully-funded places ... but I am sure that the institution out there, if we really look into the future, could go up to 6,000 or 7,000 quite reasonably with the demographic growth in the region that it addresses.⁷⁴

In summary, the Committee heard that many Victorian universities have the capacity to absorb a proportion of unmet demand and that this is particularly true of regional and outer metropolitan universities and campuses. These campuses and universities also have additional capacity, given the likelihood of loss of places as a result of the relatively small allocation of converted marginal places by the Commonwealth Government to Victoria.

This capacity to absorb unmet demand in regional and outer metropolitan areas (including Lilydale and Berwick) implies that a large proportion of unsuccessful, yet eligible, regional applicants could have attended universities in these areas if Commonwealth Government funding had been provided. This ability to increase the numbers of applicants educated in regional areas would potentially increase the pool of graduates supplied to industries in regional areas, due to a greater propensity of graduates educated in regional Victoria to remain in regional Victoria. This is particularly important as regional Victoria suffers from more acute skill shortages than metropolitan Melbourne. These relationships are examined in greater detail in the next chapter.

Finding 2.12: *That Victorian universities, and particularly regional and outer suburban universities and campuses, have the capacity and the willingness to absorb a large proportion of unmet demand if the Commonwealth Government increases the number of HECS funded places.*

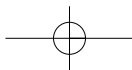
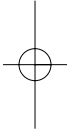
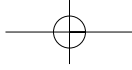
74. Minutes of Evidence, 29/9/03, p.13.



Summary

The Committee's examination of the magnitude of unmet demand for higher education in Victoria, and the capacity to absorb this unmet demand, has highlighted a number of issues. The key issues identified were:

- Unmet demand has increased substantially since 1997, implying that a greater and growing proportion and number of Victorians have been unable to access higher education.
- Adopting conservative estimates, 5,054 eligible Victorian School Leavers missed out on a place in a higher education institution in Victoria in 2003/04.
- In 2004 7,970 Mature applicants who had a minimum of a Year 12 qualification applied and were unsuccessful in securing a place in higher education in 2003/04.
- Unmet demand in metropolitan Melbourne is highest in disadvantaged regions and a large proportion of this unmet demand is being sourced from applicants wishing to articulate from TAFE to higher education.
- Unmet demand for higher education is significantly influenced by the presence of university campuses within the local region. Regional universities stimulate new demand for higher education in their local region, which that they cannot meet without adequate Commonwealth funding support.
- In 2004 1,579 (47.1%) eligible Victorian applicants who applied for a nursing place as their first preference were unsuccessful in securing a place in nursing.
- In 2004 2,607 (54.7%) eligible Victorian applicants who applied for a teaching place as their first preference were unsuccessful in securing a teaching place.
- Quantifiable estimates of unmet demand understate the true levels of unmet demand for higher education in the State due to the presence of latent demand for higher education.
- Victorian universities, particularly regional universities and campuses, have the capacity and the willingness to absorb a large proportion of unmet demand in the State if the number of HECS places available is increased.



3. Relationships between Unmet Demand for Higher Education and Skill Shortages, Industry and the Economy

Introduction

The previous chapter identified the high level of unmet demand for places in higher education in 2004. This chapter considers the impact of this high level of unmet demand for higher education on Victorian industry and the economy more broadly. In doing so, it specifically addresses two aspects of the Committee's terms of reference, namely:

1. The relationship between unmet demand and high level skill shortages in the Victorian economy
2. Whether unmet demand has a negative effect on Victorian industry.

The Committee found these aspects of the terms of reference the most challenging, both because few submissions or witnesses addressed them in any detail and also because there were significant data gaps. These gaps occurred in the following areas:

- The quantum and nature of current and future skill shortages in various occupations, industries and labour markets across the State
- The proportion of the Victorian workforce likely to require higher education and the number of university graduates required in priority disciplines
- The education, training and employment pathways of successful and unsuccessful applicants
- The respective economic contributions of tertiary qualified workers and those with other levels of education.

The Committee considered commissioning a consultancy to undertake economic modelling of the impact of unmet demand for higher education on Victorian industry. However, the significant limitations of available data and resources and the time needed to complete an effective study militated against this project being undertaken. Nonetheless, the Committee believes this is an essential analysis that could be pursued by the Victorian Government, particularly in relation to priority industries.

Although the Committee could not address these aspects of the terms of reference in depth, nor discuss them in terms of specific industries or professions that are linked to unmet demand for higher education (other than perhaps in the case of the health industry), the Committee nevertheless heard evidence that unmet demand for higher education has significant *potential* to negatively affect Victorian industry. It should be noted that the term 'industry' was often interpreted during the Inquiry in a relatively broad manner to encompass private enterprise, the public sector, the economy, and even the wider community. The inclusion of the community was an important one, as the flow-on effects of skill shortages in certain professions, particularly the health and education sectors, can indeed have a substantial impact on the health and well being of society in general.

Within the above context, this chapter will begin by identifying the relationship between education and the economy. The chapter will then define and identify current skill shortages in Victoria, using Commonwealth and State data, and discuss the impact of skill shortages on industry before examining the relationship between unmet demand and skill shortages. During the course of the Inquiry there were three types of relationships between unmet demand and skill shortages that stakeholders primarily focussed on:

- The relationship between unmet demand and regional economies
- The relationship between unmet demand and severe skill shortages in the health sector
- The relationship between unmet demand and the teaching workforce.

These relationships are examined in detail before the final section of the chapter, which addresses the nature of the relationship between student demand and skill shortages.

Link between Education and the Economy

While it is impossible, on the basis of the Committee's evidence, to directly link student unmet demand for higher education to skill shortages in Victoria, many stakeholders spoke during the Inquiry of a strong link between high levels of participation in university education and a successful, thriving innovation economy. As Professor Kwong Lee Dow, Deputy Vice-Chancellor (Students and Staff), University of Melbourne, stated in evidence to the Committee:

One of the things about Victoria that makes it in a sense the industrial place, the manufacturing place, including the new sunrise industries in many cases – the place where Australia creates valuable things – is linked to the high participation rates in universities. The link is not absolutely direct, but there is no doubt that this is a culture that places a value on learning and innovation itself...there is a very high correlation between resources and quality in higher education. It must be of concern to a State government, as it should be to a commonwealth government, to know that at all levels – we need an excellent system, we do not just need one or two world-class universities...there is grave under-funding compared with counterpart institutions in most developed societies.⁷⁵

The Committee heard specific concerns about the economic impact of low levels of participation in higher education in rural and regional Victoria. While difficult to quantify, the Victorian Government considers that this impact is likely to be significant, citing the evidence of the Commonwealth Department of Transport and Regional Services (DOTARS) in *Higher Education at the Cross Roads* (2002) that graduates enable regional communities to 'retain innovative, entrepreneurial and management skills that can foster new businesses, attract investment and enhance the productivity, efficiency and market competitiveness of existing businesses and institutions'.⁷⁶

The City of Ballarat reinforced this argument in a submission to the Committee noting:

The City of Ballarat is fortunate to have two quality Universities located in its municipality. The University of Ballarat has been integral to attracting major businesses to the area, such as IBM,

75. Minutes of Evidence, 29/9/03, p.22.

76. DOTARS, July 2002, as highlighted in Written Submission No. 24, Victorian Government, 12 February 2004, p.22.

Rural Ambulance and the State Revenue Office. Interaction between the University of Ballarat, the State Government and the City of Ballarat has lead to the successful development of the Technology Park and the Greenhill Enterprise Centre.⁷⁷

A number of submissions to the Committee emphasised that a healthy economy relies on education and training to ensure people have the skills needed to contribute to all facets of economic growth. Business Skills Victoria explained this view in depth in its submission to the Committee, highlighting evidence suggesting that people who have higher education qualifications are better equipped to gain employment in a variety of occupations because they have core transferable skills and a greater aptitude for change. It noted that higher education enhances skills and increases adaptability to respond to the occupational challenges that are a feature of today's workforce. These challenges include:

- Rapid growth in information and communication technologies
- Changes in employment practices
- Increased contracting and outsourcing of labour
- Growth in part-time and casual work and a decline in permanent, full-time employment
- Increased speed of scientific and technological advances and their diffusion
- Increased global competition and trade liberalisation
- Deregulation and privatisation
- Improved knowledge management systems
- Changing consumer demands and tastes associated with rising incomes
- The increased occurrence of vocational transferability, with a job for life now a past phenomenon.

The Australian Industry Group also noted that today's occupational challenges, which are increasingly focussed on adaptation, cost reduction, increased productivity and improvements in quality through the introduction of new technology and work practices, are underpinned by the need for employees to possess sophisticated generic skills and understandings as well as high level qualifications.⁷⁸

77. Written Submission No. 26, City of Ballarat, 9 February 2004, p.5.

78. Written Submission No. 22, Australian Industry Group, 19 November 2003, p3.

The evidence received by the Committee is supported by research. For example, as noted by the Victorian Government, Dowrick (2002) found that a more educated workforce is better able to implement change and to absorb, apply and adapt ideas emanating from the research and development sector. Any under-provision of higher education therefore, has implications for the capacity of the economy to respond to technological change and to embrace and utilise the flow of knowledge in the economy.⁷⁹

Although not covered in any depth in the Committee's evidence, it should also be noted that a more educated population has positive flow on effects to industry in terms of its demand for products and services. Mr Angel Calderon, Head, Institutional Research Consultancy Unit at RMIT University, noted that graduates, on average, earn in the order of \$380,000 more over their working careers than people who do not have a tertiary qualification.⁸⁰

Dr Julie Wells, Principal Policy Adviser, Chancellery, RMIT University, also described an interrelationship between unmet demand for higher education and negative effects on Victorian industry and the economy, as well as the community more broadly:

We think the potential cost of unmet demand to the community has not yet been fully explored – for example, the cost in productivity. I know your inquiry goes to the issue of skill shortages, but I guess it also goes to the hidden cost of people who are unable to find meaningful employment, or who fall in and out of employment because of their lack of capacity to access ongoing retraining and education. We have also noted that the OECD predicts that in this knowledge-intensive economy we are moving towards, the gap between the knowledge haves and the knowledge have-nots is going to become more pronounced, so we think there are issues around social cohesion as well as economic growth. From this perspective, we have concluded that unmet demand is likely to have a negative impact on Victorian industry, and the Victorian economy more generally.⁸¹

Mr Richard Hancock, Chief Executive Officer at LaTrobe City Council, expressed a similar view, linking unmet demand for higher education to youth unemployment in the Gippsland region, and the negative flow-on effects associated with not having young people productively occupied:

79. Written Submission No. 24, Victorian Government, 12 February 2004, p.26.

80. Minutes of Evidence, 31/10/03, p.69.

81. Ibid., p.63.

Retention of young people is a significant issue. It obviously has a great deal to do with us seeking to improve youth employment and a number of other social issues that arise from high levels of youth unemployment, which is what we unfortunately still have here, particularly around substance abuse and the dependency on welfare. Youth unemployment here in the Latrobe Valley is estimated to be something like 49 per cent, which is a substantial figure, and cannot be divorced from the education system and process that is currently in operation and clearly is one of the economic and social and community challenges that we have here.⁸²

The Victorian Government argued that unmet demand for higher education has the potential to indirectly affect the competitive position of both Victoria and Australia as a destination for business to locate and invest. According to the Government's submission, strong demand for university places in Victoria has helped promote the State as an attractive investment destination to overseas and interState investors. This relationship between higher education and investment is a reflection not only of the presence of a population with a high skill base, but also of a culture that values and encourages higher education to ensure high levels of skilled labour now and into the future.

As was noted by the AVCC (2000), many of Australia's trading partners and regional neighbours such as Singapore and Hong Kong have responded to increased globalisation and the dominance of the United States and the European Union in trade by increasing their investment in higher education. The AVCC notes that this investment is instructive in so far as it shows that these countries believe that in order to compete in a globalised economy, a greater investment in the qualifications of a country's population is required.⁸³ It is in the context of the evidence tendered from educational institutions, industry groups and government, that the Committee concludes that unmet demand for higher education has the potential to negatively affect the State's ability to attract investment and meet the challenge of a globalised economy.

Finding 3.1: *That unmet demand for higher education has the potential to negatively affect the economy, resulting from:*

- *A less adaptable workforce, with a decreased capacity to meet the challenges of a globalised market and technological change*
- *Reduced international competitiveness of Victorian industry*
- *Increased levels of unemployment.*

82. Minutes of Evidence, 8/12/03, p.167.

83. AVCC (2000) *Our Universities, Our Future: An AVCC Discussion Paper*, Canberra.

High Level Skill Shortages in Victoria

The Committee was unable to identify any existing research or literature that directly links unmet demand for higher education to skill shortages in Victoria, or even specific local labour markets. Indeed, as noted in a submission by the Victorian Government, 'there are dangers in focusing on student unmet demand as the main indicator of the effectiveness of the education and training system in meeting the needs of the Victorian economy'. Nonetheless, the Committee was able to identify potential relationships between unmet demand for higher education and skill shortages, as discussed in the following sections.

Definition of Skill Shortages

As noted by the Commonwealth Department of Employment and Workplace Relations (DEWR), 'there is considerable ambiguity about the term "skill shortages" in industry and media discussions and when used in developing guidelines for training, migration, employment programs and regional skills analysis. The term "skill shortages" is often a surrogate term for more general recruitment difficulties and of "skill gaps" (deficiencies in the skills of existing workers)'.⁸⁴

According to the DEWR *National and State Skill Shortage List 2003*, skill shortages exist when 'employers are unable to fill or have considerable difficulty in filling vacancies for an occupation, or specialised skill needs within that occupation, at prevailing levels of remuneration and conditions of employment and reasonably accessible location'. As noted in the Victorian Government's submission to this Inquiry, however, neither 'reasonably accessible location' nor 'current level of remuneration' has been defined by DEWR.⁸⁵

Shortages are typically for specialised and experienced workers, and can coexist with relatively high unemployment overall or in a specific occupation. An occupation may be assessed as in shortage even though not all specialisations are in shortage and occupations may be in shortage in particular geographical areas and not in others. Within this definition, skill shortages involve those skills that require a significant period of training and/or experience to acquire.⁸⁶

84. Department of Employment and Workplace Relations (2003) *National and State Skills Shortage List 2003*, Commonwealth of Australia, Canberra.

85. Written Submission No. 24, Victorian Government, 12 February 2004, p.11.

86. Department of Employment and Workplace Relations (2003) *National and State Skills Shortage List 2003*, Explanatory Notes, Commonwealth of Australia, Canberra.

In identifying and seeking to address skill shortages, it is important to distinguish between skill shortages and recruitment difficulties, which is a term used by the Commonwealth Government as a way of signalling a degree of skill shortage. This provides an option for identifying skills where employers are experiencing some difficulty in finding suitable workers, even though a broader skill shortage is not evident. Such recruitment difficulties may occur due to characteristics of the industry, occupation or employer, such as relatively low remuneration; poor working conditions; poor image of the industry; unsatisfactory working hours; remote work location; ineffective recruitment advertising and processes; or organisation specific and/or highly specialised skill needs.⁸⁷

For the purpose of this Inquiry, the Committee has adopted the definition used by the Victorian Government in its submission, that skill shortages are assumed to exist when:

- Demand for particular skills by employers or communities cannot be satisfied from within the available labour supply
- Workers in particular occupations or firms are not fully proficient in current jobs (that is, there is an identified skill gap within the existing workforce)
- Unidentified skill gaps contribute to poor business performance or industry competitiveness (that is, an industry or firm does not identify a skill shortage, yet operates below what might be deemed leading practice due to a low or outmoded skill base).⁸⁸

Identification of Skill Shortages in Victoria

DEWR is the Australian Government agency with prime portfolio responsibility for monitoring and assessing skill shortages at a national and State level. DEWR assesses skill shortages by contacting a number of relevant stakeholders including employers, industry, employer and employee organisations and education and training providers. DEWR surveys those employers who have recently advertised vacancies for selected occupations and uses this industry and employer intelligence in conjunction with statistical information on demand and supply trends for the selected occupations. Skill shortage

87. Department of Employment and Workplace Relations (2003) *National and State Skill Shortage List 2003*, Explanatory Notes, Commonwealth of Australia, Canberra.

88. Written Submission No. 24, Victorian Government, 12 February 2004, p.3.

assessments cover Trades, Professionals, and Information and Communication Technology (ICT) skills, however, given that the focus of this Inquiry is on higher education, the skill shortages of direct relevance to the Committee are primarily skill shortages in the professions.

According to DEWR's *National and State Skill Shortage List 2003*, Victoria suffers major skill shortages in the following professional fields:

- Child Care Co-ordinator
- Child Care Worker
- Civil Engineer
- Electrical Engineer
 - electrical engineers experienced in working with high voltage
- Accountants
 - chartered accountants
 - taxation specialists
- Registered Nurse – following specialisations:
 - accident/emergency
 - aged care
 - cardiothoracic
 - critical/intensive care
 - neonatal intensive care
 - neurological
 - oncology
 - operating theatre
 - paediatric
 - perioperative
 - renal
- Registered Midwife
- Mental Health Nurse
- Pharmacist
- Occupational Therapist
- Physiotherapist
 - paediatrics
 - geriatrics
 - general regional shortages

- Speech Pathologist
- Radiation Therapist
- Nuclear Medicine Technologist (recruitment difficulties identified)
- Secondary Teachers – only in the following specialisations:
 - manual arts/technology, especially auto, wood and metal
 - maths
 - general science
 - music
 - information technology
 - physical education
 - LOTE, especially Indonesian, Japanese, German, Italian and French
- Social Worker
 - regional areas (recruitment difficulties identified)
- Lawyer
 - taxation lawyers (recruitment difficulties identified).

Evidence received by the Committee confirmed many of the above skill shortages, although regional areas identified a broader list of shortages.⁸⁹ It can be noted that while these shortages may reflect a serious emerging skill shortage, they may also be a reflection of localised recruitment difficulties. It should be further noted that while the focus of the Committee in this inquiry was on skill shortages in the professions, the Committee is also aware that widespread trades shortages are also of significant concern for local employers and industry.

Mr David Keenan, Executive Director, Business Ballarat identified a range of local shortages in both the trades and professions:

We have undertaken a survey to find out where there are shortfalls within the labour market at the moment. We have found that there are shortages in the trades generally, administration positions, medical, accountants, bricklayers, chefs, painters, sales, dental, drivers, hairdressers and mechanical areas.⁹⁰

Mr Phil Crone, Regional Manager of the Ballarat Office of the Victorian Employers Chamber of Commerce and Industry, further expanded on the list of identified shortages in Ballarat and the surrounding areas:

89. Evidence was received from the Geelong, Ballarat, Wimmera, Mallee, Bendigo and Gippsland communities.

90. Minutes of Evidence, 9/2/04 p.221.

Talking to say, the likes of St John, which as you know is the private hospital here in Ballarat, they have a lot of trouble getting specialised nursing streams filled in Ballarat. The university offers a general nursing stream, but certainly nothing in the specialised fields where they would want to get people.

As far as local government goes, town planners, environmental health officers, building surveyors – they are specialists and they have a lot of trouble getting those people up into regional areas, especially when they need to offer a fairly attractive package to get them into these places.⁹¹

Town planning was used in both Ballarat and Traralgon as an example where a lack of higher education places leads directly to a skill shortage. While town planners are not included in DEWR's *National and State Skill Shortage List 2003*, the Victorian Government identified urban planning as an area of need in Victoria, while the Planning Institute of Australia's (PIA) *National Inquiry into Planning Education and Employment* in 2004 found that there was a moderate supply problem in Melbourne and a longer term moderate problem in rural/regional areas. The report highlighted that these problems were far more prevalent in local government. These findings were supported by evidence heard by the Committee in both Ballarat and Traralgon.

Mr David Keenan stated that:

Using the local government example again, there has been an identified shortage in town planners across Australia for a number of years — perhaps up to five — yet the number of places or courses offered has remained stable or reduced slightly. Similar examples are nursing.⁹²

Mr Nick Murray, Executive Officer of the Wimmera Southern Mallee LLEN, identified a similar range of shortages in the broader region, which covers the local government areas of West Wimmera, Yarriambiack, Horsham and Hindmarsh and linked these shortages to the lack of university courses offered locally:

We have significant skill shortages in engineering, teaching and allied health, dental, food technology fields, and also the metal, mechanical, general and automotive trades – and they are fairly significant skill shortages.

91. Ibid., p.250.

92. Ibid., p.223.

When we are addressing the issue of demand it is probably pertinent to say that the only form of higher education we have in the Wimmera Southern Mallee region is one course, and that is the bachelor of nursing course Division 1 which is conducted at the University of Ballarat Horsham campus.⁹³

The Committee's evidence revealed that a similar range of skill shortages is evident in other regional centres. In Gippsland, various witnesses specifically identified skill shortages in professions such as engineering, medicine and nursing, accounting, planning, and food sciences, while others spoke more broadly about shortages across the 'whole range of professions', as well as shortages of both tradespersons and semi-professionals.

While many witnesses appearing before the Committee spoke about emerging shortages in certain specialisations of secondary teaching, Mary Bluett, President of the Australian Education Union (AEU) raised as an issue the shortage of preschool teachers in her submission to the Committee. Again it appears that rural and regional Victoria is hardest hit by such shortages:

Whilst there is a dearth of research and data on preschool teacher supply and demand, there is strong anecdotal information (provided by preschool teachers and endorsed by preschool employers and peak early childhood bodies) which demonstrates that Victoria is also facing a growing preschool teacher shortage. This shortage is particularly evidenced in rural and regional Victoria where it is already having an impact upon filling substantive positions and finding relief and replacement teachers.⁹⁴

While the interrelated issues of demand for places in teacher education courses and current and emerging shortages of secondary teachers is addressed in greater depth later in this chapter, it is important to note here that it was proposed to the Committee that a shortage of teachers in certain disciplines is perpetuating skill shortages in related professions and trades.

The School of Education, University of Ballarat:

Areas of high-level skill shortages that have been identified in Victoria include most trade areas. There is also a looming critical shortage of teachers in Victoria, particularly in the areas of Technology, Mathematics and Science. The shortage of teachers in these areas is already acute in regional Victoria.

93. Minutes of Evidence, 9/2/04, p.231.

94. Written Submission No.12, Australian Education Union, 14 October 2003, p.1.

I submit that dealing with the current and increasing shortage of teachers in these areas in which there is a skills shortage will also help redress the skills shortage.⁹⁵

It would seem, then, that an increase in places in teacher training courses, with concurrent strategies to ensure that graduates study and enter specialisations in current areas of trade shortages, could have a substantial, positive effect on Victorian industry.

The Victorian Government represents a further source of information regarding skill shortages in the State. For example, the Skilled Migration Unit produces a list of occupations and skills needed in Victoria, to assist migrants wishing to come to Victoria. In December 2003, the Skilled Migration Unit identified the following as professional skills in demand in Victoria:

- Biotechnology
 - life scientist
 - research and development manager
- Child Care Co-ordinator
- Engineering
 - mechanical
 - aeronautical
 - aircraft maintenance
 - electrical
 - electronics
 - civil
- Environmental Health
- Audiology
- Registered Nurse
- Registered Midwife
- Registered Mental Health Nurse
- Pharmacy
- Radiography
- Medical Scientists
- Physiotherapist
- Speech Pathologist

95. Written Submission No. 11, School of Education, University of Ballarat, 14 October 2003, p.1.

- Solicitor/Lawyer
 - taxation lawyer
 - biomedical intellectual property lawyer
- Teaching
 - pre-primary
 - certain secondary specialisations
- Urban and Regional Planning.

Skill shortages being experienced in regional Victoria are identified separately by the Skilled Migration Unit. In December 2003, the following regional shortages were evident:

- Dentistry
- Occupational therapy
- Secondary School Teaching (all subject specialisations)
- Veterinary Science
- Social Workers.

The Office of Science and Technology, in the Department of Industry, Innovation and Regional Development, also considers that Victoria is experiencing a shortage of research and development managers, meteorologists, specialist chemists and bioinformaticians.⁹⁶

While the above sources represent a good starting point for assessing skill shortages, the Committee recognises that they have shortcomings that compound the challenge of determining with any precision the relationship between unmet demand for higher education and the presence of skill shortages, or determining any broader effects of this unmet demand on Victorian industry or the economy. As DEWR notes, and as was evidenced during the Committee's regional hearings, there may be localised or specialist shortages that are not reflected in the *National and State Skill Shortage List 2003*. The reasons for shortages are complex and varied, and may result from economic or demographic change, cyclical fluctuations in labour demand, emerging demands of new technology, lack of flexibility in wages and regional mismatches.⁹⁷ The Victorian Government also noted in its submission to the Committee that monitoring the quantum and nature of skill shortages is difficult given that skill needs are highly dynamic and variable across and within industries and regions.

96. Written Submission No. 24, Victorian Government, 12 February 2004, p.15.

97. Department of Employment and Workplace Relations (2003) *National Skills Shortage List 2003*, Explanatory Notes, Commonwealth of Australia, Canberra.

While the *National and State Skill Shortage List 2003* was generally regarded throughout the Inquiry as a reasonable indicator of skill shortages in Victoria, a substantial amount of additional information would be needed to fully address the Committee's terms of reference. Such information would include:

- The number of skilled workers in shortage
- Skill sets in shortage (the focus is on occupational shortage rather than skill sets)
- Locality of skill shortages (The DEWR list specifies only whether skill shortages are specific to metropolitan Melbourne or regional Victoria, which is problematic, given the diversity of skill needs within and across local labour markets)
- The extent to which gaps in education and training, and more specifically, higher education, are contributing causes of any given skill shortage
- The extent to which industry or economic growth are constrained by specific shortages
- Issues of labour mobility (including the extent to which graduates would be willing or able to relocate to fill skill shortage positions)
- Skill shortages where the number of people employed is very small or where the shortage is confined to an isolated region
- Future skill needs and anticipated shortages.

In light of the above, there was an overall reluctance among the stakeholders of the Committee's Inquiry to directly link unmet student demand to skill shortages, except in a limited number of specific occupations/professions, which are discussed later in this chapter. There also seemed to be a consensus that there is not a general shortage of highly skilled people in Victoria, but rather that there are specific skill shortages, either in or across fields of study or in particular geographic areas of Victoria. Professor Kwong Lee Dow expressed this view when highlighting the difficulty in linking unmet demand to high level skill shortages in the economy:

It is probably worth emphasising that the attempt to link unmet demand to skill shortages of high-skill workers in the Victorian economy is a tricky linkage. This is because there is no general shortage of high-skill workers. There are areas of particular shortage and problems within broader fields.⁹⁸

98. Minutes of Evidence, 29/9/03, p.20.

Impact of Skill Shortages on Industry

While the Committee's aim was to ascertain whether unmet demand for higher education has a negative effect on Victorian industry, much of the evidence it received focussed on the negative effects associated with skill shortages. However, although stakeholders could not directly link unmet demand to skill shortages, they did believe there was a relationship between the two, which in turn had an impact on the economy.

Australian Industry Group, Victoria stated:

There is a clear link between skill shortages and the continued viability of Victorian businesses. The effects of skill shortages on industry are self evident in that they impact directly on a number of factors including:

- Profitability
- Growth
- Competitiveness
- Sustainable business success
- Access to new markets
- Quality⁹⁹

Similarly, Box Hill Institute of TAFE noted that:

Shortages of high-level skilled professionals and tradespersons restricts growth of the Victorian economy in current and emerging industries, as shown by the constrained capacity and capability of business and industries to attract investments, obtain contracts and deliver on existing contracts. Skills shortages and miss-matched skills to employment requirements within some regional areas of Victoria also have a significant social impact.¹⁰⁰

These views were further supported by RMIT University:

Although it is difficult to draw direct correlations between the data, it is likely that the health, education, personal services and engineering/manufacturing industries – all areas contributing a high proportion to GDP and/or exhibiting rapid growth – will be affected or continue to be affected by a shortage of graduates in the near future.¹⁰¹

99. Written Submission No. 22, Ai Group Written, 19 November 2003, p.4.

100. Written submission No. 18, Box Hill Institute of TAFE, 27 October 2003, p.4.

101. Written Submission No. 19, RMIT University, 24 October 2003, p.4.

The Committee received evidence from a number of stakeholders that one of the main negative effects of skill shortages is the need to import labour. In regional Victoria, the Committee heard many instances where skill shortages were being addressed through skilled migration programs (either domestic or international) or an increase in the use of consultants. These options were often viewed as undesirable, as they are generally associated with additional costs and may deny local residents an employment opportunity that would be available if they had the appropriate higher education options available locally.

Monash University Gippsland Student Union expressed the following view:

The reduction in graduate numbers may require Victorian industry to seek necessary graduates from interState or internationally with the associated costs of recruiting. Furthermore, with fewer professional graduates entering the workforce it will make Victoria potentially less favourable for emerging and new industries setting up major points of operation.¹⁰²

These issues were elaborated on by the City of Ballarat:

It should also be noted that both the public and private sector are beginning to utilize skilled migration programs to negate the detrimental economic impact of skill shortages. The use of these programs is increasing and may be a signal for a revision of intake into courses. It is envisaged that with better promotion and publicity, these programs could go further in relation to meeting some of the skill shortages in regional communities...

A further indirect economic impact of unmet demand on Victorian industry has been the inability of organizations, especially public sector organizations, to attract suitable staff, leading to the engagement of consultants. The community perception of local government authorities employing consultants is that they are often too expensive and are employed despite local expertise being available. The use of consultants results in expenditure leaving the local area and no real increase in the skills or experience of the region.¹⁰³

102. Written Submission No. 13, Monash University Gippsland Student Union, 15 October 2003, p.4.

103. Written Submission No. 26, City of Ballarat, 9 February 2004, p.8.

Mr Phil Crone, Regional Manager, Ballarat, Victorian Employers Chamber of Commerce and Industry also expressed concern:

Certainly those skills shortages or unmet demands can have a negative impact by either not providing a service where we want to bring those skills, providing a much reduced service by not having the levels of skills we require, or by using extra money to get those skills. Therefore, if it is unplanned money or unplanned expenditure something else will miss out. Businesses can be distracted by having to provide extra incentive to attract staff but also having to come up with long-term plans to have the skilled staff coming into an organisation and retaining them.¹⁰⁴

In relation to the health workforce, the Committee received evidence that the increasing trend of addressing skill shortages through recruitment of internationally trained professionals was not only expensive, but unsustainable in the long term. The Victorian Government outlined in its submission that international recruitment strategies not only raise ethical issues in relation to recruitment of health professionals from newly industrialising countries, but that given the increasing level of global competition for health professionals (which has resulted in more Australian-trained health professionals working overseas) it is a strategy that will not solve Victoria's net workforce shortages.

The Committee received evidence that a further negative effect on Victorian industry of unmet demand for higher education is its link to lack of diversity in the workforce. The Committee heard that where university ENTER scores are driven up due to strong demand for available places this can negatively effect a range of equity groups, including those from lower socio-economic strata and those from culturally and linguistically diverse backgrounds. Victoria University raised concerns about this issue, noting that unmet demand for higher education will have a negative impact on the diversity of the teacher workforce:

Unmet demand in pre-service teacher education in Victoria is very high. This has had the effect of driving entrance levels up, and similarly decreasing access and participation rates in these programs by students from disadvantaged backgrounds. This not only depletes the teaching service of a diverse workforce, it also builds barriers to success for students who are from diverse and particularly disadvantaged backgrounds...

104.Minutes of Evidence, 9/2/04, p.250.

The longer-term effect is that the teaching profession, like others with unmet demand, is undersupplied and graduates are less diverse than the populations in which they will practice. The ability of graduate teachers, particularly, to develop learner responsive curriculum which is inclusive of diversity is seriously challenged in this environment.¹⁰⁵

The University of Melbourne Student Union raised similar concerns in relation to a broader range of professions, concluding that the 'possible ramification of a less diverse cohort of graduates filling important roles in our society, particularly in increasingly expensive areas of study such as medicine and law, may in time further disadvantage those in the community from low SES catchments and serve to broaden the cultural divide between the disadvantaged and advantaged'.¹⁰⁶

Finding 3.2: *That unmet demand for higher education negatively effects industry by increasing the costs associated with recruiting skilled professionals.*

Finding 3.3: *That unmet demand for higher education is likely to reduce the diversity of future student populations and hence, the diversity of the future workforce. This may lead to:*

- *A reduction in the domestic and international competitiveness of local businesses and industry*
- *A reduction in the capacity of industry to meet the health and other service needs of a diverse community.*

Factors Contributing to Skill Shortages

The Committee received much evidence about a diverse range of factors that contribute to skill shortages. The common emphasis of this evidence was that even where there may be a relationship between student unmet demand and skill shortages, a number of other factors can also contribute to such shortages. These factors may relate either to the microeconomic environment, the macroeconomic environment, or they may be specific to a local labour market or even a single employer. Professor Gerald Burke, Executive Director, Centre for the Economics of Education and Training, identified some of these factors:

105. Written Submission No. 17, Victoria University, 10 November 2003, pp.1-2.

106. Written Submission No. 9, University of Melbourne, 11 October 2003, p.3.

There are a whole range of reasons for [skill] shortages occurring. There might be a growth in needs in the area, there might be a change in the number of people leaving the occupation, there might be a change in what is happening with the supply of numbers coming through. The question of linking the unmet demand for places in higher education through to a shortage in nurses and teachers can be part of the problem, but there are a range of other issues connected in, including conditions of work in those occupations, pay rates and so on.¹⁰⁷

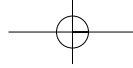
The Victorian Government further illustrated that in a significant proportion of instances, solutions to skill shortages may lie outside the education and training system:

As noted by the Australian National Training Authority (ANTA) (September 2003), 'meeting skill needs is not confined to teaching and learning systems but also includes the way work is organised, recruitment policy and practice, employee relations and job design'. Factors contributing to skill shortages may also include wages and conditions and the image of occupations and jobs within particular industries and firms. This is particularly the case when skill shortages are the result of firm or industry-specific recruitment difficulties. Skill shortages in regional and remote communities arise from a multitude of factors, only some of which concern education and training. As noted by the Institute of Engineers Australia in a submission to the Senate Employment, Workplace Relations and Education References Committee Inquiry into Current and Future Skill Needs (March 2003), 'There are many reasons why skill shortages occur. Some occupations such as skilled trades suffer an image problem and they are often not seen as a rewarding or worthwhile career. Rapidly changing technology can also work to undermine the skills-sets of some workers, for example in the ICT sector, while some employers may find it difficult to retain staff if they do not understand and cater for the needs of employees with family related responsibilities'.¹⁰⁸

While the above evidence shows that a range of factors influence skill shortages, the Committee also received evidence that unmet student demand for higher education can also contribute to skill shortages. Further, an increase in higher education places could help address future skill shortages in specific professions.

107. Minutes of Evidence, 29/9/03, p.36.

108. Written Submission No.24, Victorian Government, 12 February 2004, p.12.



The Committee heard that this was the case in the health professions and secondary teaching, as well as for a range of skill shortages experienced in regional Victoria. These relationships are explored in the following section.

Finding 3.4: *That unmet demand for higher education is one of a range of factors that contributes to high level skill shortages in Victoria. Other factors include conditions in the macroeconomic environment, the industry environment and the local labour market.*

Relationships between Unmet Demand and Skill Shortages

While the Committee did not receive strong evidence linking unmet demand for higher education to high level skill shortages in the Victorian economy, there does appear to be a relationship between the lack of higher education delivery in rural and regional Victoria and the presence of skill shortages (or recruitment difficulties) in these areas. There also appears to be a relationship between unmet demand for higher education and the severe and ongoing skill shortages in certain industries, notably the health professions. The following sections discuss these relationships.

Unmet Demand and Skill Shortages in Regional Victoria

The Committee heard throughout its Inquiry of many areas in regional and rural Victoria characterised by skill shortages in a wide range of professional and trade occupations, low levels of participation and attainment in education and training (relative to metropolitan Melbourne), and difficulties attracting and retaining skilled labour in local industries. The view that this situation may be compounded by the limited presence of Victorian universities and the inequitable distribution of university places between metropolitan and non-metropolitan areas was highlighted both in written submissions and in public hearings held in Traralgon, Bendigo and Ballarat.

The Minister for Education and Training noted in *Knowledge and Skills for the Innovation Economy: Future Directions for Higher Education in Victoria* that provision of higher education is meagre in rural and regional Victoria compared with metropolitan areas:

On average, there are only 634 fully funded university places per 100,000 residents in regional Victoria, while in metropolitan Melbourne there are 1045 university places per 100,000 residents. Partly as a consequence:

- One third of regional and rural university applicants are unsuccessful in attaining a place
- Limited local higher education opportunities may encourage the migration of young people to undertake higher education in metropolitan Melbourne or larger regional centres.¹⁰⁹

The Committee heard that the professions most likely to be identified as experiencing a shortage due to the lack of availability of higher education courses locally are nursing, some secondary teaching disciplines (notably maths/science and languages) and town planning. This argument was based on strong evidence that where students are able to study in their local region, they are more likely to remain in that region to seek employment. This was clearly noted by Professor Peter Sullivan, Acting Pro Vice-Chancellor, La Trobe University, Bendigo:

Our experience is that the students who study for the professions or study for business in Bendigo and other regional campuses are far more likely to stay in those regional areas to practice their professions. Given that what we are projecting is current serious shortages in some areas and projected serious shortages in other areas predominantly in the country, then we need to maintain the presence of higher education— appropriate numbers of higher education places – to ensure that there is that provision of the professions.¹¹⁰

The City of Ballarat noted that its two local universities have contributed in numerous ways to the vitality and richness of the City's culture and activities and noted that development of further local higher education courses could support the sustainability of the City:

The City of Ballarat would welcome the introduction of new Higher Education courses in the areas of:

- Town Planning and Urban Design
- Environmental Health

109. Written Submission No. 24, Victorian Government, 12 February 2004, p.21.

110. Minutes of Evidence, 1/12/04, p.127.

- Sustainable Regional Development
- Catchment Management
- Medicine and Health related courses

It would appear that the most appropriate manner in which to attract health professionals to regional areas would be to train and educate them in regional areas, therefore potentially increasing the likelihood of students remaining in the areas where they have trained.¹¹¹

Mr Hancock from the LaTrobe City Council highlighted the impact of limited university course provision on the retention of young people:

We are finding a movement of young people from the LaTrobe Valley into the metropolitan areas, some of whom wish to take up undergraduate programs in universities that are not offered here by Monash or they do not want to do it by distance through another provider, and that is a significant issue because the population is certainly ageing, which is a trend across regional Victoria, I believe. It puts a strain on local government and the health sector, when that is occurring and there is no refreshing and revitalising and growth in the numbers and mix of skills that we need for the future.

I refer to one of your terms of reference, which is paragraph (a), the relationship between unmet demand and high skill level shortages in the Victorian economy. Looking at regional Victoria, my understanding of regional Victoria is that it certainly has difficulty in attracting and retaining professionals — engineering, medical — across a whole range of professions. Looking at our own situation, that is now clearly affected by the capacity of the existing Monash University Gippsland campus to offer programs across that range of professions, because if we can offer them here locally we will have more chance of retaining those skills and the young people who would want to take up those opportunities here in the LaTrobe Valley.¹¹²

111. Written submission No.26, City of Ballarat, 9 February 2004, p.5.

112. Minutes of Evidence, 8/12/03, p.167.

The Committee consistently heard that a significant number of young people leave rural and regional communities to access higher education opportunities at the metropolitan universities, and this issue of youth migration is clearly a grave concern to these communities. Many of these students are less likely than in the past to return to their region to raise families or take up employment opportunities. According to the State Government, this is a relatively new phenomenon and is contributing to slow population growth in some areas.¹¹³ The Government's view that a diverse range of courses at regional universities and campuses is important in redressing the flight of young people from regional and rural Victoria was consistently supported by members of these communities.

Mr Peter Benne, President, Bendigo Student Association stated that:

As the interests and educational needs of people in regional areas are as diverse as those of people in metropolitan areas, it is important to maintain access to as broad a range of study areas as is possible, with the essential criterion being that the quality of education should not be less than that available to metropolitan students.¹¹⁴

The Committee also heard that the lack of higher education delivery in regional universities and campuses has an indirect effect on skill shortages by inhibiting a region's ability to attract skilled labour from outside the region. For example, the Victorian Government notes that in this way, unmet demand for higher education is likely to inhibit a region's capacity to attract and retain knowledge workers in nursing, health, teaching and childcare and consequently, to inhibit business investment.¹¹⁵

The Committee heard direct evidence from regional Victoria regarding the importance of having a higher education institution when seeking to attract necessary skills into a region. In Gippsland, it was Mr Richard Hancock who highlighted this point:

Obviously the existence of higher education institutions offering the sorts of programs and flexibilities that we need is critical to addressing a number of those issues, even to the extent that when we seek to attract new business through relocation or establishing a new business opportunity here in the valley frequently we will get asked, 'What is the education available to the families of the workers

113. Written Submission No. 24, Victorian Government, 12 February 2004, p.23.

114. Minutes of Evidence, 1/12/03, p.149.

115. Written Submission No. 24, Victorian Government, 12 February 2004, p.22.

who are coming in here?'. Whilst we have Monash University, and we are extremely pleased and grateful that it is here, there is clearly still some shortfall in what it is capable of offering to make sure that we make a very attractive value proposition to incoming investment and business.¹¹⁶

It has also been noted by the Committee that lack of higher education delivery in regional universities may not only inhibit inward migration of professionals but may also encourage external migration of families to metropolitan areas to facilitate their children's education.

Availability of higher education in regional centres not only influences a community's ability to address skill shortages, but also builds community capacity and helps to balance a range of community needs. The Committee heard of the strong commitment of regionally based universities to maintain as diverse a range of courses as possible, both to maximise opportunities available to individual students, but also to meet these community needs.

The City of Ballarat raised concerns about the impact of unmet demand for higher education on community capacity, and its flow-on effects to local industry:

A further negative impact on industry as a result of unmet demand is that it shifts the levels of community capacity and potential community building. Specific provincial areas will benefit from the presence of not only the tertiary institutions, but also the courses and specialities offered by the institutions.¹¹⁷

Professor Kerry Cox, Vice-Chancellor, University of Ballarat emphasised that:

... we will be very protective of nursing, of teaching, of the diverse academic areas you need in a regional and rural university if it is to deliver a sort of balanced view on the environment, on socio-political comment, economic comment, regional innovation, competitiveness and so on.¹¹⁸

116.Minutes of Evidence, 8/12/03, p.167.

117.Written submission No.26, City of Ballarat, 9 February 2004, p.8.

118.Minutes of Evidence, 9/2/04, p.245.

La Trobe University, Bendigo further explained the benefits of a diverse range of courses:

... We argue that each of these programs is important for La Trobe University Bendigo and for the region. ... They provide places for students from the region to access university education, they provide a supply of professionals for the regional workforce, they contribute to the cultural capital of the region, and they make an important economic contribution locally.¹¹⁹

Finding 3.5: *That a lack of higher education provision in regional Victoria has a twofold impact on skill shortages. First, the lack of local availability of a range of higher education courses directly contributes to skill shortages, as the local population does not have access to a broad range of education and training opportunities. Second, opportunities for children and/or spouses to undertake higher education locally may also affect a person's decision to take up regional employment opportunities.*

Finding 3.6: *That where students have to leave their local community to undertake higher education, this may lead to:*

- *Regional labour and skill shortages*
- *An ageing of the local workforce and community*
- *Staff recruitment and retention difficulties for local business*

Finding 3.7: *That the presence of regional universities and campuses and the opportunity to meet demand for higher education in the regions may provide considerable stimulus to local economies, industries and cultures. The benefits to regions include:*

- *Boosting demand for local businesses and services*
- *Helping to attract and retain young people in regional areas*
- *Contributing to the development of regional competitive strengths*
- *Stimulating community engagement and involvement in local projects and research.*

119. Written Submission No. 2, La Trobe University, Bendigo, 6 October 2003, p.4.

Unmet Demand and Skill Shortages in the Health Sector

Of the 17 professions identified by DEWR as experiencing shortages in Victoria, nine are among the health services professions. While the Committee frequently heard concerns regarding shortages across the health sector, particularly in rural and regional Victoria, it received a substantial body of evidence specifically addressing the needs of medical practice, dental services and the nursing profession.

Extensive analysis undertaken by and on behalf of the health related professions has identified a range of factors, both internal and external to the workforce, affecting its supply. The Victorian Government summarised some of these factors in its submission to the Committee:

- As the population ages, increasing numbers of people are living with higher levels of chronic conditions. This suggests that people with chronic and complex health problems will be the dominant focus of the health system in the future.
- Given the locality based nature of service delivery, demographic changes such as the more rapidly ageing population in rural locations and the growth of Melbourne's outer metropolitan suburbs has seen workforce shortages focused in particular geographic locations.
- Policy decisions focussed on moving people out of institutions have also led to an increase in demand for services in the community. Ambulatory care is increasingly the preferred treatment modality for those living with a broad range of chronic conditions and there is an increased emphasis on preventive care as a means of changing population health.
- The expectations of health consumers have also evolved with increased access to health related information and consumers seeking more holistic and comprehensive responses from health professionals. This has a flow-on effect on the expectations about quality and safety of health interventions.

As noted by the Victorian Government, there has been major national concern expressed by Health Ministers, through the Australian Health Ministers Council (AHMC), about the level of skill shortages among health professions. The health sector is working to deal with those aspects of workforce shortage that are within its control, and nationally jurisdictions are implementing a range of recruitment, retention and re-entry projects.¹²⁰ The Committee heard examples of some of these initiatives. For example, the Australian Catholic University stated in a written submission to this Inquiry:

Demand for graduate nurses remains very high, particularly in regional areas. This was recently reinforced, for example, by senior staff from two hospitals in the Ballarat region. These employers are seeking to attract prospective graduates to their hospitals through a number of means, including canvassing students and offering them graduate scholarships, which are contingent upon them agreeing to employment at that particular hospital. Such recruitment endeavours were unheard of even two years ago.¹²¹

While the Committee received evidence that a broad range of factors may contribute to skill shortages in the health sector, it also received evidence either linking unmet demand for places in higher education to these shortages, or highlighting the potential for an increase in places in these courses to help overcome some of the shortages currently being experienced. The following sections summarise the Committee's evidence in relation to medicine, dentistry and nursing.

Medicine

The Victorian Branch of the Australian Medical Association (AMA) stated in correspondence to the Committee that there is a general consensus in the profession that a medical workforce crisis now exists in Victoria, demonstrated by decreased access to services in outer urban and rural areas, extreme work pressures in our public hospitals and an increasing reliance on temporary resident overseas trained doctors.¹²² Both the AMA and the Victorian Government emphasised to the Committee that the existing and emerging shortages within the industry, and the consequent impact of this shortage, could at least be partially addressed by an increase in higher education places.

120. Written Submission No. 24, Victorian Government, 12 February 2004, p.13.

121. Written Submission No. 3, Australian Catholic University, 6 October 2003, p.3.

122. Australian Medical Association (Victoria) Ltd, Correspondence to the Committee, 24/11/03.

In partial recognition of these shortages, the Commonwealth Government's 'Medicare Plus' bonded medical places scheme provided an additional 48 HECS places to the two Victorian medical schools in 2004. While these places were welcomed, they are unlikely to be sufficient to meet future need. The Victorian Government noted the current discrepancy between the allocation of additional places and shortages in medical places:

From 2004, Victoria will have 353¹²³ medical school places (including the additional 10 allocated through the recent Commonwealth Government initiative). The number of vocational training places for 2004 in the public hospital system, however, is 434, leaving a shortfall of 81 medical school graduates required. While the Commonwealth's agreement to allow full fee paying students to complete their internship, gain general registration and be granted permanent residency will contribute to alleviating some of this shortfall, it is clearly not a medium or long term viable solution, given the size of the shortfall.¹²⁴

In addition to these recorded shortages, projected shortages are expected to increase as the Australian Medical Workforce Advisory Committee (AMWAC) completes more workforce studies. It is expected that the workforce studies on medical specialisations will identify a further need for increases in both basic medical training positions as well as places in specialist programs. For example, the AMWAC has recommended a national increase of 100 training places in pathology specialisations and 35 in emergency medicine and all States are currently negotiating with the Royal Australian College of Surgeons for increases in advanced surgical training places. Further, these figures do not take into account the projected need for general practitioners, which the AMWAC is currently investigating.¹²⁵ Therefore, the current allocation seems to be insufficient to address Victoria's future need for doctors.

123. Revised figures were publicised on 31/3/04, resulting in a total of 391 medical places in Victoria, and consequently a shortfall of 43 medical school graduates in 2004.

124. Written Submission No. 24, Victorian Government, 12 February 2004, p.14.

125. Ibid.

Dentistry

A detailed submission presented by the Australian Dental Association, Victorian Branch (ADAVB) outlined to the Committee the serious impact that the shortage of dentists, dental hygienists and dental therapists is having on the Victorian community's access to dental services, emphasising that the crisis in access to dental care 'continues to have painful and sometimes permanent impact on the lives of over one million Victorians'. The ADAVB notes that there is an extremely serious dental shortage across Australia, and that the situation is progressively worsening while no action is being taken to address the growing service needs.

The ADAVB makes a clear link in its submission between the unmet demand for entry into the Bachelor of Dental Science and the shortages currently experienced by the dental profession:

There is no shortage of people wanting to enrol in the BDSc course, and the standard of candidates is very high. The ENTER score for the BDSc course is currently 96 or better. On the one hand we have strong demand from students to gain entry to the course and strong demand from the public for access to dental care, while on the other hand we have a significant shortfall in the number of dentists graduating from universities across the country due to Commonwealth funding policy decisions.¹²⁶

The ADAVB notes that while the University of Melbourne currently offers dental students 391 HECS places, 13 full-fee places for Australian and New Zealand citizens and 16 international student places, in order to meet projected demand levels this would need to increase so that another 24 places per annum are available to students who would register locally. This increase would result in an additional 140 students needing to be accommodated across the five-year course, leading to additional space, furniture, equipment and staffing requirements.¹²⁷

The Victorian Government also advocated for additional undergraduate places in dentistry. It based this assessment on work of the Australian Research Centre for Population Oral Health (ARCP OH), which examined the numbers of dentists required for national self-sufficiency in the dentist workforce. The ARCP OH projects that an additional 120 undergraduate places per annum are required to achieve self-sufficiency across the decade to 2010. The Victorian

126. Written Submission No. 25, Australian Dental Association Victorian Branch, 22 December 2003, p.19.

127. Ibid., p.21.

Government noted that if these positions were allocated on a pro rata basis in proportion to population, Victoria would need an additional 30 places in dental science. It further noted that additional places are also required among the allied dental workforce, including dental therapists and dental hygienists.¹²⁸

The ADAVB emphasised in its submission to the Committee that the demoralising impact of the inability to deliver high standards of dental care, due to an already stretched workforce, has resulted in a high level of wastage of public sector dentists and has thus perpetuated existing skill shortages. It further noted the devastating impact that these shortages have on the dental and overall health of the community and the flow-on costs to other areas of the health sector:

The very great pity of this [delays in receiving dental care] is that nobody wins. Certainly the patients who have to wait for longer times to obtain treatment experience more pain and negative impact on their quality of life. The dentists and others involved in their care are obliged to provide unsatisfying treatment such as extractions, rather than restorative care that genuinely helps people to keep their teeth for life. This is demoralising, and likely to be a key factor in the high turnover in the public sector workforce.

The cost to the Pharmaceutical Benefits Scheme (PBS) and to hospital funding combined, plus an estimated \$6.3m in GP services (AIHW reports that 0.3% of GP attendances relate to oral health problems), would doubtless have paid for the basic dental care they needed in the first place.¹²⁹

Nursing

Current nursing shortages have been well documented at both national and State levels and were the subject of a number of written submissions and public hearings during this Inquiry.¹³⁰ While the exact level of nursing shortages remains unknown, there is no uncertainty regarding the breadth of these shortages. As revealed by the *National and State Skills Shortage List 2003*, Victoria

128. Written Submission No. 24, Victorian Government, 12 February 2004, p.15.

129. Written Submission No. 25, Australian Dental Association Victorian Branch, 22 December 2003, p.8 and 10.

130. See, for example, Heath P., Chairman (2002) *The National Review of Nursing Education: Our Duty of Care*, Commonwealth of Australia, Canberra; Jackson, D., Mannix, J. and J. Daly (2002) 'Nursing Staff Shortages Issues in Australian Residential Aged Care', *Australian Journal of Advanced Nursing*; Senate Community Affairs Committee (2002) *The Patient Profession: Time for Action*, Report on the Inquiry into Nursing, Commonwealth of Australia, Canberra.

had Statewide shortages of registered nurses in every specialisation except community nursing, Indigenous health and palliative care, as of February 2003.

Throughout the course of the Inquiry, it became clear that skill shortages in the nursing profession are a result of increasing attrition rates, the ageing of the sector, and increases in the demand for health services. The demand and supply side issues driving current and future shortages throughout Australia were highlighted in a 2002 Senate Inquiry into Nursing. Some key issues identified were:

- The nursing workforce has a large and increasing number of part-time employees. With the increasing shift to part-time work, greater numbers of nurses are needed to provide the same level of services.
- The age structure of the nurse workforce has undergone a major change. According to the Australian Nursing Council Inc (ANCI), over the next 10 to 15 years 30 per cent of the workforce will be contemplating retirement. Nurses approaching retirement may also switch to part-time work, further exacerbating the nurse shortage.
- Nursing remains a predominantly female profession. There has been little change in the number of males employed in nursing.
- Migration of nurses overseas due to attractive packages offered by countries such as the UK.
- Patient acuity in both the hospital and the community health sectors has been rising, due in part to the ageing population and the associated increases in chronic illnesses and disabilities, as well as the adoption of new technologies that allow for rapid assessment, treatment and discharge from hospital. Shorter hospital stays have led to increased demand for nursing staff and skills outside of hospital facilities.¹³¹

While evidence to the Inquiry pointed to widespread nursing shortages that are likely to continue increasing, the exact magnitude of these increasing shortages is uncertain. This uncertainty stems from the fact that nursing workforce projections to date have varied in scope, time frames and assumptions, while Federal and State policy and funding parameters in these areas have changed over time. Some examples of such studies include:

- The Victorian Department of Human Services estimated in 1999 that Victoria would face a shortfall of 5,500 registered nurses by 2008.

131. Senate Community Affairs Committee (2002) *The Patient Profession: Time for Action*, Report on the Inquiry into Nursing, Commonwealth of Australia, Canberra.

- A report undertaken for the Australian Council of Deans of Nursing in 2002 argued that if qualified nurses kept leaving the profession at the current rate, an increase in graduate nurse supply of 39.8 per cent by 2006 would be required to meet demand in Australia.¹³² The report indicated that Victoria is comparatively well placed, but can still expect to have only a little more than three-quarters of its required nurses.
- A 2002 National Review of Nursing Education found that by 2020, a 120 per cent increase in graduates would be required to balance the nursing workforce in Australia.¹³³

Although the extent of nursing shortages could not be reliably quantified during the Inquiry, the Committee received a substantial amount of evidence highlighting the interrelationship between negative effects of industry shortages on the industry itself, as well as the broader community.

For example the Australian Nursing Federation (ANF) Victorian Branch stated:

We take the opportunity to substitute the word 'industry' for 'community' as nursing, a critical part of the health workforce, plays a vital role in the health and well being of the community. Whilst health care can indeed be described as an industry, the fact remains that, like education, the provision of nursing care needs to be described in terms of a social good.¹³⁴

A written submission from the Royal College of Nursing Australia outlined the threefold impact of unmet demand for higher education nursing places on the health industry, namely:

- Interruption to services by way of bed closures or cancellation of procedures
- Incapacity to meet service needs in specialist areas
- Impacts on the existing nursing workforce.¹³⁵

132. Preston, B. (2002) *Australian Nurse Supply and Demand*, Australian Council of Deans of Nursing, Canberra.

133. Karmel, T. and Li, J. (2002) The Nursing Workforce 2010, in *National Review of Nursing Education 2002*, The Nursing Workforce, Canberra.

134. Written Submission No. 16, Australian Nursing Federation (Victorian Branch), 23 October 2003, p.5.

135. Written Submission No. 6, Royal College of Nursing Australia, 10 October 2003, p.4.

It further noted that the most direct effect of unmet demand for higher level skills on the nursing workforce is increases in workloads, which leads to employment of agency staff where budgets allow, with all the attendant problems this brings for permanent staff and increased pressure for all nursing staff. As highlighted by the Royal College of Nursing, unchecked work pressure can lead to:

- Dissatisfaction with work and working conditions
- Resignations, most critically of senior and experienced clinical staff, compounding pressures on less experienced staff
- Negative press reports and their impact on re-entry programs and recruitment into the profession
- Industrial unrest.

The Victorian ANF contended in its written submission that if supply to the nursing workforce through higher education is not publicly funded, the nursing profession will gradually atrophy. It also explained the impact that both the numbers of nurses available, and the level of skills and knowledge and the attitudes of the health workforce can have on the quality of health care:

The disastrous state of the nursing workforce in Victoria by the year 2000 created, in large part, the crisis in the delivery of health care in this State. There were insufficient numbers of nurses to safely staff operating rooms, emergency departments, intensive care units and hospital wards. Acutely ill people were waiting up to years for much needed surgery, and ambulances went on by-pass with regular monotony.¹³⁶

The Committee notes that current shortages in nursing have been recognised through policy initiatives such as the Commonwealth Government's determination of nursing education as a national priority, and the State Government's recent re-entry program which aims to encourage nurses back into the profession. However, the Committee heard a consensus view that these initiatives, while welcome, are not sufficient to overcome existing nursing shortages.

Associate Professor Tony Barnett, Head of Nursing, Monash University:

Our belief and our arguments suggest that need [i.e the shortage of nurses] will not be addressed purely by trying to entice retired

136. Written Submission No. 16, Australian Nursing Federation (Victorian Branch), 23 October 2003, p.5.

nurses or nurses out of the work force back in. We suspect that the source is limited to some degree. I do not think there are a lot more nurses out there, so the strategy has to be, I suspect, to increase the supply from the education sector and put more graduates through.¹³⁷

Ms Jill Clutterbuck, Professional Officer with the Victorian Branch of the Australian Nursing Federation (ANF) also noted the need to increase access to nursing courses, highlighting that increases in the numbers of nursing places must be immediate:

Our concern is that if nothing is done to increase the number of places over the next years — and it should have started last year... you will not be able to do it. If you got a big increase in places all of a sudden, the hospitals would not be able to cope. You could do it gradually, and I am sure they could have taken more places last year and this year, but you will not be able to do a large quantum leap when we get to the critical year, which is around 2008 or 2009. That is when you will really get a decrease in nursing numbers because of retirement. We have to bridge that gap between now and then. We have to increase our intakes.¹³⁸

The Committee received strong evidence that shortages in the nursing profession are more prevalent and more severe in rural and regional Victoria, compared with metropolitan Melbourne. There was also evidence to suggest that the lack of nursing courses available in non-metropolitan areas was a significant contributing factor to these shortages.

Mr David Keenan, Executive Director, Business Ballarat stated:

If you come to Ballarat or Warrnambool, for example, there are shortages of nurses and teachers. This has been occurring for five or ten years. These are courses that need to be put into regional areas. You will find that people who study in regional areas usually have a request to remain in regional or provincial areas. That is where they probably would like to remain.¹³⁹

137.Minutes of Evidence, 31/10/03, p.73.

138.Minutes of Evidence, 10/11/03, p.102.

139.Minutes of Evidence, 9/2/04, p.223.

It was reported in the previous chapter that a substantial proportion of the unmet demand for nursing places in Victoria comes from qualified candidates that are likely to be successful in completing their course and practising in the profession. It is in this context that the Committee heard repeatedly of the frustration of regional stakeholders at the level of unmet demand, when such significant current and future nursing shortages are evident.

Mr Mick Murphy, Executive Officer, Baw Baw-LaTrobe LLEN, noted:

I specifically refer to nursing in the Wimmera region. In late 2002 there were 51 equivalent full-time vacancies throughout the Wimmera for division 1 nurses. When we take into consideration that there are also 87 division 1 nurses working in the region over the age of 55 it certainly presents huge long-term service planning complications for our area. Ironically there were more than 200 applications for the 20 available nursing places at University of Ballarat Horsham campus. The majority of those were mature-age applications, which highlights the demand for training within the region itself.¹⁴⁰

Dr Michael Langdon, TAFE Representative, Goldfields LLEN, expressed similar frustration:

This year the local university offered 70 places for its Bachelor of Nursing course. Some 147 students nominated the course as a first preference, with a further 178 choosing the course as a second or third preference...The acute shortage in the health and aged care industry means that 100 per cent of students are placed in employment after completing their course, but there are clearly not enough places available to address the issue of the labour market gaps.¹⁴¹

There was no doubt throughout this Inquiry, then, that there are simply insufficient numbers of places in Bachelor of Nursing courses in rural and regional Victoria and in the State overall.

140.Minutes of Evidence, 9/2/03, p.231.

141.Minutes of Evidence, 1/12/03, p.140.

Conclusion on Skill Shortages in the Health Sector

While the Committee received evidence that there is a great deal of angst in the community about skill shortages across the health sector, it also notes that there is already some work being done at both the national and State levels in attempting to address these shortages. For example, workforce studies being undertaken by the Department of Human Services, covering the nursing, child protection and mental health workforces, are currently nearing completion. These will be followed by further studies examining the levels of supply and demand for the allied health workforces. Nationally, a number of bodies are also working to quantify the level of health workforce shortages, while the AHMC is attempting to secure further university places in health based disciplines through consultations with the Federal Education Minister. The Committee seeks quick resolution of this matter, as Victoria's capacity to meet the health needs of its community requires prompt redress of the current high levels of unmet demand for higher education places in the health disciplines.

Regardless of current work being undertaken, it is apparent to the Committee that to achieve a sustainable workforce a long-term increase in the number of undergraduate places in the health and community services sector is required. The Committee supports the Victorian Government's proposition, however, that the policy response should be on two levels, in recognition that there can be some overlap in the responsibilities for the health sector between the State and Commonwealth Governments.¹⁴²

- The first of these, which is already underway, is developing a co-ordinated national approach by Health Ministers to developing ongoing forums for influencing the resources allocated to undergraduate health places by the Federal Minister and the Commonwealth Department of Education, Science and Training.
- The second level of co-ordination is to ensure there is a strong interface at the State level between the health and human service sector and the education sector, so that the allocation of university places takes place through a process informed by health sector workforce shortages.

The Committee further notes, however, that there are also broader policy issues to consider along with the allocation of additional places. These include the level of assistance offered to organisations for taking undergraduate students for clinical placements, the assistance given to students to undertake health courses, particularly in a regime where more fee paying places are offered, and

¹⁴²Written Submission No. 24, Victorian Government, 12 February 2004, p.24.

incentives offered to students to practise in the public sector and in rural and regional areas after graduation.¹⁴³

Finding 3.8: *That there is a clear relationship between current and projected future shortages in the medical, dentistry and nursing professions and current levels of unmet demand for places in courses leading to employment in these vocations.*

Finding 3.9: *That Victoria urgently requires a substantial increase in HECS funded higher education places in a range of health professions, including medicine, dentistry and nursing.*

Finding 3.10: *That the nursing sector needs an immediate and substantial increase in the number of places available in Bachelor of Nursing courses and postgraduate nursing specialisation courses across Victoria.*

Finding 3.11: *That both the Commonwealth and State Governments have an integral role and responsibility to inform future resource allocation processes for university places in the health disciplines, and that the future allocation process must place greater weight on addressing severe skill shortages experienced in the health sector, particularly in rural and regional Victoria.*

Recommendation 3.1: That the State Government work through the Australian Health Ministers Council to request that the Commonwealth Government provide:

- Additional HECS funded higher education places in crucial health disciplines currently experiencing severe skill shortages
- A further allocation of HECS funded medical places as a matter of urgency
- Additional HECS funded places in the Bachelor of Dental Science at the University of Melbourne
- An immediate increase in HECS funded places in undergraduate nursing courses and postgraduate nursing specialisation courses and that greatest priority be given to increasing the number of places in rural and regional Victoria

143.Ibid., p.25.

- Increased support for organisations taking undergraduate students for clinical placements
- Increased assistance to students to undertake higher education courses in health disciplines currently experiencing severe skill shortages
- Incentives and assistance for students to practise in the public health sector and in rural and regional Victoria after graduation.

Unmet Demand and Teacher Supply

With respect to the teaching workforce in Victoria, both the Teacher Supply and Demand Reference Group's *Teacher Supply and Demand Report* (2003) and the Boston Consulting Group's *Schools Development Workforce Strategy* (2003) found that the aggregate capacity in the Victorian Government schools system is broadly in balance and is likely to remain so in the medium term. The *Schools Development Workforce Strategy* notes, however, that the numbers are sensitive to higher than anticipated attrition rates and that the situation requires careful monitoring and management to ensure that this capacity balance is maintained over the next five years. The major concern noted in the report is that of workforce distribution across schools and subjects, with some localised geographic and subject-specific pressures, which may worsen over the next few years.¹⁴⁴

These findings are consistent with a 2001 report of the Auditor General of Victoria, which concluded that:

The teacher labour market is currently moving from a position of surplus to one of balance. Advertised vacancies are in the main filled by a reducing number of applicants ... Some shortages of teachers already exist in particular segments of the labour market in areas such as information technology and Languages Other than English (LOTE) in secondary schools. Schools are surveyed at a particular time of the year as to whether they had any difficulties recruiting teaching staff to their school. Schools in some areas report having ongoing recruitment difficulties.¹⁴⁵

¹⁴⁴.Ibid., p.29.

¹⁴⁵.Auditor General of Victoria (2001) *Teacher Work Force Planning*, Victorian Auditor General's Office, Melbourne.

The AEU reported to the Committee the findings of its State of Our Schools survey, which included responses from 437 principals in government schools:

Fifty-four per cent of all schools indicated that they had experienced teacher supply problems over the past year. Fifty-seven per cent said that supply had become worse over that period. When secondary schools are looked at separately, 70% said that they had experienced teacher supply problems. This rose to 87% in rural regions.¹⁴⁶

It should be noted, however, that the above survey included responses from only 26 per cent of State primary and secondary schools and 23 per cent of P-12 schools, with 47 per cent of responses coming from metropolitan schools and 53 per cent coming from rural and regional Victoria. It is therefore possible that the response rate is biased in favour of schools with concerns on one or more of the factors covered by the survey. It should also be noted that further examination of responses to the survey reveal that only 20 principals (representing 4.6% of responses) stated that they had been unable to fill ongoing positions and 65 principals (14.9%) stated that they had received few applicants for advertised ongoing positions. As would be expected, more principals reported that they were unable to fill fixed term positions (13.9%) or received few applicants for such positions (29.1%), as compared to filling ongoing positions. Similarly, a greater number of principals also reported they were unable to fill casual relief positions (28.6%) or had few applicants for such positions (25.2%). Further, teacher shortages did not rate in the top five issues of concern for principals in either the primary or secondary school sector.

The Committee was unable to quantify any perceived current or projected shortages of teachers, and estimates have varied significantly over recent years. For example:

- In 2002, MCEETYA estimated in *Demand and Supply of Primary and Secondary School Teachers in Australia* that Victorian schools (government and non-government) would need 12,745 new teachers for the period 2002-6.
- The Victorian Department of Education and Training has stated that over the next few years there will be an annual requirement in Victorian Government schools of approximately 2,300 new teachers.

146. Written Submission No.12, Australian Education Union, 14 October 2002, p.3.

- Research conducted for the Australian Council of Deans of Education in 2000 calculated that with current graduate numbers there will be a shortage of 560 primary teachers and 1,000 secondary teachers in Victoria by 2005.¹⁴⁷

While the Committee could not quantify shortages in the teaching profession, it did receive evidence from a range of stakeholders, including the State Government, that there are teacher shortages in secondary maths, science, information technology and LOTE, particularly in some rural and regional areas. These findings are consistent with both DEWR's *National and State Skill Shortage List 2003* and the list of skills in demand published by the Victorian Government's Skilled Migration Unit.

The Committee notes the concerns of stakeholders that factors such as the ageing teacher workforce, increasing retirement and attrition rates, migration of Victorian teachers to more lucrative international destinations and increased school participation rates may enlarge projected future shortages. However, the Victorian Government has recently announced measures to address some of these factors, including:

- Providing opportunities for non-teaching professionals to undertake teacher education courses while being employed as a supervised trainee teacher
- Providing refresher courses for teachers returning to the profession
- Expanding the promotion of teaching as a career option to include tertiary students undertaking relevant degree courses in curriculum areas of greatest needs
- Assisting teachers in rural schools to retrain in additional curriculum areas where schools have problems attracting teachers
- Providing student teachers with financial incentives to undertake their school placements in hard to staff schools
- Strengthening links with universities and actively engaging with education faculties on pre-service course quality.

While the above programs are likely to have a positive impact on the number of practising teachers in Victoria, the Committee notes that they represent only a partial solution to projected teacher shortages. As noted by Ms Julie Goodwin, Executive Member, Victorian Association of State Secondary Principals, the

147. Preston, B. (2000) *Teacher Supply and Demand 2000-2005*, Australian Council of Deans of Education, Canberra.

public education system requires significant numbers of young teachers entering the labour force to bring in new ideas and to provide younger, more contemporary mentors for the students.

We need young teachers in the State system. We have a cohort who are about 48 years of age but it is not healthy for State education. You need a range of ages in education. You need experienced teachers, you need middle-age-range teachers and you need young, fresh teachers coming into the system. It is really important...Unless you have a blend of staff it is very difficult. You have to keep your older staff motivated...One of the greatest ways to keep them on their toes and fresh is to have new young kids on the block with new ideas, rejuvenating the enthusiasm and the morale of teachers.¹⁴⁸

Finding 3.12: *That there is not currently a general shortage of teachers in Victoria, but that due to factors such as the ageing workforce, the need for new graduate teachers will increase. Further, that there are current shortages of specialist secondary teachers in maths, science, information technology and languages other than English and that these shortages are more likely to present serious challenges in rural and regional Victoria. These shortages are likely to worsen unless there is a substantial increase in the intake and completion rates of teacher education courses in targeted specialisations.*

Recommendation 3.2: That the State Government negotiate with the Commonwealth Government as part of the 2005-2008 profile setting process for a further allocation of HECS funded places in Bachelor of Education courses throughout Victoria, and that the State and Commonwealth Governments work in a co-operative manner to ensure that an appropriate number of places are targeted at rural and regional Victorian university campuses and in disciplines with projected future shortages.

Student Demand and Skill Shortages

While the previous sections highlighted some key relationships between unmet demand for higher education and skill shortages, it should be noted that student demand for higher education may not always be aligned to industry skill needs. Evidence presented to the Committee often centred on perceptions

148.Minutes of Evidence, 16/02/04, p.290.

of the various education and training choices available, as well as the availability or accuracy of information given to students, parents and teachers. As the Victorian Government stated in its written submission:

Student demand for particular higher education courses does not always reflect the current and emerging skill needs of employers or actual employment opportunities within industries and labour markets. There are imbalances between some areas of high unmet demand and industry needs and skill shortages. This suggests that factors other than labour need, such as aspirations of youth, expectations of parents and perceptions of teachers, may be more influential in determining course selections. Reliable current information on projected employment outcomes and skill shortages is important but may be unavailable, limited or disregarded.¹⁴⁹

The Victorian Government emphasised its point using an example of some work undertaken by the Victorian Learning and Employment Skills Commission (VLESC) in 2003, which found no clear alignment between high levels of student demand and levels of jobs growth in particular industries or occupations. The Government stated in its written submission to the Committee that 'if demand for VET courses (gauged by individual applications for courses) were used to determine resource allocation, rather than industry and community need, resources would be directed away from areas of skill shortages and emerging skill needs'.¹⁵⁰ The Government further illustrated its point using the Creative Arts as an example, noting that excessive student demand in such courses means that there is potentially over 10,000 people in training and education competing for 720 new jobs:

In occupations covered by industry sectors such as Creative Arts, there are high levels of individual enrolments. In contrast, the projected employment growth and labour turnover rates are lower than average. For example, the predicted number of new jobs due to growth and turnover in Creative Arts is 720 per annum. However enrolments in Creative Arts courses in VET of unemployed persons who will be seeking to enter the workforce is 4,801. In addition, 5,728 people are undertaking higher education Creative Arts courses and may also be competing for these places. Potentially, there are over 10,000 people in training and education competing for 720 new jobs per annum.¹⁵¹

149. Written Submission No. 24, Victorian Government, 12 February 2004, p.17.

150. Ibid., p.18.

151. Ibid.

Professor Alan Lindsay, Deputy Vice-Chancellor and Vice-President (Academic), Monash University identified some important areas of disequilibrium between supply and demand for higher education courses, also questioning whether it would be appropriate to meet all student demand in all disciplines:

In keeping with the Commonwealth's recent policy of largely leaving the load allocation to individual institutions to decide which fields, DEST did look at how universities have responded over a period of years to changes in demand and skill shortage. It found there was considerable responsiveness, but it was in a sense at the margin by varying up or down the fairly large amounts of load that universities had in particular fields, and that there were chronic areas of excess demand and excess supply.

Excess demand is in architecture, health, law and legal studies and vet science. Excess supply is in agriculture, engineering and science. Apart from the institutional factors and rigidities that preclude universities moving load, there is also the real question raised in that report as to whether some of the disequilibrium between supply and demand should be met: for example in law high demand does not necessarily correlate with a labour shortage, and in science and engineering the low demand does not necessarily correspond to the level of national need for people in those areas.¹⁵²

Other witnesses appearing before the Committee also noted that there is often a mismatch between student demand for courses and opportunities to enter into employment following completion of those courses.

The City of Ballarat stated:

Anecdotal evidence also suggests that there are serious skill shortages in the information technology and communications sector, which are impacting on local businesses. Feedback from the University of Ballarat suggests that the information technology courses are proving to be some of the most difficult to recruit students.¹⁵³

In summary, the Committee recognises student demand for places in some higher education courses may not be aligned with either industry or community needs, but may instead be influenced by a whole range of factors, including:

152.Minutes of Evidence 29/9/03, p.2.

153.Written Submission No. 26, City of Ballarat, 9 February 2004, p.7.

- The perceived quality and reputation of courses
- The perceived quality and status of the institution, including perceptions of the relative value of alternative education and training pathways
- The graduate salary or the market value of a particular degree
- Perceptions of employment pathways and job opportunities enabled by qualifications from particular institutions or study disciplines
- Perceptions of industry environments and labour market prospects, which may in fact change by the time students have completed their course
- Access and affordability issues.

Given the above influences on student demand, the Committee notes that strategies for aligning this demand with industry and community needs should be implemented in conjunction with an increase in higher education places in Victoria. The Australian Industry Group highlighted this need for greater alignment between delivery within the higher education sector and industry needs:

These types of considerations underpin Ai Group's view that it is important for the directions of the higher education sector to be linked to industry needs. In arriving at that position however the Ai Group recognises that there needs to be truly national labour market forecasting system in place which has the capacity to accurately predict future skill needs and identify skill gaps. The Ai Group believes that the Commonwealth and States should work together to develop a sophisticated labour market forecasting system. The restructured industry advisory arrangements which are being introduced should provide an opportunity for a more strategic approach to this issue.¹⁵⁴

The Committee also notes, however, that any policies that result in a re-allocation of places to professions and occupations of skill shortages will not be successful in isolation. A whole range of strategies needs to be developed and/or strengthened to ensure that sufficient numbers of quality applicants are attracted to targeted higher education courses, that they successfully complete the course and that they then go on to be recruited and retained in these professions and occupations. Some of the strategies that were raised with the

¹⁵⁴Written Submission No. 22, Australian Industry Group, 19 November 2003, p.4.

Committee include:

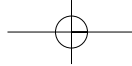
- Increasing provision of quality information to students in transition from secondary school to the higher education system, particularly with respect to current and future skill shortages¹⁵⁵
- Developing a communication strategy that enhances the profile of specific industries, professions and occupations
- Improving the articulation pathways (in both directions) between TAFE and higher education institutions
- Reviewing and establishing mechanisms in industries or professions with high turnover rates, to encourage workers to remain in their chosen occupations or translate their increased skills and knowledge into career advancement
- Funding adequate numbers of places in a broader range of priority higher education courses.

Finding 3.13: *That there is a lack of sophisticated labour forecasting systems able to provide definitive and quantifiable estimates of labour shortages in Victoria and Australia.*

Recommendation 3.3: That the State Government, in partnership with the Commonwealth Government and industry, develop a sophisticated labour market forecasting system to provide reliable, quantifiable and up-to-date information on skill shortages, and that this system serve as a key source of advice in the allocation of places in higher education courses.

Recommendation 3.4: That the State Government work in partnership with Victorian industry and the university sector to develop a range of strategies to ensure that sufficient numbers of quality applicants are attracted to targeted higher education courses. Further, that these strategies are employed to ensure that targeted graduates are recruited in professions and occupations currently experiencing a high level of skill shortages.

155.DEST (2003) *Report of the Leaders in Careers Forum*, Australian Education Systems Officials Committee, 19-20 August, Commonwealth of Australia, Canberra.



Summary

This chapter examined the relationships between unmet demand for higher education and skill shortages, industry and the Victorian economy. While the Committee was not able to quantify the impact of unmet demand on either skill shortages or the Victorian economy more broadly, a number of relationships were highlighted and explored. Some of the key issues that were identified include:

- High participation rates in higher education are essential for Victoria to meet the challenges of economic globalisation and expanding technology, as a highly educated workforce is more likely to have the skills, knowledge and adaptability to compete within a rapidly changing industry and workforce environment.
- Unmet demand is one of a range of factors currently contributing to high level skill shortages in Victoria. Other factors include conditions in the macroeconomic environment, the industry environment and even the local labour market.
- Unmet demand for higher education negatively effects industry by increasing the costs associated with recruiting skilled professionals.
- Unmet demand for higher education is likely to reduce the diversity of future student populations and hence, the diversity of the future workforce. This may lead to:
 - A reduction in the domestic and international competitiveness of local businesses and industry
 - A reduction in the capacity of industry to meet the health and other service needs of a diverse community.
- The presence of regional universities and campuses and the opportunity to meet demand for higher education in rural and regional Victoria may provide considerable stimulus to local economies, industries and cultures.
- Where students leave their local community to undertake higher education, this may contribute to:
 - Regional labour and skill shortages
 - An ageing of the local workforce and community
 - Staff retention difficulties for local business.

- There is a clear relationship between current and projected future shortages in a range of health professions and current levels of unmet demand for places in higher education courses leading to employment in these areas. Victoria urgently requires a substantial increase in higher education places to achieve self-sufficiency in a range of health professions, most significantly medicine, dentistry and nursing.
- Unmet demand for higher education in the health disciplines has resulted in a failure to meet demand for higher level skills in the health industry, thus jeopardising the health of the community through a reduction in services and an increased risk of the delivery of poor quality services.
- There are current shortages of secondary teachers in maths, science, information technology and LOTE and these shortages are more likely to present as serious challenges in rural and regional Victoria. These shortages are likely to increase unless there is a substantial increase in the intake and completion rates of teacher education courses in targeted specialisations.
- Unmet demand for higher education is likely to impact on the diversity of future student populations, and hence the cultural and socio-economic diversity of the workforce in a range of professions

4. Impact of Unmet Demand for Higher Education on TAFE

Introduction

High levels of unmet demand for higher education in Victoria have ramifications for a number of institutions and industries in Victoria and particularly for vocational education and training providers such as TAFE institutes. As has been highlighted in the Commonwealth Review of Higher Education, *Our Universities: Backing Australia's Future*, there is a growing interface between the higher education and the VET sectors that is likely to continue into the future as the historical distinction between academic and vocational education provision becomes less absolute. This is particularly true in Victoria, which has a number of cross-sector collaborative projects and articulation arrangements, as well as the largest concentration of dual sector institutes in the country. The presence of these institutions and their facilitation of articulation between the sectors implies that any unmet demand for higher education is likely to impact on the demand for TAFE courses. These cross-sector arrangements and the presence of significant unmet demand for higher education provide the context for considering two aspects of the Committee's terms of reference in this chapter:

- The need at a national level to improve co-operative arrangements between the vocational education and training and higher education sectors; and
- How unmet demand impacts on the demand for TAFE places.

Co-operative Arrangements between VET and Higher Education Sectors

A number of strong interdependent relationships between higher education and VET currently exist in Victoria. These cross-sector relationships include dual sector qualifications, articulation and joint courses, dual sector universities and shared campuses. The Committee heard of a number of innovative and mutually beneficial arrangements and joint projects in Victoria and particularly in regional Victoria.

A significant interface between the sectors in metropolitan Victoria, however, occurs in dual sector institutions. There are currently five dual sector institutions in Australia, with four in Victoria and one in the Northern Territory. The Victorian institutions are RMIT University, Swinburne University of Technology, Victoria University and the University of Ballarat.¹⁵⁶ These institutions provide a broad range of both TAFE and higher education programs within one institution with a single university council responsible for the oversight of the institution as a whole, and separate boards responsible for the higher education and TAFE programs. One of the key strengths of these dual sector institutions is that they provide clear articulation pathways between the sectors, with explicit recognition of previous post-compulsory study within the institution. In addition, these institutes are better able to provide for internal (non VTAC) applications for articulation, a system that facilitates access across the post-compulsory education divide.

Dual sectors institutes, however, are not the only institutions providing defined articulation pathways and accreditation. A number of individual arrangements have been established between TAFE institutes and universities. Holmesglen Institute of TAFE noted that these arrangements were the end result of substantial individual negotiations between universities and TAFE institutes:

Holmesglen has a number of arrangements with Monash, Swinburne and Deakin universities whereby students move from Diploma courses into relevant degrees with full credit. These relationships are individual to Holmesglen and are usually the result of lengthy negotiation, review and evaluation. In most cases Holmesglen has specifically designed and delivered these Diploma programs in a manner that prepares students for successful

¹⁵⁶It may be argued that the University of Melbourne could also be considered a dual sector institution as it provides a number of advanced diploma and certificate IV subjects in agriculture that allow articulation and accreditation. It does not, however, currently provide the full range of AQF courses or provide any diversity in discipline or vocational areas.

articulation. Similar arrangements would be in place at other TAFE institutions and between other higher education providers.¹⁵⁷

In regional Victoria, a number of individual arrangements have been established to provide higher education courses in partnership with TAFE institutes in areas that are at a distance from any university. The Committee heard that these programs are viewed as increasing access to higher education and thus increasing aspirations in regional areas without a local university campus. Ms Catherine Brigg, Associate Director, Learning and Innovation, East Gippsland Institute of TAFE outlined the advantages of these arrangements:

[The collaborative arrangement between TAFE East Gippsland and RMIT] has provided opportunities for people in our region to participate in higher education in ways that might otherwise have not been possible for them, particularly for people who are in a partnership with a person with a full-time job in the region. Being able to access training opportunities in their community has meant they have been able to both realise their educational aspirations and also contribute significantly to the society and the recruitment pool within our society.¹⁵⁸

One such type of partnership program is known as the co-operative approach. This arrangement places higher education staff in regional TAFE colleges in order to provide teaching for early years of higher education awards. RMIT and Monash Universities have undertaken similar projects whereby partial or entire university degrees are provided at TAFE campuses. According to Ms Catherine Brigg, these two universities have worked with regional TAFE institutes to ensure a supply of qualified registered (Division 1) nurses to East Gippsland, resulting in 100 per cent employment outcomes:

The capacity to access degree nursing programs within the East Gippsland region has enhanced the abilities of our local health providers to recruit people from within the region. Because they have studied in their region and been able to undertake clinical placements, that has provided employers with a recruitment pool of graduates from the region. We have seen that program and that partnership as being extremely successful.¹⁵⁹

157. Written Submission No. 8, Holmesglen Institute of TAFE, 10 October 2003, p.4.

158. Minutes of Evidence, 8/12/03, p.215.

159. Ibid., p. 214.

The Committee heard from a variety of stakeholders, both in metropolitan and in regional Victoria, of the value of these arrangements. Nevertheless, a number of witnesses stated that these arrangements need to be improved by creating system-wide coverage and regulation to replace institute-specific agreements. For example, Ms Elizabeth Thompson, National Education Officer, National Union of Students, argued that 'improving co-operative arrangements at a national level between vocational education and training and higher education is clearly a desirable objective'.¹⁶⁰ Similarly, Professor Lawrence Angus, Head of the School of Education, University of Ballarat, also indicated that there is a need for such improvement.¹⁶¹

The need for improved arrangements was also highlighted in the Commonwealth Government report *Varieties of Learning: the Interface between Higher Education and Vocational Education and Training*. This report observed that the growing interface between Higher Education and TAFE, and increasing demand for places within these institutions, necessitates the establishment of a national, co-ordinated, strategic response to clearly articulate the roles, funding and administration of these increasingly complex arrangements. It was noted that:

As a large country with a small population, Australia might be better served by a more strategically focussed approach to cooperation and concentration of resources. A more strategic approach may also improve the opportunities for Australians to gain access to higher education. This could be done without imposing constraints on either sector or rewriting their respective missions and purposes. Young Australians in particular may benefit from development of a coordinated policy framework for education transitions, based on a better understanding of unmet demand by school leavers for VET and higher education, including whether this demand could be met in overall terms by improved coordination and reprioritisation.¹⁶²

The Committee's findings are consistent with this previous finding of the Commonwealth Government. It is clear that the current ad hoc arrangements are not optimal and that the increasing number of arrangements between the sectors needs to be co-ordinated and funded.

160. Minutes of Evidence, 10/1/03, p. 91.

161. Written Submission No.11, School of Education, University of Ballarat, 14 October 2003.

162. DEST (2003) *Varieties of Learning: The Interface between Higher Education and Vocational Education and Training*, Commonwealth of Australia, Canberra.

Co-ordination of these processes is required for efficiency and to ensure quality control nationally. Co-ordinated national arrangements are necessary to ensure that all students articulating, regardless of their State or the institution in which they undertook VET studies, possess the requisite skills and experience to successfully undertake the associated higher education degree, and that this process is not left to ad hoc, inefficient and complex arrangements between individual organisations.

According to Holmesglen Institute of TAFE:

Links between the University and TAFE systems already exist in the form of articulation arrangements. In some circumstances these arrangements have been successful in spite of the existing system and regulations, rather than because of them. These course collaborations have proved to be a valuable pathway for students to university and need funding incentives to develop viable inter-operational structures.¹⁶³

This idea was reinforced by Box Hill Institute of TAFE, which noted the lack of systemic pathways between the two sectors:

The TAFE Directors Association (TDA) submission to the Commonwealth Higher Education Review (2002), pointed to the lack of systemic pathways between TAFE and Universities. Where co-operative arrangements exist they tend to be one-off, negotiated bilaterally between institutions, or, more often between individual teaching departments or facilities within institutions. While beneficial to individual TAFEs, the overall impact is inconsistency of benefits to the student. Where articulation and credit transfer arrangements do exist, they do not automatically assure a pathway, because a place may or may not be available within the University course.¹⁶⁴

The need to improve pathways and articulation arrangements was, therefore, clearly noted by stakeholders. However, Dr Michael Langdon, TAFE representative, Goldfields LLEN, emphasised that these arrangements alone are insufficient if places are not made available for students to articulate into:

At present we have articulation arrangements in place with the local university. In fact, we have had a lot of meetings to try to improve on our articulation to help pathways for our students. However, the

163. Written Submission No. 8, Holmesglen Institute of TAFE, 10 October 2003, p.3.

164. Written Submission No. 18, Box Hill TAFE, 27 October, 2003. p.7.

issue of providing adequate numbers for places for students across course levels remains a problem, because as part of that articulation agreement the university said, 'We just cannot guarantee X-number of places for your students because we just haven't got the places'.¹⁶⁵

The Committee heard from a number of stakeholders that any funding of joint arrangements, and specifically arrangements that allow articulation to higher education from TAFE, must also recognise the problem of cost shifting from higher education to the TAFE sector, and hence from the Commonwealth to the State Government. As was noted by Mr Matthew McGowan, Victorian Division Secretary of the National Tertiary Education Union:

The increasing prevalence of providing pathways into higher education through TAFE will become an increasing factor as it becomes harder to get into university. Institutions are already offering articulation arrangements whereby you enter into a TAFE program for one or two years and you get advanced entry into a higher education course. Again I am not arguing against that. However, what it does in some circumstances is effectively cost shift between the Commonwealth and the State governments. You end up in the position where the TAFE organisations are delivering the first two years of the degree program for the higher education institutions.¹⁶⁶

The Committee has concerns with the identified potential impacts of cost shifting and particularly the potential impacts on funding for other, non-articulated vocational education courses within TAFE institutes. The Committee believes that the problem of cost shifting should be recognised and a new funding system should be implemented. The Committee also believes that responsibility for any funding allocation should be administered by a joint council that has representatives of both higher education and the vocational education and training sector and from both the States and the Commonwealth. To this end, a joint Ministerial Council of both ANTA MINCO and MCEETYA would ensure that a single, jointly administered funding stream is available for these programs, in recognition that pathways between the sectors form an integral part of a viable, seamless post-compulsory education system.

165.Minutes of Evidence, 1/12/03, p.141.

166.Minutes of Evidence, 29/9/03, p.29.

Finding 4.1: *That current ad hoc arrangements are insufficient in addressing the growing interface between the VET and higher education sectors, particularly in rural and regional areas. Further that the growing number of co-operative arrangements between these sectors needs to be supported by appropriate long term funding to ensure their viability into the future.*

Recommendation 4.1: That the Victorian Government move to establish a joint Committee of ANTA MINCO and MCEETYA to institute formal national articulation arrangements, including a separate funding stream and a specific allocation of HECS places for articulation from TAFE to higher education.

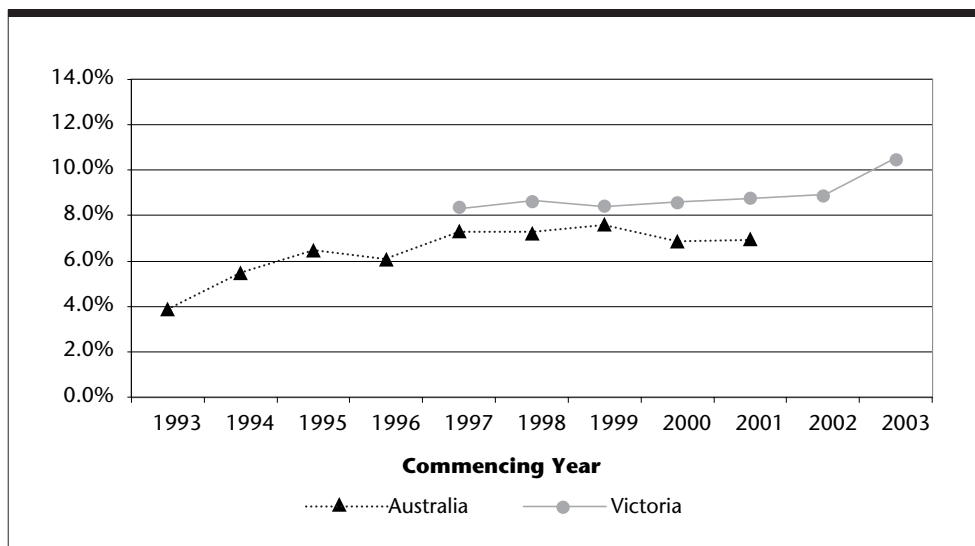
Recommendation 4.2: That the Victorian Government move to ensure that cross-sectoral funding be reviewed every two years by a joint ANTA MINCO and MCEETYA Committee to ensure that cross-sectoral arrangements remain financially feasible, and that articulation processes are of high quality and remain a viable pathway to higher education.

Articulation and Unmet Demand

While examining the co-operative arrangements between the higher education sector and the VET sector, the Committee found that stakeholders identified articulation arrangements as being one of the key issues in determining the impact of unmet demand on TAFE. The Committee repeatedly heard that a significant proportion of applicants that place higher education as their first preference nevertheless take up a TAFE course, often in the hope of subsequently articulating to higher education. These applicants who would rather attend a university, often displace other applicants who placed TAFE courses as their first preference yet had lower ENTER scores. This trend of accessing higher education through TAFE was highlighted by Mr Matthew McGowan:

In terms of the impact on TAFE, I think it is obvious to most people who think if you have fewer numbers of positions available for students to enter into higher education, or that the desire to get into higher education is not able to be met by that sector, then inevitably people will be looking for alternative pathways into higher educationThe increasing prevalence of providing pathways into higher education through TAFE will become an increasing factor as it becomes harder to get into university.¹⁶⁷

¹⁶⁷ Minutes of Evidence, 29/9/2003, p.29.

Figure 4.1: Students Articulating to Higher Education from TAFE (1993 - 2003)

Source: DEST (2002) Higher Education Statistics and VTAC Trend Data

In 1993, 6,203 (3.9%) applicants nationally were admitted to higher education on the basis of their TAFE studies. By 2001, 15,300 commencing undergraduates (7%) were admitted to higher education on this basis, a proportional increase of 3 per cent, but an absolute increase in successful applicants of 246 per cent. By comparison, Victoria had 3,295 (8.4%) successful applicants articulating to higher education in 1997 and 4,145 (10.5%) in 2003. Hence Victoria has a substantially higher proportion of total applicants entering higher education from the TAFE sector than Australia as a whole.

The high proportion of students articulating to higher education in Victoria is a reflection of the presence in Victoria of four of the five dual sector institutions in Australia. According to the AVCC submission to the *Inquiry into the Role of Institutes of TAFE*, relative to mainstream TAFE institutes, a higher proportion of the TAFE cohort in dual sector institutions expressly enters TAFE with the purpose of further study, and a much higher proportion achieves this outcome.¹⁶⁸ The implication is that in Victoria, as identified in Table 4.1 there is a greater proportion and potentially a greater number of applicants entering TAFE institutions in order to articulate than in any other State or Territory.

168. AVCC (1998) Submission to the Standing Committee on Education and Workplace Relations *Inquiry into the Role of Institutes of TAFE*, Commonwealth of Australia, Canberra.

Table 4.1: Articulation from TAFE to Higher Education in Victoria

University	2001 (%)	2002 (%)
Dual Sector Universities	9.3	10.3
University of Ballarat	4.9	5.6
RMIT University	9.5	11.6
Swinburne University of Technology	14.1	15.9
Victoria University	8.7	8.1
Single Sector Universities	5.7	6.2
Deakin University	10.4	10.6
La Trobe University	5.9	6.7
Monash University	5.6	6.4
University of Melbourne	1.0	1.1
Average for Victoria	7.5	8.2

Source: Supplementary Materials No. 5-7, Swinburne University of Technology

Table 4.1 shows that the proportion of students accepted for articulation to higher education is much greater in dual sector institutions (9.3% in 2001 and 10.3% in 2002) than in single sector universities (5.7% in 2001 and 6.2% in 2002). The difference between the two types of institutions highlights the fact that Victoria's TAFE sector is more likely to feel the impact of unmet demand for higher education than those in other States due to the presence of its dual sector institutes and in turn, its high articulation rates.

A number of dual sector institutions reported to the Committee that unmet demand causes a substantial increase in the demand for VET. For example, Mr Alistair Crozier, the Deputy Vice-Chancellor (TAFE), Swinburne University of Technology, stated:

At Swinburne we know quite categorically that the demand for VET places is influenced by the unmet demand in higher education ... for this year we had 1,182 students studying in the TAFE Division of the university who had listed a higher education course as their first preference through the Victorian Tertiary Admissions Centre (VTAC).¹⁶⁹

169. Minutes of Evidence, 29/9/03, p.11.

It should also be noted that any increase in unmet demand for higher education is likely to result in further increases in demand for higher education into the future. A deferred demand is created when unmet demand for higher education increases the number of applicants entering TAFE in order to articulate into higher education, in turn increasing the number of students subsequently applying for higher education places. This cycle was evidenced in chapter 2, where a substantial proportion of the unmet demand for higher education in the Western region, which had the largest proportion of unmet demand in the State, was being sourced from applicants who were applying for higher education from TAFE. This cycle of deferred demand is likely to be particularly prevalent in Victoria due to the presence of the four dual sector institutions, implying that unless further funding is made available specifically for students articulating to higher education, the levels of unmet demand for higher education in Victoria are likely to grow disproportionately compared with other States and Territories.

A final issue that was raised with respect to the increasing use of TAFE as a provider of articulation pathways is the potential impact on the mission and resourcing of the sector. A number of stakeholders had reservations regarding this trend. For example, Mr McGowan noted that the increased use of TAFE as an alternative pathway to higher education has the potential to both displace TAFE students and organisational mission:

[Increasing use of TAFE as a pathway to higher education] I think undermines the role of TAFE, in part, as a sector that provides quite specific and distinct areas of educational opportunity into careers that are not covered within the higher education sector or in different ways to the higher education sector. And there are some risks, I would have thought, not only for cost shifting to occur, but also for the TAFE sector to have its role diminished into an alternative pathway, into something else. Higher education is the aspiration, and therefore TAFE is diminished by virtue of it becoming more and more just another pathway.¹⁷⁰

Concern regarding the use of TAFE as primarily an alternate pathway to higher education was also expressed in a written submission from the Box Hill Institute of TAFE:

There is no doubt that as the competition for places within the higher education institutes has increased, TAFE has become a viable

170. Minutes of Evidence, 29/9/2003, p.29.

alternative option for some students who would otherwise go to university...The current perceptions of students and parents, reinforced by the outmoded community images is that TAFE is a place you go to when you don't get into University. This is counter productive to economic growth and development. A concerted effort should be made to identify the complimentary strengths of both the Tertiary and higher education institutes in the delivery of employees with high-level skills into the workforce.¹⁷¹

The above concern has also been previously expressed by the Association of TAFE Institutes in their submission to the Standing Committee on Employment, Education and Workplace Relations in 1998 for the Inquiry into the Role of Institutes of TAFE:

TAFE's role is not that of a 'junior partner' to universities, and it is by no means 'inferior'. Research shows that student articulation from universities to TAFE far exceeds articulation from TAFE to university. While pathways are important in meeting some client needs, they do not constitute TAFE's core business.¹⁷²

Thus, in both the current Inquiry and in previous Inquiries, TAFE providers have expressed concern around ensuring that there is appropriate community recognition of the value of the distinctive education that the VET sector provides. The Committee notes that increasing use of TAFE as a provider of an articulation pathway to higher education has the potential to distort TAFE programs, and shift both the focus and resources away from entry level training to the more prestigious diploma courses that allow articulation.

Finding 4.2: *That the substantial presence of dual sector institutions in Victoria has resulted in the State having the highest proportion of students articulating from TAFE to higher education in the country and hence, the impact of unmet demand for higher education on the TAFE sector is likely to be greater in Victoria than in any other State.*

171. Written Submission No. 18, Box Hill Institute of TAFE, 27 November, 2003, p.5.

172. Association of TAFE Institutes (1998) Submission to the Standing Committee on Employment, Education and Workplace Relations *Inquiry into the Role of Institutes of TAFE*, Commonwealth of Australia, Canberra.

The Impact of Unmet Demand on Availability of TAFE Places

Displacement Effects on TAFE Applicants

The Committee heard strong evidence that the currently high levels of unmet demand for higher education has had a flow-on effect to the TAFE sector, reducing the number of TAFE places available to the traditional TAFE target market. As competition for higher education courses is increased due to the limited number of places available, ENTER scores are increased, and those with mid-range ENTER scores explore alternative options.

Box Hill Institute of TAFE was one of a number of organisations that raised this issue with the Committee:

There is no doubt that as the competition for places within the higher education institutes has increased TAFE has become a viable alternative option for some students who would otherwise go to university.¹⁷³

Unmet demand for higher education causes this displacement effect for the traditional TAFE cohort in two ways. First, a proportion of students applying through VTAC place both university and TAFE courses in their list of preferences in recognition that a TAFE offer is a better alternative than missing out on further education altogether. An example of such a student could be one including a Bachelor of Business high on their list of preferences, and a TAFE Certificate course in banking and finance lower on their preference list. Secondly, there are some students who include TAFE courses in their preference list on the basis that completion of such a course would enable articulated entry into the more preferred university option. A student listing both Bachelor of Nursing and a certificate course in nursing would be included in this second category. While the Committee heard that it is the latter cohort that is most likely to have a significant impact on the availability of TAFE places, the receipt of a TAFE place in either cohort may displace students for whom TAFE is the most preferred outcome.

173. Written Submission No. 18, Box Hill Institute of TAFE, 27 October 2003, p.7.

Data provided to the Committee from VTAC shows that in 2002/03 there were 5,766 Victorian students who accepted a TAFE offer, despite having a first preference to enter university. Further analysis of the data reveals that there were 2,775 students who listed TAFE as their first preference and were displaced by students unable to get into higher education. Of these, 223 students seeking entry to TAFE as their first preference were displaced by highly qualified university applicants, that is, applicants with ENTER scores above 53. It should be noted, however, that excluded from this analysis is the substantial proportion of TAFE applications and offers that are made outside of the VTAC system. Under this scenario, it is possible for students who have applied to university as their first preference through the VTAC system, to also apply directly to one or more TAFE courses, in an attempt to ensure entry to at least one type of course. Such applicants may subsequently accept a TAFE offer, thereby displacing another student who has made a direct TAFE application as their first and/or only preference for tertiary education. Furthermore, students who list a TAFE course as their first preference only.

Finding 4.3: *That students who unsuccessfully apply for university in Victoria displace a small proportion of traditional TAFE applicants. However, it is difficult to determine the full magnitude of this displacement due to the large number of TAFE applications that are made outside of the VTAC system.*

Latent Demand, TAFE Applicants and Vulnerable Cohorts

As discussed in chapter 2, measures of unmet demand for higher education do not recognise latent demand. However, such demand is important in the context of this discussion, as these potential students are likely to further increase the demand for TAFE places, despite being qualified for or capable of successful completion of a university course. Such applicants may apply to TAFE as latent demand for higher education for a range of reasons, including financial limitations, geographic barriers and other socio-cultural factors. This argument was raised by a number of stakeholders, including Professor Elizabeth Harman, Vice-Chancellor and President, Victoria University:

In the western region the highest proportion of applicants prefer to seek entry through TAFE courses. We are not quite sure whether this is because of their lower experience— the fact that many of them are first time in the family to higher education— or that the areas of

lower socio-economic status are concentrated in the west...We believe all those mixes of reasons may contribute to the fact that students in our area prefer to come in through TAFE before they make application to the university.¹⁷⁴

Certainly, latent demand associated with financial barriers was a constant theme throughout the Committee's Inquiry, particularly in relation to students from rural and regional areas and some of the more disadvantaged areas of metropolitan Melbourne. Evidence revealed that a number of students seeking to further their education may undertake a TAFE course in the first instance, and then apply for articulation to university, thereby seeking to avoid the prohibitive costs of a higher education. It was also noted that this trend is likely to increase over coming years, as the costs of higher education are increased under the Commonwealth reforms.

This increase in higher education costs, and more particularly in the total HECS debt born by university students, presents a particular problem for applicants from low SES backgrounds. Research has shown that applicants of low SES are more debt averse than other applicants.¹⁷⁴ Hence any increase in HECS debt is likely to result in students giving up the hope of a university education altogether, or attempting to articulate to higher education through TAFE, thereby reducing their overall debt.

The above view was reinforced by Ms Cathy Hickey, Education Policy Officer, Independent Education Union of Australia (Victoria):

They [people from the Western suburbs] believe that one of the significant issues is the fees, that students are taking up TAFE in that respect.¹⁷⁶

Mr Frank Thompson, Vice-President, Careers Education Association of Victoria, described to the Committee an interaction with one of his former students who specifically chose TAFE in order to articulate to higher education and avoid the significant HECS fees:

[The student] was heading to RMIT. He had left and done a few other things for a year or so, and he was starting a certificate in the TAFE component of RMIT. He said, 'When I have done two years of this, if I can complete it satisfactorily I will be able to swing across into the degree course and spend one year finishing the degree, and

174.Minutes of Evidence, 10/11/03, p.110.

175.James, R. (2002) *Socio-economic Background and Higher Education Participation: An Analysis of School Students' Aspirations and Expectations*, DEST, Commonwealth of Australia, Canberra.

176.Minutes of Evidence, 16/02/04, p.308.

only have one year of HECS debt'. That is coming into people's thinking as well— that is, the whole issue of a TAFE course not carrying a HECS debt. Even if you then want to go on to do a university course, you have already done two years. It is a little more tricky to get in, but if you are able to, the debt at the end is significantly reduced. That is part of the thinking as well.¹⁷⁷

While the above discussion clearly highlights the impact that unmet demand for higher education has on reducing the number of places available to students who are seeking entry to TAFE as their preferred environment for further education, what is more concerning to the Committee is that the impact is often greatest on those who are already the most vulnerable in our community. These include not only those who are perhaps not academically capable of completing a university degree course, but also those from disadvantaged backgrounds who have the ability but not necessarily the aspirations for university education. Whilst these students would be highly qualified and likely to succeed at TAFE, the Committee is concerned that some may never receive this chance, as the increasing pressure placed on the TAFE system by unmet demand in the higher education sector acts as a disincentive for such students to remain in education to complete Year 12 or its equivalent.

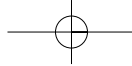
Such a concern was also expressed by Mr Paul O'Reilly, Victorian Association of State Secondary Principals:

The lower-end kids with the lower ENTER scores are the ones who perhaps need more opportunities in terms of TAFE courses and trades; they are the very ones who are missing out. Those kids who are getting places at universities who have come in from both the private sector and the State sector who might have missed out on their ENTER score are able to pay to get a university place. Those kids who have been retained at school at the lower end but still getting ENTER scores, and still very good ones at that, who would have or could perhaps be further trained at TAFE, are not getting that opportunity.¹⁷⁸

Ms Julie Goodwin, also of the Victorian Association of State Secondary Principals, similarly noted that students who are weaker academically yet would, in the past, have been highly eligible TAFE applicants are being squeezed out by unsuccessful higher education applicants:

177.Minutes of Evidence, 16/02/04, p.308.

178.Ibid., p.287.



I see a flow-on effect here, in that there is a reduction in the number of places available or there is an increase in the number of students missing out on university places. That must surely put pressure on the options available for TAFE courses for students like many of our own cohort who have low ENTER scores but who have been very successful in developing social competencies, engagement in school, retained in education, working towards achieving the government's target of 90 per cent retention in Year 12 by 2010; yet those students, particularly those at the lower end, who are remaining in school but would have had the option of the perhaps lower-level courses before them, are at risk of being squeezed out as those whose first aspiration was university or perhaps a more prestigious TAFE course move back down to find something that their cut-off score will enable them to access.¹⁷⁹

Dr Michael Langdon also expressed concern that unmet demand was impacting on traditional TAFE applicants:

The option of completing a diploma and later converting this qualification to a degree or articulating up into the year is an option that many students take up. However, this course of action impacts directly on the number of places available to prospective students who choose TAFE as their first preference of tertiary education as they could be easily displaced by students with a higher academic score. If students can't get into the uni, they will apply to the TAFE, and of course they generally will have a higher academic score if they have just missed out on uni than the traditional people who are trying to get into TAFE.¹⁸⁰

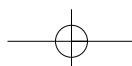
RMIT University also highlighted the flow-on effect that unmet demand for higher education and increased demand for TAFE places has on disadvantaged students:

If demand continues to substantially outstrip supply of higher education places this may further increase the level of TAFE unmet demand and could displace less advantaged student as a result of the overflow effect.¹⁸¹

179.Minutes of Evidence, 16/02/04, p.288.

180.Minutes of Evidence, 1/12/03, p.140.

181.Written Submission No.19, RMIT University, 24 October 2003, p.5.

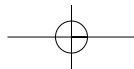


The implicit assumption held by RMIT University is that many disadvantaged students apply for TAFE rather than higher education due to economic or social reasons, including relative financial disincentive to study at university as opposed to TAFE; socio-economic fetters on tertiary entrance performance; and lack of familial experience with higher education. Hence any dislocation of TAFE applicants by unsuccessful higher education applicants has the potential to directly affect applicants from disadvantaged backgrounds.

Finding 4.4: *The Committee finds that unmet demand for higher education is likely to displace some traditional TAFE candidates. Further, this displacement effect is caused by three separate cohorts:*

- *Students who apply to TAFE as an alternative, discrete choice, as a fall-back opportunity if they are unsuccessful in obtaining their first preference of a university course*
- *Students who apply to TAFE with the intention of seeking entry to a university course through articulation pathways*
- *Latent demand for higher education, associated with a range of economic, geographic and socio-cultural factors.*

Recommendation 4.3: That the Victorian Government, with the assistance of the Victorian Tertiary Admissions Centre, the Local Learning and Employment Networks and TAFE institutes, identify the full extent to which unmet demand for higher education causes displacement of vulnerable cohorts from the TAFE sector. Further, that this information become a formal part of the Commonwealth profile setting process.



Summary

This chapter highlighted the impact of unmet demand for higher education on the demand for TAFE places within the context of a growing interface between higher education and vocational education and training. The key issues that were raised in this chapter were:

- Current ad hoc arrangements are insufficient in addressing the growing interface between the VET and higher education sectors, despite increasing support for these arrangements.
- Co-operative arrangements are viewed as being valuable, particularly in regional areas, and require appropriate designated funding to ensure their viability into the future.
- Victoria has one of the highest proportions of students articulating to higher education from TAFE in the country.
- The impact of unmet demand for higher education on the TAFE sector is likely to be higher in Victoria than in other States and Territories.
- The level of unmet demand for higher education is likely to grow unless additional HECS places are made available explicitly for students articulating to higher education.
- Stakeholders within the VET sector are concerned that increasing articulation pathways between VET and higher education may undermine the primary role of VET, which is to provide quite specific and distinct areas of educational opportunity for careers that are not covered within the higher education sector or in different ways to the higher education sector.
- Some students who unsuccessfully apply for university in Victoria displace some traditional TAFE candidates. Such displacement may provide a disincentive for some students to remain in high school to Year 12 if they perceive greater competition for TAFE places will see them miss out on a place.
- Unmet demand for higher education has the potential to displace TAFE applicants from disadvantaged backgrounds. Further, a greater number of TAFE applicants are likely to be displaced by higher education aspirants as HECS fees increase and students attempt to avoid high HECS debts by pursuing articulation arrangements.

5. Unmet Demand and Commonwealth Government Higher Education Funding Policies

Introduction

The rising demand for higher education is being driven by individuals, industry and governments requiring higher skill levels to successfully compete in the modern, global economy. Victoria's ability to respond to these needs depends on the adequate funding of its higher education institutions. As has been noted in the previous chapters, increases in Year 12 retention rates,¹⁸² population growth and globalisation have all lead to increasing demand and an increased need for greater access to higher education by the Victorian population.

The Nelson reforms articulated in *Our Universities: Backing Australia's Future* and largely established under the *Higher Education Support Act 2003* (Cth) have substantial implications for a number of funding issues that influence the accessibility of higher education for students, the provision of places by universities and the responsiveness of these institutions to current and future demand and industry needs. The Committee received a substantial amount of evidence on the impact of the various reforms (outlined in chapter 1), most specifically with respect to the funding of universities in Victoria and the resultant capacity of these institutions to respond to increasing demand.

This chapter, therefore, seeks to evaluate the adequacy of current Commonwealth Government funding of the higher education sector in so far as it relates to the Committee's terms of reference. The first part of the chapter will contextualise Commonwealth funding for higher education and will include a brief history of funding in the sector since the introduction of the Dawkins reforms in 1987. The latter part of the chapter discusses the implications that the Commonwealth's 2003 sweeping changes to the higher education system may have for Victoria's unmet demand for higher education.

182. Victoria has increased its retention rates to Year 12 in government schools by over 40% from 1981 levels. Since 1994, Victoria has had the second highest retention rates to Year 12 in government schools in the country (Victorian Schools Innovation Commission, 2003).

Commonwealth Higher Education Funding 1986-2004

In 1987 John Dawkins, Minister for Employment, Education and Training in the Hawke Government, announced a review of higher education. This review, articulated in *Higher Education, A Policy Discussion Paper*¹⁸³ led to a fundamental overhaul of the higher education system in Australia. The introduction of the Unified National System transformed Australia's 19 universities and 46 colleges of advanced education into today's system of 36 public universities. Dawkins' changes also saw a rapid expansion in the number of university students nationally, from 393,734 in 1987 to 658,849 in 1997.¹⁸⁴

A Brief History of Student Funding

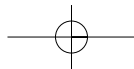
Prior to the implementation of the Dawkins reforms, Australia had an entirely publicly funded higher education system, which provided free tuition for all higher education courses. The Committee on Higher Education Funding (Wran Committee) was formed in 1988 to develop options for additional funding for universities to reflect both the increase in demand that had been occurring since 1985 and the private benefits that accrue to university graduates. The Wran Committee recommended the introduction of a higher education contribution charge, which was a deferrable student contribution to be recovered through the taxation system. The report recommended that the amount of contribution be based upon the broad cost of the discipline undertaken (there were to be three cost categories).

In the 1989 Budget, the Higher Education Contribution Scheme (HECS) was introduced. It was principally based on the recommendations of the Wran Committee, but without a differential cost structure based on discipline. The student contribution was fixed at an average of around 23 per cent of the average course costs and repayment commenced upon achieving a threshold income level of \$28,495.

The only significant change made to this arrangement occurred under the Howard government in 1997/98, when the threshold repayment level was reduced to \$20,701 and a differential cost structure for HECS introduced. Since then, students undertaking Type 1 university courses have contributed to the

183.DEET (1987) *Higher Education, A Policy Discussion Paper*, Australian Government Printing Service, Canberra.

184.DEETYA (2000) *Higher Education Statistics 2000*, Commonwealth of Australia, Canberra.



cost of their course through HECS, with its differential cost structure and its deferred contingent repayment system.

For those students that held a Commonwealth Government funded place and started a course of study after 1 January 1997, differential HECS contributions apply. Units of study are allocated to three bands and the amount paid for a unit of study depends on the band. In 2003, the full-time, full year contributions for each band were:

Band 1: \$3,680 (Arts, Humanities, Social Studies/Behavioural Sciences, Education, Visual/Performing Arts, Nursing, Justice and Legal Studies)

Band 2: \$5,242 (Mathematics, Computing, other Health Sciences, Agriculture/Renewable Resources, Built Environment/Architecture, Sciences, Engineering/Processing, Administration, Business and Economics)

Band 3: \$6,136 (Law, Medicine, Medical Science, Dentistry, Dental Services and Veterinary Science).

If students commenced or deferred but did not complete their course before 1997, they are still eligible to pay the previous flat rate of HECS.

Commonwealth Higher Education Funding Models, Past and Present

Between 1986 and 1997, the relative funding model was the primary mechanism used to allocate funds to higher education institutions. This model was designed to assist in the re-allocation of funds from the pre-1987 system of universities and colleges of advanced education to today's system of public universities.

The relative funding model assigned weights to the different disciplines and levels of study on a system-wide, per student place, cost basis. The most expensive disciplines and courses, determined by the Commonwealth Government, received the greatest weight and funds. According to the model, disciplines such as medicine, dentistry and veterinary science were ranked as among the most costly to provide, while humanities, education and law were viewed as being the least costly. Similarly, students enrolled in higher degree research were weighted more heavily than those at the undergraduate level.

The relative funding model was designed to be a once-off adjustment, rather than for ongoing use. Each year between 1990 and 1997, the then Department of Employment, Education, Training and Youth Affairs (DEETYA) adjusted institutional grants to bring each institution's teaching funding within a 3 per cent band of the funding relativities of the model in 1990. In 1997, DEETYA abandoned the relative funding model and introduced the current block funding model. Under this system, the allocation of teaching funds is determined on the basis of an average rate of funding per EFTSU at each institution. The subsidy provided since 1997 has been roughly equivalent to \$9,500 for each EFTSU in the total enrolment load.

Distribution of Higher Education Places to the States and Territories during the 1990s

Under the block funding model, allocations of Commonwealth funded places for higher education have been determined largely on the basis of historical allocations, with some adjustments to accommodate changes in demand and growth within the system.

The adoption of this type of allocation system for growth places was premised on the findings of the Joint Department of Employment, Education and Training and the Higher Education Council Working Party in 1994, contained in the report *Resource Allocation in Higher Education*. Under this system, the determination of State allocations of growth funding places was grouped into two areas: those related to current participation rates (participation in Year 12 and in higher education) and those relating to future demand (population growth in certain age groups and expected increases in Year 12 retention). In light of Victoria's relatively high participation rates and relatively low projected growth rates for the 15-19 year-old cohort, Victoria did not receive any significant proportion of growth places throughout most of the 1990s.

The Committee observed a significant level of frustration in the Victorian higher education sector over the minimal or negative growth in places and funding in the sector over this period. The Committee heard that this situation has arisen in part because of the allocation mechanism for growth places and partly because of the 1996 Commonwealth higher education budget. The 1996 Commonwealth Budget not only introduced a system of differentiated course contributions for students but also reduced Commonwealth Government grants for higher education, such that between 1996 and 1999, Commonwealth

expenditure decreased by \$375 million.¹⁸⁵ The effects of these cuts have been severe on Victoria and Victoria has lost approximately 6,000 Commonwealth fully funded/HECS places since the 1996 budget.¹⁸⁶

The Committee heard from a number of universities who noted the lack of growth or the contraction in funding since the 1990s. Dr Julie Wells, Principal Policy Adviser, Chancellery, RMIT University noted that current levels of funding had not changed significantly since the 1990s and for the most part had only grown through marginally funded places.¹⁸⁷ Professor Sally Walker, Vice-Chancellor of Deakin University noted that Deakin University had in fact been under-funded during this period, and they had been affected, like most other universities, by the 1996 Commonwealth higher education budget cuts.¹⁸⁸

The lack of growth over this period was confirmed by the Higher Education Group of the Commonwealth Department of Education, Science and Training, which told the Committee that between 1991 and 1996 the allocation mechanisms for growth places had disadvantaged Victoria. The Higher Education Group also recognised that there had been minimal growth in funded places post-1996; however, it did not acknowledge any specific reductions since this time:

From 1991 to 1996 there were significant increases in funded places put into universities, but they were basically done on the basis of pressure and a general understanding of population growth and distribution, but there was not a scientific or precise formula for those allocations. They were given to help universities establish. The fact that at that time Queensland and Western Australia were considered to have low participation rates meant that they got a lion's share of that growth. Since 1996 basically there has been very little and only spasmodic growth in the sector... Also, since 1996 the only growth in the sector has been in marginal places, which is totally unplanned and basically up to the whim of the universities themselves.¹⁸⁹

185.DEETYA (2001), *Higher Education Statistics*, Commonwealth of Australia, Canberra.

186.Victorian Government (2003) Submission to the Senate Standing Committee on Employment, Workplace Relations and Education on the *Inquiry into Higher Education Funding and Regulatory Legislation*, Written Submission No. 469, p.3.

187.Minutes of Evidence, 31/10/03, p.68.

188.Ibid., p.60.

189.Higher Education Group of the Commonwealth Department of Education, Science and Training in conversation with the Committee, Canberra, 12 November 2003.

Concerns about under-funding in the sector were also raised in the context of global competitiveness and the need for Australian governments to increase the priority placed on higher education. For example, Professor Alan Gilbert, Vice-Chancellor of the University of Melbourne noted that the sector as a whole is relatively under-funded in comparison to the UK:

My worry is I am going from the best-funded institution in Australia to a middle-ranked institution in Britain in terms of funding but that it is significantly better funded than the University of Melbourne now. That has to be a worry. I think the University of Melbourne is as good as the University of Manchester.¹⁹⁰

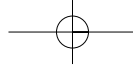
Finding 5.1: *That Victoria has lost approximately 6,000 Commonwealth fully funded/HECS places since the 1996 budget.*

Finding 5.2: *That the Nelson reforms were passed through the Senate on the 5 December 2003 in the context of a sector that was believed to be generally under-funded and with reductions occurring in Commonwealth funded places to Victorian universities.*

Unmet Demand and Commonwealth Changes to Higher Education Funding 2003

As noted in chapter 1, the *Higher Education Support Act 2003* (Cth) legislated massive changes to the national higher education system, its administration and its funding. The Committee heard from stakeholders that some of these changes would negatively affect access and provision of higher education in Victoria, while other changes, contrary to Commonwealth Government claims, would not have the positive effects intended. The following sections therefore examine the potential impact of changes to Commonwealth Government higher education policy on university funding, on access and funding for students, and on the delivery of national priority courses. These issues will be examined in the context of their relationship to current high levels of unmet demand for higher education in Victoria.

190.Minutes of Evidence, 29/9/03, p.23.



Commonwealth Grant Scheme

One of the most fundamental changes to Commonwealth Government funding of higher education institutions will be the introduction of the Commonwealth Grant Scheme (CGS) in 2005. Under this system, the Commonwealth Government will replace the current block grant system (which provided a university with a fixed average cost for a historically based number of places in the institution) with a contribution, set by discipline, towards the cost of an agreed number of places in each discipline.

The Committee heard from a number of stakeholders that the introduction of the CGS will change the nature of higher education funding into a purchaser-provider model, which will be more restrictive than the current model. Dr Julie Wells, Principal Policy Adviser, Chancellery, RMIT University, commented on this to the Committee:

Essentially we are looking at a purchaser-provider model, where the Commonwealth will tell us how many places it will fund and in which areas of provision. We would hope there would be a very active dialogue between the Commonwealth and the State Government on that matter...Under the [Commonwealth] Government's proposed reform agenda universities will negotiate an annual funding agreement with the Commonwealth which is much more prescriptive than the current profile process.¹⁹¹

Professor Ian Chubb, Vice-Chancellor of Australian National University, noted in an interview with *The Australian*:

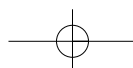
I am disappointed the provision for the government to control courses remains. To argue that it was there before and not used is completely irrelevant because we've moved into the purchaser-provider environment now.¹⁹²

Professor Alan Lindsay, Deputy Vice-Chancellor, and Vice-President (Academic), Monash University, also argued in evidence to the Committee that universities themselves are best able to make the allocation between the disciplines and the campuses.¹⁹³

191. Minutes of Evidence, 31/10/03, p.68.

192. *The Australian* (2003) Higher Education Section, 10 December, p.32.

193. Minutes of Evidence, 29/9/03, p.7.



The above evidence highlights the debate around whether allocation of places among disciplines is best made at the Commonwealth, State or institution level. While it was argued in chapter 4 that the Commonwealth and State Governments should have more influence over the supply of university places in certain disciplines in order to help address skill shortages, universities argue that they are the best placed to make broad allocations across disciplines. A further argument relating to responsibility for allocation of places was also raised in regional communities, where it was felt that the Commonwealth Government should make direct allocations to campuses rather than institutions, as the main campus of an institution may not be fully aware of needs at the regional level.

Finding 5.3: *That the introduction of the Commonwealth Grant Scheme has changed the nature of higher education funding from a block grant system into a purchaser-provider model which is more restrictive than the current funding model.*

Recommendation 5.1: That future allocation of university places follows extensive consultation between the Commonwealth and State Governments and universities to ensure that delivery adequately reflects government, community, institutional and individual student's needs and capacities.

Conversion of Over-Enrolments to Fully Funded Places

The conversion of 24,883 marginally funded (over-enrolled) places under the Commonwealth Government reform process was the subject of considerable discussion and debate during the course of the Inquiry. On 27 January 2004 the Commonwealth Government announced its allocation of these places among States and Territories. Table 5.1 highlights this distribution, noting the initial allocation as well as the total pipelined places by 2008.

Table 5.1: Allocation of Converted Marginally Funded Places

	NSW/ ACT	VIC	QLD	WA	SA	TAS	NT	Aust
Initial Allocation	3,292	859	2303	1541	538	367	200	9100
Total Allocation by 2008	9,002	2,349	6,297	4,214	1,471	1,003	547	24,883
% of Allocation	36.2%	9.4%	25.3%	16.9%	5.9%	4.0%	2.2%	

Source: DEST (2003) New Higher Education Places

Of significant concern to both the Committee and stakeholders in the higher education sector is that this allocation of converted marginal places represents the largest allocation of growth places to higher education over the four-year period 2005-2008. As noted by Mr Alistair Crozier, Deputy Vice-Chancellor (TAFE), Swinburne University of Technology:

there is not any increase [in places] of any significant nature proposed until about 2008, because most of it is replacing the over-enrolments.¹⁹⁴

Of the 24,883 places re-allocated nationally, Victoria received only 2,349 places. This is a significant contrast to the 5,464 over-enrolled undergraduate places that were previously within the Victorian university system. Hence, Victoria has received only 9.4 per cent of the total converted marginal places, while previously supporting 16 per cent of Australia's total over-enrolments.¹⁹⁵

The consequence of this allocation of marginally funded places is that access to higher education for Victorian students will be further reduced, and the already high levels of unmet demand, as well as the negative effects of that unmet demand, will not be addressed for many years to come. In 2005 only 15 per cent of all 2003 over-enrolments will be replaced by fully funded positions. By 2009, only 43 per cent of these over-enrolled places will have been replaced. Given substantial rises in projected Year 12 participation rates, it is clear that access to higher education for the Victorian population is going to remain severely restricted and that unmet demand is likely to rise.

While the Committee acknowledges that universities may still over-enrol up to 5 per cent of places under the Commonwealth Government reforms, it received evidence that universities have already withdrawn many of these places, because of the threat of future penalties from the Commonwealth Government. The Committee further notes that prior to the reforms, over-enrolments were concentrated in a limited number of institutions responding to desperate community need, and therefore some of these institutions had over-enrolled by more than 5 per cent. Thus, while the Commonwealth allocation of 859 converted marginally funded places (over-enrolments) was premised on the State's total over-enrolments (that had already been reduced as noted above), the 5 per cent over-enrolment allowance is institutionally based. Therefore the

194. Minutes of Evidence, 29/9/03, p.12.

195. Department of Education, Science and Training (2003) *Higher Education Report for the 2004-2006 Triennium*, Commonwealth of Australia, Canberra.

Commonwealth Government claim that Victoria will lose only 11 places¹⁹⁶ is fundamentally flawed, as it has assessed Victoria's over-enrolment at the State level while introducing penalties at the institution level. It is those institutions which have responded and subsidised community demand in under-served areas that are likely to lose marginally funded places.

In light of the above, and the fact that conversions of marginal places are not in fact leading to any growth in places in Victoria, the Commonwealth Government's allocation process for the converted marginally funded places has caused a considerable degree of angst in Victoria's higher education sector. The relatively small proportion of converted marginal places allocated to Victoria was largely due to the allocation mechanism adopted, which primarily took into account growth rates and the relativities of participation rates in each State¹⁹⁷. On account of its relatively low growth rate and relatively high participation rate, Victoria received only 9.4 per cent of the total places while Queensland and Western Australia, which have substantially smaller student populations, received 25.3 per cent and 16.9 per cent respectively. It is of great concern to the Committee that future allocations premised on this approach will continue to severely disadvantage Victorians. A more equitable approach proposed during the Inquiry is considered in the concluding chapter.

Finding 5.4: *That Victoria received only 9.4 per cent of the total converted marginal places while supporting 16 per cent of the total over-enrolments in Australia.*

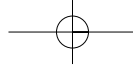
Finding 5.5: *That the allocation of converted marginal places greatly disadvantages Victorian universities and fails to take into account high student demand and the need to maintain a highly skilled workforce in Victoria. Further, that this allocation has the potential to negatively affect the higher education sector for many years to come.*

Finding 5.6: *That the Victorian university sector has been constrained in its capacity to respond to unmet demand by a range of factors since 1996, and will continue to be unable to respond to increasing demand over the coming years, meaning that the already high level of unmet demand will be further increased.*

Recommendation 5.2: That after the implementation of the 2003 reforms, the Commonwealth Government review the allocation methods used for the conversion of marginally funded places with a view to bringing about a fairer allocation of places.

196. Dr Brendan Nelson (2004) *New Victorian University Places - The Facts*, Media Release, 28 January, Canberra.

197. 2,900 places were allocated on the basis of shares of national projected 26-65 year-old population in 2008 and 16,406 places were allocated on the basis of projected average higher education participation rates for 17-25 year-olds.



Regional Loading

During the course of the Inquiry there was a strong emphasis not only on the State allocation of higher education places but also on the specific provision of higher education in both regional Victoria and outer suburban Melbourne. This focus was premised on the widely held conviction that all capable Victorians should have equal access to higher education. It was noted by stakeholders however, that while providing higher education to regional and outer suburban areas ensures equity in access to higher education, the incremental costs are significantly greater than for central metropolitan campuses. It was these incremental costs that the Commonwealth Government sought to address through the introduction of a regional loading per student for universities and campuses in regional and rural Australia.

At the start of 2004, the Commonwealth Government provided an additional \$122.6 million over four years to incorporate a regional loading into the CGS, to be allocated according to the number of students enrolled at regional campuses and universities. The recognition of the additional costs incurred in running a regional campus or university implicit in the regional loading was well received by Victorian regional stakeholders, although a number noted that the loading failed to acknowledge the full incremental costs of provision. Stakeholders also noted that the efficacy of this approach in addressing the higher costs associated with regional provision was limited by the distinction between regional universities as opposed to regional campuses of metropolitan based universities. Under this scheme, regional campuses of a metropolitan based institution will receive a lower regional loading, even though it may be argued that they have the same cost burdens as regional universities.

Professor Alan Lindsay acknowledged the regional loading as a step in the right direction, yet emphasised that the current loading was only a fraction of the additional costs incurred in running and maintaining a regional campus:

We also have our regional and outer-urban campuses, and we need to maintain them at a viable level and to provide a range of courses suitable for the local community. There is a cost in doing that, and one of the advantages of the Victorian model of regional campuses, and many of them are campuses of universities that have major city campuses, is that to some extent a level of cross-subsidy is possible, where it would not be if you simply had stand-alone institutions in those regional areas. Nevertheless, the costs are very substantial, and the extent to which that could be recognised and result in increasing — and there has been a step in the right direction under

the money provided, but it is still only a very small step in the right direction in terms of the real cost — certainly the infrastructure costs on both Berwick and Peninsula are relatively high, as well, compared to the number of students we have there. If you look at Clayton and Caulfield, we have large numbers of students to get the economies of scale you do not get on smaller campuses.¹⁹⁸

Professor Sally Walker, Vice-Chancellor, Deakin University, also noted the substantial cost of maintaining a regional campus, and the necessity for cross-subsidisation from other campuses. She noted that some of the key costs involved in a regional campus were borne not only by the university, but also by the staff themselves:

I want to say that I am absolutely committed to retaining the Warrnambool campus. It costs us additional funding, of course; we have to subsidise it. When you have five campuses and three of them are in rural and regional Victoria it costs additional money. We do not have the money to even work out how much money it costs us ... It is very difficult to cost. I could tell you things like, we have a fleet of cars that cost us a figure in our budget and I thought an extra nought must have been put in by mistake. We travel an enormous number of kilometres. Our staff drive between campuses on our time, if that makes sense. Often I think they drive not on our time, out of their dedication and so on. It does cost. All I can say is that instinctively one knows it costs money to provide services outside a metropolitan area.¹⁹⁹

This was elaborated on by Professor Peter Sullivan, Acting Pro Vice-Chancellor, La Trobe University, Bendigo, who noted that the lesser loading provided to regional campuses of metropolitan universities is inappropriate, as the most substantial cost in regional provision is staffing. The lack of economies of scale resulting in a higher ratio of staff to students, and hence higher per student costs, is as true for regional campuses as it is for regional universities:

La Trobe University, Bendigo will get a loading of 2.5 per cent. The University of Ballarat will actually get a loading of 5 per cent. The reason that La Trobe University, Bendigo gets only 2.5 per cent is because the model that is used by the federal department says that we are at an advantage compared to the University of Ballarat because we are a member of a larger metropolitan-based university.

198. Minutes of Evidence, 29/10/03, p.8.

199. Minutes of Evidence, 31/10/03, p.59.

The argument is that we enjoy economies of scale by being part of that university that the University of Ballarat does not enjoy. My argument is that that model is not appropriate because the main additional cost that we have is that we have to run more courses with fewer numbers, so almost all our entire additional costs in comparison to a metropolitan-based university are in our staffing, and the additional costs that the University of Ballarat has compared to the La Trobe University, Bendigo are very marginal indeed. Both groups – La Trobe University, Bendigo and the University of Ballarat – have substantial additional costs over, for example, a metropolitan based university because of this additional staffing.

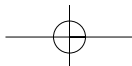
The Committee heard that the necessity to cross-subsidise regional campuses from metropolitan campuses effectively penalises universities that have one or more campus in regional Victoria, thus creating a disincentive for regional provision. Further to this, the reduced loading for regional campuses also effectively penalises metropolitan students studying at institutions committed to regional delivery.

The Committee also observes that the regional loading fails to acknowledge the importance and needs of outer suburban Victorians. As was noted by Professor Peter Sullivan and Professor Alan Lindsay, the key incremental cost of regional and outer suburban provision is the staffing costs attributable to providing a range of courses with less students and therefore with less funding. Outer suburban campuses such as Monash University's Berwick campus have lower student staff loads than the main, centrally located metropolitan campuses, and yet incur the same staffing costs. The Committee argues that this places outer metropolitan campuses at the same disadvantage as the regional campuses and therefore, entitles them to an additional loading.

Finding 5.7: *That while the introduction of the regional loading has been welcomed, it:*

- *Does not sufficiently cover the additional costs associated with delivering higher education in regional and outer suburban areas.*
- *Makes an unfair distinction between stand alone regional universities and campuses of metropolitan based universities that are located in outer suburban and regional areas.*

Recommendation 5.3: That the Victorian Government urge the Commonwealth Government to review the equity of the current regional loading, particularly as it applies to metropolitan based institutions in rural, regional and outer suburban communities.



Allocation of Places to Regional and Outer Suburban Providers

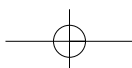
An issue of considerable importance to stakeholders throughout the Inquiry was the availability of places at regional and outer suburban campuses and universities. The Committee repeatedly heard of the importance of regional higher education provision in relation to addressing the skill needs and maintaining a supply of skilled workers in regional Victoria (as discussed in chapter 3), and in providing for the outer suburban growth corridors whose populations and economies will continue to rapidly increase over coming years. Stakeholders also emphasised the importance of both regional and outer suburban higher education provision in ensuring appropriate access and equity in the sector.

While gathering evidence on the need for greater provision of higher education in regional and outer suburban areas, the Committee heard that financial considerations are a major barrier to participation for students without local provision. Such financial considerations were noted by Mr Mick Murphy, Executive Officer, Baw Baw-LaTrobe LLEN who highlighted that re-location costs are an additional burden for regional students and are therefore integral to decision making by students and their families in regional Victoria.²⁰⁰ This sentiment was consistently reiterated by regional stakeholders, including Mr Ron Elliott, LaTrobe Principals Group, and Principal, Traralgon Secondary College who noted:

Given the socioeconomic environment that the students are coming from, the cost of moving away to undertake further education will be beyond the resources of many. I can tell you an anecdote about a young person who was invited to take up a place at Monash University in Melbourne: the family simply would not allow that to happen because they could not afford it, and this was an extremely talented musician. That is an anecdote — it is not, in a sense, data — but it is tragic that there is even one like that.²⁰¹

200.Minutes of Evidence, 1/12/03, pp.140-141.

201.Minutes of Evidence, 8/12/03, p.188.



The Committee notes that this phenomenon may also be similarly experienced by potential applicants living in outer suburban areas who do not have the same access to the sophisticated transport services available to their inner metropolitan counterparts. Under these conditions, access and transport costs become key factors in decision making with respect to higher education.

In this context, delivery of higher education in regional and outer suburban areas becomes a primary determinant of access to higher education for residents in these regions. Mr Rod Fyffe, Mayor, City of Greater Bendigo, drew the Committee's attention to the contradiction inherent in a nation that continues to promote the strength of regional communities while considering removing over-enrolled places from a regional campus:

It is disturbing that at a time when all sectors of the national community are focusing on the strength of the regional community that there is even any talk of downgrading tertiary and higher education facilities in our region ... We find the potential loss of 500 places completely unacceptable, and we believe this would have an enormous impact on our city and our region. We would like to translate that then into figures. Approximately 670 [to] 680 students from Bendigo Senior Secondary College go on to tertiary education. So if you look at knocking that 500 off, a significant component would not be able to potentially go to university.²⁰²

Professor Peter Sullivan reiterated this concern:

Were we to lose those 500 places, there would be a serious problem in Bendigo and surrounding areas in the provision of higher education places for people who need them.²⁰³

The Committee notes that a significant proportion of Victoria's over-enrolled (marginally funded) university places are located at campuses in regional centres and outer suburban areas. This situation, though unsustainable under the Commonwealth Government reforms, is the direct result of the commitment of a number of institutions to respond to growing community need for higher levels of participation in higher education, to ensure the sustainability of these communities and to provide local youth with similar opportunities to those afforded to young people in metropolitan centres.

202.Minutes of Evidence, 1/12/03, p.117.

203.Ibid., p.128.

Professor Iain Wallace, Vice-Chancellor, Swinburne University, was one of a number of witnesses who emphasised the importance of recent high levels of over-enrolments as a genuine response to community demand:

The situation we have gone through over enrolments reflects a particular regional situation, namely that of our campus at Lilydale. When it was started we transferred 680 fully-funded places from Hawthorn-Prahran to Lilydale. Since then Lilydale has been expanding because of very high demand, essentially on a basis of over enrolment.²⁰⁴

In light of the above evidence, the Committee believes that a significant number of the State's share of converted marginal places should be allocated to regional and outer suburban areas, to compensate for the loss of over-enrolled places that were offered in accordance with the equity policies of these institutions, despite being desperately under-funded by the Commonwealth Government for many years.

The Committee found that there is a substantial level of support from the higher education sector in Victoria for explicit provision of places for regional campuses and universities, whether through the allocation of marginal places or through an increase in student profiles for universities in this area. Professor Alan Lindsay acknowledged that while universities preferred minimum intervention in the allocation of places by the Commonwealth Government, in light of inherent rigidities within universities, direct allocation of places to regional campuses is an acceptable and reasonable proposition:

I guess universities like to have the maximum flexibility in allocating load, but I think if we look at the degree of rigidity in some of our structures of faculties and campuses, it is a perfectly reasonable thing for government to do, to make places available for particular areas or for regional campuses.²⁰⁵

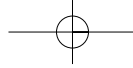
Professor Peter Sullivan also suggested that a better means of determining allocation of places would be to allocate them by campus rather than by institution in order to appropriately address regional needs:

I guess I would suggest to the committee that one of the things you might consider when you are forming your recommendations is to recommend to the federal government that when they allocate the places they don't allocate them to university but allocate them to campuses.²⁰⁶

204.Minutes of Evidence, 29/9/03, p.12.

205.Ibid., p.7.

206.Minutes of Evidence, 1/12/03, p.135.



The Committee also notes that the provision of additional targeted places for outer suburban areas is required in order to meet future growth, and to address access and equity barriers.

The above discussion has demonstrated both a need for increased and specific allocations to university campuses located in regional and outer suburban areas and stakeholder support for such allocations. The Committee therefore suggests to both the Commonwealth and the State Governments that a substantial proportion of the 859 converted marginal places be allocated to these areas and that direct allocations continue to be made into the future.

Finding 5.8: *That regional and outer suburban campuses have been significantly disadvantaged by the Commonwealth Government's removal and re-distribution of previously over-enrolled places. Further, that the local community will suffer serious flow-on effects due to the loss of these places at their local institution.*

Recommendation 5.4: That in consultation with the Commonwealth Government, the State Government seeks the distribution of a substantial proportion of converted marginal places directly to regional and outer suburban campuses and universities that have had to reduce their over-enrolled places. Further, that the Commonwealth and State Governments co-operate to ensure that regional and outer suburban campuses receive immediate, additional growth places to compensate for the loss of these places.

Access, Equity and Affordability for Students

Access, equity and affordability of higher education for Victorians have long been issues of concern for stakeholders and the Victorian community in general. The Committee views them as key areas of concern in the provision and funding of higher education at both the State and National levels. The following sections address these issues in light of the significant changes instituted under the *Higher Education Support Act 2003* (Cth).

The Nelson review introduced a number of changes that were predicated on the need to increase funds available to universities, while concurrently increasing access and addressing equity issues in the higher education sector in Australia:

The case for reform of Australian Universities can no longer be responsibly avoided ... It rests on two incontrovertible facts. The first is that universities need longer term access to more resources – both public and private.

Additional financial support, culturally appropriate and responsive policy, clear directives on equity programmes and performance-based rewards are needed to ensure that there are no barriers to access to higher education for any group in Australia.²⁰⁷

In the past, governments have increased the funding base of the university sector through growth in the number of publicly funded university places. The Nelson reforms, however, have largely sought to increase the funding base by increasing the cost burden on students through increases in HECS payment levels and an increase in the proportion of full fee paying places that universities are allowed to offer. Recognising that these changes will significantly affect access to higher education for disadvantaged students, the Commonwealth Government has introduced loans for full fee paying places as well as a limited number of scholarships for disadvantaged students. In light of the Committee's terms of reference to consider the degree to which Commonwealth higher education funding policies directly contribute to unmet demand, the likely impact of each of these measures on the access and affordability of higher education for Victorian students is examined in the following section.

Changes to HECS-HELP

As outlined in chapter 1, there will be a number of changes to student fees for higher education as of 1 January 2005. The first of these changes is to current HECS arrangements. Under the reforms, universities will receive a fixed payment from the Commonwealth Government (under the CGS) in addition to HECS payments. Under these arrangements, universities will be permitted to charge students up to 25 per cent more than 2004 HECS fees, effectively shifting a large proportion of the burden of funding growth to students.

In addition, all eligible Australian citizens and, New Zealand and Australian permanent residents will have potential access to eight years' equivalent full-time study in a Commonwealth supported place. Any study in excess of this

207. DEST (2003) *Our Universities: Backing Australia's Future*, Commonwealth of Australia, Canberra, p.3.

time will incur full fee costs. The repayment of this scheme will be through a deferred liability contingent loan called HECS-HELP (Higher Education Contribution Scheme – Higher Education Loan Program) which is similar to the current HECS system. The minimum repayment threshold will be \$35,000 for 2004/2005.

According to an independent study undertaken by Phillips Curran/KPA Consulting in 2003, current minimum costs of entry into higher education in Australia are already high by international standards.²⁰⁸ The impact of the increase in HECS on participation in higher education has not been quantified, though there are a number of studies that examine the likely impact of any increase in these fees.

Previous research regarding the impact of raising HECS payments on student decisions to enter university has been varied. Chapman and Salvage (1997) found that the increase in HECS fees resulting from the introduction of the 1997 HECS reforms had not significantly decreased the high rates of return to higher education and was therefore unlikely to reduce the financial attractiveness of higher education.²⁰⁹ This finding is similar to survey based research in this area, which has generally found that HECS is not a decisive factor in reducing higher education participation (Robertson, 1990; Higher Education Council, 1992; Ramsay et al., 1998).²¹⁰ Phillips Curran/KPA Consulting (2003) similarly found that increased HECS did not have a significant impact on student participation in higher education but did affect the capacity to pay these fees up-front.²¹¹ They noted however, that current HECS levels are already close to the maximum level that can be borne by the overall student body:

There are growing signs that students are feeling the financial strain of study and HECS debt levels, and the sector could find itself facing a price sensitivity that will deter some students from study.²¹²

208. Phillips Curran/KPA Consulting (2003) *Independent Study of the Higher Education Review: Stage 2 Report*, Volume 1 – The Current Situation in Australian Higher Education, MCEETYA, p.78.

209. Chapman B. J. and Salvage T., (1997) Changes in the Costs for Australian Higher Education Students from the 1996/97 Budget, in *Australia's Future Universities*, Edited by Sharpman J. and Harmon G., University of New England Press, Armidale.

210. Higher Education Council (1992) *Sixth Report to the National Board of Employment, Education and Training on the Operation of Section 14 of the Higher Education Funding Act 1988 and the Higher Education Contribution Scheme*, AGPS, Canberra.

Ramsay E., Trantor D., Charlton S. and Sumner R. (1998) *Higher Education Access and Equity for Low SES School Leavers*, Evaluations and Investigations Programme 98/18, DEETYA.

Robertson, F., Sloan, J., and Bardsley, N. (1990) *The Impact of the Higher Education Scheme (HECS), Evaluations and Investigations Program*, DEETYA, Canberra.

211. Phillips Curran/KPA Consulting (2003) *Independent Study of the Higher Education Review, Stage 2 Report*, Volume 1 – The Current Situation in Australian Higher Education, MCEETYA, p.4.

212. Phillips Curran/KPA Consulting (2002) *Independent Study of the Higher Education Review, Stage 1 Report*, MCEETYA, p.100.

By contrast, Andrews (1997) examined responses to changes in HECS and found that applications from school leavers were reduced following the introduction of HECS in 1989, while those from mature applicants were slightly down following the 1997 changes.²¹³ Both reductions in demand were of the order of 5-7 per cent of the total applications. Similarly, James (2002) found that increasing HECS debts, as a part of increases in the total costs to a student of undertaking higher education, act as a deterrent to participation for disadvantaged groups:

The perceived cost of higher education appears to be a major deterrent for Australian students of lower socio-economic background. They are more likely than other students to believe that the cost of university fees may stop them attending university.²¹⁴

The Commonwealth Government has also identified the potential negative impact of an increased HECS burden on student participation in higher education. This is demonstrated through its decision not to allow universities to charge increased HECS fees in national priority courses, nursing and teaching. This decision was not lost on the sector. Professor Alan Lindsay stated:

The option of increasing the HECS fee above the current one which is provided for overall is not available in that area [teacher education], for example, and I think that is a recognition of the fact that to have the HECS figure go up would be a disincentive to increasing the number of students.²¹⁵

The Committee's evidence also revealed a consistent view that existing HECS levels are unreasonably high and are a disincentive for some students to even contemplate a higher education degree. Evidence consistently reiterated that any increase in HECS was going to have an even broader impact. Ms Emma Thomson of the National Union of Students observed:

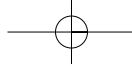
We are absolutely opposed to any increase in fees and we feel this is just another form of private revenue raising in terms of pushing the burden onto students. Australian students are the most highly taxed students in OECD countries in terms of paying for higher education. The NUS position on that is obvious. We are absolutely opposed to any further increases in HECS. We feel HECS has been damaging enough already.²¹⁶

213. Andrews L. (1997) *The Effects of HECS on Interest in Undertaking Higher Education*, Higher Education Division, DETYA, Canberra.

214. James, R. (2002) *Socio-economic Background and Higher Education Participation: An Analysis of School Students' Aspirations and Expectations*, DEST, Canberra.

215. Minutes of Evidence, 29/9/03, p.7.

216. Minutes of Evidence, 10/11/03, p.92.



This disincentive effect was also noted by Mr Peter Benne, President, and Mr Rob Stephenson, General Manager of the Bendigo Students Association, who both emphasised that the impact would be notable in their regional area:

Our worry is that students who are paying HECS at the moment are struggling enough already, and that the increase in HECS fees, or the increase in places – of full fee paying places – plus the offering of the full \$50,000 student loan, we don't see would actually help the problem; it would probably worsen it and would reduce the amount of students who would be able to attend university in this socioeconomic area.

The prospect of taking on a \$50,000 loan for the sake of getting an education – I come from a small country town myself, and I know these people would run a mile at the horrendous thought of borrowing \$50,000.²¹⁷

The University of Melbourne Postgraduate Association also commented:

The student population that ends up in higher education courses will not be as diverse with these changes. Already students from white collar families are more likely to receive a university offer than those from lower socio-economic backgrounds (Australian Council of Deans of Education, 2002). The population percentage of people from a lower socio-economic background is 25%, and participation in higher education is only 16.2%. This has remained constant since the 1950s.²¹⁸

It was not only student representatives who were concerned about proposals to increase HECS payment levels but also those who work with young people in secondary schools, tertiary institutions and local learning and employment networks and who see the results of a student body that is increasingly exhibiting the effects of severe financial stress. Mr Graham Bastian, Principal, Bendigo Senior Secondary College, stated:

I think when you look at the issues that are factors around student decision-making about the sorts of pathways they are taking on, HECS at the current level, as well as any proposed increase, is certainly a significant factor in student choice. That is not to say that it is the sole factor by any means, but it is a factor, the prospect of exiting university with a significant debt associated with the

217. Minutes of Evidence, 01/12/03, p.150-151.

218. Written Submission No. 27, University of Melbourne Postgraduate Association, 19 February 2004, p.2.

HECS scheme, and it is a fairly daunting prospect for an 18 year-old – recognising that not every student who gains a degree is necessarily going to work in that area or work in a relatively highly paid profession. So the issue of the impact of that potential debt on their decision-making is quite a significant one.²¹⁹

Mr Mick Murphy, Executive Officer, Baw Baw-LaTrobe LLEN was particularly concerned about any additional HECS burden on regional students whose families already struggle to assist them with relocation and living expenses:

I am certain there will be, with increased HECS charges, families who say, 'The line has been passed. We cannot go down that path straight away.' But it is the additional cost for regionally based people associated with relocation or travel costs that is the additional burden for regions.²²⁰

While the increase in HECS fees may assist in the Commonwealth Government's aim of increasing funding to universities, the Committee is very concerned that any increase in HECS fees, particularly increases at the levels being adopted by universities, will discourage individuals from disadvantaged communities to apply for higher education. As such, the Committee notes that the Commonwealth Government's measure may in fact weaken demand for higher education at the cost of lost opportunities for vulnerable cohorts, including those in lower socio-economic groups and those in rural, regional and outer suburban areas. Consequently, the Committee is of the view that the recently implemented higher education Commonwealth funding policies will directly contribute to higher levels of unmet demand and to an increase in the level of latent demand in the community.

Finding 5.9: *That high HECS fees will increasingly be one of the considerations influencing students' decisions to undertake higher education.*

Finding 5.10: *That increases in HECS fees are likely to influence the decision of disadvantaged, rural and regional students to apply for a higher education place and is more likely to deter such applicants in light of the associated increase in debt, compounded by other potential up-front costs such as travel and/or accommodation expenses.*

219.Minutes of Evidence, 1/12/03, p.162.

220.Minutes of Evidence, 8/12/03, p.179.

Full Fee Paying Places

A second change to occur to the funding of student places under the Commonwealth Government's reforms is an increase in the proportion of domestic full fee paying places that universities will be allowed to take into their courses. Under the reforms, up to 35 per cent of the number of Commonwealth funded HECS places may now be allocated to full fee domestic students, compared with 25 per cent prior to the reforms. These students will have access to a loan of up to \$50,000. The total loan will include 20 per cent of the fees in addition to the principal loan amount payable as a deferred contingent liability.

The Committee heard from a number of witnesses regarding the increase in the proportion of domestic full fee paying places that universities will be allowed to take into their courses. Most stakeholders did not believe that this change will increase the number of students accessing higher education, and therefore will neither increase the level of funding available to universities nor reduce the currently high levels of unmet demand for higher education. A similar finding was made by Phillips Curran/KPA Consulting in 2002:

In overall terms, relaxation of restrictions on universities' capacity to enrol full fee paying undergraduate students will not lead to a major change in the general accessibility of higher education.²²¹

Professor Graham Mc Dowell, Deputy Vice-Chancellor, La Trobe University, observed that the opportunity to charge fees had not been successful in the past and hence would be unlikely to improve access to higher education in the future:

To be fairly blunt, the opportunity to charge fees for courses has not been a brilliant success. Of the nearly 700,000 students in the nation, not even 10,000 are prepared to pay a fee to go and do a course of their wishing, so it is a little hard to see how it now might be possible to take 50 per cent above load.²²²

Figures from VTAC support Professor Graham McDowell's assertion. In 2002, the University of Melbourne provided a total of 1,659 (4.4%) full fee places to Australian students, more than any other Victorian university. Monash University enrolled 937, Deakin and RMIT Universities took fewer than 400,

221. Phillips Curran/KPA Consulting (2002) *Independent Study of the Higher Education Review, Stage 1 Report*, MCEETYA, p.100.

222. Minutes of Evidence, 31/10/03, p.85.

and the Australian Catholic University had only 92 (VTAC, 2003). From these figures it is apparent that Victorian universities cannot even attract anywhere near the current 25 per cent levels of full fee paying domestic students.

The lack of viability of these places was also noted by other stakeholders. Professor Iain Wallace noted that in outer metropolitan and regional areas these places would simply not be workable, nor be acceptable to the community:

Getting full fee paying students at Lilydale is not socially a very credible proposition ... The whole outfit out there, which has gone very, very well and has really been taken to the hearts of the community, would be at risk. Its viability would be diminishing year on year.²²³

Professor Sally Walker also noted that the introduction of these additional places would be unlikely to significantly increase student numbers. She did state, however, that there was the possibility of redistribution of places in the higher education system:

Victorian students and their parents will be faced with the possibility of, say, being offered a fee paying place at the University of Melbourne or at Monash University and a HECS place at Deakin. Whereas in the past parents and students may have said, 'We cannot afford to pay that fee up front; we will take the HECS place at Deakin', now the full-fee paying place — if these reforms are enacted — will be a more attractive option. That is a concern to me. I do not want to overestimate it, because I do not want you to take from what I have said the idea that I think that Deakin is inferior to other universities. Indeed I think that, particularly in undergraduate teaching, Deakin University has such a deep commitment to providing a quality education for its undergraduate students that the students will become more discerning under the new model, and Deakin is likely to benefit from that.²²⁴

Professor Iain Wallace also suggested that any redistribution of places in the higher education system would not necessarily be to the detriment of the younger universities:

They [students] will have to decide whether - let us put it really as stark as it can be — going for a full fee paying place, say at the

223.Minutes of Evidence, 29/9/03, pp.16-17.

224.Minutes of Evidence, 31/10/03, p.58.

University of Melbourne, in the area of their choice is, in terms of a lifetime investment, superior to going to the same area in one of the other universities, perhaps like ours, where perhaps there are not any full fee paying places and where they might get a HECS place. It is an interesting situation ... I think there might be a lot of rather smart students who might decide that they would do okay, because one thing I should take the opportunity to say is that making comparisons at the total institutional level is just not what students do. They are way beyond that in their sophistication. They look at the areas within each institution that they wish to work in and assess the relative merits of those. That does not always turn out in favour of the sandstones.²²⁵

The above evidence seems to reveal an expectation that with the introduction of FEE-HELP some students would potentially consider a fee paying course at one institution over a HECS funded place at another institution, and that there may therefore be some re-distribution of university places but no overall increase in the number of places in the higher education system.

It should, however, be emphasised that a large number of full fee university courses cost in excess of \$50,000, which reduces the attractiveness of FEE-HELP to a substantial proportion of potential students, particularly those from less advantaged backgrounds. Some examples of the full fee cost of undergraduate courses at the University of Melbourne are Veterinarian Science (\$120,000), Arts/Law (\$105,000), Law (\$84,000), Science (\$76,000), Engineering (\$76,000), Commerce/Business (\$70,000). Even an Arts degree, at \$54,000, costs more than the \$50,000 maximum loan available under FEE-HELP. When considering that potential fee paying students must also pay an additional 20 per cent administrative charge to access a loan of up to \$50,000, it becomes quite clear that high demand courses will only be an option for the more wealthy. This was outlined in a written submission from the Victorian Branch of the Australian Dental Association:

The cost of delivering the undergraduate dental degree course is one of the highest in the university sector, and the full fee costs of over \$142,000 for the five year degree would be beyond the capacity of all but the wealthiest families. The Commonwealth's proposed FEE-HELP program will only provide loan facilities of up to \$50,000, which leaves full fee students to find another \$100,000 plus living expenses for five years.²²⁶

225. Minutes of Evidence, 29/9/03, p.14.

226. Written Submission No. 25, Australian Dental Association (Victorian Branch), 22 December 2003, p.3.

Hence, contrary to the Commonwealth Government position that increasing the permissible number of domestic full fee paying places 'will allow institutions to provide an increased number of places in high demand areas and to give students more opportunities to study in the institution or course of their choice'²²⁷, this increase in a university's ability to offer fee paying places is unlikely to reduce unmet demand and may do no more than possibly ensure entrance to high demand courses for a handful of wealthier applicants.

The Committee does, however, note that the Commonwealth Government's position reinforces the Committee's belief that there is substantial capacity in the system to immediately increase the number of university places and reduce the currently high levels of unmet demand, and the negative effects associated with this unmet demand.

While this Inquiry has focussed on unmet demand for places in undergraduate courses, the University of Melbourne Postgraduate Association has also identified postgraduate courses as an area likely to be adversely affected by the Commonwealth Government's recent higher education policies. With the increased cost burden of higher education, students are likely to be deterred from undertaking costly postgraduate courses, having already accrued a substantial debt for their undergraduate education. Subsequent reductions in the level of demand for postgraduate courses may result in negative flow-on effects on industry which, due to an increasing tendency for credential creep, increasingly requires highly qualified professionals with postgraduate qualifications.²²⁸

Finding 5.11: *That the increase in the proportion of domestic full fee paying places that Victorian universities will be able to offer is likely to have a limited impact on the overall growth of higher education places and therefore will do little to relieve high levels of unmet demand for higher education in Victoria.*

Recommendation 5.5: That the Commonwealth Government review the number of growth HECS places to Victoria in light of evidence suggesting that the number of domestic full fee paying places will not allow the higher education system in Victoria to grow and will merely reinforce the discrepancy between the wealthy and the less wealthy in terms of accessing high demand courses.

227.DEST (2003) *Our Universities: Backing Australia's Future*, Fact Sheets 3, Commonwealth of Australia, Canberra.

228.Written Submission No. 27, University of Melbourne Postgraduate Association, 19 February 2004, pp.1-2.

Scholarships and Funding for Disadvantaged Students

The Committee received a substantial body of evidence indicating that funding assistance for disadvantaged students has been largely inadequate under current equity measures. It was recognised that funding issues are affecting not only the capacity of students to access university (as discussed in the previous section), but also the capacity of these students to financially support themselves while studying. This point was noted by Dr Julie Wells:

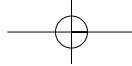
We share Professor Walker's deep concerns about the need to ensure that students have adequate income support because we know this is affecting participation. It is not just affecting the capacity for students to enter higher education but their capacity to stay there.²²⁹

The Commonwealth Government's reform package, however, has implemented changes in an attempt to address the issue of access and affordability for disadvantaged students. The Commonwealth in part addressed this issue through the introduction of two new scholarship programs (Commonwealth Education Costs Scholarships and Commonwealth Accommodation Scholarships), which are to be administered by the universities.

The Commonwealth Education Costs Scholarships Program will provide \$2,000 per annum for full-time undergraduate students from low socio-economic and/or Indigenous backgrounds for up to four years. In 2004, 2,500 students Australia wide will be provided with scholarships at a cost of \$5 million. These places are to be distributed to institutions on the basis of their proportion of full-time low socio-economic status students.

The Commonwealth Accommodation Scholarships Program will provide full-time undergraduate students from rural and regional areas with \$4,000 per year for up to four years to assist them with accommodation expenses where they have to move to undertake higher education. In 2004, 3,000 students will be provided with these scholarships. According to the Commonwealth Government, these places will be allocated on the basis of academic merit.

229. Minutes of Evidence, 31/10/03, p.64.



The Committee received clear evidence that neither the number of scholarships provided or the level of assistance available to each student, is adequate. As was noted by Professor Alan Gilbert, this assistance is inadequate despite the fact that Victorian universities already provide a range of scholarships for equity students:

We feel there are too few scholarships, both for providing living allowances and for meeting costs, that would perhaps preclude people from poorer backgrounds managing to pay the recurrent costs of being at university — accommodation costs and so on. As a university we invest between \$50 million and \$60 million into scholarships, the majority of which, that are not small scholarships sending students overseas, are equity scholarships, assisting people from rural schools or from low socioeconomic groups, Aboriginal students and so on. There is a mixture, therefore, of institutional responsibility and government responsibility. If my advice was more efficacious, the Commonwealth would be concentrating much more on equity than other things.²³⁰

Two Victorian universities provided statistical data to demonstrate the significant gap between the number of scholarships offered by the Commonwealth Government and the actual need in the community. According to RMIT University:

The scholarships announced in the Commonwealth Government's reform package, while welcome, will not effectively address the issue of student hardship, firstly because there are so few of them. For example, while 1,500 scholarships will be offered in 2004 to provide income support for low-income students from rural and isolated Australia, RMIT alone receives on average 1,520 applications for higher education programs from non-metropolitan areas each year.

²³¹

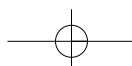
This sentiment was reiterated by Ms Patricia Mann, Manager, Data Services Planning, University of Ballarat:

80 per cent of the whole of our cohort at Mount Helen is equity on one or more measures. The reality of the scholarships that are being given out is [that] 18 [have] to be divided among those particular students.²³²

230.Minutes of Evidence, 29/11/03, p.26.

231.Written Submission No. 19, RMIT University, 24 October 2003, p.6

232.Minutes of Evidence, 9/2/04, p.246.



Further analysis of the figures provided by the two universities reveals that demand at the University of Ballarat St Helen's campus would be 3,418 students, which contrasts starkly with the 18 scholarships that have been allocated to it by the Commonwealth Government. In total, Victoria received 516 Commonwealth Education Costs Scholarships and 756 Commonwealth Accommodation Scholarships for 2004, a mere 37 per cent of the total equity students at the University of Ballarat, and only 2 per cent of the relevant equity students in Victoria, namely students from low SES backgrounds and Indigenous, rural and isolated Victorians.²³³

Similarly, RMIT University has demand equivalent to one-fifth of all nationally allocated scholarships, and 1.2 times the number of Victorian scholarships. These findings are reinforced by an examination of the 2003 DEST Selected Higher Education Statistics on equity groups, which shows that the 5,500 scholarships that are available nationally in 2004 represent only 5.7 per cent of the 2003 population of low SES students.²³⁴

There is a high level of stakeholder support for increasing the number of scholarships. However, while the Committee would welcome any increase, it questions the adequacy of payments made under these scholarships, in light of the limited analysis of actual costs associated with higher education. While findings from DEST have revealed that students view living expenses as one of a number of obstacles to undertaking higher education, it should be noted that the concern raised by the Committee relates not to the provision of these scholarships but, rather, to their adequacy.²³⁵

The Committee therefore believes that a more effective means of addressing access and equity issues in the higher education sector is to increase CAS and CECS scholarship funding, in addition to the creation and provision of HECS exempt scholarships based on specific equity criteria. There are two key advantages in offering HECS exemptions that are based on clear equity criteria, both of which are likely to increase the tendency of the most disadvantaged students to apply for university. First, students will know prior to going to university the level of support they will receive. This differs from the scholarships currently offered, which are allocated only after a student has been offered a place and enrolled in a university course. Secondly, debt aversion is a clear deterrent for some of our most disadvantaged students, and a HECS exempt scholarship would target both this barrier, and also the barrier

233. This is calculated based on Supplementary materials HE 5-35, University of Ballarat, 18/2/04, and DEST (2003) *Higher Education Statistics 2003*, Commonwealth of Australia, Canberra.

234. DEST (2003) *Higher Education Statistics 2003*, Commonwealth of Australia, Canberra.

235. Alloway, N., Gilbert, P., Gilbert, R., and S. Muspratt (2004) *Factors Impacting on Student Aspirations and Expectations in Regional Australia*, DEST, Canberra.

presented by ongoing living and educational expenses incurred as a result of undertaking a university course.

The importance of HECS exemptions in ensuring that disadvantaged students are not deterred from applying for a higher education position was reinforced by the independent review of higher education by Phillips Curran/KPA Consulting in 2003. As was noted previously, Phillips Curran/KPA Consulting reported evidence that current HECS debts are reaching the point above which any subsequent increase may deter disadvantaged students from applying for higher education.²³⁶ It is the Committee's view then, that the introduction of HECS exempt scholarships would minimise this impact and therefore begin to address latent demand for higher education among disadvantaged students. In recognising the high costs associated with such exemptions, the Committee acknowledges that they must be highly targeted at the most disadvantaged students and that partial exemptions may be a more affordable solution.

Thus the Committee observes that the Commonwealth Government's current higher education policies, with their increased emphasis on shifting the financial burden to students, provision for growth through places affordable only to wealthy Australians, and a focus on increasing equity funding solely for applicants that have already secured a place in higher education, have the potential to reduce rather than increase access to higher education for many Victorians, and particularly for equity groups. This may result in the creation of a less diverse student population, as higher education increasingly becomes accessible only to the more advantaged in our society. The implications of this loss of diversity were noted in chapter 3.

Finding 5.12: *That while a welcome step in the right direction, current Commonwealth Government equity reforms are viewed as largely inadequate, both in terms of number of students covered and the level of support provided to each individual. Further, that HECS exemptions for disadvantaged students may provide a more effective means of ensuring access to higher education by disadvantaged students.*

Recommendation 5.6: That in the interests of increasing access to university education among disadvantaged groups, the Commonwealth Government increase current scholarship payments to more fully reflect the costs of undertaking higher education. Further, that the Commonwealth Government consider offering HECS exemptions to highly disadvantaged students for the duration of their undergraduate course.

236. Phillips Curran/KPA Consulting (2003) *Independent Study of the Higher Education Review: Stage 2 Report*, Volume 2 –Potential Impact of the Higher Education Review, MCEETYA, p.81.

National Priorities: Nursing and Teaching

As discussed in chapters 3 and 4, the Committee found that a substantial number of growth places for higher education nursing and teaching courses is required to address current and future nursing and teaching shortages in Victoria. This need was evidenced despite the fact that both teaching and nursing have been defined as national priority courses. The Committee heard repeatedly, however, that the provisions introduced by the Commonwealth Government in recognition of the national significance of these courses will not adequately address shortages in nursing and teaching in Victoria.

One of the primary concerns raised by stakeholders was the lack of specific growth HECS places directly allocated by the Commonwealth Government to teaching and nursing courses in Victoria. According to Professor Lawrence Angus, Head, School of Education, University of Ballarat:

The Commonwealth Government, in its Backing Australia's Future Policy, has rightly identified teaching and nursing as the two 'national priority' areas in education. Yet not one single additional place for education is created directly under this policy.²³⁷

While Victoria received a paltry 35 growth pipelined places in regional nursing courses, the Committee received strong evidence that this number is highly inadequate and will not address current and future regional nursing shortages, let alone State shortages. The Committee further questions the logic of Commonwealth Government policy that seeks to stimulate further demand for nursing and teaching courses through a reduced HECS payment level, while failing to increase the number of places in these courses. The Committee notes that this will serve purely to increase the already unacceptably high levels of unmet demand for places in these courses.

The Committee notes that with the passage of the *Higher Education Support Act 2003* (Cth) there is the potential for some additional places to be made available to the nursing and teaching disciplines, due to the conversion of 2,349 marginal places over the period 2004-2008. Professor Lawrence Angus noted that even with such an allocation there is still the potential for a net loss of places in these disciplines, due to the loss of over-enrolled places:

Once the Nelson reforms work their way through there will actually be fewer teacher education places in higher education in Victoria than there are now, and that obviously is due to the redistribution

237. Written Submission No.11, University of Ballarat, School of Education, 14 October 2003, p.2.

of the current over-enrolled places that are in the process of being converted into fully funded places. The University of Ballarat has already cut back entry into the first year of its Bachelor of Education because of the fear of over-enrolment, because our retention rates in those courses have been higher than would normally have been predicted. So with fewer students dropping out we are suddenly hit with over-enrolment and have to reduce the number of people we can take in the first year.²³⁸

The determination of whether converted marginal places will decrease the numbers of nursing and teaching places in the higher education system in Victoria is largely contingent on two factors. First, any potential contraction will be dependent on the allocation of these places to courses and campuses, and second, the degree to which Victorian universities have to subsequently cut back these places to ensure that total over-enrolments do not exceed 5 per cent.²³⁹ What should be noted is that the conversion of these places will not expand the number of places in the Victorian university system, as they previously existed in the form of university subsidised places.

The Commonwealth Government's reform policy to increase full fee paying domestic places is also unlikely to address either the high level of unmet demand in these disciplines or the impact on industry and the community that result from the lack of delivery in these areas. While the Commonwealth Government asserts that full fee paying places 'will allow institutions to provide an increased number of places in high demand areas',²⁴⁰ the Committee does not believe that a full fee paying course in nursing or teaching, given full fee course costs, would be an attractive investment to prospective students. As was noted by the ANF (Victorian Branch), even current HECS levels are seen as burdensome by many entering the discipline:

Nursing, unlike other professions, is not rewarded by high incomes ... Payments through HECS and the relatively high cost of nursing education mean that, on some estimates, it can take a registered nurse until their forties to repay the loan.²⁴¹

238. Minutes of Evidence, 9/02/04, p.239.

239. At the time of deliberations for this Inquiry, the Commonwealth Government had determined that the States would be responsible for the allocation of marginal places. However, the Victorian State Government is reluctant to allocate these places on the grounds of the inequitable allocation of places between the States. As a result, the determination of responsibility for allocation of these places is currently unknown.

240. DEST (2003) *Our Universities: Backing Australia's Future*, Fact Sheet 3, Commonwealth of Australia, Canberra.

241. Written Submission No16, Australian Nursing Federation (Victorian Branch), 23 October 2003.

In the current environment it is unlikely that the availability of a greater number of full fee paying places will encourage a substantial number of students into these disciplines and expand the number of nursing and teaching places in the State.

An additional point regarding the impact of Commonwealth funding policies on the level of unmet demand in nursing and teaching is the issue of insufficient funding for the practicum component of these courses. Indeed, the Committee notes that these courses of significant national importance have been under-funded over an extended period as a consequence of being categorised as Band 1 courses. In essence, stakeholders strongly and consistently argued that simply increasing provision of HECS funded places in nursing and teaching will not be effective in either reducing unmet demand in these courses or in meeting community need for a greater number of graduates if appropriate funding for the practicum component is not concurrently provided.

According to the Royal College of Nursing:

This issue [funding per EFTSU] and the related one of providing suitable clinical placements are among the most pressing issues in undergraduate nursing education. Neither is remedied by increasing HECS places alone.²⁴²

Professor Kanitsaki, Head of Nursing, RMIT University, also noted, as did a number of other stakeholders representing the teacher and nursing disciplines, that current funding arrangements had not reflected the increasing costs of clinical teaching:

What we do know is that we have to pay for the clinical. In 1985, when nursing was moved to universities, they calculated a formula by which the government would fund nursing across different universities. That was based on the wages in 1985. That formula has not changed, yet the wages of the clinical teachers have gone up enormously, so the clinical teaching is costing an enormous amount of money.²⁴³

While the passage of *The Higher Education Support Act 2003* has allowed for an increase of \$40.4 million for clinical practice in nursing and an additional \$81.4 million for teaching practicum, this provision is for existing places and it is unclear as to whether it will be an ongoing commitment by the

242. Written Submission No. 6, Royal College of Nursing, 10 October 2003, p.7.

243. Minutes of Evidence, 31/10/03, p.76.

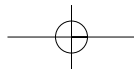
Commonwealth, or if it has been assumed that the Commonwealth course contribution plus students' HECS payments will be adequate to cover the practicum cost after 2008. The Committee has serious concerns that without an ongoing commitment to specifically support practicum in nursing and teaching courses the quality and quantity of places in these courses will again be under threat due to lack of Commonwealth funding, as it is unlikely that the national priority HECS fees will enable universities to fully cover the costs of delivery, particularly in rural and regional Victoria. The Committee therefore seeks a resolution addressing the ongoing funding needs for nursing and teaching courses post 2008.

In summary, the Committee's evidence revealed that Commonwealth Government funding policies for nursing and teaching courses (including a lack of funding for growth places and no ongoing commitment to fund practicum in both disciplines) will not address the current high levels of unmet demand for places in these disciplines nor current and projected future skill shortages in these professions. The Commonwealth Government must, therefore, immediately expand nursing and teaching delivery, acknowledging the impact of projected shortages in Victoria and recognising them in the university profile setting process.

Finding 5.13: *That based on the evidence presented to the Committee, the implementation of the reforms established in Our Universities: Backing Australia's Future will lead to little, if any, growth of places in teaching and nursing courses in Victoria. Further, dependent on the allocation of over-enrolments, these reforms may, in fact, result in a decrease in the total number of places in these courses.*

Finding 5.14: *That higher education delivery in nursing and teaching disciplines will continue to be threatened unless the Commonwealth Government makes an ongoing commitment to funding the practicum component of these courses.*

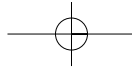
Recommendation 5.7: That MCEETYA assess the full costs of nursing and teaching courses to ensure that Commonwealth Government funding reflects the true costs of course provision. Further, that MCEETYA review course costs annually.



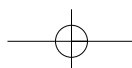
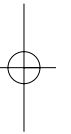
Summary

This chapter highlighted the substantial impact that the passage of the Higher Education Support Bill 2003 will have on funding for the higher education sector in Victoria and unmet demand in the State. The key issues raised in this chapter were:

- The Nelson reforms were passed through the Senate on the 5 December 2003 in the context of a sector that was believed to be generally under-funded and with reductions occurring in Commonwealth funded places to Victorian universities.
- The Commonwealth Grant Scheme is more restrictive than the previous funding model and, therefore, all future allocation of places must take place following extensive consultation between the Commonwealth and State Governments and universities to ensure appropriate provision of university offers into the future. This is essential to ensure that delivery adequately reflects government, community, institutional and individual student's needs and capacities.
- The impact of the allocation of converted marginal places greatly disadvantaged Victorian universities and failed to take into account the high student demand and the need to maintain a highly skilled workforce in Victoria.
- The university sector will continue to be constrained in its capacity to respond to unmet demand by the same range of factors that have constrained this capacity since 1996. Consequently most of the sector will be unable to respond to increased demand over the next four years, and the already high level of unmet demand will be further increased.
- The introduction of the regional loading has been welcomed however it does not sufficiently cover the additional costs associated with delivering higher education in regional and outer suburban areas. Further, the regional loading makes an unfair distinction between regional universities and campuses of metropolitan based institutions that are located in regional and outer suburban areas.



- The current Commonwealth equity reforms are viewed as being largely inadequate, both in terms of the number of students covered and the level of support provided to each individual, in addressing the needs of disadvantaged Victorian students to access the higher education sector.
- The implementation of the reforms established in *Our Universities: Backing Australia's Future* will lead to little, if any, growth of places in teaching and nursing courses in Victoria.
- Delivery in the nursing and teaching disciplines will continue to be threatened unless the Commonwealth Government makes an ongoing commitment to funding the practicum component of these courses.
- That high HECS fees will increasingly be one of the considerations influencing students' decisions to undertake higher education.



6. Future Higher Education Allocation Methods

Introduction

This Inquiry has examined the extent and the impact of unmet demand for higher education on Victoria. It became apparent to the Committee during the course of the Inquiry that Victoria has substantial unmet demand for higher education. This situation is of extreme concern to the Committee, as it continues to occur at a time when economic growth and prosperity is fundamentally tied to the qualifications and skill base of a population, and when technology and globalisation have made lifelong learning a necessity not a luxury.

A key issue that became evident during the course of the Inquiry is that the complex interaction between delivery of higher education and the skill needs of individuals, industries and the Victorian economy is at complete odds with the simple funding methods used to allocate funds to individual States. The impact on Victoria of the recent allocation of converted marginal places demonstrates that the use of simple indicators to allocate growth places thwarts the equitable distribution of Commonwealth funded higher education places among the States and Territories. This chapter concludes the Inquiry report with an examination of models for the future distribution of higher education places. It does so acknowledging that current allocation mechanisms have been disadvantaging Victorians for ten years and that there are profound implications of continuing such high levels of unmet demand for higher education on TAFE, industry, the economy and the Victorian community.

Financial Implications of Allocation Methods

The severely limited allocation of converted marginally funded university places to Victoria served to emphasise the fundamental importance of allocation methods used by the Commonwealth Government to determine provision of growth places to each State. According to Phillips Curran/KPA Consulting (2002):

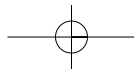
This is potentially one of the single most significant outcomes of the Review in terms of impact of the distribution of opportunities and resources between States and institutions. Under current arrangements every new place allocated expands to 2.73 places in total over time as students enter those places in successive years and then remain in the system. The current average funding per fully funded place is \$11,418 per EFTSU. For each new place that is redistributed, therefore, there is an immediate gain (or loss) of \$11,418 rising over the next three years to \$31,171.²⁴⁴

As noted above, the allocation methodology fundamentally affected the funding of the sector in Victoria, with each new place offering potential income of \$31,171. The implication of this figure is that while Victorian universities will receive approximately \$27 million over three years, those in Queensland will receive approximately \$72 million. It is due to concern over this inequitable situation that the Committee examines, in the following section, alternative funding methods and indicators to determine an appropriate mechanism that will ensure an equitable distribution of future university funding for places across the States and Territories.

Funding Approaches

As part of *Our Universities, Backing Australia's Future*, the Commonwealth Government tabled an options paper at a meeting of MCEETYA in July 2003, discussing the allocation of marginally funded converted places and inviting submissions regarding appropriate future allocation mechanisms. This section considers three of the allocation methods proposed: performance based funding, competitive tendering and formula based funding. Given that the

244. Phillips Curran/KPA Consulting (2002) *Independent Study of the Higher Education Review, Stage 1 Report*, MCEETYA.



overwhelming majority of Victorian stakeholders support the use of a formula based funding model to determine State allocations of growth places, the larger part of this chapter is devoted to examining indicators in a formula based funding model.

Performance Based Funding

A performance based funding approach determines the number or proportion of total places allocated to a university on the basis of performance measures. In Denmark, for example, a single performance measure is used to determine the proportion of funding allocated to a particular university, namely, the number of students who pass their exams.

Performance, however, can be measured in many different ways, which is one of the reasons why this model is particularly problematic for the funding of teaching and learning. The British Government uses a range of measures to assess the performance of the higher education sector. While they are not necessarily tied to funding, they are used to ascertain the effectiveness of the sector and could, therefore, be used as performance measures in a performance based funding allocation model.

There are a number of performance measures from which allocation of growth places can be determined, or from which a formula based model can be established. Possible measures include:

- Access –
 - percentage of entrants who attended a school or college in the State sector
 - percentage whose parents' occupation is classed as skilled manual, semi-skilled or unskilled
 - percentage whose home area as denoted by postcode is known to have a low proportion of 18 and 19 year olds in higher education
- Non-continuation rates beyond the first year at an institution
- Outcomes and efficiency of learning and teaching –
 - measures based on average time taken for students to obtain a qualification, taking account of repeat years and non-completion
- Research outputs –
 - number of publications
 - research funds.

While such an approach can focus scarce resources to priority outcomes, there are a number of problems with the performance based approach. A serious concern with this type of funding mechanism is that performance measures require a degree of self reporting, which can be manipulated. More important, however, is the fact that if funding is tied to these measures a university may have to compromise its mission in order to compete for places.²⁴⁵

Competitive Tendering Approach

A competitive tendering approach allocates places to a State or university via a competitive process based on any number of criteria, including cost-effectiveness of course provision, infrastructure and access for disadvantaged students. Deakin University's response to the DEST options paper on the *Distribution of New Higher Education Places* (2003), showed a preference for use of this methodology to allocate places:

It is submitted that the places should be distributed to those universities that are best placed to deliver outcomes desired by the allocation. A judgement on this should be based on competitive bids for places.²⁴⁶

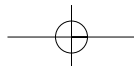
This approach, however, presents similar concerns and issues to those associated with performance measures.

Formula Based Approach

A formula based approach determines the allocation of places based on a number of indicators. The advantage of this method is that it is far more transparent than competitive tendering and is less susceptible to manipulation than performance based funding, as it is premised on State rather than university based data. The problem with this approach is that indicators may unnecessarily disadvantage certain States according to their demographic profile, economic base or historical participation levels. Nonetheless, this was the model advocated by most Victorian stakeholders throughout this Inquiry, and through the Commonwealth Government's consultations on allocation models for converted marginal places. This model is also unanimously

245. For example a performance measure such as per student costs could result in a university having to increase teacher student ratios, in order to reduce costs and thus obtain funding for places, despite a mission to provide students with a high quality education.

246. Deakin University (2003) Submission to the Department of Education, Science and Training on *Models for the Distribution of New Higher Education Places*, p.3.



supported by the Committee for a number of reasons, including its ability to account for a complex set of factors and its inherent transparency. A key issue with formula based approaches, however, is selecting which indicators should be adopted. Some potential indicators are discussed below.

Indicators for the Formula Based Funding Model

Each of the indicators described below could be used to inform the distribution of places in a formula based funding model. They are not mutually exclusive and could be adopted in various combinations, with various weights. The first indicator considers labour market or industry requirements, while indicators two through six represent demographic variables.

Indicator 1: Labour Market/Industry Requirements.

This indicator allocates places according to key labour market/industry needs and determines which institutions are best able to deliver courses that meet these needs. This approach, however, is not prescriptive with respect to which institutions should provide courses in these areas and which institutions should, therefore, receive the additional places.

Indicator 2: Participation rates.

This indicator allocates places according to participation rates in higher education for 15-49 year-olds. There is an argument that additional places should be given to States and Territories with lower participation rates in order to encourage greater participation. It is through the use of this logic and methodology that Victoria continues to be disadvantaged in the allocation of university places. This type of approach acts as a disincentive for increasing participation and retention rates in a State and disadvantages States such as Victoria that actively grow their secondary education sector, have strong targets for increased participation and have historically had higher than average participation rates.

Indicator 3: Net Entry Rate.

A net entry rate is an estimate of the chance a person has of commencing higher education at some point in their life. Low entry rates along with indicators of high demand would suggest the need for more places. The advantage of such an approach is that, like

participation rates, it reflects the commitment of the population to higher education and creates an incentive for students to apply for higher education. The problem with this model, however, is that it is contingent on how demand is defined and whether data is available. For example, the Northern Territory has low net entry rates, yet an absence of data indicating high demand. Using this indicator, the Northern Territory would find it difficult to argue for more places even if the need was there.

Indicator 4: School Retention Rates.

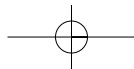
This model is sometimes used as an indicator of demand for higher education, like participation rates. It may be used as a proxy for the propensity of the general population to seek educational opportunities, and under this model places would be allocated according to each State's retention rates. The benefit of this indicator is that it encourages State governments to invest in and improve results in the schools sector.

Indicator 5: Population Growth.

Allocating places to States in accordance with population growth ensures that the higher education system reflects this growth and its attendant need for increased qualifications in the general population. It would, however, be to the detriment of any State whose population is declining, particularly South Australia and, historically, Tasmania. It has been suggested that if this model is used it needs to be in conjunction with demand type indicators in order to ensure equitable distribution.

Indicator 6: Unmet Demand.

This indicator allocates places in proportion to the level of unmet demand in each State. There are a number of issues with respect to this approach. It can disadvantage States that have low participation and Year 12 retention rates. For these States, low Year 12 retention rates and therefore lower levels of unmet demand, would in turn result in the provision of fewer places and could provide a potential disincentive to apply for higher education. Conversely, however, this indicator would also put pressure on State and Commonwealth Governments to improve their secondary school outcomes.



While some may have argued that the use of this indicator is not optimal, on the basis that satisfying unmet demand or excess demand may cause gluts in graduates from certain professions, the Committee considers that this criticism is unfounded. Neither stakeholders in the Inquiry nor the Committee have argued for unmet demand to be met in all disciplines. Rather, it is important that a greater number of opportunities are available in the university system overall, to ensure access to higher education for capable applicants and to meet the needs of industries which have evidenced acute skill shortages over a number of years.

Formula Based Allocation Methods

The use of a formula-driven model based on a number of indicators was strongly supported by many Victorian stakeholders. The argument for the use of this approach is the recognition that States and Territories have differing strengths, and that in order for any distribution to be equitable the use of a number of pre-specified indicators in a formula would ensure transparency and reflect these strengths. The use of a single indicator to determine distribution of growth places was noted by a number of Victorian stakeholders to have significantly disadvantaged Victorians.

Professor Gerald Burke, Executive Director, Centre for the Economics of Education and Training, commented to the Committee:

I can understand why a government might like to make access roughly pro rata to population — I can understand that — but against that there is the point that more people in Victoria want to go on to higher education. We have quite a high school retention rate and quite a high proportion who want to go on to higher education. Ideally, I think people who are qualified for continuing education should be able to do it.²⁴⁷

Professor Alan Lindsay, Deputy Vice-Chancellor and Vice-President (Academic), Monash University, similarly remarked:

The factors that are currently being taken into account do tend to favour some other States, as I understand it, at the expense of Victoria, because of the higher retention rate and the higher participation rate. In a sense that is a question of measurement, but

²⁴⁷ Minutes of Evidence, 29/9/03, p.41.

it is also a question of how you get better equity into the formula. I have not studied it in detail, but I have followed some of the debate. Some of the issues that are emerging indicate that there ought to be an examination and modification of the way in which places are funded across the States, taking into account the broader range of factors rather than just population growth, for example.²⁴⁸

Ms Elizabeth Thomson, National Education Officer, National Union of Students, also noted:

In terms of punishing Victoria for doing well with retention rates, that is clearly an issue ... We think there is a need to completely reassess the way places are allocated.²⁴⁹

The Committee found there was strong support across Victoria for the adoption of a sophisticated multi-variate allocation model that takes into account a range of factors. In its submission to DEST the Victorian Government proposed a formula-driven methodology that uses a number of indicators. This particular methodology would allocate places on the basis of a ratio, determined at the national or State level, of school leavers to post-school population. Implicit in this formula is recognition of the importance of both cohorts in determining future university places. However, as noted by the Victorian Government in its submission to this Inquiry:

The Commonwealth does not wish to avail itself of the opportunity of making a policy decision with respect to the relative share appropriate for different segments of the population. In light of the projected declines in the school leaver cohort in the next few years, this seems a significant omission.²⁵⁰

Professor Elizabeth Harman, Vice-Chancellor and President, Victoria University, supported the Victorian Government's allocation methodology, arguing that any distributive mechanism requires the use of a number of indicators:

I read the submission that I think the Office of Training and Tertiary Education must have prepared to go into the deliberations at MCEETYA. I thought it was a particularly balanced and good submission in the sense that it did not take a simplistic approach to ENTER score cut-offs or straight population demand. It had a mix of measures which reflected labour market trends as much as the

248. Minutes of Evidence, 29/9/03, p.8.

249. Minutes of Evidence, 10/11/03, p.97.

250. Written Submission No. 24, Victorian Government, 12 February 2004, p.41.

existing indicators. Again I will invite any of the others to comment on it, but the more sophisticated multivariate approaches would have our support more than a simplistic single indicator model.²⁵¹

Monash University, in its response to the DEST options paper on the *Distribution of New Higher Education Places (2003)*, also supported the use of a multi-indicator model. It was recommended that the model should be informed by criteria such as:

- strong student demand with a concomitant indicator of highly able students
- demonstrated existing skill shortages and strong projected labour market demand for graduates in the discipline area
- courses to be located on a campus/institution in an area of demographic growth
- courses that have demonstrated links and provide development support to outer urban and regional areas.

Monash University suggested that these criteria may be independent, but could be cumulative, with priority given to proposals satisfying the highest number of criteria. Alternatively, it proposed that a formula with a weighted index of indicators could be devised.²⁵²

A vast majority of Victorian stakeholders acknowledged that in order to ensure equitable national distribution a model that identifies and responds to the varying State needs is required. According to Ms Thomson, this is a complex process that requires re-conceptualising previous approaches to allocation in light of the ever decreasing pool of funds:

I suppose that is part of the reason why when making submissions to these types of inquiries we do not say, 'Yes, we think Victoria should get more because that might mean in the end that Queensland might get fewer'. We think there is a need to completely reassess the way places are allocated. Again before any of that is done we need to seriously address the question of funding because it comes down to a bunfight between institutions or between States over a decreasing pool of money. When you have that kind of system it is very difficult to apply a holistic approach because everyone is out for the little they can get.²⁵³

251.Minutes of Evidence, 10/11/03, p.115.

252.Monash University (2003) Submission to the Department of Education, Science and Training on *Models for the Distribution of New Higher Education Places*.

253.Minutes of Evidence, 10/11/03, p.97.

Professor Kwong Lee Dow, Deputy Vice-Chancellor (Students and Staff), University of Melbourne, similarly noted that equity required the use of a multiple indicator model:

If you see this from a national viewpoint you probably have to say that there is not just one single criterion by which you determine fair share.²⁵⁴

The University of Ballarat had a similar response to the distribution of places, as was highlighted in its response to the Commonwealth options paper:

The University supports the development of an allocation model that is targeted to building participation and equitable access, and acknowledges that this will be achieved by incorporating, and appropriately balancing, a number of indicators.²⁵⁵

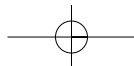
Thus a multi-variate or multi-indicator type model seems to be the only means of addressing the complexity of needs across the nation. It is an approach that seems to have the support of a majority of universities in Victoria. The Committee agrees that it would also seem to provide the most equitable means of distribution as some States will be stronger in certain indicators than others.

Finding 6.1: *That the most equitable and appropriate allocation mechanism is a multi-variate formula based model that utilises indicators reflecting the needs of school leavers and mature age university applicants, in recognition of the importance of both cohorts to ensuring a well educated and flexible workforce.*

Recommendation 6.1: That the Victorian Government place on the next MCEETYA agenda a requirement for a review of the allocation mechanism for university funding in an attempt to achieve a new national approach to university funding. Such an approach should incorporate a more sophisticated multi-variate based model that reflects the needs of both school leavers and mature age university applicants and that therefore better meets the needs of the community and economy into the twenty first century.

254.Minutes of Evidence, 29/9/03, p.24.

255.University of Ballarat (2003) Submission to the Department of Education, Science and Training on *Models for the Distribution of New Higher Education Places*.



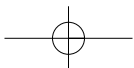
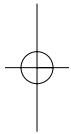
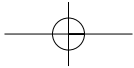
Conclusion

This chapter examined a range of allocation models for the future distribution of places in higher education. The necessity for a new allocation methodology has been attested throughout the Committee's Inquiry. Both statistics and stakeholder evidence showed that Victoria's higher education sector has been constrained by allocation methods for the past decade and that current reforms will perpetuate these constraints until at least 2008, unless higher education policy and allocation methodologies are revisited by the Commonwealth Government, in consultation with States and Territories.

This Inquiry has found that the introduction of a revised methodology is a matter of urgency if Victoria's high levels of unmet demand are to be reduced and if the future education needs of an increasingly sophisticated economy are to be met.

Adopted by the Education and Training Committee
Level 3/157 Spring Street
Melbourne, 3000

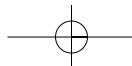
25 May 2004



Appendix A

List of Written Submissions

Submission Number	Date Received	Organisation
1	15.8.03	Victorian TAFE Association
2	6.10.03	La Trobe University Bendigo
3	6.10.03	Australian Catholic University
4	8.10.03	Deakin University
5	8.10.03	Australian Council for Private Education and Training
6	10.10.03	Royal College of Nursing, Australia
7	10.10.03	Business Skills Victoria
8	10.10.03	Holmesglen Institute of TAFE
9	11.10.03	Melbourne University Student Union
10	13.10.03	University of Melbourne
11	14.10.03	University of Ballarat, School of Education
12	14.10.03	Australian Education Union (Victorian Branch)
13	15.10.03	Monash University Gippsland Student Union
14	20.10.03	Corrections Education Management Consortium
15	21.10.03	University of Ballarat
16	23.10.03	Australian Nursing Federation (Victorian Branch)
17	24.10.03	Faculty of Human Development, Victoria University
18	27.10.03	Box Hill Institute of TAFE
19	24.10.03	RMIT University
20	5.11.03	Faculty of Education, Deakin University
21	11.11.03	Victorian Institute of Teaching
22	19.11.03	Australian Industry Group
23	10.11.03	Victoria University
24	12.2.04	Victorian Government
25	22.12.03	Australian Dental Association, Victorian Branch
26	9.2.04	City of Ballarat
27	19.2.04	University of Melbourne Postgraduate Association Inc
28	25.2.04	Committee for Geelong



Appendix B

List of Witnesses

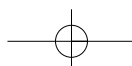
Public Hearings

Melbourne, 29 September 2003

Professor Alan Lindsay	Deputy Vice-Chancellor & Vice-President (Academic) Monash University
Professor Iain Wallace Mr Alistair Crozier	Vice-Chancellor Deputy Vice-Chancellor (TAFE) Swinburne University of Technology
Professor Alan Gilbert Professor Kwong Lee Dow Mr Andrew Norton	Vice-Chancellor Deputy Vice-Chancellor (Students & Staff) Policy & Government Relations Advisor University of Melbourne
Mr Matthew McGowen Mr Paul Kniest	Victorian Division Secretary Research and Policy Officer National Tertiary Education Union
Mr Gerald Burke Dr Chandra Shah	Executive Director Senior Research Fellow Centre for the Economics of Education & Training
Mr David Williams Ms Martha Kinsman	Executive Director Chair, VTA Education Standing Committee Victorian TAFE Association

Melbourne, 31 October 2003

Professor Sally Walker	Vice-Chancellor Deakin University
Dr Julie Wells Mr Angel Calderon	Principal Policy Advisor Chancellery Head Institutional Research Consultancy Unit RMIT University



Associate Professor Tony Barnett Head of Nursing, Monash University
 Professor Olga Kanitsaki Head of Nursing, RMIT University
**Victorian and Tasmanian Deans of
 Nursing & Midwifery Association**

Professor Graham McDowell Deputy Vice-Chancellor
La Trobe University

Melbourne, 10 November 2003

Ms Elizabeth Thompson Education Officer
National Union of Students

Ms Jan Brownrigg Acting Secretary
 Ms Jill Clutterbuck Professional Officer
 Ms Marcia Gleeson Professional Officer
**Australian Nursing Federation –
 Victorian Branch**

Professor Elizabeth Harman Vice-Chancellor and President
 Professor Brian Stoddart Acting Deputy Vice Chancellor
 Professor Roger Eade Director, Quality & Strategic Support Branch
 Ms Teresa Szakiel Project Officer – Quality & Strategic Support
 Branch
Victoria University

Bendigo, 1 December 2003

Cr Rod Fyffe Mayor
 Mr Brian Gould Executive Manager, Economic Development
City of Greater Bendigo

Professor Peter Sullivan Acting Pro Vice-Chancellor
 Professor Ruth Endacott Head, Department of Nursing
 Dr Vaughn Prain Head, School of Education
La Trobe University

Dr Michael Langdon TAFE Representative
 Mr Neville Sharpe School Representative
**Goldfields Local Learning and
 Employment Network**

Mr Peter Benne President
 Mr Robert Stephenson General Manager
Bendigo Student Association

Mr Graham Bastian Principal
Bendigo Senior Secondary College

Traralgon, 8 December 2003

Mr Richard Hancock

Chief Executive Officer
Latrobe City Council

Mr Mick Murphy
Ms Linda Wilkinson
Ms Tina Hambleton

Executive Officer, Baw Baw-LaTrobe LLEN
Executive Officer, Gippsland East LLEN
Executive Officer, South Gippsland Bass
Coast LLEN
**Local Learning and Employment
Networks**

Mr Ron Elliott

Principal, Traralgon Secondary College
La Trobe Principals' Group

Mr Jeff Gunningham

Chief Executive Officer
Central Gippsland Institute of TAFE

Professor Brian Mackenzie
Professor Tony Barnett
Associate Professor Lindsay Fitzclarence

Pro Vice-Chancellor
Head, School of Nursing
Associate Dean of Education
Monash University, Gippsland Campus

Mr Terry Pritchard
Mr Alex Schlotzer
Mr Sean McLoughlin

President
Acting Executive Officer
Education Vice-President
**Monash University Gippsland Student
Union**

Ms Catherine Brigg

Associate Director, Learning and Innovation
East Gippsland Institute of TAFE

Ballarat, 9 February 2004

Mr Neil Armstrong
Mr David Keenan

Interim Chief Executive Officer
Executive Director, Business Ballarat
City of Ballarat

Ms Margaret Stewart
Mr Barry Wright
Mr Nick Murray

Chair, Highlands LLEN
Executive Officer, Highlands LLEN
Executive Officer, Wimmera Southern Mallee
LLEN
**Local Learning and Employment
Networks**

Professor Kerry Cox
Professor Lawrence Angus
Ms Patricia Mann

Vice-Chancellor
Head, School of Education
Manager, Data Services Planning
University of Ballarat

Mr Philip Crone
Regional Manager, Ballarat
**Victorian Employers Chamber of
Commerce and Industry**

Mr Garry Taylor
Principal, Sebastopol College.
Mr Edward Pearce
Principal, Ballarat Secondary College
Ms Lorraine Hays
Principal, Ballarat High School
Mr Bernie Davern
Principal, Mount Clear College
Ms Lorraine Hays
Principal, Ballarat High School
**Victorian Association of State
Secondary Principals**

Ms Rachel Fry
Executive Officer
Ballarat: A Learning City

Melbourne, 16 February 2004

Ms Mary Bluett
Mr John Graham
President
Research Officer
**Australian Education Union (Victorian
Branch)**

Mr Andrew Rimmington
Senior Policy Adviser, Employment,
Education and Training
**Victorian Employers Chamber of
Commerce and Industry**

Mr Andrew Blair
Mr Paul O'Reilly
Ms Julie Goodwin
President
Member
Executive Member
**Victorian Association of State
Secondary Principals**

Mr Tim Smith
Mr Peter Campbell
Ms Catherine Halleen
National Executive Officer
Executive Director and Principal, Melbourne
Institute of Business and Technology
National Marketing Manager, Australian
College of Natural Medicine
**Australian Council for Private
Education and Training**

Mr Tony Keenan
Ms Cathy Hickey
Mr Frank Thompson
General Secretary
Education Policy Officer
Member
**Independent Education Union of
Australia**

Professor Gabrielle McMullen
Professor Marie Emmitt

Pro-Vice Chancellor, Academic Affairs
Dean of Education
Australian Catholic University

Briefings

Melbourne, 19 May 2003

Mr Michael Kane
Ms Andree Butler
Mr Phil Clarke

Acting Director of Schools
Acting Deputy Director of Schools
General Manager, Policy and Resourcing
Department of Education and Training

Canberra, 12 November 2003

Mr Chris Evans
Mr Bill Burmester

Acting Group Manager, Schools Group
Group Manager, Higher Education Group
Department of Education, Science & Training

Ms Karin MacDonald
Mr Steve Pratt
Ms Roslyn Dundas

Chair
Deputy Chair
Member
**Australian Capital Territory
Legislative Assembly Standing
Committee on Education**

Mr John Mullarvey

Chief Executive Officer
**Australian Vice-Chancellors
Committee**

Professor Ian Chubb

Chair and Vice-Chancellor Australian
National University

Ms Virginia Walsh

Executive Director
Group of Eight

Dr Tom Karmel

Managing Director
**National Centre for Vocational
Education Research**

Professor John Dearn

President and Pro Vice-Chancellor
(Academic) University of Canberra
**Higher Education Research and
Development Society of Australia**

Sydney, 13 November 2003

Mr Tom Alegounarias	Director, External Relations Policy Directorate
Ms Chris Currey	Assistant Director, External Relations, Policy Directorate
Ms Kathy McCabe	Acting Principal Officer New South Wales Department of Education
Dr John Bennett	General Manager
Mr David Murphy	Director Corporate Services and Chief Information Officer
Mr David Patterson	Manager, Policy and Development
Mr Paul Hewitt	Curriculum Inspector New South Wales Board of Studies
Mr Andrew Stanton	Managing Director Universities Admissions Centre (NSW and ACT)

Melbourne, 16 February 2004

Ms Viv White	Chief Executive Officer Victorian Schools Innovation Commission
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Appendix C

VTAC Regions Defined by Postcodes

MELBOURNE CITY

3000	MELBOURNE	8003	COLLINS STREET EAST
3001	MELBOURNE	8004	ST KILDA ROAD
3002	EAST MELBOURNE	8005	WORLD TRADE CENTRE
3003	WEST MELBOURNE	8006	ABECKETT STREET
3005	WORLD TRADE CENTRE	8007	COLLINS STREET WEST
3006	SOUTHBANK	8008	ST KILDA ROAD CENTRAL
3008	DOCKLANDS	8009	FLINDERS LANE
8001	MELBOURNE	8010	LAW COURTS
8002	EAST MELBOURNE		

NORTH EASTERN SUBURBS

3101	KEW	3124	CAMBERWELL SOUTH
3102	KEW EAST	3124	CAMBERWELL WEST
3103	BALWYN	3124	MIDDLE CAMBERWELL
3104	BALWYN NORTH	3125	BENNETTSTOOD
3105	BULLEEN	3125	BURWOOD
3106	TEMPLESTOWE	3126	CAMBERWELL EAST
3107	TEMPLESTOWE LOWER	3126	CANTERBURY
3108	DONCASTER	3127	MONT ALBERT
3109	DONCASTER EAST	3127	SURREY HILLS
3109	DONCASTER HEIGHTS	3128	BOX HILL
3109	TUNSTALL SQUARE PO	3128	BOX HILL SOUTH
3110	NUNAWADING BC	3128	HOUSTON
3111	DONVALE	3128	WATTLE PARK
3113	NORTH WARRANDYTE	3129	BOX HILL NORTH
3113	WARRANDYTE	3129	KERRIMUIR
3114	PARK ORCHARDS	3129	MONT ALBERT NORTH
3115	WONGA PARK	3130	BLACKBURN

NORTH EASTERN SUBURBS cont.

3116	CHIRNSIDE PARK	3130	BLACKBURN NORTH
3121	BURNLEY	3130	BLACKBURN SOUTH
3121	CREMORNE	3130	LABURNUM
3121	RICHMOND	3131	BRENTFORD SQUARE
3122	HAWTHORN	3131	FOREST HILL
3123	HAWTHORN EAST	3131	NUNAWADING
3124	CAMBERWELL	3132	MITCHAM
3133	VERMONT	3136	CROYDON
3133	VERMONT SOUTH	3136	CROYDON HILLS
3134	RINGWOOD	3136	CROYDON NORTH
3134	RINGWOOD NORTH	3136	CROYDON SOUTH
3134	WARRANDYTE SOUTH	3132	RANGEVIEW
3134	WARRANWOOD	3137	KILSYTH
3135	BEDFORD ROAD	3137	KILSYTH SOUTH
3135	HEATHMONT	3138	MOOROOLBARK
3135	RINGWOOD EAST	3139	HODDLES CREEK
3139	LAUNCHING PLACE	3144	MALVERN
3139	SEVILLE	3145	CAULFIELD EAST
3139	WANDIN NORTH	3145	CENTRAL PARK
3139	WOORI YALLOCK	3145	DARLING
3139	YELLINGBO	3145	MALVERN EAST
3140	LILYDALE	3146	GLEN IRIS
3141	SOUTH YARRA	3147	ASHBURTON
3142	HAWKSBURN	3147	ASHWOOD
3142	TOORAK	3148	CHADSTONE
3143	ARMADALE	3148	HOLMESGLEN
3143	ARMADALE NORTH		
3144	KOORYONG		

SOUTH EASTERN SUBURBS

3149	MOUNT WAVERLEY	3165	COATESVILLE
3149	SYNDAL	3166	HUGHESDALE
3150	GLEN WAVERLEY	3166	HUNTINGDALE
3150	WHEELERS HILL	3166	OAKLEIGH
3151	BURWOOD EAST	3166	OAKLEIGH EAST

SOUTH EASTERN SUBURBS cont.

3151	BURWOOD HEIGHTS	3167	OAKLEIGH SOUTH
3152	KNOX CITY CENTRE	3168	CLAYTON
3152	STUDFIELD	3168	NOTTING HILL
3152	WANTIRNA	3169	CLARINDA
3152	WANTIRNA SOUTH	3169	CLAYTON SOUTH
3153	BAYSWATER	3170	MULGRAVE
3153	BAYSWATER NORTH	3171	SANDOWN VILLAGE
3154	THE BASIN	3171	SPRINGVALE
3155	BORONIA	3172	DINGLEY VILLAGE
3156	FERNTREE GULLY	3172	SPRINGVALE SOUTH
3156	LYSTERFIELD	3173	KEYSBOROUGH
3156	MOUNTAIN GATE	3174	NOBLE PARK
3156	UPPER FERNTREE GULLY	3174	NOBLE PARK NORTH
3158	UPWEY	3175	BANGHOLME
3159	MENZIES CREEK	3175	DANDENONG
3159	SELBY	3175	DANDENONG SOUTH
3160	BELGRAVE	3176	SCORESBY BC
3160	TECOMA	3177	DOVETON
3161	CAULFIELD JUNCTION	3178	ROWVILLE
3161	CAULFIELD NORTH	3179	SCORESBY
3162	CAULFIELD	3180	KNOXFIELD
3162	CAULFIELD SOUTH		
3162	HOPETOUN GARDENS		
3163	CARNEGIE		
3163	GLEN HUNTLY		
3163	MURRUMBEENA		
3164	DANDENONG SOUTH		
3165	BENTLEIGH EAST		

MELBOURNE METROPOLITAN OUTSKIRTS

3335	ROCKBANK	3807	GUY'S HILL
3337	KURUNJANG	3808	BEACONSFIELD UPPER
3337	MELTON	3809	OFFICER
3337	TOOLERN VALE	3810	PAKENHAM

MELBOURNE METROPOLITAN OUTSKIRTS cont.

3338	BROOKFIELD	3810	PAKENHAM UPPER
3338	EXFORD	3812	MARYKNOLL
3338	MELTON SOUTH	3812	NAR NAR GOON
3427	DIGGERS REST	3813	TYNONG
3428	BULLA	3814	CORA LYNN
3429	SUNBURY	3814	GARFIELD
3750	WOLLERT	3814	VERVALE
3752	SOUTH MORANG	3815	BUNYIP
3754	DOREEN	3815	IONA
3754	MERNDA	3815	TONIMBUK
3755	YAN YEAN	3910	LANGWARRIN
3757	EDEN PARK	3911	BAXTER
3757	HUMEVALE	3912	PEARCEDALE
3757	KINGLAKE WEST	3912	SOMERVILLE
3757	PHEASANT CREEK	3913	TYABB
3757	WHITTLESEA	3915	HASTINGS
3759	PANTON HILL	3915	TUERONG
3760	SMITHS GULLY	3916	MERRICKS
3761	ST ANDREWS	3916	SHOREHAM
3781	COCKATOO	3918	BITTERN
3782	AVONSLEIGH	3919	CRIB POINT
3782	CLEMATIS	3920	HMAS CERBERUS
3782	EMERALD	3926	BALNARRING
3782	MACCLESFIELD	3926	MERRICKS BEACH
3783	GEMBROOK	3926	MERRICKS NORTH
3786	FERNY CREEK	3927	SOMERS
3802	ENDEAVOUR HILLS	3928	MAIN RIDGE
3803	HALLAM	3929	FLINDERS
3804	NARRE WARREN EAST	3930	KUNYUNG
3804	NARRE WARREN NORTH	3930	MOUNT ELIZA
3805	FOUNTAIN GATE	3931	MORNINGTON
3805	NARRE WARREN	3933	MOOROODUC
3806	BERWICK	3934	MOUNT MARTHA
3806	HARKAWAY	3936	ARTHURS SEAT
3807	BEACONSFIELD	3936	DROMANA

MELBOURNE METROPOLITAN OUTSKIRTS cont.

3936	SAFETY BEACH	3977	CRANBOURNE
3937	RED HILL	3977	CRANBOURNE NORTH
3937	RED HILL SOUTH	3977	CRANBOURNE SOUTH
3938	MCCRAE	3977	DEVON MEADOWS
3939	ROSEBUD	3977	FIVE WAYS
3940	ROSEBUD WEST	3977	SKYE
3941	RYE	3978	CARDINIA
3941	ST ANDREWS BEACH	3978	CLYDE
3941	TOOTGAROOK	3980	BLIND BIGHT
3942	BLAIRGOWRIE	3980	TOORADIN
3943	SORRENTO	3980	WARNEET
3944	PORTSEA	3981	BAYLES
3975	LYNBROOK	3981	CATANI
3975	LYNDHURST	3981	DALMORE
3976	HAMPTON PARK	3981	HEATH HILL
3977	CANNONS CREEK	3981	KOO WEE RUP
		3981	YANNATHAN

NORTHERN SUBURBS

3039	MOONEE PONDS	3057	BRUNSWICK EAST
3040	ABERFELDIE	3058	COBURG
3040	ESSENDON	3058	COBURG NORTH
3040	ESSENDON WEST	3058	MERLYNSTON
3041	ESSENDON NORTH	3058	MORELAND
3041	STRATHMORE	3059	GREENVALE
3041	STRATHMORE HEIGHTS	3060	FAWKNER
3042	AIRPORT WEST	3061	CAMPBELLFIELD
3042	KEILOR PARK	3062	SOMERTON
3042	NIDDRIE	3063	OAKLANDS JUNCTION
3043	GLADSTONE PARK	3063	YUROKE
3043	GOWANBRAE	3064	CRAIGIEBURN
3043	TULLAMARINE	3064	DONNYBROOK
3044	PASCOE VALE	3064	KALKALLO
3044	PASCOE VALE SOUTH	3064	MICKLEHAM
3045	MELBOURNE AIRPORT	3064	ROXBURGH PARK
3046	GLENROY	3065	FITZROY

NORTHERN SUBURBS

3046	HADFIELD	3066	COLLINGWOOD
3046	OAK PARK	3067	ABBOTSFORD
3047	BROADMEADOWS	3068	CLIFTON HILL
3047	DALLAS	3068	FITZROY NORTH
3047	JACANA	3070	NORTHCOTE
3048	COOLAROO	3071	THORNBURY
3048	MEADOW HEIGHTS	3072	NORTHLAND CENTRE
3049	ATTWOOD	3072	PRESTON
3049	WESTMEADOWS	3072	PRESTON SOUTH
3050	ROYAL MELBOURNE HOSPITAL	3072	REGENT WEST
3051	HOTHAM HILL	3073	KEON PARK
3051	NORTH MELBOURNE	3073	RESERVOIR
3052	MELBOURNE UNIVERSITY	3074	THOMASTOWN
3052	PARKVILLE	3075	LALOR
3053	CARLTON	3076	EPPING
3053	CARLTON SOUTH	3076	EPPING DC
3054	CARLTON NORTH	3078	ALPHINGTON
3055	BRUNSWICK WEST	3078	FAIRFIELD
3056	BRUNSWICK	3079	IVANHOE
3079	IVANHOE EAST	3089	DIAMOND CREEK
3081	HEIDELBERG HEIGHTS	3090	PLENTY
3081	HEIDELBERG RGH	3091	YARRAMBAT
3081	HEIDELBERG WEST	3093	LOWER PLENTY
3082	MILL PARK	3094	MONTMORENCY
3083	BUNDOORA	3095	ELTHAM
3083	KINGSBURY	3095	ELTHAM NORTH
3084	BANYULE	3095	RESEARCH
3084	EAGLEMONT	3096	WATTLE GLEN
3084	HEIDELBERG	3097	BEND OF ISLANDS
3084	ROSANNA	3097	KANGAROO GROUND
3084	VIEWBANK	3097	WATSONS CREEK
3085	MACLEOD	3099	ARTHURS CREEK
3085	YALLAMBIE	3099	COTTLES BRIDGE
3087	WATSONIA	3099	HURSTBRIDGE
3088	BRIAR HILL	3099	NUTFIELD
3088	GREENSBOROUGH	3099	STRATHEWEN
3088	SAINT HELENA		

SOUTHERN SUBURBS

3181	PRAHRAN	3194	MOORABBIN AIRPORT
3181	WINDSOR	3195	ASPENDALE
3182	ST KILDA	3195	ASPENDALE GARDENS
3182	ST KILDA SOUTH	3195	BRAESIDE
3182	ST KILDA WEST	3195	MORDIALLOC
3183	BALACLAVA	3195	PARKDALE
3183	ST KILDA EAST	3195	WATERWAYS
3184	BRIGHTON ROAD	3196	BONBEACH
3184	ELWOOD	3196	CHELSEA
3185	ELSTERNWICK	3196	CHELSEA HEIGHTS
3185	GARDENVALE	3196	EDITHVALE
3185	RIPPONLEA	3197	CARRUM
3186	BRIGHTON	3197	PATTERSON LAKES
3186	DENDY	3198	BELVEDERE PARK
3187	BRIGHTON EAST	3198	SEAFORD
3187	NORTH ROAD	3199	FRANKSTON
3188	HAMPTON	3199	KARINGAL
3188	HAMPTON EAST	3200	FRANKSTON NORTH
3188	HAMPTON NORTH	3200	PINES FOREST
3189	MOORABBIN	3201	CARRUM DOWNS
3189	MOORABBIN EAST	3202	HEATHERTON
3189	WISHART	3204	BENTLEIGH
3190	HIGHETT	3204	MCKINNON
3191	SANDRINGHAM	3204	ORMOND
3192	CHELTENHAM	3205	SOUTH MELBOURNE
3192	CHELTENHAM EAST	3205	SOUTH MELBOURNE DC
3192	SOUTHLAND CENTRE	3206	ALBERT PARK
3193	BEAUMARIS	3206	MIDDLE PARK
3193	BLACK ROCK	3207	GARDEN CITY
3193	CROMER	3207	PORT MELBOURNE
3194	MENTONE		

WESTERN SUBURBS

3010	UNIVERSITY OF MELBOURNE	3023	DEER PARK
3011	FOOTSCRAY	3024	MOUNT COTTRELL
3011	SEDDON	3024	WYNDHAM VALE
3011	SEDDON WEST	3025	ALTONA NORTH
3012	BROOKLYN	3026	LAVERTON NORTH
3012	KINGSVILLE	3028	ALTONA MEADOWS
3012	MAIDSTONE	3028	LAVERTON
3012	TOTTENHAM	3028	SEABROOK
3012	WEST FOOTSCRAY	3029	HOPPERS CROSSING
3013	YARRAVILLE	3029	TARNEIT
3013	YARRAVILLE WEST	3029	TRUGANINA
3015	NEWPORT	3030	DERRIMUT
3015	SOUTH KINGSVILLE	3030	POINT COOK
3015	SPOTSWOOD	3030	WERRIBEE
3016	WILLIAMSTOWN	3031	FLEMINGTON
3018	ALTONA	3031	KENSINGTON
3018	SEAHOLME	3032	ASCOT VALE
3019	BRAYBROOK	3032	HIGHPOINT CITY
3019	ROBINSON	3032	MARIBYRNONG
3020	ALBION	3032	TRAVANCORE
3020	SUNSHINE	3033	KEILOR EAST
3021	ALBANVALE	3034	AVONDALE HEIGHTS
3021	KEALBA	3036	KEILOR
3021	KINGS PARK	3036	KEILOR NORTH
3021	ST ALBANS	3037	DELAHEY
3022	ARDEER	3037	HILLSIDE
3022	DEER PARK EAST	3037	SYDENHAM
3023	BURNSIDE	3038	KEILOR DOWNS
3023	CAIRNLEA	3038	TAYLORS LAKES
3023	CAROLINE SPRINGS		

BARWON

3211	LITTLE RIVER	3216	GROVEDALE
3212	LARA	3216	HIGHTON
3213	GEELONG	3216	MARSHALL
3214	CORIO	3216	MOUNT DUNEED
3214	NORLANE	3216	WANDANA HEIGHTS
3214	NORTH SHORE	3216	WAURN PONDS
3215	BELL PARK	3217	DEAKIN UNIVERSITY
3215	BELL POST HILL	3218	GEELONG WEST
3215	HAMLYN HEIGHTS	3218	HERNE HILL
3215	NORTH GEELONG	3218	MANIFOLD HEIGHTS
3216	BELMONT	3219	BREAKWATER
3216	FRESHWATER CREEK	3219	EAST GEELONG
3219	NEWCOMB	3236	FORREST
3219	ST ALBANS PARK	3237	BEECH FOREST
3219	WHITTINGTON	3237	GELLIBRAND LOWER
3220	GEELONG	3238	HORDERN VALE
3220	NEWTOWN	3238	JOHANNA
3221	ANAKIE	3238	LAVERS HILL
3221	BARRABOOL	3239	CARLISLE RIVER
3221	BATESFORD	3239	CHAPPLE VALE
3221	BELLARINE	3239	GELLIBRAND
3221	CERES	3239	KENNEDYS CREEK
3221	FYANSFORD	3240	BUCKLEY
3221	GNARWARRE	3240	MODEWARRE
3221	KENNETT RIVER	3240	MORIAC
3221	LOVELY BANKS	3240	MOUNT MORIAC
3221	MOOLAP	3241	BAMBRA
3221	MOORABOOL	3241	WINCHELSEA
3221	MURGHEBOLUC	3241	WURDIBOLUC
3221	STAUGHTON VALE	3242	BIRREGURRA
3221	STONEHAVEN	3243	BARWON DOWNS
3221	WALLINGTON	3243	GERANGAMETE
3221	WONGARRA	3243	WARNCOORT
3221	WYE RIVER	3249	ALVIE
3222	CLIFTON SPRINGS	3249	BARONGAROOK

BARWON cont.

3222	CURLEWIS	3249	BARRAMUNGA
3222	DRYSDALE	3249	CORAGULAC
3222	MANNERIM	3249	CORUNNUN
3222	MARCUS HILL	3249	DREEITE
3223	INDENTED HEAD	3249	IRREWARRA
3223	PORTARLINGTON	3249	KAWARREN
3223	ST LEONARDS	3249	LARPENT
3224	LEOPOLD	3249	NALANGIL
3225	POINT LONSDALE	3249	ONDIT
3225	QUEENSCLIFF	3249	PIRRON YALLOCK
3226	OCEAN GROVE	3249	SWAN MARSH
3227	BARWON HEADS	3249	WARRION
3227	BREAMLEA	3249	WOOL WOOL
3227	CONNEWARRE	3249	YEODENE
3228	BELLBRAE	3250	COLAC
3228	JAN JUC	3250	ELLIMINYT
3228	TORQUAY	3251	BEEAC
3230	ANGLESEA	3251	CUNDARE NORTH
3231	AIREYS INLET	3251	WEERING
3231	EASTERN VIEW	3254	COROROOKE
3231	FAIRHAVEN	3256	PURRUMBETE
3231	MOGGS CREEK	3256	SOUTH PURRUMBETE
3232	LORNE	3321	INVERLEIGH
3233	APOLLO BAY	3322	CRESSY
3233	SKENES CREEK	3328	TEESDALE
3235	DEANS MARSH	3329	BARUNAH PARK
3329	SHELFORD	3352	ENFIELD
3330	ROKEWOOD	3352	INVERMAY
3331	BANNOCKBURN	3352	LAL LAL
3331	GHERINGHAP	3352	LEARMONTH
3331	MAUDE	3352	LEIGH CREEK
3331	RUSSELLS BRIDGE	3352	LEXTON
3331	SHE OAKS	3352	MAGPIE
3331	STEIGLITZ	3352	MILLBROOK
3331	SUTHERLANDS CREEK	3352	MINERS REST
3332	LETHBRIDGE	3352	MITCHELL PARK

BARWON cont.

3333	MEREDITH	3352	MOLLONGGHIP
3352	ADDINGTON	3352	MOUNT EGERTON
3352	BARKSTEAD	3352	MOUNT ROWAN
3352	BLOWHARD	3352	NAPOLEONS
3352	BOLWARRAH	3352	NAVIGATORS
3352	BULLAROOK	3352	POOTILLA
3352	BUNGAREE	3352	SCOTSBURN
3352	BURRUMBEET	3352	SPRINGBANK
3352	CAMBRIAN HILL	3352	WALLACE
3352	CARDIGAN	3352	WARRENHEIP
3352	CLARENDON	3352	WAUBRA
3352	CLARKES HILL	3352	WEATHERBOARD
3352	CORINDHAP	3352	WERNETH
3352	DEAN	3352	WINDERMERE
3352	DEREEL	3352	YENDON
3352	DUNNSTOWN	3360	LINTON
3352	DURHAM LEAD		

CENTRAL HIGHLANDS

3334	MORRISONS	3350	CANADIAN
3340	BACCHUS MARSH	3350	EUREKA
3340	BALLIANG	3350	LAKE WENDOUREE
3340	COIMADAI	3350	MOUNT CLEAR
3340	GLENMORE	3350	MOUNT HELEN
3340	PARWAN	3350	MOUNT PLEASANT
3340	ROWSLEY	3350	NERRINA
3341	GREENDALE	3350	REDAN
3341	MYRNIONG	3350	SOVEREIGN HILL
3342	BALLAN	3351	BERRINGA
3342	BEREMBOKE	3351	CAPE CLEAR
3342	BLAKEVILLE	3351	CARNGHAM
3342	MOUNT WALLACE	3351	CHEPSTOWE
3345	GORDON	3351	HADDON
3350	ALFREDTON	3351	HILLCREST
3350	BALLARAT	3351	ILLABAROOK

CENTRAL HIGHLANDS cont.

3350	BALLARAT NORTH	3351	LAKE BOLAC
3350	BALLARAT WEST	3351	MININERA
3350	BLACK HILL	3351	NERRIN NERRIN
3350	BROWN HILL	3351	ROKEWOOD JUNCTION
3351	ROSS CREEK	3377	CROWLANDS
3351	SCARSDALE	3377	GREAT WESTERN
3351	SMYTHES CREEK	3377	MAROONA
3351	SMYTHESDALE	3377	MOUNT LONARCH
3351	SNAKE VALLEY	3377	MOYSTON
3351	STREATHAM	3377	WARRAK
3351	WESTMERE	3378	TATYOON
3353	BALLARAT	3379	CHATSWORTH
3354	BAKERY HILL	3379	STAVELY
3354	BALLARAT MC	3379	WICKLIFFE
3355	MITCHELL PARK	3379	WILLAURA
3355	WENDOUREE	3384	LANDSBOROUGH
3355	WENDOUREE VILLAGE	3384	NAVARRÉ
3356	DELACOMBE	3458	BLACKWOOD
3356	SEBASTOPOL	3458	FERN HILL
3357	BUNINYONG	3458	LERDERDERG
3363	CRESWICK	3458	NEWBURY
3364	ALLENDALÉ	3458	TRENTHAM
3364	ASCOT	3460	DAYLESFORD
3364	BLAMPIED	3461	BULLARTO
3364	BROOMFIELD	3461	DRUMMOND
3364	CAMPBELLTOWN	3461	FRANKLINFORD
3364	COGHILLS CREEK	3461	GLENLYON
3364	KINGSTON	3461	HEPBURN SPRINGS
3364	NEWLYN	3461	KORWEINGUBOORA
3364	ROCKLYN	3461	LYONVILLE
3364	SMEATON	3461	MUSK
3364	ULLINA	3461	YANDOIT
3370	CLUNES	3467	AVOCA
3373	BEAUFORT	3468	AMPHITHEATRE
3373	TRAWALLA	3468	GLENLOGIE
3375	BAYINDEEN	3468	MT LONARCH

CENTRAL HIGHLANDS cont.

3375	BUANGOR	3468	ROSYTH
3377	AMPHITHEATRE	3469	ELMHURST
3377	ARARAT		

EAST GIPPSLAND

3847	NAMBROK	3862	MEERLIEU
3847	ROSEDALE	3862	STRATFORD
3847	WILLUNG	3864	FERNBANK
3850	GUTHRIDGE	3865	LINDENOW
3850	SALE	3873	GORMANDALE
3850	WURRUK	3874	CARRAJUNG SOUTH
3851	BUNDALAGUAH	3874	WOODSIDE
3851	DARRIMAN	3875	BAIRNSDALE
3851	KILMANY	3875	BENGWORDEN
3851	LOCH SPORT	3875	CALULU
3851	LONGFORD	3875	HILLSIDE
3851	MYRTLEBANK	3875	LINDENOW SOUTH
3875	LUCKNOW	3889	CABBAGE TREE CREEK
3875	MOUNT TAYLOR	3889	CLUB TERRACE
3875	NEWLANDS ARM	3889	COMBIENBAR
3875	SARSFIELD	3890	CANN RIVER
3875	WALPA	3890	NOORINBEE
3875	WY YUNG	3891	GENOA
3878	EAGLE POINT	3891	GIPSY POINT
3880	PAYNESVILLE	3892	MALLACOOTA
3880	RAYMOND ISLAND	3893	TAMBO CROSSING
3882	NICHOLSON	3895	ENSAY
3885	BRUTHEN	3896	SWIFTS CREEK
3885	BUCHAN	3898	DINNER PLAIN
3885	BUTCHERS RIDGE	3898	OMEIO
3885	GELANTIPY	3900	BENAMBRA
3885	MOSSIFACE	3902	JOHNSONVILLE
3885	TAMBO UPPER	3903	SWAN REACH
3885	W TREE	3904	METUNG
3885	WISELEIGH	3909	KALIMNA

EAST GIPPSLAND cont.

3885	WULGULMERANG	3909	LAKE TYERS BEACH
3886	NEWMERELLA	3909	LAKES ENTRANCE
3887	LAKE TYERS	3971	ALBERTON
3887	NOWA NOWA	3971	BALOOK
3887	WAIREWA	3971	DEVON NORTH
3888	BENDOC	3971	GELLIONDALE
3888	BONANG	3971	MACKS CREEK
3888	MARLO	3971	PORT ALBERT
3888	ORBOST	3971	TARRAVILLE
3888	TUBBUT	3971	WON WRON
3889	BEMM RIVER	3971	YARRAM

GIPPSLAND

3765	MONTROSE	3793	NATHANIA SPRINGS
3766	KALORAMA	3795	BURLEIGH
3767	MOUNT DANDENONG	3795	SILVAN
3770	COLDSTREAM	3795	SILVAN SOUTH
3770	GRUYERE	3796	MCKILLOP
3775	CHRISTMAS HILLS	3796	MOUNT EVELYN
3775	DIXONS CREEK	3797	BLACK SANDS
3775	STEELS CREEK	3797	BRITANNIA CREEK
3775	YARRA GLEN	3797	ERREYS
3779	MARYSVILLE	3797	GILDEROY
3787	SASSAFRAS	3797	GLADYSDALE
3787	SASSAFRAS GULLY	3797	NAYOOK WEST
3788	OLINDA	3797	POWELLTOWN
3789	SHERBROOKE	3797	QUONGUP
3791	KALLISTA	3797	THREE BRIDGES
3791	SASSAFRAS SOUTH	3797	YARRA JUNCTION
3792	THE PATCH	3799	MCMAHONS CREEK
3793	MONBULK	3799	MILLGROVE
3799	WARBURTON	3838	WESTERN CAMP
3799	WARBURTON EAST	3838	YALLOURN HEIGHTS
3799	WESBURN	3840	JEERALANG
3799	BIG PATS CREEK	3840	MID VALLEY

GIPPSLAND cont.

3799	O"SHANNESSYS WEIR	3840	MORWELL
3799	REEFTON	3841	GIPPSLAND MC
3799	RICHARDS MILL	3842	CHURCHILL
3799	SAWMILL SETTLEMENT	3844	CALLIGNEE
3799	SCOTCHMANS CRREK	3844	CARRAJUNG
3799	STARVATION CREEK	3844	FLYNN
3799	THOMSON UPPER	3844	KOORNALLA
3799	UPPER THOMSON	3844	TRARALGON
3799	UPPER YARRA DAM	3844	TYERS
3799	WALSHS CREEK	3844	WILLUNG SOUTH
3816	LABERTOUCHE	3852	EAST SALE RAAF
3816	LONGWARRY	3853	SALE
3816	MODELLA	3854	GLENGARRY
3818	ATHLONE	3856	TOONGABBIE
3818	DROUIN	3869	YINNAR
3818	RIPPLEBROOK	3870	BOOLARRA
3820	WARRAGUL	3871	DARLIMURLA
3821	BULN BULN	3871	MIRBOO NORTH
3821	NEERIM JUNCTION	3921	TANKERTON
3821	NEERIM NORTH	3922	COWES
3821	NILMA	3923	RHYLL
3821	ROKEBY	3925	CAPE WOOLAMAI
3822	DARNUM	3925	NEWHAVEN
3823	YARRAGON	3925	SAN REMO
3824	CHILDERS	3945	JEETHO
3824	THORPDALE SOUTH	3945	KROWERA
3824	TRAFALGAR	3945	LOCH
3825	ABERFELDY	3945	WOODLEIGH
3825	COALVILLE	3946	BENA
3825	ERICA	3950	KORUMBURRA
3825	HERNES OAK	3951	JUMBUNNA
3825	HILL END	3951	KARDELLA
3825	MOE	3951	KONGWAK
3825	MOONDARRA	3951	OUTTRIM
3825	NEWBOROUGH	3953	BERRYS CREEK
3825	RAWSON	3953	HALLSTON

GIPPSLAND cont.

3825	TANJIL SOUTH	3953	LEONGATHA
3825	WALHALLA	3953	NERRENA
3825	WILLOW GROVE	3954	KOONWARRA
3825	YALLOURN NORTH	3956	DUMBALK
3831	NEERIM	3956	MEENIYAN
3831	NEERIM SOUTH	3956	TARWIN
3833	NOOJEE	3956	VENUS BAY
3835	THORPDALE		
3956	WALKERVILLE	3984	CORINELLA
3956	WALKERVILLE SOUTH	3984	CORONET BAY
3957	STONY CREEK	3984	GRANTVILLE
3958	BUFFALO	3984	JAM JERRUP
3959	FISH CREEK	3984	LANG LANG
3959	SANDY POINT	3984	MONOMEITH
3959	WARATAH BAY	3984	TENBY POINT
3960	BENNISON	3984	THE GURDIES
3960	FOSTER	3987	NYORA
3960	MOUNT BEST	3988	POOWONG
3960	TIDAL RIVER	3989	ST HELIER
3960	YANAKIE	3989	WOODLEIGH
3962	AGNES	3990	GLEN FORBES
3962	TOORA	3991	BASS
3964	PORT FRANKLIN	3992	DALYSTON
3965	PORT WELSHPOOL	3995	ARCHIES CREEK
3966	BINGINWARRI	3995	CAPE PATERSON
3966	WELSHPOOL	3995	KILCUNDA
3967	HEDLEY	3995	SOUTH DUDLEY
3979	ALMURTA	3995	WONTHAGGI
3979	GLEN ALVIE	3995	WOOLAMAI
3979	KERNOT	3996	INVERLOCH
3984	CALDERMEADE		

GOULBURN

3521	PYALONG	3608	GRAYTOWN
3522	TOOBORAC	3608	NAGAMBIE

GOULBURN cont.

3559	COLBINABBIN	3608	WAHRING
3559	COROP	3610	DHURRINGILE
3561	BAMAWM	3610	MURCHISON
3561	NANNEELLA	3612	RUSHWORTH
3561	ROCHESTER	3612	WANALTA
3562	TORRUMBARRY	3614	TOOLAMBA
3563	LOCKINGTON	3616	COOMA
3564	ECHUCA	3616	GILLIESTON
3564	KANYAPPELLA	3616	HARSTON
3564	PATHO	3616	TATURA
3564	SIMMIE	3617	BYRNESIDE
3565	KOTTA	3618	MERRIGUM
3566	GUNBOWER	3619	KYABRAM
3572	MILLOO	3620	KYABRAM
3572	PIAVELLA	3620	LANCASTER
3572	PRAIRIE	3620	WYUNA
3572	TENNYSON	3621	KOYUGA SOUTH
3606	HEATHCOTE SOUTH	3621	TONGALA
3607	TABILK	3621	YAMBUNA
3608	BAILIESTON	3622	KOYUGA
3608	GOULBURN WEIR	3622	STRATHALLAN
3622	KOYUGA	3653	CHILTERN SOUTH
3622	STRATHALLAN	3658	BROADFORD
3623	STANHOPE	3658	CLONBINANE
3624	GIRGARRE	3658	HAZELDENE
3629	ARDMONA	3658	REEDY CREEK
3629	COOMBOONA	3658	STRATH CREEK
3629	MOOROPNA	3659	TALLAROOK
3629	UNDERA	3660	KERRISDALE
3630	BENARCH	3660	SEYMOUR
3630	BRANDITT	3660	TRAWOOL
3630	CANIAMBO	3661	SEYMOUR
3630	COLLIVER	3662	PUCKAPUNYAL MILPO
3630	DUNKIRK	3663	MANGALORE
3630	SHEPPARTON	3664	AVENEL
3631	ARCADIA	3665	LOCKSLEY
3631	COSGROVE	3665	LONGWOOD

GOULBURN cont.

3631	KIALLA	3666	BALMATTUM
3631	KIALLA EAST	3666	CREIGHTON
3631	KIALLA WEST	3666	EUROA
3631	LEMNOS	3666	GOORAM
3631	PINE LODGE	3666	KITHBROOK
3631	SHEPPARTON EAST	3666	RUFFY
3631	TAMLEUGH WEST	3666	STRATHBOGIE
3632	SHEPPARTON	3669	BOHO SOUTH
3633	CONGUPNA	3669	CREEK JUNCTION
3634	BUNBARTHA	3669	GOWANGARDIE
3634	INVERGORDON SOUTH	3669	KOONDA
3634	KATANDRA	3669	TAMLEUGH
3634	MARUNGI	3669	VIOLET TOWN
3634	TALLYGAROPNA	3670	BADDAGINNIE
3635	WUNGHNU	3670	WARRENBAYNE
3636	INVERGORDON	3671	BENALLA
3636	NUMURKAH	3672	BENALLA
3637	WAAIA	3673	BENALLA
3638	KOTUPNA	3673	BENALLA SOUTH
3638	NATHALIA	3673	LIMA
3639	BARMAH	3673	MOLYULLAH
3639	PICOLA	3673	SWANPOOL
3640	KATUNGA	3673	TATONG
3641	STRATHMERTON	3673	WINTON
3643	COBRAM	3711	BUXTON
3644	BAROOGA	3712	RUBICON
3644	COBRAM	3712	THORNTON
3644	YARROWEYAH	3713	EILDON
3646	DOOKIE	3714	ACHERON
3646	YABBA NORTH	3714	ALEXANDRA
3646	YOUANMITE	3714	CATHKIN
3647	DOOKIE COLLEGE	3714	KORIELLA
3649	KATAMATITE	3714	TAGGERTY
3715	ANCONA	3725	GOORAMBAT
3715	MERTON	3726	BUNGEET

GOULBURN cont.

3715	WOODFIELD	3726	DEVENISH
3717	FLOWERDALE	3726	THOONA
3717	GLENBURN	3727	LAKE ROWAN
3717	HOMEWOOD	3727	ST JAMES
3717	MURRINDINDI	3727	YUNDOOL
3717	YEA	3728	TUNGAMAH
3718	MOLESWORTH	3728	WILBY
3719	GOBUR	3730	BUNDALONG
3719	KANUMBRA	3730	TELFORD
3719	YARCK	3730	YARRAWONGA
3720	BONNIE DOON	3753	BEVERIDGE
3722	MANSFIELD	3758	HEATHCOTE JUNCTION
3722	MIRIMBAH	3758	WANDONG
3723	GOUGHS BAY	3762	BYLANDS
3723	JAMIESON	3763	KINGLAKE
3723	MATLOCK	3764	KILMORE
3723	MERRIJIG	3777	HEALESVILLE
3723	MOUNT BULLER	3777	TOOLANGI
3723	WOODS POINT	3778	NARBETHONG
3724	MANSFIELD		
3725	BOXWOOD		

LODDON

3371	EVANSFORD	3444	TYLDEN
3371	STONY CREEK	3446	DRUMMOND NORTH
3371	TALBOT	3446	MALMSBURY
3430	CLARKEFIELD	3447	TARADALE
3431	RIDDELLS CREEK	3448	ELPHINSTONE
3432	BOLINDA	3448	METCALFE
3433	MONEGEETTA	3448	SUTTON GRANGE
3434	KERRIE	3450	CASTLEMAINE
3434	ROMSEY	3451	BARKERS CREEK
3435	LANCEFIELD	3451	CAMPBELLS CREEK
3437	BULLENGAROOK	3451	CHEWTON
3437	GISBORNE	3451	FRYERSTOWN

LODDON cont.

3438	NEW GISBORNE	3451	GUILDFORD
3440	MACEDON	3451	MUCKLEFORD
3441	MOUNT MACEDON	3453	HARCOURT
3442	ASHBOURNE	3453	RAVENSWOOD
3442	CARLSRUHE	3462	MUCKLEFORD SOUTH
3442	HESKET	3462	NEWSTEAD
3442	NEWHAM	3463	BARINGHUP
3442	ROCHFORD	3463	LAANECOORIE
3442	WOODEND	3463	MALDON
3444	KYNETON	3463	SHELBOURNE
3444	MIA MIA	3463	WOODSTOCK WEST
3444	REDESDALE	3464	CARISBROOK
3465	ALMA		
3465	CRAIGIE	3550	QUARRY HILL
3465	DAISY HILL	3550	SANDHURST EAST
3465	MAJORCA	3550	SPRING GULLY
3465	MARYBOROUGH	3550	STRATHDALE
3465	NATTE YALLOCK	3550	TYSONS REEF
3465	RATHSCAR	3550	WHITE HILLS
3465	SIMSON	3551	ARNOLD
3465	WAREEK	3551	AXEDALE
3472	BET BET	3551	EPPALOCK
3472	BETLEY	3551	EPSOM
3472	DUNOLLY	3551	HUNTLY
3472	EDDINGTON	3551	JUNORTOUN
3472	GOLDSBOROUGH	3551	LLANELLY
3472	INKERMAN	3551	LOCKWOOD SOUTH
3472	MOLIAGUL	3551	LONGLEA
3475	BEALIBA	3551	MAIDEN GULLY
3475	EMU	3551	MANDURANG
3475	LOGAN	3551	NEWBRIDGE
3515	MARONG	3551	STRATHFIELDSAYE
3516	BRIDGEWATER ON LODDON	3551	TARNAGULLA
3516	DERBY	3551	TOOLLEEN
3516	LEICHARDT	3552	BENDIGO
3517	INGLEWOOD	3554	BENDIGO DC

LODDON cont.

3517	JARKLIN	3555	GOLDEN SQUARE
3517	SALISBURY WEST	3555	KANGAROO FLAT
3517	SERPENTINE	3556	CALIFORNIA GULLY
3518	BERRIMAL	3556	CAMPBELLS FOREST
3518	BORUNG	3556	COMET HILL
3518	FERNIHURST	3556	EAGLEHAWK
3518	MYSIA	3556	MYERS FLAT
3518	WEDDERBURN	3556	SEBASTIAN
3520	KORONG VALE	3557	BARNADOWN
3523	COSTERFIELD	3557	FOSTERVILLE
3523	HEATHCOTE	3557	GOORNONG
3523	KNOWSLEY	3558	ELMORE
3536	FERNTHURST EAST	3558	HUNTER
3537	BOORT	3570	RAYWOOD
3537	GREDGWIN	3571	DINGEE
3539	BENDIGO	3571	TANDARRA
3539	MANDURANG	3573	CALIVIL
3539	MANDURANG SOUTH	3573	MITIAMO
3539	SHELBOURNE SOUTH	3575	MINCHA
3539	STRATHFIELDSAYE	3575	PYRAMID HILL
3550	BENDIGO	3575	YARRAWALLA
3550	KENNINGTON	3576	DURHAM OX
3550	LONG GULLY	3751	WOODSTOCK
3550	NORTH BENDIGO	3756	DARRAWAIT GUIM
3756	HIDDEN VALLEY	3756	UPPER PLENTY
3756	WALLAN		

MALLEE

3480	AREEGRA	3542	LALBERT
3480	CORACK	3544	ULTIMA
3480	DONALD	3544	WAITCHIE
3480	LITCHFIELD	3546	BOLTON
3482	WATCHEM	3546	CHINKAPOOK
3483	BIRCHIP	3546	MANANGATANG

MALLEE cont.

3485	WATCHUPGA	3549	ROBINVALE
3485	WOOMELANG	3567	LEITCHVILLE
3490	OUYEN	3567	MINCHA WEST
3491	PATCHEWOLLOCK	3568	COHUNA
3494	CARWARP	3578	APPIN
3494	COLIGNAN	3578	APPIN SOUTH
3494	NANGILOC	3578	HAWKINSTON
3496	CARDROSS	3578	ROWLAND
3496	CULLULLERAINE	3579	KERANG
3496	MERINGUR	3579	MACORNA
3496	RED CLIFFS	3579	MURRABIT
3496	SUNNYCLIFFS	3580	KOONDROOK
3496	WERRIMULL	3581	LAKE CHARM
3498	IRYMPLE	3583	TRESCO
3500	MILDURA	3584	LAKE BOGA
3500	PARINGI	3585	SWAN HILL
3501	KOORLONG	3586	BULGA
3501	MILDURA CENTRE PLAZA	3586	KOOEM
3501	NICHOLS POINT	3586	MALLAN
3502	MILDURA	3586	MURRAWEE
3505	CABARITA	3586	MURRAYDALE
3505	MERBEIN	3586	PENTAL ISLAND
3506	COWANGIE	3586	TYNTYNDER
3507	WALPEUP	3586	TYNTYNDER SOUTH
3509	UNDERBOOL	3586	TYNTYNDER WEST
3512	MURRAYVILLE	3586	ULTIMA EAST
3525	CHARLTON	3588	WOORINEN SOUTH
3525	WYCHITELLA	3589	WOORINEN
3527	WYCHEPROOF	3590	BEVERFORD
3529	NULLAWIL	3591	VINIFERA
3530	CULGOA	3594	NYAH
3531	BERRIWILLOCK	3595	NYAH WEST
3533	NANDALY	3596	WOOD WOOD
3533	SEA LAKE	3597	PIANGIL
3540	CANNIE	3599	BOUNDARY BEND
3540	QUAMBATOOK		

OVENS-MURRAY

3675	GLENROWAN	3695	SANDY CREEK
3675	GRETA	3697	TAWONGA
3675	HANSONVILLE	3698	TAWONGA SOUTH
3676	WANGARATTA	3699	BOGONG
3677	APPIN PARK	3699	FALLS CREEK
3677	WANGARATTA	3699	MOUNT BEAUTY
3677	YARRUNGA	3700	TALLANGATTA
3678	BOORHAMAN	3701	DARTMOUTH
3678	CHESHUNT	3701	ESKDALE
3678	EVERTON	3701	GRANYA
3678	MILAWA	3701	MITTA MITTA
3678	OXLEY	3701	SHELLEY
3682	NORONG	3704	KOETONG
3682	SPRINGHURST	3705	CUDGEWA
3683	CHILTERN	3705	NARIEL VALLEY
3685	BOORHAMAN NORTH	3707	BIGGARA
3685	BROWNS PLAINS	3707	BRINGENBRONG
3685	GOORAMADDA	3707	COLAC COLAC
3685	PRENTICE NORTH	3707	CORRYONG
3685	RUTHERGLEN	3707	THOWGLA VALLEY
3687	WAHGUNYAH	3707	TOWONG
3688	BARNAWARTHA	3708	TINTALDRA
3689	WODONGA	3709	BURROWYE
3690	WODONGA	3709	GUYS FOREST
3690	WODONGA PLAZA	3709	WALWA
3691	ALLANS FLAT	3732	MOYHU
3691	BARANDUDA	3733	WHITFIELD
3691	BELLBRIDGE	3733	WHITLANDS
3691	BERRINGAMA	3735	BOWMANS FOREST
3691	BETHANGA	3735	WHOROULY
3691	BONEGILLA	3736	MYRTLEFORD
3691	DEDERANG	3737	BUFFALO RIVER
3691	EBDEN	3737	DANDONGADALE
3691	GLEN CREEK	3737	GAPSTED
3691	GUNDOWRING	3737	MUDGEGONGA
3691	HUME WEIR	3737	MYRTLEFORD

OVENS-MURRAY cont.

3691	KERGUNYAH	3738	OVENS
3691	KIEWA	3739	EUROBIN
3691	LENEVA	3740	MOUNT BUFFALO
3691	LONE PINE	3740	POREPUNKAH
3691	MOUNT ALFRED	3741	BRIGHT
3691	STAGHORN FLAT	3741	FREEBURGH
3691	TALGARNO	3741	HARRIETVILLE
3691	TANGAMBALANGA	3741	HOTHAM HEIGHTS
3693	BONEGILLA MILPO	3741	MOUNT HOTHAM
3694	BANDIANA MILPO	3744	WANDILIGONG
3695	CHARLEROI	3746	ELDORADO
3695	HUON	3747	BAARMUTHA
3695	RED BLUFF		
3747	BEECHWORTH	3747	WOORAGEE
3747	MURMUNGEE	3749	YACKANDANDAH
3747	STANLEY		

WESTERN DISTRICT

3260	BUNGADOR	3280	WARRNAMBOOL
3260	CAMPERDOWN	3281	BUSHFIELD
3260	GNOTUK	3281	GRASSMERE
3260	POMBORNEIT	3281	WINSLOW
3260	STONYFORD	3281	WOODFORD
3264	TERANG	3282	ILLOWA
3265	BOORCAN	3282	KOROIT
3265	CUDGEE	3283	KILLARNEY
3265	ELLERSLIE	3283	KIRKSTALL
3265	FRAMLINGHAM	3283	SOUTHERN CROSS
3265	GARVOC	3283	TOWER HILL
3265	KOLORA	3284	PORT FAIRY
3265	NOORAT	3285	NARRAWONG
3265	PANMURE	3285	ROSEBROOK
3265	THE SISTERS	3285	ST HELENS
3266	COBDEN	3285	TOOLONG
3266	GLENFYNE	3285	TYRENDARRA

WESTERN DISTRICT cont.

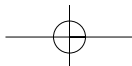
3266	JANCOURT	3285	YAMBUK
3266	JANCOURT EAST	3286	MACARTHUR
3266	SIMPSON	3287	HAWKESDALE
3267	SCOTTS CREEK	3287	MINHAMITE
3268	CURDIE VALE	3289	PENSHURST
3268	CURDIES RIVER	3290	MAROONA WEST
3268	NIRRANDA	3290	ROSS BRIDGE
3268	NULLAWARRE	3292	NELSON
3268	TIMBOON	3293	GLENTHOMPSON
3269	PORT CAMPBELL	3294	DUNKELD
3269	PRINCETOWN	3294	MOUTAJUP
3270	PETERBOROUGH	3294	VICTORIA VALLEY
3271	DARLINGTON	3300	HAMILTON
3271	DUNDONNELL	3301	BROADWATER
3271	PURA PURA	3301	BYADUK
3272	MORTLAKE	3301	STRATHKELLAR
3272	WOORNDOO	3301	TARRINGTON
3273	HEXHAM	3302	BRANXHOLME
3274	CARAMUT	3303	CONDAH
3275	MAILER FLAT	3304	DARTMOOR
3276	WOOLSTHORPE	3304	HEYWOOD
3277	ALLANSFORD	3304	WINNAP
3277	MEPUNGA	3305	ALLESTREE
3277	NARINGAL	3305	BOLWARRA
3278	PURNIM	3305	GORAE
3279	WANGOOM	3305	PORTLAND
3280	DENNINGTON	3306	BOLWARRA
3306	MT RICHMOND	3314	CAVENDISH
3309	DIGBY	3315	COLERAINE
3310	MERINO	3315	MELVILLE FOREST
3311	CASTERTON	3315	NAREEN
3312	CARAPOOK	3323	BERRYBANK
3312	CHETWYND	3323	DUVERNEY
3312	DERGHOLM	3324	LISMORE
3312	HENTY	3325	DERRINALLUM

WESTERN DISTRICT cont.

3312	LAKE MUNDI	3361	CARRANBALLAC
3312	POOLAIJELO	3361	SKIPTON
3312	SANDFORD	3407	BALMORAL
3312	STRATHDOWNIE	3407	GATUM
3312	WANDO VALE	3407	VASEY

WIMMERA

3317	HARROW	3401	WOMBELANO
3318	EDENHOPE	3401	QUANTONG
3318	LANGKOOP	3401	ROCKLANDS
3319	APSLEY	3401	TELANGATUK EAST
3319	BENAYEO	3402	HORSHAM
3380	STAWELL	3409	NATIMUK
3381	BARKLY	3412	GOROKE
3381	CAMPBELLS BRIDGE	3413	MINIMAY
3381	HALLS GAP	3413	OZENKADNOOK
3381	LUBECK	3413	PERONNE
3381	POMONAL	3414	ANTWERP
3385	DADSWELLS BRIDGE	3414	DIMBOOLA
3385	GLENORCHY	3415	LILLIMUR
3387	MARNOO	3415	MIRAM
3388	BANYENA	3418	GERANG GERUNG
3388	RUPANYUP	3418	KIATA
3390	MURTOA	3418	LAWLOIT
3391	BRIM	3418	NHILL
3392	MINYIP	3418	YANAC
3392	SHEEP HILLS	3419	KANIVA
3393	WARRACKNABEAL	3420	SERVICETON
3395	BEULAH	3422	TARRANYURK
3396	HOPETOUN	3423	JEPARIT
3399	JUNG	3424	RAINBOW
3400	HORSHAM	3424	YAAPEET
3401	DOOEN	3478	MOONAMBEL
3401	DOUGLAS	3478	REDBANK
3401	GYMBOWEN	3478	ST ARNAUD

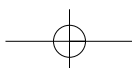
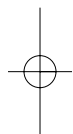


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Inquiry into Unmet Demand for Higher Education

WIMMERA cont.

3401	KARNAK	3478	STUART MILL
3401	MITRE	3487	LASCELLES
3401	NORADJUHA	3488	SPEED
3401	TOOLONDO	3489	TEMPY
3401	WALLUP		



Appendix D

ABS INDEX OF SOCIO-ECONOMIC DISADVANTAGE

- % Persons aged 15 years and over with degree or higher (0.24)
- % Couple families with dependent child(ren) only with annual income greater than \$77,999 (0.24)
- % Couple families with no children with annual income greater than \$77,999 (0.23)
- % Employed Males classified as 'Professionals' (0.23)
- % Persons aged 15 years or over having an advanced diploma or diploma qualifications (0.21)
- % Employed Females classified as 'Professionals' (0.21)
- % Single person households with annual income greater than \$36,399 (0.20)
- % Persons using Internet at home (0.19)
- % Couple families with dependents and non-dependents or with non-dependents only with annual income greater than \$103,999 (0.18)
- % Single parent families with dependent child(ren) only with annual income greater than \$36,399 (0.17)
- % Persons aged 15 years and over at university or other tertiary institution (0.15)
- % Employed Males classified as 'Associate Professionals' (0.14)
- % Single parent families with dependents and non-dependents or with non-dependents only with annual income greater than \$62,399 (0.13)
- % Employed Females classified as 'Advanced Clerical & Service Workers' (0.10)

- % Dwellings with four or more bedrooms (0.08)
- % Single parent families with dependents and non-dependents or with non-dependents only with annual income less than \$26,000 (-0.10)
- % Employed Females classified as 'Elementary Clerical, Sales & Service Workers' (-0.10)
- % Employed Males classified as 'Tradespersons' (-0.13)
- % Employed Females classified as 'Intermediate Production & Transport Workers' (-0.13)
- % One parent families with dependent offspring only (-0.13)
- % Couple families with dependents and non-dependents or with non-dependents only with annual income less than \$52,000 (0.15)
- % Females (in labour force) unemployed (-0.16)
- % Males (in labour force) unemployed (0.16)
- % Single person households with annual income less than \$15,600 (-0.18)
- % Employed Males classified as 'Intermediate Production and Transport Workers' (-0.19)
- % Employed Males classified as 'Labourers & Related Workers' (-0.19)
- % Employed Females classified as 'Labourers & Related Workers' (-0.19)
- % Couple families with dependent child(ren) only with annual income less than \$36,400 (-0.20)
- % Couple only families with annual income less than \$20,800 (-0.20)
- % Persons aged 15 years and over with highest level of schooling completed being Year 11 or below (-0.24)
- % Persons aged 15 years and over with no qualifications (-0.25)

Appendix E

SUPPLEMENTARY TABLES

Table A: Unmet Demand for Higher Education Courses in Victoria by Region in 2004 (Persons)²⁵⁶

	Applicants	Offers	Unsuccessful Applicants	Unmet Demand(%)
Barwon	2,188	1,720	468	21.4%
Central Highlands	953	767	186	19.5%
East Gippsland	537	420	117	21.8%
Gippsland	1,454	1,078	376	25.9%
Goulburn	1,279	1,034	245	19.2%
Loddon	1,392	1,166	226	16.2%
Mallee	534	455	79	14.8%
Ovens Murray	694	550	144	20.7%
Western District	715	591	124	17.3%
Wimmera	274	240	34	12.4%
Total Regional Victoria	10,020	8,021	1,999	19.95%
Melbourne City	348	248	100	28.7%
North Eastern Suburbs	9,352	6,943	2,409	25.8%
South Eastern Suburbs	6,628	4,761	1,867	28.2%
Melbourne Metropolitan Outskirts	3,864	2,647	1,217	31.5%
Northern Suburbs	8,014	5,445	2,569	32.1%
Southern Suburbs	4,367	3,064	1,303	29.8%
Western Suburbs	4,214	2,834	1,380	32.7%
Total Metropolitan Melbourne	36,787	25,942	10,845	29.48%
Total Victoria	46,807	33,963	12,844 ²⁵⁷	27.44%

256. The Committee adopted a conservative definition of unmet demand that included only Victorian applicants that had a higher education course as their first or second preference and, if they were Victorian School Leavers, they had an ENTER score greater than 53, or if they were Mature applicants they had a minimum Year 12 or equivalent qualification.

257. The discrepancy between the above figures, and those cited in Chapter 2 may be accounted for by those applicants whose region was unknown, yet were included in the totals in Chapter 2 but not in the above table.

Table A2: Unmet Demand for Places in Nursing Degree Courses in Victoria by Region in 2004 (Persons)²⁵⁸

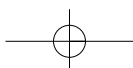
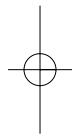
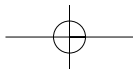
	Applicants	Offers	Unsuccessful Applicants	Unmet Demand(%)
Barwon	253	161	92	36.4%
Central Highlands	82	53	29	35.4%
East Gippsland	85	58	27	31.8%
Gippsland	174	133	41	23.6%
Goulburn	158	93	65	41.1%
Loddon	153	92	61	39.9%
Mallee	50	25	25	50.0%
Ovens Murray	69	35	34	49.3%
Western District	98	64	34	34.7%
Wimmera	17	15	2	11.8%
Total Regional Victoria	1,139	729	410	36.0%
Melbourne City	9	4	5	55.6%
North East Suburbs	478	259	219	45.8%
South East Suburbs	399	216	183	45.9%
Melbourne Metropolitan Outskirts	333	177	156	46.8%
Northern Suburbs	504	202	302	59.9%
Southern Suburbs	224	102	122	54.5%
Western Suburbs	268	87	181	67.5%
Total Metropolitan Melbourne	2,215	1,047	1,168	52.7%
Total Victoria	3,354	1,776	1,578	47.0%

²⁵⁸Applicants for nursing courses include only those that place a nursing degree as a first preference.

Table A3: Unmet Demand for Places in Teaching Courses in Victoria by Region in 2004 (Persons)²⁵⁹

	Applicants	Offers	Unsuccessful Applicants	Unmet Demand(%)
Barwon	248	113	135	54.4%
Central Highlands	124	66	58	46.8%
East Gippsland	62	29	33	53.2%
Gippsland	253	121	132	52.2%
Goulburn	147	82	65	44.2%
Loddon	160	94	66	41.3%
Mallee	80	54	26	32.5%
Ovens Murray	95	61	34	35.8%
Western District	107	52	55	51.4%
Wimmera	37	22	15	40.5%
Total Regional Victoria	1,313	694	619	47.1%
Melbourne City	14	6	8	57.1%
North East Suburbs	659	303	356	54.0%
South East Suburbs	606	256	350	57.8%
Melbourne Metropolitan Outskirts	581	258	323	55.6%
Northern Suburbs	739	288	451	61.0%
Southern Suburbs	428	185	243	56.8%
Western Suburbs	425	168	257	60.5%
Total Metropolitan Melbourne	3,452	1,464	1,988	57.6%
Total Victoria	4,765	2,158	2,607	54.7%

259. Applicants for teaching courses include only those that place a teaching degree as a first preference.



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Extracts from the Proceedings

The Minutes of the Proceedings of the Committee show the following Divisions which took place during consideration of the Draft Report.

Monday 5 April 2004

Chapter 1 - page 1, paragraph five

In order to ascertain the full implications of any unmet demand, and the access Victorians have to higher education, unmet demand for higher education from school leavers and from mature age applicants must be considered. This is particularly important in the context of globalisation, technological advances, shorter career tenures and multiple career paths. Access to higher, vocational and community education allows adults to train and retrain, thereby ensuring that lifelong learning becomes a reality rather than mere political rhetoric. It is within this context that unmet demand has the potential to influence whether Victoria has a highly knowledgeable, adaptable and skilled workforce, now and into the future.

Question – That the words “It is within this context that unmet demand has the potential to influence whether Victoria has a highly knowledgeable, adaptable and skilled workforce, now and into the future” stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein and Ms Munt

Noes Mr Perton, Mr Hall and Mr Kotsiras

There being an equality of votes, the Chair gave his casting vote with the Ayes, and so it was resolved in the affirmative.

Chapter 1 - page 1, paragraph five

In order to ascertain the full implications of any unmet demand, and the access Victorians have to higher education, unmet demand for higher education from school leavers and from mature age applicants must be considered. This is particularly important in the context of globalisation, technological advances, shorter career tenures and multiple career paths. Access to higher, vocational and community education allows adults to train and retrain, thereby ensuring that lifelong learning becomes a reality rather than mere political rhetoric. It is within this context that unmet demand has the potential to influence whether Victoria has a highly knowledgeable, adaptable and skilled workforce, now and into the future.

Amendment proposed by Mr Herbert – That the words “for higher education” be inserted after “unmet demand” (where last appears).

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein and Ms Munt

Noes Mr Perton, Mr Hall and Mr Kotsiras

There being an equality of votes, the Chair gave his casting vote with the Ayes, and so it was resolved in the affirmative.

Chapter 1 - page 9, last paragraph

The Committee similarly questions why applicants who know exactly what course they want to do, and therefore list only one or two preferences, are discounted from the measure of unmet demand if they subsequently fail to obtain a place. Examples of applicants that would be excluded include those applying for courses with limited offerings (for example, medicine is only offered at Monash and Melbourne Universities while veterinary science is only offered at Melbourne University) and those who due to geographic, socioeconomic or other barriers apply only for one or two courses at a specific university or campus.

Question – That the paragraph stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein and Ms Munt

Noes Mr Kotsiras, Mr Perton and Mr Hall

There being an equality of votes, the Chair gave his casting vote with the Ayes, and so it was resolved in the affirmative.

Tuesday 27 April 2004

Chapter 2 - Finding 2.1, page 4

That the number of university applicants failing to receive an offer increased from 15,536 in 1997 to 23,302 in 2003 and that this increase resulted in an overall increase in the levels of unmet demand from 28% in 1997 to 37% in 2003. And that the significant increase in the overall level of unmet demand is due to the failure by the Commonwealth Government to increase the capacity in the university system in response to increasing levels of demand for higher education among individuals, industry and the community.

Question – That the second sentence of Finding 2.1 stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein and Ms Munt

Noes Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 2 - Finding 2.1 (as amended), page 4

That the number of university applicants to receive an offer of a place increased from 15,536 in 1997 to 23,302 in 2003 and that this resulted in an overall increase in the levels of unmet demand from 28% in 1997 to 37% in 2003 and that this is due to the failure by the Commonwealth Government to increase the capacity in the number of university places in response to increasing levels of demand for higher education among individuals, industry and the community.

Amendment proposed by Mr Perton – That the words “and the Victorian Government” be inserted after the words “Commonwealth Government” in Finding 2.1.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Perton and Mr Hall

Noes Mr Herbert, Ms Eckstein and Ms Munt

And so it passed in the negative.

Chapter 2 - Recommendation 2.1, page 8

That the Commonwealth Government increase the number of places in the university system to ensure all highly qualified applicants have access to a university education – 13,000 being the conservative estimate of unmet demand in 2003/2004.

Amendment proposed by Mr Perton – That the words “and Victorian Government” be inserted after the words “Commonwealth Government” in Recommendation 2.1.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Perton and Mr Hall

Noes Mr Herbert, Ms Eckstein and Ms Munt

And so it passed in the negative.

Monday 17 May 2004

Chapter 5 - Additional Finding 5.1, page 6

Amendment proposed by Ms Eckstein – That a new Finding 5.1 be inserted on page 6 as follows: “That the effects of the cuts to higher education spending by the Commonwealth Government have been severe on Victoria and that as a result of these cuts Victoria lost approximately 6,000 Commonwealth fully funded HECS places since the 1996 budget.”

Question – That the words and expressions proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.2, page 6

That the Nelson reforms were passed through the Senate on 5 December 2003 within the context of a sector that was believed to be generally under funded and with reductions occurring in Commonwealth funded places to Victorian universities

Question – That Finding 5.2 stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.3, page 8

That the introduction of the Commonwealth Grant Scheme has changed the nature of higher education funding from a block grant system into a purchaser-provider model. The Committee notes that the Commonwealth Grant Scheme is more restrictive than the current funding model and therefore future allocation of places must take place following extensive consultation between the Commonwealth and State Governments and universities. This is essential to ensure that delivery adequately reflects government, community, institutional and individual needs and capacities.

Amendment proposed by Ms Eckstein – That all the words after “model” (where first occurring) be omitted with the view to inserting in place thereof “That the introduction of the Commonwealth Grant Scheme has changed the nature of higher education funding from a block grant system into a purchaser-provider model that is more restrictive than the current funding model.”

Question – That the words proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Recommendation 5.1, page 8

Amendment proposed by Ms Eckstein – That a new Recommendation 5.1 be inserted as follows: “The Committee recommends that future allocation of places take place following extensive consultation between the Commonwealth and State Governments and universities to ensure that delivery adequately reflects government, community, institutional and individual needs and capacities.”

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.5, page 11

That the university sector will continue to be constrained in its capacity to respond to unmet demand by the same range of factors that have constrained this capacity since 1996. Consequently most of the sector will be unable to respond to increased demand over the next four years, and the already high level of unmet demand will be further increased.

Amendment proposed by Ms Eckstein – That all the words and expression in Finding 5.5 be omitted with the view of inserting in place thereof “That the Victorian university sector has been constrained in its capacity to respond to

unmet demand by a range of factors since 1996 and will continue to be unable to respond to increasing demand in coming years so that the already high levels of unmet demand will be further increased."

Question – That the words and expression proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words and expression proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Question – That Finding 5.5, as amended, stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.6, page 14

That while the introduction of the regional loading has been welcomed, it does not sufficiently cover the additional costs associated with delivering higher education in regional areas. Further to this it fails to recognise that the distinction between regional campuses and stand alone regional universities, and between regional and outer suburban campuses unfairly penalises metropolitan based universities that are attempting to provide services to regional, rural and outer suburban communities.

Amendment proposed by Ms Eckstein – That all the words in Finding 5.6 be omitted with the view of inserting in place thereof "That while the introduction of the regional loading has been welcomed, it:

- does not sufficiently cover the additional costs associated with delivering higher education in regional areas.

- fails to recognise that the distinction between regional campuses and stand alone regional universities, and between regional and outer suburban campuses, unfairly penalizes metropolitan based universities for increasing access to higher education in more marginalised communities.”

Question – That the words proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words and expression proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Finding 5.6, as amended, stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.7, page 18

That regional and outer suburban campuses have been significantly disadvantaged by the Commonwealth Government’s removal and re-distribution of previously over enrolled places. Further, that the local community will suffer serious flow on effects due to the loss of these places at their local institution.

Question – That Finding 5.7 stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.8, page 23

That the increase in HECS fees is perceived as having an impact on the decision of students to undertake higher education. It is however, viewed as being one of a number of considerations affecting this decision.

Question – That all the words and expression in Finding 5.8 be omitted – put and resolved in the affirmative.

Amendment proposed by Ms Eckstein – That a new Finding 5.8 be inserted as follows: “That the increase in HECS fees is one of the considerations impacting on students when they decide whether or not to undertake higher education.”

Mr Hall moved, as an amendment to Ms Eckstein’s amendment, that the words “That the increase in” be omitted.

Question – That the words proposed to be omitted stand part of the amendment – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative – Amendment negated.

Question – That the words and expression “That the increase in HECS fees in one of the considerations impacting on students when they decide whether or not to undertake higher education.” be inserted as Finding 5.8 – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.10, page 28

That the increase in the proportion of domestic full fee paying places that Victorian universities will be allowed to take into their courses is likely to have a limited impact on the growth of higher education places within the system and therefore do little to relieve high levels of unmet demand for higher education.

Amendment proposed by Ms Eckstein – That all the words in Finding 5.10 be omitted with the view of inserting in place thereof “That the increase in the proportion of domestic full fee paying places that Victorian universities will be able to offer is likely to have limited impact on the overall growth of higher education places and therefore will do little to relieve high levels of unmet demand for higher education in Victoria.”

Question – That the words proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Recommendation 5.5, page 28

The Committee recommends that the Commonwealth Government review the number of growth HECS places to Victoria in light of evidence suggesting that increases in fully paid positions will not allow the higher education system in Victoria to grow and will merely reinforce the discrepancy between the wealthy and the less wealthy in terms of accessing high demand courses.

Question - That Recommendation 5.5 stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Finding 5.12, page 36

That the implementation of the reforms established in Our Universities: Backing Australia's Future will lead to little, if any growth of places in teaching and nursing courses in Victoria. Further, dependent on the allocation of over-enrolments, these reforms may, in fact, result in a decrease in the total number of places within these courses. In addition, delivery in these disciplines will continue to be threatened unless the Commonwealth Government makes an ongoing commitment to funding the practicum component of these courses.

Amendment proposed by Ms Eckstein – That all the words in Finding 5.12 be omitted with the view of inserting in place thereof “That based on the evidence presented to the Committee, the implementation of the reforms established in Our Universities: Backing Australia's Future will lead to little, if any growth of places in teaching and nursing courses in Victoria. Further, dependent on the allocation of over-enrolments, these reforms may, in fact, result in a decrease in the total number of places within these courses.”

Question – That the words proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Finding 5.12, as amended, stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - New Finding 5.13, page 36

Amendment proposed by Ms Eckstein – That an new Finding 5.13 be inserted to follow Finding 5.12, as follows: “That higher education delivery in the nursing and teaching disciplines will continue to be threatened unless the Commonwealth Government makes an ongoing commitment to fund the practicum component of these courses.”

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Recommendation 5.7, page 36

That MCEETYA assess the full costs of nursing and teaching courses to ensure that Commonwealth Government funding reflects the true costs of course provision, including the full costs of practicum. It is further recommended that MCEETYA establish an appropriate DEST weight for funding of nursing courses and that this weight is reviewed on an annual basis to ensure that it is in line with current costs.

Amendment proposed by Ms Eckstein – That all the words and expressions in Recommendation 5.7 be omitted with the view of inserting in place thereof “That MCEETYA assess the full costs of nursing and teaching courses to ensure that Commonwealth Government funding reflects the true costs of course provision, including the full costs of practicum and that MCEETYA review this on an annual basis to ensure it is in line with current costs.”

Question – That the words and expressions proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words and expressions proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Recommendation 5.7, as amended, stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Friday 21 May 2004

Question – That Chapter 1, as amended, stand part of the Report – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Chapter 2, as amended, stand part of the Report – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Chapter 3, as amended, stand part of the Report – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Chapter 4, as amended, stand part of the Report – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Question – That Chapter 5, as amended, stand part of the Report – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Tuesday 25 May 2004

Chapter 2 - Additional Paragraph, page 11

Amendment proposed by Ms Eckstein – That the following paragraph be inserted on page 11, at the end of Recommendation 2.1:

“While the Committee recognises that it may take some time to significantly reduce unmet demand in Victoria, funding for priority areas is required immediately. The Committee therefore urges the Commonwealth Government to increase the number of HECS funded places in Victoria and to target a proportion of these places at nursing and teaching courses and at rural, regional and outer suburban university campuses.”

Mr Perton moved, as an amendment to Ms Eckstein’s amendment – That the words “and Victorian” be inserted after “Commonwealth”.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Kotsiras, Mr Perton and Mr Hall

Noes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer

And so it passed in the negative.

Question – That the following paragraph be inserted on page 11, at the end of Recommendation 2.1:

“While the Committee recognises that it may take some time to significantly reduce unmet demand in Victoria, funding for priority areas is required immediately. The Committee therefore urges the Commonwealth Government to increase the number of HECS funded places in Victoria and to target a proportion of these places at nursing and teaching courses and at rural, regional and outer suburban university campuses.” – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt, Mr Scheffer and Mr Hall

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 4 - Finding 4.3, page 11

Finding 4.3: That unmet demand for higher education in Victoria displaces a proportion of traditional TAFE applicants. However, it is difficult to determine the full magnitude of this displacement due to the large number of TAFE applications that are made outside the VTAC system.

Amendment proposed by Mr Herbert – That the words “That unmet demand for higher education in Victoria displaces a proportion” be omitted with a view to inserting in place thereof “That students who unsuccessfully apply for university in Victoria displace a small proportion”.

Question – That the words proposed to be omitted stand part of the Chapter – put and negatived.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 4 - Recommendation 4.1, page 5

That the Victorian Government move to establish a joint Committee of ANTA MINCO and MCEETYA to institute formal national articulation arrangements, including a separate funding stream for places for articulation from TAFE to higher education.

Amendment proposed by Mr Herbert – That all words and expressions contained in Recommendation 4.1 be omitted with a view to inserting in place thereof “That the Victorian Government move to establish a joint Committee of ANTA MINCO and MCEETYA to institute formal national articulation

arrangements, including a separate funding stream and a specific allocation of HECS places for articulation from TAFE to higher education.

Question – That the words and expressions proposed to be omitted stand part of the Chapter – put.

The Committee divided

Ayes Mr Kotsiras and Mr Perton

Noes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

And so it passed in the negative.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 4 - Recommendation 4.3, page 14

That the Victorian Government, with the assistance of the Victorian Tertiary Admissions Centre, the Local Learning and Employment Networks and TAFE institutes, identify the full extent to which unmet demand for higher education causes displacement of vulnerable cohorts from the TAFE sector. Further, that this information become a formal part of the Commonwealth profile setting process and that a specific allocation of HECS funded higher education positions be made available for articulation pathways.

Amendment proposed by Mr Herbert – That the words “and that a specific allocation of HECS funded higher education positions be made available for articulation pathways.” be omitted.

Question – put and resolved in the affirmative.

Question – That Recommendation 4.3, as amended, stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer
Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 - Recommendations 5.5 and 5.7, pages 21 and 28

Recommendation 5.5: That the Commonwealth Government consider offering HECS exemptions for the duration of an undergraduate course as part of a package of measures aimed at improving access and equity in higher education for students from disadvantaged and rural and regional communities.

Recommendation 5.7: That, in the interests of increasing access to university education among disadvantaged groups, the Commonwealth Government increase current scholarship payments to more fully reflect the costs of undertaking higher education, while concurrently creating and providing HECS exempt scholarships based on prescribed equity criteria.

Amendment proposed by Janice Munt – That Recommendations 5.5 and 5.7 be omitted with the view of inserting in place thereof a new Recommendation 5.6 as follows: “That in the interests of increasing access to university education among disadvantaged groups, the Commonwealth Government increase current scholarship payments to more fully reflect the costs of undertaking higher education. Further, that the Commonwealth Government consider offering HECS exemptions to highly disadvantaged students for the duration of their undergraduate course.”

Mr Kotsiras moved, as an amendment to Ms Munt’s amendment – That the word “current” be omitted with a view to inserting in place thereof “and State Government provide”.

Question – That the word proposed to be omitted stand part of the Amendment – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Ms Munt and Mr Scheffer
Noes Mr Kotsiras, Mr Perton and Mr Hall

And so it passed in the negative – Amendment negatived.

Question – That Recommendation 5.6 “That in the interests of increasing access to university education among disadvantaged groups, the Commonwealth Government increase current scholarship payments to more fully reflect the costs of undertaking higher education. Further, that the Commonwealth Government consider offering HECS exemptions to highly disadvantaged students for the duration of their undergraduate course.” stand part of the Chapter – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Chapter 5 – Finding 5.7, page 11

That while the introduction of the regional loading has been welcomed, it:

- Does not sufficiently cover the additional costs associated with delivering higher education in regional areas.
- Fails to recognize that the distinction between regional campuses and stand alone regional universities and between regional and outer suburban campuses, unfairly penalizes metropolitan based universities for increasing access to higher education in more marginalized communities.

Amendment proposed by Ms Eckstein – That all words in Finding 5.7 be omitted with the view of inserting in place thereof “That while the introduction of the regional loading has been welcomed, it:

- Does not sufficiently cover the additional costs associated with delivering higher education in regional and outer suburban areas.
- Makes an unfair distinction between stand alone regional universities and campuses of metropolitan based universities that are located in outer suburban and regional areas.”

Question – That the words proposed to be omitted stand part of the Chapter – put and negated.

Question – That the words proposed to be inserted be so inserted – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.

Report Adoption

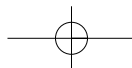
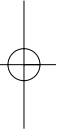
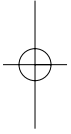
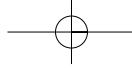
Question – That the draft report, as amended, together with correction of any typographical errors, be the report of the Committee – put.

The Committee divided

Ayes Mr Herbert, Ms Eckstein, Mr Hall, Ms Munt and Mr Scheffer

Noes Mr Kotsiras and Mr Perton

And so it was resolved in the affirmative.



Inquiry into the Unmet Demand for Higher Education

Minority Report Submitted by Victor
Pertou MLA, Nicholas Kotsiras MLA

Pursuant to S4 N (4) of the Parliamentary Committee
Act 1968

The Partisan Nature of the Inquiry

The Victorian government initiated this inquiry in an attempt to try and embarrass the Federal Government in the lead up to the forthcoming Federal election, while simultaneously ignoring the Victorian government's responsibilities in post-compulsory education and training.

One only has to look at the terms of reference to realise that this inquiry was politically motivated. It was also disappointing that the Minister did not enter into discussions with the Committee on references either generally or in respect of this particular reference.

Even before the Committee commenced its deliberations on its findings, the Labor Chairman of the Committee spoke to the media resulting in an article appearing in the Herald-Sun on 19 February 2004 that gave the impression that the Committee had already decided on certain findings, an offensive and inappropriate assertion having the effect of circumventing both the Chairman's role and due process.

Viewed in this light, the Inquiry is nothing more than a political game initiated by the Victorian government to score cheap political points against the Commonwealth Government in a federal election year, at the expense of a well reasoned and balanced debate about the responsible role of the State in delivering more than policy posturing in Higher Education.

This is particularly galling in the light of the Auditor-General's 'Report on Public Sector Agencies – results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June' tabled in the Parliament on 26 May 2004 which revealed that 17 of Victoria's 19 TAFE institutions are in financial trouble.

Chisholm Institute, one of the largest TAFE providers in the state, is in imminent danger of financial collapse unless the Bracks Government listens to the alarm bells and takes action immediately.

The same report also indicates that RMIT's TAFE and Central Gippsland TAFE are also verging dangerously close towards financial collapse. A lack of Victorian State Government funding was identified as the leading cause of this economic crisis. The report states:

*"...the current student contact hour funding does not fully cover the costs of delivery, including the cost of depreciation, teaching equipment, course development, and support for early school leavers and people with disabilities."*¹

The report also revealed that the Bracks Government's contribution to TAFEs is the lowest in the country and that Victoria is the only state to deliver training at an average student contact hour rate that is below the national average.

We were very disappointed in the Committee Chair's unjustified refusal to focus on the opportunities for the State to take an active, constructive and responsible role in the development of Higher Education policy and effective outcomes for Victorian institutions and students, particularly with respect to TAFEs. The Chair and the Labor majority failed to entertain the prospect of taking a bi-partisan approach to making recommendations that are within the State's executive ambit to influence, fund and control, in accordance with the traditional purpose and focus of these committees. This would have been an intelligent way of dealing with the significant issues faced by government in planning for this sector.

There was abject failure by the Labor Members of the Committee to accept that the State Government has a role beyond that of simple complainant.

The majority report portrays the role of the State as little more than a lobby group, lacking any capacity to influence Higher Education strategy.

1. Auditor General, Report on Public Sector Agencies – results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June' 26 May 2004, pg 45

It ignores the opportunities the State Government has to be a leader and provide direction in this sector. This failure is to the detriment of the quality of our education system; Victoria's workforce and skills requirements and Victorian students' futures.

The majority report does little more than complain about the Federal Government whilst ignoring the Bracks Government's lack of action in Higher Education and Training.

The Bracks Government inactivity is in stark contrast to the proactive strategies and policies in this area implemented by the previous Liberal Government.

The Partisan Nature of the Terms of Reference

While there is extensive reference to the term 'unmet demand', Higher Education and to the Commonwealth government's responsibility in Higher Education there is very little reference to the Victorian government's responsibility to both the TAFE and Higher Education sectors, leading to imbalance and bias in the reporting and the conclusions reached.

The majority report's definition of the term 'unmet demand' is inarticulate, suggesting that Victorian School leaver applicants with an ENTER score above 53, as well as mature applicants that had previously completed a Year 12 or equivalent qualification who didn't receive an offer for a HECS funded university place in Victoria, both meet the standard reflecting 'unmet demand' when it is clear that these two groups are dissimilar to one another in highly irregular ways.

We believe this definition is unsound reflecting neither the reality of the State's requirements for publicly funded university and TAFE places, nor actual student preferences or requirements for courses. It is not based on skills and labour force data, nor does it factor for universities' student course prerequisites or other criteria.

Neither does it reflect any ordinary economic definition of the term, 'unmet demand' which would conclude that demand is in fact completely met by supply at the present point in time, since the take up of the available full fee paying places within Victorian universities has not yet exceeded the 25% cap allowed for within undergraduate courses.

Forty percent of undergraduates enrolled in Australian universities do not complete the undergraduate course they enrol in. This is a significant and unexplained number carrying obvious implications for government and public funding.

This Committee had an opportunity to undertake an investigation into some of the more pressing issues and options for choice and for change in Higher Education and to look to Victoria's future in this sector. The Committee should have undertaken a detailed analysis in light of the growing export potential and internationalisation of education; global policy movements advocating a strategy of lifelong learning and some of the other major issues facing governments as planners and stakeholders in the Higher Education journey. It did not do so.

TAFEs are an integral part of our training sector in Victoria and unlike universities, are the sole responsibility of the State Government.

Here in Victoria we have a number of universities with TAFE divisions, with some of our TAFE Institutions now offering undergraduate courses, creating increased diversity, but also increased accountability and responsibility for the State. This politically motivated attempt to overlook the financial crisis that many of our TAFE institutions are experiencing at the present moment, as has been confirmed by the Auditor General's report of May 24th 2004,² is a deliberate effort to hide the lack of direction and funding in our TAFE sector by the Victorian government.

In 1992 the Victorian Liberal Government initiated a \$123 million plan to create an additional 4500 extra Higher Education places for students in areas where there was a perceived shortage, especially in Science and Technology. Even now, the State government provides scholarships in areas it deemed to be a priority.

It is therefore inexcusable for this government to wash their hands of State government funded places for Higher Education and simply blame the Federal government. There is a precedent to illustrate that state governments can and do play a very important part in dealing with perceived 'unmet demand' in Higher Education.

2. Auditor General, Report on Public Sector Agencies – results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June' 26 May 2004

The Partisan Nature of the Select Committee's Deliberations

The Labor Party members of the Committee narrowly concentrated on the Federal Government's policies and responsibilities, which are not within their ambit to control, while selectively ignoring any references to the State government and its responsibility to unmet demand - an area they might feasibly have been able to make a genuine difference in.

The Committee majority abdicated its responsibilities in state policy. The Labor Members absolved the Victorian State Government of its responsibilities and ignored the fact that simply undertaking a Higher Education course might not lead to graduate employment in one's chosen field at the end of your studies.

The Labor Members' notion that everyone with an ENTER score above 53 should receive their higher education preferences does not responsibly incorporate the evidence that low TER scores are a marker for course failure.

Implementation of the majority report's recommendations would diminish the reputation of our Higher Education institutions and the quality and reputation of our education system.

To suggest that more students, regardless of their results, should be given the opportunity to undertake a Higher Education course, while ignoring TAFE courses, further education, traditional trades, quality secondary schooling and areas where there is a skill shortage is short sighted and politically convenient.

The Committee's final report failed to outline any of the alleged merits of providing all students with HECS funded places in Higher Education courses. There needs to be a balance between each of the education sectors. There needs to be more funding for early childhood development; much larger State Government spending in TAFE and industry training; and the entire state school system could spend more money for better outcomes.

The Evidence

In reaching its conclusions, the Majority Report has ignored or discounted certain evidence.

Why do students and what type of students choose to enrol or not enrol in Higher Education? Why do so many students enrol and then not complete their Higher Education? Do we do enough to support students in their choices, their

career options and the diversity of paths open to them in life? Is there a problem in the way that the media, the community and even government policy demonstrates a tendency to corral people into accepting that 'fresh out of high school' is the only or even the best way to approach Tertiary education, Higher Education and learning?

Is it in the public interest to allow all students who wish to enrol in teaching or nursing, or for that matter medicine, to enrol in that course? If not, what criteria should be used to determine the acceptable numbers of students and their academic or personal aptitude and what should be the role of both the Federal and more critically the State governments in moving towards a pattern of just-in-time, knowledge based, competency based or lifelong learning?

None of these questions have been answered in the final report simply because the Labor Members of the Committee had no interest in pursuing these important issues, having been landed the task of presenting a report that would suit the short term ends of their political taskmasters.

The Committee entered its deliberations seeking simply to exonerate the Victorian Government for its failings and to provide the Australian Labor party with a false bottomed platform from which it could spread propaganda against the Commonwealth Government prior to a Federal election, while shielding its own ineffective activities.

If we look at teaching and nursing, both these professions should be attracting high calibre students. It is therefore vital that students develop a strong interest in teaching and nursing from an early age.

This was reinforced by Professor Lee Dow who said that "encouragement should be occurring at much earlier years, not as late as undergraduate but in the schools"³ and that "we have to make nursing sufficiently attractive so that we can get a better share of the more able students."⁴

Ms Thompson, National Education Officer, National Union of Students said that "My parents are both teachers and they told me that if I went into a teaching degree they would have me killed."⁵

3. Prof. K. Lee Dow, Deputy Vice-Chancellor, University of Melbourne. Minutes of Evidence, Melbourne, 29 September 2003, pg 24.

4. Ibid. Minutes of Evidence, Melbourne, 29 September 2003, pg 21.

5. Ms E. Thompson, National Education Officer, National Union of Students. Minutes of Evidence, Melbourne, 10 November 2003, pg 94.

Career Paths

Some believe that universities and careers counsellors in secondary schools have an important role to play in directing students to appropriate courses.⁶ Unfortunately there was no evidence to suggest that this is occurring in Victoria compared to NSW. Evidence received indicated that in NSW there are a number of initiatives and campaigns that ensured students made informed decisions.⁷

Mr Keenan said that “there is an enormous gap between young people, the workplace and further education.”⁸

The question that the Committee omitted to answer is why has the Victorian Government failed in its duty to properly counsel students on career options?

Indeed, the Victorian Government’s unjustified ban on 13 year olds doing work experience and its effective wipe out of 14 year old work experience through excessive compliance burdens, runs counter to the needs of many students to experience the world of work as a way of informing their choices.

The Committee made no comment in the final report on what actions the Victorian Government, schools and the tertiary sector are taking to encourage and persuade students to undertake particular subjects at secondary level.

More importantly, why has the Victorian Government failed to portray some professions, especially in areas where there is a shortage, as viable, let alone attractive career paths?

Lowering TER Scores to Reduce Unmet Demand

The Majority report adopted a cut off ENTER of 53 as the level that students can be expected to succeed in Higher Education. There was no concrete evidence to support this decision.

By simply concentrating on more HECS funded places and neglecting the consequences of lowering the TER score, the Committee missed a significant opportunity to find real alternatives in defining and resolving unmet demand.

6 Mr P. Bennie, President, Bendigo Student Association, Minutes of Evidence, Bendigo, 1 December 2003, pg210.

7 Mr T. Alegounarias, Director, External Relations Policy Directorate, Minutes of Evidence, Sydney, 13 November 2003, pg 23.

8 Mr D. Keenan, Executive Director, Business Ballarat, City of Ballarat, Minutes of Evidence, Ballarat, 9 February 2004, pg 287.

Evidence submitted indicated that allowing more students to undertake a nursing or teaching course by simply lowering the TER score was not a good alternative. There was little concrete evidence to suggest that lowering the entrance score for teaching or nursing would ensure that these students could satisfactorily complete the course. "If we go back four or five years ago, we were having people coming into the profession with lower TER scores, and that was when we had higher drop-out rates".⁹

Professor Lee Dow said that "I am a bit anxious about students who come through with a very general grouping of subjects that does not actually lead them very far into any area other than some broad social science program. I think we perhaps are selling those people short to have not helped them think through more clearly just what they are doing."¹⁰ While Ms Gleeson said that "nursing is a demanding profession, and there is no point in dumbing it down just so you can fill advanced lecture theatre seats."¹¹

Associate Professor Fitzclarence said that "we are at the lower limit there with the 75 score... I would be very loathe to see that figure drop."¹² While Associate Professor Barnett said that "an ENTER of about 60 would be quite a reasonable score for nursing..."¹³

To simply lower the entry requirements for teaching and nursing is not the solution.

It is vital that the Victorian Government provides information to students in an attempt to encourage better qualified students to seek entry into these courses. Students might apply for these courses if there is a high probability of finding a job at the end of their studies, coupled with working conditions and job satisfaction. The Federal Government has acted to ensure that teaching and nursing graduates experience lower than normal HECS debts.

The questions that were utterly neglected by the Committee in its deliberations was a test of its own assumptions as to whether there is in fact a teacher and/or nurse shortage, whether students are properly counselled and whether these courses are attractive to students and, if not, why not?

9. Ms J. Clutterbuck, Professional Officer, Australian Nursing Federation (Victorian Branch). Minutes of Evidence, Melbourne, 10 November 2003, pg 105.

10. Prof. K. Lee Dow, Deputy Vice-Chancellor, University of Melbourne. Minutes of Evidence, Melbourne, 29 September 2003, pg 24.

11. Ms M. Gleeson, Professional Officer, Australian Nursing Federation (Victorian Branch). Minutes of Evidence, Melbourne, 10 November 2003, pg 104.

12. Associate Professor L. Fitzclarence, Associate Dean of Education, Monash University, Gippsland Campus, Minutes of Evidence, Traralgon, 8 December 2003, pg 260.

13. Associate Professor A. Barnett, Head, School of Nursing, Monash University, Gippsland Campus, Minutes of Evidence, Traralgon, 8 December 2003, pg 260.

This is a critical oversight having the effect of calling the entire report and all of its findings into question. Untested assumptions are patently not the basis for sound future planning or policy recommendations.

A Teacher Shortage?

With such a focused reference from the Minister on allegedly unmet demand in teaching one would expect that a teacher shortage prevailed across Victoria. However evidence received by the Committee contradicts this assumption, as do the Minister's own public statements and independently commissioned report.

Even before the Committee commenced the Inquiry, Minister Kosky had already said in the media that "we don't have a looming teacher crisis" in Victoria. The report commissioned by the Government from Boston Consulting to investigate the issue affirms this. You therefore have to question the Minister's motives for initiating this inquiry.

The view that there is no teacher shortage is a sentiment reinforced by Professor Lee Dow who points out that "we are not facing a serious shortage of primary teachers; we are currently in balance.....in secondary education the first thing to say about the situation in Victoria is that while there are shortages — there always have been and probably always will be — in certainly specialist areas and in particular locations, those shortages in Victoria are not as severe as in many other parts of Australia."¹⁴

Similarly the Director, External Relations Policy Directorate said that there is no teacher shortage in NSW.¹⁵ One would expect therefore that if the Federal Government's policy was causing a shortage of teachers it would have been evident in the two largest states.

There are other reasons behind why there is a shortage of specific subject teachers in certain areas and why specialist teachers are in short supply in schools. However the evidence suggests that they are a consequence of State Government policy and its effects.

14. Prof. K. Lee Dow, Deputy Vice-Chancellor, University of Melbourne. Minutes of Evidence, Melbourne, 29 September 2003, pg 21.

15. Mr T. Alegounarias, Director, External Relations Policy Directorate, in conversation with the Committee, Sydney, 13 November 2003, pg 21.

Ms Mary Bluett for instance said that "Victorian teachers are being paid below market rates...and they will continue to bleed teachers to other states and overseas".¹⁶ However the Labor members of the Committee refused to comment on this fact in the final report.

It is therefore extraordinary that the terms of reference falsely give the impression that Federal Government policies have contributed to a teacher shortage in our primary and secondary schools in Victoria.

There is a clear shortage of specialist teachers in Victorian Secondary Schools, but the Committee did not look at this question in this reference. The Bracks Government has washed its hands of this issue by refusing to keep data centrally and making the extraordinary assertion that any teacher can teach maths, science or English, **just as well as a specialist can.**

There were some who felt that the teacher shortage was in fact in the TAFE sector as a result of the Victorian government's inability to improve working conditions and inadequate funding for the sector.

Mr Gunningham said that "it is a problem getting qualified staff in regional TAFEs, full stop... It is the case that you have the hardest working TAFE teachers in Australia on the lowest set of conditions of service."

One has to question why there was no mention of the above evidence in the final report. Whose political purposes does that serve?

Nurse Shortage?

Professor Kanitsaki pointed out that even if more students were able to enrol in a nursing course there is not enough money going into the health system to be able to employ them and "the more layers[of management] you have the more money goes elsewhere".¹⁸

Associate Professor Barnett said that "if you want to improve health care outcomes you need to invest in your health care work force appropriately."¹⁹

16. Ms Mary Bluett, Australian Education Union, The Australian Newspaper, 23 January 2004, pg 2.

17. Mr J. Gunningham, Chief Executive Officer, Central Gippsland Institute of TAFE, Minutes of Evidence, Traralgon, 8 December 2003, pg 253.

18. Professor O. Kanitsaki, Head of Nursing, Royal Melbourne Institute of Technology. Minutes of Evidence, Melbourne, 31 October 2003, pg75.

19. Associate Professor T. Barnett, Head of Nursing, Monash University, Minutes of Evidence, Melbourne, 31 October 2003, pg75.

Associate Professor Barnett went on to say that it was vitally important to “come up with a mechanism to assist the placement of students in nursing... in smaller venues and smaller sites in rural Victoria.”²⁰

In other words, unmet demand for university places is not the problem, the allocation and distribution of nursing places is the issue.

Once again the question that has been omitted for consideration is whether the State Government has the financial ability or the political will to employ more nurses, even if there were more students enrolled in nursing?

Recently the Victorian Government tried to increase the patient to nurse ratio to reduce its expenditure on nurses in public hospitals, not increase it.

Effects on Victorian Industry

The Committee was asked to investigate whether unmet demand has a negative effect on the Victorian industry. This was poorly dealt with by the Committee.

The Committee did not undertake any economic study or obtain any detailed research in this area preferring unprepared comments by witnesses who had no expertise in this area.

No substantial evidence was received by the Committee that the current level of HECS places was having negative impact on Victorian industry. On the contrary, there is widespread media coverage of the fact that the shortage of State Government TAFE funding has had a negative impact on Victorian industry.

It is therefore puzzling to read findings in the final Report when the evidence was just not there.

Skills Shortages

Evidence gathered indicated that in some rural and regional centres there was a skills shortage but there was little evidence to suggest that this was a direct result of HECS places.

20. Associate Professor T. Barnett, Head of Nursing, Monash University, Minutes of Evidence, Traralgon, 8 December 2003, pg259

Mr Hancock said that “regional Victoria ...has difficulty in attracting and retaining professionals – engineering, medical-across a whole range of professions...offer programs across that range of professions, because if we can offer them here locally we will have more chance of retaining those skills and the young who would want to take up those opportunities here...”²¹

Evidence that was presented indicated that the problem was not more HECS places, but rather decisions universities took when deciding what courses to offer at which campus.

This was reinforced by the decision not to offer undergraduate engineering at Monash University Gippsland which came as a major blow to retaining some of the skills that the region needs. Indeed Mr Hancock said that there is a “direct link to what is on offer here at Monash University Gippsland campus in terms of our ability to recruit within our own area with some knowledge of our own area”.²²

The Victorian Government hasn’t worked with universities, communities and industry to better coordinate and plan course offerings by geographic need.

Pressure on TAFE

The Labor Members of this Committee assert that the number of students missing out on a HECS funded place at university has led directly to increased pressure in the TAFE system.

The Committee has presumed that places in the TAFE system are being ‘taken up’ by students who ‘by rights’ should be studying at university, creating enormous pressure on our TAFEs and leaving would-be TAFE students without an opportunity to study.

The negative attitude taken towards TAFE, which views TAFE and the students in it as a ‘second tier’ system is unfortunate and again, highly political.

There was no conclusive evidence that suggested that students who miss out of a University course enrol in a TAFE course thereby placing a strain on our TAFE system. Indeed some of the evidence supplied contradicted this premise.

20. Associate Professor T. Barnett, Head of Nursing, Monash University, Minutes of Evidence, Traralgon, 8 December 2003, pg259

21. Mr R. Hancock, Chief Executive Officer, Latrobe City Council, Minutes of Evidence, Traralgon, 8 December 2003, pg 225.

22. Mr R. Hancock, Chief Executive Officer, Latrobe City Council, Minutes of Evidence, Traralgon, 8 December 2003, pg 226.

In some regions students prefer TAFE to a University. "In the western region the highest proportion of applicants prefer to seek entry through TAFE courses.... Students in our area prefer to come in through TAFE before they make application to the university – I do not mean chronologically; I mean in preference to university..."²³

While Mr Burke said that "it is a bit difficult to pin down"²⁴ when asked whether there was an increase in students enrolling in TAFE courses because they could not get into university courses.

Similarly Mr McGowen responded with "absolutely!"²⁵ When asked if he was only guessing when he said that as a result of students missing out on a higher education course it will place pressure on the TAFEs.

On the question of whether data exists that shows the number of students who enrol into TAFE simply because they are unable to enrol in a higher education course Professor Kanitsaki said "I certainly am not aware of it, but they may have some data. We need to look to see whether it exists."²⁶

No conclusive data or evidence was provided that suggests that students who miss out on a university place apply for a TAFE course as an alternative, leading to their placing enormous pressure on our TAFE system.

Even if this was true, all it shows is that our TAFE institutes are not adequately funded to take on more students, even if there were extra students. As the Auditor General stated this month, (May 24th 2004) Victorian government funding policies have had a negative impact on our TAFEs and their ability to enrol more students.

TAFE Sector in Victoria

In late 2003, having vocally objected to individual universities voting to increase their HECS charges and inappropriately laying the blame for this increase squarely at the feet of the Federal government, the Victorian State Government hypocritically announced an unprecedented, unilateral and undemocratic increase in student TAFE fees. Even more hypocritically, this was

23. Professor E. Harman, Vice-Chancellor, Victoria University. Minutes of Evidence, Melbourne, 10 November 2003, pg 110.

24. Mr G. Burke, Executive Director, Centre for economics of Education and Training. Minutes of Evidence, Melbourne 29 September 2003, pg 39

25. Mr M. McGowan, Victorian Division Secretary, National Tertiary Education Union. Minutes of Evidence, Melbourne, 29 September 2003, pg 32.

26. Professor O. Kanitsaki, Head of Nursing, Royal Melbourne Institute of Technology. Minutes of Evidence, Melbourne, 31 October 2003, pg77.

evidently closely followed by an unprecedented cut to State Government outlays on operating budgets for TAFEs.

Any net benefit to TAFEs of introducing new fees was soon eroded by the reality that government budget cuts took out more than the new regulations allowed to be put in. As a result, seventeen of our nineteen TAFE institutes are in what the Auditor General would describe as “financial difficulty.”²⁷

Evidence collected suggests that all of the above will have a negative impact on current students wishing to enrol in TAFE let alone any extra students.

Many witnesses strongly argued that the TAFE Institutes in Victoria are under-funded and require the Victorian Government to implement a number of initiatives to ensure their survival. Mr Langdon said “at the moment from a TAFE perspective, I guess, it does not appear that TAFE is the highest priority at the moment, and there is actually a squeeze of funds... TAFE has not had an increase in funds for a number of years, and again the 1.5 per cent productivity claim has been put onto TAFE for the next year as well...”²⁸

This is repeated by Mr Hancock who said “the reality is ... to suddenly see that kind of increases in front of them may well be a barrier that they cannot get over in terms of getting into a TAFE program.” Mr Hancock went on to say that as a result of the State Government under-funding the TAFE system it will have an adverse impact on the community.²⁹

While Mr Gould said that “I don’t know any institute that is not under any pressure in terms of funding...”³⁰ Dr Langdon claims that the increase in TAFE fees “will make it more difficult for students who want to go and get any sort of an education, particularly with the TAFE cohort of students ... who are from low socioeconomic backgrounds ... that money...is not going to the TAFE institutes, it is going back to Treasury... it is not actually going to help the local TAFE at all.” Dr Langdon goes on to say that “the local TAFE institute for next year the amount of money that we are getting for our training is actually declining.”³¹

27. Auditor General, Report on Public Sector Agencies – results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June’ 26 May 2004, pg 43.

28. Dr M. Langdon, Bendigo Regional TAFE Institute, Minutes of Evidence, Bendigo, 1 December 2003, pgs 200-201.

29. Mr R. Hancock, Chief Executive Officer, Latrobe City Council, Minutes of Evidence, Traralgon, 8 December 2003, pg 228.

30. Mr B. Gould, Executive Manager, Economic Development, City of Greater Bendigo, Minutes of Evidence, Bendigo, 1 December 2003, pg184.

31. Dr M. Langdon, Bendigo Regional TAFE Institute, Minutes of Evidence, Bendigo, 1 December 2003, pg200.

Mr Gunningham said in relation to the 1.5 per cent productivity that “it might have been a good idea 10 years ago, when TAFE institutes were perhaps a little bit padded, but these days the TAFEs of Victoria are really extremely lean. They have gone through the meat and down to the bone and are just about to come out the other side! ... We are going backwards”³²

Ms Kinsman also agreed with the notion that there has been a decrease in TAFE funding by the Victorian Government and that this had a negative impact on students and teachers in terms of stress levels, increased workloads, quality of teaching. Ms Kinsman said that “there has been a Treasury impost on TAFE year in and year out of 1.5 per cent of total funding, which means that the funding rate has in fact diminished in real terms. I think there has been a decrease.”³³ This was reinforced by Mr McGowen.³⁴

Ms Thompson said that as a result of the fee increases in TAFE it will indeed have a negative impact on students. “Absolutely! ... When you look at the TAFE cohort in terms of socioeconomic status and background, and the number of students from non-English-speaking backgrounds who attend TAFE, it will absolutely and obviously have an appalling effect on people’s access to the TAFE system and, yes, articulating to higher education through that sector, which we have absolutely no opposition to.”³⁵

In the Auditor General’s May 2004 report, The President of Swinburne TAFE and the University Vice Chancellor were damning of Labor’s stinginess. They said:

*“The widespread deficits across the sector culminate from the regular funding cuts ... and has now reached a level (with funding by far the lowest in Australia) that threatens the viability of the Victorian TAFE system.”*³⁶

The funding of TAFE was not the only area of concern. Equipment and courses offered were also of concern. Mr D. Keenan said that “there is a lag factor between TAFE catching up with some of the emerging needs of industry. They also indicate that some of the equipment or facilities that have been utilised by TAFE are not necessarily state of the art that keep up with the actual industry

32. Mr J. Gunningham, Chief Executive Officer, Central Gippsland Institute of TAFE, Minutes of Evidence, Traralgon, 8 December 2003, pg 250.

33. Ms M. Kinsman, Chair, VTA Education Standing Committee, Victorian TAFE Association. Minutes of Evidence, Melbourne, 29 September 2003, pg 49.

34. Mr M. McGowen, Victorian Division Secretary, National Tertiary Education Union. Minutes of Evidence, Melbourne, 29 September 2003, pg 31.

35. Ms E. Thompson, National Education Officer, National Union of Students. Minutes of Evidence, Melbourne, 10 November 2003, pg 92.

36. Auditor General, Report on Public Sector Agencies – results of special reviews and financial statement audits for agencies with 2003 balance dates other than 30 June’ 26 May 2004, pg 52.

norms..³⁷

Despite this overwhelming evidence that Victoria's TAFE system is in crisis it was surprising to see that none of the evidence reached the final report.

You cannot comment on unmet demand and skill shortages and not refer to the TAFE sector. Once again this only illustrates that this Inquiry was politically motivated and its only goal was to seek to unjustly criticise the Federal government, while absolving the Victorian State Government.

Despite possible solutions being presented to the Committee, the Labor members of this Committee refused to make recommendations on the TAFE sector in their final report.

Victorian Government's Responsibility

The Victorian Government has an important role to play in optimising the number of students who enrol in nursing and teaching courses.

Professor McDowell said that "the state government has the opportunity to, but whether it is prepared to-in the past, 10 years or so ago now, the state [Liberal] government funded a number of places in part recognition of the needs for more places in the system."³⁸

Professor Walker said that "there are two things ... the state government could do. First of all it could provide funding for places for us. The second possibility is that it could work with us, in partnership with us, in nursing and education, where we are obviously in our view the no. 1 provider in Victoria... to put us in a better position to obtain additional HECS places from the federal government."

Professor Walker went on to say that "the reasons why the state government should do this are, firstly we at Deakin are training the nurses who nurse in government hospitals, particularly in rural and regional Victoria ...and secondly ... training the teachers who teach in state government primary and secondary schools. ...in relation to nursing, with assistance in the prohibitively high cost of clinical practicums; and secondly, ... we have asked the Victorian government to help us in one of two ways; One way it could help us is by providing us with \$5 million in capital to develop some space ...or...for us to

37. Mr D. Keenan, Executive Director, Business Ballarat, City of Ballarat, Minutes of Evidence, Ballarat, 9 February 2004, pg 286.

38. Professor G. McDowell, Deputy Vice-Chancellor, La-Trobe University, Minutes of Evidence, Melbourne, 31 October 2003, pg85.

be able to renovate what is known as the Dennys Lascelles building on the Geelong Waterfront....In terms of education we would like to build a new building for our education faculty on our Burwood campus."³⁹

Despite the evidence above, the Labor Members ignored the responsibility of the Victorian Government to fund some higher education places in areas where there was a skill shortage or to encourage universities to redirect diploma of education places out of metropolitan university campuses.

The Conclusion

Education is a responsibility of all levels of government.

For the Labor Members of the Committee to ignore the responsibilities of that reality is naïve and short-sighted.

Despite all the evidence that indicated that this Inquiry was politically motivated there was still some hope that some positive recommendations could have been put forward by the Committee for the wellbeing of our students.

The Committee had the opportunity to give our youth some real answers to some of their dilemmas, but instead the Labor dominated Committee decided to use our young Victorians anguish and sometimes grief to make political statements and score cheap political points.

The Victorian Government has preferred to put the interests of the Federal Labor Opposition first rather than the thousands of Victorians who face an uncertain future.

The message is clear: Labor first; Victorians second.

Higher Education in the State is much the worse for this.

39. Professor S Walker, Vice-Chancellor, Deakin University, Minutes of Evidence, Melbourne, 31 October 2003. pg 56.

Acknowledgements

We acknowledge the work of the Committee staff and in particular the scholastic ability and excellent research of Dr. Gabrielle Berman; the administrative work of Daisy Marshall and the leadership of Karen Ellingford. It is disappointing that their creativity and desire to produce a report that would benefit the Victorian community and students has been stymied by the myopic behaviour of the Labor majority.

We also thank all of the witnesses for their time and trouble, as well as those who made submissions to this Inquiry.