



Charles Sturt
University

Pre-Budget submission

24 January 2024

Office of the Vice-Chancellor
Charles Sturt University

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Pre-Budget submission – regional universities, regional services, and regional development

Charles Sturt University welcomes this opportunity to provide a Pre-Budget submission to the Australian Government.

While we and the rest of the higher education sector are waiting on the final report on the Australian Universities Accord and the Government's response to its recommendations, there are other issues pertinent to regional universities that warrant consideration in the wider Budget context, particularly the role universities like Charles Sturt play in meeting regional workforce needs and supporting regional communities and employers. These issues are likely to be addressed only in part or peripherally by the Accord.

The University suggests that there are three particular challenges that offer potential for reforms that will lead to more effective use of public funding, provide greater transparency around how that funding is provided and what it is for, and lead to better services and more opportunities for Australians outside the major metropolitan centres. These are:

- developing a more consistent, equitable, and cost-effective approach to regional loading in Australian Government programs,
- emphasising collaboration over competition in providing public services in regional areas, especially in the tertiary education sector, and
- leveraging the capabilities of regional universities to drive regional economic development and diversification, the transition to a net zero economy, and adaptation to climate change.

The attached submission offers some information on the University and its role in regional NSW, the impact of current funding and policy settings on the University and the communities it serves, and background to the proposals above. I would be happy to provide Treasury or the Budget team with more information on any of the topics raised in the submission.

Yours sincerely

A handwritten signature in black ink that reads "Renée Leon".

Professor Renée Leon PSM
Vice-Chancellor and President



Pre-Budget submission: regional universities, regional services, and regional development

About Charles Sturt University

Charles Sturt is Australia's largest regional university. We are a unique multi-campus institution with campuses in some of New South Wales' most vibrant regional communities: Albury-Wodonga, Bathurst, Canberra, Dubbo, Goulburn, Orange, Port Macquarie, and Wagga Wagga. All have strong connections to surrounding rural and remote communities. Charles Sturt is one of only a handful of genuinely multi-campus universities in Australia – that is, universities that have operated since their foundation across multiple locations. Our geographical footprint is exceeded only by CQUniversity, although unlike CQU and many other universities, Charles Sturt is required by state legislation to have 'major campuses' in specific locations: Albury, Bathurst, Dubbo, and Wagga Wagga.

In 2022 the University had around 37,000 students and more than 2,100 full time equivalent staff. For context, those numbers mean that Charles Sturt has significantly more students and staff than other regional universities. In terms of student numbers, Charles Sturt is roughly equivalent in size to the University of Newcastle, La Trobe University, or the University of South Australia; by staff numbers we are comparable to Flinders and James Cook Universities.

According to Department of Education finance data, Charles Sturt University's total revenue in 2021 of more than \$638 million was also significantly larger than that of other regional universities, and on par with the University of Wollongong, but lower than the revenues of universities with similar student populations, and slightly lower than the median for the public higher education sector. The difference in revenue between Charles Sturt University and others of similar size is a reflection of different course and student mixes, certainly, but also of other various other factors including the current funding arrangements for university teaching, learning and research, and having significantly fewer fee-paying international students than metropolitan universities.

In sum, Charles Sturt University is, in Australian terms, a mid-size university by most measures. What makes Charles Sturt different to other mid-size universities is that it is based in and conducts almost all of its operations in regional Australia – indeed, we are required to do so by our founding legislation. These basic characteristics – size, geography, and regional identity – make Charles Sturt University unique in the Australian higher education system.

What these statistics do not reveal, however, is the University's important role in the economy of regional NSW and its contribution to regional, state and national goals in education, health, economic and community development, employment and productivity, and, increasingly, energy transition and adaptation to climate change.

The role of Charles Sturt University in regional economies

According to the national Graduate Outcomes Survey and other data collections reported by the Good Universities Guide, for the past seven years Charles Sturt has had the highest rate of post-graduation employment of any Australian university, as well as starting salaries in the top five and

high ratings for student experience¹. The University has particularly strong graduate employment outcomes for students in high-priority industries and occupations: agriculture and environment; nursing, health, and allied health; science and mathematics; education and training; and many caring professions.

Most importantly, more than 75 per cent of Charles Sturt University graduates go on to careers in regional areas. This underscores the University's vital role in helping to reduce workforce shortages in regional areas, particularly in education, health, allied health, medicine, and IT. The University's graduates provide an annual injection of new skills and new ideas into regional industries and communities, helping to boost productivity and keep those industries and communities viable in an increasingly complex economic environment. This in turn helps those employers and communities attract and retain staff, deterring population drain to metropolitan areas and the associated strain on urban infrastructure and services.

In addition to producing skilled graduates (and upskilling those already in the workforce) Charles Sturt University has a significant economic impact in regional areas. An independent assessment carried out in 2018 estimated that the University contributed directly and indirectly to higher employment, household incomes, and gross regional product in all the regions in which we have a campus. A more recent study conducted by the Nous Group for the Regional Universities Network estimated that the University's Bathurst campus, for example, contributed more than \$500 million to the region's economy – almost 5 per cent of real GDP for the region².

In most of the regions where we operate Charles Sturt University is one of the largest employers and a major user of local goods and services, including high-wage technical and specialist services. The University provides further economic, social and cultural benefits to regional communities as a host or venue for regional, national and international events: conferences, sports competitions, concerts, and local school graduation ceremonies.

In support of continuing and enhancing the University's education, social, and economic missions, Charles Sturt has engaged with the Australian Universities Accord process and associated reviews and inquiries. In our submissions to the Accord and on key issues such as research and meeting the health and medical workforce needs of regional communities, Charles Sturt University has advocated:

- flexible funding arrangements for teaching and learning that reflect the actual cost of delivery of subjects, with provision for the higher costs of delivery in regional areas and for small student cohorts, especially in industry-critical or national priority courses,
- supplementary funding to support participation and achievement by high-needs students, including those from low-SES, First Nations, and regional and remote areas, thereby adding to the supply of graduates into the workforce,
- funding for university research that covers the full cost of undertaking that research (including, for example, appropriate on-costs and access to or use of research infrastructure), and regardless of whether that funding comes from public or private sources,

¹ See '[Charles Sturt tops Australian universities for graduate employment](#)', 30 August 2023

² Nous Group, '[Economic Impact of the Regional Universities Network](#)', September 2020



- targeted funding to maintain and build research capability in regional areas, to help regional business and communities innovate, adapt, and grow,
- recognition of and support for regional universities' cultural and economic benefits to and impact on regional communities and industries,
- better coordination of and funding for clinical placements for students in medicine, health, and allied health, and
- direct financial support for students on extended compulsory professional placements, especially in medicine, health, allied health, and education.

While many of these issues will be addressed in the final report and recommendations of the Australian Universities Accord, and the Government's response to those recommendations, expected in the 2024-25 Budget, each of these issues has implications for Australian Government programs and funding beyond the higher education sector. Charles Sturt University is, therefore, using the opportunity provided by the pre-Budget consultation to highlight three issues:

1. the higher costs associated with providing essential services in regional areas, and how this is factored into funding decisions and programs,
2. the impact of emphasising competition rather than collaboration in providing services, especially in thin markets, and
3. the potential benefits to regional employment and economic development in leveraging the capabilities of regional universities.

Opportunities for reform

Regional loading

Like other regional enterprises, regional universities must manage higher operating costs than their metropolitan counterparts. These costs are well-recognised, have been widely commented upon³, and have been noted in a variety of Parliamentary and other inquiries including the current Senate Select Committee inquiry on Cost of Living. Various factors contribute to the higher costs of delivering goods and services (like education) in regional areas. They include attracting and retaining suitable staff, transport, infrastructure bottlenecks (and quality), lack of competition, and workforce shortages. Increasingly, poor internet connectivity and slower and/or more expensive broadband is both a contributor to generally higher costs and a complicating factor in other cost drivers.

A complicating factor for universities is that current core public funding for teaching, learning, and research does not cover the actual cost of delivering courses or carrying out research⁴. Some universities are able to manage the shortfall through large enrolment numbers, non-government funding for research (though industry funding also tends not to cover the actual cost of the

³ ABC News, '[Freight expenses, lack of competition hitting regional Australia hardest, cost-of-living inquiry hears](#)', 29 August 2023

⁴ See Andrew Norton, '[Regional universities are especially disadvantaged by funding based on average costs](#)', published 8 July 2020

research it is intended to support), and cross-subsidisation using income from international students. These options are not open to regional universities as they operate in thin markets with smaller student cohorts, fewer large industry partners willing to invest in R&D, and far fewer international students than their metropolitan counterparts (indeed the bulk of regional universities' international students enrol in courses at capital city campuses and study hubs). This means that many essential courses at regional universities – including industry-critical and national priority courses in veterinary science, agricultural science, environmental management, or engineering – are becoming unviable.

Another challenge that regional universities have in common with other regional enterprises, but with few of their counterparts in the higher education system, is the cost of maintaining operations across multiple regional locations. While there may be a single administrative structure involved, which leads to some cost efficiencies at scale, providing the same services (and, importantly, the same quality of service) across multiple locations requires duplication of administrative services, some staff roles, and physical infrastructure. For universities the latter includes laboratories, libraries, teaching and learning spaces, and the specialist staff they require.

While the factors driving higher operating/delivery costs in regional areas may be well-known their effect has not been quantified. Measures of CPI, for example, do consider differences between metropolitan and regional areas⁵. This represents a significant knowledge gap for planning for regional services by governments, and for regional enterprises including universities.

Australian Government funding takes some account of the higher costs of providing university education in regional areas. The Regional Loading Program is intended to:

promote equality of opportunity in higher education by providing additional funding to eligible higher education providers to assist those providers to offset higher operating costs of regional campuses in comparison with major city campuses⁶.

The amount of funding provided through this program is capped and indexed on the same terms as other grants under the *Higher Education Support Act 2003*.

Allocations to universities are calculated using a formula that includes the locations of the university's main and regional campuses, student load, an adjustment to keep total funding within the cap. The formula is underpinned by basic loadings determined by remoteness, as follows:

Remoteness category	Loading
Remote and very remote	20%
Darwin region	15%
Outer regional	10%
Inner regional	5%
Major city and overseas	0%

These basic loadings have been in place since the 2013 Review of Regional Loading, and while subject to regular scrutiny and debate have remained in effect through various changes to higher education funding, including the Job-ready Graduates reforms. Two major reviews of regional

⁵ Reserve Bank of Australia, '[Inflation and its measurement](#)', accessed 19 January 2024

⁶ [Higher Education Support \(Other Grants\) Guidelines 2022](#) – current as at November 2023



education (the 2017 Independent Review into Regional, Rural and Remote Education (the Halsey Review) and the related National Regional, Rural and Remote Tertiary Education Strategy (the Naphthine Review) in 2019) explored issues around regional loading for both schools and universities but did not make any recommendations on the latter. In 2022 the Department of Education called for expressions of interest in a project, to be funded through the National Priorities Pool Program, to:

undertake a stocktake and analysis of regional loading at institutions eligible to be funded through the Regional Loading Program to analyse how the program is meeting the needs of regional delivery.⁷

As at January 2024 the Departmental web site lists projects in the 2022 round as 'under consideration'. Regional loading arrangements for universities are, therefore, long overdue for re-evaluation, as it is no longer clear that current arrangements are adequate.

Regional loading is also applied in other Australian Government funding programs in recognition of the higher costs attached to operating and delivering services in regional areas and/or thin markets. For example, some funding for schools is determined by their Accessibility/Remoteness Index of Australia Plus (ARIA+) score, with basic location weightings of at least 10 per cent in Inner Regional Areas and up to 30 per cent in Outer Regional Areas. The funding formula also includes provision for small class sizes. A 2022 Review of Regional Schooling Resource Standard Loadings by the National School Resourcing Board made several recommendations to improve understanding of the costs of operating schools with smaller class sizes and/or outside major metropolitan centres, and to develop an appropriate 'remoteness index', based on the most up-to-date data, to underpin loadings and inform funding allocations (the Australian Government noted these and all the other recommendations from the review)⁸.

The Department of Health applies regional loading to various programs including for service delivery in mental health, disability support, and basic health services⁹. The degree of loading varies by location and population size, from 15 per cent for large rural centres to 70 per cent for very remote areas¹⁰. The basic framework underpinning this regional loading mechanism has not been updated since 2013. Regional loading is also applied to some funding and pricing under the National Disability Insurance Scheme¹¹.

This quick survey of regional loading for Australian Government funding programs shows that there are several different approaches in place. They involve different regional weightings, with different loading applying to the same geographical region depending on which portfolio is involved. In some cases the underlying arrangements have not been updated in a decade or more.

Charles Sturt University suggests that a **review and evaluation of regional loading arrangements** for Australian Government programs could provide a basis for more efficient and effective use of public funding. A consistent approach to regional loading across portfolios could

⁷ Department of Education, '2022 National Priorities Pool Program Expressions of Interest: Project 2: Stocktake, review and analysis of Regional Loading – Guide for Applicants', accessed 6 October 2023, since removed.

⁸ See [Review of Regional Schooling Resource Standards Loadings](#), accessed 19 January 2024.

⁹ See Department of Health, '[Modified Monash Model](#)', accessed 19 January 2024.

¹⁰ See Services Australia, '[Rural Loading Incentive](#)', accessed 19 January 2024.

¹¹ See NDIS '[Rural and Remote Strategy](#)', accessed 19 January 2024



lead to administrative efficiencies while ensuring that regional businesses and communities receive a similar level of services and opportunities to their counterparts in metropolitan centres. Regular updates drawing on census and other data would ensure that regional loading arrangements are appropriately targeted and fit for purpose.

A key part of this process would be the identification of the factors that drive higher costs in regional and remote areas, and quantification of their separate and cumulative impact on households, businesses, public services, and other regional enterprises. Better understanding of and transparency around cost drivers in regional and remote areas would assist with state, territory and Commonwealth planning and budget decisions.

Collaboration versus competition

Another option for dealing with the high cost of provision of education in regional areas is to encourage and facilitate greater collaboration between tertiary education providers. Current funding arrangements for some teaching and learning initiatives and many research programs involve competitive processes that require universities and their partners to commit time, effort, and resources towards applications with uncertain outcomes and low success rates – and, as noted above, even if the applications are successful the funding awarded usually falls short of what is actually required.

While some programs encourage or require cooperation between higher education institutions and others, these programs are usually structured around a lead institution and in ways that favour large metropolitan universities over smaller, specialised or regional universities. Too often this means regional involvement (and benefits) are an ‘add ons’ rather than a core part of the project.

The focus on competition rather than collaboration extends to high-priority, high-demand courses like health, allied health, and medicine. There are chronic and persistent health and medical workforce shortages across Australia, resulting in some of the Department of Health initiatives mentioned above, as well as Commonwealth and state government measures like HELP debt waivers and scholarships. Many are predicated on graduates spending a certain amount of time working in rural and regional areas¹². There are questions about whether this kind of incentive will actually increase the supply of health and medical graduates in regional areas¹³.

Evidence from a wide range of sources shows that the best way ensure that more health and medical professionals take up long-term positions in regional areas is for them to undertake some of their training in regional areas. The longer their training experience in regional locations, the more likely they are to stay, and the odds are even greater if the students are from regional areas themselves. This is the basis for some Australian Government funding programs health and medical training¹⁴.

Charles Sturt University’s decade-long campaign to set up its own medical school was driven by the same principle: by giving more regional students the opportunity to train as doctors in regional areas – all of the clinical placements in the program are in regional areas – the University can help

¹² Department of Health and Aged Care, [‘HELP for Rural Doctors and Nurse Practitioners’](#), accessed 19 January 2024

¹³ See Andrew Norton, [‘Bonded scholarships for nursing students in Victoria’](#), published 29 August 2022

¹⁴ Minister for Health and Aged Care, [‘New medical school programs put doctors where they’re most needed in regional Australia’](#), 4 December 2023



alleviate medical workforce shortages in rural, regional, and remote NSW. There is clear interest in the opportunity: every year the course receives more than 800 applications from around the country for the 37 Commonwealth Supported Places (CSPs) available. Charles Sturt University's School of Rural Medicine is also an example of the key problem with current higher education funding arrangements for teaching, noted above: the design of the program was based on an assumption of 60 CSPs, the minimum required to meet projected demand for graduates and ensure the program is financially viable, but the University has been allocated only 37, largely as a result of the intense competition among universities for a limited number of medical CSPs.

Most NSW universities with health and medical programs have rural clinical schools, with several across Charles Sturt University's geographic footprint: in Albury (University of New South Wales), Bathurst (University of Western Sydney), Dubbo (University of Sydney), Goulburn (Australian National University), Orange (University of Sydney), Port Macquarie (University of New South Wales), Wagga Wagga (University of New South Wales and Notre Dame University Australia) and other locations. Many of these regional clinical schools – including those run by Charles Sturt University – are funded through the Australian Government's competitive Rural Health Multidisciplinary Training program¹⁵. They provide placements for durations ranging from six weeks to a year (periodically), often as an elective in the university's medical degree. Relatively few of the students who go through these placement programs take up positions in regional areas after they graduate.

Setting up and running these clinical schools involves not only competition for funding but for supervisors, clinical staff time, equipment and facilities, teaching spaces, and local accommodation, as well as duplication of administrative structures and complex reporting requirements. Furthermore, metropolitan universities, drawing on alumni networks and large financial reserves built up over decades of public funding, are usually able to resolve any conflict over time and resources in their own favour. As a result, metropolitan students on short-term placements often crowd out local students, forcing them to travel further afield to undertake compulsory clinical placements and leading to calls for more financial support¹⁶.

A **collaborative rather than competitive approach** to clinical training, driven by Australian Government funding and in cooperation with the states and territories, would reduce duplication of effort, take pressure off regional health facilities and accommodation, and provide a wider range of clinical experience for more students. The same principle could be applied to other higher education courses involving extended placements (health and allied health, education) or work integrated learning, where there is also strong competition for suitable places.

Some of the challenges to providing tertiary education in thin markets could be better managed by a similar approach: encouraging collaboration rather than competition between different tertiary education providers and different types of providers. For example, the Australian Universities Accord has inspired some discussion of a **shared services model** involving universities, TAFEs, and other post-secondary education providers. This might encompass specific services like libraries or research and technology transfer offices; some administrative services; shared teaching infrastructure; joint delivery of some high priority but low enrolment courses; or student support

¹⁵ Department of Health and Aged Care, '[Rural Health Multidisciplinary Training \(RHMT\) program](#)', accessed 19 January 2024

¹⁶ As discussed in the [Australian Universities Accord interim report](#), 19 July 2023



services. Australian Government support for a scoping study could help show whether such an approach would, in fact, lead to cost savings, more effective use of public funding, and better outcomes.

Building on the economic impact of regional universities

As noted above, regional universities like Charles Sturt bring significant and quantifiable economic and non-economic benefits to regional communities and industries. They are major employers. They attract students, researchers, and visitors to the region; contract with local businesses and suppliers; support local community groups; attract and catalyse the growth of high wage and high value add industries; and provide venues for conferences, sporting competitions, cultural and community events, and more.

Despite this impact regional universities are often excluded from state and Commonwealth government regional development programs or allowed to participate only as partners or on unfavourable terms (often with a high opportunity or financial cost). The previous government justified the exclusion of regional universities from some programs on the grounds that they had access to funding streams not available to other regional enterprises, a blanket exclusion that did not reflect reality: the 'other funding streams' are already insufficient to cover the costs of the research and teaching activities they are intended to support, and there has been no dedicated funding program for university infrastructure since the final round of the Education Infrastructure Fund in 2011 (the program was paused after the 2013 election and axed altogether in 2019)¹⁷.

While the situation has improved somewhat in the past few years regional universities are still excluded from infrastructure programs such as the Growing Regions Program, and major national programs like the National Reconstruction Fund. Even among regional universities there is not a level playing field, as some can and have received support through the Northern Australia Infrastructure Facility.

Regional universities have an established presence and good reputation in regional areas. They have networks of diverse partners who can be brought together to develop proposals aligned to regional needs and priorities, experience in managing large grants, and a track record in delivering large projects. They provide fundamental enabling capabilities in project planning and budgeting, high-speed computing facilities and high bandwidth internet connections. They also have a clear track record in delivering outcomes to the benefit of regional communities, residents and employers.

Charles Sturt University suggests that these characteristics should make the inclusion of regional universities in Australian Government regional economic development, cultural, community, and infrastructure programs the norm rather than an exception.

¹⁷ See Parliamentary Library FlagPost, ['Will the new Future Drought Fund leave the Education Investment Fund high and dry?'](#), published 16 November 2018.