



REGIONAL STRENGTH. NATIONAL SUCCESS.



## Introduction

The Regional Universities Network (RUN) is a network of six universities with headquarters in regional cities or towns in Australia. RUN was established in October 2011 with each member University playing a vital role in the development of their regional economies and communities<sup>1</sup>. The foundation members include:

- CQUniversity;
- Southern Cross University;
- University of Ballarat;
- University of New England;
- University of Southern Queensland; and
- University of the Sunshine Coast.

In October 2012, RUN commissioned a study to estimate the economic contribution of each University to its local region. This report outlines the impact of RUN.

## Regional Universities Network

The members of RUN deliver higher educational programs across regional Australia, the nation and internationally to more than 100,000 students each year, including more than 45,000 students studying externally. The member Universities all have their headquarters in regional cities or towns and play a vital role in the development of their regional economies and communities. RUN Universities produce, retain and attract a broad range of qualified professionals that are needed for regional development and economic diversification and growth. They also ensure a steady supply of teachers, nurses, allied health professionals, social workers and environmental scientists to underpin essential services in our regions.<sup>2</sup> RUN trains more than 2,200 higher degree by research candidates each year and conducts world standard research that matters to regional communities, across a range of fields, including: education; rural and remote health; sustainable business development; regional development; climate change adaptation; environment, plant and water sciences; agricultural and resource economics; geoscience; genetics and animal science.

The analysis only incorporates the impact of the main campuses for each individual University and does not include the impacts of other campuses, overseas centres or any other operations of the Universities (e.g. innovation parks, vocational education and training operations). Perhaps more importantly, it excludes the University's contribution to encouraging people living in the region to undertake higher education. Consequently, the economic impact analysis contained in this report is an extremely conservative estimate of the impact of RUN on the economy. The impacts derived at the national level for the campuses examined is greater than the sum of the impacts on the relevant LGAs, as a result of expenditure made outside the LGA, but elsewhere in Australia, and the associated flow-on effects.

<sup>1</sup> [www.run.edu.au](http://www.run.edu.au) Accessed 15<sup>th</sup> November 2012

<sup>2</sup> [www.run.edu.au](http://www.run.edu.au) Accessed 15<sup>th</sup> November 2012

## Economic Impact

The impact is measured in terms of:

- Industry value added – the total value of turnover less the value of intermediate purchases. Industry value added measures the contribution of each industry sector to gross domestic or regional product. Total gross domestic or regional product is the sum of the industry value added for all industry sectors plus value added from final demand (household and government consumption expenditure, capital formation, exports and changes in inventories);
  - Household income – primarily comprising wages and salaries;
  - Employment – measured as full-time equivalent jobs, adopting the Australian Bureau of Statistics convention whereby one part-time job equates to 0.5 full-time job; and
  - Output – total gross revenue. This element should be used with caution as it can include elements of double counting when the output of integrated industries is aggregated, as it includes the cost of inputs at each stage. Gross regional product (GRP) excludes the cost of intermediate inputs and is therefore a more appropriate measurement of economic contribution.
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## Economic impact of RUN on the Australian economy

This section summarises the impact of RUN on the Australian economy. The result is provided as the total impact on Australia, as well as a breakdown of the individual components including:

- operations – the wages and salaries of staff as well as all other expenditure by RUN;
- expenditure by overseas students combined with visitor expenditure associated with graduation ceremonies; and
- any capital expenditure within Australia during the 2011 calendar year.

### Total Impact

The impact of RUN on the Australian economy is shown below.

	Output \$m	Income \$m	Value Added \$m	Employment FTE
Total	3,601.4	1,209.2	2,050.7	14,263

The main industry sectors impacted by RUN in terms of FTE employment are Retail Trade, Education & Training and Professional, Scientific & Technical Services.

Overall, RUN contributes the following to the Australian economy:

- \$2.1 billion in gross domestic product,
- \$1.2 billion in household income; and
- more than 14,000 FTE jobs.

The impact of the individual components of RUN on Australia is outlined in the table below.

	Output \$m	Income \$m	Value Added \$m	Employment FTE
Operations	3,175.1	1,104.9	1,847.1	12,924
Student Expenditure	80.4	21.9	42.3	305
Capital Expenditure	346.0	82.3	161.3	1,034

### Operations

The operations of RUN contribute \$1.8 billion in gross domestic product, \$1.1 billion in household income and almost 13,000 FTE jobs to the Australian economy.

The main industry sectors impacted by the operations of RUN in terms of flow-on FTE employment are Education & Training, Retail Trade and Professional, Scientific & Technical Services.

### Student Expenditure

Expenditure by students from RUN contributes \$42.3 million in gross domestic product, \$21.9 million in household income and 305 FTE jobs to the Australian economy.

The impact of student expenditure is relatively small as only expenditure by those students who had an overseas home address on enrolment has been included in assessing the impact on the Australian economy.

The main industry sectors impacted by student expenditure in terms of FTE employment are Retail Trade, Accommodation & Food Services and Other Services.

### Capital Expenditure

RUN capital expenditure contributes \$161.3 million in gross domestic product, \$82.3 million in household income and 1,034 FTE jobs to the Australian economy.

The main industry sectors impacted by investment by RUN in terms of FTE employment are Construction, Retail Trade and Professional, Scientific & Technical Services.

# Economic Impact

## Economic impact of RUN on their combined LGAs

This section summarises the impact of RUN on the combined economy of the LGAs in which RUN campuses are located. Note: this only includes the LGAs defined as part of this study. The result is provided as the total impact on the LGAs, as well as a breakdown of the individual components including:

- operations - the wages and salaries of staff as well as all other expenditure by RUN;
- expenditure by students combined with visitor expenditure associated with graduation ceremonies; and
- any capital expenditure within the LGA during the 2011 calendar year.

### Total Impact

The impact of RUN on the combined LGAs economy is shown below.

	Output \$m	Income \$m	Value Added \$m	Employment FTE
Total	2,774.8	968.2	1,670.1	12,393

Overall, RUN contributes the following to the combined LGAs' economy:

- \$1.7 billion in gross regional product,
- \$968 million in household income; and
- more than 12,000 FTE jobs.

The impact of the individual components of RUN on the combined LGAs is outlined in the table below.

	Output \$m	Income \$m	Value Added \$m	Employment FTE
Operations	2,276.8	856.6	1,421.7	10,564
Student Expenditure	334.2	79.2	174.3	1,340
Capital Expenditure	163.8	32.3	74.0	489

## Operations

The operations of RUN contribute \$1.4 billion in gross regional product, \$857 million in household income and more than 10,500 FTE jobs to the combined LGAs' economy.

## Student Expenditure

Expenditure by students from RUN contributes \$174.3 million in gross regional product, \$79.2 million in household income and 1,340 FTE jobs to the combined LGAs' economy.

Note: This is significantly higher than for the RUN impact on the Australian economy as it includes domestic student expenditure, whereas the impact assessed for Australia only incorporates expenditure by students who had an overseas address on enrolment.

## Capital Expenditure

RUN capital expenditure contributes \$74.0 million in gross regional product, \$32.3 million in household income and 489 FTE jobs to the combined LGAs' economy.

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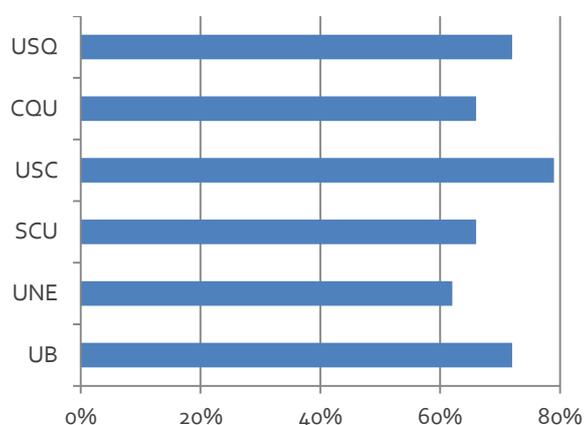
## Other impacts

The second part of the report examines additional economic benefits that result from the presence of a university in a local region in terms of human capital. The presence of graduates in a region generally contributes higher wages and lower unemployment rates as well as contributing to an educated workforce. When graduates of a university are employed regionally, the university is making a specific contribution in terms of human capital. This section summarises where RUN graduates are initially employed with particular focus on regional employment.

## Initial employment location of RUN Bachelor level graduates

The Graduate Careers Survey undertaken by the Graduate Careers Council collects the employment location of a graduate approximately four months after graduation. Data provided by each individual University, between 2007 and 2011, indicates that a significant proportion of graduates with Bachelor level qualifications, that were employed four months after graduation, were initially employed in a regional location. This is shown in the chart below.

Percentage of Bachelor level graduates that were employed in a regional location at the survey census date, 2007-2011.



Overall, a large percentage of Bachelor level graduates of RUN are initially employed in regional Australia, with all member Universities reporting over 60% initial employment in a regional location.

## Proportion of the population with a post-school qualification

Between the 2006 and 2011 Census periods, the proportion of the population aged over 15 years, with a university qualification increased in the all LGAs in which the Universities in RUN are located. This is shown in the table below.

Total university qualifications as a percentage of the population aged over 15 years 2006 and 2011 Census.

University	LGA	Total university qualifications		
		2006	2011	Difference
UB	Ballarat	17.6%	19.6%	2.0%
UB	Horsham	12.8%	14.0%	1.2%
USC	Sunshine Coast	14.7%	17.1%	2.4%
USQ	Toowoomba	16.7%	16.9%	0.2%
USQ	Ipswich	10.1%	12.1%	2.0%
USQ	Fraser Coast	8.9%	10.3%	1.4%
CQU	Rockhampton	14.1%	14.4%	0.3%
CQU	Mackay	11.3%	11.8%	0.5%
CQU	Gladstone	11.4%	12.2%	0.7%
CQU	Bundaberg	9.4%	11.0%	1.6%
SCU	Lismore	16.8%	18.6%	1.9%
SCU	Coffs Harbour	13.1%	15.6%	2.6%
SCU	Gold Coast-Tweed	14.3%	17.2%	2.9%
UNE	Armidale-Dumaresq	24.9%	27.5%	2.5%

Source: ABS Census of Population and Housing 2006-2011

In 2011, the proportion of the population aged over 15 years with a university qualification ranged from 27.5 per cent in Armidale-Dumaresq LGA to 10.3 per cent in Fraser Coast LGA. The largest increase between the 2006 and 2011 Census period was recorded in the combined Gold Coast-Tweed LGA (2.9 per cent).

## Income levels by qualification

Based on data from the 2011 Census for all LGAs in which RUN is located, persons in the workforce holding a university qualification generally command significantly higher incomes from employment than the average for the workforce as a whole. This is summarised in the following table.

## Economic Impact

### Average income for employed persons with a university qualification as a proportion of persons with no post-school qualification.

		Master Degree Level	Graduate Diploma Level	Bachelor Degree Level
UB	Ballarat	1.53	1.60	1.45
UB	Horsham	1.64	1.99	1.75
USC	Sunshine Coast	1.51	1.57	1.40
USQ	Toowoomba	1.51	1.41	1.54
USQ	Ipswich	1.53	1.43	1.48
USQ	Fraser Coast	1.65	1.62	1.60
CQU	Rockhampton	1.51	1.54	1.52
CQU	Mackay	1.42	1.48	1.45
CQU	Gladstone	1.43	1.39	1.30
CQU	Bundaberg	1.69	1.94	1.61
SCU	Lismore	1.64	1.69	1.63
SCU	Coffs-Harbour	1.67	1.91	1.66
SCU	Gold Coast-Tweed	1.42	1.35	1.43
UNE	Armidale-Dumaresq	1.46	1.47	1.43

Source: ABS Census of Population and Housing 2006-2011

For those with a Bachelor level qualification, average incomes in all LGAs with a RUN campus were between 1.30 and 1.75 times higher than the average income for the workforce overall. A similar result is also shown for Graduate Diploma level qualifications as well as Masters level.

### Unemployment rate and post-school qualifications

An analysis of the unemployment rates for the LGAs in which RUN is located, at the 2011 Census, shows that the average unemployment rate for persons with a university qualification is considerably lower than the overall unemployment. This is shown in the table across.

As expected, the unemployment rate amongst those people with no post-school qualifications is also

considerably higher than for those with a university qualification and for the workforce overall.

### Unemployment rate by post-school qualification, 2011

		University qualification	No post-school qualification	Total region
UB	Ballarat	2.9%	8.2%	5.9%
UB	Horsham	1.2%	5.1%	3.7%
USC	Sunshine Coast	3.8%	9.3%	7.1%
USQ	Toowoomba	2.4%	6.4%	4.8%
USQ	Ipswich	3.1%	9.5%	7.3%
USQ	Fraser Coast	3.2%	13.7%	10.5%
CQU	Rockhampton	2.3%	6.8%	5.2%
CQU	Mackay	1.9%	5.1%	3.7%
CQU	Gladstone	2.2%	6.3%	4.6%
CQU	Bundaberg	2.7%	11.3%	9.0%
SCU	Lismore	4.5%	10.8%	8.3%
SCU	Coffs Harbour	3.4%	11.7%	8.3%
SCU	Gold Coast - Tweed	4.4%	9.7%	7.6%
UNE	Armidale-Dumaresq	1.2%	12.0%	7.4%

Source: ABS Census of Population and Housing 2006-2011

### Summary

Overall, the LGAs that accommodate a University in RUN have shown an increase in the proportion of the population with a university qualification between the 2006 and 2011 Census periods. Whilst not all of the local community would have received their qualification from RUN, the initial location of the graduates from RUN would indicate that a large proportion is retained in regional Australia.

Additionally, 2011 Census data also shows that university graduates in RUN LGAs, on average, earn higher incomes and have lower unemployment rates than people with no university qualifications. These

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results would indicate that RUN has a significant impact on the human capital in regional Australia.