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1. Summary of Recommendations

Recommendation 1: Delay significant education policy changes until there has been genuinely comprehensive consultation with the relevant experts.

Recommendation 2: Restore all funds cut from the Research Support Program, and commit to a robust framework for research funding in order to enable universities to operate effectively and conduct their best and most innovative research across the system.

Recommendation 3: Increase overall research investment by committing to clear steps towards lifting Australian R&D investment from its current low rate of 1.88% of GDP to match the OECD average of 2.4% by 2025, with the longer-term specific goal of reaching the current OECD Best Practice frontier of 3% by 2030

Recommendation 4: Consider an income contingent loan scheme for university-business research and development partnerships based in regional, rural and remote locations.

Recommendation 5: Deployment of the immigration points system, with sufficient social science guidance, to aid the Inquiry's objectives.

Recommendation 6: Ensure a proper evaluation process into the effectiveness and legitimacy of the regional, rural and remote education package.

2. Introduction

The stated aim of the National, Regional, Rural and Remote Education Strategy is to build capacity, develop educational opportunities, support students, and increase access in rural, regional, and remote areas. This is an ethically upright and financially prudent goal. To achieve this goal, however, the Academy recommends a number of changes to policy settings.

3. Diversion of Funding

3.1. The Need for University Analysis

Diversion of funding from general research support to regional university spending will have self-undermining consequences. Care should be taken in examining non-peer-reviewed research on the impact of regional, rural and remote education on local economies. For example, the Grattan Institute published a study that reported finding little economically beneficial local impact of regional universities.¹

Yet the study suffers from a basic methodological flaw. The finding that universities do not contribute greatly does not control for the fact that in the comparison areas without universities, vocational education performs a similar function and equally contributes. A properly specified study would have found that tertiary education (higher education AND vocational education) adds notably to local economies.

Reliance upon peer-reviewed transparent research such as is conducted in universities is an important anchor for understanding, especially when compared to less rigorously assessed and non-transparent analysis from think tanks, consultancies and similar entities.

Therefore, the diversion of funding from university research to fund other wider aspects of rural, regional and remote education undercuts the overall base of independent research for evidence-based policy including in the regional, rural and remote field. A reduction in research funding should not be the source of funding for initiatives in regional, rural and remote education.

¹ https://grattan.edu.au/wpcontent/uploads/2014/04/086_report_regional_development.pdf

3.2. The Need for Analysis from All Universities

Increased university research on rural and regional issues must be sourced from the whole university system. Universities have reportedly been criticised by Government for not researching regional, rural and remote education, as supposedly attested by an ARC grant word search (Minister Tehan, SMH, 15 November 2018). Yet a parallel keyword search of the Government's own stated official *Science and Research Priorities*, which are the official guidance for ARC research grants, equally provides no mention at all of tertiary education and the regions in the 1955 words in the Government listing. Even the word "education" does not appear once as any priority for the Government.

If regional, rural and remote education research is truly a priority for the Government, then this should be clearly identified in the Government's own *Research Priorities*. Indeed, to do this is arguably a superior action than is the diversion of general research funds to regional, rural and remote education only, as has occurred. By making regional education an identified priority, the Government, through existing funding means, would have greater access to the expertise in regional, rural and remote issues, such as from the social sciences, as evidenced by Appendix A.

Diverting a large component of the research funding pool to general support for regional universities alone will stifle much regional, rural and remote research elsewhere, as lower grant success rates will now inevitably follow for those researchers from all across the country competing into a diminished pool. It is recommended that the loss from general research support be restored from general revenue.

This is consistent with Professor Stephen Parker AO's analysis in his recently released report on tertiary education in Australia, *Reimagining Tertiary Education in Australia: From Binary System to Ecosystem*.² The Parker report shows that all parts of the education network need good support. There should not be cuts, but an increase in support by public funds.

3.3. Academy Fellows

The Academy's Fellows have undertaken substantial research on regional, rural and remote issues, including in tertiary education. The experts operate as their own authority on many matters before the Inquiry and they can be approached by the Inquiry through the Academy directly or the

² <https://home.kpmg/content/dam/kpmg/au/pdf/2018/reimagining-tertiary-education.pdf>

experts list <http://www.assa.edu.au/fellows-list/> . Further, Appendix A to this submission provides a sample list of Academy researchers who have regional, rural and remote research interests. From this it is clear that:

- Social science expertise on regional, rural and remote issues is spread across all Australian universities, so that reducing general research funding will likely reduce regional, rural and remote research outside the regional universities and so damage the field accordingly;
- the independent expertise beyond the bureaucracy and interest groups exists, and can and should be consulted by Government in the development of substantial policy changes including changes such as the announced removal of funding from general research to support instead regional universities across a range of their activities including those beyond research.

Recommendation 1: Delay significant education policy changes until there has been genuinely comprehensive consultation with the relevant experts.

4. Seek More Stable Research Funding and Policy

Universities require a stable and predictable policy and funding environment to flourish and produce their best research. This robust situation is the only one in which universities can be ambitious and innovative in their research, given the long-term nature of university research training and research production. Ad hoc policy changes and funding reductions have the blanket adverse unintended consequence of removing this stability and thus undermining the conditions under which research used to inform regional, rural, and remote education policy is produced

This stability has existed in a sufficiently evolutionary manner in the past, which has led to an extremely strong performance of Australia's higher education and research system, despite its general public underfunding relative to comparator OECD countries.

In recent years, however, the higher education environment has been become more unpredictable and unstable. This cut to the Research Support Program is only the most recent in a series of cuts and threats. Confidence on the part of researchers and institutions is a necessary precondition for good research. Furthermore, instability or unreliable career prospects has seen only minimal increases to the number of Australian domestic doctoral candidates in recent years.

Likewise, there is concern about cuts to the Higher Education Participation and Partnerships Program (HEPPP). This program, which in the DET's own words 'aims to ensure that Australians from low SES backgrounds who have the ability to study at university have the opportunity to do so'³ - precisely the stated aim of this very inquiry - has been repeatedly cut. It has been exceptionally successful in respect of making higher education more accessible and creating educational aspirations despite this hostile policy environment. Any further cuts to this program would be counterproductive⁴.

In addition to this, as Universities Australia points out, 'prospective students and universities now face further uncertainty. Universities are unable to plan or provide accurate information to those considering studying at their institutions. Some universities are unable to guarantee 'vertically-integrated' postgraduate places that are a fundamental requirement for graduation.'⁵

Recommendation 2: Restore all funds cut from the Research Support Program, and commit to a robust framework for research funding in order to enable universities to operate effectively and conduct their best and most innovative research across the system.

5. Properly Invest in Higher Education and Research

It is appropriate to affirm a strong vision to benefit all universities including regional institutions, by committing to clear steps towards matching the current OECD average for R&D as a share of GDP of 2.4% by 2025, and the current OECD Best Practice frontier of 3% by 2030.

Australia is facing very significant international and domestic challenges. It needs to maintain its international competitiveness in the face of growing capacity, particularly in our region, and of a new wave of technological advance, and it needs to provide opportunities for more Australians to contribute and participate as our demographic profile changes. Critical to meeting these challenges

³ <https://www.education.gov.au/higher-education-participation-and-partnerships-programme-heppp>

⁴ 'Polling for Universities Australia conducted by highly-respected firm JWS Research – which also conducts research for several federal Government Departments – shows 63 per cent say funding cuts would limit access to university for all Australians. The public also oppose cutting funding without Parliamentary approval to either university research funds or HEPPP. Notably, too, there are stronger levels of opposition among older people and those that live in regional/rural areas. Almost seven in ten people aged 55 and over, and those living in regional and rural areas oppose backdoor cuts to HEPPP.'

< https://consult.treasury.gov.au/budget-policy-division/2018-19-pre-budget-submissions/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q_text=universities&uuld=1025600293 > pp. 22-23

⁵ '2018–19 PRE-BUDGET SUBMISSION' *Universities Australia*, p. 21 < https://consult.treasury.gov.au/budget-policy-division/2018-19-pre-budget-submissions/consultation/view_respondent?show_all_questions=0&sort=submitted&order=ascending&q_text=universities&uuld=1025600293 >

is the creation in Australia of new knowledge and the utilisation here of existing knowledge through education from wherever it has been created. This investment path to the future has been well outlined in detail in the report managed by the Academy on *Australia's Comparative Advantage*⁶.

Australia currently risks short-changing a fundamental key to this source of future success: research. Research is a reliable foundation for economic and wider progress. It offers huge benefits for economic development and national wellbeing. It also has strong public support, making its investment politically prudent as well as economically responsible. Well conducted research pays its way in spades, and Australia should be aware of the negative impact of under-investing in knowledge. In purely economic terms, research overall currently pays a real return on investment of around 20%⁷. This contrasts favourably with the government hurdle rate of return of 7%⁸. The difference is stark and means Australia is under-investing in research.

Increasing overall support for research also has a wide multiplier effect on the economy: it creates skilled jobs, extends the nation's knowledge infrastructure, and promotes technological innovation, as well as innovation across the economy, society and environment, including in regional and remote areas.

Recommendation 3: Increase overall research investment by committing to clear steps towards lifting Australian R&D investment from its current low rate of 1.88% of GDP to match the OECD average of 2.4% by 2025, with the longer-term specific goal of reaching the current OECD Best Practice frontier of 3% by 2030.

There are a number of ways in which Government support of research and development could be enhanced, both through private sector incentives and through direct government support. The Academy has previously suggested that new schemes such as the provision of income contingent loans to university and business partnership research and development is a long overdue reform that would be highly cost-effective compared to government subsidized loans and government grants. These could be used for regional, rural and remote research and development projects as an initial implementation of the scheme⁹.

Recommendation 4: Consider an income contingent loan scheme for university-business research and development partnerships based in regional, rural and remote locations.

⁶ <https://acola.org.au/wp/PDF/SAF01/SAF01%20full%20lo%20res.pdf>

⁷ KPMG Econtech, *Economic Modelling of Improved Funding and Reform Arrangements for Universities*. June 2010

⁸ Department of Finance and Deregulation, *Best Practice Regulation Handbook*, 2010.

⁹ <http://www.assa.edu.au/wp-content/uploads/2016/11/Budget-Submission-on-funding-research-ASSA-19-January-2017.pdf>

The further central message the Academy wishes to convey is the need for the Government to set an overall target for research supported by specific policies.

6. Develop Rural and Regional Campuses

It is suggested that the Inquiry should also build on Australian social science innovation by adapting the world leading practice immigration points system to better accommodate rural, regional and remote population growth as a basis for reaping economies of scale for rural and regional campuses.¹⁰

The Academy has documented a wide range of such contributions through innovation¹¹. The income contingent loan schemes in education first developed in Australia and since emulated in many countries have been mentioned in the previous section of this submission. One further such innovation has been the Australian points system for immigration, which has itself been commended as leading practice globally, including most recently during various Brexit and US Immigration debates.

This points system can be adapted to also influence internal population location by specifying points for regional settlement. This location objective can be supported effectively by the use of temporary-to-permanent visa provisions that require evidence of location for work or residence. The key extra conditions for this to operate effectively are for Government:

- to adjust regional points incentives to match the numbers required;
- specify regions appropriately, including arrangements for local support; and
- ensure matching infrastructure is in place to complement these arrivals.

Such increase in regional population location also then supports economies of scale in regional education, as one amongst many benefits. This general population incentive is preferable but various other associated options can be analysed for student visas and ex-student migration points.

Recommendation 5: Deployment of the immigration points system, with sufficient social science guidance, to aid the Inquiry's objectives.

¹⁰ K. Golebiowska, A. Elnasri and G. Withers, "Responding to Negative Public Attitudes towards Immigration through Analysis and Policy: regional and unemployment dimensions", Australian Geographer, 2016

¹¹ <https://www.assa.edu.au/publication/the-social-sciences-shape-the-nation/>

7. Properly Analyse and Evaluate Proposed Schemes

In addition to the above, the Academy suggests that all regional, rural and remote education initiatives be properly evaluated, including best practice analysis of the benefits it brings relative to the costs of block grant cuts. There is currently a major loss of trust in government in Australia and growing concern over the fall in Australia's positioning as seen in such metrics as the Transparency International Anti-Corruption Index. Recent reports such as Inquiries into Murray Darling Basin Irrigation and into the Australian Banking System and more, have added to these concerns. There has been much public debate over transparency issues in North Australia Infrastructure Facility project determination. Issues such as the seeming high cost relative to benefit in movement of public service staff from Canberra to Armidale, from one region to another, is likewise a case in point.

It therefore behoves this Inquiry to ensure all of its recommendations and any actions that might follow from that, including implementation detail, will be seen to advance faith in the processes of government in the Australian democracy. This can be assured by recommending appropriate program and project evaluation and an ongoing performance monitoring process, covering costs of achievement and examination of outputs and outcomes.

Social sciences expertise, especially in areas such as University Schools of Government, have provided the essential training. This Inquiry should ensure the necessary evaluation process will accompany its recommendations and that appropriate institutions and skill availability is considered. University social science specialists can also provide independent advice to Inquiries and Governments to ensure that their actions in this domain are seen to be both validated and best practice. As noted above, the Academy can provide access to a number of experts to assist the Inquiry in this way.

Recommendation 6: Ensure a proper evaluation process into the effectiveness and legitimacy of the regional, rural and remote education package.

The Academy is available at any time to further discuss this submission.

Academy of the Social Sciences in Australia

[Redacted]

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[Redacted]

8. APPENDIX A: Research Interests – Academy Fellows

ASSA FELLOWS: SAMPLE RURAL AND REGIONAL RESEARCH INTERESTS

- Kym Anderson (wine industry)
- Linda Botterill (rural policy)
- Harold Brookfield (small farmers)
- Rebeka Brown (drought)
- Linda Connor (rural and regional Australia)
- Gillian Cowlshaw (race relations)
- Steve Dovers (disaster management)
- Nick Evans (aboriginal language)
- John Freebairn (rural industries)
- Sharon Friel (health inequalities)
- Chris Gibson (regional development)
- Brendan Gleeson (regions and social geography)
- Lee Godden (water law)
- Heather Goodall (indigenous and environmental history)
- Quentin Grafton (water and fisheries)
- John Handmer (natural hazards)
- Lesley Head (cultural environmental research and plants)
- Barry Higman (landscape history)
- John Holmes (land policy, rural multifunctionality, rangelands and pastoral leases)
- Anne Kavanagh (health inequalities)
- Gavin Ketching (agrarian change)
- Marcia Langton (indigenous land tenure and culture)
- Geoffrey Lawrence (rural and regional governance)
- John Longworth (wool and beef industries)
- Paul Memmott (social problems)
- David Pannell (resource economics)
- Janice Reid (indigenous health)
- Peter Rimmer (regional development)
- John Rolfe (agricultural, resource and environmental economics)
- Gus Sinclair (economic history of regions)
- Fiona Stanley (rural health)

- Bob Stimson (urban and regional analysis and spatial behavior)
- Peter Sutton (native title and indigenous policy)
- John Taylor (indigenous policy)
- David Throsby (Northern Australia culture, art and tourism)
- Jim Walmsley (regional development, tourism, planning)
- Richard Waterhouse (rural history)
- Nancy Williams (aboriginal resource management)
- Mike Young (agriculture, water, resources and environment)
- Steve Zubrick (rural and regional child development)