



SERVING REGIONAL MARKETS

Professor Ian Goulter
Vice-Chancellor and President
Charles Sturt University

Financial Review Higher Education Conference 2009
Sydney – 9 March 2009

Higher Education is no longer at a crossroads, but a turning point and the GPS is still re-calibrating.

Let's look back first. The Bradley Review's call for a significant expansion of opportunity in domestic higher education in Australia echoes that other great transformative period in higher education – the Dawkins Era.

Could or should we have expected anything else?

In case we forget, the Dawkins Reforms of higher education ushered in a massive expansion in higher education participation and attainment.

As a result of Dawkins, greater numbers of Australians have had the opportunity to go to University with domestic enrolments increasing from around 420,000 in 1989 to over 700,000 in 2006.

Importantly, this did not just increase participation for more Australians – but provided more university participation in more locations! It is necessary to interpret locations as more than campuses. It raised the bar of possibility.

Over this period, hundreds of thousands more Australians from a broad range of geographic areas and SES backgrounds have had the opportunity to realise their full potential as individuals and citizens and, together with Australia, reap the significant rewards of quality higher education.

For Australia, higher levels of education attainment have led to direct and immediate benefits for our national wealth and standard of living.

Further expansion of higher education attainment holds the best promise for Australia to remain at the leading edge of international social and economic well-being.

For example, Access Economics has estimated that an increase of 0.15 years in formal training and in the average length of education would add a further 1.1% to GDP and 0.62% to productivity by 2040.

Numerous studies have demonstrated that increased higher education attainment leads to improved health and lifestyle, reduced rates of crime and increased levels of civic participation and volunteering – strong social outcomes.

The old claim that higher education delivers only private benefits at a public cost is now clearly seen for what it is – manifestly incorrect.

By 2006 more than 90,000 people were employed in higher education, generating total revenue of \$15.5 billion making higher education an integral part of the social and economic sustainability of communities around Australia.

In our own inland cities of Bathurst and Wagga Wagga, Charles Sturt University contributes 12% and 9% respectively of total employment in the relevant Statistical Divisions and more than \$260 million in Gross Regional Product.

Our graduates provide the vital professional services needed to sustain rural and regional communities, occupying positions as pharmacists, physiotherapists, radiographers, midwives, paramedics, agronomists, accountants, teachers, social workers and very soon vets and dentists.

As well as being the 3rd largest export industry in Australia, with \$12.5 billion in export earnings, higher education contributes not only to the national wealth but to the exchange of ideas and the enrichment of our communities and culture.

Why would any Government seek to turn back the great advances made by our nation over the last 20 years? But there is more to be done.

The Deputy Prime Minister has now endorsed the Review recommendation to sharply increase participation rates of under-represented groups and adopted an overall target increase in the share of 25 to 34 year-olds holding a bachelor degree or above from 32 per cent to 40 per cent by 2025.

And today a target of 20 per cent of higher education enrolments to be from low SES groups.

Increased participation in regional areas will contribute significantly to achieving both these targets.

So, what are the challenges for universities in regional Australia in this new higher education landscape?

The mal-distribution of higher education participation, and under-representation of particular groups is the great unresolved legacy from the Dawkins Era.

In 1999 the National Board of Employment, Education and Training commented that a higher education participation rate in rural and regional Australia of barely 65% of national population share "... should concern all those with an interest in the future development of the intellectual assets and potential of all Australians, regardless of where they live."

The same remains true today.

Mal-distribution of participation in university education not only denies the right of all Australians to the equal enjoyment of the opportunity and benefits of higher education, but exacerbates the serious shortage of skilled professionals in areas of greatest need, thereby diminishing the full potential of Australia as a nation.

The shortage of dentists, doctors, optometrists, radiographers and other health professionals, for example, reflects in large part the inaccessibility of these courses to the vast majority of people in rural and regional Australia.

As Vice-Chancellor of Charles Sturt University, I could sit back and be satisfied that we have done our bit to address the skills needs and individual aspirations of the people of Albury-Wodonga, Bathurst, Dubbo, Goulburn, Orange, Wagga Wagga and their immediate surrounding regions.

But as Vice-Chancellors we have a collective responsibility for the full achievement of the 'public good' that extends beyond some imagined line of responsibility of our own institutions to the realisation of national priorities and regional aspirations.

What I am talking about is not some remote idea of statistical imbalance, but the painfully unfair human consequence, for example, of a lack of access to skilled health and community welfare professionals in rural and regional Australia.

In 2003 the Australian Institute of Health and Welfare estimated that there were 3,300 additional deaths annually in rural and remote Australia above what would be expected for the same population groups in major cities.

It is not enough for a University like Charles Sturt to say that this is not my problem because it's not happening in my particular part of Australia's regional and rural back yard.

So, how can universities in regional Australia best serve their communities in this new higher education environment?

The answer, of course, is to invest in what these universities have been proven to be good at time and again – meeting labour force needs and promoting innovation relevant to their regions.

This requires a focus on three key areas:

1. Course profile;
2. National reach; and
3. Scale.

Before I do so, however, I want to emphasise that a critical precondition for improving outcomes in higher education for rural and regional communities is to consign the deficit model of regional higher education to history.

This deficit model is the belief that there is no unsubsidised sustainable model for high quality education research in regional Australia.

The deficit model is based on two related misconceptions:

- because of population and other systemic factors there are insufficient qualified students in rural and regional Australia to justify an investment in locally-delivered programs, such as medicine, dentistry or veterinary science; and
- a regionally located University would not be able to attract enough students from outside regional Australia to make up the difference.

Before you say 'but these are truths' I want to unpack them by reference to Charles Sturt University.

When we established Charles Sturt University's veterinary science program, commentators said a regional University would never attract top class academic staff; never be able to develop world-class research and teaching facilities, and; would never attract sufficient qualified students.

On all counts they were wrong.

Not only did we attract the best staff, we attracted them from the leading universities in Australia, the United States and the United Kingdom.

Not only are we building the best veterinary research and teaching facilities in Australia, but we are significantly over-subscribed with top-quality applicants clambering to get into our program because of its reputation for excellence and strategic focus on production animals.

The same was said of our capacity to deliver world-class dentistry, oral health and pharmacy programs, and in each case the same has been proved wrong.

Location is an important factor for a number of other reasons, but not the overriding factor in student recruitment.

Research shows that students are attracted to a University principally because it offers the course they want to do.

I do not doubt for a minute, that if Charles Sturt University offered medicine tomorrow we would have multiple qualified applicants for each place because it is a course students want to do.

I do not doubt we would attract the best staff, as we have done for all our other programs, and that we would construct world-class facilities.

What would distinguish Charles Sturt University's program from others, however, is that our graduates would be significantly more likely to choose to practise in a rural or regional community – regardless of where they came from - and thereby contribute to ensuring the same level of health services enjoyed in metropolitan Australia.

Our graduates would be attuned to the particular needs of people living in rural and regional Australia.

The deficit model of higher education in rural and regional Australia does more than promote an untrue view of the capacity and resilience of rural and regional communities to support and deliver courses of a world-class standard.

Support for the deficit model reduces the potency of arguments for the strategic resourcing of new programs that will ultimately compete with existing providers for students, staff and resources.

If we are to promote a student-centred approach to higher education, we must also ensure that students in rural and regional Australia have genuine choice and opportunity in where they study for their chosen qualification.

To do otherwise would be akin to the establishment of a competitive telecommunications market, while leaving a dominant player in control of all the resources and infrastructure.

Market design is not about Government's exiting the competitive market space, but ensuring that competitive markets exist and operate fairly for all Australians.

I was told a story a few years ago about a Vice-Chancellor who asked, incredulously, why a University located in a regional area should be allowed to have a world-renowned journalism school – as though high quality, strong reputation and a level of student demand the envy of the sector were not sufficient reasons.

The Gillard Reforms give us hope that we have moved beyond these debates and that the Government will embrace an enabling model that is based on achieving national outcomes for rural and regional Australia.

So, how can universities in regional Australia best serve their communities in this new higher education environment?

As I have said, we need to accept that a world class course profile is what attracts students.

Secondly, we do need to accept that universities in regional Australia do not have the population catchments to be sustainable solely on student demand from their immediate communities.

Hence, a relevant and comprehensive course profile must be linked to the capacity to attract students from outside the immediate regions and to extend opportunity flexibly on a national basis through distance delivery.

It would be wrong, however, to present distance delivery as a solution in its own right.

The great expansion of distance delivery has occurred in the low cost/high volume markets such as accounting, IT and business studies.

Unsurprisingly, this has been the same market space where private providers have grown, with their ability to deploy their low overhead operations more flexibly and rapidly to a growing number of areas.

Any university that thinks it can sustain costly campus operations through cross-subsidisation from these markets in the long term, in my view, is kidding itself.

High quality distance education is not a low cost option and certainly not, in my experience, a way to leverage extra capacity to subsidise other operations.

In my view, the future of distance education lies in the next step of digitally enabling high cost clinical and technical professions.

Professor Larkins was right to say in his speech to the UA conference last week that professions like medicine and engineering will always require some form of 'on-campus' engagement, but what this view fails to see is that the idea of the 'campus' is rapidly changing – in ways we cannot even foresee at this moment in time.

Work-integrated learning has extended the idea of the campus to include work based laboratories that can be networked into the University environment to form simultaneously both a real and virtual learning environment across a range of disciplines.

Even for traditional on-campus students, digital technology has transformed the educational experience.

In our veterinary facilities in Wagga Wagga, high definition micro-cameras beam live footage of complex equine surgery onto monitors in the surgical complex.

This represents a technological leap over the days when 10 students craned their necks to observe a surgical procedure *in situ*, hoping that they got the preferred position that enabled them to see the bulk of what was happening.

Networked video systems and asynchronous storage and retrieval enable these educationally rich clinical materials to be also used by students (and practitioners) watching from another campus, an off-site networked surgery or later downloaded via the Internet.

Even on-campus, digital delivery is transforming education into a location independent experience.

The same will be true for the next generation of digitally enabled learning.

It will provide the capacity to reach into every region of Australia, metropolitan *and* rural, and into the Asia-Pacific and beyond.

Linked to digital delivery will be a more integrated pathway between the VET and the University sector.

Charles Sturt University enrolls around 25% of its students on the basis of a VET qualification.

Again, this approach challenges contemporary ideas of the geographically fixed campus.

VET pathways allow students to commence study locally in rural and remote areas of Australia, such as Walgett, Broken Hill and Bourke, and then obtain credit to a range of Charles Sturt University degrees (which can then be completed on-campus or by distance).

In Deniliquin and Griffith, Charles Sturt University has established study centres, where students study TAFE and University subjects in parallel.

This Strategy has significantly impacted on higher education participation rates in more remote communities without a local University presence.

On Friday I signed a major new VET pathway agreement with the Canberra Institute of Technology, to complement our existing agreements with Institutes like the Riverina and Western Institutes of TAFE in NSW and Wodonga and Holmesglen in Victoria.

For the above to be viable, the third precondition for success, namely Scale, must be met.

Universities offering a broad spectrum of courses, and engaged at the cutting edge of world-class digital education, need to operate at a scale that will generate sufficient critical mass of expertise and resources for continuous re-investment in curriculum design, technology, equipment, facilities and distributed campuses.

Scale also delivers the capacity to aggregate national and regional demand in what might otherwise be unsustainable low-enrolment programs.

Over the last decade, Charles Sturt University has enrolled more low SES students by distance than on-campus. With the goal of further expanding participation for low SES groups, distance delivery, supported by scale, offers an important opportunity, particularly for the non-school leaver cohort, a group often forgotten in discussions about access.

Increasing the range of courses available through digital education will continue to enhance the opportunities available to all Australians regardless of location or circumstance.

Finally, scale can overcome limited geographic reach that leaves too many rural and regional communities without viable higher education options, and their citizens without true choice.

Charles Sturt University and Southern Cross University's proposal to explore the feasibility of integrating our existing capacities is based on the principle of horizontal, rather than vertical, integration of a group of strong complementary institutions to form a new geographic and mission coherent University with the course profile, scale and reach to deliver quality University Education across regional Australia and across Australia.

Such an institution allows the pooling of capabilities, the maintenance of community connectedness and the extension of participation, underpinned by a robust distributed campus and digital delivery model.

I accordingly finish my presentation by welcoming the announcement today by the Deputy Prime Minister of funding for the conduct of a needs analysis and feasibility study into the formation of a new national University based in regional Australia.

ends