



COMMITTEE FOR  
**ADELAIDE**

**SUBMISSION INTO THE PROPOSED MERGER**  
BETWEEN THE UNIVERSITY OF ADELAIDE AND  
UNIVERSITY OF SOUTH AUSTRALIA

## EXECUTIVE SUMMARY

### The concept of merging two of South Australia's universities is both thrilling and daunting.

Globally – developed economies are reconsidering the structure of their education systems as the fourth industrial revolution rapidly re-shapes and disrupts the traditional relationship between education and employment. A universal narrative around entrepreneurialism is emerging and innovation is at the core of this conversation.

The Committee for Adelaide is an alliance of organisations and individuals (including both universities) drawn from across the full spectrum of South Australian business, art, design and infrastructure sectors.

Our diverse and influential membership represents a significant contribution to the economy and employment of this state and has a clear and vested interest in the future of South Australia's economy and society.

We cannot overstate how invested we are in the concept of two of this state's tertiary institutions becoming one.

Outlined in this document are the Committee for Adelaide's responses to the eight questions posed regarding the proposed merger between the University of Adelaide and the University of South Australia.

**If our response could be summed up in a headline, it would be: *the merger must be a positive-sum gain.***

We believe it is fair to say this potential merger is high risk with the potential for high reward.

We see enormous benefits of a merger and we see enormous challenges too. The Committee wishes to underline the need for diligence as this concept progresses and we commend both universities for undertaking this consultation process.

The Committee's first priority for both universities is to commission major ranking agencies to undertake a predictive ranking assessment of the new, merged university and extend the scope of this assessment to include short, medium and long-term views on the merger's impact on the proposed university's ranking.

Committee for Adelaide founding member, Ernst & Young, says Australian universities come in last in the OECD rankings for their ability to collaborate with business on innovation.

A merged university cannot shun and shy away from engaging and incorporating external businesses and innovation leaders as part of its restructuring – students expressed significant concern through the EY research that their degree needs to be overhauled in light of the impact of digital technologies.

**By merging two existing brands we have the opportunity to create a new, modern and advanced brand for South Australian education.**

However, merging a sandstone institution such as the University of Adelaide with another tertiary institution – itself the product of previous mergers – will present a significant disruption to the internal workings, values and alumni relationships of both.

A giant university campus, in the middle of our city, is a unique selling point that has the potential to set the new university apart, while putting Adelaide on the global education map in a way that is not possible at the moment.

But size alone is not a core determinant of ranking. The top three universities by the QS rankings are Stamford, MIT and Harvard with 17,500, 11,500 and 23,000 students respectively.

### A new, merged tertiary institution must do more than grow.

The outcome of a merged University of Adelaide and South Australia must actually create something new – be innovative in and of itself and have complete unity within its culture of staff and students.

A bigger university will be harder to turn, to pivot, to adapt and innovate around the rapid and consistent pace of change occurring in our modern economy.

What is clear to the Committee for Adelaide is that regardless of whether both universities merge – the ability to stay at the forefront of trends and respond quickly and effectively to new opportunities and threats is paramount for Adelaide and South Australia's reputation as a leading centre of tertiary education.

## ARE THERE OTHER IMPORTANT CHANGES HAPPENING IN HIGHER EDUCATION THAT SHOULD BE CONSIDERED - INTERNATIONALLY, NATIONALLY OR IN SOUTH AUSTRALIA?

As your paper highlights, higher education is undergoing massive changes globally including:

- greater marketplace competition including the rise of corporate and in-house training;
- changes in student demographics (including an ageing demographic more broadly in South Australia);
- changes in expectations from both students and employers including industry and business co-designed degrees and training;
- enormous technological changes enabling remote study, reducing the need for a bricks and mortar presence;
- an increase in wealth in developing countries giving rise to more international students.

This is happening against the backdrop of the fourth industrial revolution, where jobs and opportunities are evolving so quickly that it is difficult for universities, businesses, governments and organisations to keep up.

Traditional professions in law and medicine – once the foundation course offering of many sandstone universities – are increasingly becoming automated reducing the need for future graduates while we’re seeing the rise of tech entrepreneurs, some of whom have never stepped foot inside a university.

In this environment, it could be argued that a merger makes sense. With competition continuing to intensify and the role of higher education continuing to evolve, it is likely that only the top tier universities, who are well respected and regarded, will survive.

A larger university would be expected to have a larger presence in the international education marketplace – in terms of marketing, research outcomes and outreach - helping it to stand out, and while the impact of a merger on rankings is unclear, a merger will help Adelaide to make more “noise” in the global marketplace, potentially attracting more students.

However, there is also a counter argument that a bigger university will make it even more difficult to respond to rapid changes in the marketplace handing smaller, and generally more nimble, universities a competitive advantage.

What is clear is that regardless of whether both universities merge or not, the ability to stay at the forefront of trends and be able to respond quickly and effectively while maintaining a strong global presence is paramount for Adelaide to maintain and enhance its position as a leading centre of tertiary education.

## ARE THERE PARTICULAR CHARACTERISTICS OF THE TWO UNIVERSITIES THAT SHOULD BE CONSIDERED?

**Yes, and it is these differences that present both opportunities and challenges.**

Adelaide University is one of Australia’s oldest universities; a sandstone university and part of Australia’s Group of Eight.

The University of South Australia is itself a product of mergers of various educational institutions in 1991, some of which date back to the 1800s, and is regarded as the University of Enterprise.

While the universities have different cultures and brands, which make a merger more challenging, the Committee believes these issues are not insurmountable.

In fact, it could be argued that combining this mix of the old and new could present an attractive offering to the marketplace.

However, brand concerns will need to be addressed with numerous stakeholders including alumni and current and prospective students, who may feel their educational qualifications have been or will be devalued or enhanced should a merger take place. Staff loyalty must also be considered as staff may have chosen to work at a specific university because of personal alignment with that particular brand.

## WHAT FEEDBACK DO YOU HAVE ON THE OPPORTUNITIES PRESENTED?

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There are many compelling reasons to consider a merger and the paper covers numerous potential opportunities.

Perhaps one of the greatest benefits we see is the ability for both universities to collaborate, rather than compete. While competition is healthy, we would rather see competition between Adelaide and other Australian and international universities rather than fierce internal competition which can dilute, rather than strengthen, the city's offering as a compelling study destination.

## WHAT FEEDBACK DO YOU HAVE ON THE CHALLENGES PRESENTED? ARE THERE OTHER CHALLENGES OR RISKS THAT SHOULD BE CONSIDERED?

The paper states that “Australia’s larger and more highly-ranked universities are demonstrating greater institutional, financial and reputational capacity to grow and flourish compared to their smaller counterparts”.

For us the critical question is whether size is correlative or causative of a higher ranking.

Looking at the QS rankings<sup>1</sup>, for example, where University of Adelaide is placed 109th, a brief google search reveals most of the universities in the top 10 have similar or lower numbers of students than both Adelaide University and the University of South Australia.

The top three, for example, Stamford, MIT and Harvard have around 17,500, 11,500 and 23,000 students respectively.

According to education leader Catherine Friday at EY<sup>2</sup>, domestic students “didn’t worry about rankings” but rankings were “vitally important” to foreign students.

Your paper identifies that already “...South Australia is not benefitting from the increasing international student demand to the same extent some universities in NSW and Victoria”. Therefore, to realise an increase in international student numbers, it appears an increase in rankings is vital.

Given this, we fully support the commissioning of major ranking agencies to undertake a predictive ranking assessment of the new merged university and the undertaking to take short, medium and long-term ramifications into account.

The impact of a merger on rankings becomes even more critical when you consider that if the new university were to achieve rankings below that of either Adelaide University or the University of South Australia’s current rankings, there would be a high risk of significant reputational damage impacting not just on the university, but Adelaide’s reputation as a smart and progressive city.

### IN ADDITION, THERE ARE ALSO A NUMBER OF CHALLENGES THAT WE BELIEVE NEED TO BE MORE FULLY EXPLORED:

- According to EY<sup>3</sup>, Australian universities are ranked last in the OECD ranking for the ability to collaborate with business on innovation.

Their research paper, the University of the Future, reveals about 42% of current and past graduates (51% of international students) believe their degree needs to be overhauled in light of the impact of digital technologies while university leaders estimate that 40% of existing degrees will soon be obsolete.

EY summarised that learning institutions that “can crack the new, flexible teaching learning models required will reap the benefits as they outpace competitors that persist in delivering three-to-four year degree programs that employers simply do not value”.

There is a perception that smaller organisations tend to be nimble and quick to react to change while larger organisations take much longer to respond.

While this is a generalisation and not always reflected by the lived experience, there is no doubt that larger institutions often have more layers of bureaucracy to navigate that can slow down decision-making processes.

The size of the new university and its ability to adapt to the rapid changes presented by the fourth industrial revolution is a key challenge that needs to be taken into consideration.

- While opening up more staff opportunities is rightly highlighted as a potential positive, trying to amalgamate two different cultures and workforces enjoying different working arrangements is a significant risk.

For example, the merger of the Institute of Education and the University College London appears to have caused unrest among staff, with the UK newspaper The Guardian reporting that IoE educationists believe they are “underpaid and undervalued” Ensuring that both workforces feel equally valued and enjoy the same pay levels and benefits is critical to a successful merger.

The worst outcome would be a unified name with two separate organisations working underneath this structure in silos.

In most mergers, there are winners and losers and this is also highly likely in this instance, particularly when you consider the overlap in research. Both universities share six research areas where at least one sub-area has received an ERA rating of 5, with the University of South Australia having just one area and Adelaide University four areas that fall outside of this.

While a merger has the ability to strengthen these areas of research, it can also lead to duplication and the need to streamline offerings resulting in major restructuring.

Given this, clear, consistent communication is critical throughout the entire process. No matter how compelling a business case for any merger may be, poor communication can create insecurity and confusion, potentially causing a merger to fail.

Communication with both internal and external stakeholders throughout the entire process presents both an opportunity and challenge.

- There is also a broader risk presented by the consultation process itself: “sunk-cost bias”, where both universities invest so much time, energy, resources and money into investigating a university merger that even if the risk versus reward analysis does not stack up, it becomes difficult to walk away from the process.
- Another risk is while a merger is challenging and difficult to achieve, it’s likely to be even more challenging to “undo” should it not be successful. This is something that will need to be addressed as part of risk mitigations strategies should the merger go ahead.
- Currently, Adelaide University is part of the Group of Eight, recognised as one of the nation’s top research universities. The impact of the merger on continued involvement in this organisation also needs to be considered.

**It is fair to say that a merger is high risk with the potential of high rewards and while we see enormous benefits of a merger, so too do we see enormous challenges and we commend both universities for analysing and working through these.**

## WHAT FEEDBACK DO YOU HAVE ON THE DRAFT VISION OF THE NEW, MERGED UNIVERSITY THAT IS PRESENTED?

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The new vision presents a compelling case to merge but perhaps the bigger question is whether the three areas highlighted can be achieved without the need for a merger.

For example, the new university's aim to "inspire and equip students to shape the future, through high-quality teaching and learning experiences that are closely engaged with employers and communities" could be a vision that each university could pursue and achieve on its own.

So too could be the ability of world-class university research to power South Australian businesses and industries.

However, there is perhaps a greater opportunity to position Adelaide as the "pre-eminent higher education city in Australia, attracting highly skilled people, investment and prosperity to South Australia" through a merged university.

Presumably a merged university will be able to consolidate marketing resources, have greater research outputs and generally present a more compelling case in the international marketplace to cement Adelaide's reputation as a university city.

## WHAT MIGHT BE POSSIBLE THROUGH A NEW UNIVERSITY THAT IS NOT POSSIBLE NOW?

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More than any other city, Adelaide has the potential to claim the mantle as Australia's education city. Therefore, the question needs to be asked: will a merger help achieve this?

Some of the world's greatest university cities are dominated by their student population and it could be argued that a merger would have a similar impact, creating a giant campus in the middle of our city, stretching along the northern side of North Terrace and into the southern side on the western end.

One campus could potentially result in greater movements in student numbers as they travel to different areas of the campus to undertake study, walking and catching the tram bringing greater vibrancy to the northern part of the city.

With the exception of Australian National University, Group of Eight universities are located just outside of the city centre, have only a small city centre presence or are located in outlying suburbs.

A giant university campus in the middle of our city is a unique selling point that could potentially set the new university apart while putting Adelaide on the global education map in a way that is not possible at the moment.

## WHAT DO YOU BELIEVE ARE THE COMPLEMENTARY AREAS OF RESEARCH AND EDUCATION?

Your paper has identified where complementary and/or conflicting areas of research and education exist. Our interest is around how potential duplications would be handled by a merger to enhance the offering, resulting in collaboration rather than internal competition and conflict.

## ARE THERE OPPORTUNITIES, CHALLENGES OR RISKS THAT SHOULD BE CONSIDERED IF THE UNIVERSITIES CHOOSE NOT TO MERGE?

While this consultation focusses on a merger between the two universities, it is just as important to consider a partial merger or shared services arrangements as part of this process.

While a merger is one solution, there may be other ways both universities can achieve what they are hoping to and it is essential that the process remains open to these.

One option that should be considered is the [University of California](#)<sup>4</sup> model which serves as an umbrella organisation with numerous "campuses", each with their own brand identity such as UCLA, and Berkley (to name two of the 10).

University of California is a massive university with incredibly potent sub-brands. This organisation has segmented its product offering and therefore does not compete within itself but, instead strengthens its strengths and goes head-to-head with competitors interstate and overseas.

Regardless of the outcome, it is essential that the merger consultation is thorough and communicated broadly. That way this process will finalise the matter for years to come, bringing certainty to both universities or a single university allowing the focus to return on research and educational outcomes vital to the new and constantly evolving global economy.

<sup>1</sup> <https://www.topuniversities.com/university-rankings/world-university-rankings/2018>

<sup>2</sup> <https://www.afr.com/news/policy/education/adelaide-university-and-the-university-of-sa-proposed-merger-just-the-beginning-20180620-h11lt>

<sup>3</sup> <https://www.ey.com/au/en/newsroom/news-releases/news-ey-calls-on-australian-universities-to-future-proof-or-risk>

<sup>4</sup> <https://www.universityofcalifornia.edu/uc-system/parts-of-uc>

## MEMBERS

Our members represent a broad cross-section of South Australian businesses and organisations with a stake and belief in the future of South Australia.

### GOLD MEMBERS



### SILVER MEMBERS



### BRONZE MEMBERS



## ABOUT THE COMMITTEE FOR ADELAIDE

The Committee for Adelaide exists to drive change economically, socially and culturally in South Australia.

We are membership-based, a-political and non-sector specific, bringing together diverse organisations ranging from non-profits to large corporations, sporting and community groups and universities.

Provided over the page is a summary of our current members and partner organisations.



## CONTACT US

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If you would like to know more about any of the suggestions made in this document, we encourage you to contact:

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