

30 November 2022

Employment Taskforce
Treasury
Langton Cres
Parkes ACT 2600

To the Employment Taskforce,

The Regional Universities Network (RUN) welcomes the opportunity to comment on the Australian Government's Employment White Paper Terms of Reference. RUN is a national collaborative group of seven regional Australian universities: Charles Sturt University, CQUniversity Australia, Federation University Australia, Southern Cross University, University of New England, University of Southern Queensland, and University of the Sunshine Coast. RUN member universities may also make their own submissions to address in detail any specific issues they wish to explore with the issues paper.

This submission reflects the positions of RUN institutions, and in doing so, also aims to represent the views of those students and communities which RUN universities serve; the one-third of Australians who live outside of metropolitan centres in Regional, Rural and Remote (RRR) locations. RUN has sought to provide general comment as it relates broadly to various scopes and themes within the Employment White Paper Terms of Reference.

Full employment, productivity, and wages growth

Regional Disadvantage

Access to high quality, equitable educational opportunities – be it early childhood, primary/secondary schooling, or post-school vocational or tertiary study – is a foundation prerequisite to achieving sustainable employment, productivity and wage prosperity at a national, community or individual level. RUN believes, however, that our national capacity to maintain and adapt our ongoing prosperity within an increasingly unpredictable global environment is one that could remain burdened by the entrenched educational disparities that exist between regional and metropolitan Australia.

The one-third of our national population that does not live in metropolitan Australia needlessly occupy a lower tier of educational opportunity and attainment, representing a major source of unmet economic potential. Individuals who grow up in RRR locations are around 40 per cent less likely to gain a higher-level tertiary education qualification and less than half as likely to gain a Bachelor and above qualification by the time they are 35 years old, compared to individuals from metropolitan areas¹. This difference results in 36 per cent of people living in capital cities (aged 15-74 years) having obtained a Bachelor's degree or above, compared to just 21 per cent in inner regional, 19 per cent in outer regional Australia, and 18 per cent in remote and very remote Australia². This educational disparity is not limited to higher education. There remains a persistent gap between metropolitan and regional year 12 or equivalent attainment rates with a difference of

¹ Department of Education, National Regional, Rural and Remote Tertiary Education Strategy: final report, 2019, accessed at <https://www.education.gov.au/access-and-participation/resources/national-regional-rural-and-remote-tertiary-education-strategy-final-report> on 17 October 2022

² Australian Bureau of Statistics, Education and Work, Table 34 Australia, May 2021, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

up to 21 percentage points between metropolitan and remote and very remote Australians aged between 15 and 74³.

A natural consequence of regional Australia's educational disparity is, unsurprisingly, a more acute prevalence of critical skills shortages across many key industries, as compared to metropolitan Australia. Recent National Skills Commission data reveals job advertisements in regional areas have grown by 95.8 per cent, compared to a growth of just 60.6 per cent in capital cities when compared to pre-Covid levels⁴. In its *Overcoming Australia's Labour and Skills Shortages* policy paper, the Australian Chamber of Commerce and Industry recognises that one-third of the national workforce is employed outside capital cities, but employers in the regions continue to report difficulty recruiting with regional employers filling a lower proportion of their vacancies and attracting a smaller number of applicants⁵. There are poor prospects that the regional phenomenon of lower education/training attainment alongside higher skills shortages will improve under a 'business as usual' approach to regional workforce development. The National Skills Commission anticipates that nine out of every 10 Australian jobs created over the next five years will require post-secondary education⁶. Given the above, and irrespective of the Australian University Accord process, RUN recommends that the importance of higher education and training and the role played by providers, especially within regional Australia, be a more prominent issued to be considered in the development of the Employment White Paper.

Regional Potential

The disparity in educational participation and qualification attainment between regional and metropolitan Australia, and the stronger demand for skilled workers in RRR locations, indicates that Australia's regional communities contain the greatest concentrations of untapped economic potential at a national level. RUN believes that untapping this potential via dedicated efforts to boost regional training and skilling will deliver benefits to all Australians. In their 2020 report "*The importance of universities to Australia's prosperity*", Deloitte Access Economics concluded that in present value terms, the average bachelor level graduate accrues an additional \$142,000 in post-tax earnings over their lifetime⁷. Relative to the average person with no post-school qualification, this represents a discounted earnings premium of 31 per cent⁸. When translating the value of higher education to a regional context, the Regional Australia Institute estimates that if people in the regions had the same share of Bachelor level qualifications as in metropolitan areas, there would be over 461,000 *more* graduates living and working in regional Australia, collectively earning about \$26 billion each year, based on the average salary for a graduate⁹. Deloitte Access Economics modelling indicates that each percentage point increase in higher education attainment – equivalent to around 50,000 more higher education qualified workers – is associated with a 0.09% increase in GDP per annum, representing \$1.8 billion in additional economic activity

³ Australian Bureau of Statistics, Education and Work, Table 18 Australia, May 2021, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

⁴ National Skills Commission, Labour Market Update June 2022 Quarter, August 2022, accessed at <https://www.nationalskillscommission.gov.au/sites/default/files/2022-08/NSC%20Labour%20Market%20Quarterly%20June%202022.pdf> on 17 October 2022

⁵ Australian Chamber of Commerce and Industry, *Overcoming Australia's Labour and Skills Shortages*, March 2022, accessed at <https://www.australianchamber.com.au/wp-content/uploads/2022/03/ACCI-Overcoming-Australias-Labour-Shortages-24-March-2022-Final.pdf> on 17 October 2022

⁶ National Skills Commission, *Projecting Employment to 2026*, March 2022, accessed at: <https://www.nationalskillscommission.gov.au/insights/projecting-employment-2026> on 4 November 2022

⁷ Deloitte Access Economics, *The importance of universities to Australia's prosperity*, 2020, accessed at: <https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/04/Report-The-importance-of-universities-to-Australias-prosperity.pdf> on 26 October 2022.

⁸ Ibid.

⁹ Regional Australia Institute, *Rebalance the Nation*, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

annually¹⁰. If regional Australia achieved bachelor-level educational attainment parity with metropolitan Australia, the 461,000 additional regional graduates could generate an annual boost in GDP worth an additional \$16.5 billion.

Regional Australia is primed for realising the socio-economic dividends from increased tertiary education attainment and thus one of the areas that can most readily boost Australia's productivity, suppress unemployment, and stimulate wages growth. RUN therefore supports renewed policy focus on closing the rates of educational attainment between metropolitan and RRR Australians. RUN advocates for the implementation of the Commonwealth's *2019 National Regional, Rural and Remote Tertiary Education Strategy* as a key policy response to addressing entrenched educational disparity between metropolitan and regional Australia. RUN urges the Government to include perspectives from regional higher education and training providers alongside the groups explicitly outlined in the Employment White Paper.

RUN recommends:

1. A more prominent focus in the Employment White Paper on the importance of higher education and training, especially within regional Australia, and the inclusion of perspectives from regional higher education and training providers and their students.
2. Renewed policy focus on addressing the imbalance of educational attainment rates between metropolitan and RRR Australians.
3. Implementation of the Commonwealth's 2019 National Regional, Rural and Remote Tertiary Education Strategy.

Care economy

RUN acknowledges the labour shortages in the national care workforce as well as the acute workforce pressures characteristic of care provision in RRR Australia.

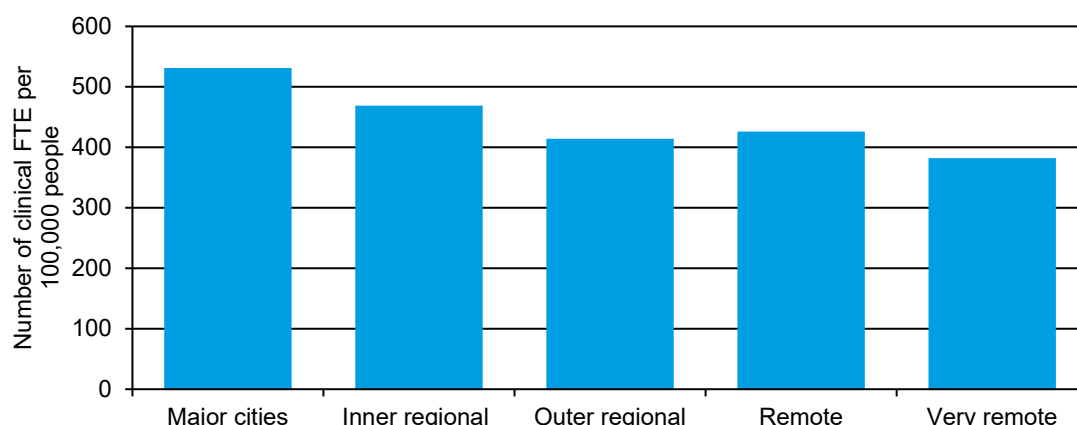
People living in non-metropolitan areas of Australia experience poorer health outcomes, higher rates of chronic disease and lower life expectancy than those living in metropolitan areas¹¹. These issues are exacerbated by the uneven distribution of the national workforce, resulting in poorer access and lower usage of some health services. The most recent 2020 Health Workforce data from the Australian Government Institute of Health and Welfare reveals, for instance, that there were 531 full time equivalent (FTE) allied health clinicians per 100,000 people in our major cities, with just 469 FTE allied health clinicians per 100,000 people in inner regional locations and 414 FTE allied health clinicians per 100,000 people in outer regional locations, as shown in **Figure 1**¹².

¹⁰ Deloitte Access Economics, The importance of universities to Australia's prosperity, 2020, accessed at: <https://www.universitiesaustralia.edu.au/wp-content/uploads/2022/04/Report-The-importance-of-universities-to-Australias-prosperity.pdf> on 26 October 2022

¹¹ Parliament of Australia, Health Workforce, 2022, accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/HealthWorkforce on 26 October 2022

¹² Australian Institute of Health and Welfare, Health Workforce, July 2022, accessed at: <https://www.aihw.gov.au/reports/workforce/health-workforce> on 26 October 2022

Figure 1. Allied health professionals clinical FTE per 100,000 by regionality



Similar skills shortage disparities between metropolitan and regional Australia are evident in other branches of the care sector, including aged care. A 2016 examination of the aged care workforce by the Australian Government Department of Health reported that 46.5 per cent of aged care residential facilities in Australia’s major cities reported skills shortages across multiple frontline occupations (including tertiary-qualified nursing and allied health practitioners), compared to 61.9 per cent of inner regional facilities and 62.8 per cent of outer regional facilities¹³. The shortages vary greatly by profession as shown below in **Figure 2**¹⁴.

Figure 2. Per cent of residential facilities experiencing skill shortages by occupation and regionality

	Major cities	Inner regional	Outer regional	Remote	Very remote
Registered nurse	33.9	50.3	51.5	55.2	58.5
Enrolled nurse	15.8	27.4	31.1	29.9	22.6
Personal care attendant	23.6	24.6	30.6	37.3	37.7
Allied health	6.1	6.3	4.7	11.9	3.8

These frontline aged care regional skills shortages are only likely to worsen as regional Australia seeks parity in access to aged care services. This is without considering the impact of the recently passed bill regarding residential aged care facilities and the requirement for registered nurses 24/7 at these facilities. The Commonwealth Government’s Royal Commission into Aged Care Quality and Safety (2021) found that in 2019, our major cities provided 79.2 residential and 40.2 community aged care places per 1,000 people, compared to just 66.6 residential and 36.4 community aged care places per 1,000 people in regional locations¹⁵.

Many fundamental care workforces require higher education qualifications, such as nursing and allied health practitioners. Regional universities are vital to expanding the care workforces required by RRR Australia in meeting the required future demand. There are multiple factors working in favour of, and against regional communities and their universities to overcome this skills disparity in the care sector.

¹³ Australian Government Department of Health, The Aged Care Workforce 2016, March 2017, accessed at: https://www.gen-agedcaredata.gov.au/www_aihwwgen/media/Workforce/The-Aged-Care-Workforce-2016.pdf on 26 October 2022

¹⁴ ibid.

¹⁵ Australian Government, Royal Commission into Aged Care Quality and Safety, March 2021, accessed at: https://agedcare.royalcommission.gov.au/sites/default/files/2021-03/final-report-volume-2_0.pdf on 26 October 2022

Research shows that 70 per cent of students that graduate from a RUN university go on to remain living and working in RRR Australia, and that health workers in particular are more likely to practice within the regions if they are familiar with or from a rural community and having completed their training regionally during their undergraduate and postgraduate education¹⁶. Unfortunately, the reverse is also true; RRR students who relocate to study at a metropolitan campus are far less likely to return to the regions after graduation (even if exposed to RRR clinical placement opportunities during their studies), perpetuating the ‘brain drain’ from regional Australia’s talent pools while exacerbating regional care skills shortages. Sheldon and Rothman (2007) found that the vast majority of regional and remote students who moved to a metropolitan area to undertake their studies never returned to their home region¹⁷. Therefore, the need for regional Australia to develop and sustain its own home-grown care workforce is paramount.

Students studying care disciplines (such as health fields) in regional Australia often face higher financial and personal/family costs of study, compared to metropolitan students. This often involves relocating from home, family and support networks to study, and/or travel to attend residential schools and clinical placements at the student’s own expense, with little to no opportunity to recover expenses or loss of income during these periods of block study. Furthermore, regional universities have access to only a limited number of Commonwealth-funded clinical placements (including medicine, aged care, primary care, mental health care and disability services) required by their students to complete their qualifications for professional registration. Economies of scale and cost efficiencies often result in these clinical placement opportunities being clustered in inner regional locations. The cost and practicalities of facilitating arrangements for bulk rural and remote clinical placements are typically less economical, if not entirely prohibitive, for many regional universities who are not part the University Department of Rural Health (UDRH) network.

With the right policy and funding support settings, regional Australia has strong potential to generate and sustain its own tertiary-qualified care workforces, and even make gains on skilling rate imbalances with metropolitan Australia. Indeed, health disciplines comprise the highest percentage of enrolments among RRR students, accounting for almost a quarter of all enrolments (comparatively, metropolitan students are most likely to be studying “society and culture” disciplines of education¹⁸). This suggests that regional Australia has potential to build upon its momentum in the development of sustainable, home-grown care workforces.

As the more acute demand for regional care workforces intensifies, consideration should be given to the provision of uncapped higher education student places for regional campuses experiencing high demand for care/health offerings to ensure graduate supply keeps pace with demand for regional Australia. Additional medical Commonwealth Supported places should also be allocated specifically for regional universities to help address the General Practice shortage issue facing regional Australia.

¹⁶ Regional Australia Institute, Rebalance the Nation, September 2022, accessed at

<https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 27 October 2022

¹⁷ Hillman, K. and Rothman, S. (2007). "Movement of non-metropolitan youth towards the cities", *Longitudinal Study of Australian Youth Research Reports*. Australian Council for Educational Research, Melbourne.

¹⁸ Department of Education, National Regional, Rural and Remote Tertiary Education Strategy: final report, 2019, accessed at <https://www.education.gov.au/access-and-participation/resources/national-regional-rural-and-remote-tertiary-education-strategy-final-report-on-17-October-2022>

RUN recommends:

1. Regional Australia being supported to develop self-sufficiency in the development of their own home-grown care workforces via the training and retaining of regional students studying at regional higher education and training institutions.
2. Access to more sophisticated and targeted support mechanisms for students studying care disciplines at regional campuses/universities, particularly those studying outside of the UDRH network.
3. An expansion of funded clinical (health) places for regional universities across aged care, primary care, mental health care and disability services.
4. A longer-term consideration for the provision of uncapped higher education student places for regional campuses experiencing high demand for care/health offerings.

Energy transition and tackling climate change

RUN unanimously endorse Australia's climate targets and efforts to transition to a net zero economy by 2050, noting that regional Australia hosts the majority share of the nation's natural assets, biodiversity, and renewable energy potential. Similarly, regional Australia hosts a major share of the nation's fossil fuel assets and workforces, emission-intensive industries, and loss of habitats and biodiversity. As such, regional Australia is likely to wear the brunt of environmental and economic destruction linked to Australia's changing climate and could well face greater industrial/economic disruptions from the transition to net zero by 2050 than metropolitan areas. While RUN acknowledges the tremendous opportunities for many regional communities that may present from the transition to a net-zero economy, we also recognise the legitimate concern that these opportunities may not be evenly distributed across Australia.

Regional Australia and its universities must play a lead role in reshaping Australia's industries, technologies, and workforces for the transition to a 'green economy' and net zero emissions by 2050. Regional universities are eager to meet these challenges, guided by our distinct social charter that directs our teaching and research activities towards the needs of our respective communities. To be effective in meeting these challenges however, the ongoing sustainability of our regional universities as accessible, equitable, and high-quality providers of teaching and innovative research is crucial. Unfortunately, regional universities simply do not enjoy the same wealth of surpluses and resources that many metropolitan universities deployed to sustain themselves against the preceding years of the pandemic and unfavourable higher education policy and funding settings. These detrimental policy and funding issues, and the inequitable distribution of impact upon regional universities, are discussed subsequently in this submission. RUN advocates for a renewed policy focus that supports regional universities to play a more proactive role in servicing the innovation (research) and workforce transitions required of regional Australia in the pursuit of a net-zero economy. Specifically, RUN calls for the establishment of a dedicated regional research fund that seeks to build regional Australia's understanding of, and ability to respond to, the opportunities and challenges of the net zero energy transition. This research would not only drive capacity for regional innovation and resilience, but also inform the teaching and training of transitioning regional workforces.

Run recommends:

1. Pursuance of Australia's established climate targets and efforts to transition to a net zero economy by 2050.
2. A renewed policy focus that is supportive of regional universities playing a more proactive role in servicing the innovation (research) and workforce transitions required of regional Australia in the pursuit of a net-zero economy.
3. The establishment of a dedicated regional research fund that seeks to build regional Australia's understanding of, and ability to respond to, the opportunities and challenges of the net zero energy transition.

Improving outcomes for those who face challenges in employment

Regional universities do much of the heavy lifting in terms of raising the employment outcomes amongst underrepresented equity groups seeking and obtaining tertiary qualifications required for workforce participation.

As a percentage of Australian domestic students, RUN enrols the nation's highest rates of Indigenous students, students from low socio-economic backgrounds, and students from RRR communities. While RUN universities host 15 per cent of Australia's total domestic enrolments, RUN enrols 28 per cent of the nation's total Indigenous enrolments, 23 per cent of all low SES enrolments nationally, and 31 per cent of all regional/remote enrolments; representing by far the largest proportions of enrolments among these equity groups of any university sector network¹⁹. RUN universities are extremely proud of our diverse student cohorts, and we celebrate the profound impact a tertiary qualification has on the lives of each student and their community. It is a source of ongoing validation that RUN graduates enjoy greater rates of employability and starting salaries than the metropolitan-skewed national average²⁰.

But we also know that the university completion rates of domestic undergraduate students from low SES, indigenous and regional/remote backgrounds are lower than the average completion rates of all (national) domestic undergraduate students, as shown in **Figure 3**²¹.

¹⁹ Department of Education, Higher Education Statistics, Section 16 - Institutional Student Equity Performance Data, 2009 to 2020, accessed from <https://www.education.gov.au/higher-education-statistics/student-data/selected-higher-education-statistics-2020-student-data-0> on 05 November 2022.

²⁰ Quality Indicators for Learning and Teaching, Graduate Outcomes Survey, 2021, accessed at: [https://www.qilt.edu.au/surveys/graduate-outcomes-survey-\(gos\)#anchor-1](https://www.qilt.edu.au/surveys/graduate-outcomes-survey-(gos)#anchor-1) on 26 October 2022

²¹ Department of Education, Higher Education Statistics, Completion Rates of Higher Education Students – Cohort Analysis, 2005-2020, accessed at: <https://www.education.gov.au/higher-education-statistics/resources/completion-rates-higher-education-students-cohort-analysis-20052020> on 9 November 2022

Figure 3. Completion rates (%) for commencing domestic bachelor students, nine-year period (2012 – 2020) by cohort

	Completed % (in any year 2012 – 2020)
All cohorts (national average)	71.7%
Indigenous	49.4%
Low SES	65.8%
Regional	67.7%
Remote	61.5%

Regional universities are acutely aware of the potential for our distinct student cohorts to risk non-completion of studies due to a complex range of social, cultural and financial factors unique to RRR Australia. RUN members respond to these challenges by providing high levels of targeted student support, partially assisted by provisions such as the Commonwealth’s Higher Education Participation and Partnerships Program (HEPP). Regional universities have established a strong reputation amongst the sector as providing best-practice student support.

It is obvious that barriers to tertiary success amongst underrepresented/equity student groups in RRR Australia persist despite the provision of HEPP funding and the best efforts of regional universities acting within their means. To ensure regional universities can continue supporting vulnerable student groups with increasingly sophisticated assistance to achieve greater tertiary success, RUN encourages additional funding and support mechanisms to be explored. This could include enhancing the scope and magnitude of HEPP, increasing the funding growth rate for regional campuses, conducting community-based research to better understand the challenges to employment amongst equity groups in RRR Australia, and implementing the recommendations from the Commonwealth’s 2019 National Regional, Rural and Remote Tertiary Education Strategy. There is also a strong role to play in the provision of enabling or vocational-level preparation courses, prior to the commencement of study, to provide a robust academic foundation targeting RRR student equity groups seeking successful completion. RUN would welcome an expansion of funded enabling places to regional campuses to facilitate even greater numbers of students from underrepresented/equity group backgrounds preparing themselves for successful completion of tertiary study, and subsequently, workforce participation.

RUN recommends:

1. The exploration of additional funding and support mechanisms to assist vulnerable student groups and their providers in regional Australia, including an enhanced scope/magnitude of HEPP funding arrangements.
2. Increasing the funding growth rate for regional university campuses.
3. Commissioning community-based research to better understand the challenges to employment amongst vulnerable equity groups in RRR Australia.
4. Implementing the recommendations from the Commonwealth's 2019 National Regional, Rural and Remote Tertiary Education Strategy.
5. An expansion of funded enabling places to regional campuses, targeting equity groups for success at university.

Skills, education and training, upskilling and reskilling

RUN universities play an invaluable role in the ongoing development and renewal of key workforces in RRR Australia, while driving much of the research and innovation that underpins the prosperity of established and emerging regional industries.

Skills, education and training

According to the latest data, RUN universities in 2019 collectively graduated approximately 31,000 students across a comprehensive range of disciplines aligned to the needs of our communities and industries²². Of the students who graduate from a RUN university, 70 per cent go on to remain living and working in RRR Australia after graduation, enriching our communities and economies while suppressing the widening of city-country skills disparity. Unfortunately, we also know the reverse is true: 74 per cent of RRR students who relocate to study at a metropolitan campus never return to the regions to live and work after graduation²³. It is therefore incumbent for all regional universities to be an accessible, supportive, competitive, comprehensive, and high-quality option (for both teaching *and* research) for the communities which they serve.

Regional universities are held in high regard by their communities due to their ongoing serving of local social, cultural and economic interests. There remains, however, multiple barriers to regional universities in meeting the needs of their communities such as default higher education policy settings that favour metropolitan universities operating in high-density urban markets. When compared to metropolitan universities, RUN universities service vastly different student cohorts with historical characteristics of inequity and disadvantage, who require complex and resource-intensive support to succeed. As discussed under *Improving outcomes for those who face challenges in employment*, the nature of these underrepresented student cohorts places them at greater risk of non-completion, and require more intensified and personalised support, than students who arrive at university directly from schools on the basis of ATAR (such as those students generally characteristic of metropolitan cohorts). Similarly, the social charter, thinner regional markets and the associated higher-cost business models of RUN universities is vastly different to that of metropolitan universities. Current university funding mechanisms reward those universities that can operate at scale in large urban markets while stretching those universities who seek to provide equitable tertiary experiences to thinner regional markets characterised by underrepresented and higher-need student cohorts.

Given this, RUN is concerned about policy dialogue that advocates a one-size-fits all approach to university funding. Nuanced consideration must be paid to the differences experienced by regional universities in the cost of teaching and the provision of equitable student experience, their unique student demographics, and the subsequent costs in supporting the needs of regional student cohorts. As such, the necessity for regional differentiation of university teaching and research funding has always been, and must remain, a key feature of national university funding policy. RUN therefore supports the implementation of recommendations from the Commonwealth's 2019 National Regional, Rural and Remote Tertiary Education Strategy as the preferred long-term policy setting to pursue RRR parity with metropolitan tertiary participation and completion rates, and equitable access to opportunity. RUN would welcome any increased funding mechanisms that further support students from non-traditional backgrounds to succeed at university, including assistance with meeting up-front study costs as well as providing additional assistance designed to enable regional universities to support their student cohorts to succeed at university.

²² Department of Education, Higher Education Statistics, Student Completions, accessed from <https://highereducationstatistics.education.gov.au/> on 05 November 2022.

²³ Hillman, K. and Rothman, S. (2007). "Movement of non-metropolitan youth towards the cities", *Longitudinal Study of Australian Youth Research Reports*. Australian Council for Educational Research, Melbourne.

While regional Australia awaits the implementation of meaningful, long-term higher education policy settings that are deliberately differentiated for greater regional impact, RUN offers in-principal support to current policy that provides regional nuance in select areas of funding policy. This includes, for instance, the annual 3.5 per cent funding increase for Commonwealth Supported Places (CSP) available for regional campuses under the Jobs Ready Graduates (JRG) package. However, while the principle of a regional differential in tertiary funding policy is welcome, the actual benefit to regional students/universities under this specific JRG provision is extremely limited. The modest regional differential here is marginal in impact against a geographic educational disparity that is major in scale and is unlikely to result in any meaningful gains that may lead to regional Australia approaching the same level of tertiary participation/attainment as metropolitan Australia.

The JRG regional differential also falls well short of recovering the erosion of funding under the broader package. Universities saw a cut in funding in real terms, while students saw a redistribution of ill-conceived pricing signals designed to manipulate compositions of graduate workforces that had little relevance to the skills pressures and workforce gaps unique to regional Australia. The industries and economies of RRR Australia are in general need of skilled graduates from almost *all* study disciplines, including those seemingly discouraged under the revised JRG student contribution bands/clusters, including accounting, law, tourism and social work, for instance. Where previously the gap between the student contributions of our most and least expensive course options was approximately \$5,000 per year, many of our students will now see a doubling of that to over \$10,000 per year for many courses whose graduates are vital to regional Australia. RUN members hold concerns that this increased debt burden has the potential to affect RRR students disproportionately. Our students are more likely to be from lower SES backgrounds, are often less inclined to accrue debt, and are less inclined to pursue tertiary education in the first place. The public benefit of tertiary education attainment for regional communities is of different magnitude to that of metropolitan Australia, insofar that it arguably routinely outweighs private benefit. RUN members would urge a nuanced approach to any redesign of future policy settings to recognise and account for the need for genuine regional funding differential.

The Jobs and Skills Summit Issue Paper highlights that “*only 69 per cent of students finishing their undergraduate degree in 2021 started full-time employment within six months of completion, compared with 72 per cent pre-COVID*”²⁴. While this may be reflective of a broader trend across the metropolitan-skewed national graduate employment outcomes, it is not characteristic of the experience of regional Australia or RUN institutions. When considering the latest Quality Indicators for Learning and Teaching (QILT), Graduate Outcomes Survey, RUN institutions recorded an average of 76 per cent undergraduate full-time employment outcome for the 2021 period, compared to a national average of 69.2 per cent as shown in **Figure 4** below²⁵. Overall, as a group RUN showed no change in their averaged graduate employment outcomes between 2019 – 2021, holding firm at 76 per cent during the pandemic. By comparison, the national average across all universities recorded a decline in fulltime graduate employment outcomes of approximately 3 percentage points since COVID (as highlighted by The Jobs and Skills Summit Issue Paper)²⁶.

²⁴ Australian Government The Treasury, Jobs + Skills Summit Issues Paper, August 2022, accessed at: https://treasury.gov.au/sites/default/files/2022-08/2022-302672-ip_0.pdf on 26 October 2022

²⁵ Quality Indicators for Learning and Teaching, Graduate Outcomes Survey, 2021, accessed at: [https://www.qilt.edu.au/surveys/graduate-outcomes-survey-\(gos\)#anchor-1](https://www.qilt.edu.au/surveys/graduate-outcomes-survey-(gos)#anchor-1) on 26 October 2022

²⁶ Ibid

Figure 4. Undergraduates full-time employment outcomes by university type, 2019 - 2021²⁷

	2019	2021	Variation since 2019 (pre COVID)
All universities (national average)	72.5%	69.2%	↓ 3.3 percentage points
RUN universities (average)	76.0%	76.0%	No change

While there may be an argument that higher education attainment levels are at, or approaching, saturation levels in metropolitan areas, the experience in RRR Australia is one of high scarcity and demand for tertiary qualifications. While some RUN institutions are currently experiencing the anomaly of student enrolments falling at or below their capped allocation of places, this must be viewed within the context of unusual (and momentary) social/economic pressures such as record low unemployment, a strong labour market and other post-pandemic workforce/migration dynamics, and existing sector policy settings. Immediately prior to the emergence of these atypical social/economic pressures, such as the demand for RRR university education that RUN universities were all operating over their allocated caps. Indeed, the sector’s preceding period of demand-driven funding had proven to facilitate encouraging growth in regional student participation and provided one of the few authentic opportunities for RRR Australia to make modest gains towards parity with metropolitan Australia in terms of tertiary participation/attainment. In the five years preceding the reinstatement of capped university places in 2018, the number of domestic undergraduate university enrolments amongst regional and remote students rose from just over 150,000 students (2013) to over 172,000 students (2018), a 14.28 per cent increase²⁸. As the RRR students who commenced their studies during the pre-2018 years of uncapped university places progressed through to eventual graduation, the proportion of people aged 25 – 34 years in regional and remote locations with a Bachelor degree (or above) attainment rose by 3.5 percentage points from 19.2 per cent to 22.7 per cent²⁹.

Upskilling and reskilling

RUN supports mechanisms to enable greater lifelong learning to ensure the needs of all Australians are met. As the pace of change quickens, and technology increasingly disrupts industry, the need for lifelong learning will only increase. The opportunity for Australians to upskill, reskill or develop new skills will be paramount to the future prosperity of Australia. Therefore, RUN believes that there needs to be additional work on investigating mechanisms to encourage increased uptake by Australians of short courses/micro-credentials, while limiting barriers that effectively ration these opportunities. This may include, for instance, further consideration of extending income-contingent loans to cover the undertaking of short courses and micro-credentials and broadening the tax deductibility of short course and micro-credential fees from those relating to a person’s current job, to those that may relate to a person’s alternative/aspirational career in recognised skills shortage fields. In particular, students from non-traditional or underrepresented backgrounds should be a special focus of incentives to encourage the adoption of ongoing learning and skills development. When investigating mechanisms for increasing engagement in education throughout the lives of Australians, one should be mindful of the fact lifelong learning engagement will likely be on a part-time basis resulting in a fundamental shifting of the equivalent full-time study load (EFTSL) to enrolment ratio. RUN supports further exploration of the appropriate funding and legislative frameworks to enable lifelong learning.

²⁷ Ibid

²⁸ Parliament of Australia, Regional and remote higher education: a quick guide, April 2022, accessed at: https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp2122/Quick_Guides/RegionalRemoteHigherEducation on 3 November 2022.

²⁹ Australian Bureau of Statistics, Education and Work, Table 34 Australia, May 2022, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

Research and innovation

RUN universities host many highly successful and collaborative research clusters who are recognised as performing at, above or well above world standard in multiple key research areas. RUN research efforts and their subsequent impacts are typically targeted and highly applied to the unique social, industrial, and cultural needs of their respective regions. Yet despite the tremendous impact of RUN research outputs, there persists geographic imbalances in the distribution of national research funding, activity, and infrastructure.

Regional universities often do not obtain research grants due to a lack of infrastructure and/or human capital but are equally unable to build infrastructure and/or human capital due to lack of research grant funding. The persistent imbalance in research opportunity severely limits regional Australia's access to contemporary, cutting-edge teaching/skilling that is informed by regionally relevant research. Furthermore, opportunities to study beyond undergraduate education into PhD or Higher-Degree Research streams appear limited, with Australian's living in RRR areas accounting for 27.3 per cent of the working-age population, yet only 13.4 per cent of research training students and 9.8 per cent of PhD and other Higher Degree Research completions³⁰. As a result, local research expertise and infrastructure required by our regional industries is lost, equating to reduced economic opportunity and innovation potential outside of metropolitan Australia.

This geographic disparity has denied many small/medium sized regional institutions the opportunity to cultivate flourishing research capabilities, to the point where some within the sector are now advocating for the removal of their formal 'university' status, arguing for a transitioning of these universities to "teaching only" institutions instead. While RUN members continue to meet the TEQSA requirements to be formally recognised as universities, RUN nonetheless firmly rejects any policy setting that would turn existing universities into specialised "teaching only" universities, given the over-representation of regional institutions that could potentially lose formal university status via such a transition. At a time of emerging regional economic potential and simultaneous regional shortages of critical skills, it would be unthinkable for RUN members and RRR communities to potentially see regional universities having their formal status tested, due largely to historic policy settings that have persistently and disproportionately favoured tertiary provider models operating at scale in large metropolitan markets.

RUN supports the Higher Education Provider Category Standards as currently written and does not support any additional changes to the standards at this time. RUN believes that universities must be required (and equitably funded) to undertake research in at least three broad fields of study that it teaches, with a strengthened benchmark requirement that research be 'world standard' or of national standing in a field specific to Australia's ongoing interests/prosperity. RUN supports mechanism that encourage university collaboration, building upon their comparative strengths rather acknowledging the social charter of universities.

³⁰ Department of Education, National Regional, Rural and Remote Tertiary Education Strategy: final report, 2019, accessed at <https://www.education.gov.au/access-and-participation/resources/national-regional-rural-and-remote-tertiary-education-strategy-final-report> on 17 October 2022

RUN recommends:

1. Increased funding/support mechanisms that further support students from non-traditional backgrounds to succeed at university, including assistance with meeting up-front study costs as well as providing additional assistance designed to support regional universities in enabling their student cohorts to succeed at university.
2. Replacing JRG funding settings with more meaningful, long-term higher education policy/funding settings that are deliberately differentiated for greater regional impact.
3. A reconsideration of JRG Commonwealth-student funding clusters (pricing signals) that take better account of their impact on RRR students and the skills pressures and workforce gaps unique to regional Australia.
4. Incentivising the uptake of lifelong learning via the further extension of income-contingent loans to cover short courses and micro-credentials while broadening the tax deductibility of their fees from those relating to a person's current job to those that may relate to a person's alternative/aspirational career in recognised skills shortage fields. This includes special consideration of incentives targeting underrepresented/equity student cohorts.
5. Maintaining the Higher Education Provider Category Standards as currently written, as to prevent any shift towards the emergence of teaching only (non-research) universities.
6. Assistance that grows the research capacity, infrastructure and workforces of regional Australia and their universities.
7. Implementation of recommendations from the Commonwealth's 2019 National Regional, Rural and Remote Tertiary Education Strategy.

Migration

Regional Australia has benefited greatly from the social, cultural, and economic contributions made by our valued migrant communities. Our regions are made more vibrant, inclusive, and prosperous by the welcoming of migrants from all cultures. With specific regard to the scopes and themes within the Employment White Paper Terms of Reference, migrants who settle in regional communities play an important role in addressing key skill shortages, and in suppressing the skills divide with metropolitan Australia. Regional Australia values any opportunity to welcome more skilled migrants, including international students who can graduate into regional workforces.

Regional Australia has a lower share of working age population compared to that of our capital cities resulting in a dependency ratio of 60 dependents per 100 working-age persons in regional Australia, compared to 50 in the major capitals³¹. Within this demographic imbalance, we know that 36 per cent of people living in capital cities (aged 15-74 years) have obtained a Bachelor's degree or above, compared to just 21 per cent in inner regional, 19 per cent in outer regional Australia,

³¹ Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

and 18 per cent in remote and very remote Australia³², further exacerbating regional skills shortages. When considering the role skilled migration might play in mitigating this regional imbalance, it must be noted that less than 20 per cent of Australia's (pre-pandemic) overseas arrivals settle in regional Australia annually³³, despite the regions hosting approximately one-third of the nation's total population.

RUN universities play an important role in regional Australia's limited migration profile through our welcoming of international students and our recruitment of highly skilled migrant academics, researchers, and professional staff. RUN universities are often the largest employers and educators in their respective communities, and as such our regional communities are made far more diverse, vibrant, and resilient by the contributions of our international students and professional migrant colleagues.

With respect to international students who choose to study in Australia, or those who subsequently also graduate into our workforces, RUN notes the significant maldistribution of benefits that flow to our major cities at the expense of regional communities. Despite being home to over eight million Australians and featuring many world-class universities, regional Australia hosted just three per cent of onshore international students in (pre-pandemic) 2018³⁴. As limited as this share of international students are, however, regional Australia's international student cohort are profoundly advantageous to our communities. Aside from the tremendous cultural and skillset assets that international students bring to regional Australia, the economic contribution made by this cohort is also significant. International students studying at the University of New England in Armidale, for instance, were estimated to have contributed \$33 million to the local economy and supported 243 full time equivalent (FTE) jobs in 2014-15, equivalent to 2.5 per cent of gross regional product³⁵. Despite regional Australia's marginal share of the international student cohort, those that do arrive at our regional communities to study represent a 'perfect fit' into regional Australia and are welcomed accordingly.

Previous Government policy recognised the acute need for skilled migrants and international students in regional Australia and set differential regional migration incentives accordingly. RUN welcome's the Government's desire to increase the 16 per cent of international students who remain in Australia to work post-graduation by expanding post-study work rights to students studying at universities, it is imperative that the positive regional differential in international post-study work rights policy is maintained. Without one or more incentives that are attractive to international students, we will undoubtedly see a reduction of international students choosing to study in regional Australia. RUN strongly believes the removal of a regional visa differential will have an erosive effect on regional Australia's already limited and disproportionate share of the international student market, at a time when our communities can least afford it. RUN therefore recommends, and a minimum maintaining the positive regional differential in international post-study work rights policy.

³² Australian Bureau of Statistics, Education and Work, Table 34 Australia, May 2021, accessed at <https://www.abs.gov.au/statistics/people/education/education-and-work-australia/may-2022#data-download> on 14 November 2022

³³ Regional Australia Institute, Rebalance the Nation, September 2022, accessed at <https://www.regionalaustralia.org.au/Web/Research-Policy/Regionalisation-Framework.aspx> on 17 October 2022

³⁴ Australian Government Department of Education and Training, International students studying in regional areas, February 2019, accessed at: <https://internationaleducation.gov.au/research/Research-Snapshots/Documents/Location%20of%20International%20Students%20in%202018.pdf> on 2 November 2022

³⁵ Deloitte Access Economics, The value of international education to Australia, 2015, accessed at: <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf> on 2 November 2022

Other practical measures to incentivise a more balanced distribution of international students/graduates into regional locations would include:

- Additional points towards skilled visa applications if the student has studied in regional Australia. An extension of this scheme could provide extra points if the applicant proceeds to remain in regional Australia, further solving the skills crisis regional Australia faces;
- a simplified and dedicated pathway to residency for students who study in, and then subsequently work in regional Australia;
- a nuanced approach to post-study work rights where students in metropolitan areas need to study a course and subsequently work in a field that relates to the national skills shortage and areas of importance, compared to far less strenuous criteria for regional universities; and,
- maintaining the current one and two-year differential respectively between Category 2 and Category 3 regional locations, and metropolitan universities, noting that a collective increase across the sector proportionally disadvantages regional universities.

RUN recommends:

1. Maintaining and evolving the regional university differential for international student post-study work rights.
2. A nuanced approach to post-study work rights where students in metropolitan areas need to study a course and subsequently work in a field that relates to the national skills shortage and areas of importance, compared to far less strenuous criteria for regional universities.
3. Additional points towards skilled visa applications if the student has studied in regional Australia. An extension of this scheme could provide extra points if the applicant proceeds to remain in regional Australia.
4. A simplified and dedicated pathway to residency for students who study in, and then subsequently work in regional Australia.
5. Maintaining the current one and two-year differential respectively between Category 2 and Category 3 regional locations, and metropolitan universities, noting that a collective increase across the sector proportionally disadvantages regional universities.

Collaborative partnerships and place-based approaches

This submission focuses on a key sector of national employment and productivity that is largely missing from the White Paper's draft Terms of Reference – namely higher education. However, this focus on regional higher education does not seek to diminish the complimentary role that our training providers also play in regional employment and productivity outcomes, nor RUN's desire to work more closely with the Vocational Education and Training (VET) sector to improve these outcomes for our regions. Indeed, RUN members already enjoy close working relationships with local VET providers (including for instance, Southern Cross University's campus colocation with a local RTO and a High School). Indeed, two RUN institutions (Federation University and CQUniversity Australia) are the dual sector public providers of vocational (TAFE) training in their respective communities. By the nature of our distinct social licences, regional universities and TAFEs are arguably far more inclined to work together collaboratively with a focus on meeting localised workforce need.

RUN members would therefore welcome a dedicated, formalised initiative that brings together university, VET, Government and industry to explore opportunities that match local employment/skill need with bespoke pathways and clearer articulations between vocational and higher education courses. There is tremendous potential for regional universities and VET providers (alongside governments and industry) to collaborate on place-based approaches to building more modern, agile regional workforces characterised by a fluid approach to lifelong learning that migrates seamlessly between the two sectors. The main consideration here would be resisting 'one-sized-fits-all' approaches across regions and locations, recognising that the employment/skills profile of one region may be completely different to that of a neighbouring region.

RUN recommends:

1. Formalised mechanisms/support for regional universities, VET providers, industries and government(s) to collaborate on opportunities to match place-based workforce gaps with bespoke and clearer approaches to articulated education, training and upskilling/reskilling.

Conclusion

Regional universities are critically important to addressing many of the challenges and opportunities as highlighted in the Employment White Paper Terms of Reference and the corresponding Jobs and Skills Summit Issue Paper. RUN would welcome the opportunity to make further contributions to the White Paper process to ensure the education, training and research perspectives of regional Australia are considered.

Please do not hesitate to contact the RUN Secretariat on 0408 482 736 or via e-mail at execdir@run.edu.au to discuss any elements of the submission further.

Yours sincerely,



Alec Webb
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