Funding of Medical Programs

Background

The Australian Medical Students' Association (AMSA) is the peak representative body for medical students in Australia.

For the purpose of this policy, 'a primary medical degree is defined as a university medical degree, typically a Doctor of Medicine (MD), Bachelor of Medicine/Bachelor of Surgery (MBBS, BMBS), Bachelor of Medicine (BMed), or Doctor of Medicine and Surgery (MChD).

Analysis by the Medical Deans of Australia and New Zealand (MDANZ) demonstrates that, in 2011, it cost between $50,727 and $51,149 per year to train a medical student.[1] Currently universities only receive a proportion of this required funding from the Federal Government. Therefore universities must find alternative sources of funding to meet the difference.

MDANZ states that universities in 2011, were required to meet a shortfall in funding of approximately $23,500 per year per medical student to supplement the inadequate base funding provided by the Federal Government. This figure does not take into account unpaid teaching, which comprises a very significant proportion of medical education particularly in the clinical years of each medical program.[1]

Funding arrangements

Medical student places in Australia are funded in different ways. There are Commonwealth supported places (CSPs), which include Higher Education Contribution Scheme (HECS) only places, Bonded Medical Places (BMPs), and Medical Rural Bonded Scholarship (MRBS) places. These all have the same funding arrangements. Non-Commonwealth supported places, including international and full-fee domestic places, don't attract any Commonwealth support.

In 2015, CSPs represented 78.8% of all medical student places. The Non-Commonwealth supported comprised 21.1% of medical student places, with 14.9% international, 5.6% domestic full fee paying and 0.6% other fee paying.[2]

This arrangement is commonly referred to as a combination of public and private contributions. There are three components to the funding provided by the Commonwealth: Commonwealth Grant Scheme public base funding, Commonwealth Grant Scheme medical student loading, and student contributions.

Base funding

In Australia the public contribution is via the Commonwealth Grant Scheme and is dependent on in which of the eight funding clusters the discipline belongs. The Commonwealth Grant Scheme was introduced in 2005 and considers medicine as a ‘cluster eight’ course. In 2017 this classification translates to Commonwealth base funding of $22,809 per medical student per year. It appears that regardless of the medical program classification they are classified according to funding structure. This contribution is indexed annually according to the Higher Education Indexation Factor (HEIF). [3]
Medical student loading

In addition to the public base funding contribution under the Commonwealth Grant Scheme, universities also receive a further payment known as ‘medical student loading’. This payment is ostensibly for the provision of funds to teaching hospitals that help to deliver medical programs.[4] In 2017 this amount was $1,394 per Commonwealth supported student per year, again indexed annually (from $1,111 in 2007) according to the HEIF and section 5 - 6 of the Higher Education Support Act 2003.[5,6]

Student contributions

The maximum private (i.e student) contribution for a course is defined by the Higher Education Support Act 2003. This is indexed annually according to the HEIF. For medicine in 2017, this is a maximum of $10,596 which comprises 32% of the $33,405 of external funding available annually to a university per student.[3] The other 68% is provided by the Federal Government under the Commonwealth Grant Scheme, as detailed above. However the real cost of basic medical education in Australia remains much greater than this.

Australian public contribution to tertiary education is low when compared to other Organisation for Economic Cooperation and Development (OECD) listed countries. In New Zealand, the government funding for medical student places are approximately 50% greater than in Australia. Furthermore in Canada and the UK, government contributions to medical student places are between 300% to 400% greater than in Australia. [1] Modelling from a sample of Australian medical schools indicate they are spending 85% more on teaching and learning than what is currently received in the grant. This chronic underfunding of Australian medical schools has necessitated alternate funding exploration through international student contributions, private donations and other profitable endeavors of the university.[1]


Following the Commonwealth’s decision to abandon their “Higher Education and Research Reform Amendment Bill 2014”, the Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017 has been drafted as a replacement. There are a number of components of the bill which affect both Australian domestic and New Zealand medical students studying in Australia.

Firstly, the bill outlines a proposed increase in student contributions of 1.824% per year for the years 2019, 2020 and 2021. This would reflect an increase of 7.5% over four years. This fee increase is also in conjunction with existing indexation of student contributions. [6]

According to a report by the Senate Committee for Education and Employment, “a student who commences a six year medical degree in 2018 will see their fees increase by around $3,900 from $68,000 to $71,900”. [6]

Secondly, an “efficiency dividend of 2.5%” would be applied on the Commonwealth funding provided to universities in the years 2018 and 2019. This would mean a reduction in the funding from the Commonwealth Grant Scheme base funding. Ostensibly, there is no indication that the medical student loading will be reduced.

Thirdly, there would be a paradigm shift in the way postgraduate CSP places would be allocated. From 2019, postgraduate positions will be provided to students in the form of “postgraduate scholarships”. [7] Although, this will only be applicable to non-medical postgraduate coursework, and will not affect postgraduate medical degrees. [6]
Lastly, citizens of New Zealand would no longer have access to CSPs, instead being eligible for a “FEE-HELP loan”. This would mean that they would essentially be considered as “domestic full-fee paying” students. Although, any current New Zealand CSP student will continue to be “covered by the existing arrangements for the duration of their course”. [7]

**Domestic full fee paying Places**

Universities classified as ‘Table A Providers’ under the Commonwealth Grant Scheme are not permitted to offer full-fee places to domestic students beginning an undergraduate course. [8] However post-graduate courses are exempt from this legislation. This permits masters-level courses (such as ‘Doctor of Medicine’ [MD] programs) to circumvent the ban on domestic undergraduate full-fee places. Private universities such as Bond University, which hosts the only undergraduate full-fee medical school in Australia, are also exempt from this ban. AMSA addresses these issues in its Domestic Full Fee Places Policy.

**International students**

Universities may supplement their external income by accepting full-fee paying international students. In 2015 international students comprised 14.9% of medical students at Australian universities. [2] There is no cap on the number of international medical students enforced by the government at a university. Perverse incentives may arise from enrolment of international students to alleviate university funding pressures. These can contribute to exploitation of international medical students, who are not guaranteed an internship in Australia upon graduation.

The significant discrepancy between base funding and the real cost of basic medical education is placing major strains on the training of future doctors in Australia. Inadequate funding is negatively impacting on infrastructure, teaching resources and clinical training capacity. Inadequate Commonwealth funding threatens the quality of medical education and public safety. [1, 9]

**Position Statement**

AMSA believes that:

1. Accounting for the current discrepancy between the total funding of medical programs and the actual cost of medical education should be a priority of the Commonwealth government.
2. Increasing the student burden of medical education will create inequitable access to medical education. Equity of access to medical education should be protected.
3. Student contributions to higher education should continue to be regulated by government in medicine.

**Policy**

AMSA calls upon:

1. The Federal Government to:
   a. Significantly increase the Commonwealth base funding it provides for each medical student place in Australia to levels comparable with other OECD countries;
   b. Significantly increase the medical student loading provided for each medical student;
   c. Undertake bi-annual reviews of its funding of higher education to ensure it reflects the real cost of basic medical education;
d. Expand the regulation on domestic undergraduate full-fee paying places to postgraduate medical programs (see Domestic Full Fee Places Policy); and

e. Continue to cap student contributions to higher education funding;

2. Universities to review their funding structures to:
   a. Sustain the quality of medical education they provide;
   b. Ensure no further increases in domestic and international full-fee student numbers occur for the purpose of increasing funding;
   c. Ensure that funding is used effectively and as appropriately as possible.

3. MDANZ
   d. To continue research into the cost of medical degrees and publish their findings;
   e. To continue research into the impact of restricted funding for medical training.

References


Policy Details

Name: Funding of Medical Programs
Category: A – Medical Schools Program
History: Adopted, Third Council, 2011