



Submission to the Productivity Commission

Health Workforce Study

8 July 2005

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Submission to Health Workforce Study

Professions Australia (PA) is a national organisation of professional associations. Professions Australia is the business name of the Australian Council of Professions Ltd. It currently has twenty-four member associations (see Attachment 1). A number of our member bodies represent health professionals. The primary objective of Professions Australia is to advance and promote professionalism for the benefit of the community.

Professions Australia wishes to raise two issues which it believes are of relevance to the Productivity Commission's *Health Workforce Study* and Australia's ability to improve its healthcare outcomes:

- **The need for comprehensive, robust and forward looking workforce data and research to provide a sound basis for national health workforce planning and policy development.**

Professions Australia is concerned that current approaches to the collection of health workforce data and information is ad hoc and insufficient to support broader based policy development and priority setting at a national level. As the Commission notes in its *Health Workforce Issues Paper*, data limitations can constrain the usefulness of planning efforts.

Professions Australia's considers that a critical input into better matching the supply and demand for health professionals over the longer term is more comprehensive, robust and forward looking information on Australia's likely future requirements for these skills. Better workforce data needs to be supported by more comprehensive and higher quality research into skills formation issues to better understand the economic and social issues impacting on health workforce supply and demand.

Comprehensive workforce data and research would provide the information essential to support a more coordinated and whole of government approach to national health workforce planning and policy development, assist in more effectively linking government policies impacting on the development of Australia's health workforce and facilitate cost effective decision making by all stakeholders.

Professions Australia's Education Committee has prepared a discussion paper, "*Skills mapping: Assessing Australia's Longer Term Requirements for Professional Skills*". While the paper addresses demand and supply for all professional skills, including the health professions, in our view the issues raised in the paper are highly relevant to the Commission's consideration of the issues facing the health workforce. Adoption of the recommendations in the discussion paper in the health area would make an important contribution to improving health outcomes.

A copy of the discussion paper is at Attachment 2.

- **The need for a regulatory environment which facilitates health workforce mobility and access to education opportunities.**

As the Commission notes in its *Issues Paper* many of the health professions are currently subject to state-based registration.

Professions Australia is of the view that there would be benefits to both consumers and health professionals through developing nationally consistent regulation and consolidating responsibility for registration of health professionals.

Variation in administrative practices can lead to inefficiencies and unnecessary costs. Nationally consistent regulation is an important step in addressing barriers to health workforce mobility.

Professions Australia has prepared a background paper on the case for national registration of the professions, including the health professions. A copy of this paper is at Attachment 3. We are currently working to develop the Blueprint and a paper setting out options for national regulation of the professions in an effort to progress this issue at the national level.

Professions Australia
July 2005

ATTACHMENT 1

Professions Australia - Member Associations

Association of Consulting Engineers Australia (ACEA)
Audiological Society of Australia (ASA)
Australasian Institute of Mining and Metallurgy (AusIMM)
Australasian Podiatry Council (APODC)
Australian Computer Society (ACS)
Australian Dental Association (ADA)
Australian Human Resources Institute (AHRI)
Australian Institute of Geo-scientists (AIG)
Australian Institute of Interpreters and Translators (AUSIT)
Australian Institute of Landscape Architects (ALIA)
Australian Institute of Quantity Surveyors (AIQS)
Australian Veterinary Association (AVA)
CPA Australia
Engineers Australia
Institute of Actuaries of Australia (IAAust)
Institute of Chartered Accountants in Australia (ICAA)
Institute of Management Consultants (IMC)
New South Wales Council of Professions (NSWCOP)
National Institute of Accountants (NIA)
Pharmaceutical Society of Australia (PSA)
Records Management Association of Australasia (RMAA)
Royal Australian Institute of Architects (RAIA)
Spatial Sciences Institute (SSI).

May 2005

ATTACHMENT 2



Skills Mapping: Assessing Australia's Longer Term Requirements for Professional Skills

February 2005

**A Discussion Paper
Prepared by Professions Australia's Education Committee**

(Professions Australia <http://www.professions.com.au> is a national organisation of professional associations, with 24 member associations representing around 400 000 Australian professionals)

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Executive Summary

The availability of a highly skilled professional workforce is critical to Australia's ability to meet its longer term economic, social and environmental objectives.

Australia is currently experiencing serious shortages of professionals across a range of occupations. There is mounting evidence that these skill shortages are hampering Australia's growth and export performance and governments' capacity to meet community expectations in relation to health and education services and infrastructure provision in particular.

Professions Australia considers that, to better match the supply and demand for professional skills over the longer term, more comprehensive, robust and forward looking information on Australia's future requirements for professional skills is essential. Without this information governments and other stakeholders are not well positioned to make the most appropriate and cost effective decisions on the development of our professional skills base.

Professions Australia is recommending the early establishment of an ongoing capacity to map Australia's longer term requirements for professional skills. We consider this will provide invaluable guidance to professional workforce policy and planning and government and industry investment in education and training. The objective of **Skills Mapping** should be to identify the professional resource issues, challenges and opportunities facing Australia over a 5-10 year timeframe.

It is clear that matching the flow of graduates to individual community needs is an increasingly important issue. Globalisation, technological and demographic change and the desirability of maintaining positive economic growth will only increase the pressure on governments and other stakeholders to take appropriate action to support and implement initiatives to address occupational and skill imbalances. Failure to anticipate and develop appropriate responses to these challenges risks adverse impacts on employment, income, income distribution and social cohesion over the longer term.

Skills shortages will not be readily addressed by expanding university places when it takes a considerable amount of time to obtain the necessary qualifications or where there may be other impediments to expanding the number of graduates in a particular profession. Without the benefit of quality information on Australia's likely future requirements for professional skills, government policy responses and initiatives by other stakeholders including professional associations, are at best, likely to provide short-term or partial solutions or at worst, destined to fail.

While addressing these issues will require input from all stakeholders, including professional associations, the Committee is of the view that the Federal Government is best placed to provide leadership in this important area.

Recommendations:

That the Federal Government take the lead in facilitating a more comprehensive and coordinated approach to professional workforce planning by:

1. Providing the resources necessary to establish an ongoing capacity to map Australia's future professional workforce supply and demand over a 5-10 year timeframe.
2. Providing additional resources, in conjunction with other stakeholders, to develop a more comprehensive research capacity on professional workforce issues.
3. Supporting the establishment of a clearing house for research on professional workforce issues.
4. Establishing a high level body, that includes representatives of key stakeholders, with responsibility for coordinating and managing the mapping of Australia's longer term professional skills requirements.

Overview

An important determinant of Australia's ability to achieve further improvements in its standard of living in an increasingly competitive and knowledge intensive global environment will be the availability of adequate numbers of highly skilled professionals.

The challenge we are facing is to find the right mix of policies, programs and stakeholder actions to more effectively respond to the complexities of professional workforce demand and supply. A critical first step in addressing this challenge is improving the quality of information available to government and other stakeholders to support effective decision making. The most urgent need is for more comprehensive and robust workforce data, including projections of long term supply and demand for professional occupations.

Mapping Australia's longer term requirements for professional skills will provide the data and research necessary to better managing the supply and demand for professional skills. It will also ensure we are maximising the outcomes from investment in professional skills accumulation, and facilitate a shift from the current ad hoc arrangements to a more coordinated national approach to professional workforce planning and policy development.

The long lead times in developing professional skills means that failure to anticipate emerging trends in the supply and demand for professional skills is likely to result in skill shortages or oversupply in the future.

Australia is already facing a major skills formation challenge across a number of professional occupations. This situation is likely to deteriorate with demand for professionals increasing faster than for any other occupational group. Concerns about skills shortages (at both the occupational and community level) are receiving increasing attention in the media and within industry and professional groups.

The concern is not only about the numbers of professionals in any given occupation but also about whether the skills of graduate professionals are keeping pace with new technologies and the requirements of businesses operating in a competitive global market. New technologies are impacting on the occupational composition of demand and changing skill requirements within occupations. Ongoing structural change in industry will impact on the nature of skills required and the sources of new skills. The skill sets required in the workplace will continue to change and expand meaning current approaches to professional skills development may be inadequate.

Shortages of skilled professionals will become a more critical issue over the next decade as the number of new entrants into the workforce declines and the population ages.

The pace of change underlines the challenge Australia is facing in better matching demand for and supply of professional skills to ensure we maximise the opportunities for future productivity growth and improving the quality and availability of infrastructure and essential services.

Professions Australia has prepared this discussion paper because of growing concern among our member associations about the longer term consequences of professional skill shortages. This does not diminish the need to address skills shortages in other equally important areas, for example, trades occupations. However there is a need for a more balanced and comprehensive approach to workforce planning at the national level which also gives priority to addressing skill imbalances across the range of professional occupations.

The factors underpinning skill shortages highlight the need for coordinated action by all stakeholders including government, professional and industry associations, education providers

and individual businesses. Given the national nature of skills shortages, the Federal Government is best placed to provide leadership in this important area.

Desired outcomes

Professions Australia is seeking a federal government commitment to provide the necessary resources to establish the capacity to map Australia's longer term requirements for professional skills.

This will ensure all stakeholders have comprehensive and robust information on which to base effective strategies for **the development of the professional skills capacity and capability to meet Australia's future economic, social and environmental needs on a sustainable basis.**

An effective well functioning market for professional skills that is responsive to a continually changing economic and social environment requires effective decision making by all key stakeholders, including governments, professional associations, higher education institutions and prospective students. The key to effective decision making is access to accurate, timely and relevant labour market data and research.

An ongoing capacity to map Australia's likely future skills requirements will ensure that:

- ***The availability of professional skills is more closely aligned with our longer term needs;***
- ***All stakeholders, including the tertiary education sector, are more responsive to emerging skills needs; and***
- ***Governments and other key stakeholders maximise the cost effectiveness of resources devoted to the development of professional skills capacity and capability.***

Key Issues

What are professional associations doing to address future skills needs?

Professional associations recognise they have an important role to play in addressing current and emerging requirements for professional skills. They are actively working with other stakeholders developing and implementing strategies to position their professions as an attractive career option and to ensure the future supply of professionals meets Australia's longer term needs.

Some of the initiatives that individual professional associations are currently pursuing include:

- Working to promote the profession as an attractive career option including through branding campaigns such as those being run by the accounting professional bodies;
- Conducting surveys of industry leaders about future professional skill requirements and holding roundtables to identify recruitment and retention strategies;
- Commissioning studies on the causes of skill shortages;
- Exploring possible solutions to existing skill shortages including the application of conversion courses for applicants from non-traditional disciplines or minimising the barriers to entry between different modes of education while maintaining professional standards;
- Working with state and territory governments on ways to attract and retain professionals in rural and regional areas;
- Developing and implementing strategies to encourage school-leavers to pursue careers in particular professions, for example, by working with career counsellors at the community level, participation in career expos and developing information resources for school leavers;
- Promoting the benefits of more flexible workplaces to provide a better work/life balance and encourage professionals to re-enter or remain in the workforce on a part-time basis;
- Working with universities to ensure changing professional skill requirements are incorporated into curricula;
- Running courses for the retraining of older professionals; and
- Funding research to develop a better understanding of the skills issues for individual professional occupations.

Employers of professionals also have a responsibility to put in place strategies to attract and retain professional staff. They need to provide the right incentives to recruit and retain staff such as devoting sufficient resources to professional development. They must look to their organisational systems and structures and introduce work arrangements suited to the changing needs of professional staff, including increased flexibility and mobility. This will often require more flexible approaches to hiring professionals; for example, many of the major consulting engineering firms are addressing the difficulties of accessing professionals locally through the global integration of their operations to access certain skills offshore – outsourcing non-core skills is one way of managing the peaks and troughs of project work. Firms are increasingly offering work experience and professional cadetships to attract future graduates and address the need for these graduates to have a greater appreciation of business issues.

However the causes of skill shortages are usually complex and are unlikely to be readily addressed by individual actions. The impact of initiatives by professional associations or individual firms will be limited if there are other serious impediments to addressing skill shortages, for example, the number of available university places is fixed. For example, in response to the dire shortage of accountants, the local branch of CPA Australia has invested considerable time and resources in marketing accounting to young people considering university, with the objective

of expanding the supply of accountants in the ACT. In 2004 due to the pressure of other priorities, the University of Canberra did not make second round offers to prospective accounting students, as had been the case in previous years. As a result, and despite the efforts of the professional body, the supply of accounting graduates may actually decline in three years time.

It is also essential that the strategies being pursued by professional bodies and firms are developed on the basis of sound information and are focussed on addressing underlying causes rather than simply providing a quick fix.

The Australasian Institute of Mining and Metallurgy – Rising to the Challenge

In early 2000 the Australian minerals industry recognised that it was facing some major challenges. Its capacity to attract talented people was limited by community perceptions of the industry and other factors such as the remoteness of its operations. Operational technical skills were strong although competitive pressures had denuded R&D effort and related skills across the industry. Few companies had identified the non-technical competencies they needed for future success. There was little contact with the tertiary education sector – the main supplier of skills.

The industry commissioned a study (with financial support from DEST) to answer the question “*Are we confident that the minerals industry has the professional staff capability to appropriately position it to meet the demands of tomorrow?*”

The study was structured around four questions:

- *Where are we now?
- * Where do we want to be?
- *What is needed to get there?
- *How do we make this happen?

As a result of the principal findings of the study, industry stakeholders are pursuing a number of strategies including:

- Working together to improve its image and build new employment options for the people it needs;
- Identifying possible research projects to better understand the industry’s workforce issues;
- Companies are looking to their organisational systems and structures to identify and attract the people they need, and better motivate, develop and utilise their professional staff; and
- AusIMM is implementing a process to maximise buy-in and develop cooperative industry approaches, including working with universities and other education providers to ensure they are well informed of industry challenges and needs.

Source: Rising to the Challenge report; report on Minerals Industry Workshop – attraction and retention of professional staff

What are skills shortages?

A skill is an ability to perform a productive task at a certain level of competence. Professional skills are associated with a qualification acquired through formal education and training at the tertiary level. An individual can also acquire additional skills through various forms of informal learning and on the job training and experience. For many professions, participation in a clinical or industrial placement is an essential step in achieving professional accreditation.

A shortage occurs when the demand for a particular occupation is greater than the supply of qualified persons, who are available and willing to work under existing market conditions. A shortage may only be evident in a particular specialisation in an occupation, not across the whole occupation.

Skill shortages may also be restricted to particular geographic locations; for example, the availability of many health professionals including doctors, medical specialists, dentists and allied health professionals is a major concern for those living in parts of rural and regional Australia. Veterinary science is a very popular career option and Australia leads the world in the number of graduates in relation to population. Yet there are serious shortages of graduate veterinarians in rural Australia.

Shortages can be caused by an expansion in the numbers demanded or a contraction in the numbers available. The shortages currently existing in some occupations are an outcome of a strong and growing economy. Shortages can also emerge because the long lead times in educating and skilling professionals make it difficult to respond to an unexpected increase in demand. Some skill shortages may be addressed over time as the market adjusts including through price and quality adjustments. Shortages of skilled professionals in areas such as nursing have been long term and persistent and are the result of a complex combination of supply and demand side factors.

There are two kinds of skill shortages: quantitative and qualitative. Quantitative shortages occur when there is a shortage of people who have the necessary skills described in the occupation. The DEWR *National Skills and Shortage Lists 2004*, for example, provides a quantitative measure of the shortages currently occurring in a number of professions including Engineering, Accountancy, Nursing, Dentistry, Pharmacy, Physiotherapy and Podiatry.

Qualitative shortages occur when there is a deficiency in the skill-set of the people who are working, or want to work, in a particular occupation. Professionals in many occupations may be technically well qualified, but unable to demonstrate a broader range of competencies required by employers, for example, business understanding and skills, health safety and environmental consciousness, social skills and the ability to work in teams and multicultural environments. For example, while there may be sufficient engineering graduates available across Australia with the necessary technical skills, there may be insufficient engineering graduates with the communication or management skills required to fill engineer graduate positions.

What are the causes of skill shortages/oversupply?

Anecdotal evidence from professional associations suggests that skills availability is influenced by a range of **supply-side** factors including structural issues (for example, an ageing workforce), numbers completing training and the availability of clinical or industrial placements essential to professional accreditation. Insufficient funding for clinical placements is having a negative impact

on supply for some allied health professions such as audiology and podiatry that are experiencing increasing demand as a result of demographic change. There is a shortage of veterinary pathologists with smaller numbers being trained following the privatisation of government laboratories.

Changing attitudes to work/life balance (as for Generation X and Y), coupled with an increase in the numbers of women entering many professions is influencing the available supply of professional skills. More professionals are choosing to change career, to work for multiple employers or are demanding a more flexible approach to work on a contract or part-time basis. The increasing proportion of females in the dentistry profession, for example, has led to a reduction in the number of hours worked.

Supply can also be affected by perceptions about the attractiveness of work in a particular occupation or location, for example, one of the reasons the mining industry is experiencing difficulty in recruiting metallurgy and mining engineering professionals is the remoteness of likely worksites. Poor management practices at the firm level can influence graduate retention rates. Industries where cyclical or project based work makes up part of the work profile can find that the need for a particular skill fluctuates, and they cannot readily offer longer term job security when a project comes to an end. Shortages generally appear earliest in those sectors and situations which tend to be less attractive locations for professional practice, that is, rural and remote areas, public practice and areas of lower socio-economic status in cities.

Consulting Engineers – Causes and Impacts of Skill Shortages

In February 2005, the Association of Consulting Engineers (ACEA) surveyed the largest consulting engineering firms in its membership, to determine the impact that skills shortages is having on commercial engineering firms. The firms all reported that overall shortages of professional engineering staff are having an impact in the following areas:

- a reduction of the firms' ability to tender for business and restricting business growth;
- a reduction in their ability to finish projects within deadlines; and
- an increase in pressure on existing staff to achieve delivery of projects.

The survey results found that the reasons for staff shortages are strongly influenced by the volume, type and location of engineering projects, with critical skills shortages most likely in highly specialist fields of engineering. Salaries, opportunities for career progression, changes in personal circumstances, i.e. buying a home and starting a family and opportunities to work overseas, are also influential in determining whether staff will stay within firms, move to competitors or leave the industry altogether. The pressures and lifestyle influences on mid level staff which drive or entice them to leave the engineering industry are compounding the effect of shortages of engineering graduates. Being able to map the demand for engineering skills and gaining a better understanding of the 'push / pull' factors on engineers in the commercial sector will be an essential tool for the development of effective long term recruitment and retention strategies.

ACEA is in the process of expanding this survey to include smaller to medium size consulting engineering firms.

The lack of opportunities for promotion or partnership now emerging because of the age structure in accountancy practices may impact on student choices in the future and exacerbate already acute skill shortages.

Following the tech-wreck there is a perception that IT jobs no longer exist, as evidenced by declining enrolments in tertiary courses, even though there are critical skill shortages in some areas.

The higher education sector can take time to recognise a shortage or they may have limited flexibility to respond to increases in demand for particular professional skills. For example, a reduction in dental graduates in the early 1980's and an increase in need and demand for dental services is contributing to an emerging shortage in Australia's dental labour force.¹ Course-mix decisions by universities may also accentuate skill imbalances. The decisions by some universities to no longer offer some small enrolment courses like audiology, podiatry, orthotics and prosthetics and specialised engineering courses can be expected to lead to or exacerbate existing skill shortages in the future. Or the decision by too many universities to respond to current shortages by creating new schools in particular disciplines may lead to oversupply in the future.

QUANTITY SURVEYORS: Facing Critical Shortages

The Australian Institute of Quantity Surveyors records show that the average age of the 4,000 quantity surveyors working in Australia is 42 and the number of graduates is less than 90 each year. The average age of skilled migrants coming to Australia is also relatively high at 35 and less than 88 successfully migrate each year. With increased work demands, natural wastage, retirement, limited skilled migration and significant outward transfers of quantity surveyors to overseas work stations, the quantity surveying profession is facing critical shortages of qualified professionals.²

The skills shortage for some professions has also been influenced by **demand-side** factors. For example, the accountancy profession is currently experiencing skill shortages across a range of disciplines for a number of reasons – strong business confidence, increasing demands following the reform of corporate compliance regulation, the introduction of international financial reporting standards (IFRS) and changes in public sector accounting requirements. The fact that Australia is one of the first countries to move to IFRS means that experienced local accountants will, in time, be highly sought after by overseas employers, exacerbating the already acute supply situation.

The broader project management skills of engineers with double degrees are making them attractive to employers in other sectors increasing the competition for a limited pool of engineering graduates. Growing global demand for resources is contributing to existing shortages of mining engineers and metallurgists in that sector. Mining companies and contractors are struggling to find enough skilled workers to staff multi-million dollar expansions of coal, alumina, iron ore and gas projects to capitalise on high commodity process and soaring Chinese demand.³

The pace of technical change in the information technology sector means that employers are seeking professional staff that are adaptable and flexible since the skills of IT professionals so

¹ The Dental Labour Force in Australia: the position and policy directions: Australian Research Centre for Population and Oral Health

² Australian Institute of Quantity Surveyors

³ Australian Financial Review 31 January 2005

rapidly become redundant. The tech-wreck has heightened industry demand for professionals with a broader range of skills including good interpersonal skills and business acumen.⁴

Professional associations also report that the complexity of operating businesses in an increasingly competitive, global market is creating new skill shortages. More informed consumers, customer service demands, health, safety and environmental issues and regulatory compliance are all driving the demand for new skills (for example, the latter is driving demand for professionals with skills in risk management and sustainability issues). And employers are looking for graduates who are not only technically qualified but have a number of employability skills including management and communication skills.

Australia is also now competing for professional skills in a global market place. This is particularly true of accountants and computing professionals who are by far the largest category of skilled movers in and out of Australia⁵.

Professional associations have less information about other issues influencing skills availability such as the factors shaping the demand and supply for particular skills, including the likely impacts of new technologies and social change, what influences student choice, why individuals may be leaving particular professions, or the professional skill requirements of individual firms and the specific issues they may be confronting in recruiting qualified professionals. Few professional associations have access to comprehensive data and analysis on the capacity of the profession to respond to changes in longer term supply and demand.

Why are shortages of skilled professionals a cause for concern?

Australia, more than ever, has a services based economy. Professionals account for 18.9% of Australia's total labour force (2001)⁶ and represent the largest occupational grouping. As in other developed economies, demand for professional and technical occupations is growing at a much faster rate than overall employment. Failure to anticipate and make the appropriate investments to meet future demand for professional skills will have a number of negative economic, social and environmental consequences:

- Shortages of critical skills can make an economy less competitive in a rapidly changing global environment.

If the increase in relative demand exceeds the increase in relative supply for certain skilled occupations there may be additional pressure on relative wages with consequent impact on prices. Competition for skills when shortages occur also makes it more difficult to retain professional staff. For example, intense competition for skilled professionals between major mining projects seeking to exploit growing demand for our mineral resources is putting pressure on wage costs and making it difficult to retain key staff.

Developed economies are competing for multinational investment more and more on the basis of the educational attainment and skills of their people and the availability of high quality infrastructure and service provision. Shortages of critical skills, and the consequent impacts on the quality of infrastructure and service provision, will contribute to Australia being a less attractive destination for investment and more mobile highly skilled professionals.

⁴ IT Skills Hub Submission – Higher Education at the Crossroads – Higher Education review June 2002

⁵ Skilled Movement in the New Century: Outcomes for Australia: Bob Birrell, Virginia Rapson, Ian Dobson and Fred Smith – Centre for Population and Urban Research, Monash University April 2004.

⁶ Australian Bureau of Statistics – 2003 Census of Population and Housing: Selected Education and Labour Force Characteristics Australia, Cat. No. 2017.0

- Under-investment in professional skills accumulation will limit the labour market's potential contribution to future productivity growth.

In many OECD countries, business services currently account for the bulk of labour productivity growth. The services sector in Australia was a particularly important contributor to the acceleration in multi-factor productivity (MFP) over the 1990s.⁷ All areas of business are reliant on the availability of professional services such as human resources, marketing, information technology, engineering and design and accountancy to meet their changing business needs and lift their productivity performance.

As developed economies like Australia move into a period of “demographic drag”, maintaining economic growth will be increasingly dependent on the depth and innovative capacity of our professional workforce.

Shortages of Railway Engineers – Impact on Future Rail Projects

Engineers Australia is concerned with growing shortages of graduates across Australia's engineering, science and technology base. The number of enrolments, particularly in the engineering fields is declining. Commencing student numbers in engineering have not increased for five years. In 1999, only 7.8% of degrees awarded in Australia were in essential areas of engineering and technology (converting ideas into products or services).

In some areas of engineering a skills shortage already exists or is predicted to occur. Engineers Australia has identified shortages for mining engineers, railway engineers, electrical power engineers, road engineers and structural engineers.

The shortage of **railway engineers** is occurring in several specialisations. The shortages are growing and unless addressed, completion dates and the profitability of future Australian rail projects will be affected.

The reasons why the shortage will become more pronounced include:

- Ageing of the workforce;
- Reduction in new graduate employment;
- Lack of opportunities for rail engineers to gain the necessary skills required to work with the new, rapidly changing rail technology; and
- Continual overseas demand for Australian railway engineers due to a world-wide shortage and the large number of rail construction projects in Asia.

The median age of rail engineers is increasing three times faster than that of the rest of the workforce. Around 62% of railway engineers expect to leave the rail industry in the next ten years.

Despite the shortages being recognised by rail sector organisations, very few are taking substantial action to address it.

Source: Engineering for Rail Sector Growth: A Report on Engineering Rail Skills Shortages in Australia – Athol Yates, Engineers Australia.

⁷ OECD (1998), Human Capital Investment: An International Comparison.

- The increasing knowledge intensity of economic activity means that Australia's international competitiveness is more dependent on the quality of the nation's human capital, that is, the skills and knowledge of its workers.

The opportunities and challenges presented by the rapid growth in international trade in commercial and other high value services, the emergence of major new competitors such as China and India, and negotiation of new trade agreements can only be met if Australians are continually upgrading their skills and capacity for innovation. Shortages of professionals with skills ranging from engineering, project management, environmental science, planning and architecture are already threatening Australia's capacity to take full advantage of export opportunities in the resources sector.

A growing stock of professional skills underpins Australia's innovative capacity and our ability to participate in the global knowledge economy – investing in our future managers and professionals is essential for new business creation and the generation of new employment and export opportunities.

Health professionals – in short supply

Australia's health professionals provide the essential skills on which Australia's health system is based.

There are significant shortages in the primary care health professional workforce right around Australia. It is evident not just in rural and remote areas, where health professionals from many disciplines tend to be in short supply.

Of the 14 non-ICT professions listed on the Department of Employment and Workplace Relations national skill shortage list, 12 are health professions. The allied health professionals listed are:

- Physiotherapy;
- Pharmacy (hospital/retail);
- Occupational therapy;
- Speech pathology;
- Diagnostic radiology;
- Radiation therapy;
- Sonography; and
- Nuclear medicine technology.

The audiology profession is also facing shortages. Employers are actively recruiting audiologists from overseas; but despite the demand, universities are unable to significantly increase their student intake numbers because of the difficulty in providing adequate and appropriate clinical placements.

There is an urgent need to understand the extent, causes and impact of health professional workforce shortages; and to project and plan for future needs, in light of the changing health services environment.

Source: Solving the Crisis in Clinical Education for Australia's Health Professions: Health Professions Council of Australia (July 2004)

- A combination of increasing life expectancy and declining fertility rates is having a major impact on the age structure of the population, with consequent implications for labour force participation and labour supply. Demographic change will develop into the challenge of replacing skilled older professionals from a much smaller pool of younger workers.

This in turn will have implications for governments' capacity to replace and upgrade the nation's infrastructure and meet the community's expectations for the provision of high quality services. In the health sector, the ageing of the population is expected to affect demand by increasing the need for services and the nature of those services. An inadequate supply of health professionals with particular knowledge and skills will be a substantial impediment to maintaining or improving health outcomes in Australia.

What do we mean by "skills mapping"?

The objective of mapping Australia's longer term requirements for professional skills should be to develop a comprehensive overview of the professional resource issues, challenges and opportunities facing Australia over the next 5-10 years. This information would need to be regularly reviewed and updated. It should also be supplemented by qualitative analysis of sector-specific and cross-sector professional workforce issues.

This resource will be more valuable if supported by a policy framework which provides guidance to national workforce policy and planning and government and industry investment in education and training. It is in the national interest for state and federal governments and other stakeholders to develop a collaborative approach to workforce planning guided by an agreed framework. The National Health Workforce Strategic framework⁸ provides a possible model. Data collection and research should ideally occur within the context of such a framework.

Professions Australia recognises there will be a number of challenges in developing this information resource. The pace of change will present challenges particularly in forecasting future demand. Statistics will need to come from a diverse range of sources which will raise issues in terms of quality and comparability. Mechanisms may need to be put in place to improve the quality, comparability and relevance of data sources over time.

Skills mapping would, in broad terms, include the following elements:

- ***Map of Australia's current professional skills base***

An important early step would be to undertake a major study to map Australia's current professional skills base. The objective should be to develop a profile of the current professional workforce to provide a foundation on which to scope the gap between currently available skills and likely future skills requirements. For some sectors the study could draw on work already done or about to commence.

- ***Survey of employer requirements***

Interviews with representatives of employers, relevant employer groups, professional associations and educators would provide essential input on likely changes in the education and skill requirements for graduate professionals; skill or occupation gaps currently being experienced and anticipated skill or occupation gaps likely to emerge over the next 5/10 years.

- ***Projections of future professional workforce supply and demand***

It will also be necessary to develop projections on the likely future growth in Australia's professional labour force and model the future capacity to supply labour market needs over the

⁸ Australian Health Ministers' Conference – National Health Workforce Strategic Framework – April 2004

next 5/10 years. Projections should be supported by an examination of the recruitment (or inflow) and attrition (or outflow) of professionals against the existing stock of professionals in individual occupational groups.

Forecasting will need to factor in the changing age structure of workforce and expected retirements by occupational group and industry. It should have the capacity to predict future skill imbalances from a quantitative, qualitative and locational perspective.

Forecasts would need to take into account the major trends likely to impact on future demand and supply for professional occupations, including global, technological, demographic, regulatory, labour market, budgetary, community attitudes (for example, on environmental or health issues) and other developments which might influence future requirements for professional skills. They need to consider the impact of major policy decisions (for example, major investments in biotechnology), commercial events such as the Chinese demand for resources or new free trade agreements or changes in the nature of demand for a range of health related services.

Developing forecasts of future skills requirements is likely to require input from a range of disciplines including social, statistical, demographic and economic.

- **Gap analysis**

A gap analysis would identify those occupational groupings where there was likely to be a mismatch of supply and demand over the next five to ten years.

- **Research capacity**

There currently appears to be an inadequate supply of policy relevant research to assist in addressing what are increasingly complex issues (research into vocational education and training in contrast appears to be extensive and relatively well funded).

The reasons for skill shortages are complex and vary between regional location and industry sector. We need to better understand the causes of skills shortages, the factors influencing the flow of graduates to the labour market, what influences their career choices, when their decisions are made, employers' satisfaction with the knowledge and skills and attitudes of graduates and why people may not be working in the occupation in which they are qualified.

Professionals are now operating in a more global market and we need to better understand Australia's position in the global marketplace for skilled workers and the influences on professional mobility. What do new patterns of employment, new kinds of work organisation and new ideas about knowledge acquisition and learning mean for the attraction and retention of professionals in the future? We are yet to fully understand the impact of the attitudes, motivations and aspirations of the younger generation particularly on professional skills formation.

In a fiscally constrained and more complex environment there is also a greater need to focus on identifying what works and the nature of the reforms which would allow the education system to be more responsive to emerging skills needs. For example, is it possible to partially address the skill requirements of cyclical industries like mining by taking a different approach to the course content in undergraduate degrees which provides graduates with more flexible career options?

There may also be opportunities to share lessons about solutions to professional skills imbalances by identifying opportunities to improve structures for recognising prior learning associated with vocational qualifications by the tertiary education sector or identifying opportunities for productivity growth by examining the respective roles of professionals and para-professionals. Addressing these and other questions requires a strong base of forward looking research into issues which will inform policy development and program delivery.

Research into professional workforce supply and demand issues would provide governments and other stakeholders with additional information to support evidence-based policy development and

workforce planning. One option would be for the Federal Government to establish and fund a Research Centre which could serve as a focal point for the engagement of government, education researchers and professional associations in the funding of studies into labour market information relating to professional occupations.

- **Support for professional associations**

Consideration should also be given to making some limited funding available to support individual professional associations undertake research into workforce issues in their profession which would guide the development of strategies to address skills issues. The limited financial resources of many professional bodies means most are not well positioned to independently meet their research and information needs.

- **Research and information clearing house**

To avoid duplication, to ensure better coordination of the research effort and support the sharing of knowledge gained, consideration should be given to the establishment of a research and information clearing house which would act as a central data base on research into professional skills formation. The clearing house could provide a central data-base on government agencies' in-house research, statistical collections and relevant program evaluations, educational research/researchers in the tertiary sector, research being undertaken by professional associations and relevant international research and statistics.

While some of the causes of skill imbalances in individual professions may vary there is also much commonality and the opportunity to learn by sharing learning and experience.

This proposal would be most effective if supported by mechanisms to establish research priorities and better coordination of resources, and the fostering of a closer engagement between researchers, policy makers, professional associations and other stakeholders.

- **Leadership and coordination**

Professions Australia considers that a high level body should be established with responsibility to oversight, coordinate and, where appropriate, manage the mapping of Australia's longer term professional skills needs. This body should include representation from key stakeholders. Its purpose should not to duplicate or assume responsibility for related activities being undertaken elsewhere but provide a mechanism for ensuring a consistent and comprehensive approach to mapping Australia's longer term professional skills requirements.

Adequacy of currently available information

Professions Australia is concerned that available data and information sources are not sufficiently comprehensive, robust or forward looking to provide a sound basis for national workforce planning and policy. The problem is exacerbated by the fact that government agencies often change definitions or the way data is aggregated.

Data Sources

There are currently a number of sources of data on skills availability across the range of professional occupations:

- Each quarter the Australian Bureau of Statistics (ABS) publishes estimates of the total number of job vacancies in Australia. Estimates are also published for the private and public sectors, for each state and territory, and for the major industry groups.
- The monthly ANZ Bank newspaper job advertisements series has been compiled from newspaper job advertisements placed in major metropolitan newspapers around

Australia since 1975. The series is used by economic modellers and forecasters as an indicator of employment growth and of economic activity.

- The Department of Employment and Workplace Relations the Skilled Vacancies Index, which has been available since 1981, is based on a count of advertisements for skilled workers (professional, associate professional and trades occupations) in the major metropolitan newspapers.
- The Information and Communication Technology (ICT) Vacancy Index, which has been available only since January 2000, measures demand for people with information and communication technology skills, using information from a number of online recruiting sites.

Job vacancies statistics provide an important indicator of current and future demand for labour. Change in the number of job vacancies can provide an indication of short-term employment growth. However, because the data only reflects the situation for one point in time it does not provide sufficient information to support the development of strategies that anticipate longer term education and training needs. Analysis undertaken by the ABS suggests the strongest correlation between the job vacancies series in one quarter and the employment series is 3 quarters ahead,⁹ suggesting that the reliability of job vacancy series for projecting future demand for professional skills has its limitations due to the long lead times in developing professional skills.

The bulk of Australia's labour market survey activity is based on the Australian Standard Classification of Occupation System (ASCO), which provides a common framework and definitions used to gather occupational data consistently across the country and over time. There is a strong sense among professional associations that the ASCO system is too slow in capturing and describing new occupations as well as encapsulating the skill changes in occupational titles that remain constant over time. In some cases it is impossible to identify specialisations within professions.

The major deficiency with the ASCO data is the focus on skill sets rather than occupational title. There are many different skills linked to employability, for example, management skills, problem solving, effective communication and ability to work as a member of a team. Information collected needs to be geared to capturing information on both qualitative and quantitative skills shortages.

DEST publishes data on course completions in the field of study. DEST has recently replaced the Commonwealth Tertiary Education Commission (CTEC) classification with a new Australian Classification of Education (ASCED) published by the Australian Bureau of Statistics. The new ACED classification has resulted in a considerable broadening of the scope of the field of education for some occupations, for example, the widening of the definition has involved the inclusion of so-called *related technologies* in the *engineering* field of education. As a result it is no longer possible to undertake historical comparisons of new data with the statistics previously provided by DEST. This will limit the usefulness of this data in analysing trends and what's happening in some specialisations.

There are two other general sources of information on higher education outcomes. *Gradlink* (Graduate Careers Council of Australia) produces information about employment prospects of graduates, their earnings, and their level of satisfaction with their university experience. These summaries are produced each year and are based on data gathered for graduates who completed their degrees in the previous year. The Australian Vice Chancellors Committee Graduate destination surveys are updated on an annual basis. While this information is of some value to prospective students and employees, its focus is short-term.

⁹ Australian Bureau of Statistics website

Longer term projections of population growth and demographic change alone do not provide sufficient information on which to estimate the future supply and demand for professional occupations. Supply and demand for individual occupations are influenced by a complex array of non-demographic factors including technological change, government policy/regulation and consumer expectations. It is therefore necessary to undertake more in depth analysis of the factors driving demand and supply for individual professional occupations.

Research capacity

The current approach to research and analysis of professional workforce issues is ad hoc and insufficient to support broader based priority setting at a national level. Studies or reviews are undertaken in response to concerns about the current and projected imbalances in supply and demand in some professions, for example, the Federal government has recently completed national reviews of nurse and teacher education. While these reviews are essential, many other professional occupations currently experiencing shortages can be overlooked.

Funding is available to fund research into workforce issues for some professional occupations on an ad hoc basis. The Australian Institute of Health and Welfare, for example, has funded studies such as those on the dental labour force in Australia and the characteristics of the nursing workforce in Victoria. State governments also undertake studies from time to time. There are also examples of useful collaborative initiatives between industry, government and educators such as the IT skills hub which provided a focal point for IT skills information, training and employment opportunities in the Australian Information Technology Industry when skills were in short-supply.

The Federal Government's announcement, prior to the last election, of a proposal to map Australia's science, engineering and technology skills base is also a welcome development.

Some professional associations also sponsor research into skill formation issues, however most professional associations have limited resources available for research of this type.

In summary, while some of the existing data resources and research will provide invaluable input into mapping Australia's longer term requirements for professional skills, it does not provide a sufficiently comprehensive and robust information resource to determine priorities for investment in professional skills capacity. To more accurately assess longer term needs and fully understand the complexity of the issues impacting on professional workforce supply and demand more comprehensive workforce data and research is urgently required.

What are the benefits of mapping Australia's longer term requirements for professional skills?

Labour market information provides the foundation on which assessments can be made of the current and likely future labour market conditions across the economy and for specific sectors. Monitoring labour markets to produce timely and accurate information is important as governments, higher education institutions, employers and prospective students make decisions, often with significant cost implications, based on perceptions about employment trends, job vacancies, pay rates and other factors. Comprehensive and publicly available information is essential for the effective functioning of markets.

Devoting additional resources to developing comprehensive and robust workforce data across the professions, including projections of future supply and demand, will have a number of important benefits:

Better match national higher education priorities with changing business and community needs

While it is complemented by immigration and internal mobility flows, the higher education system is the main source of professional skills. A responsive and flexible higher education and training infrastructure is therefore fundamental to better matching the supply of professional graduates with changing demand.

What studies reveal about longer term supply and demand for dentists

There are currently approximately 9,000 registered dental practitioners within Australia.

Approximately 85% of registered dental practitioners engage in general practice, with approximately 12% engaged as specialists. The remainder is involved in administration research/education.

Of those engaged in general practice: approximately 83% are involved in private practice, 16% in public sector practice with the remainder involved in industry and other activities. Approximately one third of registered dental practitioners are aged 50 and above.

Currently, it is estimated that there are approximately 28.8 million visits made by Australians to their dental practitioners each year. Studies suggest that by the year 2010 this figure will increase conservatively to 33.2 million visits per year- a 15% increase.

There is no current program in place to produce additional dentists to cater for this increased demand. An ad hoc decision has been made by Griffith University on the Gold Coast in Queensland to start a dental course in 2004. This course will take in 30 students initially with anticipated graduation at the end of 2008.

Studies reveal that to cater for the changing oral health of the nation, population increase and the expected decrease in the number of dental practitioners through retirement etc, and to maintain an adequate dental labour force, the number of dental graduates from the present Australian Dental Schools will need to increase by 120 per year. Existing dental graduates number approximately 220 per year from the five existing dental schools. To satisfy the need for the required increase, these existing dental schools should increase graduate numbers by 24 graduates each per year.

University funding to dental schools has been insufficient and staffing levels have fallen. The dental profession has assisted in overcoming this funding shortfall by providing voluntary unpaid tuition. For example, external examiners, some outside lecturers and clinical tutors have worked voluntarily for many years at most Australian Dental Schools. Clinical training has reached a point where dental students at the Schools rely very heavily upon this donated teaching service.

A recent OECD study identified Australia as second last in the quality of its adult oral health.

Source: Projections of the Australian dental labour force – Australian research Centre for Oral Health 2003

Skills shortages will not be readily addressed by expanding university places when it takes a considerable amount of time to obtain the necessary qualifications or where there may be other

impediments to expanding the number of graduates in a particular profession. The comprehensive information that would be produced through mapping our future professional skills requirements will ensure governments are better placed to identify higher education priorities that closely reflect a balanced assessment of Australia's longer term economic, social and environmental needs. It will also better inform the development of policies and programs aimed at influencing the scale and shape of Australia's tertiary education sector to be more responsive to changing needs.

The financial resources that governments have available to invest in higher education are also finite and it is important these resources are used as efficiently as possible. Better information and research will support more cost effective decision-making by all stakeholders.

The *Backing Australia's Future* package, announced in the context of the 2003/2004 Federal Budget, provided additional tertiary places prior to 2007, in the National Priority areas of nursing and teaching. The Commonwealth also gave a commitment that in determining priorities for the allocation of additional places to be available from 2007 that it would consult with the States and Territories about their future workforce needs. While these commitments are welcome, it is important that, in determining priorities, provision is made for a thorough and balanced assessment of national needs including:

- Important services provided by non-doctor/nurse health workforce professionals;
- Services essential to the business sector's capacity to respond to changes in the business operating environment;
- Creation of the skills base to position Australia as a long-term competitor in the international knowledge based economy and underpin the growth of our export industries;
- Professional resources required to upgrade and maintain critical infrastructure and address environmental challenges; and
- Those vital professional disciplines or specialisations that are in danger of disappearing because of small student numbers.

Support a more coordinated and whole of government approach to national workforce planning and policy development

Professional skill shortages need to be considered in the overall context of the policies and programs which impact on the supply and demand for labour. Labour force policy is largely decentralised, ad-hoc and uncoordinated (although the *National Health Workforce Strategic Framework* is a positive step in addressing this problem).

Some policies influencing the availability of skilled professionals are administered at the state or territory level. Other aspects of labour force planning, including higher education and immigration policies and recognition of overseas qualifications operate at a national level. Both federal and state governments have responsibility for the provision of public infrastructure and health and education services where the professional workforce is a key input. These arrangements, while reflecting the reality of jurisdictional responsibilities, don't give sufficient recognition to the complexity of labour force planning.

The lack of coordination and integration of policies impacting on the demand and supply of professional skills can lead to inefficiencies in the allocation of scarce resources. For example, a major issue for the audiology profession is the lack of coordination between government policies impacting on the supply and demand for audiologists. Education policies are limiting supply while policies driving hearing services are expanding demand. The move in some states to extend the duties of dental therapists to address the urgent need in aged care facilities for dental assistance is draining school dental services of much needed talent and undermining effective child dental services.

Comprehensive workforce data and information would play a valuable role in more effectively linking government policies impacting on the development of Australia's professional skills stock and policies influencing the demand for these skills.

Facilitating cost effective decision making by all stakeholders

An investment by government in mapping Australia's future requirements for professional skills will deliver benefits that will be widely shared across the community. This information will better inform the decisions of all stakeholders including governments, higher education providers, professional and industry associations, employers of professionals and prospective students. Because they will not fully capture the benefits, none of the other stakeholders are likely to make the appropriate investments in this information.

This information will be of benefit to universities in making decisions about course availability, curriculum development, faculty recruitment and investment in critical infrastructure. Better quality information would also support the rationalisation of courses, particularly in nationally important disciplines that have low participation rates.

Technological change means that professionals trained today will need to alter and upgrade their skills to meet new requirements throughout their professional careers. Higher education institutions, employers and individual professionals need to be aware of emerging skill requirements so they can respond appropriately. Professional associations also need to know whether their assessment regimes are globally competitive.

More forward looking labour market information will support students in making career decisions and in considering their education and training options. It will also assist employers and their professional associations adopt a more strategic approach to human resource management issues including the recruitment, retention and training of professionals.

It also has the potential to change the nature of the debate around the issue of skill imbalances and focus attention on the desirability of all stakeholders working collaboratively to find solutions to Australia's longer requirements for professional skills. The alternative is second best outcomes as a result of cost shifting between levels of government and a less than optimal allocation of resources by all stakeholders.

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ATTACHMENT 3

Blueprint for National Registration of the Professions

Overview

Responsibility for the regulation of standards of professional practice (for those professions where it is considered to be in the public interest) is largely the responsibility of state governments. Professions currently subject to state regulation include doctors, veterinarians, dentists, architects, engineers (Qld only), physiotherapists, psychologists, pharmacists and a number of other health professions.

The reality is that many professionals are now working across state boundaries. Some are responding to large consumers of professional services who are now operating in national and international markets. Others professionals are responding to changing demand for their services, seeking to take advantage of a broader range of employment opportunities and experiences or grow their businesses. New technologies are making it possible for many professionals to provide their services on a national basis.

Given that a national market now exists for most professional services, nationally consistent standards for those professions subject to state-based regulation would appear to offer benefits to both consumers and professionals. A system of national registration would ensure meeting the standards for registration in one state would extend the right to practice on a national basis (an approach to national registration has recently been agreed for the legal profession; while mutual recognition arrangements are already in place for the medical profession).

As part of National Competition Policy reforms, state and territory governments have reviewed their legislation with a view to removing regulations that impede competition in markets for some professional services. This review process, while eliminating many anti-competitive practices and providing an opportunity for national adoption of some best practice provisions did not, for a number of reasons, deliver national registration (despite two professions being subject to national reviews). There is some anecdotal evidence that state legislation for some professions is becoming more divergent over time.

The existence of restrictions on the right to practice in another state/territory without prior approval by a regulatory body can act as a restriction on competition and is unlikely to be in the best interests of consumers. It can also reduce opportunities for professionals to broaden their experience and gain new skills. The lack of a national registration system and mutual recognition arrangements for those professions where registration is a legislative requirement creates a number of problems including:

- Variability in approach between states and territories relating to a range of issues including practice standards, restrictions on operation and continuing

- education requirements which can be confusing for those professionals needing to work across state borders;
- Reducing the mobility of professionals because the process of obtaining new registrations is often cumbersome and slow;
 - Unnecessary costs imposed on professionals wishing to practice in more than one state;
 - An unnecessary (though minor) impediment to negotiating mutual recognition arrangements for some professions under free trade agreements.¹⁰

Implementing national registration may also provide an opportunity to address any remaining restrictions which impact on competition and are difficult to justify in terms of public benefit, that were not effectively addressed in the National Competition Policy review process.

Way forward

Professions Australia is developing a template for reform (the *Blueprint*) which would provide guidance to individual professions including those that wish to pursue national registration with government. The purpose of the *Blueprint* is to provide a policy framework, which is consistent with competition principles, to guide the implementation of national registration based on nationally consistent standards for:

- Professions currently regulated under state government legislation;
- Professions that are self regulating or those that may be subject to government regulation in the future;
- Emerging professions that have/or are proposing to establish self regulatory arrangements including for accreditation.

Professions Australia member bodies who are self-regulating are concerned to ensure that their quality assurance arrangements represented by standards or Codes of Conduct are responsive to changes in the business environment, particularly in relation to corporate governance. The *Blueprint* is intended to provide guidance to those professions that are self-regulating who wish to ensure their Codes of Practice/Conduct and accreditation arrangements are consistent with competition policy principles and deliver the best outcomes for consumers of their services.

The *Blueprint* may also be useful in providing policy guidance to members on some competition related issues, for example where a profession may be seeking authorisations from the ACCC.

¹⁰ According to DFAT impediments to trade in professional services have more to do with restrictions relating to government procurement and movement of people than professional qualifications/standards. It is however important that regulation does not impose qualifications requirements unrelated to quality of services required.

The **Blueprint** will acknowledge that Australia is a single integrated market, exposed to domestic and international competition and that national registration of individual professions is a logical step to promote competition. The **Blueprint** will contain clearly enunciated objectives and reform principles and articulate the benefits of reform for both consumers and the professions.

Where national registration is the goal, the key elements of the framework outlined in the **Blueprint** will provide a guide to the development of individual provisions and any amendments required to existing legislation for individual professions to deliver nationally consistent standards.

The objective of national registration should be to:

- Remove constraints on the development of a national market for the supply of individual professional services and provide a platform for other efficiency-enhancing reforms (including the reduction of compliance costs for individual professionals/professional firms);
- Provide for a national regulatory system through uniform/consistent State and Territory legislation;
- Enhance consumer protection and end inconsistent protection of consumers, with the implementation of national standards where necessary;
- Promote access to overseas markets for professional services (although it is recognised the benefits of national registration in this area are likely to be very limited and there are probably more effective ways to facilitate market access).

It is noted that the benefits from national registration for individual professions are likely to vary as will the barriers to achieving national registration.

Key Elements of the Framework

The possible key elements of a framework for national practice/standards are listed below – there may be additional issues that need to be included. The next step would be to develop principles/policies for the sub-items under each element, consistent with national competition policy principles.

- ***Implementation of a national market:***
 - A regulatory framework which facilitates a national market for professional services (i.e. uniform or consistent state legislation);
 - Reduction in the regulatory burden – removal of barriers to the operation of a national market;
 - Right of professionals for self-regulation;

- Enhanced cooperation and information sharing between regulators.
- ***Uniform requirements for professional education;***
 - Professional education;
 - Supervised training/placements;
 - Continuing education.
- ***Regulation of Professional Practice:***
 - Professional conduct and ethics;
 - Incorporation;
 - Specialist accreditation;
 - Multi-disciplinary practice.
- ***Consumer protection:***
 - Professional standards schemes;
 - Disciplinary processes;
 - Practices which on health/safety/trade or other public interest grounds need to be restricted to licensed practitioners;
 - Transparency (fees, advertising, reservation of title, any others?).

The framework should embrace governance issues such as transparency, accountability, efficiency, adaptability and coherence.

Options for National Registration

The professions are subject to varying levels of regulation:

- Government regulation (explicit government regulation or black letter law);
- Co-regulation (refers to the situation where a profession develops and administers its own arrangements, for example, codes or standards, but government provides the legislative backing to enable the arrangements to be enforced);
- Quasi-regulation (refers to where government has influenced a profession to comply, for example, by developing standards or codes, but not by way of explicit government regulation such as legislation or black letter law);
- Self-regulation (where a profession has formulated its own code of conduct and is solely responsible for enforcement).

There are three possible options for achieving national registration (for those professions that are currently subject to government regulation at the state level):

1. Commonwealth legislation to regulate a profession with relevant state powers being ceded to the Commonwealth;

2. The Commonwealth to be given powers to set national standards with the states maintaining responsibility for administration and enforcement;
3. Mutual recognition arrangements:
 - Driver's license model – registration by one registering authority would provide permission to practice throughout Australia.
 - Enhanced arrangements including harmonisation of standards.
 - The Professional Standards Council model.

Some form of **Mutual Recognition Arrangement (MRA)** is likely to be the preferred approach for a number of reasons.

While the first option has the benefits of efficiency, cost effectiveness and uniformity it is likely to be difficult to achieve because of the potential for concerns about states rights and risks creating too many obstacles, for example, state based registration boards would need to be abolished. The Commonwealth would also have to find the resources for enforcement and administration. There may also be practical difficulties associated with a single national registration board. The second option has some of the disadvantages of the first with the risk of administration and enforcement becoming more divergent over time. The advantage of the third option, while not necessarily the most cost-effective, is that it is less likely to meet with resistance and should happen more quickly.

MRA's would involve:

- Professionals required to seek registration from 'home jurisdiction';
- Registration being fully transportable and recognisable in each Australian jurisdiction with no additional fees to apply;
- Responsibility for regulation is that of the 'home jurisdiction';
- Mutual recognition of any restrictions or conditions placed on the registration certificate by the 'home jurisdiction';
- Recognition of disciplinary orders issued by registration bodies in each Australian jurisdiction;
- Regulatory bodies to share information and cooperate in investigations.

Consistency of state legislation should not be an end in itself but the preferred outcome where it impacts on the ability of individual professions to operate nationally and the quality of service to consumers.

Professions Australia Registration Committee
May 2005