



30 April 2015

**Submission to Senate Standing Committee on Rural and Regional Affairs and Transport
Inquiry into the Future Role and Contribution of Regional Capitals to Australia.**

Charles Sturt University welcomes this opportunity to address the unique and vital role played by regional capitals throughout Australia, specifically western and south-western New South Wales, in the national economic and social community.

As a regional university that is committed to working collaboratively across multiple rural and regional communities and industries, we are glad to bring our specific experiences and view points to this larger discussion.

We look forward to the outcomes of this inquiry, and if further information or clarification of issues raised in this submission is required, please do not hesitate to contact my office.

Yours sincerely

Professor Andrew Vann
Vice-Chancellor

BACKGROUND TO CHARLES STURT UNIVERSITY

Charles Sturt University (CSU) is Australia's largest regional university, with more than 39,000 students and approximately 2100 staff. CSU is a unique multi-nodal institution reflecting the aggregation of demand and load across multiple physical campuses at Albury-Wodonga, Bathurst, Canberra, Dubbo, Goulburn, Orange, Port Macquarie and Wagga Wagga. As one of the most successful regional universities across Australia, CSU has a unique capacity to work collaboratively across its multiple communities in building critical mass and, to leverage our strength to generate the resources needed to invest in growing higher education and research in rural and regional Australia. The University's commitment to the development and sustainability of rural and regional Australia is informed by its engagement and collaborative partnerships with the communities, industries and people of the footprint regions it serves.

The University's course profile offers a comprehensive suite of academic programs that focus on addressing rural and regional workforce needs. As Australia's largest online and distance education provider, the University has been able to leverage its course profile and special expertise in professional education to deliver nationally available study programs supporting workforce skills development, regardless of location.

The success of the University is demonstrated by its sector leading performance on work-integrated learning, graduate employment and graduate incomes. Underpinning this success is the close links that CSU has forged with industry, both regionally and nationally. For example, the University is internationally recognised as a leader in work-integrated learning with students spending extended periods in employment with our industry partners as part of the degree learning and applying their knowledge in practice. Further, CSU has built its reputation, from its predecessor institutions with roots in agricultural education and research in the 1890s, around responding to industry needs by ensuring that our programs of study are relevant to what industry and regions want, and our research is guided by the challenges and opportunities that industry and regions face. This in turn ensures that our students receive a practical, relevant and industry informed education, and that they are able to achieve high rates of employment after graduating. The University's collaboration with third parties is key to its multi-party programs in recognising the particular importance in rural and regional areas of strong collaboration between CSU and other sectors to maximise the outcomes for rural and regional communities.

Aside from a focus on work-integrated learning in rural and regional centres, CSU has achieved educational and research excellence in areas such as early childhood education, teacher education, national security, policing and customs. These achievements have been forged through extensive collaboration with government, universities, professional bodies and international partners, providing world-class education, training and development to students and professionals drawn from across Australia and internationally.



CSU is also proud of its educational and research role in fields such as religion, ethics and philosophy. In partnership with the University of Melbourne, and with the largest concentration of applied philosophers, CSU is a sector leader in research across philosophical and ethical areas, further expanding the educational opportunities available to our students.

Today, CSU continues a 100-year tradition of engagement and leadership with our local communities, and expansion in the educational opportunities offered to our diverse student body.

DEFINITION OF REGIONAL CAPITAL

CSU notes that the Terms of Reference (TOR) for this inquiry purposefully do not define regional capitals, leaving this open to parties in their submissions. Therefore, for the purposes of this submission, a relatively broad approach will be taken, with the purpose of including all those regional centres in which the University has a major presence.

SUMMARY

As Australia's largest regional university, with campuses and smaller sites across NSW and Victoria, CSU believes regional capitals play a vital role in the national economy, and stand as important communities to the continued growth and evolution of our nation. Much of the national policy debate mistakes the lower relative growth rates of regional Australia compared to the capital cities as absolute decline, which whilst true in some smaller centres is not the case overall. The view that everything of value occurs in a major metropolitan setting risks becoming a self-fulfilling prophecy. A request for consideration of investment for regional centres is all too often classified as 'special pleading' when investment in capital cities is seen as economic common sense. Australia's capital cities are now starting to experience the problems created by traffic congestion encountered some time ago in European cities and seeking to move the entire population to the CBDs of our capitals is not a viable option. CSU believes the role played by regional economies and centres of business, industry and community needs to be highlighted. Centrally, CSU is strongly of the position that regional capitals require an integrated policy approach that accounts for the disparate portfolios under which issues may fall.

Across the following responses to the various TORs, this response will draw on CSU's direct experience as a regional university, and as such our views focus heavily on the implications of the TORs on higher education and research across regional capitals. This ranges from the important role of higher education in providing the skilled, educated workforce needed for continued economic growth and industry development in rural and regional areas, to addressing ever present social and infrastructure issues created by an ageing population and changing demographics.

Further, as an institution whose core activities require significant infrastructure, as well as the utilisation of state of the art technologies, CSU considers the need for increased investment in regional infrastructure, as well as the challenges this presents, critical to the sustainability of regional Australia. Finally, with growing concern regarding the impact of the changing environment throughout Australia's regional capitals, and what this means for local economies, land viability and general liveability, it is crucial that the role of research (seeking to address these impacts), as carried out by regional universities be recognised and supported to maintain the growth, urbanisation and economic evolution that has been witnessed in regional Australia over the preceding decades.

AN ASSESSMENT OF CURRENT DEMOGRAPHIC TRENDS AND THE CHANGING ROLE OF REGIONAL CAPITALS

The changes in demographics CSU has experienced across its footprint, and more broadly throughout Australia, has been marked by its variability – with different consequences and issues for different regional capitals and centres. Perhaps uniquely, CSU has experienced these demographic trends in both regional coastal areas with significant growth rates, as well as traditional inland agricultural areas, which have seen shrinking populations gravitate away from smaller townships and towards larger population centres. Our comments on how these demographic trends may impact the role of regional capitals and centres are drawn from these experiences.

As throughout Australia, regional NSW is experiencing an ageing population. As born out by data from the Australian Bureau of Statistics, this has been driven by a number of factors. In regional coastal areas, such as Port Macquarie where CSU has its newest campus, this is at least partially the result of the sea change phenomenon, with people relocating from suburban Sydney and other metropolitan areas to Port Macquarie in retirement. However, in more inland areas this ageing population is also the result of the consistent flow of teenage and working aged individuals to metropolitan areas, as well as large regional centres, in search of both academic and economic opportunities.

Notably, despite this ageing population in regional capitals across NSW, the total population continues to grow strongly. As the Grattan Institute notes in its submission to this inquiry, already concentrated population centres, including Wagga Wagga, Bathurst, Albury, Orange and Dubbo have continued to see consistent population growth. Such regional capitals continue to urbanise and evolve as new residents transform the social face of the local community. However, it has been CSU's experience that a significant portion of this growth stems from the decline and even death of numerous rural townships and isolated areas. Where once such rural townships may have had a population in the hundreds, this has dwindled as residents relocate to larger population centres seeking increased economic opportunity, as well as access to better health, education and social services.

These changes have dramatic implications for the changing role of regional capitals. Increasingly, regional capitals must be viewed as economic drivers of both the NSW, and more broadly, the Australian economies. However, such a view must account for the diversification of the economies of regional capitals. Rather than regional economies driven by only one or two industries, often agriculture, now regional capitals have a vast and varied economic base. This focus must also be balanced by accounting for the rise in retired residents who have additional needs and requirements, quite apart from such an economic-centered view. Accounting for both elements, the changing role of regional capitals necessitates considerations of the infrastructure, economic, educational and human capital requirements to ensure continued growth. This is discussed in greater detail below.

AN ANALYSIS OF CURRENT FUNDING PROVIDED TO REGIONAL CAPITALS

Operating across a large number of campuses in regional capitals throughout NSW, as well as various smaller scale locations in Victoria and the Australian Capital Territory, CSU has the benefit of having experienced an on the ground view of funding. While our explicit experience has largely been with various government education departments and educational funding agencies, through links with our local communities, industry groups and, various state and private representative organisations, CSU also has first hand knowledge and experience of regional capitals funding stemming from healthcare, infrastructure, regional development, agricultural and other related origins.

Current funding to regional capitals is usually the result of a significant number of smaller pools of funding i.e. for local education, healthcare, roads spending, infrastructure development, aged care, telecommunications etc., pooling with the occasional major initiative from either the federal or state government to create a larger total funding source. However, such funding is out of necessity portioned to its specific purpose.

The issue with such an approach, a piecemeal style regional capital funding scheme, is that it tends to ignore the flow-on effects that funding of certain infrastructure or industry in regional capitals can have to the broader community. For CSU, the prime example is our presence in our local communities, and the flow-on and capacity building effects this has. At present, CSU generates almost \$1 billion in annual flow-on regional economic output to those locations in which we operate, with a university multiplier effect of \$4.75 for every \$1 of CSU activity. CSU's out of state student load, currently at a little over 8000, leads to more than \$60 million in income for our regions annually. Furthermore, the above figures do not account for the capacity building that investment in CSU leads to. For example, graduates from CSU's dentistry degree have recently set up an additional dental clinic in Orange, where the CSU school is based. Similarly, CSU pharmacy graduates have established a number of pharmacies across regional NSW. Such entrepreneurial ventures themselves generate economic activity, increase local employment and have resulting social infrastructure benefits to the communities, none of which is captured by those figures presented. This stems from an initial investment in CSU.

However, at both a state and federal level, current funding for regional capitals, and specifically for regional higher education, does not take into account such flow-on. Instead, it remains focused on the primary purpose/outcome. Rather than viewing investment in higher education for regional capitals, such as CSU, as an investment in regional development, the expansion of regional economies and the evolution of regional social and human capital infrastructure, it merely sees it as an investment in education. While CSU, and other regional universities, are educational institutions, we play a significant role not properly acknowledged by current funding provision, nor vision for that funding.

Further, CSU takes issue with the Grattan Institute's characterisation, contained in its submission to this inquiry, of regional universities as expensive schemes, which do not produce materially, accelerated growth or productivity in slow-growth regions. In fact we, along with others, would question the methodology that the Grattan Institute used to reach the conclusions in their 'Investing in Regions' report. In considering regional retention and participation levels they appear to have drawn conclusions by comparing highly scattered data from similar sized cities and fitting straight-line models to the data. However, a visual inspection of their plots (e.g. Figure 12 on p36) shows that there is not an obvious trend increase in attainment rate against city population size. They note that *"those regions with a local university had higher rates of 22-year olds with bachelor's degrees (15% compared to 11% in non-university regions) and double the proportion of bachelor degree holders still living in the local area (49% compared to 24%)"* and yet they reject the presence of a university as a causal factor. They also note that other researchers have reached different conclusions. In their analysis of the economic impact of regional universities, they acknowledge they have decided to classify Gold-Coast-Tweed, Sunshine Coast, Bundaberg and Dubbo as cities that are 'non-university' even though they do in fact have significant university presences and they justify this on the percentage of local workforce employed by the universities. It is not clear how this would be relevant to the contribution those campuses make to general employment and economic growth, such as availability of human capital and infrastructure linkage. For all these reasons we play little reliance on the conclusions reached by the Grattan Institute in their report. We would once again point to the above figures which illustrate the significant economic output generated by just CSU, with other regional universities situated in various regional centres and capitals also producing similar outcomes for their communities. In addition, regional capital funding has to account for the social capital investment and outcomes, which cannot simply be measured by productivity scores. While CSU acknowledges that productivity in regional capitals remains a focal point, and vital for continued economic growth, ignoring social infrastructure and benefits risks substantial consequences moving forward, especially with an ageing population. This point will be addressed further in response to subsequent TORs.

AN ANALYSIS OF THE BENEFIT OF ADDITIONAL FUNDING REGIONAL CAPITALS COULD RECEIVE BASED ON POPULATION, DEMANDS FOR SERVICES AND THEIR STRATEGIC IMPORTANCE FOR THE REGION, STATE OR COUNTRY.

As the largest regional university in NSW, and a leading university in regional health related education, CSU has experienced first-hand the demand throughout regional capitals in NSW for increased funding in health and retirement related areas, as well as for educational opportunities. This has stemmed both from school leavers as well as mature aged students wishing to upskill and access greater opportunities. Both areas present strong cases for additional funding to enable continued growth in the economic and social capital of regional capitals.

The combination of an already ageing population, often amplified in rural and regional areas, as well as the trend of retirement to regional capitals presents a major burden to the existing levels of funding for health and other aged-care related services. Despite a national oversupply of nurses, CSU has seen in our local communities continued increase for demand for nurses, including those specifically trained in aged care nursing. There has also been similar increased demand for related health professions. Though such increased demand may belie national trends, it speaks of the unique pressures being faced by regional capitals, which often do not possess adequate existing capacity and infrastructure to absorb demographic trends. This is backed by internal graduate destination figures, which show more than 80 percent of CSU Nursing graduates remain to work in regional areas, reflecting strong local needs and shortages. Similarly, almost 60 percent of CSU physiotherapy graduates remain in regional locations, despite potentially higher salaries in urban locations.

However, the supply of qualified individuals is not sufficient to address the requirements of an ageing population in regional capitals without funding for related infrastructure and support. While there are other organisations better placed to comment on the exact form of increased investment required in this area, CSU supports increased capital to address these needs. Moreover, it is important to acknowledge that increased funding to regional capitals to address these potential issues also plays an important strategic role in supporting continued economic development and growth. Not only does such funding lead to further employment and economic opportunities, it also positions regional capitals to remain attractive locations for working-age individuals to seek employment and raise families. This is already occurring with increased urbanisation of many regional capitals, but further investment and related support is required for this to continue.

Another potential area for additional funding is education, and the development of economic opportunities in regional capitals. Currently, too many school leavers feel they automatically need to relocate to metropolitan areas to pursue educational and career opportunities. This trend has major demographic implications. Similarly, funding of educational opportunities in regional capitals also supports mature aged individuals seeking to increase their skills and employment prospects. One of the most significant impediments to continued economic and related growth in regional capitals is access to trained and skilled human capital. Though there are often cost benefits available for

businesses to relocate to regional capitals, this cannot be realised without an adequately skilled and educated workforce. While participation rates amongst rural and regional populations in higher education have been increasing, they remain significantly below metropolitan levels. Further funding to address this in regional capitals is vital for these centres to remain strategic hubs of economic growth across the nation. In addition, maintaining growth in working aged populations is vital for regional capitals to continue as economic centres, especially given even greater growth in retirement-aged populations.

INVESTMENT CHALLENGES AND OPPORTUNITIES TO MAINTAIN OR GROW REGIONAL CAPITALS, INCLUDING INFRASTRUCTURE, COMMUNITY AND HUMAN SERVICES, COMMUNICATIONS AND NATURAL RESOURCES

Any discussion and analysis, as in the response to the previous TOR, of increased funding to regional capitals based on population and demand for services, cannot provide an adequate argument without a specific discussion of infrastructure challenges. Perhaps the single greatest challenge to continued economic, demographic and social growth in regional capitals concerns access to a wide array of infrastructure. Ranging from communications technology and adequately equipped human capital, to educational and related economic programs, infrastructure provides significant opportunities and challenges to growing regional capitals.

As a leading regional university, CSU has a strong track-record in delivering high quality, rurally and regionally focused research across a broad spectrum of disciplines, including agriculture, environment and water sciences, to industry specific areas such as viticulture and wine making. Across these diverse disciplines, CSU research is at the forefront of working hand-in-hand with industry and concerned parties to bring about research with a practical use. However, supporting research infrastructure in a regional setting presents a more complex problem than faced by metropolitan institutions. There continues to be a view, pervasive even at the highest level of policy making, that regional universities exist as little more than undergraduate teaching institutions, and that research only occurs within a metropolitan setting. This has in turn led to insufficient funding for the critical infrastructure required to maintain world standard research in a regional environment. Yet, it is this very research, which has such profound effect on rural and regional industries, as well as local economies. In the agricultural and water sciences fields, research breakthroughs relating to pest resistant crops, or innovative water management systems directly leads to increased farm yields, and spurs a more economically viable agricultural industry. These results then flow-on in benefit to local economies, the addition of employment opportunities, and various other human capital benefits.

Similarly, access to high speed broadband and other related state of the art communications technologies represent a continued barrier to the growth of regional capital economies, while also providing a prime opportunity to realise significant economic and social gains from investment. One case study that illustrates the problems faced in regional capitals in this regard is CSU's experience in Albury. There are numerous areas where neighbouring streets will have vastly different Internet access; some with access to some form of broadband service, though not one of similar quality to most metropolitan settings, others where dialup remains the only option. Similarly, satellite access has not proven as useful an alternative to fixed line broadband as hoped, for various reasons. This experience is also repeated across other CSU campus locations. Such communications technology infrastructure failures have significant impact on the ability to conduct business and economic activity in these regional capitals. While on-campus, CSU staff have access to AARNet communication services, they are unable in many cases to undertake further activity off-campus due to inadequate infrastructure. This has a major effect on resulting economic activity and flow on benefits.

Further, inadequate communications technology represents not simply an intra-regional capital issue, but also an inter-regional capital issue. The current uneven rollout of the NBN has the potential to significantly distort regional markets, providing economic benefits to select regional capitals, while leaving others to compete without adequate infrastructure. This is not only an issue for the regional higher education market, but one with far broader effects for a wide range of industries and potential business opportunities. Earlier in this submission, it was argued that without an educated and skilled workforce, business relocation to regional areas remained an unattractive option. Communications technology is the same. With both the national and global economy increasingly reliant of a digital presence, and with business increasingly conducted online and utilising new technologies, the lack of even adequate, let alone state of the art, communications technology infrastructure applies a major handbrake to regional capital growth and economic expansion.

Investment in the proper education and skilling of the regional workforce is another major infrastructure issue. With recent debates over the future of the Australian economy, and future growth in higher education, the issue of national labour market trends has been an important topic. Specifically, the STEM (Science, Technology, Engineering and Mathematics) disciplines have been marketed as the employment areas of future growth. Conversely, numerous discussions have occurred regarding a national oversupply of graduates in fields such as teaching and veterinary science. However, for regional capitals, these national trends do not necessarily align with local requirements. While any expansion of economic activity, and the development of new industries in regional capitals will likely require a potential workforce with skills and education in STEM and related areas, regional capitals also continue to require more vets, teachers and other related disciplines. Therefore, it is vital that any national analysis of infrastructure challenges in regional capitals take into account these variations at the local level. Where previously a division between national and regional trends has been made, 'regional' has been a lumped term accounting for a huge number of communities with disparate needs, CSU strongly argues that infrastructure to account for local needs and concerns needs to be invested in. Only through a proper understanding of the differing challenges faced by different regional capitals can investment be provided that will see the greatest economic and social gains.

INCENTIVES AND POLICY MEASURES THAT WOULD SUPPORT SUSTAINABLE GROWTH IN REGIONAL CAPITALS

CSU is currently in the process of working with the Regional Australia Institute to develop concrete policy proposals related to continued growth and economic development throughout Australia's regional capitals. Following completion of this work, we will be more than happy to share its outcome with the committee to assist in examining potential policy direction.

THE IMPACT THE CHANGING ENVIRONMENT WILL HAVE ON REGIONAL CAPITALS

There can be little question that Australia's changing environment has had, and will continue to have a major impact and effect on regional capitals, from both an economic and livability standpoint. As a leading university in the field of agricultural research, CSU has been at the forefront of addressing the devastating effects of prolonged drought, as well as subsequent flooding and other associated natural catastrophes. These events continue to cause substantial economic pain, and community suffering across regional capitals in Australia, where previous fertile and productive land increasingly yields fewer and less predictable crop cycles, and is unable to sustain levels of livestock previously relied upon to support families and communities. Similarly, the changing timing of climatic temperatures and seasons has had a major impact on crop cycles, not only with traditional agricultural crops, but also in the production of grapes for wine, and other important growth sectors for regional economies. Moreover, such changes to water availability also pose a significant threat to the viability of growing regional capitals, and require investment in significant infrastructure.

These potential impacts and consequences of Australia's changing environment and climate, highlight the necessity of continued investment in environmental research to address the problems, and to develop solutions that secure the future of Australia's regional capitals and industries, including agriculture. CSU's Institute for Land, Water and Society is at the forefront of research into the effects of climate change and changing rainfall patterns on regional Australia, and how regional Australia, including regional capitals, may adapt to ensure continued economic prosperity without the environmental cost. Without such research however, and significant investment to support its work, regional capitals throughout Australia will be substantially less prepared to adapt and cope with the impact of climate change and the changing environment.