

# Review of the demand-driven funding system



## Submission from the Australian Veterinary Association Ltd

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### Executive summary

The Australian Veterinary Association (AVA) is the national organisation representing veterinarians in Australia. Our 8000 members come from all fields within the veterinary profession. Clinical practitioners work with companion animals, horses, farm animals, such as cattle and sheep, and wildlife. Government veterinarians work with our animal health, public health and quarantine systems while other members work in industry for pharmaceutical and other commercial enterprises. We have members who work in research and teaching in a range of scientific disciplines. Veterinary students are also members of the Association.

Veterinary science is one of the most expensive university courses to deliver (along with medicine and dentistry) requiring the highest level of government subsidies per student. Despite these subsidies veterinary programs are underfunded, poorly resourced and under strain. There are also significantly increasing difficulties in the provision of enough quality clinical placements, an essential component in training veterinarians to the standard required to serve the Australian community needs.

### Recommendations

There should be a return to limiting the number of Commonwealth-funded domestic student places for veterinary science degrees.

While the government may consider maintaining the demand-driven system on other university degrees, the AVA recommends that in the interest of the taxpayer, the universities, veterinary graduates and students that a cap be placed back on the number of veterinary science student placements, as is currently in place for medicine degrees.

The AVA supports a moratorium on any further increase in veterinary student numbers, either through the creation of new veterinary schools, or an increase in overall student numbers in existing schools until such time as a detailed supply and demand study of the veterinary workforce has been undertaken.

### Meeting the skill needs in the economy

#### Veterinary workforce supply and demand

Australia is currently facing an oversupply in the veterinary workforce. Since 2010 there has been a rapid and significant increase in the training of veterinarians in Australia. At 30 June 2013 there were 10,436 veterinarians registered to practise in Australia.

Three new veterinary schools have opened in the last seven years and there are currently over 3,000 veterinary students in Australian universities.

In 2005 there were four veterinary science programs graduating veterinarians in Australia, located at the University of Sydney, the University of Melbourne, the University of Queensland, and Murdoch University in WA. Additional programs have started since then at:

- Charles Sturt University – first graduates completed in 2010
- James Cook University – first graduates completed in 2010
- University of Adelaide – first graduates will graduate this year, in 2013

At the same time as these three new veterinary schools have been established the student population at the existing 4 schools has also grown.

In 2012, the Australian Veterinary Association completed a survey of all the universities providing courses leading to registration as a veterinarian asking them to report on the number of domestic students who had been graduating since 1995 and projecting forward based on the numbers that they presently have studying. All universities supplied data. Based on this data, the number graduating who are qualified to register for practice increased from an average of 229 per year in the period from 1995 to 1999, to 463 in 2008 to 2011. Further increases are expected up to 2015 by those universities that provided forecasts.

As a result of these new veterinary schools and increased student intakes, a large number of new veterinarians were beginning to enter the profession even before the government uncapped undergraduate enrolments.

In regard to industry demand, recent research (Pratley, 2012) has indicated that only 400 replacement veterinarians will be required per annum while projections for the number graduating annually from the universities from 2013 were predicted to be around 670.

Studies done by Charles Sturt University academics Pratley and Abbott (2012) give estimates of the number of registered veterinarians from a range of sources which indicate that the numbers have risen from just under 3,200 in 1981 to just over 9,700 in 2010, with a marked increase in the ratio of veterinarians to human population from 213 veterinarians per million population in 1981 to 442 per million in 2010.

It has been reported that the total population of companion animals is one key “driver” of demand for veterinary services and this has been contracting (ACAC, 2011). The Australian Companion Animals Council (ACAC) has published estimates of the number of pets in Australia, providing data on trends in the number of dogs, cats and other pets. The 2010 report indicated that there has been a substantial and continuing fall in the number of dogs, and that cat numbers fell sharply from 2000 until levelling out in 2007. When the reported ratios of pets per 100 households are examined for dogs and cats, the trend is clearly downward. It should be noted that most regional practices derive significant income from treating companion animals.

There has been no indication that there has been a significant increase in the number of animals involved in agriculture or recreation that will increase the demand for veterinary services in these sectors.

Over the last 10-20 years, state and territory governments have successively reduced government veterinary services such as disease surveillance and field veterinarians monitoring and responding to livestock diseases. This has further reduced demand for veterinarians in the employment market.

One proxy for the match between supply and demand is to examine statistics on starting salaries and employment levels among new graduates

Data obtained from the Graduate Careers Australia website shows that the veterinary starting salary has fallen significantly against the other professions. When looking at rankings according to starting salary for bachelor degree graduates aged less than 25 and in first full-time employment, veterinarians have fallen from 6th Rank in 1996 to 20th Rank in 2012. More significant is other data from the same website that shows the decrease in veterinary graduates able to find full time work four months post-graduation, with decreases seen since 2010.

There are indications that under the current model supply will continue to rise significantly above demand until the year 2020. Taking these points together, there is a real risk of an oversupply to industry needs.

While industry needs are limited, as with other popular professions such as medicine and dentistry potential student demand for studying veterinary science is nearly unlimited. The percentage of first-preference offers is presently only just over 20%. Lifting the cap has not to date improved the prospect of a first-preference offer for medical studies, dentistry or veterinary science, all similarly popular courses and is unlikely to make any significant impact.

The recent introduction of three new veterinary schools has created a new business dynamic between the veterinary schools market such that intake numbers are more likely based on the need to establish market share or maintain an existing school rather than on economic sustainability of the programs.

Veterinary science is not regarded as a generic degree. Graduates with a veterinary degree are highly trained in clinical skills and most expect to become part of the veterinary clinical workforce. There are more generic degrees, such as veterinary bioscience or science degrees which require significantly lower financial commitment by the graduate, fewer years of study and far less financial support by the government to achieving the same outcomes with regards to employment opportunities outside the veterinary workforce.

## **A system that is fiscally sustainable for the taxpayer, universities and students**

Veterinary science is among the most expensive courses to deliver (along with medicine and dentistry) requiring the highest level of government subsidies per student.

Submissions to the Higher Education Base Funding Review 2011 panel provided data on the costs of delivering courses that have a large component of laboratory-based teaching, such as medicine, dentistry and veterinary science (CGS funding cluster 8). Evidence provided showed that these courses have costs for teaching and scholarship that are consistently above the funding received. Despite receiving an increase in funding in 2008, veterinary science was still shown to be underfunded in the 2011 review, both in terms of the resourcing required and in comparison with the funding provided internationally. This finding was in line with previous studies in this area, and reflects the very high costs of delivery in these fields, particularly for clinical placements.

Veterinary science university programs need to meet both national and international accreditation standards. This is essential to ensuring that veterinarians have the knowledge and skills required to meet Australian and global community needs. Fulfilling

the accreditation standards does inhibit the means of reducing the cost of these programs.

The high costs of veterinary education are also felt by students. Veterinary science students pay the maximum level of contribution for tuition of any degree. The veterinary deans' submission to the Higher Education Base Funding Review in 2012 stated:

*"The costs of veterinary education carried by students, above the cost of tuition, include expenses associated with travel and living expenses during the 38 weeks of compulsory rural farm, abattoir and clinical placements. These costs exceed \$19,000 per student and when combined with the opportunity cost of lost income whilst on placements (estimated at \$11K/year)".*

Qualification as a veterinarian requires 5-7 years of full time study. However the length of time spent studying does not lead upon graduation to salaries comparable with qualifications with a similar requirement for extended study and as such the "ability to benefit" test is relatively poor for students. The veterinary deans' submission to the Higher Education Base Funding Review 2012 stated:

*"While the average cost to students in a Commonwealth Supported Place is \$9080 per year, the total cost for an Australian fee paying student in a Veterinary Science graduate program is \$170,750 over the length of the course. In addition to the costs of tuition, each veterinary science student pays approximately \$19,000 in personal costs related to notes, equipment, accommodation, and travel during each year of the course."*

The large educational commitment of veterinarians is not matched by commensurate professional entry salaries or high life time earnings potential.

## **Evidence of any potential adverse impacts on the quality of teaching and of future graduates**

### **Clinical placement**

Increasingly, veterinary schools are also reporting difficulty in attaining adequate clinical training places for students.

The veterinary deans' submission (2012) stated:

*Veterinary education requires students to complete rotational placements with private practices and government institutions for "hands-on" training; however with the increasing numbers of students in veterinary schools the sustainability of this initiative, based almost entirely on the goodwill of the profession, is fragile. There is growing pressure from all veterinarians, particularly in the rural sector where suitable places for student training are most limited, for compensation for the high costs of supervision and opportunity and material costs imposed by training students in a practice setting.*

The crucially important role of the profession in providing pro bono workplace learning is at risk as a result of increased student numbers.

### **Quality of teaching**

Education and training systems in veterinary schools are under strain. The Deloitte Access Economics cost study (2011) found that for health courses, a broad category including veterinary studies, average cost per student was above income, they were

inadequately funded and that the Commonwealth funding rates were insufficient to cover teaching and scholarship costs. Government investment needs to be redirected from creating further student places and instead invested in infrastructure for university facilities and increasing academic staff numbers to keep pace with growth. The veterinary deans' submission to the Higher Education Base Funding Review in 2012 also provided detailed evidence to support this significant underfunding.

As veterinary student numbers have increased, veterinary schools have reported difficulty in recruiting and retaining appropriately trained and skilled academic staff.

If the Government were to fully implement the announced April 2013 plans to reduce higher education costs, including increased staff redundancies and cancellations or postponement of investment in equipment, it would intensify the problems of underfunding already confronting veterinary schools and compromise the quality of the students produced.

## **Access for students from low socio-economic status backgrounds and rural and regional communities**

Leaving veterinary science placements uncapped is unlikely to increase access to veterinary science degrees for people from low socioeconomic status backgrounds or rural and regional communities. There are other more major considerations that more directly impact the access of these students than the availability of placements.

The veterinary deans' submission to the Higher Education Base Funding Review in 2012 stated:

*“Access to veterinary education by rural or low SES students is limited because of the high cost of studying and low returns after graduation. Efforts to reduce the high personal financial cost to students are critical to ensuring equity of access to veterinary education.”*

Several universities already have selection criteria that allow students with lower ATAR scores from rural communities to be considered. Selection criteria include an interest in and commitment to rural communities, veterinary science and animal production; and an understanding of the unique ethical and practical issues that confront veterinarians involved with rural practice and animal production. Other universities have alternative entry programs for indigenous students and those from regional communities. However it is still recognised that those with an ATAR below 90 may struggle to complete a veterinary degree and several universities have set limits on the ATAR score accepted.

## **Whether less academically prepared students are receiving the support they need to complete the course of study to which they have been admitted**

Veterinary science degrees are highly demanding both academically and emotionally. Accepting students with lower ATAR scores is likely to increase the number of non-completions of a very expensive course. This is not desirable for the government, university or students.

## **Conclusion**

The AVA recommends a return to limiting the number of Commonwealth-funded domestic student places for veterinary science degrees.

There are strong indications that allowing the current growth in veterinary science enrolments to continue would not only be costly for taxpayers and universities but could be deemed unethical as graduates are increasingly unlikely to be able to find work in their chosen profession.

The AVA also supports a moratorium on any further increase in veterinary student numbers, either through the creation of new veterinary schools, or an increase in overall student numbers in existing schools until such time as a detailed supply and demand study of the veterinary workforce has been undertaken.

## References

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