C O R R E C T E D V E R S I O N

EDUCATION AND TRAINING COMMITTEE

Inquiry into the impact of the high levels of unmet demand for places in higher education institutions on Victoria

Melbourne – 29 September 2003

Members

Ms H. E. Buckingham
Ms A. L. Eckstein
Mr P. R. Hall
Mr S. R. Herbert
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Witness

Professor A. Lindsay, Deputy Vice-Chancellor and Vice-President (Academic), Monash University.

Necessary corrections to be notified to executive officer of committee

The CHAIR — I declare this hearing of the Education and Training Committee open. The Education and Training Committee is an all-party, joint, investigatory committee of the Parliament of Victoria. It is hearing evidence today in relation to the inquiry into the impact of the unmet demand for places in higher education institutions in Victoria. I wish to advise all present at this hearing that all evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act.

Before I call the first witness, I would like to make a couple of statements. This is an historic occasion: it is the first ever hearing of the Victorian parliamentary Education and Training Committee. The committee's creation reflects the increased importance the Victorian community places on education and training. This recognition is not just about the opportunities that education affords the individual but also the vital importance of education to our economy, society and the capacity to compete internationally. This very first hearing is the beginning of a long process which we hope will significantly raise the level of debate about education in our community and enable the Parliament to accurately respond to the needs of our education community. Over the next four years the committee hopes to impact positively on the quality of parliamentary investigation and produce recommendations which will help Victoria continue to lead the nation in the level and standards of educational achievement.

At today's hearing we will hear evidence from the following groups: Monash University, Swinburne University, Melbourne University, the National Tertiary Education Union, the Centre for Economics of Education and Training, and the Victorian TAFE Association. Welcome.

I would like to call the first witness, Professor Alan Lindsay, from Monash University. For the record, could you please state your full name, position and the organisation you represent? Hansard will record your evidence; I will talk to you about that after.

Prof. LINDSAY — Professor Alan William Lindsay. I am deputy vice-chancellor and vice-president (academic) at Monash University.

The CHAIR — Would you like to make a statement before we open up to questions?

Prof. LINDSAY — I prepared a paper this morning in final form, which I have tabled for you to follow. I would like to speak to a number of the sections in that paper and then, of course, take questions. Could I first say that Monash University welcomes the opportunity to present to the committee and also welcomes the process of investigating the complex issue of unmet demand, the link to skilled labour shortages and the way in which universities can respond more effectively in conjunction with governments to better provide for the skill development of individuals, and for the social, cultural and economic advancement of the state and the country. In that context I will be speaking mostly about Monash University, but in the first few paragraphs I have set out some of the parameters in which the university operates.

You would be aware that the number of government-supported undergraduate places is set by the commonwealth government each year. We negotiate a student load profile which is effectively the number of places we can offer. In theory that is offered in agreed subject areas by fields of study. If we underenrol — go under that agreed profile — there are potential financial penalties. If there is overenrolment, some funding is received from the commonwealth but it is severely reduced. It is quite uneconomic to take students in that category unless it is the result of the deliberate policy to respond to a particular need, or in some cases the projections of numbers taking up offers is not quite as accurate as it might be. Overenrolment is not, in Monash's view, a major way of meeting unmet demand; it is very much a marginal activity.

The issue of how universities respond to student demand has been covered in a report by the commonwealth Department of Education, Science and Training, which I have quoted in the next two paragraphs. 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. I have quoted those there.

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. To some extent there are those mitigating factors that need to be taken into account.

Monash attempts to take unmet demand and skill shortage into consideration as part of allocating student places, but it uses six factors overall, skill shortage and projected labour market need being one of them. The related issue to student demand is the level of highly able students applying. Monash sees itself in institutional character and position as providing courses for highly able students and thus tends to look at the demand in terms of demand at a high level of student achievement at entry.

We also have a complex institutional character with six campuses across Victoria, two in the outer urban area and one regional campus. We have 10 faculties providing a wide range of programs, and we need to adjust our allocated load across those campuses and among the faculties. We do give particular attention to the outer urban and regional campuses, and that is a significant factor in our response to the health fields, nursing and teaching because the outer urban and regional campuses are quite strong in those programs. We have in response to those skill shortages and demand increased load in health and education over recent years but not to any significant degree in nursing specifically. I will come to the reasons for that in an moment, after making the general point that our ability to respond, as I mentioned earlier, is somewhat limited because of the factors mentioned earlier without additional government support in terms of additional places targeted for areas of skill shortage or high demand or targeted for outer urban or regional campuses.

In the faculty of medicine, health sciences and nursing, in turning to that health and nursing area, we have a pretty wide range of courses from medicine itself to health science courses which we offer at the Clayton campus. We have nursing and midwifery and ambulance studies at Monash Peninsula, we have double degrees in nursing and rural health practice in Gippsland. We have recently put psychology and social work into the faculty which is growing as a broad-based medical and health sciences faculty. We are looking to expand our presence, particularly in areas where we have distinctive strengths.

In the case of the new health profession areas such as radiography and medical imaging, we have 'clearly-in' equivalent national tertiary entrance rank (ENTER) scores in the mid-90s, so there is very high demand from highly able students and we have put quite a bit of load into those courses in recent years. 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 in comparison to what other institutions can do in the broader area of nursing, and what we can do in the more distinctive areas of the health sciences not offered by other universities because of our medical program and our development of associated areas.

We do have an exciting proposal for the Peninsula campus where we would like to develop, and are in the early stages of considering, a health education research precinct that would encourage that multidisciplinary-type approach to health issues and would link the Monash Peninsula campus, Chisholm TAFE and the local health agencies in providing collaborative teaching, research, professional development, professional practice, student placement and so on across the peninsula and into the more regional areas of the west coat and West Gippsland. We are getting quite positive preliminary feedback from the various stakeholders — the professions and community and health groups — for that proposal. In looking at potentially expanding numbers and expanding areas in which we teach in the health area, one of the big issues will be where we obtain load to develop that particular initiative without taking away from equally competitive courses elsewhere in terms of able students and demand.

On teacher education, I would like to make the point that we have been particularly vigorous in our development of teacher education over the period from the mid-1990s. Monash went through a period, as all institutions did, of turning the three-year course into a four-year course but unlike some institutions we did not reduce our overall load to allow that extra year to be provided — we actually increased the allocation of places so that we had four years for the same number of people. That was a significant extra chunk of load. We have also grown the overall load in those areas quite significantly. In fact, our figures in 2003 are just about double our initial teacher education figures in 1995, and similarly there has been growth at the graduate teacher education — diploma of education — level. Some of those have gone to our Gippsland campus, where there has also been quite strong growth in recent years.

The demand has been accompanied by quite solid ENTER scores, but again they are in the range of 76 to 82 and 75 to 83 so they are somewhat above nursing but they are still not of the level of all of our courses in the Clayton and Caulfield area. I think it is true to say that there is some competition between our regional commitment to the outer

urban and Gippsland campuses and the extent to which we could offer more places at high ENTER levels on campuses other than Peninsula and Gippsland. Not that we are considering moving the courses, but it does limit our ability, in comparison to some other institutions, to take very large numbers in those programs. If we look at our Clayton teacher education courses we are looking at least half the students being well in the 90s and a number of courses having 89 to 92-type cut-offs, so they are very strong in relative terms for teacher education.

Overall, we do appreciate the negative impacts of skill shortages and unmet demand from able students. We try to take those into account and have succeeded in doing so, as outlined earlier, alongside our institutional character and mission and in keeping with relevant government policies and requirements. We particularly see those needs in health fields, nursing and teaching and would like to increase load within our capacity where it is available in those areas. We do not see the prospect of having a great deal of capacity to do so without an increase in overall funded load from government in those areas. We would particularly welcome any load that could be provided for the Gippsland and Peninsula campuses. That really covers the gist of what is in my submission. I would be happy to respond to comments or questions.

The CHAIR — Thank you, Professor Lindsay. Any questions from the committee members?

Mr PERTON — I am sorry I was late and did not hear the earlier part. In respect of additional places for teachers, I think Kenneth Davidson in the *Age* last week indicated that there could be a role for state government in providing studentships — in other words, where they get scholarships and students are bonded to the system. What would be the cost of say a studentship for a mathematics teacher or a science teacher were the state to buy additional marginal places at either your Clayton campus or indeed these other campuses where the ENTER scores seem to be relatively low?

Prof. LINDSAY — I would not have exact figures off the top of my head, but if we looked at the sort of funding per place, on average we are looking at around about $8000 I think from memory — $8000 per year, per place. So you would be looking at four years of that sort of figure. I can provide you with more exact figures in terms of what it actually costs in teacher education as it does vary in terms of the funding received from government for discipline areas but, it would probably be around that figure I would think.

Mr PERTON — And for a postgraduate diploma?

Prof. LINDSAY — That would be roughly one year full time, so on top of the degree it would be the $8000 for the one year full time. Again, I could check that figure. I will just jot down both those issues.

Mr PERTON — I would be very grateful. One of the arguments that has been put to me is that you, among the other universities, have a high rate of drop out in some of the teaching courses. Are you able to tell us what the level of drop out is in first year or second year teaching? I am not as familiar with nursing but nursing as well. The position could be that if there were better selection of students and a lower level of drop out, more students who wanted to do those courses would be able to get into those courses and other students who got into them as their third, fourth or fifth preference might be discouraged through an interview process or the like.

Prof. LINDSAY — We do monitor the rates of discontinuance. I am not aware of any particular features in teacher education, but again we can draw out quite readily by course and by campus what our various rates might be, and I can provide that to you. Most of the studies on students dropping out have tended to find that in part it is making the wrong course selection and actually moving course rather than dropping out of study altogether. That is quite difficult to avoid given the factors in a student's mind in terms of making a choice and then finding it is not quite what they wanted. In a sense if that happens fairly early on and happens in various directions it probably does not have a great net effect.

The predictability of dropping out also seems in the research studies, as I understand them, to be mostly linked to factors that occur after the selection, which are to do with their level of maturation, their commitment to study when it comes down to a different lifestyle at university compared to school, and quite often it is financial factors that are looming more and more in terms of a student's ability to continue study in that a large number of our full-time students are working very substantial hours of part-time work in order to maintain themselves in study. The overall load on them is much greater than it would have been say 10 years ago; and certainly when I was going through university, when a full-time student tended to be a full-time student. I think financial pressures are probably the single biggest factor in terms of drop-outs.

The extent to which you should take that into account in your selection as opposed to merit, I think is a very hard question to answer. I certainly would not be recommending it. I would be looking more for what universities can do

to make their offerings more flexible and suitable for students having that lifestyle. We are indeed looking to make a lot of our offerings more flexible, particularly through electronic means, of materials available on the web and activities that can be done whenever, wherever, rather than having to be done on campus. But the real issue comes down to the level of financial support that society is willing to provide to students to help them through that period without quite the levels of work that they engage in.

Ms ECKSTEIN — Can I ask about demand at outer suburban areas, particularly your Berwick campus, which has about 1700-odd students at the moment. Given the huge potential population growth in that area, some of the figures that the Shire of Cardinia and the City of Casey have made available to me indicate that there could be anywhere between 5500 and 8000 young people between 20 and 24 by the year 2011 in that area, many of whom would aspire to tertiary education, and many of whom would aspire to a university education and would look to the Berwick campus as somewhere to go. How do you plan to cater for that potential demand?

Prof. LINDSAY — We certainly have the wish to do so. 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 6000 to 10 000 students on the campus at Berwick. The issue again becomes how those students are funded — that is, where the places come from — given that we have very high demand for courses on Clayton, which is half an hour away. We do have some degree of competition between the Berwick and Peninsula campuses, which are about half an hour away. We are trying to develop Berwick and Peninsula in a way that is complementary, so that there are not Monash courses offered on both with low numbers. We are wanting distinctive courses, more in the IT and business areas on Berwick, and seeing education and health sciences and nursing as being the strength at Peninsula. 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.

One of the issues we come up against is the students' preference for city campuses or large campuses closer in. There are many students in those areas — Berwick and Peninsula — who go to Clayton or Caulfield, or indeed to other institutions in Melbourne, rather than to the courses on offer in those campuses. That is taking account of the fact that some courses are not offered, but even so students with high ENTERs tend to go to campuses that have a course where the cut-off is around about the score they have got, not significantly lower, which in the common culture is called wasting an ENTER, which is a rather strange notion.

But that is the sort of culture we deal with in ENTER scores — that you do not waste your ENTER; you go into a course or campus that has an ENTER score that is reasonably close to the one that you have obtained, which can take precedence over going into the course that you really want to do or are suited for, or to the campus which might be the most convenient and may also meet more effectively your needs. But there is that reputational issue which does attract students in fairly large numbers to travel away from an area where there is a campus.

Our ability to put places on those campuses and get large numbers of well-qualified students again is somewhat questionable. But we would see over time — and it is probably quite a long time of 10 years — Berwick growing quite substantially but steadily as the population impacts and the development of the campus develops its reputation. We need to partly combat that wasting-the-ENTER culture by ensuring that our cut-off scores are solid on those campuses, because if you drop them for 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.

Ms ECKSTEIN — You have a major capacity for growth on that site, of course.

Prof. LINDSAY — Yes.

Ms ECKSTEIN — Because there is a huge amount of land down there currently vacant.

Prof. LINDSAY — Yes.

Mr KOTSIRAS — As to students enrolled in teacher education, do you have a break-up at what different fields they finish off in — science, humanities — and, if so, have you done a follow-up to see how many of those students have found employment in 2003? And if you are finding that there is shortage in one particular field, what is the university doing to encourage students to do science in education rather than humanities in their education?

Prof. LINDSAY — We do follow up graduates on graduation to find out by the following April-May what employment they are in, whether they are looking for employment or have gone on to further study, so that could be provided by course. We do provide that to the faculties, and they respond to that in that they advise

students about particular choices. Again, the extent to which you can influence student choice is fairly limited over and above the information they get from career counsellors, from peers and from parents, in terms of whether they wish to go into science and whether they are well prepared to go into science teaching, for example, as opposed to teaching in other areas. They have to be fairly long-term, rather intractable shortages in the science and maths teacher areas.

There is a major study going on at the moment, as you would be aware, and I think you are talking to Professor Kwong Lee later, in those areas, and it has not been readily possible to redress them. The reputation of science teacher education courses also partly depends on the ENTER, so the more students you take and push down the ENTER, the less attractive it is going to be for students who will see a high ENTER teacher education course and tend to go for that if they have an ENTER that is in that area.

Mr KOTSIRAS — But at Monash do you have a break-up of how many students do arts or how many do science?

Prof. LINDSAY — We do indeed; we can give you a breakdown. Most of our students in undergraduate teacher education do double degrees. They tend to do a BA and a BEd, or a BSc. and a BEd. and so on. We can give you figures in those areas. We can give you the corresponding employment situation in the year following quite readily, and I have noted down to provide you with the extra figures.

Mr KOTSIRAS — Thank you.

Ms BUCKINGHAM — Professor, is demand being met by the current formula?

Prof. LINDSAY — Overall?

Ms BUCKINGHAM — In other words, how many students who qualified, who met the tertiary entrance requirements at Monash University last year, that got ENTERs above the cut-off score and had the subjects, did not gain a place?

Prof. LINDSAY — It is very difficult to have a measure of unmet demand at the institutional level because the students apply for a number of institutions, and if they do not succeed at Monash there are places elsewhere. The overall national level is estimated to be around about 20 000 in terms of unmet demand overall, but there are a number of assumptions as to who is an eligible student or what the cut-off level is, which I am sure you are aware of, and others will talk to you about that. They are across the details more than I am.

There are also questions of excluding some students who are serious candidates but who are ruled out because of the way they apply in Victoria compared to other states, for example. So there are questions about the measurement of that unmet demand, and if you try and look at it at a university level, it is quite difficult. One figure sticks in my mind. Looking at the Monash cut-off score going up, say, in nursing, I think at Peninsula, just to quote a figure, in 1998 we had an ENTER of 65.35. In 2003 it was 75, so it had gone up 10 points. And if we had applied that 75 back in 1998, just as a comparison, and looked at the figures, around about 100 students were in that block between 65 and 75. Assuming those students are still out there, they would have applied to Monash if we had had a 65 ENTER.

That is one way of looking at unmet demand. The students in that 65 to 75 most probably if they wanted nursing went to a nursing course elsewhere with an ENTER more towards that 65. So unmet demand at Monash is not necessarily unmet demand overall, but you can get a bit of an idea from looking at the students that fall between what was your ENTER and what it is now.

Ms BUCKINGHAM — I am aware it is easier to get into the Australian National University in Canberra to do law than it is to get into Monash to do law. Do you think Victorian students are being disadvantaged?

Prof. LINDSAY — In relative terms, they are. Perhaps the overriding question is whether or not the high demand for law should be met and whether some institutions are taking students into law where there might be demand but there is no demonstrated labour market need or skill shortage, and I guess that is the balancing act that I mentioned earlier. There are long-term disequilibriums in a number of areas between supply and demand. Whether and to what extent you should try and meet them I think is a matter of fine judgment and one that is not readily done at an institutional level. I think institutions can respond to student demand and skill shortages as they change, but the overall pattern of what the state and what the nation needs I think is something that institutions cannot

respond to individually. There needs to be a more state and national government and institutional view formed in which we all operate in a broad context.

Ms BUCKINGHAM — But given that, in point 25 you have indicated that there is a limited capacity for universities to respond, reiterating what you are saying?

Prof. LINDSAY — Yes.

Ms BUCKINGHAM — Do you think there is a case for there to be different loadings or targeted funding to certain courses for regional universities?

Prof. LINDSAY — Yes, I do. 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. So in that context, we would support that, although we would see ourselves overall as best able to make the broad allocations of places across the total of the student body.

Ms MUNT — I am interested in putting two parts together, as it were. You mentioned that the higher education contribution scheme (HECS) fees and the load on students trying to meet their HECS fees and work affects their results, if they can stay in their course, and I think if there is a further increase in HECS fees, that will have, therefore, a greater impact on those students and their ability to do well.

Also matching that with point 25, if there is a limited capacity of a university to respond further to skill shortage and unmet demand without additional places provided by government, if there are less places being provided by the government to meet this additional demand — and I will just refer to something else — by 2010, 90 per cent of young people in Victoria will successfully complete year 12 or its equivalent, it seems to me there is going to be a problem between meeting that demand and having the students go in and complete their degrees with those two additional requirements on them. I am just concerned about that particular aspect.

Prof. LINDSAY — Essentially if there is a shortage of places, you look at unmet demand in the way we have been talking here, particularly in some areas. There is also a growing financial burden on students which does act to some degree as a disincentive to undertaking study or being able to complete study. The extent to which you can continue adding to that burden and not have an increased impact, I think, is one that if we are not at that point, we are pretty close to it in terms of the transfer of costs from government to students in terms of the share that is met by students compared to government.

Ms MUNT — If we are particularly interested in having an impact on skill shortages in certain courses, I would imagine that that would have a negative effect on that outcome as well.

Prof. LINDSAY — Yes. If you look at the Nelson proposals currently going through Parliament, he has proposed no increase in the HECS charge in the areas such as teacher ed. where there are particular identified skill shortages and extra places being provided, and there is some increase in funding to universities in those areas. But the option of increasing the HECS fee above the current one which is provided for overall is not available in that area, 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.

The CHAIR — I might ask a couple of questions. I was interested in the response you gave to Ms Eckstein's question about the Berwick campus and the 10 000 potential campus size, which is fairly significant. Given that there are new schools, it is a fairly middle class and I guess relatively affluent community, you would expect reasonably high educational attainment. If the campus is to grow to 10 000, how do you expect to fill those places, in fact anywhere, if the current numbers of funded places apply? Will you look to shift profile from other campuses? Will you be looking at fee-paying places? How are you going to meet the 10 000, just on that campus alone?

Prof. LINDSAY — Ten thousand is a pretty ballpark figure in the fairly long term, but the reality is that without an increase in government support places, the growth at Berwick will be quite slow and quite curtailed. We would not see it as advantageous to shift large amounts of load from Clayton or Caulfield to Berwick. We certainly would not want to take a load from Peninsula or Gippsland to do so. So the support at Berwick at lower ENTER scores, which inevitably would be the case, we would take places from the higher ENTER score courses on Clayton and Caulfield high-demand areas and move them to Berwick. That, from the point of view of our institutional mission — which is to provide courses to highly able students — is not particularly attractive.

What we would like to do is grow on campuses where we have the capacity to do so, provided we can provide those courses at reasonably good levels of ENTER, and that we have the places in the context of our overall load, not to severely impact on Clayton or Caulfield. So the potential for growing Berwick I think in the current projections of government supported load are quite limited.

Mr KOTSIRAS — Just a follow-up question. What percentage of the 10 000 do you think will come from the Berwick area?

Prof. LINDSAY — I do not think we have done detailed figures or set out — —

Mr KOTSIRAS — So they could come for all over Victoria?

Prof. LINDSAY — There have just been discussions in terms of the space of the site and the population growth projections; a sizeable campus could be developed there over time. Clearly a large number of students would come from that area, if the campus succeeds in being a successful, high-profile, high-reputation campus. But our campuses tend to draw students from across Melbourne as well as large numbers of international students. We tend to avoid competition between campuses by putting courses on those campuses that we do not have on other campuses, so indeed they attract high-quality students. We are also in competition with other universities. If they have a course of a similar nature in a city campus, we almost inevitably have a higher ENTER as our own. We can control to some extent internal competition among Monash campuses. We cannot control it with other institutions.

The CHAIR — I think we have had our answer to that. As to Gippsland, it has been estimated — and I do not know if this is in your submission — that Monash subsidises the Gippsland campus quite substantially, perhaps as much as $5 million a year to run the courses that you want to run there. Is that the case with all your campuses in the outer regional and regional campuses, that they are heavily subsidised, and will the commonwealth's regional loading subsidy compensate you for that $5 million, or how does it compare with what your costs are?

Prof. LINDSAY — It is a relatively small addition. We are not in the highest band for the regional funding on the government's formula, and it would only make a small impact on that level of subsidy. We have a view that our campuses and our faculty mix are part of Monash, and there are some areas of the university that can generate surplus income and some areas that need to be supported. We have an overall responsibility as an institution to do that. For example, we subsidise all of our research. The money coming in for research never covers the actual cost of doing the research, so the more research funding you get in, the more in a sense you have to find from elsewhere. That is simply part of being a research-intensive university.

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 the 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.

The CHAIR — Perhaps I will ask one final question. We are just about out of time. As a more general issue in terms of the way states and territories are funded, demand is to do with how the funding comes to each state and to each institution. What is Monash's view of how objective or relevant the current funding formula is in terms of allocation of higher education funding in places nationally to meeting the demand in Victoria? Do you have a viewpoint on that, on the funding model?

Prof. LINDSAY — I do not have a particularly informed view, except to say that 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 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.

The CHAIR — Thank you very much, Professor Lindsay. You are the very first witness for the very first hearing of the Education and Training Committee for Victoria. It has been excellent hearing your evidence, and I hope it has been significant for Monash as well.

Before you go, Hansard has recorded your evidence, and the copy will be mailed to you within a week. Witnesses can peruse the evidence and make any minor corrections that are necessary to ensure accuracy of the record.

Prof. LINDSAY— Thank you for the opportunity to appear.

Witness withdrew.

C O R R E C T E D V E R S I O N

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Witnesses

Professor J. G. Wallace, Vice-Chancellor; and

Mr A. Crozier, Deputy Vice-Chancellor (TAFE), Swinburne University of Technology.

Necessary corrections to be notified to executive officer of committee

The CHAIR — I welcome Professor Wallace and Mr Crozier from Swinburne University. For the record, could you please state your full names, positions and the organisation you are representing?

Prof. WALLACE — I am Professor Iain Wallace, Vice-Chancellor of Swinburne University of Technology.

Mr CROZIER — I am Alistair Crozier, the Deputy Vice-Chancellor and Director of Technical and Further Education at Swinburne University of Technology.

The CHAIR — Would you like to make a statement to the committee and open it up for questions?

Prof. WALLACE — We would. If this is okay with you, Alistair will talk to the first few terms of reference, and then I will say something about your last two terms of reference very quickly. Okay?

The CHAIR — Yes

Mr CROZIER — I will address sections 2, 3 and 4 in the paper that we have previously supplied. As you know, Swinburne University of Technology is a dual-sector provider. We have experienced significant unmet demand for places in undergraduate, postgraduate and vocational education and training programs. This unmet demand is evidenced by significant overenrolment in higher education courses, and by consistent over-delivery in the vocational education courses through the performance and funding agreement that we have with the Office of Training and Tertiary Education.

Given sufficient funding, both in higher education and in TAFE, Swinburne has the capacity to meet respective levels of demand, but the present resourcing levels are inadequate and the unmet demand does have significant consequences in terms of the government's parallel social and economic agendas. The considerable unmet demand for places in higher education and vocational education and training (VET) is in areas that are critical to Victoria's economic development. Those include design, IT, multimedia and engineering as outlined in Table 1 of the submission.

Last year Swinburne's TAFE division delivered 106.2 per cent of its contracted student contact hours — that is, the division over-delivered 390 000 student contact hours more training than it was contracted for. A similar situation will apply again in 2003. The unmet demand for VET would be significantly higher without this significant and unsustainable level of over-delivery. This level of over-delivery also makes it very challenging to move into new areas when they are in the areas identified, such as microtechnology, nanotechnology, sustainability et cetera. Obviously you cannot shift resources away from an area which is already oversubscribed. We are suggesting that it might be worth revisiting industry contributions, because by international standards Victorian industry is a very low contributor to further and higher education, and the model that we have previously seen with the Victorian Education Foundation might be a model that is worth revisiting.

On the specific unmet demand in the nursing area, whilst Swinburne is not a provider of nursing in higher education we certainly are in the vocational education sector. For this year we had just over 800 applications for 50 places. Many of those students subsequently move on into Division 1 nursing programs offered through other higher education providers. The written submission also indicates the particular areas for which demand exceeds supply in the vocational education and training area, and those are listed under Table 3.

At Swinburne we know quite categorically that the demand for VET places is influenced by the unmet demand in higher education, and for this year we had 1182 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).

Swinburne does provide the opportunity for students to ultimately access higher education after moving through vocational education and training. Last year we were delighted to see that at Swinburne 15.85 per cent of its students commencing in higher education were selected on the basis of a TAFE qualification. This is by far the highest in Victoria and the third highest nationally — that is, behind the University of Western Sydney and Murdoch University. I might leave it there, Ian.

Prof. WALLACE — Thank you, Alistair. In your fifth term of reference you seek to have comment on the commonwealth dimension of the situation. That is particularly interesting at the moment because we have the Nelson proposals and the Labor Party's proposals. In each case one's global comment would be, and the universities would not be sorry about this, that there is a lot of emphasis on quality as against quantity. In other

words, they both are wishing to redress the underfunding of student places which is chronic in the Australian university system.

They also both look at increasing places, but the fact of the matter is that in neither case from the point of view of your emphasis on the number of opportunities there is not any increase of any significant nature proposed until about 2008, because most of it is replacing the overenrolments which the universities have engaged in to try to do their bit to increase productivity in a reflection of very high demand.

My second comment, which addresses your terms of reference 6, is that I put it to you that the state of Victoria is already charting the course for the nation in a number of education policy areas, the most recent one being the associate degree. I believe there is an opportunity, with the focus that this committee has, to push ahead with further policy initiatives. If we in Australia are going to be able to meet unmet demand, certainly in higher education, the way to do it is to broaden the focus and to look at the whole of tertiary education at the same time. The most striking example of this on earth is the United States of America, which has had this problem for a very long time. For an equally long time they have met it successfully until very recently, but they are still further ahead than we are, by looking at the relationship between the community college system and the universities.

Without going into it in detail because you are undoubtedly familiar with it, what that accomplishes is to make affordable a massive amount of tertiary educational opportunity. It has the universities in a situation where they do what they do best, but the community colleges are the quantitative workhorses of the system, and they are able to provide tertiary opportunities pretty well on an open-door basis for the most part. This deals with the first two years of tertiary education — a time when the sort of approach that a community college has, or that in this state the TAFE institutes would represent and the TAFE divisions of inter-sectoral universities to the school/tertiary interface, is much more appropriate than that which characterises a situation where you go straight into a degree program.

I heard you asking Alan about drop-outs. You will get far less drop-outs if you were to reconstruct the sequence in the way that we are advocating. I could go on for a long time about this because it is one of my personal hobbyhorses, but I believe it is one that is worth some others joining us in riding into the future. Thank you.

The CHAIR — Thank you, Professor Wallace, in relation to those two questions.

Mr PERTON — Can I be last? I would like to ask Professor Wallace to elaborate on the last point, because I think we need to be innovative if we do not want to repeat what everyone else has written in the past.

Ms ECKSTEIN — I am not 100 per cent today, so I am trying to clarify some of the things you said. With the 1182 TAFE students, do I take it from what you have said that many, if not most or nearly all of those students, are really students who want a university place and want to go into university?

Mr CROZIER — That is correct. Those were students who had a higher education course as their first preference, had not obtained the appropriate ENTER score and have taken a course in the TAFE sector of the university.

Ms ECKSTEIN — And they would then seek to get into university at the next earliest opportunity, probably after first year?

Mr CROZIER — Highly likely.

Ms ECKSTEIN — Can you comment on the situation in relation to the impact of overenrolments?

Prof. WALLACE — Perhaps I can have a go at that. 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 overenrolment. It is in the last couple of years that we were successful in gaining a few additional places through the original regional places. When David Kemp was the minister there were two initiatives.

One was for regional places and the other was for backing Australia's ability. Of those places, the second lot came with particular spins to them, for example in IT. So that is helping a little bit, but the fact of the matter is that without overenrolment, Lilydale would not be viable, and that is in the face of very high regional demand. That is something that we are keeping very much before the Nelson review for obvious reasons.

We also have a little bit of overenrolment in Hawthorn, and that is reflecting the situation in one or two of those areas that Alistair indicated. Even in first preferences we have significant over-demand, but like all other universities we are now phasing ourselves out of overenrolment because of the direction in which the national policy debate seems to be heading. That is a very common across-the-board feature right throughout Australia. It is going to make next year very interesting in terms of the topic that your inquiry relates to, because unless the commonwealth decides — and there may not be a decision on the part of the commonwealth Parliament — to allow them to bring forward new replacement places into next year rather than 2005, you are going to have an even higher level of unmet demand in every state in Australia next year than you have had this year, for example, or in 2002.

Ms ECKSTEIN — So what will happen if you do not get the full funding?

Prof. WALLACE — There will be more unrequited people, which is why it would be a good idea if you could take them into the TAFE system.

Ms ECKSTEIN — Can you quantify that? You said there was a huge demand out at Lilydale. How many students could you take out there if you had the fully-funded places?

Prof. WALLACE — At the moment there are 1800, only 680 of which are fully-funded places. It is moderately stable at the moment, but we see our first plateau being around 2500.

Ms ECKSTEIN — At Lilydale?

Prof. WALLACE — Yes, but I am sure that the institution out there, if we really look into the future, could go up to 6000 or 7000 quite reasonably with the demographic growth in the region that it addresses.

Mr KOTSIRAS — Have you got a breakdown of the number of students who complete or partially complete a degree course and then move into TAFE?

Mr CROZIER — We do have some data on that. The numbers are relatively small. I will be able to provide you with some data on that afterwards.

Mr KOTSIRAS — What is the state contribution to TAFE in this state compared to the commonwealth?

Mr CROZIER — The state contribution to TAFE at Swinburne is in the order of $60 million. The commonwealth contribution to TAFE comes in the form of particular commonwealth equipment grants or commonwealth capital grants. We do not have direct commonwealth funding for TAFE operations.

Mr KOTSIRAS — So how much would you need to meet the 390 000 extra student contact hours that you said you did last year?

Mr CROZIER — At the moment we are funded at an average of $8.21 per student contact hour. If you can do the mental arithmetic, $8.21 times the 390 000-odd student contact hours, you are looking at about $4 million.

If I could add to that, one of the main funding challenges there is the continuation of the 1.5 per cent productivity dividend which has been continued by governments of all political persuasions since 1987, and having 98.5 per cent of what you require every year for that length of time is absolutely unsustainable.

Mr KOTSIRAS — Finally, you talk about unmet demand. In theory you could have as many students doing a particular course. Is there any investigation or research into how many of those students who complete a course get employment?

Mr CROZIER — Yes, we do have graduate destination surveys and tracking.

Mr KOTSIRAS — Could you provide them to the committee?

Mr CROZIER — Yes, we could.

The CHAIR — Are they published annually by institutions?

Mr CROZIER — They are, and the National Centre for Vocational Education Research (NCVER) does summary data.

Ms BUCKINGHAM — If there is already this unmet demand in the TAFE sector, if Swinburne went down the track of putting HECS up to, perhaps, 30 per cent higher, which is the top rate allowed, do you believe that would impact on unmet demand already in the TAFE sector?

Prof. WALLACE — Do you mean this would lead more people to wish to enter through TAFE?

Ms BUCKINGHAM — Yes.

Prof. WALLACE — It probably would because it would be a sensible thing to do to spend a couple of years in TAFE and then get advanced standing into a degree program, either in the same institution or elsewhere. Sure, yes. They would really be doing what I am advocating.

Ms BUCKINGHAM — I know students often believe that a good course has a high ENTER, they do not associate ENTERs with supply and demand — they think if a course is on 97, it must be a good course; if a course is on 67, it is not as good as the course on 97 — —

Mr PERTON — Could be the laws of supply and demand, too.

Ms BUCKINGHAM — If universities go down the track of putting their ENTERs up, do you think there will also be some students thinking along the lines, 'Well, that course must be good because it has a higher HECS cost to do it', and will that place universities like Swinburne in a position, if the major universities like Monash and Melbourne go down the track of making their HECS contributions higher, of therefore disadvantaging some of the types of students that might come to Swinburne anyway?

Prof. WALLACE — I think what will happen if this comes to pass, which as we all know is very problematic at the moment, is put each individual student in a very interesting position of assessing personal cost benefit. They 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 Melbourne University, 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.

It might not just be the less bright who, confronted with that situation, take their business elsewhere. 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.

Ms MUNT — I am also interested in HECS and the effects it will have on Swinburne, because if the HECS contributions for universities do go up quite significantly or full fee-paying places become more common, there will be a flow down effect to the TAFEs and to the other institutions. You say here with your figures that you are really battling to meet that now — with the 106 per cent of contact hours and 800 applicants for 50 places for nursing — and I am wondering how you will cope if that happens. How will you manage?

Prof. WALLACE — We will not. We cannot expand our TAFE situation because of what Alistair was saying. The amount paid per student contact hour in Victorian TAFEs is nothing short of a scandal, and it keeps getting lower every year. Look across the Murray! How can New South Wales afford the amounts per TAFE hour that it actually is giving?

Mr CROZIER — Victoria is currently $2.00 per student contact hour below the national average.

Prof. WALLACE — And New South Wales, of course, is well above the national average.

Mr CROZIER — Yes.

Ms MUNT — But you say also that you have a capacity to meet quite a bit of extra demand, you just lack the funding. Is that correct?

Mr CROZIER — Yes, we have the physical capacity.

Prof. WALLACE — The physical capacity, yes, but that is not the determining factor.

Mr PERTON — If I could follow up Ms Munt's question, what you are saying is that the state government is underfunding TAFE in terms of the per hour rate and your need for additional funding is not giving you the funding you need. Have you put that case to the Victorian government and what was its response?

Mr CROZIER — We put the case to the Victorian government and the response was an increase in funding across the next three years of $10 million on the first year, $20 million in the second and $30 million in the third year.

Prof. WALLACE — Across the system.

Mr CROZIER — Across the Victorian system. Our response to that is that whilst that is extremely welcome it is of course immediately eroded by the continuation of the 1.5 per cent productivity dividend. In effect governments — plural — are giving with one hand and taking away with the other hand.

Mr PERTON — We are talking about one government at the moment and that is the state government, which has responsibility for TAFE. In respect of the productivity dividend, have you put that case to the Victorian government and has it explained to you what productivity gains you are meant to be making, on what basis the 1.5 per cent reduction continues to be justified?

Mr CROZIER — The 1.5 per cent has been one of the levers that government has implemented constantly since 1987. It seems to be a convenient lever that is useful for heads of department, Department of Premier and Cabinet or whoever, to keep applying across the sector.

Prof. WALLACE — It is a bipartisan lever.

Mr CROZIER — Yes.

Mr PERTON — Except you have one government in power. What is its response?

Mr CROZIER — Its response is basically that it is allocating all the resources it has available to the area.

Mr PERTON — Professor Wallace, we talked about drop-out rates and you have indicated the American model provides some assistance there. In your experience of students choosing the appropriate courses, their being able to make informed decisions as between full fee-paying places at Melbourne versus a course that might not be their choice at another university or TAFE or the like, are there improvements that we need to see in Victoria and elsewhere to guide students to making better-informed decisions?

Prof. WALLACE — I think there are a whole variety of influences on how students make their decisions, but in terms of the systemic structure at the moment, we make it hard for a great many students in the sense that they are put in a position where they have to take a very large decision as they exit school. If they get that decision wrong, it can hurt them greatly and they can become another part of the drop-out statistics very readily.

What I was saying is that I believe that we can, without a revolution, actually redesign the way in which the tertiary system is structured and operates to really confront them with a much smaller decision.

I say 'they', but I do not mean every single student — there are students who will always go straight to university. We are talking here about an increasingly large proportion of the age group who will complete 12 years of education and wish to proceed to tertiary education, and they all quite understandably see a degree in the end, at some point, as what they aspire to.

What one does is to confront them with a situation where they have a two-year decision. That first two-year experience is good for them in the sense that it is an environment that is more supportive — less supportive than school, but more supportive than a typical university environment — and they would have an opportunity to essentially spread themselves within it, which is where the associate degree has a place , which finally a week ago today was defined and will be in the Australian qualifications framework from the beginning of next year. Victoria has already got it. It gives an opportunity for this state, in policy terms, to go down the track I am advocating. I do not think anybody would regret going down that track.

Mr PERTON — In practical terms what changes would it require in Victoria?

Prof. WALLACE — It means that we focus up the associate degree in a fashion that makes it very clear that it is an expected track. At the moment you have a situation where, and this is in no sense appropriate and a fair

comment, but for many, many families and therefore for the individual students we are talking about see not getting directly into a university as an enormous setback and having to take a TAFE place as an alternative is, again, something that they should be ashamed of. That is utterly and completely ridiculous. The associate degree is the means by which the TAFE system can actually take its place in tertiary education on a broader basis.

At the moment because of its history and its development and the industry training boards it is very much pitched at a specific vocation. What you really need is an opportunity to have a much broader experience in those first two tertiary years. Having had that broader experience then the mass of the age group are able to take a much better informed decision as much more mature learners about what they do when they, for the most part, enter universities to complete degrees and to look beyond those degrees at other forms of professional education.

The thing that is so frustrating is that all the elements are already there. The associate degree, as a qualification, has now provided in one sense the last missing piece of the jigsaw. What it is going to take is for a state, given the fact that Australia is structured the way it is, to actually make the running on this.

Victoria is doing great things: it has the associate degree — I think degrees in TAFE was a bit of a mistake against the background I am talking about because in a way they are redundant if you do things the way I am talking about — and the credit matrix, which is going along quite nicely at the moment — I was at a meeting about that earlier today — is another timely and excellent fundamental innovation being driven by this state. I would urge you and your parliamentary colleagues to keep up the good work.

I think the only way that demand will ever meet supply is if we look at it this way because Australia cannot afford, either with the states' help but certainly the commonwealth cannot afford, to keep expanding universities onward and onward and onward.

The CHAIR — In the early days of the Bracks government we had discussions about Lilydale campus in another role in those days.

Prof. WALLACE — Indeed.

The CHAIR — I just want to very briefly clarify something with you. Lilydale, you say, basically survives because of overenrolments.

Prof. WALLACE — Currently, yes.

The CHAIR — As I understand it the proposal is to phase out overenrolments and to replace them with fully funded places nationally.

Prof. WALLACE — No not quite like that, but that is pretty much what the Labor Party is proposing. As I understand the Labor policy at the moment there would be a refunding of those overenrolled places directly. What Nelson is talking about is not like that. What he is saying is that the expansion between the commencement — 2005, 2006, 2007 — that expansion on a fully funded basis would not necessarily refund the institutions that currently are overenrolled. What he is really using the period for is to work out the bugs in the new distributive system — right? — then of course the real new places come in 2008 and beyond. But by then they would have debugged the distributive system on the basis of what they do at replacing overenrolment, remembering that with overenrolment they are spending money on that now, so you have to deduct that from the cost of the new places before you realise what it is actually costing them through 2007.

The CHAIR — I am trying to work out what will happen in the next couple of years if you phase out overenrolments. Will you keep the same places?

Prof. WALLACE — The possible case is that Nelson goes through exactly as it is now and that we are confronted with that process. Let us just say that Lilydale, because of Victoria's relative situation — and I heard you talking about what should the appropriate distributive mechanism be between the states, and let us say that Victoria is very unlucky and that we get a mere handful of places. Notwithstanding the fact that I am aware that as far as the state government is concerned it sees Lilydale as being right up there in terms of deserving cases, if there were very, very few places that the state had to give out we would be in a situation where we would have to diminish recruitment at Lilydale year on year because we would not be able to do anything else.

On the assumption again that the full Nelson proposals are in place, getting full-fee paying students at Lilydale is not socially a very credible proposition any more than loading HECS is a very credible proposition in an area like

Lilydale. 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.

Mr CROZIER — And therefore increase the demand on TAFE in the eastern regions.

The CHAIR — Your submission also talks about lack of funding having made it hard for Swinburne to move into new and innovative industries — photonics, microtechnology and nanotechnology. I am not sure what nanotechnology is.

Prof. WALLACE — Think of micro; nano is much smaller.

The CHAIR — I noticed that the latest HP advertisements were saying this is the new generation.

Prof. WALLACE — Lots of good jobs right now in nanotechnology.

The CHAIR — You have a general demand, you have campus-particular issues, and the economy has great demand for new and innovative technologies in terms of where we see the economy going. How do you balance this? Do you offer those new courses or do you not?

Prof. WALLACE — You are raising the question of how does an institution like ours deploy itself in those leading-edge technology areas, which by definition are very expensive. The way we have been able to do that is by ruthless concentration of effort, which is something that all of Australia's universities would be well advised to engage in but not very many of them have managed to do much of yet.

We are lucky because of our history, because we have the narrowest profile in Australia, and this now is a great advantage. For an institution that was not historically a university we are able to bring together what are comparatively large sums of money to invest in those areas simply by not doing other things. You just do not spread your resources across too wide an area.

The CHAIR — Your submission also says, in terms of unmet demand, that the effects on older Victorians were the most significant.

Prof. WALLACE — That is right.

The CHAIR — How do you judge that? How do you judge not the post-school area but the older work force wanting to come back?

Prof. WALLACE — You are aware of the proposal the Victorian government put to the commonwealth in the context of the new distributive mechanism. We support that mechanism very strongly because you are quite right — you have to take account not just of school leavers but of non-school leavers of varying levels of maturity of age. It is possible to work out a formula — the one that Terry Stokes has come up with — which seems to us to be a reasonable approximation of that. If you use that formula across the nation then you begin to get something that in terms of interstate equity looks pretty reasonable. Whereas if you look at things like participation rates — as you know because of the positive actions of state governments over quite a number of years — Victoria has a very high participation rate, and it is getting higher.

But I mean, there is demand sitting even behind that participation rate; there is overdemand. Similarly, if you look at the non-school leavers, Victoria has a very high level of non-school-leaver demand. We also, by the way, have by far the greatest demand for postgraduate education in all its forms in Australia. We are miles ahead of the other states in that area. That is because, of course, we have so many graduates — people who have done the first degree. So we are right behind you in terms of trying to convince the commonwealth to adopt a fair rather than a politically obvious, shall we say, distributive mechanism.

Mr KOTSIRAS — Mr Crozier, can you tell me what the average fee is for students in TAFE?

Mr CROZIER — Students pay fees based on a $1 per student contact hour, but they are capped at $290 and $420. That is the order of — —

Mr KOTSIRAS — Has there been any recent discussion with the state government to increase that?

Mr CROZIER — Yes, there has. The state government has recently indicated that those fees will rise for next year — from $1 to about $1.25 per student contact hour.

Mr KOTSIRAS — So students will be asked to pay more next year?

Mr CROZIER — Students will pay more, yes.

Ms BUCKINGHAM — Professor Wallace, I am a bit confused about associate degrees. I would have thought that the two-year diplomas from TAFE currently do the same thing as associate degrees, because you can articulate them over and use them as 18 months towards a three-year undergraduate degree. Are you talking about them as an undergraduate stand-alone degree that you use to go on to do postgraduate education, or as part of — the first two years of — an undergraduate degree that you articulate to a university?

Prof. WALLACE — Let me try to elucidate that area. The diplomas and the advanced diplomas, if you look at the Australian qualifications framework as it is currently presented, are fundamentally TAFE qualifications. It is true that there are some universities, particularly regional universities, and of course intersectoral universities like ours, which do offer those qualifications. But they really are vocational education qualifications, so they represent — and this is what I was saying before — a very good, strongly industry-related experience for students who are heading to a particular vocational education.

What they are not is general preparation for employment on a more broad front. That is not their primary purpose. There are TAFE institutions which try to sort of remedy that as far as they can, but they cannot go really very far towards remedying that because of training packages and so on. The gap which the associate degree fills is the following one. What it introduces for the first time in Australia is a two-year qualification in higher education. It is not a vocational education qualification at all; it will be accredited by universities and by higher education accreditation boards in states like Victoria.

So it does provide the opportunity not just for universities but for TAFE institutes to actually have accredited in higher education a two-year curriculum which will really be a general preparation in a way that the existing TAFE qualifications are not. As a consequence of that, they should really be granted full two years credit towards a degree. A diploma, even an advanced diploma, cannot be because of its nature — they are given credit, but not full credit.

The CHAIR — Thank you, Professor Wallace and Mr Crozier. A copy of the Hansard transcript will be mailed to you in about a week and you will have an opportunity to check that it is an accurate record and to correct it. I thank you for your interesting testimony. As an alumnus of Swinburne, I wish you well in the future.

Prof. WALLACE — Our pleasure; thank you.

Mr CROZIER — Thank you.

Witnesses withdrew.

CORRECTED VERSION

EDUCATION AND TRAINING COMMITTEE

Inquiry into the impact of the high levels of unmet demand for places in higher education institutions on Victoria

Melbourne – 29 September 2003

Members

Ms H. E. Buckingham
Ms A. L. Eckstein
Mr P. R. Hall
Mr S. R. Herbert
Mr N. Kotsiras
Ms J. R. Munt
Mr V. J. Perton

Chair: Mr S. R. Herbert

Deputy Chair: Mr N. Kotsiras

Staff

Executive Officer: Ms K. Ellingford

Research officer: Dr G. Berman

Witnesses

Professor A. D. Gilbert, Vice-Chancellor;

Professor K. Lee Dow, Deputy Vice-Chancellor; and

Mr A. Norton, Policy and Government Relations Advisor, University of Melbourne.

Necessary corrections to be notified to executive officer of committee

The CHAIR — I reconvene this meeting of the parliamentary Education and Training Committee on its inquiry into the impact of high levels of unmet demand for places in higher education institutions on Victoria. Once again I advise all witnesses present that the evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act.

I welcome the witnesses from Melbourne University. For the record I ask you to state your full names, positions, and of course organisation, after which you might like to make a statement before it will open for questions.

Prof. GILBERT — Professional Alan David Gilbert, vice-chancellor of the University of Melbourne.

Prof. LEE DOW — Professor Kwong Lee Dow, deputy vice-chancellor, University of Melbourne.

Prof. GILBERT — We are accompanied by Andrew Norton. I will start by saying that we intend to make a submission in writing, and will do so by the 11th, when it is due. At this stage we will just make a verbal submission and will be happy to try to answer questions. In doing so, and looking at the terms of reference, we are not sure that we can be of great assistance with the University of Melbourne hat on in relation to very many of the terms of references. I will not go through some of the great generalities that I am sure you are all familiar with. If they are relevant, I am sure they can be elicited by questions.

What I think I should do — and in a sense this is looking at term of reference (e) — is say that unmet demand seems to me to be demonstrably a manifestation of supply side rather than demand side issues. It is very much the creation of the way higher education is funded and the way the profiles process — which is, as you know, an annual process of negotiations between universities and the commonwealth — operates.

The worry, I think, for us at present is that that profiles process is likely to become more onerous rather than less onerous under new proposed arrangements. They have relaxed a little recently, so that the very powerful strictures against overenrolment — where there were going to be very hefty penalties for universities with more than 2 per cent overenrolled — have been relaxed, so that it is now proposed that it go out to 5 per cent. But in a situation where there is a very complicated profile, where universities are funded for agreed numbers of students they take in particular courses and where there are penalties — and severe penalties — for overenrolment, the capacity of universities to respond to work force demands and to state government policy and so on is very severely limited. In many cases the profiles negotiation itself has become rather too perfunctory for it to be an instrument that can operate sensitively to deal with those kinds of issues.

Chair, with your permission I would prefer to ask Professor Kwong Lee Dow to comment on the actual patterns in Victoria. He is better acquainted with the details than I am. But I would stress that from our point of view one of the things the state government really ought to be looking at is the extent to which it ought to enter into a discussion with the commonwealth about the mode through which university policies on profiles are determined.

I note that the University of Melbourne in its submission to the commonwealth reform agenda in the last 18 months made the point that it thought the commonwealth had a demographic window of opportunity; that with the age cohort between 16 and 21 bound to increase only very sluggishly in the next decade and a half there was really a window of opportunity to abolish the profiles process entirely, and in a sense abolish unmet demand for eligible students by virtue of doing that. I regret that they were not able to go that far. But it is a position to which the University of Melbourne has been committed now for 18 months or so.

Prof. LEE DOW — I do not think I will make a big speech at this stage, but 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. Maybe in terms of the various states getting a fair share of places we can make arguments that relate to that and relate to the numbers of students who are retained beyond compulsory education and move to various programs of education and training in the post-compulsory phases, but it is quite difficult to argue the need for more university places based on an unmet demand that is really related back to a general skill shortage. So we now have a problem.

In the specific areas of teaching and nursing the University of Melbourne is very substantial in the teaching area, in education, and in the undergraduate area, in the preparation of basic nursing training, we are a small player. While we have a small intake now in the Goulburn Valley as part of our commitment to that region and linked to our School of Rural Health, that is quite a small part. I suppose the only thing that I would say about the shortage of nurses is that there is no doubt that there is a shortage and the national review chaired by Patricia Heath, National

Review of Nursing Education, Our Duty of Care (2002), I think gives good evidence of that. She was able to quantify the need for a specific number of additional places and made recommendations in her report on that.

However, the problem as we see it is that most of the people who seek to enter nursing and who have background qualifications at a level which would suggest that they have a good prospect of success are already getting places in nursing and you could argue that maybe we should be going lower and lower in the score levels for entry and that those score levels themselves are not the key criterion for successful nursing.— You could argue that.

I think an alternative would be to say that we have to make nursing sufficiently attractive so that we can get a better share of the more able students. Certainly in education and in teaching that is one of the things that I am very conscious of at the moment. As people may know, I have been chairing a national review on teaching and teacher education with a particular focus on the needs in science and maths; and also for a new generation of more innovative approaches to schools and teaching. Again, attracting more of the reasonably qualified enthusiastic, well-prepared people and then retaining those that we have is really more important than simply going to further levels.

I would add to that, but just let me sing the song for the University of Melbourne for a moment. Melbourne University is the largest education faculty in Victoria. It is the only one of the research-led universities in Australia that is really big in education. If you go to Queensland you find that Queensland University of Technology (QUT) is the lead player there and is the largest player in the country. If you go to Western Australia you find that it is Edith Cowan University that holds that position; it is the second-largest in the country. The University of Western Australia (UWA) is quite small. Melbourne is third. We cover the full range and have done for some years; so while the University of Melbourne will not be able to help substantially in a quantitative way with the numbers for nursing — although we are very big in the health field overall; very big — in education we can play a real part.

I think it is worth just pursuing the education issue one stage further before I stop and enable people to ask questions. There are some real misunderstandings in the statistics and the interpretation that is given to a lot of the statistics in the media with talk about fewer students going into education and problems looming and so forth. What we need to do first is to distinguish clearly the preparation of primary teachers that is principally coming from students doing four-year undergraduate education courses and the preparation of most secondary teachers, particularly in specialist areas like the sciences and mathematics, which comes from graduates who have already had a full undergraduate degree and are then doing quite short courses of teacher preparation.

A lot of the focus goes into the undergraduate programs and looking at the education numbers there. That just leaves out of the equation the serious issues in secondary teaching. What we know clearly to be the case across the country — and it is best documented in Victoria by the group from the Boston Consulting Group, which has been working with the minister's office — is that we are not facing a serious shortage of primary teachers; we are currently in balance. There will be some need for greater numbers of new primary teachers in the next few years as retirements occur, but that will only be for a few years, then things go back on track and there is no sign anywhere in the demographics or in migration to suggest that things are going to change. So there is no overall shortage in primary education.

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. So the national Australian data cannot just be translated back to Victoria, and we cannot say, 'Oh well, here we are and we follow that pattern'. I suppose in a way it is not surprising, because if you think about the problems about staffing remote schools in Queensland and Western Australia, it is a very different game.

So we will face some shortages in the senior years of maths teaching, in physics and to a lesser extent in chemistry and also in some Asian languages, but again there will not be a general shortage. In secondary there will be perhaps a somewhat greater problem than in primary. There are gender issues there in terms of the make-up of school work forces and the extent of coming retirements on favourable superannuation arrangements, which are patterns that are still applicable. There are some people in the system but those arrangements are now closed to the next generation. So there are some issues there, and they need careful attention. But unlike some whom I am sure will meet with you, I do not believe that there is an insuperable problem here or that there is a need for great panic. I think I might just stop there.

The CHAIR — Thank you very much. The committee is open to questions. Who wants to start off?

Mr PERTON — In respect of those skill shortage areas in maths, physics, chemistry and Asian languages — and I did come across some shortages even in Italian recently — is a good public policy approach for the state government to offer studentships, either at the post-graduate level, perhaps with some living expenses — you know, a two-year contract to teach in the state system? Would that go some way to solving the problem?

Prof. LEE DOW — Yes indeed; I think at the present time if we look at the relative contributions that the commonwealth is making to these problems, and the states, it would be the states as employers that are actually making the running on things like that. So you see a number of initiatives. There are initiatives here but there are also very strong initiatives in New South Wales; there are strong initiatives in Western Australia. I believe that the commonwealth — and our review will find this in 10 days time — needs to do more to assist with a reduced higher education contribution scheme (HECS) debt for people who are ready to start secondary teaching in maths and sciences because in making education a national priority what they have done so far is acknowledged those subjects and units and courses that are essentially coming down through education tracks.

What has not yet been acknowledged is that your science and maths teachers are coming from a first degree that is at higher levels of HECS costs. So we are looking at a way of trying to get the commonwealth to underwrite and help there. But it is certainly true that any opportunities for scholarships or studentships to defray costs, to make it easier for people to go to the country, all of those things are positive initiatives that would be very helpful.

Mr PERTON — Irrespective of the evidence you gave regarding unmet demand, is it general or just for teaching and nursing that your view is that taking students with lower ENTER scores or lower qualifications is not going to solve the problem?

Prof. LEE DOW — I think in that area we have to look field by field. The starting point is that we use as a fundamental measure of unmet demand students who have successfully completed year 12 and who wish to go to higher education. There was a time in history, and I remember it because it only finished in the mid-1970s, when the completion of year 12 was synonymous with having achieved the requirements for entering a university; it was one and the same thing. That changed very rightly because students completing secondary education should be able to do a number of things — they should be acknowledged to have successfully completed schooling and then move to whatever is appropriate for them. There should be, and there was, an uncoupling of those two things.

But when we talk unmet demand we tend to ally them back together. As chair of the Victorian Curriculum Assessment Authority (VCAA)that, as it were, makes the determination of the criteria for the successful completion of schooling, I am quite clear in my mind that many students successfully completing year 12 ought to have that acknowledged. Many achieve this today through the Victorian certificate of education (VCE), and shortly a significant number will do this through the very carefully designed *Victorian Certificate of Applied Learning. That ought to be acknowledged but it does not necessarily mean that each of those students will be immediately well prepared to have success in particular courses in universities. As I say, you would have to take them course by course because some have specific requirements in mathematics and other things and others do not and so forth.

Mr PERTON — Professor Gilbert, I suspect this might be the last time the committee will have the opportunity to hear from you in your current role. From a state perspective, your comments on the status of Australian universities are quite challenging. What ought to be the highest priority for the Victorian state government if it wants to achieve a university in that elite international community that you aspire to?

Prof. GILBERT — If I can move from the specific, I think in making an argument about the numbers of students in Victorian universities, a macro analysis is going to be more useful to the state than micro analysis; and I think that is one of the things that Professor Kwong Lee Dow is saying. 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.

So the threat to Victoria is that as a result of arguments, most of which may not be valid but translate into very good politics, the participation rates in Victoria will drawn down at a macro level as those debates are won by other states and are not made as successfully in Victoria. It is very hard for Victoria to make them successfully if you try to rely on micro analysis, not the least as I said because this is a very supply-side system. The arguments do not bite very directly.

I suppose the other thing I would say is there is not an absolute correlation but 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 — for all kinds of universities in a multiple-mission sector, as it should be, there is grave underfunding compared with counterpart institutions in most developed societies. That, I would have thought, should be the main concern of a state government which has sovereignty over universities. It needs in a sense to be the advocate with the commonwealth that does the majority of the funding to say one way or another that we need to have competitive higher education in Australia.

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 but there are not a great number of more efficiencies we can readily squeeze out.

My message, my concern is that that is the great advocacy role I would have thought of the state government. Subordinate to it but still terribly important is a range of equity and access issues which I think are being looked at very well. We will certainly back anything the state government wants to do to improve the balance in equity terms of higher education populations; we are committed to that. The two agendas can run very well together. They are the things I would be emphasising.

Ms MUNT — I have a few questions . With regard to actual teacher training, you say there will be no shortage of teachers but I am interested in what you said about the resources and the quality that are provided. Has the lack of funding had any impact on the quality of the training of our teachers? Are there larger tutorial groups? Are there shorter contact hours? Does it impact in that way?

Prof. GILBERT — I think I might let Professor Lee Dow start on that and I will chip in if I think there is anything I need to add.

Prof. LEE DOW — I think this is something where the answer is clearly yes. That is not something peculiar to education but is across the board, across all fields. There are one or two specific things related to education and teaching. Most importantly, and I think the commonwealth has recently acknowledged and recognised this, is that we need to have much closer interactions between the universities and the schools where students will gain their direct experience.

That turns out, for a series of reasons — I am sure the Chair is aware of this — to be quite expensive. Universities are not well resourced to cope with that, and it has resulted I think in some people in the field of teacher education worrying that universities — I do not believe this will happen — may retreat out of that field saying it is too costly or it is getting too difficult.

However, more broadly, I think as the unit of resource declines — it clearly has in the last six or seven years — we are finding problems overall and they do manifest themselves. I think a big education faculty like Melbourne is probably better able to cope with that than much smaller places. That is nothing to be proud of, it is just about economies of scale. I would never argue that we ought to close down centres of teacher education in non-metropolitan areas because it is from those regions and communities that many of the people who will genuinely sustain teaching in those communities come. There is clear evidence of that, this is not just anecdotal. There is evidence that that happens so you put those particular sites under real strain.

Prof. GILBERT — The only thing I would add to that is that Melbourne is in a fortunate position for particular reasons. In the last eight years the commonwealth operating grant to the University of Melbourne has moved by about $10 million — it has gone up and down a little bit but broadly speaking, it is almost the same. The university budget was just under $600 million eight years ago, it is now $1 billion and in operating grant terms only a small part of that has come through commonwealth funding. The unit of resource that Professor Lee Dow talks about as trending downwards for probably 20 or 30 years — very much in relation to sheer growth of the system — we have managed to reverse.

In 2003 our index is 116, with 1997 at 100. That is very much contrary to the trend nationally and it has happened almost entirely through non-government sources of funding. That is the only way to explain it. We measure unit of resource and we have managed in this university to run contrary to the national trends over a period of about eight years.

Ms MUNT — Is commercial funding a significant part of your funding?

Prof. GILBERT — It is a range. It is essentially fee-based funding from international students and domestic students. We have by far the largest number of domestic fee-paying students. Frankly they do tend to

cross-subsidise into the life of the university more generally and local students benefit in areas like nursing and education.

Ms MUNT — Do you plan on increasing those numbers?

Prof. GILBERT — We cannot keep doing it indefinitely. We have plans to keep that growth pattern going through to 2007 and we hope — this is where we hope longer-term strategies can cut in — to have other forms of revenue, again non-government revenue, beginning to compensate for what must inevitably be a slow down in the growth of student enrolments; the university will be setting world records if we keep growing for too long.

Ms MUNT — Can I have another question, Chair, or have I run my course?

The CHAIR — We are getting short of time. We might give other members an opportunity.

Ms BUCKINGHAM — Professor Lee Dow, when you were speaking about unmet demand and the difficulty of getting a nexus between the link for that and a shortage in skilled areas you seemed to intimate — I seek clarification — that Victoria does not get its fair share of places — and 'Gets its fair share of places' is exactly what you said. Do you believe Victoria gets its fair share of places? In adding to that, should funding be weighted to larger, more industrialised states?

Prof. LEE DOW — If you see this from a national viewpoint you probably have to say that there is not just one single criteria on which you determine fair share. One criteria will be the proportion of the age group who are in universities and in Victoria that is higher than in many other states. Other criteria will be related to the numbers of people who do wish to go to universities. I think that it is fair enough to take that into account and that would be a core part of the Victorian argument. I am simply warning that to link that argument to, 'We have skill shortages that are preventing us from advancing ourselves' is harder to run.

Ms BUCKINGHAM — What should unmet demand be based on? If you complete your Victorian certificate of education and get an ENTER of 60 then you have satisfactorily completed your VCE but you are certainly not going to get a place at Melbourne University.

Prof. LEE DOW — You might in some fields.

Ms BUCKINGHAM — I did not think there was much under 80. What should unmet demand be based on? How do you decide, then?

Prof. LEE DOW — Well, I think it is to do with needs. Here is a case at Melbourne and relatively low ENTERs. We have a large Institute of Land and Food Resources which is our agriculture, horticulture, forestry, all of that, and the needs in the fields are not only for high-level agricultural scientists, although we indeed need more than we have of those, but they range and we have important sites at Longerenong, Dookie, Glenormiston and in Gippsland at McMillan where it is valuable for successful young people to be able to do diploma courses and TAFE programs and various things. I think we can build cases of that kind.

This is getting now to a personal view. 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.

Prof. GILBERT — The technical definition probably ought to be 'unmet demand' and refers to those students who are eligible for a place in a university, who are willing to accept a place for which they are eligible and who are not able to get access to it. You cannot say everyone who is eligible for a place in a university if you are talking about their first choice, their first preference — not everyone can get into medicine and no-one would say unmet demand is those who would like to do medicine but cannot. Unmet demand is where there is someone who is qualified, eligible for enrolment, would be willing to accept a place in education, nursing or forestry or something and for whom there is no place in that particular discipline.

Ms BUCKINGHAM — Finally, Professor Gilbert, you just said that the funding model will become more onerous and you would abolish profiles. What would you do instead?

Prof. GILBERT — We think it would not cost the commonwealth much at all if in the next 20 years it said students who can find a place in an Australian university will be funded by the commonwealth to take it up. It would have almost no negative impact on the commonwealth's bottom line.

Ms BUCKINGHAM — How many could Melbourne take if that was the case?

Prof. GILBERT — I do not know how many, but the sector as a whole, which is the whole 38 universities, has indicated that it would like to take more students. 'Unmet demand' is somewhere under 50 000, probably much closer to 20 000 nationally. In a system of over 700 000 enrolments, that could readily be soaked up. Students might have to move interstate or whatever, but I think the commonwealth does not need to run a supply-side system in the present circumstances.

Mr KOTSIRAS — Students who enrol in education courses — do you have a break-up of the number of students who complete a particular area, whether it be science or humanities, when they finish their four-year degree in teaching? If there is a shortage in specific areas and not overall, like science which there was back in the 1980s when I was teaching — we could not find a physics teacher — what is the university doing to encourage students to perhaps go into the science-maths areas rather than history-English-humanities areas?

Prof. LEE DOW — You really have to take people who present as graduates in particular fields where they are. I think the encouragement should be occurring at much earlier years, not as late as undergraduate but in the schools; I will say one more thing about that in a moment. There is a serious issue of the numbers who are enrolled, the numbers who complete, the numbers who having completed are wanting to teach — it is not 100 per cent of them — and those wanting to teach who actually end up with employment, let alone the next issue of how long they stay. There is a series of drops there. We have quantified that and it is quite serious.

The one thing I would say is here is a point at which Victoria is not with the national trend. We are not having students at the top end of secondary school walking out of maths and science. The evidence is there: year on year for the last five years there has been growth in mathematics at year 12, and steady as she goes in the sciences at year 12. That is running a bit against the national trend.

Mr KOTSIRAS — What should the state do?

Prof. LEE DOW — There is a whole series of things, there is no one single thing. I think there is a pretty good awareness in Minister Kosky's department of the range of possible things that you can do to arrest these declines in numbers as you move towards people actually getting into teaching and staying in teaching and various things that you can do within the schools to try to hold more people in mathematics and science.

Mr KOTSIRAS — You said that a number of students who do a science degree then decide to go into teaching. Do you have the break-up of the numbers who go into an arts course or a science course — I am not sure whether Melbourne offers science-education any more, it used to do a four-year course — —

Prof. LEE DOW — No, it does not.

Mr KOTSIRAS — Okay. Do you have a break-up of the number of students who do a science degree or an arts degree and then do a one-year course — what we used to call a DipEd?

Prof. LEE DOW — We still do. We can get that kind of data if you would be interested in seeing that. The short answer is that in the state, in the country we do not have a big enough take-up from first science degree immediately into teaching. If you look at where the bulk of the science graduates have gone over 10 years you find that many more of them get into teaching, that is particularly true in mathematics.

Ms ECKSTEIN — Given the criteria you have outlined for unmet demand in answer to other questions, how many students do you think miss out on getting a place at Melbourne?

Prof. LEE DOW — You say 'getting a place at Melbourne', but it is the 'at Melbourne' that is the problem. Melbourne is not trying to get bigger and bigger at the expense of other institutions. Melbourne is trying to sustain a profile of involvement in the range of fields. We are in far more of the expensive areas — veterinary science, dental science, architecture and various areas of engineering. We have a profile which is agreed with the commonwealth and is working about right for us and so there is not a huge shift from any one year to the next unless there is big policy discussion and agreement.

Ms ECKSTEIN — Does that also apply to the regional campuses?

Prof. LEE DOW — There will always be that problem. In terms of our regional campuses, they are specialists in agriculture and related areas. We turn away very few people. We take pretty well all qualified people who want to enter those places.

Prof. GILBERT — We spend $1 million on advertising, including television advertising in regional Victoria to try to increase those numbers. We are worried about the absence of applicants for our rural campuses, not in any sense are we turning away people.

The CHAIR — We are running a little bit late so I might finish off with a simple question of my own. You spoke about equity issues in regard to participation and that you would be supportive of them. We have just discussed the idea that Melbourne University could probably have as many students as could be funded but you have a fairly tight profile that you stick with. What are the equity issues you would like to see happen? What would you be supporting?

Prof. GILBERT — I think essentially equity means that no-one who is qualified to get into university should be unable to do so because of their socioeconomic background or capacity to pay. Obviously there are some difficult questions there regarding means testing and so on which I will take for granted can be managed administratively.

We think there is a whole range of mechanisms that the commonwealth could improve. 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. It would say, 'We will combine funding partnerships', as they are called in some parts of the world, 'in the case of those who can afford to pay'. Education is a private good. People can repay loans when they are in the work force. It is becoming a generally accepted principle. I think a bigger proportion of state funding ought to go into equity to assist families who cannot afford it, so I would change the balance of funding towards equity at the commonwealth level.

The CHAIR — Thank you very much for appearing here today. We look forward to your submission whenever it comes in. I guess we may see you at our stakeholder functions a bit later on, before you go, and on behalf of the committee, we wish you luck in your new job in another continent, but perhaps not too much success that it detracts from our own universities here compared to overseas.

Witnesses withdrew.

CORRECTED VERSION

EDUCATION AND TRAINING COMMITTEE

Inquiry into the impact of the high levels of unmet demand on places in higher education institutions on Victoria

Melbourne–29 September 2003

Members

Ms H. E. Buckingham
Ms A. L. Eckstein
Mr P. R. Hall
Mr S. R. Herbert
Mr N. Kotsiras
Ms J. R. Munt
Mr V. J. Perton

Chair: Mr S. R. Herbert

Deputy Chair: Mr N. Kotsiras

Staff

Executive Officer: Ms K. Ellingford

Research officer: Dr G. Berman

Witnesses

Mr M. McGowan, Victorian Division Secretary; and

Mr P. Kniest, Research and Policy Officer, National Tertiary Education Union.

Necessary corrections to be notified to executive officer of committee

The CHAIR — Welcome. For the record will you state your full name, position and the organisation you represent, and then you might like to make an opening statement?

Mr McGOWAN — I am Matthew McGowan. I am the Victorian division secretary of the National Tertiary Education Union (NTEU).

Mr KNIEST — I am Paul Kniest, research and policy officer from the National Tertiary Education Union.

Mr McGOWAN — First of all, thank you for the invitation to come and speak to you. We appreciate being involved and invited to participate in these activities. I do have a qualified apology to make in terms of the submission we will give to you today because it is not as robust as we would like it to be. As you might expect, particularly over the last couple of weeks, we have had a few events come out of the woodwork that have occupied our minds a little bit more. That is not to detract from the importance of your deliberations, but it has meant that our attention has been distracted in a way that we would have preferred it was not. In terms of the submission that we will be putting to you, I will give you an initial document and we will supplement it with something a little bit more substantial later on.

There are a number of key elements of the issue that we wanted to focus on. The main areas of focus that we are interested in for the purposes of today are around the issue of the impact of the government's changes to higher education and how that will affect the issue of unmet demand; and while it is not covered in the documentation I have here, the impact on TAFE will be something we would like to make some comment on as well.

More broadly on the question of what is the impact of unmet demand on the Victorian community, if you like, it is clear that Victoria has the highest levels of unmet demand in the country. Some 23 000 odd, I think, are figures that are provided by the Australian Vice-Chancellors Council (AVCC). That should be a matter of concern for the Victorian community, I would have thought. There are both social and economic impacts of that — social, obviously, because of the way in which it affects people's aspirations and their capacity to participate in the community. But there are also, I think, some disproportionate impacts. I did not hear all of the University of Melbourne's submission, but I think there is a significant issue, particularly in rural areas, and I think it has a disproportionate impact in rural areas for a number of reasons that I will come to.

There are also questions of skill shortages within the community and the higher education institutions are charged with assisting in trying to meet the demands in those areas. Obviously, nursing and teaching are the key areas that everyone is focusing on at the moment. We do not have any data that would be better than what you would get from others about those sorts of things, so I do not really want to go into detail on those matters. I am happy to answer questions if you have specific questions about it.

As I said, regional areas are areas we think will be disproportionately affected by unmet demand issues in a different way to the way in which the University of Melbourne submission was talking about. It is a bit hard for me to go into that without getting into the substance of the government's changes, so I will come back to that when I talk about the government changes.

As to unmet demand, I think it is fairly obvious that there would be disproportionate impact on those from lower socioeconomic backgrounds. There is plenty of data around to indicate that those with higher access to income have greater opportunities for providing supplementary support to their educational activities, whether that be people organising computers for their kids future or going to schools that offer particular programs to enhance people's capacity to meet the criteria to enter university that they would not otherwise meet. So I think there are some significant equity issues in the way in which unmet demand is impacted on.

I will talk now briefly about the impact of the government's changes to the higher education sector and how they in particular will affect unmet demand in Victoria. I think the way in which the government is delivering a significant proportion of its increased funding to the sector is by converting overenrolments into fully funded places. However, the government has not specified that those overenrolments will stay in the locations that they are currently located.

In other words, Victoria has roughly 6000 overenrolments in Victorian institutions, but our understanding and expectation would be that in the process that the government would go through in terms of who will get reallocated those places, they do not necessarily go back to the institutions where the overenrolments originated from. So the government is not funding the overenrolments. It is increasing the number of fully paid places to the same number of overenrolments that occur and then we will have a process for allocating where they belong. We think that Victoria will be low down on that priority list for the reallocation of those figures because it is not seen as a growth

state and because it is a state that has high participation rates in higher education relative to the other states. So we think that the unmet demand probably will get worse, not better, for Victoria under the current package.

Why is that an issue? This brings me back to the question of regional impacts. There are some areas, if you look at where the highest levels of current overenrolments are. They are at La Trobe University, in particular, which has the highest overenrolments in the state at the moment, and its Bendigo campus, in particular, has very high numbers; some 500, as I understand it, are located at the Bendigo campus. It would be optimistic, given the likelihood of a shift elsewhere, to think that those places will remain in Bendigo, and I think that should be of significant concern to those communities.

I think that a number of other institutions will be affected. It is not just La Trobe at Bendigo, but I think they are the most dramatically affected in terms of the government's impact. We have some figures which DEST has provided which you can have a look at.

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 education or to alternative careers and alternative educational pathways.

That will increase the pressure on the TAFE sector. The demand for TAFE positions inevitably will increase if the overenrolments are shifted and all of those places are shifted elsewhere. I think the TAFE sector is currently under significant strain. I do think that particularly some of the TAFE institutes are suffering significantly under their current funding levels, and they are going to be in need of some assistance in the future.

This just increases the pressure on those institutions. We do not think that is particularly helpful. There are a number of effects for the TAFE institutes that I have not mentioned. There are a number of ways in which TAFE is affected. Firstly, you will have people who will be looking for an alternative pathway into the higher education sector. A number of higher education institutions are already providing those pathways. Let me be clear that the NTEU is not opposed to the continuous pathways through the education sector. It is appropriate to have people and mechanisms for people to go through the different sectors to get different educational outcomes. So the following statements are not in opposition to that, but just provide a comment about the impact that this is going to have on the sector overall.

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.

That has a number of problems from a higher education point of view, and our members have problems with that in terms of the way in which that is affecting the future of the institutions themselves. But for the purposes of this discussion, the impact on TAFE 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.

I think that is probably enough for me. I am happy to answer questions because I think you will have specific questions that you will be looking to ask us, which is fine. We will go through those. Karen put to me the question of the effectiveness or what we think of the data from the AVCC in terms of overenrolments more broadly. Generally, we do not have a problem with the raw data that the AVCC provides. It is a bit hard for us to argue against it. We do not have access to the data, but they have, so I think we would trust their data in that regard.

We do have some question marks about the discounting provisions that they have within the data. I do not have a copy of it in front of me. We had intended to bring it along for you, but we did not. My apologies for that. But if you have that data available to you, it would be worth having closer scrutiny of the questions around the discounting that they provide for things such as people putting in for courses in different states, people who are offered courses in subsequent rounds of offers, so various different discountings occur within the AVCC data and provide what they think is an estimate of the real level of unmet demand.

If you have a look at the table, they indicate a range of 7 per cent to 43 per cent for Victoria as the discounting they would apply to the raw data that they have provided. When I have a look at it, it just does not make sense to me, and I have not had time to ring the AVCC and get a proper explanation for the data. But when I was going through it, it looked dodgy, let's put it that way. I think it has been interpreted incorrectly by a number of people who have then later quoted it, because the 7 per cent to 43 per cent that they refer to in their data refers to different university admissions index (UAI) levels. Is that correct?

Mr KNIEST — Yes.

Mr McGOWAN — And the high UAI level being 7 per cent discount that they have applied and the low UAI being 43 per cent discount that they have applied has then been interpreted to say that there are two figures, which is the range of possibilities that the real discounted figure should belong in. I hope I am being clear on this. I am probably being as clear as mud, but never mind. I think that is an incorrect interpretation of the data, and it has been quoted in a number of the papers that I have read about this issue in a way that I think misinterprets it, but I can discuss that further if you have some specific questions.

The CHAIR — You have indicated you will be providing further details in a submission. Perhaps you might wish to put your analysis in that.

Mr McGOWAN — Sure.

The CHAIR — Would you like the submission you have here to be circulated?

Mr McGOWAN — Yes. As I say, I will not apologise for it again.

Ms MUNT — I asked Melbourne University this, and I will ask you the same question because I think it probably relates to you as the union representing the teachers and the universities. Have the cutbacks in funding affected the educational quality? Have the tutorial groups become larger and are there shorter contact hours and any other effects on the actual programs they are providing at tertiary institutes?

Mr McGOWAN — Yes, yes, yes and yes. The impacts on institutions of the funding cutbacks over the last number of years have been dramatic from our point of view. There has been a skyrocketing of staff-student ratios. We have the position now where we no longer have tutorials in some programs and courses. There are a significant number of them that are now called seminars. They get larger and larger. Once upon a time in some institutions, a tutorial might have been 15 people. Now, you can have seminars of up to 50, and it is an absurd position to think that you can get the same educational outcomes in those scenarios as you do now. Again, universities are looking for any opportunity they can to make do under difficult circumstances.

That means that some courses that I am aware of no longer have tutorials at all. They have online, moderated discussion groups. Universities are doing all sorts of things to cope as best they can under difficult circumstances. Once upon a time, certainly when I was first at university, you would enter into a degree program, pick the specialisation that you were interested in, and you would have a range of electives to choose from in your program. Now, more and more universities are paring their programs down so that the bare minimum of activities is available for people to go through.

You now have some programs where the number of electives are very few or they are not there at all, simply because the university cannot afford to run small classes on specialisations in a particular field. So they have to generalise their activities, tailor their activities and market them. They repackage all the same material into differently marketed activities rather than looking at what the best educational outcomes are and the best ways of delivering them.

Broadly speaking, yes, I think the university system is under significant stress at the moment. As you will be aware, recently we did a survey into stress in Australian universities, and the survey showed that very high levels of stress are experienced by staff. Off the top of my head, I think something in the order of 50 per cent of staff were experiencing extremely high levels of stress in their workplaces to the point where it was the view they were at risk of psychological damage. Obviously this is something that seriously concerns us. Does that answer all of the questions?

Ms MUNT — Yes, it does. Basically, would it be fair to say that since the funding started to be reduced in 1996, that as well as having unmet demand for places it has also impacted on the quality of the education that has been provided? Would that be correct?

Mr McGOWEN — I think that is a fair statement. Are you allowed to say that?

Mr KNIEST - Yes, and the quality of work.

Mr McGOWEN — I do not want to undermine my own members in this process, but they are under enormous stress.

Ms MUNT — Just to resources provided.

Mr McGOWEN - Of course, yes.

Mr KNIEST — There are increasing workloads and increasing levels of stress, so the quality of work for people working in the sector has declined as well.

Ms MUNT — Thank you.

Ms BUCKINGHAM — The Australian vice-chancellors gave us a figure of 23 500 — it was in this morning's *Age* — out of 60 000 across Victoria. Why do you think Victoria has such a high standard of unmet demand? Can you do anything to address the current changes that Mr Nelson forecast last week?

Mr McGOWEN — On the first question, I can only make guesses as to why that is the case, but I think you would have to assume that the expectations of the Victorian community are higher. The state government has to take some credit — and I do not mean the current government, but successive governments in part — for creating an expectation that it is reasonable to expect higher education as an outcome of your career in school.

People have an expectation that is developed through the community and through the school experience. I guess that is the best I can do on that front. So I do not have anything specific that talks about why the unmet demand is there, and particularly in Victoria. Have we done any research on that that you are aware of?

Mr KNIEST — No, we have not. There are some technical questions about eligibility criteria, how you define them and how they may differ between the states. But it is a matter of saying, 'If you look at the participation rates in Victoria, clearly Victorians have a very high expectation to attend university'. That is probably driving that sort of thing.

Ms BUCKINGHAM — I go back to my question. Will the new funding models outlined last week address Victorians' —

Mr McGOWEN — As I outlined in my original comments, I think it will make it worse, because while there are going to be increased places within the sector — that is, at least increased fully funded places through the proposals — I am not clear that Victoria will benefit from that.

A certain number of places is provided by the government on a fully-funded basis. Then there are overenrolments, and the institutions are funded at a marginal rate for those overenrolments. At the moment Victoria has a relatively high 6000 overenrolments within the sector. The government is replacing those overenrolments with fully funded places, which we think is a good thing. It is good to get that money into the sector; as I said before, it is desperately needed.

Unfortunately there is no guarantee that Victoria will keep those, and there is a significant likelihood that Victoria will lose those places through the reallocation that will occur at a federal level, because the government is not saying, 'If you have got the overenrolments we are simply going to let you keep those overenrolments and top up the funding'. They are treating those as a new set of allocations that they can then play with. I believe there is a high likelihood that Victoria will suffer from that process.

Mr KOTSIRAS — You said that the TAFE institutes in Victoria are underfunded and have been underfunded for a number of a years. Has this had a negative impact on the stress of teachers, students, quality of teaching and workloads in TAFE?

Mr McGOWEN — I think it has in TAFE. I cannot speak for the TAFE teachers because we do not represent them; we only represent the administrative staff and what we call the PAT staff — that is, the professional, administrative and technical staff. But, yes, we think that basically people are doing more with less. It is harder in some institutes than others. I do not think it is uniform across the sector, and if I might have a dig at the government at this point, the funding for the salary rises that are proposed in the current round are insufficient. I

think the requirement for the productivity dividend is putting undue pressure on some of those TAFE institutes, and some worse than others.

To be honest with you I did not come fully prepared with the data on each of the TAFE institutes because I did not understand that that was the focus of the discussion, but we can certainly later provide you with some information on what we see as the impact on those TAFE institutes, if you want it.

Mr KOTSIRAS — Do you support the idea of maybe increasing fees for TAFE students in order to meet the unmet demand or the pressure on the TAFEs?

Mr McGOWEN - That is a tricky question. Broadly within the sector there is acknowledgment that some limited increases may be required for students in the TAFE sector. We would certainly strongly oppose any proposals to introduce a higher education contribution scheme-style arrangement within the TAFE sector. It would be counterproductive. It is a very different scenario from higher education, and we do not believe that it has provided equitable outcomes in higher education either. Does that answer the question?

Mr KOTSIRAS — One final one: do you have data of the number of students who enter TAFE because they want to do a TAFE course compared with the number of students who enter TAFE because they missed out on a university place?

Mr McGOWEN — I do not.

Mr KOTSIRAS — When you said earlier that this is going to put pressure on the TAFEs, because students are going to miss out, you are just guessing?

Mr McGOWEN — Absolutely! I do not have hard data for you on that front, but I think it is a no-brainer, to be honest with you to some extent. If you do not have access to what was your first choice of educational outcome, you will go to your second choice. What are the choices for Victorian students? They go to higher education, TAFE or they become unemployed.

Mr KOTSIRAS — Or employed.

Mr McGOWEN — Yes, but the employment options for people who do not have any form of educational qualifications are significantly lower, and the income expectations they might have out of that are also significantly lower. So I do not see that as a desirable outcome of the process.

Ms ECKSTEIN — I would like to go back to the overenrolments. This morning we heard from Swinburne that its Lilydale campus, which has significant overenrolments, is at serious risk if they do not manage to get the top-up funding to convert those into fully funded places. You have referred to Bendigo?

Mr McGOWEN — Yes.

Ms ECKSTEIN — Would you say they are also at serious risk?

Mr McGOWEN — Yes, clearly. I am sure you would be aware that there has been a significant debate in the Bendigo region about this for some months. It is a significant concern. If you have a look at the data about which institutions in Victoria have the highest levels of overenrolments — and I have provided them for you in my submission — you will see that the institutions that are going to be most affected, if looked at as a percentage of their total enrolments — the smaller the institution the greater the effect, but there are one or two exceptions. I would have thought that Swinburne and La Trobe universities are the most dramatically affected in that process. But Victoria University —

Ms ECKSTEIN — Campuses particularly.

Mr McGOWEN — As I said, I picked on Bendigo, but you have identified Lilydale.

Ms ECKSTEIN — Any others?

Mr McGOWEN — I have not done a proper analysis. They are the two obvious ones. I have not done a proper analysis of the data to be able to give you anything broader than that.

Ms ECKSTEIN — Would it be fair to say that the regional campuses of the universities are at significantly greater risk?

Mr McGOWEN — Those identified clearly fit that category, yes. To a lesser extent Ballarat is affected in the same way. It is not as dramatic for Ballarat as it is certainly for Bendigo. Bendigo really depends on those overenrolments for its very existence, and I believe Swinburne's view about Lilydale.

Ms ECKSTEIN — Lilydale certainly does as well.

Ms MUNT — And we have got all the major areas.

Ms ECKSTEIN — Victoria University of Technology has a particular role in the west. You were about to comment on the impact of overenrolments.

Mr McGOWEN — Again, if you have a look at their relative weightings, the institutions that have the highest overenrolments — if you exclude RMIT for the moment, and 850 is still a significant number to put at risk for an institution like RMIT, particularly in its current circumstances — those that have the most significant impacts will be La Trobe and Swinburne. Swinburne is a small institution. Nine hundred is a large number.

Ms ECKSTEIN — Most of those will be at Lilydale?

Mr McGOWEN — As I said, 500 for La Trobe are at Bendigo; that is nearly half. Similarly, VUT falls fifth. If you look at Melbourne, it is only 894, but the size of Melbourne is enormous. In a proportional sense I would have put VUT as third on the list as the most significantly affected.

Ms ECKSTEIN — So we have a significant viability problem?

Mr McGOWEN — If significant numbers of those places are shifted, then there is a significant problem for those institutions, and I would very much doubt that Lilydale will stay open. To be honest with you, La Trobe could not justify maintaining that campus.

Ms ECKSTEIN — It is a serious concern.

Mr McGOWEN — It is a difficult thing for me to say, because we will then be in a position of having to negotiate the industrial implications of that, but we are seriously concerned about the impact that will apply at those institutions.

Ms ECKSTEIN — Thank you.

The CHAIR — I will finish off with a quick question. You have indicated that Australian vice-chancellors committee figures are a bit light in terms of unmet demand. What do you think is the real unmet demand here in Victoria? I know it is hard for a national body, but in terms of the allocation method and funding, would you see an alternate model? In Victoria since 1996, or probably since the early 1990s, we have seen the shifting away of places here whilst demand grows. What is your preferred model for funding university places and demand?

Mr McGOWEN — As a Victorian, and I can speak from a Victorian perspective, I think those overenrolments should stay where they are. They are there for a reason. The universities did not lightly overenrol those places. The university is marginally funded for those places in most cases. It is not as if they are just being wilful in deciding to take in additional students. They have to subsidise those places through other mechanisms. So I agree with the overenrolments being funded on a fully funded basis. I just disagree with the process by which the government will centralise and reallocate those on a state-by-state basis, because I think our institutions in Victoria will significantly miss out.

I have lost the train of thought. Do you want to ask the question again, Steve? Sorry!

The CHAIR — Is the current allocation method per state to state the best way to do it? Do you think there are other means? Do you fund them?

Mr McGOWEN — There has to be a mix of mechanisms. I do not think one size fits all. The reality is that the government is proposing to put in $400 million at the moment. I am not sure if you have heard that Tony Abbott is being moved away from the industrial relations portfolio — not that we are unhappy about that —

Ms MUNT — I pity the health system.

Mr McGOWEN — I am being distracted again.

Mr KOTSIRAS — It comes easy!

Mr McGOWEN — It does! I have to say that it is a big day!

Mr KNIEST — One of the issues about unmet demand is how you actually define that. We would argue that there will always be unmet demand. There will always be somebody who would like to go to university but who will not get a place. It really depends on how you define it, so to try and diminish it altogether is problematical.

Victoria has potential problems in the new environment. One of them is that Victoria has a high participation rate of people in the relative age group who attend university. The government may want to redistribute places to bring everyone down to a national average. As a union representing higher education, we would argue that Victoria should be the target, and that everyone else should be brought up to the Victorian level.

Clearly the union's point of view is that there needs to be more government investment in higher education because of all the returns you get from it rather than have an allocation mechanism that may attempt to bring Victoria down to the national average. We should bring everyone up to the Victorian participation rate. We would argue that was good. Even if you do that, you could argue that there is always going to be unmet demand. Clearly some people will always miss out. I guess it is a matter of a trade-off between the labour market shortages versus people's aspirations in attending university. So it is a difficult question, and I do not know if we have an answer as to how many university places there should be per se.

Mr McGOWEN — Just going back to the original question — again, I got distracted and I apologise — the sector has been underfunded for some significant time. This is not a new thing. It was started under the previous Labor federal government, but it has been accelerated at a ridiculous rate through the current government.

The government's changes to the sector over the last few years have created a crisis within the institutions, and that is the way it is being talked about publicly via the vice-chancellors in recent years. There has been a crisis because the sector has been underfunded. If we were interested in educational outcomes as primary objective we would not be wasting $1 billion on tax cuts that provide for $5 a week for ordinary families. We would be investing it in our future, which is into the education and health systems.

Again it staggers me that on something as obvious as this we spend enormous amounts of money on what seem to me to be ridiculous things, yet the core fundamentals of educating our population and preparing them to engage in a worldwide economy, where we are competing at very high levels, seems to me to be ridiculous.

I guess, as Paul says, there are always going to be people who do not get into higher education. That is inevitable, but if you have a population that is willing and able to be educated at the level in which the Victorian community is clearly interested in participating, we ought to be encouraging that and doing all we can to improve on that because that is the future of the country.

The CHAIR — Thank you very much. A Hansard copy of your evidence will be mailed to you within a week, and you will have a chance to make changes to ensure the accuracy of the record.

We thank you very much for coming here. We look forward to a supplementary submission, and we are particularly pleased that the representatives from the National Tertiary Education Union have come to this historic first meeting of the first-ever Victorian Education and Training Parliamentary Committee.

Mr McGOWEN — Thank you for the invitation.

Witnesses withdrew.

C O R R E C T E D V E R S I O N

EDUCATION AND TRAINING COMMITTEE

Inquiry into the impact of the high levels of unmet demand for places in higher education institutions on Victoria

Melbourne – 29 September 2003

Members

Ms H. E. Buckingham
Ms A. L. Eckstein
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Mr N. Kotsiras
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Research officer: Dr G. Berman

Witnesses

Mr G. Burke, Executive Director; and

Dr C. Shah, Senior Research Fellow, Centre for Economics of Education and Training

Necessary corrections to be notified to executive officer of committee

The CHAIR — Once again I advise all present at these hearings that evidence taken by the committee, including submissions, is subject to parliamentary privilege and is granted immunity from judicial review pursuant to the Constitution Act and the Parliamentary Committees Act. For the record I ask you to state your full names and positions and the organisation you are representing.

Mr BURKE — I am the executive director of CEET, which is the Centre for Economics of Education and Training, Australian Council for Education and Research, Monash University. We are based at Monash University, but CEET is a bit easier.

Dr SHAH — I am senior research fellow at CEET.

Mr BURKE — We have brought in copies of some background on us and a list of publications. In brief, we are a group that is a centre of the faculty of education at Monash, the faculty of business and economics and the Australian Council for Education and Research.

A group of researchers have been working in this sort of area, but we formed into a centre about 10 years ago. The major work we do is consulting work for government departments. The major funding we have had has been from the Australian National Training Authority for the last nine years as a key centre, but we have done work for a range of other government departments — the Department of Education, Science and Training (DEST), the Department of Employment and Workplace Relations (DEWR), the Ministerial Council on Education, Employment, Training and Youth Affairs, and the Victorian and New South Wales authorities mainly concerned with the education and training areas.

We tend to research finance and costs, student numbers, progression through courses, graduation rates and alternative mechanisms for finance. They are the broad sorts of areas that we have been dealing with. Chandra has just recently completed a study for the Department of Employment and Workplace Relations looking at labour market turnover and the implications of that for jobs. The department draws on that for its publication, *Job Outlook*, which has just been released in the last week or so.

There are two groups at Monash that do work in this area: one is the Centre of Policy Studies, which does forecasting of employment by occupation; and Chandra has been doing the forecasting of labour turnover and the jobs created by that. As for gross turnover and net turnover — the gross numbers leaving an occupation, and the 'net' being the numbers leaving occupation, the net of those re-entering it, and various range of calculations and vacancies arising — the overall estimate is that the net replacement demand is bigger than the growth on average. If we talk about groups like nursing and teaching, and Chandra can say something about that later, that is one of the crucial things as to whether you have a shortage or not. It is whether people are going to leave rather than whether we have much growth.

In the next few years I suspect teacher-student ratios are not going to change very much and pupil numbers are not changing very much, so it is really the crucial thing in terms of the job openings and people leaving occupations. It is very hard to predict. It can change for all sorts of reasons. Shall I go forward and comment on the overall things we are talking about?

The CHAIR — Yes.

Mr BURKE — We have put down a few broad points that we might talk to. I was going to give a run-down of them, and Chandra will particularly talk about the nursing and teaching areas.

Basically by way of overview, and just talking about high-level skill shortages in the Victorian economy, it seems that a lot of the information that the Department of Employment and Workplace Relations put together indicates that of the groups involving a high level of education, degree level and above, nursing and teaching are particularly important areas of shortage. Information and communication technology has reduced in the last couple of years, but the cutback in the whole area has also led to a fall in the number of people taking those courses.

We have been working on the causes of shortage. With shortage, and I have already referred to it, there are a whole range of reasons for 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.

In terms of the allocation of places within universities and the availability of places in these sorts of areas, one of the issues is how the universities respond to needs over time. Universities have been less conscious in allocating their places towards areas of demand than, for example, the vocational education and training areas, where they are very concerned to try to line up training with available jobs. That is not to say they are able to do a much better job than the way in which universities react to employment, but having worked in the education faculty for a long while I know that universities often react to the employment market.

When we were very hard pressed, particularly in the era of the Kennett government, there was this tremendous cutback in teacher employment, and universities were not keen on giving us extra places. The dean argues with the budget officers and so on, and the argument is, 'Well, can you show your students are getting jobs? What's the demand? Look at the entry scores'. The entry scores were very poor at the time. They are now riding very high — a complete turnaround in the last six of seven years — and we now proudly go off and tell the people that our students for the joint education-arts degree have got higher scores than the arts students entering and so on. But that is responding to the job market, and the faculties at Monash and most other places are gradually, perhaps not as rapidly in some other states, expanding their enrolment. I will leave Chandra to talk a little bit more about that.

One thing I should comment on is the demand for places in TAFE as well. The Australian Bureau of Statistics each year in a May survey, which is a supplement to the labour force survey for a publication *Education and Work, Australia*, has a question about people being unable to get into places in university, TAFE and other post-school courses. The actual figures do not come out all that differently for universities from the discounted figure that the Australian Vice-Chancellors Committee (AVCC) survey comes up with. We were looking at those earlier today. After their discounting they get back to a total figure of something like 28 000. The figure from the education and work survey is not too different to that.

But the figure for TAFE is considerably higher than it is for universities. Within that we have got the Victorian figures — the 2002 survey is the latest we have got on that — and they were a proportionately bigger share of the Australian total than the Victorian population. Perhaps 30 per cent or so of the unmet demand for TAFE and higher education was in Victoria. The skill shortages that people are most concerned about have been in some of the trade areas, and it seems to be an ongoing problem. Again, is it a problem of the lack of numbers coming through training, or is it a problem of not retaining people in the occupations and perhaps not paying enough to make them more attractive positions?

The final thing I will comment on is the commonwealth funding of undergraduate places. The AVCC tracked this fairly carefully over time, and basically over about the last six or seven years the commonwealth number of funded places in full-time equivalents has remained pretty much constant in Australia. Within that they have shifted more towards undergraduates, because more and more of the postgraduate course work is now in full-fee places. There has been somewhat of an increase in the number of undergraduate places; but as you have already discussed, Victoria has not been fairing well in the sharing out compared with places with greater population growth like Queensland.

The other side of it is the commonwealth expenditure on those places. Because of the increase in the higher education contribution scheme (HECS) and the continuing growth of HECS over time, the actual funding that the commonwealth is putting into its funded places is reducing in real terms. That can be documented with the price index that the commonwealth uses, which is based on how the commonwealth is prepared to adjust the funding each year, and this is one of the problems the universities have. The commonwealth adjusts its funding of university places by its own cost-adjustment factor. Even in its own words this is not a measure of the cost increases within the sector. It bases most of it on the safety net adjustment and not on the way in which either professional pay or pay within universities or the education sector as whole goes up. So each year the universities are missing out. Somehow or another this does not get very much public attention, but every year effectively the commonwealth is not compensating for the general level of wage increases that occur in the community, which you would expect university staff to share in.

The commonwealth is reducing its actual funding. You can take off the actual HECS receipts from it, and the amount the commonwealth is paying is going down. If you take off the HECS liability, which is a larger amount, then it is going down even more clearly. I suppose, and maybe it is just a political point, that the projection for next year in the budget papers is that the commonwealth will be spending more on non-government schools than it will be on universities. Whilst a lot of that may thoroughly be justified — you can well argue about some of the more expensive private schools and whether that is justified in terms of the best use of resources — that is probably a bigger issue than we are concerned with here. Perhaps Chandra could follow through on the teachers and nurses.

Dr SHAH — A lot of my work has been on looking at the labour market generally and the turnover across all occupations. I have also done specific work for the teacher and nursing labour markets. The difficulty with these two labour markets is that they are managed labour markets where you have basically three players acting in them: the state government, which is the demander of those skills; the federal government, which supplies or finances the supply; and the universities, which try to juggle the numbers there in between. That is one of the problems specifically with these two labour markets.

You also have the problem of trying to ascertain how many people are actually going to end up practising in that occupation. You have a number of factors that are going to affect that. First of all you will have the number of people who are enrolled in that course and the number who apply, and then the completion rate of those people, which is normally around 65 per cent to 70 per cent. After that you have the number of people postgraduate and how many of them look for full-time work in that particular occupation. When you multiply all those different factors you end up with approximately between 50 per cent and 60 per cent of people who commence a course actually working in that occupation.

In terms of demand, you have demand due to growth. Growth has been increasing, especially in Victoria, in these two particular occupations, because of the policies of the new government in bringing in nurse-patient ratios and in schools increasing the number of teachers being employed. So that has increased the growth in those two occupations. On top of that you have the ageing of the population of these two work forces, which is creating a demand for the replacement of those people who are going to leave the work force. In teaching, the replacement rate is higher than the average for the work force as a whole. For nursing it is about average at the moment.

Other issues with these two occupations, and nursing in particular, is the number of people who work part time. Therefore for equal and full-time people the requirement in terms of the number of heads you need is much higher than you would normally expect.

Last year or the year before we did some calculations for the Victorian government on the number of job openings for new entrants to these occupations. In education over the next five years job openings for new entrants were to be about 13 500; in nursing they were to be about 6000. I will leave it at that and wait for you to ask questions.

Ms MUNT — Broadly speaking, would you be able to say that Victoria is getting its fair share of funding? You were talking about growth areas in Queensland — you know, the growth in numbers and Victoria not having that amount of growth — but we do have a very large participation rate and a large student population which does wish to go onto tertiary funding, which kind of balances that out. Taking all those things into consideration, do you think we are getting our fair share of the pie?

Mr BURKE — It is difficult to answer that, because it does seem unfortunate when we look at the figures that we have for unmet demand compared with other states and people qualified to go on to higher education. You would have hoped that we could have devised a system of financing where those who are qualified could go on to higher education. I suppose the federal government will say it is doing it by allowing more people to pay full fees than traditionally, but I do not think that is going to be the answer to the problem of people missing out.

You would hope that in total more money could be provided to higher education. I suspect that the increases in HECS charges are about as high as they can or should be. If they have the 30 per cent increase as well, I think the size of the debt — I just know it from my own son: when I asked him to pay something recently he said, 'I've got a $28 000 HECS debt', and that is probably quite common these days — will be a solid burden for someone in their mid to late 20s who has the hope of buying a house and so on.

I hope, socially, that we do not go too far down with further fees and charges. I would have thought there was scope for the government totally to spend more money; but again this judgment has been taken by governments, and I know that that is very difficult to enter into.

Ms ECKSTEIN — I am interested in the unmet demand and how it might impact differentially in different parts of Melbourne and the whole state. For instance, down in the south-eastern growth corridor, where I come from, there are huge increases in population. Particularly for the coming period I have got some projections from the Shire of Cardinia and the City of Casey about the population in the 20 to 24 age group, which has a large amount of the potential tertiary students. New schools are going up all over the place, they are all bursting at capacity as kids are encouraged to stay on to year 12, so all of that is producing differential pressures, particularly in those sorts of areas. How is that factored into your work?

Mr BURKE — We have not been doing that sort of detailed work, but the sort of thing you are talking about, I can see, could well lead to disadvantages. I would expect that those who have a little bit more money are in a better position to travel or take up wider options for places if they can get acceptance in a more distant institution. We would expect that those who are going to be most disadvantaged are those who are perhaps least able to move out of their local area.

Ms ECKSTEIN — So you do not have any breakdowns?

Mr BURKE — No, we have not done work at that level.

The CHAIR — Does the commonwealth do that sort of figuring in the profile-setting process? Who is actually looking at regional issues in terms of population growth and university demand? Is there a body that is doing that?

Mr BURKE — They certainly have been concerned about regional access with the changes in funding they have been considering. But I suspect Terry Stokes's group in the Department of Education and Training could fill you in on the detail of what the higher education group there should be able to. I expect they would be on top of that.

Mr KOTSIRAS — In your opinion, why has the unmet demand in TAFEs increased in Victoria?

Mr BURKE — It is very interesting. Over the last few years enrolments in higher education have not increased much, but TAFE numbers have kept going up. It really is quite interesting. Both sectors have had restricted funding, but in TAFE the number of enrolments has kept going up. If you take at face value the number of hours of training and the number of people it enrols, TAFE is the area that has suffered the biggest fall in government funding per unit of training or education that it provides. Whereas schools in fact have had a substantial increase in funding per student and universities are going down a bit, TAFE has gone down substantially, according to official ANTA figures. It refers to it as efficiency, because it is growth through efficiency.

There certainly has been a considerable and continuing growth in demand for vocational education and training, it seems, relative to higher education. Explaining how that has occurred and why is not at all easy. The VET sector set out to stimulate growth in demand over the last few years, certainly in terms of trying to encourage young people and older people to commit to it. It has had a substantial campaign to increase both traditional apprenticeships and new traineeships, and there has been a big increase in the total number under the heading of new apprenticeships.

So it seems there has been some success in stimulating demand. Now whether that has been a result of the campaigns and efforts or it is something that has arisen from the realisation that you are better off with having training, I cannot really quite — —

The CHAIR — Just before I asked — —

Dr SHAH — Just to comment, the other thing is that TAFE fulfils another function, which is providing services for people who want to engage in lifelong learning. It is much more suitable for a lot of people to come in for short courses and drop out when they see there is no need for them. A lot of the growth has been in these sorts of just-in-time, short-module courses in TAFE. Also it is probably cheaper for people to go into TAFE than to go into universities for those sorts of services.

Mr BURKE — Just to add to that, in Victoria if you are on a health card and so on you pay about $40 to do a TAFE course for a whole year. The maximum fee is still, I think, $500 for a TAFE course per year. Now some other states have already started raising their TAFE charges. The Victorian ones have not, to my knowledge, been adjusted yet, but I suspect it is likely they will go in that direction.

Mr KOTSIRAS — Do you have any data which implies that there is an increase in students enrolling in TAFE courses because they cannot get into university courses? Is there any data to show that?

Mr BURKE — I suppose it is a bit difficult to pin down. If you take the AVCC figures, you see that the unmet demand appears to be remaining high in Victoria, higher than in other states, but relative to the numbers who are accepted into courses. It appeared to be going down until this year, and now it has gone up again. The AVCC survey of applicants for undergraduate higher education courses for 2003 suggests that unmet demand is going up again relative to the numbers who are getting enrolled. It is hard to know whether you would say that over the

period the proportion who are not able to get places is going down, but at the same time there are still very large numbers who are not getting places in universities, and TAFE courses are the alternative for them. Now as to whether a slightly higher proportion of them have chosen to go to TAFE, and education seems to be more important over the years, it is hard to judge that exactly.

Dr SHAH — Some of them may be going into TAFE to do one year of a TAFE course and then moving on to university. There has been a number of those sorts of bridging courses for them, where they start off on a particular course in TAFE, and there is an agreement between the university and the TAFE sector on running those sorts of courses. But I do not know how many of them like that are around. For example, I know there is one between Deakin and Holmesglen, but as far as total numbers are concerned, I cannot tell you.

Mr KOTSIRAS — In your introduction you said there is a teacher shortage in Victoria.

Dr SHAH — Yes, well — —

Mr KOTSIRAS — Yes?

Dr SHAH — Yes.

Mr KOTSIRAS — But two weeks ago Minister Kosky said there is no teacher shortage, except in a small number of areas. Can you explain the difference?

Dr SHAH — My comment was based on work that I had done a couple of years ago.

Mr KOTSIRAS — So it is not recent data?

Dr SHAH — Up to 2000.

Mr KOTSIRAS — Up to 2000?

Dr SHAH — Yes. So there is a time difference between the two things.

Mr KOTSIRAS — Thank you.

Dr SHAH — I can tell you more about nursing, because I have done more recent work on nursing than on teachers. The most recent national figures on turnover suggest that it has dropped a little bit for teachers. I do not know what the reason is. Possibly there are some people who resign at 54/11. They may be coming back and reducing the turnover that way; I am not quite sure. There needs to be further investigation into that sort of thing with more detailed data, which is not available from the national collections.

Mr BURKE — We are hoping to do some work on TAFE teachers and to do an actual study on particular TAFE colleges to follow through on what is happening in that regard, but that has not gone ahead as yet.

Ms BUCKINGHAM — Given your previous answer, is there a correlation between the increase in unmet demand in the TAFE sector and the increase in unmet demand in the higher education sector in Victoria? Is there a nexus or relationship, so that when people cannot get into university they therefore go to TAFE as their next choice?

Mr BURKE — I think so, but we do not have a definite analysis. But what we can see from the figures is that Victoria seems to have the highest level — according to the ABS data — of unmet demand in both TAFE and higher education in both areas.

Ms BUCKINGHAM — Do you think the funding formula for Victoria is a fair one?

Mr BURKE — For?

Ms BUCKINGHAM — For higher education?

Mr BURKE — In terms of the number of places?

Ms BUCKINGHAM — Of places, yes.

Mr BURKE — 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. We need access — —

Ms BUCKINGHAM — Given some of the statistics you have spoken about today on projecting jobs in the future, should funding be targeted to certain faculties or career outcomes?

Dr SHAH — I think education for teaching and nursing, those sorts of areas, should be a little bit more controlled or a little bit more influenced by the people who are going to employ those people in determining how many come in. At the moment the commonwealth determines the financing of the supply, and the states do not have any control over that, which in the old days used to be quite different. The hospitals used to directly employ the nurses, and they were more in tune with what the demand was going to be.

At the moment I think there is a disjunction between supply and demand. Given that training takes about three or four years to complete, and given the uncertainty regarding the number of people who will complete the course and who will then practise in that occupation, there is too much uncertainty in that adjustment process between supply and demand. I would think there has to be more cooperation between the state and federal governments in terms of ensuring that supply and demand, especially in these sorts of occupations, are better managed.

Mr BURKE — Mind you, I do think the universities have got power internally to reallocate across faculties — and a fair amount of power of that sort. So maybe it is about further discussions between the universities and the state government as well.

One of the, I suppose, worries about going too far is that there are always uncertainties in this area. The Ministerial Council on Education, Employment, Training and Youth Affairs on its web site has a report from earlier this year on teachers, and it speculates on the future demand. It says, 'Will we assume that the staffing ratios will remain constant or improve?' — my best guess would now be constant — and, 'What will happen with the replacement rate of teachers? Will that go up or down?'. It only needs to move 1 percentage point — from, say, 3 per cent to 4 per cent — and that is an awful lot of teachers in terms of teacher education. It is a big share in relation to teacher education, because you are working at the margin all the time, and you can be out by a lot.

Back in 1992 we did not know the Kennett government would be elected — or we might have guessed, but we did not know that when it came in it would implement a particular policy. Victoria's staffing ratios in schools were then a lot better than they were in, say, New South Wales or Queensland — a huge amount more — but in fact they are now pretty similar in level. But I think that guessing what a government will do over time is sometimes about as difficult as predicting what will happen to exports.

The CHAIR — In everyday parlance, I guess, state government policy settings on teacher numbers can significantly impact on demand. We have an extra 4000 teachers in Victoria, and we have now seen our teaching institutes ramp up, so the demand is less; whereas, three or four years ago you would not have been able to cover it. I guess that is one of the problems with this process. I think what you were saying, if I understood it, is that in the profile-setting process greater discussion between the commonwealth government, the state government and the institutes about where they are going with teaching numbers or nursing numbers would have a better impact on how many need to be trained at a micro level. Is that correct?

Mr BURKE — That is right.

The CHAIR — Taking up Ms Buckingham's point about the allocation methods used by the commonwealth, have you had a chance to look at the Phillips Curran report? It is fairly weighty.

Mr BURKE — The — —

The CHAIR — The Phillips Curran *Independent Study of the Higher Education Review — Stage 1 Report*?

Mr BURKE — I have looked at a bit of it.

The CHAIR — It makes the point that in Australia we have had a shift from demand funding to age participation rates — that is, if a state has a low participation rate it gets extra funding to stimulate it. The report makes the point that in the OECD countries and the UK, net entry rate is the predominant method for funding

places — that is, an evaluation of how many people in a lifetime went to university as a rate of demand — and so you fund that.

In Australia in 2001 the net entry rate measures indicated that people in Victoria, South Australia and the ACT were substantially more likely to enter higher education over their lifetimes than the national average. I guess by default it is saying that if we use the same national funding mechanism as is used in the OECD countries and the UK, then Victoria, South Australia and the ACT would have a higher share, in recognition of the fact that we are going to have more people, through being industrialised states, entering universities. Have you had a look at that?

Mr BURKE — No, I have not.

The CHAIR — What is your viewpoint of that alternate mechanism?

Mr BURKE — I have not looked at it, I admit. I am sure you could argue a case on it, given the nature of the economy and the nature of what students want to do. And I think students do respond, to some degree at least, to market expectations — what information they have, their families have and their schools have. Against that I can also see why the commonwealth would like to get the share up of those states which are underperforming, in terms of improving access across the community. I will have a closer look at that.

But as I said before, I really think there is a case for ensuring that people do not miss out on opportunities. Given that we have general rhetoric in favour of lifelong learning anyway, we should be making sure there are not substantial numbers in states like Victoria — which have been, in a sense, successful in getting people to the end of secondary school — who miss out, because to then deny them the opportunity to go on by a different process does not seem desirable.

The CHAIR — Is it not also the case that industrialised and more specialised and technologically sophisticated states such as Victoria would have a greater need for more adult entry into higher education as people retrain and new industries are developed and that the current funding mechanism across the country does not recognise that fact, because it concentrates on initial post-school entry rather than on the needs of an adult society? Have you done any work on that, or do you have any views on that?

Mr BURKE — Not on a state-by-state basis, no. It is true across the board in the OECD that Australia has enormously high rates of participation by adults in continuing formal training — a lot of it within the TAFE system, in particular. Now if we believe the figures, we lead the OECD in the proportion of people aged 40 and over who are enrolled in education within the formal education system. And it is probably true that for a lot of people additional TAFE courses can make quite a difference to upgrading their particular skills.

The TAFE sector does point out quite often that very large numbers of university graduates are taking some specialist courses within the sector as well, and I think that supplies part of this particular need. We have probably been pretty good at doing it and probably ought to celebrate and recognise that we have been good at it. But on that state-by-state basis, I must admit I would not want to do anything to deprive Tasmania of any more than it has been deprived of already.

The CHAIR — I think we fund the university sector in Tasmania, to be honest.

Mr BURKE — Yes, we fund a lot there too.

The CHAIR — I will finish off with a quick question. I am trying to get to the basis of the demand across states and what would be fair or not fair. Do you have any data on comparable entry scores? For instance, when we look at who misses out we think, 'On that score should they really get a university place?'. We have such a high demand in Victoria that the question for those who miss out on like courses and like institutes is, 'Are the scores comparable or not?'. For example, do you need a higher score in Victoria than you do in Queensland to get into a similar course? Have you done any work on that?

Mr BURKE — We have not worked on that. I was just commenting about overall school retention rates. There is a big difference across states in just the proportion who go to year 12; it is 69 per cent in New South Wales and 80 per cent in Victoria. There are really quite sizeable and historical differences concerning when you leave school and when you go into the labour market. I think that would contribute to that analysis. I know they standardised the scores, but I am not quite sure whether you could be too clear on what the quality really was given the different proportions going to year 12.

Dr SHAH — It would be difficult to compare with Queensland, especially. In Queensland they have one less year of schooling, and it would be quite difficult to compare a year 12 student from Victoria with a year 12 student from Queensland. There is also a problem — and I do not know how extensive this problem is — in that Queensland accepts a lot of students from northern New South Wales. There is probably a net movement of students into Queensland from northern New South Wales, so that may be one reason why there may be more student places going into Queensland.

The CHAIR — The time is up, I am afraid. Thank you very much for appearing; your contribution has been most welcome. The transcript will be available within about a week and will be sent to you, and you will have an opportunity to correct the record if you would like to.

Witnesses withdrew.

C O R R E C T E D V E R S I O N

EDUCATION AND TRAINING COMMITTEE

Inquiry into the impact of the high levels of unmet demand for places in higher education institutions on Victoria

Melbourne –29 September 2003

Members

Ms H. E. Buckingham
Ms A. L. Eckstein
Mr P. R. Hall
Mr S. R. Herbert
Mr N. Kotsiras
Ms J. R. Munt
Mr V. J. Perton

Chair: Mr S. R. Herbert

Deputy Chair: Mr N. Kotsiras

Staff

Executive Officer: Ms K. Ellingford

Research officer: Dr G. Berman

Witnesses

Mr D. Williams, Executive Director; and

Ms M. Kinsman, Chair, VTA Education Standing Committee, Victorian TAFE Association

Necessary corrections to be notified to executive officer of committee

The CHAIR — I welcome representatives of the Victorian TAFE Association (VTA) to the table. Welcome to the first-ever committee hearing. Before we start could you state your name, the position you hold and the organisation you are from for the record, thank you.

Mr WILLIAMS — I am David Williams, executive director of the Victorian TAFE Association.

Ms KINSMAN — I am Martha Kinsman, director and chief executive officer of The Gordon Institute of TAFE in Geelong.

The CHAIR — Welcome. I am sure many of us here have had dealings with you before in past lives. Perhaps you would like to make an introductory statement and discuss the terms of reference, then the committee will be opened up for questions.

Mr WILLIAMS — By way of introduction, we just wanted to explain for those members of the committee who were not familiar with the VTA, who and what we are. We are the employer body, the representative peak body for all Victorian TAFEs and universities with TAFE divisions. All 18 TAFEs are full members of the VTA.

We have restructured recently and we have an association council which is our peak governing body. It is comprised of the president of each TAFE council or president of the university TAFE board and each chief executive officer. So it is a policy council of 36. We also have a regular meeting on a monthly basis of the chief executive officers' council comprising all of the chief executive officers (CEOs). Underpinning the CEOs council are four standing committees: a funding standing committee, education standing committee, human resources and industrial relations standing committee, and a governance standing committee.

For the purposes of this committee Martha is attending with me as the chair of the education standing committee, and as a past member of the funding standing committee that was involved in overseeing the *New Skills for All: Investing in Victoria's Public TAFE Institutes* paper which is the written submission that we have tendered before the committee. I will give a very brief introduction to our position, particularly in relation to terms of reference (d), and then hand over to Martha who will go into a bit more detail, specifically around the issue of unmet demand as it impacts upon TAFE.

In short, page 21 of our written submission indicates that based upon 2001 figures the TAFE sector is funded at a level of $128 million below the national average. If you follow that through anecdotally or extrapolating through to the end of 2002 figures, we estimate that to be somewhere between $140 million and $160 million below the national average; $7.5 million has been cut from the 2004 funding through the implementation of the 1.5 per cent productivity dividend and it is applied at 1.5 per cent within the TAFE sector. We are a little bit concerned about that in relation to the differential with schools where we understand it is 0.5 per cent.

Victorian TAFE is funded at approximately 17.6 per cent below the national average on a student-contact-hour rate. That translates into $2 per student contact hour. The reason for mentioning those particular figures is because they show where there is an unmet demand, with adequate and appropriate resources we could better meet that demand by providing for a more highly skilled and trained work force. I hand over to Martha now to take us to some more detail.

Ms KINSMAN — Thank you, David. Thank you, Mr Chairman. I guess my role is really to outline what my council and what the VTA thinks could be done if the funding issue and the funding shortfall in national relative terms was addressed.

Were Victoria to be brought up to the national average of funding it would be about $2 a student contact hour. For those who are not familiar with TAFE, we measure our load and our funding rates in hours, not in full time versus part time because the mix of course attendance is highly variable. While we would argue that we need some of that quite desperately to maintain anything like a comparable quality with our colleagues nationally, we also would argue that Victoria has a highly efficient system and that for every $2 increase in the contact hour that was funded at the national average, we would be able to effect a forty-sixty split which meant that $1.20 of that went towards the creation of additional places.

In other words, somewhat less than 50 per cent, say 40 per cent, is sorely needed to address shortfalls in maintenance and teaching qualifications and a whole lot of other things. But 60 per cent of it could be used to create additional places. On rough calculations — and if you want a working paper I would have to take that on notice, I am afraid I have not prepared one for you — that would lead to an additional 7.5 million student contact

hours being injected into the system. This would equate to significantly over 10 000 full-time places, or an even higher number of places if you were to do some sort of part-time, full-time mix.

So looking at the unmet demand figures which are on page 16 — and of course this is 2002 and as the years go on it may well be different — the unmet demand for both higher education and TAFE in Victoria is said to be around 19 000, say 20 000. My view is that an additional 10 000 to 12 000 places of some kind or another would virtually soak up all of that unmet demand.

Some of that unmet demand is transfer demand generated by people applying both to TAFE and higher education because they do not know which they are going to get into. Some of it would be soaked up by people, older people in particular, taking up part-time places and so on. So I think it is within the ballpark, within the gift, if you like, of commonwealth and state governments working together to soak up that unmet demand in Victoria.

There is no doubt that Victorians have a thirst for education which is well ahead of that in the other large state, New South Wales. Coming as I did to Victoria from the Australian Capital Territory (ACT) it still seems to me that we can do better because the ACT has the highest participation rate, but interestingly Victoria has the lowest number of young people who are neither in work nor full-time education. So there is no doubt that Victorians have a thirst for education.

I guess the question for government and for Victorian taxpayers generally would be: what sort of things would happen with those additional places? So as well as the quantum I think it is worth talking about the way in which TAFE might address the content and the mix of activities. Obviously as government-owned institutes I think we would pick up on the government objectives, particularly those objectives which talk about encouraging near universal participation post school. And if Victoria were to do that it would certainly be leading this nation and many other Organisation for Economic Cooperation and Development (OECD) countries.

Talking about and focusing in particular on the participation of 15 to 19 year olds, in that regard I would like to say that the way the statistics are counted leads to a lot of ambiguity because it counts 15 to 19-year-olds inclusively and obviously issues of participation for 15, 16 and some 17-year-olds are quite different than they are for some 18 and 19-year-olds.

I would actually like to put in a request here to the relevant department that it might look at printing or publishing the sub-sets of the younger half and the older half of that age group because in terms of information for policy and for educational programming that split is quite important.

The government has a target of 90 per cent of young people being involved in either completing year 12 or an equivalent and the equivalent we would think of is at least a certificate III — and arguably, with the new economy, a certificate IV. We need to broaden the course mix to make sure that there are sufficient courses addressing sufficient elements of the new economy across industry, so it is not just information technology (IT) and the high-profile knowledge industries, but the new knowledge that is required right across particularly the manufacturing base in Victoria. We need to give due consideration to the needs of an ageing work force and the lower qualification rates of older people by age group, for every decade of age group you will see that there is a lower mix of qualifications and that is addressed in the paper.

In terms of whether there are jobs for all these people, I would like to point out that this paper tries to seriously address the myth that we should only be training for the net additional increase in jobs. There is a lot of job turnover and in fact, other than apprentices and trainees, only about 10 per cent of our students are training for their very first job. The majority of them are training for job mobility, which is critical in a more casualised and more mobile work force.

They are training to upgrade their skills and that is very important for work force skill formation and productivity — that is, to get better in the jobs they are in. They are also training for new careers and for promotions. So it is really to do with skill formation, job mobility and work force development mobility that the majority of people who are self-sponsored in TAFE come to TAFE. That of course does not count apprenticeships and traineeships, the enrolments for which are over 20 per cent in some TAFE institutes in Victoria.

I guess the whole point is that it would not make any difference if I as an institute director got 1 hour more and it was funded at the national rate because it is the overall quantum that allows the economy of scale to do things like introduce the pastoral care that very young participants in TAFE need. We are talking about people who have already dropped out of school but might come to a TAFE institute because of the more practical and very different environment.

The last thing I would like to say is that in addition to the mix and the greater number of people we could provide for, I believe TAFE does have a role in providing pathways not only from school but to higher education. I think there are a lot of people who get in the queue for higher education because at some stage they would like to get into the professional work force, or their parents would like them to, and they tend to be the people who are not very successful at university, who may be part of the 30 per cent drop-out rate from university.

I think a lot of these people are highly capable but they are maturing at a different rate, with a different mix of interests. A lot of them, if they do go through TAFE and then move on to university, become university medallists and real stars. But I think the unmet demand for university places is to a certain extent driven by the credentialism and the parental perception that this is the only way to achieve the educational capital you need for a successful working, and indeed successful quality of, life. I will leave it at that thank you, Chairman. I am happy to take questions, as is David.

The CHAIR — Thank you. Do we have any questions?

Ms BUCKINGHAM — This morning, Ms Kinsman, Professor Wallace, the vice-chancellor of Swinburne University of Technology, suggested that to achieve what you are talking about — one of those paradigm shifts in thinking — would be the introduction of an associate degree.

I argued that I thought diplomas achieved that purpose, that there are articulated pathways; certain diplomas that take you through to university and grant you 18 months towards a degree. His reply to me was that this would give you two years, six more months, of an undergraduate degree. Personally I am still not convinced of his argument. Do you think that associate degrees solve some unmet problems or change that thinking in the community or help with a bridge between TAFE and university given that there are now degree problems in the TAFE sector that we passed through the spring session of Parliament?

Ms KINSMAN — I guess the short answer is not necessarily. I think the real thing that would change the perceptions and change the actual outcomes of diploma courses is greater attention to the teaching, assessment and reporting of students' conceptual and theoretical development. This does occur, but because of the way we have crafted the competency arrangements for the TAFE curriculum this is not as apparent as it should be. We talk about underpinning and embedded knowledge and skills and sometimes they are so embedded as to be invisible.

I also think that from a university's point of view, in many areas universities, particularly in the newer vocational areas, are competitors with TAFE, and it may suit them not to find the embedded skills, if you see what I mean. I do think that that aspect of diplomas needs addressing, but I think that that would address the substance of the matter. Whether an associate degree does it better is a moot point and in fact the guidelines for associate degrees say a maximum of two years, they do not say a mandatory two years. So I do not regard it as having been necessary.

Now that it has happened, I think particularly in terms of the international market but also the local market will be driven to do that. I think the real danger is that we are going to get a dual track at the diploma level. We are going to get, in a sense, streaming off into practical diplomas or academic associate degrees, whereas I am of the view that at that level it is perfectly possible and indeed we are duty- bound to provide both theoretical and conceptual development and applicable work place skills.

Ms BUCKINGHAM — Thank you and can I have one more question, Chair? I thank for your breakdown of figures about TAFE participants: 10 per cent are only looking for initial training for a job and 90 per cent are actually reskilling and looking for mobility. Is there any way of telling whether unmet demand impacts more on an older work force, a work force that is trying to reskill or retrain or impacts perhaps on any particular socioeconomic group? I suppose I am asking you: does unmet demand impact more greatly on certain ages and certain groups?

Ms KINSMAN — Could I just clarify that 10 per cent? That is in addition to apprentices and trainees who quite clearly go up to 20 per cent, it varies. They are quite clearly under contracts of employment with their training for assistance on new jobs. They are rough figures. Damon Anderson from Centre for Economics of Education and Training (CEET) has done much more detailed work on that with survey work.

I think you can subset the nature of unmet demand by school leavers and young people and the nature of unmet demand by older people, but I do not think you can say one is greater than the other. With younger people it tends to follow the job market, so unmet demand at the moment is clear in multimedia, graphic design, other related design-oriented studies: fashion design, interior design. It is also high in nursing because of the government's

investment in nursing. In Geelong it is very high in building for both apprentice and non-apprentice vocations because of the building boom and the sea change with people of my age starting to think about what happens next.

The CHAIR — Hopefully the building works at Geelong.

Ms KINSMAN — We have a very good building school.

Demand is quite low in engineering as a result of changes in workplace practices there, where a lot of operators are becoming de facto mechanics and it is more and more reliant on workplace training.

That tends to be with the full-time market and that is the one that is most easily comparable with universities' unmet demand because you are talking about the same age cohort more or less and you are also talking about the same view of full-time versus part-time places.

With adults it is harder to say, and I would venture a guess — in fact I think this was certainly true in the last few years, it might have changed now that the commonwealth has moved back to a loan scheme — but with full fee-charging for post-graduate course work there was a real move away because of the cost of higher education. It was not so much the number but the cost of those places. A lot of our adults who are eligible for anything post year 12 anyway either in university or in TAFE — and a lot of adults of course do not have year 12 and are doing quite different things — are really seeking those top-up skills, as I think I heard Professor Burke mention before he left. They are seeking those additional skills which might be in fact added on to a university degree.

You cannot assume that adult unmet demand is due to people who have not got into university and are therefore wanting to come to TAFE. There can in fact be a much more mixed queue at the door. So it is really a bit difficult to compare, as you have. But they are quite different and they both exist.

Ms MUNT — From what I heard this morning and what I am hearing now, it seems that TAFEs are increasingly becoming the meat in the sandwich because the state government wishes to have a 90 per cent rate of completion of year 12 by 2010, so there is going to be a lot of students coming through to year 12. Coupled with that of course is the unmet demand from the universities, those left over places as well as, as you said, the costs and the HECS and the disincentive to take up university places. And also the pathways that these year 12 students might take through the TAFE to go on to university. It seems that all the roads are leading through the TAFEs, and I was wondering how you might cope and what your suggestions are for some sort of solution?

Ms KINSMAN — I guess the primary suggestion is if we could be funded at just the national average then we would use 60 per cent of that funding to create, I believe, enough additional places over two to three years to address particularly what people do after year 12. I think that is a critical issue that you have put your finger on. The Australian Council for Educational Research (ACER) study shows that probably the least well off people in our economy within five years will be those people who have just struggled through, just got out with their VCE, do not have a score anywhere near university and do not then progress to a TAFE qualification. They will be worse off than people leaving at year 10 and year 11 and going into an apprenticeship. I think post-year 12, where do they go then, is a real issue for Victoria.

The only jurisdiction that has really had to address this seriously so far in Australia is the Australian Capital Territory. Victoria is running very close second to the ACT, and it is much, much bigger and more complex. New South Wales is nowhere near it in terms of school retention. I think it is a serious question. I think it is also a serious question, even if the commonwealth were to provide more places, whether it is a good idea to encourage those people to struggle through to those places because a great deal of weeding out is done by individual universities at the end of first year. In many cases there is a pregiven cut-off point so only 70 per cent or 65 per cent will get through as second and third year.

Ms MUNT — I think a third finish at the start.

Ms KINSMAN — Something like that. I guess there is a critical funding issue at the bottom of it. Other than that, I believe the TAFE institutes are flexible enough in Victoria. Part of that is the way they are governed — they are governed by autonomous councils that can respond to regional differences whereas other states may have a central one-size-fits-all approach. We do not have that in Victoria, and it is a particular advantage. They are very efficient; they have been driven into an efficiency which, as David said to me this morning, is virtually on the breadline, but being on the breadline you want to bake the odd fresh loaf but you do not expect to have cake and ale at every opportunity. I think some of those efficiencies could be retained and ploughed back into more places.

Mr KOTSIRAS — Has the decrease of funding in TAFE — you said we are $2 under the national average for student contact hours — had a negative impact on students and teachers in terms of stress levels, increased workloads, quality of teaching, et cetera?

Ms KINSMAN — I would say yes. However, I would also like to say that I came from New South Wales and the Australian Capital Territory, and I have only been here since the Labor government came to power. David has been involved in the Victorian TAFE system longer so he might want to talk about this. It has been going on for a very long time. That $2 is where we are now and that is how we would address it, but I think over time it has really begun to seriously deplete energy levels, skill levels and the quality of facilities.

Mr WILLIAMS — It has not actually been a decrease in funding; for the last 10 to 15 years it has been below the national average. Some of the ways that TAFEs have dealt with that is they have been very entrepreneurial — there is lot of commercial, fee-for-service work done. In the Victorian sense it is around about 50 per cent of the national fee-for-service work: about 40 per cent of TAFE business is commercial fee-for-service work. It is a different mix than in other states. What we are talking about with that student contact hour funding is public investment. Because of TAFE being more entrepreneurial we actually have a very skilled teaching work force but we have had to drive it within dollars and that creates pressures around employment-related matters and about the mix between casual, fixed-term contract and ongoing employees.

In overall terms there is not a significant difference that you can detect between states on that. It is fair to say that one thing that has assisted us is that the TAFE teaching work force in Victoria is currently the lowest paid in Australia. That also assists I suppose in relation to saying that although we are funded substantially below the national average in relation to teachers' wages, our costs are lower. However, that is not going to stay that way for too long; there will be catch-up over time coming. We are not comparing apples with apples in all instances. In theory we have survived at that red line funding rate by being entrepreneurial with other activities and bringing in revenue from other sources.

Mr KOTSIRAS — Have you had discussions with the state government about increasing fees for TAFE courses? If so, do you support an increase in fees to meet the unmet demand in some way?

Mr WILLIAMS — We have not had any discussions with the state government about that but we have indicated that resources within the sector need to be increased, currently TAFE fees are very good value at the current rate they are. We have had no discussions with them formally about the issue.

Mr KOTSIRAS — One last question. Apart from the student contact hours which you would like to see move up to the national average, is there anything you think the state government should do in order to meet the unmet demand?

The CHAIR — In the time available.

Ms KINSMAN — How long have we got?

Mr WILLIAMS — Two minutes.

Ms KINSMAN — David is right in terms of the $2 an hour. However, 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. I think that the real point about the way in which we have survived with commercial and other sources of revenue is that it is clearly driven by particular interest groups who can afford to pay and therefore a large silent majority of people who are coming through from school, either at year 10 or year 12, cannot afford to pay and do not expect to have to pay full cost, which is very different from some percentage fee increases.

As David says, it is good value at the moment and maybe the mix of individual and government responsibility does need to be addressed. I think it is that focus on public education, on the public education mission of TAFE, on which we would like to work with government. Having said that, the minister put out a really quite stunning statement in the middle of last year about TAFE and the development of TAFE for a new economy. We would just like to see the loose ends tied up in that so we can really focus on the unmet demand.

Mr KOTSIRAS — You want the action to come with the rhetoric. I should not say that.

Ms ECKSTEIN — On that note, we have talked a lot today, both in this session and earlier, about the increasing pressure on TAFE from unmet demand for higher education from the universities — either kids who

cannot get in initially or, as you have just indicated, kids coming back to you after they have problems at the end of first year. Is that exacerbated in growth areas like the south-eastern growth corridor, where there are potentially huge numbers of extra eligible students putting pressure on existing institutions?

Ms KINSMAN — It is directly correlated with the demographics of various growth areas. It is not an even spread in terms of the pattern of demand for particular fields of study and courses across the various areas, although there are things like multimedia, IT and business management. Business management is important because it is the nearest thing TAFE has to a generic skills course that will train people across industries. The pattern is not even across industries, but it is pretty directly correlated with the two demographics that you mentioned and also with changes in the school retention rate. That tends to mean the metropolitan areas are getting more pressure than the regional areas because the regional school retention rates are still lower than the metropolitan rates.

Ms ECKSTEIN — Does that mean there is a whole bunch of kids who are missing out on TAFE because of the top-down pressure?

Ms KINSMAN — I think it probably does in Victoria. Victoria has moved to a VTAC entry arrangement for certificate IV and above. That surprised me when I got here, and in fact I have changed that at the Gordon so we make sure successful certificate III students also have the chance to move through. I suspect in terms of an initial TAFE place it is not making a direct difference but in terms of giving people maximum opportunity to reach their potential it is possibly having a flow-on effect like that. However, I do not know of any study that has been done in that regard. That is an interesting point.

Ms MUNT — I just want a quick question because you mentioned something. Do you have any commercial funding that comes through the TAFEs? As the universities have commercial funding for some of their programs, do you have any?

The CHAIR — Research funding?

Ms MUNT — Research funding or straight grants?

Ms KINSMAN — No, they have to pay for themselves, they have to pay full cost. We have industry-sponsored courses at full cost.

Ms MUNT — That is it?

Ms KINSMAN — That tends to be for particular companies and tailored to their particular work force needs. It is an internal work force qualification.

Ms MUNT — Is that just a small amount or a significant amount of your funding?

Ms KINSMAN — It varies hugely across the TAFE institutes. For some of the big metropolitan ones it is a very significant amount. In every case it is higher than the national average — in every institute's case.

The CHAIR — I have a couple of questions, but I might just muse for a minute. It would appear that Victoria is double hit. In higher education since the early 1990s we have had a shift from demand funding to participation to being based on participation rates in Queensland and those states which have poor participation, so our funding in higher education for HECS funding or government-financed places has in fact decreased. In TAFE where we have had, as you have said, traditionally a very productive sector, we have had the shift in Australian National Training Authority (ANTA) funding from demand to productivity, which means that for Victoria we had targets set on us for increased numbers but the scope to make those productivity increases was much more diminished compared to other states which really had heaps of room.

We had a lot of pressure being put on both sectors through national and state agreements to operate increased numbers at reduced funding, essentially. If I am wrong I would be happy for you to make comment. Do you think there is scope for ANTA to perhaps diversify and have a more coordinated approach in terms of higher education and TAFE provision or is there adequate discussion between TAFE and the commonwealth and state higher education sectors about provision given that they are increasingly becoming intertwined?

Ms KINSMAN — I would say that there is not sufficient coordination and that the structures make that very difficult. Although with the higher education reforms going through the commonwealth Parliament — if they do — I think the impact of those will be very significant increased scope for fee for service — charging the

individuals, both topping up HECS and full-fee places. You would have to ask someone like Professor Burke to do the modelling on that; that is way beyond my scope.

The CHAIR — But it could push demand for TAFE up.

Ms KINSMAN — It will have an affect on demand. Older students — by which I mean even slightly older students, 20 and 21-year-olds — are very acutely aware of the debt they are going to get involved in in just simply going to university. I think it is that next age group, probably 22 to 26 or 27, where it will have the greatest impact — the people who have tended to put off going to university to save a bit of money or wait until they are eligible for the adult Austudy and now think, 'Do we really need it? Do we really want to do it?'. That is where I think the tracking would be really good.

One of the ways to control it — there was some discussion about this in the higher education discussions on the Crossroads reforms — is to consider the issue of a unique identifier. I am saying this because it seems to me that if funding is limited then the obligation of TAFE is in the first instance to look after people who have not had the advantage of a university qualification. The only way you can work that out is to have a unique identifier. You cannot do it in terms of saying, 'The purpose of this course is vocational or not vocational', and you cannot do it in terms of checking up on people at the door and saying, 'Have you got a qualification or not?', because they just start telling fibs, and with good reason.

ANTA has started some work on this unique identifier, but unless it is issued on the day on which somebody reaches legal school leaving age it will not work. It needs cooperation across all three sectors and across heaven knows how many jurisdictions. You are talking about state legislation which governs universities as well as all the commonwealth funding. You are talking 27 different jurisdictions I think.

The CHAIR — I look forward to the ANTA report on that when it comes out.

Ms KINSMAN — That might help in terms of rationing it and working out a differential charging system in TAFE, for example, just following on the question.

The CHAIR — Given a potential 30 per cent increase in HECS and large extra fee-paying capacity at universities, if students who are deterred from doing higher education came to TAFE I assume they would go into associate degree courses, advanced diplomas — what I would have thought would be your high-cost courses. Has any work been done on whether shift occurs and if demand for TAFE is more because of a shortage in higher education and whether it is into those higher cost courses?

Ms KINSMAN — It is likely to be certainly into post-year 12 courses — certificate IV; diploma; associate degrees, if we run them — but they are not actually the highest cost courses in TAFE. The trade courses are the highest cost because of the practical component — the cost of running mechanical engineering-type workshops and so on. It is a bit like law: it is not really the highest cost course in university, it is just that they can get away with charging more because of the earnings expectation.

The CHAIR — I might just finish with another reflection from Professor Wallace, who advocates community colleges such as the American system. He says that TAFEs are ideally suited in a change system to run the first two years of a university course, like colleges, and by shifting the model of provision you could impact on demand in a more cost-effective manner. Have you heard of that viewpoint, and what is your response?

Ms KINSMAN — I have heard of that viewpoint. I am of the view that every qualification should have a destination in its own right, that certainly it is possible to tailor some parts of qualifications so they link into others. That is the nature of articulation — it is a hinge but each part of it is self-contained, self-sufficient and has its own purpose. The community colleges, in essence, run on a dual track. I would also point out to Professor Wallace that a lot of what the good community colleges do, and the institutes of technology in Canada and the polytechnics in New Zealand, is in fact the paraprofessional, and the and salary and wage earning professionals such as nurses do not go to four-year universities, they do the three-year components of community colleges.

I think we have missed that boat, and we need to be very careful in picking up just one aspect, just the transfer aspect of community colleges, and imposing that on our TAFE system. That is not to say that I do not think people should be able to plan on a pathway, if they are good enough, into the professions.

Could I just make one more point? Universities, even the most liberal and those with the biggest focus on equity, only provide for between 10 per cent and 12 per cent of people from the lowest socioeconomic quartile — and of

25 per cent of the lowest quartile only half of those go to university; it is very under-represented. TAFE is probably overrepresented from that quartile. We have investigated this a bit at the Gordon but we have not actually done any studies on that. I think there is a whole socioeconomic equity issue about providing those pathways, but it is not to do with just picking up the first two years because the universities let us; it is to do with getting these people workplace skills but building into those qualifications potential for them to move through the work force to professional status.

The CHAIR — Thank you for that. That was a very informative session.

Ms KINSMAN — Thank you for the opportunity.

The CHAIR — It was good to have the VTA at the first hearing of this new committee. Good luck with your deliberations. I hope the Gordon is going well. I will close the committee hearing. I should have said that a copy of the Hansard transcript will be sent out in the next week. If you have any corrections for accuracy purposes you are at liberty to make them and send them back.

Committee adjourned.