

## CHO SEMINAR #5 – September 2007

### CHO September 5 Research and Training for Public Health

Presenters and their subjects:

“Financing Australian Universities – implications for the health workforce”

Ms Angela Magarry, Director, Policy and Analysis, Universities Australia,  
and

“The new NHMRC”

Professor Warwick Anderson, Chief Executive Officer, National Health  
and Medical Research Council.

#### **Angela Magarry**

The purpose of my presentation today is to give you an overview of what Universities Australia is, what we do and how we are interacting with the health system from a higher education perspective. I'll also raise some ideas about what we think needs to happen to ameliorate the current situation facing the health workforce, more particularly, how universities can increase their involvement.

We were formerly called the Australian Vice-Chancellors' Committee. It was last May that we became Universities Australia so we now represent the Chancellors and the Vice-Chancellors. We represent 38 of the 39 Australian universities (the 39<sup>th</sup> is Notre Dame, which may become a member shortly) and as a peak body our main role is to advocate for higher education in the public interest. That also encompasses copyright, legislation, issues of management and governance.

Our key messages are, in essence, that in order to build an internationally competitive knowledge nation you have to have proper policies in place. And most particularly we see a need for significant reinvestment in Australia's future through our universities.

Everybody wants to know where our universities are. Well, in Australia, they are mainly along the eastern seaboard. We also have campuses offshore; Monash is in South Africa and Malaysia, Curtin is in Malaysia. A number of our campuses are in the Asian region; they are offshore campuses for the purposes of counting our students.

Higher Education in Australia is governed by the Higher Education Support Act. That came in back in 2003. There was a lot of media coverage of the changes; they are called 'Backing Australia's Future Reforms'. Essentially they fund all of the 37 public universities. There are two privately funded not for profit unis, Notre Dame, which I just mentioned, and Bond, which is already a member of ours. We also have one Australian campus of an overseas

university, and that's Carnegie Mellon in South Australia. You can get a degree there, but it does not really help you much in Australia. It is mainly for the business sector and the United States. Obviously the Act also covers non-universities - self-accrediting institutions, which are essentially the colleges of theology and IT and hospitality business-oriented institutions. The Act is quite broad ranging. There is plenty of overseas interest in these non-universities as well.

The higher education sector in Australia is a \$13.5 billion industry. Now, 1.5 per cent of GDP does not mean a lot when you are in the health sector, which is like 9 per cent of GDP, but in essence it is a smaller amount of money for a larger amount of business activity in the country.

In 2005 universities racked up a fair amount of debt - \$5.8 billion. The debt differs across each university. Some have large surpluses. But essentially they generate a little bit of debt and a little bit of surplus just to be able to run as a business.

There were more than 863, 000 students in 2006 and 100,000 of them pretty much in health disciplines.

It won't come as a surprise to anyone that the higher education sector is heavily regulated. Our universities have to answer to both Federal and State regulators. Universities are established under State or Territory jurisdictions. The private universities, like the Australian Catholic Universities, are established under Corporations law in NSW and Victoria. The councils that manage the universities are all appointed by State or Territory governments, so there are a significant number of reporting, legal and auditory requirements at the State level. The bulk of the funding comes from the Commonwealth Government, which seeks constant confirmation that its investment is being used efficiently, so our funding environment is very similar to that in health. There's a lot of Commonwealth - State relations, a little bit of cost shifting along the way, and we constantly mention the reporting and red tape burden - which we have calculated to cost each university about \$2 million a year.

We are very active in the international scene. DFAT has reported us as the fourth largest export industry. It's big, more than \$10 billion. We have about a quarter of a million students, 100,000 enrolled offshore, so our vice-chancellors are constantly travelling, and we are constantly travelling, mainly going to China, India, Malaysia, Indonesia and Hong Kong, though we are also moving into Latin America and South Africa. There are many benefits accruing from our international scene. We have lots of people who are former Australian-educated academics living and working in those countries who are very pro-Australian higher education. It's a big industry.

The university sector is funded in two ways. The first is through the Commonwealth Grants Scheme, which is a large scheme that is for teaching and learning purposes. Under the scheme both the Commonwealth Government and the students make a contribution to the cost of the course. You can defer that cost. Everyone who has been to university has deferred it so there is still a bit of debt running around - they owe \$13 billion to the Commonwealth and it's waiting for students to pay up.

In the 2007 Budget the funding arrangements for the Commonwealth Grants scheme were reformed to take into consideration the workforce shortages anticipated in the future. That led to a lot of lobbying by business and the health sector, which resulted in certain courses

being better funded. It is important to know that each individual university negotiates with the Department of Science, Education and Training on an annual basis and will continue to do so annually. But that agreement applies over a three year term and they decide the numbers, the disciplines, and it is all in accordance with their mission and value system. Of course, each university is different.

As of 2008 there will be a smaller Commonwealth contribution going to law, accounting, economics and commerce but there will be a greater student contribution. There is more Commonwealth money going into engineering, science, dentistry, agriculture, clinical psychology and allied health.

What it means is that those areas identified as having workforce shortages will get larger Commonwealth contributions. Nursing and education have been maintained as national priorities with the same HECS debt applicable to them as in 2005.

Universities also compete for funding for research. We have noticed that since 2001 there has been a very strong redirection of government research funding away from uncontested block grants towards competitive grant schemes run by the Australian Research Council and the NH&MRC. It is clear that the ARC and NH&MRC funding now exceeds the total block funding of research for universities.

We did some analysis to see where the lion's share of the competitive grants is going. Since 2001 the increase in research funding is 380% for the NH&MRC, 220% for the ARC and 125% for the university research block. The Minister keeps telling us this is what she wants to happen with the government vision for higher education. The Minister Julie Bishop wants to ensure value for money and so has put in place a research quality framework, though it has not taken effect yet. It is still in the development phase but essentially universities will be assessed against the usual citations and publications, but also against a whole different framework in order to be paid for what they do. She talks about small being beautiful in relation to Councils. However, there is very little the Commonwealth can do to control the size of the Councils because they are State-appointed. So there has been a little bit of a push by the Commonwealth in recent years for a referral of State powers to itself. The Minister also wants to see increased collaboration between the universities and industry. She hates the John Dawkins model from the 1980s, though we don't have an opinion on that. All we'll say is diversity is good and the expectation of philanthropic giving is good, but is not a panacea for increasing funding to the general higher education sector.

We were happy with the Higher Education Endowment Fund of \$6 billion in the 2007 Budget. What the reaction to removing the cap on full fee enrolments has been, well, it depends on which university you are talking to. We are also very pleased that there is a \$2.5 billion Health and Medical Infrastructure Fund and a recognition by government of the need to look at some sort of changes to rationalising the cost of funding arrangements. However, money for buildings, infrastructure and hardware doesn't really do anything in relation to ameliorating systemic problems with the health workforce, nor with who is going into our universities in the professional disciplines.

We think this is very important and over the last couple of years our vice-chancellors have taken quite a strong view on how to make the health and education sectors come together in a more sensible way. This is largely because an eighth of the students are in health-related

fields. We have constantly got to compete for NH&MRC grants and we are a key player so they have upped their advocacy I suppose.

The current situation in the health workforce and education is that workforce shortages persist across most disciplines. It is no surprise there are workforce shortages. We have acknowledged that. But there is priority for occupations in the education and nursing disciplines. We understand and have seen evidence that there is maybe a problem with the length of course transfers from undergraduate to postgraduate and have questions about this. How long do you keep people in the university sector in order for them to be adequately trained? How do you enable them to continue in the postgraduate scene while still working? What do we have to do to make people practice-ready and, equally, do we really have a role in that? Is it an issue that we have a lot of fee-paying students in some universities compared with others? Does that produce practice-ready and effective health professionals compared with the others?

But the big bugbear I suppose is that there is an issue in getting students trained and placed. There is a capacity problem in the system. There are issues of indemnity and the issues change across the jurisdictions. Yet when we try and think about who to talk to, who do we talk to? Who has responsibility for the planning and delivery?

We agree with all of the recommendations from the Productivity Commission's report on Australia's Health Workforce and have come out publicly in support of it. It makes the particular point of trying to have some sort of independence in a statutory health workforce agency. We agree with a national accreditation and registration scheme. However, we haven't become involved in who ought to be running the registration scheme - we have deliberately not done that because it is out of our purview - but we are very interested in accreditation and have been talking to Health Department Secretary Jane Halton and others to see what their views on this report are.

Late in 2005, as a result of lots of representations from the Australian Health Workforce Advisory Committee, the Australian Health Workforce Officials Committee, and I think the Australian Health Ministers Advisory Committee going to the AVCC, a couple of the vice-chancellors with a health and medical background agreed that it would be important to establish a working group. So they did. The Chair is Professor Richard Larkins who is very well known as the Vice-Chancellor of Monash University and an eminent former Chair of the NH&MRC. So now the Universities Australia Working Group on the Health Workforce has very strong membership from across the health disciplines at faculty dean level: Professor Nick Saunders, the Vice-Chancellor from Newcastle, Leslie Barclay, who is the midwifery expert, Jill White, who is the head of the Nurses Registration Board, Professor John Catford from Deakin University, and we have most recently invited Allan Carmichael, Dean of the Faculty of Health Science at the University of Tasmania and Chair of Medical Deans Australia and New Zealand. I'm also in the group.

The Working Group met and decided to first look at clinical training and research provision and the interface between the health and education portfolios. We realised universities and the TAFE sectors educate most of Australia's future health workforce. There is a heavy reliance, and always has been, on the public hospital system to provide the clinical training and the practical skills. We can't control that too much and we understand that there is a myriad of arrangements in place around the country in terms of who does what, when, how and who pays for it - and it changes every year. Essentially, the vice-chancellors have said

that it is a little bit strange and a little bit risky to have a chaotic situation where there is no guarantee provided to a student entering a health discipline, that he or she will get the training they require to be the best health professional that they want to be.

We believe the system is not structured in Australia's best interests. But because we have had trouble getting people at various different levels to accept this, we have worked it out ourselves. There is a gap, and we have the evidence to support this, there is a gap between the number of students and the number of clinical placements available. So we are still asking the question: is clinical training a core function of hospitals? It's not my decision to make, but it is a decision for the health system, which will also have to consider what will happen if the training is not available. Already one hospital has had its accreditation for position training taken away - that's Shellharbour Hospital. I am just saying that there are people who are concerned and some jurisdictions that are going to some extent to try and ameliorate the situation themselves.

I had a chat with Professor Larkins, who was involved in one of the health care agreement negotiations a few years ago, and we thought it would be a good idea to put a clause in the next health care agreement that relates to an obligation for States and Territories to be funded by the Commonwealth to conduct teaching and research. There shouldn't be any charge in relation to health and there shouldn't be any for the hospital - university connection. We also believe that while it is all very well to make arrangements for that training to take place and have obligations on everybody, it has to be backed up. One person, the surgeon, can be in only one place at one time so some back-up money has to be put in place to ensure the service delivery is not eroded or at risk because clinical training is happening.

We have put this forward to government. So much for the financial solution. The other solution, the regulatory one even though government doesn't agree with it, is for a National Health and Education Workforce Council that would ensure continuity in policy, planning and service delivery so a degree of responsiveness is embedded into the system to ameliorate shortages before they become apparent. It would address the interface issues, it would include all the health disciplines and it would help with discussion around the edges on national registration and accreditation arrangements. It would lead to better integration of the disciplines. I know a lot of work has been done in some jurisdictions on interprofessional learning, but that is only happening in one or two jurisdictions, not across the board. So we have put that forward to government as well.