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Ms Julia Agostino
Secretary
Senate Education and Employment References Committee
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Parliament House
Canberra ACT 2600
By email: eec.sen@aph.gov.au

Dear Ms Agostino

Inquiry into the principles of the Higher Education and Research Reform Bill 2014

Thank you for inviting the Australian Medical Association to make a submission to the above inquiry.

Introduction

The AMA acknowledges the Government's decision in its revised Bill to continue to base the indexation of HELP debts on CPI movements. Despite this, and other changes from the earlier Higher Education Research and Reform Amendment Bill 2014, our concerns at the impact on medical workforce of the Government's policy direction remain.

This submission reiterates the issues that we raised in our submission to the legislation committee when it reviewed the Higher Education Research and Reform Amendment Bill 2014 last year. We are particularly concerned with the Government's decision to deregulate university fees and to reduce the subsidy for Commonwealth Supported Places by an average of 20 per cent − and the potential impact this will have on medicine.

Implications of the reforms for the diversity of the medical workforce

The AMA is concerned about the impact of these policy changes on medicine for a number of reasons. There is good evidence that high fee levels and the prospect of significant debt deter people from lower socio-economic backgrounds from entering university.[a] We also know in relation to medicine that a high level of student debt is an important factor in career choice – it drives people towards better remunerated areas of practice and away from less well-paid specialties such as general practice.[bcd]

One of the strengths of medical education in Australia is diversity in the selection of students, including those from lower socio-economic backgrounds; entry to medical school must continue to be based on merit rather than financial capacity. If we are to deliver a medical workforce that meets community needs and has the same diversity as the communities it serves, it is important that we strike the right balance in who is selected for medicine to ensure that people from different backgrounds are well represented.

A significant number of rural students come from a low socio-economic background. High fee levels and the prospect of significant debt will deter them from entering university. Rural medical students already incur substantial extra costs in accommodation and travel. To place further financial barriers to these students would result in many finding the costs prohibitive. Aboriginal and Torres Strait Islander students may well be hardest hit and discouraged by such measures.

Effect of the reforms on the cost of a medical degree

Medicine is a much sought after qualification and there is significant potential under the Government's policy for an explosion in the costs of a medical degree. The University of Sydney, for example, currently offers the Doctor of Medicine program. This is a four-year postgraduate medical degree and, for international students, the current indicative cost is $68,800 per year of full time study, or $275,200 over the life of the degree.

Entry to the above course also requires a bachelor level degree with a Bachelor of Medical Science being an obvious choice for students. For an international student the current indicative cost of this program is $41,300 pa or $123,900 over the life of the degree.

It is not unreasonable to suggest that the same fee structures could be applied to domestic students, particularly for medicine and the courses that are required for entry into graduate medical programs. With high demand for places there is no reason to think that competition will keep fees under control.

Under the Government's deregulated funding model, the subsidy for Commonwealth Supported Places for medical science and medical studies will also be reduced to $18,067 pa. If the above fee structures were to be adopted for domestic students, this would leave a medical student with a debt of over $272,000 plus interest once they have completed both degrees. On any measure, this is a significant debt and no matter what upfront loan assistance is provided, it will deter students from low-income backgrounds from entering medicine.

The above level of debt also needs to be considered in the context of the modest salaries earned by doctors in training during their initial years after graduation from medical school. Very little student debt would be repaid during these years and the accumulating interest would be significant, making the task of repayment even more daunting. Further, these doctors incur costs as they undertake their training to achieve specialist qualification, and can lose earning potential for up to 15 years while doing so.

Implications for the medical workforce and workforce planning

Overseas evidence shows that, in relation to medicine, a high level of student debt is a factor in career choice, driving people towards better remunerated areas of practice and away from less well paid specialties like general practice. Areas of medicine that are better remunerated will become more attractive. Procedural specialties will be more attractive compared to general practice or areas such as rehabilitation, drug and alcohol, or paediatrics.

The former Health Workforce Australia (HWA) published medical workforce projections through until 2025. While these show that by 2025 the overall medical workforce will be very close to being in balance, there will be geographic shortages as well as shortages in specific specialties.

Encouraging doctors to work in these areas and specialties will be much more difficult if they are saddled with high levels of debt, undermining the significant effort that has been made by the Commonwealth to expand doctor numbers as well as attract graduates to work in under-serviced communities and specialties.

Ultimately, we do not want to move to a US-style medical training system where students' career choices are influenced by degree of debt. This would have a significant impact on access to services and on workforce planning.

Funding medical education

The final report of the Higher Education Base Funding Review highlighted the urgent need for further investment in primary medical education. It identified medicine as a discipline that was under-funded, both in terms of the resourcing required and in comparison with the funding provided for medical schools internationally. This reflects the very high costs of clinical placements, and above average teaching and learning costs, with the costs of teaching and scholarship alone exceeding the base funding received.

The report also identified that students from low SES backgrounds are under-represented in Australian higher education and are particularly under-represented in medicine. Based on international comparisons and the available costing information, the Panel considered that the base funding rate for medicine should be increased significantly. The review made the case for additional Commonwealth funding and highlighted to us the dangers of passing more costs on to students.

Implications for higher degrees and medical research

Finally, the reforms have implications for higher degrees. These are significant for medical students with an interest in research and academic work. High debt levels among medical graduates will deter our best and brightest from undertaking PhD programs.

It is already a major commitment, not only in terms of the minimum three years of time, but also financially. As a medical graduate, already with significant debt and often at the stage of life of

starting a family, it would not be surprising to see commitment to further research and to science questioned.

This is a real issue for the people who undertake such degrees − our clinician scientists and our future medical leaders. They are the doctors who lead departments, who lead research teams, and run laboratories. Despite the Government's stated commitment to medical research, it is disappointing that implications such as these do not seem to have been considered.

Concluding remarks

It remains the AMA's strong position that the Commonwealth should be providing additional support for primary medical education, not less. We do not see fee deregulation as a solution to funding problems, particularly because of the significant issues that we have outlined above.

The Government has flagged a willingness to continue its negotiations on the reforms through the Senate. If there is to be a compromise on fee deregulation, then robust protections must be put in place to prevent an explosion in the costs of degrees and to avoid the negative effects we have highlighted in this submission. In relation to medicine, we would urge the consideration of a percentage cap on course fees, linked to an appropriate benchmark such as the subsidy for Commonwealth Supported Places.

Yours sincerely

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President

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[d] Sivey P, Scott A, Witt J, Joyce C, Humphreys J. Junior doctors' preferences for specialty choice. J Health Econ. 2012;31(6):813-23.