



**UPPER SPENCER GULF COMMON PURPOSE  
GROUP**

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**TRANSFORMING THE UPPER SPENCER GULF**

**Sustainability - Innovation - Liveability**

# **Concept Report**

**UPPER SPENCER GULF COMMUNITY OWNED  
TERTIARY EDUCATION AND RESEARCH CENTRE**

**APRIL 2016**

*“...One of the foundations of economic growth, of innovation, entrepreneurship and community development is ... education...”*

SA Centre for Economic Studies, 2012

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## **1. BACKGROUND**

The Upper Spencer Gulf is a region in economic transition.

Over the past 18 months over 2000 jobs – around 4% of the population - have been lost across the Upper Spencer Gulf as a result of the closure of Alinta Energy's power station and coal mining operations and a downturn in global commodity prices impacting on Arrium OneSteel, BHP Billiton, Santos, Southern Iron and BGC Contracting. A further 1000 direct jobs are dependent on the future of the Whyalla steelworks, which is currently in voluntary administration.

Despite the significance of the current economic crisis, the Upper Spencer Gulf is blessed with some of the most significant mineral and renewable energy resources, natural biodiversity and landscapes in the world.

In addition, the three cities that form the nucleus of the Upper Spencer Gulf – Whyalla, Port Augusta and Port Pirie have a strong heritage, culture and capability in industrial manufacturing. They also provide a range of retail, sports, arts, health, education and specialist services for surrounding Mid North, Eyre Peninsula and Far North communities.

The region has considerable opportunity to build on these comparative strengths, refocus the community and reposition the economy to pursue growth in Renewable Energy; Arid Agriculture and Innovation; Mining and Minerals Processing; Defence; Intermodal Transport and Logistics; Event Tourism and delivery of Regional Services.

These opportunities are already emerging in the region, with the redevelopment of Nyrstar's Port Pirie lead smelter to a modern, multi-metals recovery and e-waste processing facility, expansion of Sundrop Farms arid horticulture operation near Port Augusta, Whyalla's Muradel Bio-fuel initiative and Betatene's long-standing operation in Whyalla as one of the world's largest producers of food and pharmaceutical grade beta carotene.

There is also strong interest by universities and industry to establish the Upper Spencer Gulf as a research hub to trial and test new renewable energy technology, further leveraging existing research in the region including the South Australian Government's 'Sterile Insect Technology' facility and the Spencer Gulf Ecosystem and Development Initiative (SGEDI).

These examples pave the way for the transition of the Upper Spencer Gulf into a major economic growth and research hub in advanced manufacturing, cleantech and arid innovation.

To support this growth and foster innovation and leadership in these sectors, access to local technical expertise and research will be required.

In 2012 the South Australian Centre for Economic Studies<sup>1</sup> highlighted education as the future foundation of economic and community growth, innovation and entrepreneurship in the Upper Spencer Gulf. This report identified a clear need to improve skills capacity in the region in order to realise a strong and prosperous economy. This finding was further highlighted in the SA Government report commissioned by PIRSA in assessing the feasibility of developing a heavy industry hub in the Upper Spencer Gulf<sup>2</sup> and again in 2014 with a report by Strategic Economic Solutions specifically warning the lack of scientific and technical capability in the region is a key barrier to future growth and economic diversification<sup>3</sup>.

These figures reflect a broader educational disparity with 31% people in urban centres holding a tertiary Bachelor degree, compared with only half this (15%) in outer regional areas and just 12% in remote and very remote areas<sup>4 5</sup>.

This data reflects the observation in the Upper Spencer Gulf that at present, the technical, educational and research needs of both established and emerging mineral resources, processing, renewable energy and clean technology and manufacturing businesses based in the region are largely sourced externally to the region and with very little, if any, local or lasting capacity generated.

These findings are also reflective of the wider global trend that sees a persistent gap between the knowledge and skills that are most in demand in the workplace and those that education and training systems continue to provide<sup>6</sup>.

Combined with the lack of skills and technical capability to support emerging industries, unemployment rates in the Upper Spencer Gulf remain above state and national averages, with the rate of youth unemployment nearly double these figures<sup>7</sup>.

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<sup>1</sup> O'Neil M (2012) The Common Purpose – Advancing the Economic and Social Development of the Upper Spencer Gulf; A report prepared by the South Australian Centre for Economic Studies for the Upper Spencer Gulf Common Purpose Group

<sup>2</sup> KPMG (2012) Upper Spencer Gulf Heavy Industry Hub.

<sup>3</sup> Houghton K (2014) Upper Spencer Gulf Stocks and Flows - Residents, Employment and Socio-Economic Connections across the Upper Spencer Gulf (2014) Strategic Economic Solutions – report prepared for Upper Spencer Gulf Common Purpose Group

<sup>4</sup> Australian Bureau of Statistics (2008) Australian Social Trends cat. No 4102.0

<sup>5</sup> Accessibility/Remoteness Index of Australia

<sup>6</sup> International Labour Office (2010) A Skilled Workforce for Strong, Sustainable and Balanced Growth – A G20 Training Strategy; Geneva; November 2010

<sup>7</sup> DEEWR (2015) Quarterly Small Area Labour Market Reports

The Upper Spencer Gulf Industry Education and Research initiative aims to build the local technical and research capacity by bringing together and brokering the needs of existing and emerging industry with local business and community leaders and the most relevant and cost-effective vocational, higher education and research capability.

## 2. CURRENT SITUATION

Over the past 18 months, the Upper Spencer Gulf Common Purpose Group has invested considerable resources in better understanding the current situation and future needs of the region, in relation to vocational education, higher education and research capability and linkages.

This investigation was undertaken through liaison and interviews with industry groups and regional businesses operating within the region; current higher education and vocational institutions and other service providers; the three USG councils; the three Regional Development Australia bodies within which the USG region is situated. Current course offerings were also identified through information provided directly by institutions or available publically.

In summary, this investigation found that:

The three major South Australian universities had some level of presence in the region with regard to higher education service delivery. Of the three, the University of South Australia has the strongest presence through its Campus at Whyalla. UniSA is currently offering undergraduate courses<sup>8</sup> in Foundation Studies; Nursing; Social Work; Early Childhood Education and Primary Teaching.<sup>9</sup> UniSA also promotes support for externally enrolled regional students through its Whyalla Campus and offers services in research, primarily through the University Department of Rural Health, within the region. Other research capability is offered from Schools and Divisions from Adelaide. The locally-based Centre for Regional Engagement incorporating the Centre for Rural Health and Community Development was disbanded in 2014.

Flinders University has a strong partnership with public schools across the Port Augusta/Quorn area, focussing on building student capacities in high order thinking and reasoning in mathematics and beyond. The results of the "Empowering Local Learners" project is indicating a significant lift in student skill levels. Flinders University also has a small research presence in the Mid-North, Outside the Upper Spencer Gulf, the University also operates the Marine Science Centre in Port Lincoln undertaking research in partnership with the South Australian Research and Development Institute (SARDI) and the Department of Primary Industries and Regions SA (PIRSA).

The University of Adelaide has a small campus located in Port Augusta, offering the Port Augusta University Preparatory Program (PA-UPP). This Program aims to provide extra opportunities locally as a pathway to tertiary study for Aboriginal and Torres Strait Islander and other regional students who aspire to attend university. The University also undertakes community engagement and school-based outreach and aspiration programs and professional development and other short courses aimed at educators, business and industry<sup>10</sup>. The university has a strong interest and involvement in

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<sup>8</sup> <http://www.unisa.edu.au/Study-at-UniSA/Regional-Students/Regional-Study-Options/>; accessed January 2016

<sup>9</sup> Some attendance is required at the Mawson Lakes Campus of UniSA for this degree

<sup>10</sup> <https://www.adelaide.edu.au/offers/port-augusta/>; accessed January 2016

a variety of research initiatives linked to the Upper Spencer Gulf, including through the Centre for Energy Technology, Environment Institute and various health and arid innovation partnerships with the University of South Australia in Whyalla and Port Augusta.

A number of other higher education providers also have a presence in the region through distance education offerings. These include Central Queensland University; Charles Sturt University; the University of Southern Queensland; Charles Darwin University and University College London. Torrens University has also expressed an interest in supporting course offerings in regional South Australia.

Thus, whilst health and social services are well catered for in the region, there is a very obvious gap in locally available, affordable, quality tertiary education to service the growth of emerging and new economic opportunities. For example, a recent study undertaken by Regional Development Australia Far North<sup>11</sup> identified a number of courses across the renewable energy and clean technology value chains that would build optimum internal workforce capacity in the region and maximise local economic return from these industries.

In the vocational education sector, TAFESA has a strong and trusted presence across the region, including major campuses in each of the three USG cities, with core courses including the traditional trades, Community Services suite of courses, and Business Management/Leadership. Additionally, there are a number of private VET providers who offer services in the region, primarily linked to Government-funded training courses. In 2014, the USCPG undertook a desktop mapping exercise of vocational education service provision in the region which highlighted a number of discrepancies between the courses available in the region and the actual needs of local industry. This can largely be attributed to vocational training policy and funding support implemented on a broad, top-down, statewide basis, rather than responding to future trends and the needs of industry in the region the training is delivered.

In addition, whilst there is a solid existing research effort and strong interest in new research that would support transformative industry development in the Upper Spencer Gulf, this is largely 'fly in fly out' research, occurring 'to' the region, rather than 'within' the region. This means the effort is generally uncoordinated, with few local linkages and a lack of actual local research presence and capacity built within the region.

The growing focus on science, technology, engineering and mathematics at secondary school level and the pro-active approach by schools, training providers and industry in the region to take advantage of Government initiatives such as the South Australian 'Science Hubs' program and seek stronger collaboration and more direct education-training-employment outcomes, ensures the links

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<sup>11</sup> Miller, C (2016) Renewable Energy and Clean Technology: Opportunities for Port Augusta and the Far North Region. Report prepared for RDA Far North, Port Augusta, SA

between secondary schooling through to higher education continues to be fostered in the Upper Spencer Gulf.

In order to address the skills and research gaps in the region, the USGCPG has investigated a number of alternative, community driven models for higher and vocational education and research delivery in other regional centres across South Australia, nationally and globally, including the Geraldton and Cooma 'Community Owned Tertiary Education Campus (COTEC)', the Chaffey Learning Exchange, Mid North Knowledge Partnerships, Newcastle and Wollongong university, NSW TAFE and industry partnership initiatives and 'Fee-Free' university in Invercargill (New Zealand), a new model of training to support workforce restructure in rural Scotland to service the growth in renewable energy<sup>12</sup> and examples from the industrial transformation of Pittsburgh (USA).

These examples have all provided inspiration and key learnings that have assisted the USGCPG to develop its own model to expand the higher education and research opportunities, pathways and partnerships in the Upper Spencer Gulf, tailored to the specific needs and situation of the region.

This model underpins the transformation required through education and research to ensure the sustainable and prosperous development of the Upper Spencer Gulf region into the future.

The main outcomes sought through the Upper Spencer Gulf Higher Education and Research Centre include:

- Stronger industry/community/provider partnerships
- Expansion of higher education and research offerings delivered in the region
- A more efficient use of resources and avoiding duplication of effort
- Developing lasting research/technical capacity in the region
- Establishment of a collaborative physical presence within a broader educational precinct

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<sup>12</sup> McQuaid, R and Bergmann, A, (2016) "Employment changes in the sustainable energy sector in Scotland", World Journal of Science, Technology and Sustainable Development, Vol. 13 Iss: 1, pp.2 - 17

### **3. CASE STUDY EXAMPLE - THE COTEC MODEL**

The Community Owned Tertiary Education Centre (COTEC) model has arisen in regional Australia out of an increasing centralisation of both VET and HE service delivery to larger population centres that are able to sustain single-university or VET facilities, and a recognition that retention and graduation rates for locally-unsupported distance education are considerably lower than for campus-attending students. For example, a recent paper shows that graduation rates for students studying via unsupported distance education vary between 0.5 – 20% compared to graduation rates of 80% or greater by students engaging in face to face learning<sup>13</sup>.

Essentially the COTEC provides a higher education demand aggregation, brokering and coordinating service across multiple institutions. Facilities are owned and operated within the community, rather than by any single educational institution, with local COTEC staff providing operational support such as student enrolment, logistics, pastoral care, tutorials and administration, along with partnership development.

Management and governance oversight is provided by a local skills-based board drawn from community and industry members with portfolio-based skills. Additional skills (particularly VET and HE knowledge and skills) may be provided by external membership to the board to avoid conflicts of interest from local providers.

The COTEC board, in close consultation with industry, determines the local higher education and training needs and calls tenders from education providers to deliver the course. Tenders are assessed based on several criteria, including:

1. Commitment to a minimum number of face-to-face contact hours (supplemented by best-of-online delivery, university-based intensives and local COTEC delivered tutorials)
2. Quality of educational outcomes
3. Value for money for the student, recognising equity and access issues
4. Mutual benefit and outcome for both partners - the community and the provider

Under contractual arrangements with service providers, the COTEC generally receives a percentage (ie 50%) of each Full-time Student Load (FTSL) payment. No student amenities fees are paid by students.

This percentage of the university's student loading paid to the COTEC is generally offset by a significantly higher student completion rate (ie over 90%). The high level of retention and completion has been attributed to the strong local COTEC student support including tutorials and pastoral care and avoided costs and disruption of student relocation to the capital city.

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<sup>13</sup> Ormond Simpson (2013) Student retention in distance education: are we failing our students?, *Open Learning: The Journal of Open, Distance and e-Learning*, 28:2, 105-119, DOI: 10.1080/02680513.2013.847363

This community/industry driven approach is substantially different to the traditional model of education delivery, where courses are determined centrally, based on broader statewide or institutional objectives.

Two COTECs are operational in Australia – the Geraldton Universities Centre (GUC) in WA and the Cooma Universities Centre (CUC) in NSW<sup>14</sup>. A third COTEC is currently being established in South-East Queensland.

### **3.1 GERALDTON UNIVERSITIES CENTRE**

The first iteration of the GUC was a variation on the traditional model of HE service delivery, in that the Centre (then known as the Geraldton Institute) was serviced by the three WA universities bidding for 20 university places to be based in Geraldton. Courses to be offered were at the discretion of the universities with input from the Institute. The Institute was supported by a board constituted of representatives of the three universities rather than community members.

Over time, tensions arose around the service providers seeking to deliver courses 100% online with the Geraldton community wanting face-to-face delivery. Consequently, the Institute failed to gain traction in the community and this lack of community support manifested in low uptake of the courses offered. A community working group was formed, to develop a new model and a new board constituted by members of the community was formed in 2010. The new iteration was renamed the Geraldton Universities Centre. The current Board comprises four community members; two independent academics; TAFE and Education Department managers.

#### **3.1.1 Funding and establishment**

An initial, one-off WA Government grant of \$1m over three years enabled the Centre to establish itself. This funding paid for staff and covered initial operating expenses. In the first instance, the Centre was co-located with TAFE, but the Geraldton community wanted an independent presence. A subsequent WA Government grant through 'Royalties for Regions' funding enabled a second building to be constructed.

The major cost for the GUC was the physical facilities. Ongoing operational costs including staff salaries and the maintenance of facilities account for the majority of the current budget.

The GUC is now almost fully self-sustaining, and from an initial cohort of eight students, the Centre is now supporting close to 300 students.

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<sup>14</sup> GUC - <http://www.guc.edu.au/> and CUC - <http://coomauc.com.au/>

Sponsorship in the form of scholarships are very important to the Centre. Scholarships are supported in the region through industry partnerships. Scholarship funding of \$200k initially was sourced through a large industry partner (solar farm). Locally, the Hollamby foundation provides annual scholarships of \$50k per annum to help students attend the specialist facilities/universities for their intensive programs, as many of these are interstate. A 'friends of' group also assists with fundraising and holding of scholarship funds.

### **3.1.2 Service Delivery and the Business Model**

Courses at the GUC are offered in a 'blended' learning model, with both online delivery and face-to-face intensives, supported by a minimum of 10 hours per week per student face-to-face tutorial support. Specialist practicums e.g. for nursing, are undertaken at specialist facilities. In some instances, these may be within the community, or in laboratories/facilities located at the home campuses of the service providers.

Currently, three universities are delivering five undergraduate courses and one bridging course into the GUC – Central Queensland University, the University of Southern Queensland and Charles Sturt University. All three universities are highly experienced in regional and online service delivery and have excellent reputations for the provision of blended learning. GUC also provides a specialist bridging program for Cocos/Christmas Islanders – this is intensive, tailored support. Engineering is being offered as an Associate Degree to this cohort also, with a strong first emphasis on improving maths skills.

### **3.1.3 Staffing**

The GUC currently has 30 academic/tutorial staff, 5 administration staff plus the Director and the Board. Staff at the GUC undertake recruitment and enrolment processes, provide pastoral care, the organisation of intensives and practicums and the management of local tutorial staff. The Centre consults with the community to understand demand drivers and then prepares Expressions of Interest documentation to which service providers respond. This high level of embeddedness in the local community has been cited by the GUC as critical to its success.

### **3.1.4 Economic Contribution to the Community**

GUC salaries provide just under \$1 million annually into the local economy. In addition, it is estimated that potential costs to families support a student in Perth average \$20k p.a. On the current student cohort of 200, this would equate to around \$4m leakage to Perth annually if the GUC wasn't in existence.

### **3.1.5 Student Satisfaction and Retention**

GUC receives expressions of interest from students annually wanting to study. Currently, only 1 in 3 EOIs are accepted and demand is far exceeding availability of places, with expansion planned to

service this growth. Data supplied by one service provider indicates a 95% completion rate for students of that institution studying at the Centre.

The GUC has filled a local gap in higher education and engaged new entrants into tertiary study. This is evidenced through a recent survey of their 100 current nursing students, which revealed that only two would continue study if the course was not available locally.

Furthermore, 20% of the local student cohort that relocates to Perth for university come back to continue at GUC.

## **4. BUILDING ON THE COTEC MODEL – USG HIGHER EDUCATION AND RESEARCH CENTRE**

### **4.1 OPERATING MODEL**

The Upper Spencer Gulf Higher Education and Research Centre will offer brokering, management and support for regionally based academic and industry education and research activity including:

1. Access to undergraduate and postgraduate courses (including associate degrees), with access to on-ground tutorial support; library services; enrolment processes; study spaces; NBN broadband networking and IT support and computing facilities.
2. Coordination and input into development of tailored training, short courses and seminars with industry and academic partners
3. Coordination and support for secondary school career engagement
4. Higher Degree Research support including study support, tutor access and industry-embedded placement
5. Intern placement (for domestic and international interns)
6. Coordination of researcher exchanges
7. Coordination of bonded scholarships
8. Coordination and support for specialist visiting researchers
9. Coordination of access to student accommodation
10. Facilitation of access to demonstration and pilot research sites and project management services including partnership brokerage between industry and research proponents
11. Support for research and grant funding proposal development
12. Government agency engagement

Higher Education and VET partners will be responsible for

- Course content and delivery of undergraduate and postgraduate courses;
- Award of qualifications;
- Online development and teaching;
- Supervision of Higher Degree by Research students
- Provision of required software and systems access for students and COTEC staff

As a first step a local Centre board will be established, with skills drawn from nominees with legal, business, education, finance, community and regional development expertise.

The board will establish formal links with local 'Industry Leaders Groups' in Port Pirie, Port Augusta and Whyalla, along with Local Government, Regional Development, secondary schools and existing higher education, VET and research providers in the region.

A core principle of the Centre is to maximise collaboration and avoid duplication of effort between cities and with existing providers.

The Upper Spencer Gulf model is proposing to have a presence in each of the three cities, ideally co-located within an existing educational precinct in order to enhance the partnership opportunities and maximise efficient use of resources. This multi-campus arrangement would allow for development of specialisations in each of the three cities, based on their own industry strengths and nuances.

Whilst a tri-city presence is a long term aspiration of the initiative, the timing of on-ground implementation will be driven by practicalities including access to facilities and the level of support from local government and other key community and industry leaders.

Physically linking the three campuses via locally coordinated, inter-city transport, IT, staff and scheduling of lecturing/tutorial classes to optimise student time are advantages of the model that take into account the multiple population centres.

The approach will also provide local knowledge and support to maximise the potential for research and industry synergies in the region, access to local demonstration, grant writing and project administration support, pilot sites and a more locally connected and efficient use of research funding and expertise.

The operating model is presented in Figure 1.



**Figure 1: Proposed USG COTEC**

## 4.2 EDUCATION AND RESEARCH NEEDS

Based on discussions with local business and industry, community leaders, researchers and education providers (including secondary and tertiary) in South Australia and nationally over the past two years, a broad cross-section of educational need – reflecting both current and emerging economic sectors in the region has already been identified. This includes the resources and engineering, clean technology, regional development policy, urban and regional planning fields and is further outlined in Table 1:

**Table 1: Targeted Industry Sectors**

### **Arid Innovation and Manufacturing**

Potential Industry Partners:

- Sundrop Farms
- Arid Lands Botanic Gardens
- South Australian Government
- Australian Bioactive Compounds Centre
- Wilson Pastoral International
- Betatene
- Innovative Manufacturing CRC
- Primary Producers SA

Key areas of research interest:

- Arid horticulture and innovation
- Food and agriculture innovation
- Native bush foods
- Water management in arid areas
- Sterile Fruit Fly Research
- Building and construction

### **Mining and Mineral Processing**

Potential Industry Partners:

- BHP Billiton
- Nyrstar
- Arrium OneSteel
- OzMinerals
- Adelaide University Institute for Minerals and Energy Resources

Key areas of research interest:

- Mineral extraction and processing
- Clean minerals processing hub powered by hybrid energy sources
- Environmental management
- Community engagement

### **Energy Resources (including renewables)**

Potential Industry Partners:

- Alinta Energy
- DP Energy
- Muradel
- SANTOS
- Adelaide University Centre for Energy Technology
- Melbourne University Energy Institute

Key areas of research interest:

- Renewable energy generation and storage
- Algae to biofuel
- Gas and renewable fuels
- Solar production of ammonia or similar solar transportable fuels for export

### **Government and Policy**

Potential Industry Partners:

- Local Government - Port Augusta Council, City of Whyalla, Port Pirie Regional Council
- Regional Development Australia Far North, Yorke and Mid North, Whyalla and Eyre Peninsula
- Environment Protection Authority
- South Australian Local Government Association

Key areas of research interest:

- Urban and regional planning and policy
- Economic and regional development
- Environmental management
- Community engagement and wellbeing

Final delivery options and arrangements will be progressed following establishment of the local Centre board and a more detailed demand aggregation undertaken with local industry partners and potential investors in the region.

Critical to the success of the Upper Spencer Gulf model will be maintaining a flexible approach to supporting and achieving mutual benefit for the local community and the education provider that will ultimately deliver stronger scientific, technical and professional capacity within the Upper Spencer Gulf that, if not addressed, looms as a major risk to future growth and diversification.

The proposed USG Higher Education and Research Centre is consistent with the Commonwealth's strategic research priorities to both improve productivity, competitive advantage and economic growth and support sustainable regional communities.

It provides an efficient, locally driven and integrated approach to supporting delivery of the key Australian Government initiative - the National Innovation and Science Agenda - and a number of South Australian Government economic priorities including: Growth through innovation, Unlocking the full potential of South Australia's resources, energy and renewable assets, Premium food and wine produced in our clean environment and exported to the world and the Knowledge State – attracting a diverse student body and commercialising research.

#### **4.3 Economic Contribution to the Local Economy**

Based on the operation of the Geraldton COTEC over the past seven years, and recognising the similarity of the local catchment area (approximately 55,000 people) and distance to capital city (approximately 3-400km), establishment of the USG Higher Education and Research Centre in the Upper Spencer Gulf would not only provide an increase in availability of industry-linked, quality controlled higher education and research in the region, but also generate significant economic activity in its own right, expected in the order of 15-20 new jobs and around \$1 million direct salary input into the Upper Spencer Gulf economy annually.

Whilst it is recognised that many country students prefer and will continue to move to the city for their tertiary studies, the cost (approx. \$20k per annum) of relocating and supporting country students remains a considerable barrier for many.

Establishing a tertiary hub in the Upper Spencer Gulf will open opportunities for students who cannot afford to move to Adelaide, and aims to provide flexible delivery options for students who may require additional support in the first year of tertiary study, prior to city relocation.

## **5 BUSINESS CASE FOR THE UPPER SPENCER GULF HIGHER EDUCATION AND RESEARCH CENTRE**

### **5.1 Assumptions**

The intention of the USG Higher Education and Research Centre is to avoid duplication with existing tertiary providers already based in the region, and to maximise course efficiency and specialisation across the three cities. Instead, the fundamental principle of the COTEC will be to expand the offerings available locally based on local need, and implement a new model of student engagement and logistics to support this.

Understanding these principles, the Business Case is premised upon the following important assumptions:

#### **5.1.1 Existing Facilities**

There are a number of existing educational facilities in each of the three USG cities that could be repurposed to accommodate the USG Higher Education and Research Centre. This would not only reduce establishment costs, but encourage stronger educational and research collaboration and partnerships within a broader 'precinct' environment. In the event new facilities are required, this will need to be built into the modelling and cost structures.

#### **5.1.2 Tri-city Presence**

Based on feedback from community leaders, the model assumes that there would be a physical presence established in each of the three USG cities as part of a 'multi-campus' approach. Whilst the Centre would offer and coordinate access to all educational and research opportunities across the USG, each campus would have a specialist focus.

#### **5.1.3 Cooperation between existing education service providers and the USG HERC**

Discussions with higher education and research providers already delivering into the Upper Spencer Gulf has revealed most can see the potential for the USG Centre to strengthen collaboration and partnerships and help to expand and enhance the higher education and research offerings across the region. In the first instance, pursuit of a formal MOU with each of these providers establishing the parameters of operation and collaboration will form a key part of the establishment phase of the Centre.

#### **5.1.4 Existing Industry Engagement**

There is existing industry engagement mechanisms in the Upper Spencer Gulf that is proposed to form the base of ongoing reference and demand aggregation by the Centre's board. This includes the Regional Development Australia boards and 'Industry Leaders' Groups operating in each of the three cities, along with local Chambers of Commerce. As these bodies operate slightly differently in each city, a common framework for formal engagement and ongoing communication will be implemented.

### **5.1.5 Research**

Unlike the COTEC model operating in other states, research is a core component of the Upper Spencer Gulf Higher Education and Research Centre.

There is increasing research interest in the Upper Spencer Gulf, with solid links to industry. The intent of the Centre is to broker stronger research-industry-community partnerships across the range of disciplines identified, but particularly focusing on establishing the Upper Spencer Gulf as a Research Centre for Arid Innovation that incorporates renewable energy, arid agriculture and horticulture and minerals technology and processing. The Centre would provide local political and community leadership and a supportive environment for innovation and research, assistance with research and grant funding proposal development and administration, connection to local industry partners, access to local demonstration and pilot sites and government engagement. Partnership funding into the USG Higher Education and Research Centre, including ARC Linkage, CRC Projects and CRC Research grants, along with a corresponding increase in PhD and Higher Degree by Research students based in the region, is conservatively assumed from the fifth year of operation and incorporated into the model.

### **5.1.6 Higher Education Courses**

Based on the COTEC model operating in other states, the business case assumes under-graduate or post-graduate course delivery based on a minimum cohort of eight students. As the intent of the Centre is to expand and enhance the higher education courses available in the Upper Spencer Gulf, it does not propose to duplicate undergraduate courses being delivered on campus at the University of South Australia at Whyalla, or the Foundation Studies course through Adelaide University in Port Augusta. Similarly, the Centre is not expecting to delivery Vocational Certificate courses already being offered through TAFE campuses in the region.

New undergraduate, postgraduate and associate degree courses will only be brokered based on clear local industry and community demand and will be provided through blended learning that includes a commitment to face-to-face and quality on-line delivery, with student and tertiary institution support provided through the Centre.

SATAC data for the period 2010 – 2015 indicates strong existing demand for vocational and higher education in the region, with an average 1606 offers for TAFE per year, 1010 undergraduate offers per year and 129 postgraduate offers per year over this six year period (Appendix 2 ).

Rather than compete for existing tertiary students, the business case is conservatively based on attracting between 2-5% new entrants to higher education from individuals in the region who may be currently dis-engaged from study, unemployed, under-employed, seeking upskilling or reskilling, or for whom relocation to an Adelaide-based institution, or enrolment in on-line only education is not preferable:

- Vocational Training – Year 1-5 = attract 2% new students (ie 32 per annum; yr 6-7 = 3.5%; yr 8-10 = 5% new students per year
- Undergraduate Courses – Year 1 = 0% (no intake); yr 2-5 = 2% new students (20/yr); yr 6-7 = 3.5% new students; yr 8-10 = 5%
- Postgraduate Courses – Yr 1+ 5% new students = 6 per annum

### **5.1.7 Provision of Startup Funding**

The business case assumes the provision of external 'start-up' funding from both Commonwealth and South Australian Governments in the form of a 4-year grant to support 'break-even' at the end of Year 4 operations.

### **5.1.8 Additional Income Streams**

The development of short courses, intensives and specialist seminars as additional income streams are assumed in the modelling.

## **5.2 Viability of the Upper Spencer Gulf Higher Education and Research Centre**

Based on SATAC enrolment data over the 2010-15 period and the experience of the Geraldton COTEC and the strength of the industry-research partnership interest in the region, establishment of the Upper Spencer Gulf Higher Education and Research Centre appears viable. Cash flow modelling for the Centre has been undertaken by Strategic Economic Solutions, in conjunction with the Upper Spencer Gulf Education Committee and has been peer-reviewed by the South Australian Centre for Economic Studies.

## APPENDIX

### SATAC Offers for postcode regions 5418 - 5734

#### SATAC FINAL OFFERS 2010-2016

	2010	2011	2012	2013	2014	2015	6 YR AVG
<b>TAFE</b>	766	937	1359	3033	1794	1750	1606
<b>UG</b>	1002	936	984	1006	1062	1071	1010
<b>PG</b>	144	126	126	116	128	133	129

Note that data only reflects offers made to students across the institutions for which SATAC provides services. These institutions include: The University of SA; Flinders University; The University of Adelaide; Charles Darwin University; TAFE and Tabor College. Enrolment data for other institutions including Central Queensland University; Charles Sturt University; the University of Southern Queensland; Torrens University and University College London, or other VET providers is additional.

### TAFE Enrolments for Postcode Regions 5418-5734

#### TAFE ENROLMENT DATA 2012 - 2015 POSTCODE

##### REGION 5418 - 5734

2012	2013	2014	2015
2158	3711	1720	2139

It is noted that (with the exception of 2014) actual TAFE enrolments during this period exceed SATAC offers.

## **APPENDIX: COTEC DEFINITION**

### **Community Owned Tertiary Education Campus**

A Community Owned Tertiary Education<sup>1</sup> Campus (COTEC) is one where the land and some or all the facilities are owned and/or managed by the community through a trust, incorporation/company structure, or directly by local government, and where the tertiary education provider/s operate on the campus under an agreement with the community and for the benefit of that community. The key characteristic of a COTEC is that the educational providers are accountable to the local community for their performance and can be removed in the event of non-performance. The conventional tertiary education campus model is one where the provider/s own and/or manage the campus with no enforceable accountability to servicing their local community.

A COTEC requires significant investment from other than the educational providers to maintain their accountability and the ability to remove non-performing providers if necessary. The facilities within a COTEC could be managed to accommodate multiple providers and uses, and could include major community assets, thus maximising usage rates and minimising operating costs and commercial risks for any single user.

Over time, all or part of a COTEC may evolve to a more traditional campus model. When applied to a satellite campus of a university, a COTEC fundamentally seeks to achieve the same levels of commitment to, engagement with, support of and servicing of the local community and student body as would normally be seen at the parent campus.

A COTEC may be necessary where it is not commercially viable for a university to establish a presence in an area. Where it is commercially viable, they may be required to achieve specific social and economic outcomes, reduce the risk to providers to establish in an area, and/or to counter un-competitive or under-servicing behavior by existing providers.

COTECs can be classified as small scale, where there is no permanent presence of academic staff from the partner universities, or large scale which would accommodate a full satellite campus of an existing university with a permanent academic presence.

Importantly though, regardless of scale, a COTEC structure provides a community the ability to grant a social licence for an academic provider to operate, and to withdraw it if their performance is unsatisfactory.

Definition developed by Dr Doug Fraser July 2015 in consultation with Natalie Nelmes, (Geraldton Universities Centre), Meredith Wills, Zoe Dawson (Cooma Universities Centre)

<sup>1</sup> Tertiary education includes vocational education and training (VET) being certificate to advanced diploma level (AQF Levels 1-6) and higher education (university) being bachelor to doctoral degrees (AQF levels 7-10). Whilst brokering research is not part of the traditional COTEC model, it will be a key part of the USG approach.