



University of the
Sunshine Coast

Ref: VCOfficeBradleyReview280708

28 July 2008

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Dear Professor Bradley,

Thank you for the opportunity to respond to your Discussion Paper.

We have framed our response to reflect first some general sectoral concerns, secondly we have sought to contextualise USC, and thirdly we have commented on some of your specific questions of greatest interest to USC.

1. GENERAL COMMENT

One of the disconcerting features of periods of national reviews such as this is the way that ideas emanating from some major universities, or from outspoken individuals are given disproportionately high prominence in the media. Thus we have the 'more-fewer' universities debate, 'teaching only', 'voluntary amalgamations', 'Californian systems', with few of them appropriately examined, let alone researched, in an Australian context.

The current mix of Australian universities provides a range from the world-class 'research' to world-class 'locally responsive', and great care needs to be exercised not to destabilise but rather encourage the range. Most attention needs perhaps to be paid to new private entrants and the potentially destabilising impact they may have on 'brand Australia' and the worth of a university degree in this country.

Evolution carefully managed rather than hasty revolution would seem to be a more responsible strategy at this time. The sector probably does not need another Dawkins trauma when global adaptations are replete within the sector and need only to be monitored to ensure their quality is maintained. Even the links with VET and TAFE can be accelerated without large-scale merging of disparate systems.

The way the sector is allowed to operate and respond to market forces and global interactions is the most pressing concern. Greater autonomy will see structural changes occur spontaneously as universities strengthen or weaken. Diversity can emerge and be encouraged but not be imposed successfully at this time.

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2. USC IN CONTEXT

USC is located in a high growth corridor north of Brisbane. Before 1996 the region did not possess its own university despite years of community activism to secure its own university. The region of over 300,000 has now developed a strong sense of engagement and ownership of its own university. There is a sense of regional pride in its contribution and its rapid growth.

Since opening in 1996 with 500 students it has grown to over 6,000 students, with one of the best academic staff qualification profiles in the country. AUQA has commented favourably on USC's 'remarkable progress', engagement with its community, and with support for students.

The University's mission since inception has been to catalyse regional advancement. The University has dramatically increased university participation rates, although they still lag behind capital city rates.

The University has also contributed to advancement both economically and socially in the way its facilities have been designed and shared with the community. These engagement strategies have been subject to study by the OECD in 2006-07, as part of an international study of higher education institutions and their regions¹. USC was an international exemplar in relation to many engagement activities.

In addition, the University's physical development has also been environmentally exemplary, winning many architectural and planning awards from national bodies.

However, the University has developed across the most difficult decade in the history of Australian higher education, resulting in challenges for USC that no other university in this country has ever had to confront, e.g. in relation to, for example:

- capital development
- academic program development
- research support
- basic infrastructural needs
- student support requirements

Yet, USC has grown rapidly and is developing a distinctive regional focus, with teaching, research, and community connections locally and to other such regions and universities around the world.

As a result of its successful community links and strong projected growth USC is not interested in amalgamations with nearby predatory institutions interested only in load expansion, nor being part of an artificial 'system' inherited from the United States, nor being 'teaching only' in a region deeply in need of research of various kinds, nor any other artificially imposed 'solution'. It is capable of designing its own distinctive future and seeks stronger government support for those roles.

¹. "Higher Education and Regions. Globally Competitive Locally engaged". OECD 2007.

USC wishes to continue to gain strength as an autonomous university committed to its world-class regional role. Across the 21st Century it promises to contribute to the fabric of Australian civic society in as equally an important way as any major university, in any major city.

3. RESPONSES TO SELECTED QUESTIONS IN THE DISCUSSION PAPER

Chapter 1 Higher education in modern Australia

Q1. How adequate is the statement of functions and characteristics of higher education in modern Australia?

Chapter 1 comments on "the forces which press upon us" in "establishing a new economic, social and environmental order", yet describes higher education activities within "twin functions of teaching and research." This is an extraordinarily conservative conceptualisation, in view of the enormity of the challenges alluded to in Chapter 1.

In April 2001 The Association of Commonwealth Universities (ACU) released a paper², following International conferences and consultations, on *Engagement as a Core Value for the University*. It argued that "engagement defines the whole orientation and tone of a university's policy and practice".

ACU outlined university spheres of activity that went beyond teaching and research alone, and argued there were compelling reasons for engagement being a third core area for universities.

In its preliminary submission to the HEd Review, BHERT recommended funding for Community Engagement covering institutional capacity building and specific projects and initiatives. The challenge now is to clearly define the area of 'Engagement' to ensure legitimacy and subsequent funding with a degree of transparency. Difficult though that this task is, we should not resile from it, and the Review Committee has a unique opportunity to address this issue for the sake of the nation and its universities, and to set the tone for a 21st Century sector, including the expectations of newcomer private universities in this regard.

Organisations close to business or communities such as BHERT and AUCEA are clear advocates for recognition of engagement as a core activity of universities, and these initiatives are challenging the traditional conceptions of knowledge, disciplines, and university responsibilities in a modern society.

The definition of engagement may be fraught with political or jurisdictional problems, but they ought not to detract from the adoption of engagement as a core area.

Particularly in a regional context, engagement activities are often not optional but essential if the local university is to be owned and respected by its community. It has to make a difference in order to establish its legitimacy. It is not an option, as it is for many long-established metropolitan universities.

². 'Engagement as a Core Value for the University.' A Consultation Document. ACU. London. April 2001.

The links between teaching/research on the one hand and engagement on the other can be starkly different in metropolitan and regional contexts. In a mature, city, medium to large business environment most engagement activities can be embedded in research/teaching functions. In a fragile, regional, micro-small business environment engagement activities have to take many different forms, and some of which only become mainstream teaching/research after many developmental years of working on the connection.

At USC we are committed to, over the long term, ensuring stronger links between academe and the community, but in these early years some activities are not teaching/research but are certainly university core activities, are quantifiable, are defensible, and will increasingly be part of teaching/research in the long term. None of these essential engagement activities for a regional university are currently funded.

Therefore, it is our belief that Chapter 1 demands the definition of 'engagement' as a core activity and value of the 21st Century university, and that it be appropriately funded through compact negotiations concerned with acknowledging and encouraging sectoral emphases and diversity.

Section 3.1 Meeting Labour market and industry needs

Q2. Are there impediments to the higher education sector being able to innovate in the development of courses and programs? What are these impediments and how could they be removed?

Categorically there are impediments to innovate and develop new courses and programs, and USC has experienced many of them first-hand in its first decade.

- Inadequate funds are provided, in advance, for the full development of infrastructure, courses, staff or buildings
- Funds provided for approved operations do not meet actual costs.
- The cluster system is too close to micro management, as are over and under-enrolment prescriptions.
- USC has had to develop new courses for the region's growing population whilst also having to fund the development of core infrastructure provided separately to other new universities in previous more generous funding regimes to other universities.
- USC has had to develop urgently needed regional important research for councils and other bodies but to do this has had to divert funds from teaching areas.
- Formulae for both teaching and research are based on track records and do not reflect potential or support innovation – and almost all grant arrangements fall into that pattern (Most recently the "Better Universities Renewal Funding").

Q3. What are the appropriate mechanisms at the national and local level for ensuring higher education meets national and local needs for high level skills? What is the role of state and territory governments in this area?

The system needs to be freed up to allow universities greater autonomy, with less reliance on traditional formulae such as track record, and allow for investment in future potential of individual universities, whilst also providing inducements for collaboration to occur and coalitions to form.

At present there are too many examples of wasteful competition and predatory behaviours prompted by the arrangements in the system. Extraordinary sums are being spent on competitive advertising, for example.

State government formulae tend to mirror traditional criteria e.g. ARC, so that even in a relatively generous State such as Queensland, 90% of Smart State Grants go to proven track record researchers in established metropolitan universities, which accentuates inequity, and denies regional universities the shares they need to provide adequate opportunities in the regions. These are not the funding arrangements that advance inclusive civil society. Rather, they accentuate relative regional disadvantage, even for high growth, high need and high demand areas such as the Sunshine Coast.

Q5. Are there particular examples of good practice where you can demonstrate either rapid response to skill shortages or successful initiatives to improve generic skills?

Yes. We can demonstrate rapid response initiatives to regional skill shortages.

This is an area of activity that has been a preoccupation since the earliest planning for the new University in 1994.

For example, the University has, with the help from three levels of government, constructed an Innovation Centre.

The Innovation Centre Sunshine Coast Pty Ltd (ICSC) is a company of the University of the Sunshine Coast. ICSC commenced business activities in January 2002.

The mission of the company is to support the start-up and growth of knowledge economy and technology based businesses on the Sunshine Coast and to promote beneficial interaction between these businesses and the University.

The Innovation Centre has four key business activities:

- a. Student Enterprise - creating an enterprising culture, supporting motivated students and graduates to start businesses
- b. The Business Incubator - helping start-up businesses to grow stronger and faster
- c. The Business Accelerator - supporting the growth of established knowledge economy businesses
- d. UniConnect: builds productive connections between businesses based at the Innovation Centre and the University.

Since establishment in 2002, the Innovation Centre has supported the start up and growth of over 55 businesses through its award winning business incubation program, with 23 businesses currently resident in the on-campus facility. These businesses are all in knowledge based sectors, with a concentration in ICT and, more recently, in environmental technologies.

The Innovation Centre provides much needed serviced office space, high speed internet connectivity, university connections and business mentoring for knowledge based businesses – a service that is not available anywhere else on the Sunshine Coast.

The Innovation Centre's business development program has helped to nurture these businesses and the survival rate is very high at around 90%.

As well as working closely with in-house businesses, ICSC plays a leading role in building a network of knowledge based businesses across the Sunshine Coast region.

The Innovation Centre runs a regular program of business workshops with 3,345 delegates attending 92 events on topics such as What Investors Want, Building a Team, Commercialising IP and Entering the US Market.

In 2005, ICSC produced a 100 page booklet entitled 'Surprisingly Smart' to promote emerging knowledge economy businesses on the Sunshine Coast and to help promote the Coast as a smart region.

The intention is that across the long-term, further beneficial links with the University will be created gradually.

The Innovation Centre's campus location is attractive to knowledge based businesses, with the ability to tap into student talent being identified as the single most attractive aspect.

In 2007, businesses based at the Innovation Centre employed over 25 USC students in part-time roles in areas such as software development and testing, search engine optimisation, marketing research and PR. In addition, groups of students assisted businesses in business development projects as part of their courses, e.g. with Export Marketing and the MBA strategic planning projects.

There have also been a number of productive research relationships established between businesses based at the Innovation Centre and the University. One of the most notable is between USC and EcoNova, and an agreement to establish a water testing laboratory. EcoNova has grown rapidly since joining the Innovation Centre and now employs 75 people with 2008 turnover expected to exceed \$25m.

A new program, UniConnect, is currently being developed to build further added-value connections between businesses based at the Innovation Centre and the University. If resourced, this program would have the potential to be rolled out to businesses across the wider region.

A further academic-related initiative is 'Enterprisers'.

Since March 2006, the Innovation Centre has worked with the University to develop an Enterprise Program which aims to help students turn their passion into their profession. It is primarily targeted at students who have the interest, drive and inspiration to work for themselves or to start their own entrepreneurial venture in the future.

This program is highly relevant to today's students. In a 2008 survey by USC of 1085 USC students, 20% of the students said that they plan to be self employed or run their own business. Hence USC is intent on developing a new entrepreneurial strand to add to the educational experience of students who choose it.

The Enterprise Program is based on research into international best practice in entrepreneurial education and research included visits to 10 leading universities in the UK. The Director of the Centre for Entrepreneurial Learning at University of Cambridge has made significant input to the design of the program and has visited the USC campus on two occasions to be the lead facilitator for the Enterprisers program.

Funding is now needed to assist with the development of a 'USC Centre for Entrepreneurial Learning', such a Centre would target students and SME business directors from the Sunshine Coast region and further afield.

In 2008, the Enterprise Program will provide students with the opportunity to select four special courses and to graduate with a Minor in Entrepreneurship. These courses will be delivered by the Faculty of Business working closely with the Innovation Centre and successful entrepreneurs from the region.

To complement the curriculum based activities, the innovation Centre is already running an extensive program of extra-curricula activities, these include:

- Enterprise Tuesday, a free monthly networking event for the local business community and USC staff and students; events attract 45-60 people
- Enterprisers Program – a four day residential program held with the University of Cambridge and MIT aims to build self confidence in enterprising students. Ran twice on campus in 2007, involving 128 students, 40 facilitators and 100 business guests and a networking event
- Work experience with innovative businesses – helping to place enterprising students with businesses based at the Innovation Centre
- Mentoring students with new business ideas.

Q6. How effectively are Australian higher education institutions responding to demographic change, especially in providing lifelong learning to meet the challenge of the ageing population and the need for upgrading of skills and re-training?

The system is not generally adapting well to demographic change, mainly because of antiquated or overly bureaucratic formulae.

And of course, the distribution of political seats and the political influence that can be wielded or not, on behalf of constituencies, remains a deeply problematic issue on the Australian public landscape.

Apart from generous allocations of student places to meet increased demand across the last four years, USC has struggled to gain the funds to meet the reasonable public expectations of its university, and despite successful fundraising campaigns, has accumulated a \$40M debt to cover basic infrastructure and establishment expenses that were never imposed on other new universities in previous generations.

Whilst the demographic changes nationally continue, the necessary adjustments to funding formulae do not accompany them sufficiently closely across the spectrum of university expenditures. The emphasis is invariably on track record, with so little or nothing on potential.

Section 3.2 Opportunities to participate in higher education

The relatively high participation rates (for OECD) for Australia are masked by very significant differences between metropolitan and non-metropolitan areas. For example in Queensland, 44% of Brisbane year 12 graduates articulate to university in the following year compared to 26% for the rest of the state (Queensland Government, Next Step 2007). For the Sunshine Coast region, the articulation rate is 31%.

The USC student community is dominated by first-in-family students. Support programs for enrolled students (tertiary enabling, academic skills counsellors, student mentors etc) make a difference. So do outreach programs such as Headstart (Year 11 and 12 school students completing university courses) and TPP (tertiary preparation pathway for school non-completers). However, none of these are fully or directly funded, such as Headstart, counsellors.

Even the regional loading scheme offers limited support for a growing institution such as USC. With load fixed at 2006 levels our funding per eftsl continues to decline as student numbers grow.

As is the case for regions with low participation rates in higher education, the status of disadvantaged groups can be enhanced if the resources for outreach and support activities are available. However, the metrics used to determine such funding are flawed. For example, low-SES equity funding is derived from (median) postcode data. When DEEWR re-calculated the USC entitlement from the 1996 census, funding dropped from approximately \$270K to approximately \$70K. This outcome was related to in-migration of retirees whose wealth dramatically changed the characteristics of the data. This occurred at a time (2007) when we had already allocated an additional \$100K of operating funds for equity scholarships, in recognition of the numbers of very needy students who were missing out on the Commonwealth scholarship allocation.

At USC, Indigenous support services are associated with a participation rate that now exceeds the ratio of Indigenous people in the community as a whole. However, as is the case with low-SES, achieving success is hard work and can only occur if resources are directed from other aspects of the university profile. Such issues also need to be addressed well before the tertiary education sector is reached.

Catering for educational/economic disadvantage is a fact of life for regional and outer-city campuses. There should be recognition of this role within funding agreements as part of the engagement envelope.

Section 3.3 The student experience of higher education

Regional institutions face particular issues when it comes to assessment of student experience of higher education. Some of these are related to geography (eg proportion of first in family, low-SES, generally lower entry scores) and these are compounded by the various metrics used to rate/rank student experience.

Indeed the use of the term "student experience" in this discussion paper is anomalous because little recognition is given to this in itself in the various reward/benchmarking schemes in operation. For example, the LTPF uses a model that allows employment and attrition to render student satisfaction meaningless when it comes to allocation of funds. In the first round of this scheme, this institution ranked second (behind the AMC) for student satisfaction but received no funding because of lower graduate outcomes and higher student attrition. We have argued that factors such as more limited employment opportunities in our region, lack of a broad base of professional degrees with guaranteed employment, and our status as a feeder institution (after first year) for professional programs at other universities account for much of this. While adjustments to the model have seen us gain recognition in 2006 (\$500K) and 2007 (\$1.5M) we are not convinced that appropriate adjustments are being made. Measuring and defining attrition remains seriously flawed.

Section 3.4 Connecting with other education and training sectors

Q15. To what extent should vocational education and training and higher education continue to have distinctive missions and how should these missions be defined?

The very low, direct articulation rates from VET to higher education, despite well defined pathways and credit transfer, suggest the core business/missions are quite distinct. An indication of this reality can be seen at the dual sector institutions, where there has been a move away from integrated faculty models to separate VET/TAFE and HE organisational units and management systems.

Q16. Does the movement between the sectors of students with credit need to be improved? If so, in what ways?

Some genuine innovation could be achieved if "reverse articulation" (ie HE to TAFE) could be facilitated. The HE sector has had pathways and credit transfer in place for many years, however, simultaneous enrolment/recognition for degree level students wishing to embed TAFE competencies into their studies is not generally supported by the TAFE sector.

Q17. To what extent should relative provision between the sectors be planned or demand driven. What are the effects of current differences on funding, governance and regulation in limiting planning or influencing choice between the sectors?

Interventions in this regard, e.g. state governments heavily promoting TAFE/VET, have had little impact on relative enrolment trends. Current curriculum trends in schools to provide better exposure to TAFE (returning to the past!) may have an impact over time, especially if state teacher registration boards make it feasible for appropriately qualified VET practitioners to gain registration and teach TAFE in the schools.

Q18. Can institutions provide examples of good practices which have led to movement between sectors with high levels of credit and good learning outcomes?

The USC and Sunshine Coast Institute of TAFE have a good relationship and offer a range of combined programs (Dip/Degree). However, a model that provided concurrent exposure to both TAFE and HE subjects/courses has been phased out because of the difficulty of timetabling between the two institutions. Another area where the University can demonstrate rapid response to skill shortages is in its recent reactions to release of Commonwealth funded growth places in areas of national workforce shortage. We have applied for, and received, nearly 1000 starting places over the last four years and have established, from scratch, new degrees in a range of professional areas crucial to the future of the region. Programs in teaching, nursing, paramedic science, social work, psychology, occupational therapy, nutrition and dietetics and engineering have been developed.

However, given no academic or laboratory start-up funding has been available for any of these, and only partial support for associated building programs, the investment costs for a small regional institution have been very high.

It is ironic, that initiatives such as these that meet very real local and regional priorities, as well as national priorities, have not been supported by more innovative government approaches to development and facilitation costs.

More recent interactions with Southbank TAFE in Brisbane will allow degree level students in lab-based science degrees to complete a full (credited) semester at TAFE to pick up lab management competencies from advanced level Diploma courses.

Section 3.5 Higher education's role in the national innovation system

Q19. By what mechanisms should research activities in Australian universities be supported?

The basic structure of research funding should remain and provide opportunities for new institutions to meet their potential and aspirations. In the case of regional universities, in particular, there should be expanded opportunities for focussed, applied research of benefit to local regions and communities. Such opportunities could be provided through the engagement funding stream identified in the 2006 Macklin position paper on higher education, and outlined earlier in this submission.

Q20. On what principle and for what purposes should research activity be concentrated in particular universities or types of universities?

Research excellence should be recognised and rewarded wherever it occurs. Given that universities will evolve according to their missions there must be opportunities for individual institutions to grow (or reduce) their research profile without being sub-divided into fixed groupings.

Within each institution, there should be an expectation that emphasis and resource allocation will be concentrated in areas of excellence and/or potential. In regional settings, in particular, regional needs may well dictate future aspirations.

Q21. Do you believe there is a place in Australia's higher education system for universities that are predominantly 'teaching only' universities. If so, why?

The current National Protocols should not be altered in this respect. By definition, universities are engaged in teaching, research and engagement. These are fundamentals, distinguishing universities from other education providers and research agencies.

Section 3.6 Australia's higher education sector in the international arena

Q22. Are there any unintended consequences of the current approach to internationalisation of higher education in Australia?

Maintaining, if not improving, the academic reputation of Australia's universities is a key element in ensuring both the mobility in the international labour market of their graduates and a robust, sustainable higher education services export industry. There may be risks to reputation as a consequence of the current approach to internationalisation that are insufficiently mitigated. These risks are particularly associated with off-shore programs, on-shore programs offered through third parties and on-shore campuses that are in effect international only. The risks have to do with quality assurance of academic standards, including the student learning experience.

It is important that universities address these risks and that the attention of external agencies, such as AUQA and AEI, and internal entities such as academic boards, be focused on identifying unacceptable levels of risk. While many, if not most, universities have appropriate risk management strategies in place, it is not obvious that all do. And unfortunately there is probably not sufficient scope for quality differentiation by international students, employers and institutions between Australian universities to be confident that there will not be negative spillover from deficient institutions to the sector as a whole.

It may be that the development of off-shore programs, including campuses, and on-shore programs offered through third parties are not cost-effective, particularly when opportunity costs are taken into account. It may be that the net income earned through delivery to international students through these conduits is negative or not significant, particularly when opportunity costs, such as distraction from core business such as research, are taken into account. The reduction in the number of off-shore programs over the last several years suggests that this might be so. Government needs to encourage universities to ensure that these modes of delivery are appropriately productive, particularly given the reputational risks associated with them.

Q23. What is an appropriate role for government in assisting the Australian higher education system to internationalise? On what principles should this role rest and what purposes should it serve?

The principles, with implicit purposes, underlying internationalisation should be:

- Benefitting both domestic and international students
- Benefitting staff
- Benefitting Australia

So two key roles for government are projecting a quality Australian higher education brand internationally and protecting that brand through the encouragement of appropriate quality assurance mechanisms. Key messages need to counter the perception that Australia's recruitment of international students is overwhelmingly commercially motivated, highlighting instead the quality of the learning experience, the strength of academic standards and benefits for all students that derive from internationalised campuses. Relatedly government plays an essential role in ensuring that Australian higher education qualifications are internationally recognised, understood and valued. This underpins the mobility of graduates of Australian universities and also universities' recruitment efforts with regard to international (and domestic) students.

One element of internationalisation that needs particular attention is staff mobility, both in terms of ensuring international teaching and research experiences for Australian staff and also creating opportunities for bringing staff from international universities to teach and do research in Australian universities. Most, if not all, Australian universities have strategies and programs in place to facilitate bilateral staff mobility. Specific and substantial resource support from the Australian government would be very helpful in expanding this mobility and ensuring that it works more effectively to bring benefits to students, contributes to the quality of academic staff and makes for more attractive academic careers, in a context where academic labour markets are emerging.

Internationalisation would also be helped by the roll-out of the diploma supplement across the sector. This would play a key role in promoting understanding and valuing of Australian university qualifications. This is the element of the Bologna process that is of most relevance and use to the Australian sector. It also reduces the motivation for seeking to impose uniform degree structures that may not suit local needs or particular discipline areas and that militate against flexibility. Complete development and roll-out of the supplement is not cost-free and the Australian government should consider providing the resources to the sector that ensure it will happen.

Q24. Can you provide any examples of good practice in encouraging local students to undertake study in other countries?

There are three key requirements for increasing outbound student mobility.

- Universities need to be in a position to provide non-trivial grant support to outbound students over and above the support available through OS-Help in its present incarnation.
- Universities need better to communicate to students and potential students the benefits of a significant – say semester long – international experience.
- Universities need to create degree structures and operate credit transfer principles that make it easy for students gain credit towards their degrees on the basis of overseas study.

These three requirements are addressed at the University of the Sunshine Coast and have contributed to its relative success in increasing outbound student mobility.

There is a fourth consideration that would help, namely the more widespread and effective provision for learning languages other than English. The Australian government should consider developing and funding a considered longer term strategy for increasing the ability of its citizens to speak languages other than English.

Section 3.7 Higher education's contribution to Australia's economic, social and cultural capital

As has been indicated in response to earlier sections, circumstances and contexts vary considerably between metropolitan and regional areas of Australia.

Old universities with large teams of established researchers interacting with medium to large businesses in a highly developed urban environment, is a very different context from a new university with small teams covering a wider spectrum than solely research, interacting with micro business in a new, rapidly growing region, with limited infrastructure, and growth outstripping employment opportunities.

In the latter context, within which USC operates, it has been an essential core concern of the University to help ameliorate these disadvantages plus catalyse regional advancement, whilst broadening program offerings to retain talent within the region, and also conduct research on the key issues confronting this threatened 'lifestyle' region.

Engagement is not just legitimate, it is essential, and entirely appropriate, yet funding is not provided.

This regional university is headquartered in and focused on this region.

- On teaching it provides regional university access to disadvantaged, disabled, mature, and first-to-university to large numbers of students who would not otherwise be able to attend university. It therefore reflects the inclusive emphases that have arisen in the Review, like few other universities.
- On research it conducts essential research on key regional issues and despite the hostile funding environment and an absence of investment in potential, through inter-institutional collaboration and the recruitment of world-class researchers, the University's achievements are emerging as impressive.
- On engagement it has to facilitate an economic strategy, which will become increasingly linked with academic teaching and research programs, but which at present place a huge unfunded burden on the University (see response to Section 3.1, Q5). Total outlay approximates \$10m across eight years.

Engagement, or regional capacity-building increasingly, but not solely, academically linked, is therefore an essential third core activity of this University. Without such a strategy, which with the help of the local government is becoming more sophisticated, there would not only be a shortage of regional jobs for graduates across the long term, but there would also be fewer exemplar companies to arrest or reduce the rate of micro-small business collapse in the region. That would impact on our students and the wider community.

In addition, with the lack of key regional infrastructure, the University has supplied, for social and cultural reasons, an Art Gallery (\$½M fundraising campaign), an Olympic athletics track and its maintenance (\$2M), and a Sports Stadium (\$1M), all of which attract in excess of 80% of community use.

When Q26 questions the legitimacy of engagement, and Q27 the appropriateness, they are for USC, pointlessly rhetorical.

Engagement was a core activity enshrined in our first planning mission statement in 1994 and has endured today. To do otherwise would be a dereliction of duty in a regional setting.

We now need governments to think outside capital city parameters and acknowledge the importance of this third role by funding it appropriately.

Section 3.8 Resourcing the System

The significant decreases in Government funding to Australian universities that occurred since 1996 were attested to by the Senate Employment, Workplace Relations, Small Business and Education References Committee in its 2001 report, *Universities in Crisis*. The discussion paper *Setting Firm Foundations* set out prospective models for dealing with this crisis: fee deregulation, a discipline model and two models based on voucher systems.

The model which was chosen has resulted in a shift across the sector with much less reliance on Commonwealth Government funding and a greater reliance on student contributions. The impact of this trend has resulted in the amount of Commonwealth funding per place in 2006 in real terms being substantially below 1989 levels. (\$11,525 in 1989 to \$9,998 in 2006).

During the same period costs of teaching and research have risen significantly in terms of salary increases; cost of research equipment and facilities; and the move to flexible delivery modes while also continuing campus based teaching approaches.

Despite the significant increase in operating costs USC continues to contribute in excess of 5% of its operating income each year towards the servicing of debt which it has incurred to construct buildings and infrastructure assets and to finance plant and equipment purchases. Gallery, Olympics Athletic Track, Sports Stadium, and Innovation Centre for community use place an annual burden of \$1M approximately on USC from operating funds.

The view has been expressed that the current system of resource allocation works against some universities because the funding for teaching and research is provided on the same basis to all universities and there is no funding stream to support activities such as community engagement.

Section 3.9 Governance and regulation

The administrative burden on universities, disguised as accountability, is so time-consuming, resource-intensive and expensive it is diverting funds away from core business disproportionately.

Frequently, the accountants and micro-managers even with AUQA panels are more concerned with paper production and quantifiable proofs, than they are with culture, impact and progress. There is also too little concern with how scarce financial resources can be.

Dozens of people and hundreds of thousands of dollars are diverted from sometimes more pressing tasks to satisfy the often insatiable appetites of some AUQA panellists, most of whom have not been CEO's of major organisations like universities.

The layers of scrutiny to which we are currently subjected include:

- Institutional Assessment Framework (National)
- AUQA (National)
- External Audit (State)
- Internal Audit (Institution – State)
- Professional registration bodies (State and National)
- Voluntary International accrediting bodies (International)
- Prescribed Annual Reporting (State)
- University Council (Institution – State)
- Governance Protocols (National)
- Council Committees on e.g. Planning & Resources, Audit & Risk Management.

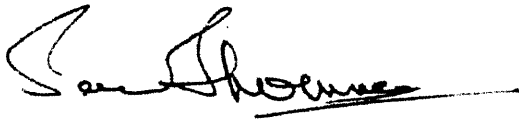
This number of accountability layers is excessive and wasteful.

There has been enough concern with governance in recent years and some of the changes have been confusing e.g. the roles of Chancellors and Vice-Chancellors.

- More discretion should be left to individual university councils within broad national guidelines.
- Chancellors should not assume executive powers, as University officers.
- Commonwealth and State jurisdictions ought to be clarified and the layers of accountability reduced.
- State interference with Council appointments ought to be significantly reduced.

The Review has an important role in configuring the Sector for the next decade, and we wish you well in your difficult task. We hope that these views have been helpful, and we would certainly be prepared to clarify or amplify any of our points if called upon.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Thomas", with a horizontal line underneath.

Professor Paul Thomas AM
Vice-Chancellor

