

July 31, 2008

Secretariat
Review of Australian Higher education
GPO Box 9880
Canberra ACT 2601

Re: Submission from the Office of Knowledge Capital to the *Review of Australian Higher Education*.

This submission builds on the preliminary written response of April 2008 provided by this Office and the presentation of June 25, 2008 to panel members.

The Office of Knowledge Capital:

The Office of Knowledge Capital (OKC) has recently been established to drive the evolution and promotion of Melbourne as a global knowledge city, building on its strength as a national and international leader in higher education, research and innovation.

Its mission is to “*Collaborate to develop and promote Melbourne as Australia’s Knowledge Capital*”. The OKC with its knowledge of the economic, social and cultural profiles of Melbourne is uniquely positioned to be able to provide a vital link in promoting effective partnership between universities, industry and the community. To ensure a clear focus on outcomes that will deliver against the mission, the OKC will pursue three strategic objectives.

1. Develop and promote Melbourne locally, nationally and globally to achieve recognition as “Australia’s Knowledge Capital” and a “Global University City”;
2. Facilitate collaboration between the Office of Knowledge Capital and governments, businesses and other communities;
3. Form links with similar ‘knowledge cities’ to enable mutually beneficial interactions.

The Melbourne Vice Chancellors’ Forum, created by the Lord Mayor in 2005, has established the OKC as a jointly funded collaboration between Victoria’s eight universities with campuses in the greater Melbourne area; i.e. Australian Catholic University, Deakin University, La Trobe University, Monash University, RMIT University, Swinburne University of Technology, University of Melbourne and Victoria University; the Committee for Melbourne and the City of Melbourne. Beyond this founding group, the opportunity exists for the collaboration to be expanded to include new partners, such as research institutes, business interests, government agencies and other local councils that host university campuses.

Areas of interest:

The previous written response highlighted the areas of interest to the OKC as:

- The importance of investment in knowledge to protect Australia's economic future.
- The role of collaboration between higher education institutions, government and business as a critical link to building global competitiveness and prosperity.
- The need to foster better interaction between universities and the local communities that host them as vital links to the nation's future economic, social and cultural prosperity.
- Recognition that creating effective collaborations between higher education, business and governments requires both public and private sector investment.

Our presentation in June focused specifically on improving the connectivity and collaboration with, and the support for, the communities in which higher education institutions are hosted. Potential support mechanisms proposed for consideration were:

- Government support for projects and activities via specific funding of regional development programs.
- Inclusion of community interests as partners in research funding programs such as ARC Linkage Grants.
- Seed funding of intermediary bodies to enable collation of local and regional resources to support collaborative actions.
- Specific community linkage and engagement outcomes as deliverables in individual funding compacts.

We view such approaches as tangible examples of achieving the 'Third Stream' outcomes referred to at Section 3.7 in the Review's Discussion Paper of June 2008.

Higher Education Review Discussion Paper and OKC Response:

We will limit our response to the questions posed in Appendix B of the Review that the OKC can comment specifically on in relation to our mission and objectives outlined earlier. Evidentiary support for our response is based primarily on the report "*Melbourne – Australia's Knowledge Capital. The contributions of Melbourne's universities to the City's economic, cultural and community development*" published in May 2007. It is noted that this report has already been considered in the Discussion Paper.

It is also noted that the universities that comprise the membership base of OKC will each provide their own submissions to this Review, which will between them address the full list of questions posed. This submission is independent of other submissions and reflects the specific mission and objectives of the OKC related to knowledge capital.

Section 1.2 The functions of higher education in modern Australia.

Question 1 – How adequate is the statement of functions and characteristics of higher education in modern Australia?

The core functions of the university system outlined at 1.2, in relation to the development of high level knowledge and skills, and the generation of new knowledge and subsequent applications, align well with the OKC's core focus of harnessing the knowledge base within

the university system to achieve greater economic, social and cultural outcomes both locally and globally. The broad outcomes of a civil and sustainable society and economic outcomes leveraged off knowledge-based industries also align well with the overall outcomes that the OKC envisages are achievable through greater connectivity and collaboration between the university sector, governments at all three levels, industry and the broader community.

The strategic context of the higher education sector and the environment in which it operates as outlined in Chapter 2 aligns with the focus of OKC and the findings in the May 2007 report referred to above. In particular the following strategic issues are seen as very relevant to achieving greater outcomes:

- Knowledge and skills underpinning overall success at various levels, i.e. the ability to operate in a world of increasing standards, expectations and competitiveness;
- Globalization and its impact, i.e. the ability to deal with both the threats and opportunities posed by the pace of globalization;
- The recognition of the higher education industry in its own right as a significant sector contributing to the economy as well as leveraging Australia's development and competitiveness.

The May 2007 report highlighted that Melbourne's eight metropolitan universities sit at the core of an existing knowledge economy, with combined revenues of more than \$4 billion and export earnings in educational services in excess of \$2 billion. With 22,500 plus employees and a student body of more than 260,000, the universities are significant contributors to the economic life of the greater city.

Overall, the statement of functions and characteristics as outlined in Chapters 1 and 2 are seen as appropriate in relation to describing the strategic setting in which Australia's higher education sector operates, and the associated opportunities and threats.

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

Question 25 - defining knowledge transfer and community engagement in an Australian context.

A competitive knowledge-based global economy recognizes higher education as an industry sector in its own right, and in this context universities act as:

- economic drivers in the local economy;
- developers and employers of talent;
- incubators of business and industry;
- storehouses of cultural resources;
- research centres;
- purchasers;
- economic magnets; and
- community partners committed to supporting all levels of government.

Demonstration of the linkages of the university sector to other industries as well as to communities through tangible examples will enable progression from a general acceptance of the above concepts to changed behaviours and activities in industry, government and the

community. The OKC's focus is on developing such tangible examples through both its broad awareness based activities as well as specific projects. An initial example is the current work in progress, "Victoria – California Climate Change Research Collaboration Framework", which is engaging the Victorian universities and state government to develop a base for potential collaborative projects between Victoria and California.

Question 26 – knowledge transfer and community engagement as legitimate and appropriate roles, and fit with the traditional roles of higher education.

The coverage of the 'Third Stream' role in Section 3.7 of the Discussion Paper reflects examples both in an Australian context and elsewhere. The OKC has been established in the Melbourne context to specifically address such opportunities at a collective level in addition to the activities of individual universities. The May 2007 report summarizes the opportunity as:

"Through research, universities produce new knowledge essential for economic progress, social wellbeing and sustainability in the environment and natural resources. Through graduate and professional programs universities train the teachers, the scholars, the leaders, the managers and decision makers necessary to apply this knowledge. Through publications, information services and outreach, universities engage with industry and the community in a wide range of cooperative, collaborative and partnership arrangements."

Our view is that this 'third stream' is a legitimate and appropriate role for the higher education sector to build on its core roles of research and teaching and achieve greater outcomes in economic, social and cultural contexts; and that this aligns well with the core focus of the OKC.

Question 27 – funding of such approaches.

As referred to earlier, our presentation in June focused specifically on improving the connectivity and collaboration with, and the support for, the communities in which higher education institutions are hosted. Potential support mechanisms proposed for consideration were:

- Government support for projects and activities via specific funding of regional development programs.
- Inclusion of community interests as partners in research funding programs such as ARC Linkage Grants.
- Seed funding of intermediary bodies to enable collation of local and regional resources to support collaborative actions.
- Specific community linkage and engagement outcomes as deliverables in individual funding compacts.

To maintain a high level intensity in knowledge capital, cities and regions must:

- be able to provide an environment that will attract and retain knowledge workers;
- support a culture that encourages the creativity needed to promote research and innovation, high quality institutions to educate knowledge workers; and
- provide adequate funding sources and business linkages to turn ideas into realities and outcomes.

The OKC has been established with resources from its university membership base, the Committee for Melbourne and the City of Melbourne, for an initial period of three years to develop the knowledge capital opportunity as a basis for longer term initiatives and outcomes. While initial seed activities have progressed in the first half of 2008, the mainstream focus of the OKC commenced on July 1, 2008. Further leveraging of this initial investment by both government and industry will enable greater outcomes to be achieved and the OKC proposes to discuss such opportunities with governments at both state and federal levels, as well as with industry, as it develops its capabilities and demonstrates tangible examples. We are interested to discuss this in more detail with the Review.

Other comments.

Competitive issues.

An indicator of Melbourne's standing in the knowledge economy and the recognition of higher education as a major contributor to the city's social, economic and cultural capital, is the Global University City Index, which assesses cities on a range of measures including liveability, education expenditure, the number of its graduates and how many of its tertiary institutions are ranked in the top 200 Times Higher Education Supplement – Quacquarelli Symonds World University Rankings. The index was developed by RMIT University, in collaboration with the Committee for Melbourne, to highlight the world's top knowledge economies.

City	Country	2008 ranking	2007 ranking
London	UK	1	1
Boston	US	2	2
Tokyo	Japan	3	4
Melbourne	Australia	4	5
Sydney	Australia	5	6
Pittsburgh	US	6	-
Paris	France	7	3
Vienna	Austria	8	-
Chicago	US	9	8
New York	US	10	7
Vancouver	Canada	11	-
Baltimore	US	12	9
Philadelphia	US	12	-
Atlanta	US	14	11
Los Angeles	US	15	13
San Francisco	US	16	15
Hong Kong	China	17	14
Berlin	Germany	18	16
Singapore	Singapore	19	17
Munich	Germany	20	-
Shanghai	China	21	20

Source: RMIT, <http://131.170.40.30/browse:ID=q3l220b3wzs5>

Melbourne leads in the Australian context and Asia Pacific, and is well placed ahead of all Northern Hemisphere cities with the exception of three; followed by Sydney. In an Australian context, we are well placed to compete globally and the opportunity exists for further development and investment in the higher education sector to leverage international competitiveness as well as domestic economic, social and cultural development.

Section 3.3. The student experience in higher education.

While currently peripheral to the core focus of OKC, the international student focus in the Melbourne context is significant in terms of export income (~\$2 billion p.a.) and linkages with economies especially in the Asia-Pacific region. A report in August 2007 by The Committee for Melbourne Higher Education Taskforce, *“Higher Education at a Tipping Point”*, highlighted in particular the need for governments at both state and federal level to provide further support for international students. We refer the Review to this report and its recommendations, a number of which are consistent with the focus of OKC.

Section 3.5. Higher education’s role in the national innovation system.

The crucial role of knowledge transfer in the innovation system between the university sector and broader industry and community has been recognized in the current Innovation Review process. It is equally crucial that the Higher Education and Innovation Reviews align on this issue and government initiatives reflect the synergies achievable between these sectors, and mechanisms to facilitate such synergies.

We look forward to the opportunity for further engagement with the Review and would welcome meeting to discuss specific aspects raised in this submission. We look forward to the eventual outcomes of the Review and the further development of the higher education sector for Australia’s benefit.

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References:

City of Melbourne 2007, *"Melbourne Vice Chancellors' Forum, Melbourne Australia's knowledge Capital: The contributions of Melbourne's universities to the City's economic, cultural and community development"*, May 2007, Howard Partners Pty Ltd.

RMIT University, *"Global University City Index"*, 2008