Projected student enrolment growth places the Australian higher education system on the precipice of significant change, leading to philosophical debates about how the system should respond. One suggested policy change is that resources be redirected from non-research intensive regional universities to other providers. The Liberal Party is the senior partner in any future Coalition Government, and its education spokesperson has outlined a vision for Australian higher education which contemplates the closure of some regional universities and the diminution in status of others to teaching-only institutions. However, the Liberal Party’s policy proposals are likely to be countered by political and economic considerations that make them unlikely to succeed. The confidence in regional universities’ continuance as both teaching and research institutions expressed in this article is presented not as an apology for their public support, but as a pragmatic demonstration that there are sufficient market and political rationales to protect and justify their presence and form.
as an admission that ‘government initiatives … [ought to proceed] on a deficit model of Australian rurality … aimed at overcoming, or compensating for, numerous perceived forms of rural “disadvantage”’ (Sher & Sher, 1994, p. 7).

Indeed, this article constitutes a pragmatic demonstration that there are sufficient market and political rationales to protect and justify these universities’ presence and form. Such confidence remains even as the Liberal/National Coalition’s philosophical commitment to fiscal constraint inevitably challenges teaching and research environments. This commitment makes it particularly important for regional universities to maintain local student market share. For those with distance education capacity, such as Charles Sturt University and The University New England in New South Wales, it is important to develop this strength as a point of comparative advantage. It is also important that regional universities’ relationships with schools, technical and further education (TAFE) colleges and other universities are strengthened to facilitate flexibility and variety in response to community needs. Attracting political support for the economic and labour market contributions of regional universities is also essential to position them as institutions with fair and reasonable claims on public support.

**Pyne’s ‘Reforming Zeal’**

There is significant Liberal Party historical background that informs Pyne’s willingness to contemplate the closure or reclassification of regional universities. He explains his contemporary position with reference to the Howard Coalition Government’s (1996 to 2007) review of higher education (Guthrie et al., 2004), ‘One option that came under consideration was a class of institutions that would be recognised as engaged in teaching only. Research would not be regarded as an important or even a necessary role for these providers’ (Pyne, 2011).

Indeed, as Marsh et al. (2012, p.83) argued, it was ‘political scepticism’ about universities’ claims to generate research worthy of public support that motivated the subsequent national university research evaluation exercises. Pyne has demonstrated personal scepticism in relation to regional universities by arguing that Australia’s university evaluation rankings (the Excellence in Research for Australia (or ERA) scheme) ought to lead to a concentration of research investment in self-selecting research-intensive institutions. His argument is supported by the proposition that if policy is ‘ spatially neutral’ in relation to where it directs public money, agglomeration economics would run its natural course and concentrate higher education’s functions in metropolitan institutions (Tomaney, 2012).

The possibility of widespread closure or reclassification of regional universities to teaching-only institutions arises under a potential Coalition Government for at least two reasons. First, it arises because of the Liberal Party’s insistence on a four-year plan to concentrate research funding towards raising the status of research-intensive self-designated Group of Eight universities to the top 50 in world rankings (Pyne, 2011). Second, the qualifications to the Liberal Party’s acceptance of many of the proposals from the most recent major review of Australian Higher Education (Bradley et al., 2008) may have a disproportionately deleterious effect on regional institutions, as they face increased political pressure to justify their presence in a market that the Liberal Party is happy to see concentrated in metropolitan centres (Pyne, 2011).

This Review of Australian Higher Education was commissioned by the Labor Government (elected in 2007) in 2008, with terms of reference requiring it to make recommendations on diversifying and broadening participation rates in higher education. The purpose was to satisfy national economic and labour market imperatives and promote inclusion and opportunity (Bradley et al., 2008).

While broadly supportive of the Bradley Review’s aspiration to a 40 per cent graduation rate among 25 to 34-year-olds, Pyne has cautioned against rapid implementation of the target. This is because, from his perspective, the funding increases required to support significant and rapid enrolment growth are beyond the Commonwealth Government’s fiscal capacity. It is also significant that the Coalition does not share the rationale, in social justice, that the Labor Government has accepted for increasing participation levels. Brett Mason, the Coalition’s spokesperson for universities and research and a former academic criminologist, has suggested that, ‘One thing is certain – there is a clear philosophical difference emerging, with the government seeing social equity as non-negotiable, while the coalition considers standards to be non-negotiable’ (Mason, 2012).

Fiscal constraints occur in the context of a newly introduced ‘demand driven’ (rather than centrally controlled) system for determining the number of students a university may enrol. In this context, Pyne (2011) has indicated that the Coalition proposes no increase in per student base funding, and is willing to allow non-university providers to enter the market for degree teaching, thus creating additional and differentiated competition for universities. However, it needs to be considered whether the student market would accept the transfer of university qualifications to
what may be perceived as 'lesser' institutions. A 'snob value' may continue to give universities a competitive advantage, even when a clear academic rationale for keeping a course within the university system is not apparent.

The Bradley target is concerned with social equity, as much as it is concerned with economic imperatives. The greater proportion of the students expected to account for future enrolments are projected to come from groups that have not traditionally attended university, and who reside in areas not served by the institutions that Pyne’s policy agenda privileges (Birrell & Edwards, 2009). Therefore, concentrating these people in lower level teaching-only institutions will not challenge social stratification. While it may increase individual opportunities and incomes, the same people will remain at the lower ends of the political economy. Alternatively, there remains the possibility that, rather than imposing closure as part of a policy strategy to reverse the Labor Government’s social equity objectives, a Coalition Government may simply not fund social equity measures to the extent required to give them substantive effect. Tomaney (2012) proposes that ‘there would be a period of [policy] consolidation … [to] counter … the perceived excesses of distributive justice. The justification tends to be that access to higher education by greater numbers of people undermines [its] … benefits’ (p. 27).

He argues that public policy should, instead, emphasise ‘the diversification and stratification of higher education, to facilitate the differentiation of opportunities according to “merit”’ (Tomaney, 2012, p. 27).

Population growth, distance and quality education

Mason (2012) has observed that the Bradley Review’s target requires university enrolments to increase by more than 50 per cent. Accepting Bradley’s argument would reverse ‘a decade of official [public policy] denial that there is any need for expansion of the higher education sector’ (Birrell & Edwards, 2009, p. 6). Bradley’s recommendations were informed by predictions that, in 2008 alone, for example, there would be a 30,000 person differential between the number of new graduates and the number of new positions in the labour market requiring an undergraduate qualification. It was simultaneously predicted that demand for people with vocational qualifications would progressively decrease (Birrell & Edwards, 2009).

It is also significant that arguments attributing a purely utilitarian value to a university education are conceptually problematic, as the demarcation line between traditional university courses and vocational education is becoming increasingly obscure. Fundamental questions about the purpose of a university education are raised as universities provide training for endeavours whose skill bases are grounded in neither professions nor trades. For example, policing and paramedicine transcend the university’s traditional work; however, their presence in the university system and importance to the labour market changes the nature of arguments about the number and types of students that universities ought to serve. Universities are no longer principally distinguished by the narrower, more obviously academic course profiles that previously characterised their contributions to post-school education.

University enrolment growth is occurring even in the absence of the Bradley target (Birrell & Edwards, 2009). Commonwealth Government data show increases in domestic student enrolments in the range of 2.2 per cent to 5.9 per cent per annum for the years 2006 to 2011 (Department of Industry, Innovation, Science, Research and Tertiary Education, 2012). Remote and regional rural enrolments have increased by 17.4 per cent since 2007 (Evans 2012), and the Regional Universities’ Network institutions have seen an 19 per cent increase since 2009 (Evans 2012). When these figures are coupled with further projected population growth in these areas, regional universities are provided with an opportunity to challenge, pragmatically, the Liberal Party’s policy paradigm. Regional populations are expected to increase by 26 per cent by 2026 (Battersby, 2012), which alone provides veracity to Mason’s (2012) argument that ‘if the variables are (1) increased participation, (2) the current levels of funding, and (3) quality and standards, you can pick only two’. The consequent and serious policy consideration is that roll growth is occurring in an environment in which neither the Gillard Government nor a future Coalition administration will, under their present policies, allow universities to compensate for the unavailability of additional per student public funding by setting their own tuition fees. The social equity argument is that, while demand for education in the more prestigious metropolitan universities may be relatively price insensitive, the same is unlikely to be true of regional universities that generally serve a lower socio-economic market, offer fewer social and cultural opportunities and lack the prestige associated with the Group of Eight universities. It is in this context that ‘the larger enemy of the public good and public sphere is not the economic market but the status hierarchy’ (Marginson, 2011) - a point that is developed in Pyne’s particular concern for concentrating public funding on those Group of Eight institutions most likely to advance in world rankings.
An accepted policy alternative to universities being allowed to increase per student income to support growth is that both the Government and the Coalition will, over time, entertain increasing systemic teaching capacity by deregulating the market to allow private providers to teach at undergraduate level:

A bigger student body will need a bigger system and a more diverse student population will need a more diverse range of courses, teaching styles and provider types. The very logic of opening up the system to demand implies the need to deregulate supply also, in order to meet this demand (Group of Eight Universities, 2011, p. 7).

While this ‘bigger student body’ may justify allowing new competitors to enter the higher education market, enrolment growth remains the first of a number of important economic and political constraints to changing regional universities’ dual teaching and research functions. The higher education sector is on the precipice of opportunity-creating growth, in markets that may not be as indifferent to their existence as the Liberal Party imagines.

There are numerous market signals to suggest that universities such as Charles Sturt and New England – with their developed distance education infrastructures – are well equipped to use increased demand to strengthen their positions. Distance education means that they can cater for increased student demand without recourse to the costly physical expansion of university campuses. Birrell and Edwards (2009, p.10) outlined that the Bradley Review’s projection that, ‘an enrolment increase of 280,000 or so would require the addition of 20 full scale universities’. Most of these additional students would be ‘young metropolitan residents requiring significant additional capacity in the outer suburbs of Australia’s main cities’ (Birrell & Edwards, 2009, p. 11).

Distance education positions some regional institutions to expand low cost courses into areas such as Western Sydney, while continuing to serve their own geographic communities. For example, with 40 per cent of its 21,000 distance enrolments being local students, Charles Sturt University’s experience shows that even in the worldwide market for distance education, a regional university’s contribution to its local community can be significant. Distance education also creates more flexible opportunities to develop partnerships with TAFE colleges, high schools, private providers and even other universities. Distance education providers may also enjoy comparative advantage in that, ‘current funding incentives … suggest that expansion towards the [Bradley Review] target would be low cost “chalk and talk” subjects, especially where the ratio of revenue to costs was relatively favourable’ (Group of Eight Universities, 2011, p. 1).

However, increased competition does create a market imperative to pay close attention to the quality of distance education. This needs to be done to ensure that teaching subjects in certain ways simply because they are inexpensive ought to be guarded against, particularly if, as King (2012) proposed, students increasingly adopt an ‘instrumental attitude to study’ (p. 13). Work and family commitments increasingly frame the ways in which students are able to complete university study, and distance education is naturally responsive to these student imperatives.

Quality also requires resistance to the demand-driven systems’ ‘perverse incentives’ to behave in ways that are not necessarily consistent with student needs or wider economic considerations (Group of Eight Universities, 2011). For example, the New South Wales Minister of Education has suggested that universities commonly enrol students with low university entrance scores in teacher education programmes because these are relatively inexpensive to operate and are allegedly among the least intellectually demanding university courses. This alleged practice has attracted ministerial concern because it is said to occur even though the labour market lacks the capacity to employ the number of people admitted to teacher education courses (Piccoli, 2012).

A further consideration in respect to course profiles is that of artificially increasing participation levels through disciplines, such as advertising, that do not demand the research base or theoretical foundations that traditionally distinguish a university education. Increasing participation in such a discipline is unlikely to create the increased national skill levels that the Bradley Review recommends. Course profiles and research-based community and industry relationships that distinguish institutions as distinct parts of a wider system – rather than simply replicas of other regional universities – will better assist them to retain university status.

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The politics and economics of regional universities

Barber’s (2011) argument that it is not necessarily a university’s role to contribute to regional economic development does not alter the fact that economic significance is an inevitable by-product of a university’s presence in a regional community, and an important political argument for their continued operation. The political argument is an important and contested one. Indeed, the Grattan Institute, an independent policy ‘think tank’ has described regional universities as ‘regional development programmes’. The argument proceeds that, as such, they can be described as ‘subsidies that can only be justified on equity or social grounds rather than because they are likely to drive long-term sustainable economic growth’ (Daley & Lancy, 2011, p. 7). Alternatively, Richardson and Friedman’s (2010) defence of regional universities’ economic and social utility is grounded in institutional contributions to their local economies and labour markets. These authors lend independent authority to stakeholder arguments that regional universities’ teaching and research is economically significant.

In 2010, Charles Sturt University returned $4.50 to the economy for every dollar it received in Commonwealth funding. This comprised $524 million in gross regional product, $331 million in household income and 4,996 full-time equivalent jobs (Charles Sturt University, 2010). Southern Cross University’s annual contribution to its regional economy is $270 million, while the University of New England’s $280 million contribution represents 32 per cent of the local economy (Battersby, 2012). Regional universities collectively account for 22,000 jobs (Parliament of Victoria, 2009), and the combined student rolls of the six institutions that form the Regional Universities Network [a lobby group comprising regional universities – Central Queensland University and the University of Southern Queensland, Southern Cross University and the University of New England (in New South Wales), and the University of Ballarat (in Victoria) was 40,000 in 2012 (Battersby, 2012). This group’s collective political significance is an obstacle to the reclassification of their institutions, particularly as the Liberal Party’s junior Coalition partner – The National Party – has sharply contrasting perspectives regarding the importance of regional universities (Nash, 2012). This suggests that inter-party tensions may compromise the Liberal Party’s policy agenda.

The National Party’s arguments are grounded in theories of recognitive justice, which require the policy ‘provision of the means for all people to exercise their capabilities and determine their actions’ (Tomaney, 2012, p. 27). As Tomaney (2012, p. 27) put it, recognitive justice is concerned with the ‘interests of the least advantaged’. The National Party consistently expresses this concern through policy positions that reflect James’s (2001) argument that, ‘educational advantage and disadvantage are the result of a three way intersection of family socio-economic background, the characteristics of the urban or rural context in which the people live, and the physical distance from campuses’ (James, 2001, p. 469).

Fiona Nash, The National Party’s deputy leader in the Senate, has proposed a ‘distinct government policy for regional universities’ (Nash, 2012) on the grounds that, ‘We know that regional universities don’t have economies of scale, but we know they make an enormous contribution to local communities, both social and economic. So we need to come back to the role of tertiary education … in creating sustainable communities into the future’ (Nash, 2012).

Nash’s (2012) political case draws on the differential between regional school leavers’ university attendance (33 per cent) and metropolitan school leavers’ attendance (55 per cent) as a matter of recognitive justice. She also draws on evidence that regional students who study at their local university are more likely to pursue careers in regional communities. For example, 43 per cent of school teachers in western New South Wales obtained their professional qualifications from Charles Sturt University, which also trained 74 per cent of locally employed accountants. Seventy per cent of the university’s on-campus health students come from rural or regional areas, and 70 per cent of these remain in rural and regional areas to work (Charles Sturt University, 2010), while 72 per cent of the University of New England’s graduates secure their first jobs in a regional area (Barber, 2011). Nash’s consequent argument that it is ‘in the national interest to secure [these people’s] future’ in the regions is - like her party’s support for a new medical school at Charles Sturt University (Vann, 2012) - one that cannot be reconciled with Pyne’s ‘reforming zeal’.

The University of New England’s Vice-Chancellor provides evidence that as many as 25 per cent of its students would not commence university study at all if the University were to close. Another 25 per cent would continue their studies elsewhere, but with ‘significant financial stress’ (Barber, 2011). There is also international evidence to suggest that regional universities provide access to higher education to people who, for social or economic reasons, would otherwise be unable to pursue this study (PASCAL International Observatory, 2011).

Students at regional universities are more likely than students in metropolitan institutions to study agricultural
disciplines (Regional Universities Network, 2011b), which is particularly significant for regional economies. The cost and research-informed nature of agricultural courses makes competition from private providers less likely. The particular appeal of these courses to rural communities mitigates against arguments of agglomeration to make widespread metropolitan competition unlikely. Agricultural studies' importance to the National Party's rural constituency makes them politically significant and central to the overall argument that the party might advance in support of regional universities' continuance.

Research is also important for regional development, and this, in turn, is politically important to the National Party. By way of international contrast, Scottish regional universities are more successful at creating commercial relationships with small rural-based companies (PASCAL International Observatory, 2011), and regionally educated Scottish students are more likely to work in the local labour market (PASCAL International Observatory, 2011). In Australia, participation rates (at any university) are higher in areas where there is a university campus, and higher still where a broad range of courses are taught (Charles Sturt University, 2010).

A further argument for the continuance of regional universities' research functions is Barrett & Milbourne's (2012) identification of a positive, though not causal, relationship between research environments and teaching outcomes. While this positive relationship is not evident in the perceptions that students develop about the quality of their education, it is evident in terms of economic outcomes, including 'full-time employment, progress rates and retention rates' (Barrett & Milbourne, 2012, p. 77). Barrett & Milbourne (2012) identified a positive correlation between a university's research ranking (ERA) score, in a particular discipline and the employability of that discipline's graduates. From this, they concluded that, 'funding the time for both teaching and research activities of staff significantly improves the research environment and generates significantly enhanced economic outcomes' (Barrett & Milbourne, p. 77). Therefore, it is a fundamental lobbying point to present a future Coalition Government with the argument that the best teaching institutions are those that retain research profiles, at least to some extent, thus benefiting from research-active staff; research-based community, industrial and professional relationships; and an environment in which new knowledge is sought and valued.

The political significance of research to the National Party, as a political party focused on rural and regional interests, is enhanced by the concentration of regional universities' research strengths in disciplines of particular relevance to the economic wellbeing of rural and regional communities. The 'notable concentrations of research strengths' (Williams, 2010) in some regional universities provide some protection against Commonwealth direction to focus on teaching alone, and subsequently diminishes the likelihood of market direction to the same end.

In 2010, members of the Regional Universities Network achieved 'world standard' ratings or better in geosciences, earth science, agriculture and veterinary science, medical and health science, nursing, environmental science, mathematical science, accounting, auditing and accounting engineering, human movement and sports science, linguistics, historical studies and philosophy (Regional Universities Research Network, 2011a). The ERA system has further focused regional university attention on increasing research output. This has led to growth in practices intended to support research development, and growth in opportunities for research-active academics in these institutions. There is also a strong emphasis on supporting staff to complete doctoral qualifications.

The non-research intensive regional universities find themselves in a difficult, yet not insurmountable, position in relation to protecting their status and opportunities in the policy environment that Pyne imagines. The Liberal Party's policies are undermined by inconsistent logic. For example, Pyne (2011) described the Coalition's 'long held vision … to be recognised globally by the mining and manufacturing industries as the leading research country delivering innovative technologies to the mining industry'. However, regional universities actually play a specific role in supporting this vision and allowing them to develop further their strengths seems more promising than Pyne's proposal to develop new institutions 'that focus almost exclusively on research in the resources area' and are funded 'almost exclusively' by the mining industry (Pyne 2011). Thus, there are a number of factors that make Pyne's vision difficult to realise and that place regional universities in a strong position to maintain their status and research capacity. One of these factors is an observation in Pyne's speech that highlights an aversion to major structural reform: 'Universities are in many respects self-selecting as either predominately research or predominately teaching focussed. The state should not interfere in this process by skewing grants to one institution or set of institutions in the future' (Pyne 2011).

Conclusion

It is unlikely that a Coalition Government would force regional universities to close. However, the Liberal Party's...
attachment to fiscal discipline will create a more difficult operating environment, in which research aspirations will be challenged and capacity for increased student enrolments constrained by infrastructural limits. The ways in which these institutions might respond include:

- Maintaining student market share as rural and regional populations increase.
- Using distance education infrastructures to develop market share in neighbouring areas, such as Western Sydney, where significant population growth is also projected.
- Continuing to develop partnerships with schools, TAFE colleges and other universities.
- Using distance education infrastructure to develop comparative advantage in relatively inexpensive courses.
- Lobbying and harnessing political support based on universities’ economic contributions to their regions.
- Co-opting political support in association with the National Party’s pragmatic advocacy for regionally located research and research-informed teaching.

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