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## **Response to the Issues Paper: “Review of Regional Loading-Issues for Regional Provision”**

### **Introduction**

The Australian Universities Community Engagement Alliance (AUCEA) is an alliance of Australian universities committed to university-community engagement. AUCEA aims to promote the social, environmental and economic and cultural development of communities through higher education, research, innovation and leadership in ways that are mutually beneficial for the university and their communities. This submission recognises a diversity of views among member organisations and that these will differ in matters of emphasis. These views nonetheless reflect an overall concern for the adequate funding of regional delivery recognising both increased costs and reduced opportunity for earning income. These views also emphasise the importance of the physical presence of university campuses and staff in the regions which are conducive to enhanced participation, engagement and development of human capital.

At its first National Conference in 2004, AUCEA emphasised the importance of higher education for regions across Australia. However, it also recognised that in being responsive to the community needs of Australia's regions, universities are challenged by the constraints identified in the Bradley Review and aptly summarised in the Key Issues outlined in the Review of Regional Loading paper (DEEWR, 2009, p2). Most recently, the Partner Survey component of the AUCEA Benchmarking Pilot, undertaken by 10 member universities, has confirmed the strong community and cross sectoral community relationships already established by regional campuses and the regional impact of this engagement (Langworthy, 2009).

However, AUCEA suggests that a different concept for determining the allocation of loadings is required if we are to develop a “new more logical basis for funding” (DEEWR, 2009, p1) and to achieve greater participation and engagement with communities.

### **Recommendations**

This submission recommends:

1. that the present higher education regional loadings scheme be discontinued in favour of a new scheme that has two underlying principles:
  - a. a much simpler formulation, statistically and spatially. The present scheme is convoluted in its calculation and its use of the concept 'region' is inaccurate.
  - b. targeting of those institutions and regional communities, wherever they are located, that can demonstrate that the operating cost of that location;
    - i. is an impediment to realising greater levels of higher education participation for the region,
    - ii. stands in the way of strengthening institutional viability, and
    - iii. impacts on its capacity to contribute significantly to the region's future through education.

Each institution would need to:

- provide evidence of existing regional engagement on the basis of campuses and staff located in regions
  - provide evidence in the form of measurable targets and timelines that participation levels can be raised to a sufficiently higher level within a reasonable period;
  - identify initiatives and measurable targets that enhance the wider role of higher education as an economic driver by strengthening the human capital in those regions in which it has a presence;
  - compile a human capability strategic plan (ie beyond human capital), in association with other education sectors and regional community partners, as the centre piece for achieving (i) and (ii); and
  - provide evidence and targets that can demonstrate strengthened institutional viability through the implementation of the plans in (i), (ii) and (iii) above.
2. That the performance targets and measures in 1(b) be in the form of a negotiated partnership agreement between the higher education institution (on behalf of the relevant campus), its regional community, represented by key regional university partners , and the Government that effectively connects the research, learning and teaching and community engagement mission of the university. It should be noted that some AUCEA members feel that the regional loading simply be based on participation and should not form part of a performance-based compact; if this is the case, the individual University submissions take precedence over this joint submission.
  3. That the total funding available be an indexed increase of the amount under the present regional loading scheme. AUCEA recommends a one off increase in the total funding in addition

to the indexation. The negotiated loading would need to take into account the cost of the process of supporting engaged learning. The increased loading reflects not only the greater direct costs to the institution (eg in staff travel to conferences) but also the reduced capacity of those institutions to access income from major businesses, consultancy or international students.

### **Benefits of the proposed model**

The proposed model:

- does not rely on convoluted statistical/ formulaic analysis and is not based on misconceptions of what 'regional' actually means;
- targets those institutions and regional communities that can clearly identify cost as an impediment to realising identified potential higher education participation levels within a reasonable period;
- is based on a negotiated agreement between the university and key regional partners that encompasses the tripartite mission of the university rather than a complex formulaic model or competitive grants scheme not conducive to good dialogue;
- directly contributes to the enhanced viability of the institution through initiatives that focus on a regional mission to strengthen human capital outcomes;
- is consistent with the objectives of the 2008 Review of Higher Education in raising higher education participation and completions;
- enhances the contribution of regional economies to national outcomes, reduces current widening spatial economic disparity and overcomes unnecessary 'brain drain' from regional communities, particularly in non-metropolitan areas, by contributing to the realisation of human capability regionally and strategically;
- includes "outer urban" campuses in the discussion; and
- benefits students by enhancing their employment prospects in the region where they live by building their 'enterprising' capabilities, participating in work experience with local institutions and industries and potentially finding employment in the region after graduation. Such students, rather than being the subject of the underemployed in the region or the 'brain drain' from the region, with the model proposed would have more positive outcomes for the capabilities they have.

## Discussion

### *Context*

The regional loadings policy was announced as part of the post-*Crossroads* (Nelson 2002) white paper *Our universities: Backing Australia's future* (Nelson 2003).

The policy was introduced to enhance higher education participation in those regions outside metropolitan areas where it was claimed operating cost proves an impediment to achieving this goal. The policy was also a response to the trend in university campus regionalisation that has occurred in Australia over the past three decades with many campuses now located outside the metropolitan centres.

There are now more than 160 university campuses in this country and many more university teaching and learning access centres. About one-third of these campuses are located in non-metropolitan areas. Much of this regionalisation of universities has come about over the past three decades on the back of efficiency and equity policy arguments, in response to the dual forces of demographic change (growth and geographic shift) and the massification in higher education.

### *Equity and efficiency*

On the equity side there has been a long standing concern at the imbalance in higher education participation between metropolitan and non-metropolitan areas (including low SES), and in rural and remote areas in particular. On the efficiency side there has been a policy of higher education institutions reducing their financial dependency on government funding. At the same time, many believe that the university might be an engine to boost national priority outcomes through stronger regional development.

Higher education institutions have argued that in order to deliver on these equity and efficiency goals they need to be subsidised for the additional costs of their operation in non-metropolitan centres. There have been various studies that have identified the apparent higher costs of non-metropolitan operation. These tend to relate to the cost of smaller classes, duplication of services, difficulties in recruiting staff, and in some cases, needing to provide additional student support. There are also significantly reduced opportunities for income generation whether from large business, consultancy or international students.

DEEWR's own research indicates that in relative terms higher education participation in non-metropolitan Australia has fallen further below that for metropolitan Australia. This research follows earlier work by DEST (Stevenson et al 1999 and 2001, Cumpston et al 2001) that highlighted the growing disparity in higher education participation between metropolitan and non-metropolitan

Australia. These findings have been reinforced by a number of reports and studies nationally. For example, the Outer Urban Higher Education Working Party established by the Victorian Government in 2003 found that this disparity was also evident in outer urban areas. In 2001 the ratio of equivalent full time student university places to population in inner Melbourne areas was between two and seven times greater than the ratio in outer metropolitan areas (Langworthy, 2003) and the On Track Project longitudinal research into the destinations of schools leavers consistently demonstrates lower levels of post-secondary educational engagement in outer urban and regional areas (Teese, R., Polesel, J et al, 2006).

### *Regional engagement and human capability*

Research by Garlick, Taylor and Plummer (2007) and Taylor et al (2008) argues that access to human capital is the most significant driver of regional economic development in Australia and it is the growing unequal access to this human capital that mostly contributes to the growing economic disparity between high growth major metropolitan regions and the remainder of the nation. This research called for a greater focus on 'enterprising' human capital initiatives by universities for regional development. It also called the leadership role of universities to be strengthened, in partnership with other education providers and regional communities to ensure there is a strategic approach to building broader human capability outcomes in the region and reducing leakage through 'brain drain' and underemployment. It is important that this development should be in situ in the region and not rely on a hubs and spokes model which encourages 'internal colonialism' and a dependence on metropolitan universities.

There are good examples of co-located TAFE Institutes and Universities and there is opportunity for a more integrated education sector in the regions, including from the earliest ages of education (Heckman 1999, 2007), with programs designed collaboratively providing more effective pathways.

There are also good examples of learning in the workplace that provide models for how 'enterprising' capabilities can be fostered in an integrated way with education sector pathways and with regional industry and of engaged research which supports regional development

It is suggested that universities have a key role in contributing to stronger regional economy outcomes because of their focus on knowledge creation and dissemination, their spatial distribution, and their potential for relative freedom of institutional thought and expression.

A regional human capabilities approach emphasises individual 'ambition' and 'opportunity' in human capital, rather than narrow competency-oriented, path dependent learning to meet specified commodity-oriented objectives (Sen 2009). Sen emphasises the relevance of the human capability approach for communities, as communities can shape and be shaped by an individual's broad

capability. This capability is developed through teaching and research engaged with the locality and community.

The presence of a successful and visible university working with other education entities and with business and the community can assist in raising the aspirations of young people, and consequently increase participation in the region.

Capabilities include both cognitive and non-cognitive characteristics, where the level of return on investing in them is influenced by 'sensitive periods' and 'critical periods' in the human life cycle, particularly during youth and where there is evidence of a certain pre-existing level of capability (Heckman 1999, 2007).

### *Definition of 'regional'*

The term 'regional' should not be used to refer to only certain parts of the country and not others. As a spatial concept it refers to all areas with a particular set of defining economic, social, administrative, physical, and community of interest characteristics that distinguish it from other areas whether they are metropolitan or non-metropolitan. Historically this has been the case in Australia for many years and is a standard approach internationally:

([http://www.oecd.org/document/16/0,3343,en\\_2649\\_35961291\\_34406608\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,3343,en_2649_35961291_34406608_1_1_1_1,00.html)).

The questions raised in the Issues Paper and the design of the current regional loading defined under the Commonwealth Grant Scheme highlight the tangle that occurs when 'regional' is used as a dividing notion in recognising the location of a higher education institution for policy funding.

The Issues Paper appears to define 'regional' as places that are outside metropolitan areas. However, some of the most historically significant regions in Australia are in metropolitan areas such as western Sydney, western Melbourne and northern Adelaide. The universities supporting higher education provision in these "outer metropolitan" regions have no less a connection with their communities than do other non-metropolitan located universities. If it is the intent of the Issues Paper to focus only on non-metropolitan centres then it should simply refer to 'non-metropolitan', but not 'regional'. The 2008 Review of Higher Education makes the same error.

The result of this misuse of the term 'regional' is that location, and in particular the costs of provision in that location, is used as a determinant for higher education funding rather than using higher education focus and mission. The OECD regards the connection between regions and universities as relating equally to large metropolitan centres and small rural centres:

([http://www.oecd.org/document/16/0,3343,en\\_2649\\_35961291\\_34406608\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/16/0,3343,en_2649_35961291_34406608_1_1_1_1,00.html) ).

This submission suggests that it is wrong to design a policy on this divide between metropolitan and non-metropolitan and that funding should focus instead on an institutional mission tied to spatial considerations that relate to human capability outcomes in the regional community through stronger higher education connectivity with other education sectors and with regional business and the community.

Other simple indicators of regionality have been proposed by some partner members of AUCEA. These include university campuses in regions with populations less than 100,000, or numbers of university staff located in regions as a proxy measure of engagement. This submission recognises that the member universities of AUCEA have a diversity of perspectives but all are concerned for an effective solution to regionally-engaged provision which is based on physical presence and genuine community engagement. If member universities have proposed other measures, then the submissions of those individual universities take precedence over this joint submission.

Those supporting the simple structural view of university location often quote regional economic multiplier figures to support the case that the university is a valuable part of the local community. These multipliers do not see the university as a knowledge creator and distributor, but one that values the non-transaction-based knowledge activity of the university and the community at zero. They do not include the knowledge generating core business of the university, nor the knowledge and creativity of the community, nor do they see the community as a place of opportunity based on its own unique mix of economic, social, cultural, and natural attributes and history.

It is noted that there is little mention of students in the Issues paper, and there is opportunity to include consideration of the benefits of studying in the region where they live, participating in work experience with local institutions and industries and potentially finding employment in the region after graduation. With the model proposed in this submission, such students, rather than being the subject of the underemployed in the region or the 'brain drain' from the region, would have more positive outcomes for the capabilities they have.

## **Conclusion**

AUCEA considers that DEEWR has a significant opportunity to address the issue of increased participation of regional students in higher education consistent with the Bradley Review, to assist universities to take an even greater role in developing regional economies, and human capabilities with a new approach to regional loading in the way suggested in this Submission. AUCEA would be happy to engage with DEEWR in further discussion about how such a new scheme might work in practice.

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