Creation of a new university through merger
Discussion Paper: The University of Adelaide and University of South Australia
9 August 2018
Nous Group has prepared this Discussion Paper for the benefit of public consultation by The University of Adelaide and the University of South Australia. The Discussion Paper has been prepared based on information provided by the universities and by other persons. In some cases, Nous has relied on that information and has not independently verified that information for the purposes of this Discussion Paper.

The Discussion Paper should not be used or relied upon for any other purpose other than to provide feedback to the universities on the proposed creation of a new university through a merger of institutions. Nous expressly disclaims any liability to any person who relies or purports to rely on it for any other purpose.

About Nous Group

Nous Group (Nous) is a leading Australian owned management consulting firm with over 300 staff across Australia and the UK. Nous partners with public, private and member-based organisations to develop strategies, solutions and capabilities that improve financial results and outcomes for them, their customers and the communities in which they operate.
Contents

Executive summary ......................................................................................................................................... 1
1 Introduction ................................................................................................................................................ 2
2 Strategic context underlying consideration of a merger ..................................................................... 3
  2.1 The higher education sector is changing ......................................................................................... 3
  2.2 New models of universities are emerging ......................................................................................... 4
  2.3 The strengths of the two universities are complementary .............................................................. 4
3 Potential opportunities for a new university ......................................................................................... 11
4 Potential challenges and risks for a new university ............................................................................ 16
  4.1 Challenges that may arise from the creation of a new university .................................................. 16
  4.2 Risks arising from a large and complex merger ............................................................................. 17
5 A potential vision for the new university .............................................................................................. 19
6 Questions for consideration .................................................................................................................. 21
Appendix A Governance .......................................................................................................................... 22
Appendix B Examples of other mergers .................................................................................................. 24
Executive summary

The higher education sector is changing rapidly in Australia and around the world: it is growing in student numbers, expenditure and staff numbers, internationalising in student and staff flows, becoming increasingly competitive and financially challenged, being technologically disrupted and becoming increasingly important to regional economies.

All Australian universities are considering how best to meet the needs of their stakeholders in this changing environment. Many have recognised that universities of the future will:

• meet domestic needs more effectively by being increasingly internationally oriented
• better prepare diverse students for outstanding careers by continuing to expand the range of learning pathways
• deliver more high-quality research through increasing investment and a stronger alignment to the requirements of enterprises.

In Australia and abroad, larger, highly-ranked universities are advancing in these three aspects significantly faster than medium-sized universities, creating a growing gap between the large and medium sized universities. Internationally, several universities are considering or undertaking mergers, based on their recognition that greater scale and scope could enable them to deliver better outcomes than they could achieve individually.

In light of this changing strategic environment, together with the socio-economic changes underway within the State, the councils of The University of Adelaide and University of South Australia have decided to explore the potential value of creating a new university through the merger of the two existing universities.

Both councils are satisfied with the current development and performance of their respective institutions. However, both councils also recognise that in this changing higher education context, a new university might be capable of delivering better outcomes in education, research and societal impact than the individual institutions can accomplish alone or through collaboration.

A new university would draw on the complementary strengths of the two existing institutions, but in coming together would create an internationally oriented university of scale that could:

• create greater choice and access for a larger and more diverse range of students, from South Australia, Australia and abroad
• invest in more, higher quality research that can address the pressing and longer-term challenges of enterprises and society
• attract a larger number of high-quality staff and create better career pathways for staff
• enable more significant scale partnerships with universities and enterprises to the benefit of the university and South Australia
• generate greater economic, social and cultural benefits for South Australia.

However, the councils also recognise that a new institution could also come with potential downsides and risks, and these are addressed in section 4 of the Discussion Paper.

The Discussion Paper projects the potential benefits and challenges of a new university formed from the merger of The University of Adelaide and University of South Australia. The councils would encourage readers to recognise that the prospects of a new university should be judged against the status quo of two well-performing, medium sized universities in a continuously changing, internationalising, more competitive higher education environment.
1 Introduction

The councils of The University of Adelaide (UofA) and University of South Australia (UniSA) (the universities) have agreed to formally consider the merits of creating a new university through a merger of the two institutions. Nous Group has been commissioned by the two universities to undertake an assessment of the value of the merger.

The assessment

The assessment will be an objective analysis to understand the potential opportunities and challenges of a merger.

A robust governance structure has been formed to oversee the assessment process (Appendix A).

The key milestones for the merger assessment process are as follows:

- **Discussion Paper and public consultation** – submissions are being sought from the universities’ communities and external stakeholders.

- **Interim Assessment Report** – an interim report on the opportunities, challenges and risks of the merger will be presented to the university councils in October 2018. The councils will use this report to decide on areas for further assessment in the Final Assessment Report.

- **Final Assessment Report** – a final report will be presented to the councils in December 2018. The councils will use this report to determine whether to proceed with the next steps of a potential merger.

The Interim and Final Assessment Reports will be confidential to the councils.

This Discussion Paper

The purpose of this paper is to share initial considerations regarding the creation of a new university, and to invite submissions from the universities’ communities and external stakeholders. This paper sets out:

- the strategic context underlying consideration of the merger
- the potential opportunities that may be provided by a merger
- the potential challenges and risks of a merger
- a potential vision for a new university.

In-depth evidence and strategies to support the potential opportunities are not provided in the Discussion Paper. Rather, the Discussion Paper is seeking feedback from readers on the outlined considerations.

Nous Group will be collecting and reviewing submissions on behalf of the universities. Submissions may be made online at [http://newuniversity.nousgroup.com.au/](http://newuniversity.nousgroup.com.au/) until 5pm on Friday, 21 September 2018.
2 Strategic context underlying consideration of a merger

This section sets out the strategic context within which a merger is being considered. It includes the changes that are taking place in the higher education sector, examples of new emerging models relevant to a future university, and strengths of the two universities.

The university councils have agreed that now is an appropriate time for the universities to conduct a thorough investigation of the opportunities, challenges and risks of a merger. The external environment is rapidly changing, with significant developments in the Australian higher education sector, and this poses challenges for the universities. There is a clear complementarity of strengths of the two universities, in teaching and learning, in research, and in their contribution to the South Australian economy, particularly at this critical moment of socio-economic transformation.

2.1 The higher education sector is changing

Higher education is undergoing significant change in Australia and around the world. Higher education is:

- growing substantially, particularly as large nations to Australia’s north grow economically, and exponentially develop the size and quality of their higher education sectors
- internationalising, in staff and student flows, in international university partnerships and in universities’ relations with enterprises, government and the community
- becoming increasingly important to regional economies as a direct contributor and enabler of knowledge and capability driven growth
- adapting to counter increasing costs of research
- expanding to include an increasing number of non-university providers and non-local universities offering quality online and face-to-face courses
- being challenged through technology disruption.

In this world of rapid change, 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.

South Australia has three public universities: The University of Adelaide, University of South Australia and Flinders University. Collectively in 2017 the three universities employed 8386 staff (FTE), enrolled 84,470 students (headcount) including 17,831 international students (6% of the national total).1 With their smaller size, relative to the east coast universities, and South Australian base, the three universities face particular challenges, including:

- limited growth in domestic students from the South Australian market and a small number of interstate students attracted to South Australia, together with a cap on Commonwealth supported places

---

• the larger and highly-ranked Australian universities in the eastern states attracting most of the international students
• those larger and highly-ranked universities dominating the increasing competition for available research funds
• the need to renew infrastructure in a climate of limited Commonwealth infrastructure funding.

To thrive in the changing environment, the South Australian universities need to continuously improve their competitiveness nationally and internationally in areas such as attracting students, high-quality teaching and research staff, and research funds.

2.2 New models of universities are emerging

In this period of a rapidly changing higher education sector, new models of universities are emerging, and existing universities are investing in significant change to their operating models. UniSA and UofA have already adopted some of these changes, but there are many opportunities. For example:

• Many universities are creating multiple entry pathways to respond to the needs of a greater diversity of students, and in doing so are designing learning pathways that lead to high-quality degrees that prepare graduates across the full range of professions, enterprises and government.
• Most universities are investing in blended learning using a variety of media including digital, with universities making larger strides towards increasing their use of digital learning. Universities are now working closely with industry to enable industry-relevant work experiences for students by working directly with industry to co-design and co-deliver some courses.
• Some universities are considering moving away from the traditional discipline-based faculty/school structures to more flexible team-based structures that include a mix of designers and academic teachers.
• For many universities, physical campuses remain the essential base for teaching and research, but over time operations are likely to become increasingly virtual. Moreover, most Australian universities are thinking far more strategically about how they optimise their use of their campuses and digital capacity.
• Some universities in the UK now have more than 50% of their students being international, and in one case close to 70%.2
• In the US, Arizona State University has chosen to teach a very large student body, of approximately 100,000, with flexible entry criteria for courses, while also producing high-quality research.3
• Many universities are considering models where they can simultaneously increase their investment in fundamental research, and align their research with the interests of enterprises, industries, and government. Universities are increasingly establishing international alliances to create global networks that are central to knowledge creation and to better leverage global opportunities to drive research performance.

2.3 The strengths of the two universities are complementary

Drawing on their distinctive strategies and strengths, UniSA and UofA have both made substantial contributions to teaching and learning, research and growth of the South Australian economy. The two

---

3 https://www.asu.edu/about/enrollment
institutions have complementary strengths in their social and community mission, purpose and academic excellence.

Table 1 provides a baseline overview of key figures for the two institutions.

Table 1 | Key figures for both universities (2017)

<table>
<thead>
<tr>
<th></th>
<th>University of Adelaide⁴</th>
<th>University of South Australia⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students (EFTSL)⁶</td>
<td>21,141</td>
<td>22,142</td>
</tr>
<tr>
<td>Students (head count)</td>
<td>26,930⁷</td>
<td>31,966</td>
</tr>
<tr>
<td>Staff (FTE)</td>
<td>3,873</td>
<td></td>
</tr>
<tr>
<td>International students (EFTSL)</td>
<td>6,091 (29%)</td>
<td>4,081 (18%)</td>
</tr>
<tr>
<td>Campuses</td>
<td>North Terrace, Roseworthy, The Waite⁹</td>
<td>City East, City West, Magill, Mawson Lakes, Whyalla, Mt Gambier¹⁰</td>
</tr>
<tr>
<td>Net assets</td>
<td>$1.6 billion</td>
<td>$1.2 billion</td>
</tr>
<tr>
<td>Total operating revenue</td>
<td>$0.9 billion</td>
<td>$0.6 billion</td>
</tr>
</tbody>
</table>

The strengths of these two institutions are discussed below.

Course offering
Both universities offer a comprehensive range of degrees that cross many disciplines and professions.

Some offerings of the two universities are complementary. For example, UofA offers a Bachelor of Medicine/Surgery, whereas UniSA offers many programs in allied health, including Pharmacy, Radiology, Physiotherapy and Occupational Therapy. UofA offers initial teacher education degrees in Secondary Teaching only, whereas UniSA has degrees in Early Childhood, Primary and Secondary.

Some areas are distinct to one institution. For example, UofA offers courses in Agriculture, Animal Science and Dentistry while UniSA offers courses in Visual Arts and in Design.

There are also similar courses across the two universities, including in Engineering, Mathematical Science, Nursing, Media, Languages, Psychology, Commerce and Law.

Teaching and learning
Outcomes of the most recent Australian government survey of students and graduates (Quality Indicators for Teaching and Learning (QILT)) demonstrate the high-quality of teaching and successful student employment outcomes at both institutions. For example, 81% of undergraduate students at both universities rated the quality of the teaching positively. Also, 80% and 81% of graduates at UofA and UniSA respectively, indicated overall satisfaction with the course they studied.

---

⁶ EFTSL – equivalent full-time student load.
⁸ FTE – full-time equivalent. Figures provided include casual staff. UniSA figure provided by UniSA HR on 26 July 2018.
¹⁰ See https://www.unisa.edu.au/Campus-Facilities/Maps-Tours/ for details of campuses and facilities.
Both universities place great emphasis on enhancing the student experience, such as:

- **UofA’s First Year Experience Program** to maximise the learning and teaching of first year students, and **The Success@Adelaide – First Year Retention Project**, which supports the transition of students to university life.

- **UniSA’s renowned teaching curriculum**, which is practice-oriented and industry informed. Courses are designed with a strong emphasis on professional careers and in partnership with industry. Flexible online learning, digitally enhanced learning experiences and innovative teaching spaces support new models of learning. Furthermore, the university has developed a highly reputable online teaching and learning offering in UniSA Online, offering 12 online-only degrees and over 70 other mixed on-line degrees.

- **UofA’s embrace of digital technologies in its teaching**, providing a Digital Toolkit to support students to acquire the digital tools they need to engage. UofA established AdelaideX (which is a member of the global edX group) to provide learning opportunities through Massive Open Online Courses (MOOC). By the end of 2017 fifteen MOOC’s were released - including a Big Data MicroMasters program - with a total of 580,000 enrolments from 187 countries.

- **UniSA was one of the first universities in the sector to develop and integrate a set of seven generic qualities of a UniSA graduate into all its undergraduate programs.** The qualities were developed in consultation with industry and the initiative was recognised by a Business Higher Education Round Table (BHERT) Award.

- **UniSA’s College** provides a range of foundation and diploma pathway programs for people who do not have the qualifications required to gain admission into a bachelor degree. Similarly, the UofA College provides a Foundation Studies Program primarily for international students, and this year launched a Pre-Master’s Program to facilitate entry for students into master’s programs.

Both universities have been recognised for their quality of teaching. In 2017, *Times Higher Education* (THE) ranked UniSA as Australia’s number one young university for teaching quality. In the same year, UofA was shortlisted for the UK Higher Education Academy’s inaugural Global Teaching Excellence awards and was one of only 27 universities globally to be recognised for the quality of its teaching.

**Research**

The universities have distinct and complementary strengths in research. The quality of the universities’ research was recognised in the most recent Australian Government Excellence in Research for Australia (ERA) research quality assessment.

Table 2 sets out the research areas for each university where at least one sub-area has received a rating of 5 (the highest rating) in the ERA 2015.
Table 2 | Research areas where at least one sub-area has received an ERA rating of 5 (2015 data)

<table>
<thead>
<tr>
<th>The University of Adelaide11</th>
<th>University of South Australia12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mathematical Sciences</td>
<td>Mathematical Sciences</td>
</tr>
<tr>
<td>Physical Sciences</td>
<td>Chemical Sciences</td>
</tr>
<tr>
<td>Chemical Sciences</td>
<td>Environmental Sciences</td>
</tr>
<tr>
<td>Earth Sciences</td>
<td>Biological Sciences</td>
</tr>
<tr>
<td>Environmental Sciences</td>
<td>Engineering</td>
</tr>
<tr>
<td>Biological Sciences</td>
<td>Medical and Health Sciences</td>
</tr>
<tr>
<td>Agricultural and Veterinary Sciences</td>
<td>Psychology and Cognitive Sciences</td>
</tr>
<tr>
<td>Engineering</td>
<td></td>
</tr>
<tr>
<td>Medical and Health Sciences</td>
<td></td>
</tr>
<tr>
<td>Philosophy and Religious Studies</td>
<td></td>
</tr>
</tbody>
</table>

UofA has internationally recognised research strengths, as demonstrated in subject rankings: in the 2018 THE World University Subject Rankings, Engineering and Technology, Life Sciences and Physical Sciences were all ranking in the top 101-150 in the world. In the 2018 QS subject rankings, Engineering – mineral and mining was ranked 16, and Nursing 38.

Further, UofA has internationally recognised research strengths in Reproductive Immunology, Ancient DNA, Oral Epidemiology, and Evidence-Based Healthcare, among many other fields. For example:

- The Robinson Research Institute is leading research to develop new drugs aimed at suppressing the triggers of pre-term birth.

- The Aboriginal Heritage Project led by the Australian Centre for Ancient DNA has created the first genetic map of Aboriginal Australia before European arrival. The research, in partnership with the South Australian Museum, and in collaboration with Aboriginal families and communities across Australia, is helping to reconstruct the history and the details of more than 50,000 years of Aboriginal heritage. This project won the prestigious 2017 Eureka Prize for Excellence in Interdisciplinary Scientific Research.

- Waite Research Institute at UofA has a strong tradition of undertaking impactful collaborative research with a range of industry and government partners to drive research and build capacity for Australia’s agriculture, food and wine industries.

- UofA is a national and international leader in graphene research. In 2017, the university established the Australian Research Council (ARC) Research Hub for Graphene Enabled Industry Transformation. The hub develops high-value products and innovative solutions for industries as diverse as agriculture, mining, construction, medical technologies and defence.

Overall, since 2011, UofA has improved its performance in research oriented international rankings, but at a lesser rate than its larger Group of Eight (Go8) peers, as is shown in Figure 1.

---

12 http://www.arc.gov.au/era-outcomes-2015#Institution/USA
The research strengths for UniSA are highlighted in local and global rankings. In the most recent ERA research quality assessment, significant areas of research quality include mathematics, engineering, clinical sciences, pharmacology and psychology. In terms of global rankings for UniSA, in the 2018 QS subject rankings Nursing and Art and Design were both ranked in the Top 100. In 2018, Law was ranked in the top 100 in the THE World Subject Rankings.

UniSA emphasises both industry-oriented research and basic research. Industry research income has grown by 20% over the last 5 years, while total research income has grown by 30% over the past three years.

Recent research achievements for UniSA include the following:

- The UniSA Cancer Research Institute was established in the Adelaide BioMed City precinct. The Institute provides valuable research, development and teaching capacity to South Australia in its fight against cancer and a range of other diseases. The Future Industries Institute, the Ehrenberg-Bass Institute for Marketing Science and the Australian Centre for Child Protection are other key areas of strength.

- A partnership with Siemens has seen UniSA benefit from a grant of Siemens PLM advanced industrial software valued at $450 million. Strong connections with industry are also demonstrated through UniSA’s success in the cooperative research centres (CRC) program. UniSA is a major partner in nine CRCs in diverse fields including big data and digital health, mining, contamination and remediation, low carbon living and advanced manufacturing.

- Myriota Pty Ltd is a spin-out company from UniSA. It has raised the largest amount of capital investment for a space 2.0 tech company in the world and has become the largest ‘Series A’ company in South Australia to date. It seeks to revolutionise machine-to-machine (M2M) communications across a range of industries, capitalising on UniSA’s renowned telecommunications research. In 2017 it was a winner of the SA Telstra New Business Award.

- Through its antecedent institution, The SA School of Mines and Industries, UniSA has provided long term support for the mining sector for many decades. This includes a thirty-year project to improve...
understanding of factors that control the separation efficiency of minerals containing base and precious metals in the flotation process. The project is estimated to have delivered more than $1 billion of value to the sector as well as environmental and safety benefits from efficient energy and water usage and process improvements.

UniSA has improved its global ranking from 65 in 2012 to 26= in 2018 in the THE Young University Rankings consistent with its “young university” peers, as demonstrated in Figure 2.

Figure 2 | Comparison of Times Higher Education Young University Ranking, 2012-2018

Contribution to the State

Both institutions are key contributors to the South Australian economy, playing important roles in relation to the State’s economic, social, demographic and cultural development and activities. They are considered a source of expertise for industry and policy makers, a contribution of increasing importance, as the State seeks to navigate the complex challenges of socio-economic transformation and the delivery of greater prosperity for South Australia. Their significant contributions include the following:

- Innovations and new technology developed through research generated by the two institutions provide a net benefit to the State economy.
- Universities are one of the largest employers in South Australia, help generate jobs in regional areas, increase the productivity of trained graduates and are a significant source of direct income for the local Adelaide and regional economies.
- International education is South Australia’s largest services export, and second-largest trade export overall, contributing over $1.4 billion to the State’s economy.¹⁴ One enrolment in higher education contributes $43,700 in total value added and 0.33 FTE jobs in South Australia.¹⁵ However, it is clear from the $28 billion¹⁶ contribution of higher education to Australia’s overall trade export balance that South Australia is not benefitting from the increasing international student demand to the same extent as some universities in NSW and Victoria.

---

¹³ ‘Average young university ranking’ measured by the Times Higher Education Young University Rankings in 2012, and the average of Times Higher Education Young University Rankings and QS Top 50 under 50 in 2018. Chart based on ranking in 2012 and 2018 and does not plot intermediate years.

¹⁴ Department of Foreign Affairs and Trade, *Australia’s Trade by State and Territory 2016-17*, page 60.


¹⁶ Department of Foreign Affairs and Trade, *Australia’s Top 25 Goods and Services Exports 2016-17*. 
There are many specific examples of how each university contributes to the State in economic terms and cultural development:

- The Australian Institute for Machine Learning (AIML), co-funded by UofA and the state government is upskilling South Australian workers in artificial intelligence (AI) and its application to the private and public-sector workforces. The AIML is also contributing to new AI-enabled defence capabilities and local South Australian business and product development.

- UniSA has entered into a partnership with Saab to develop the Saab Australia-UniSA Defence Technologies Institute. The institute will make a significant contribution to the delivery of a defence skilled workforce for significant Australian projects which are planned for the next 20-30 years, including by providing university students with industry work experience and research-informed teaching, and defence sector professionals with the opportunity to upskill.

- The Samstag Museum of Art at UniSA presents a changing exhibitions program of contemporary visual art, and art of the past, that is of broad interest and educational value to a wide public community. UniSA further supports South Australian and Australian artists through the commissioning of public works of art that are strategically placed in key sites to enrich the university environment and stimulate the community.

- UofA’s Elder Conservatorium is the oldest tertiary music school in Australia and widely respected as one of the country’s leading music institutions. In 2018, the conservatorium launched the Open Music Academy with a key focus being to strengthen and develop music making in regional areas and offering South Australians of all ages the opportunity to access its world-class resources and facilities. Each year, the conservatorium also curates a Concert Series which is open to the public, sharing the talents and achievements of staff and students.

---

17 See https://www.adelaide.edu.au/aiml/home
18 See http://www.unisa.edu.au/saab-unisa
19 See https://www.unisa.edu.au/samstagmuseum
20 See https://music.adelaide.edu.au/
3 Potential opportunities for a new university

This section outlines the opportunities that could be realised by a new merged university. While some opportunities could be realised in the short-term, others may take several years to be realised.

All opportunities will be considered and analysed in the Final Assessment Report. Specific examples below are for illustration and to stimulate discussion. Feedback is sought from students, staff, alumni, sector and industry leaders, partners, government and other stakeholders.

In merging, there is an opportunity to create a new model of university in Australia that amplifies each predecessor’s successes and markedly exceeds today’s separate offerings; a new model that combines high levels of access and participation with excellence, generates greater social and commercial value from research, and provides an education experience with an increased number of learning pathways and outcomes.

A large, merged institution would have the potential to generate economies of scale which could in turn generate funds for strategic investment. There are several options for how these funds could be used to increase the benefits delivered by the new university to students, staff and South Australia.

As an example of the potential scale of the new institution, Figure 3 shows an indicative student load for a merged institution. The new university could have an equivalent full-time student load of 43,000 or greater, putting it at a similar scale to the four largest Australian universities.

Figure 3 | Indicative student enrolments (EFTSL) for a new merged university

---

A new university could be well placed to anticipate and respond to the changing higher education landscape. The university could deliver greater access and benefits to students, create more opportunities for staff, enable greater collaboration with and contribution to South Australian enterprises, and make greater economic, social and cultural contributions to South Australia. These potential opportunities from scale are discussed in detail below.

1. **Teaching and learning experience, and student outcomes**

The creation of a new university would bring together the two universities’ current course offerings and the universities’ combined strengths to lead to an enhanced set of courses for students. There could be an opportunity to provide more comprehensive course offerings and learning pathways in many disciplines. For example, combining program or course choices available in UniSA’s School of Art, Architecture and Design and UofA’s Faculty of Arts and Elder Conservatorium of Music, could create more options in visual and performing arts. Similarly, a merged university could improve access to a wider range of language degree study options.

A merged university could offer a more comprehensive set of online course offerings utilising the well-established UniSA Online platform. Several UofA courses could be offered online and with the increased scale of a merged university, this could lead to an expansion of the global reach of online offerings to a greater number of students in Australia and abroad.

2. **Greater access for students of lower socio-economic background**

A new university with greater resources should have the capacity to improve the equity of access to students with lower socio-economic backgrounds from across South Australia including from regional South Australia and other Australian states. The larger scale and scope of a new university could increase the pathways into and through the university and provide greater access to a diverse student body. For example, the new university would have increased capacity to offer a larger number of scholarships to support students from rural, regional and remote areas, Aboriginal and Torres Strait Islander students, students with disabilities and those who have financial needs.

Both universities have central Adelaide campuses, and a range of outer metropolitan and regional campuses. With the combination of regional campuses, a new institution could provide greater access for those students who wish to remain close to their families and communities.

A university of scale could create more progressive articulated pathways. For example, a student enrolled in an allied health degree in a regional area could progress through the university to graduate as a medical doctor.

Further, an increase in international students could result in greater student diversity - an important dimension of the student experience, inside and beyond the classroom. International students are attracted to more highly-ranked universities. Greater student diversity would mean a student body that is more reflective of Australia’s changing population, and a broader range of perspectives on campus.

3. **Research capacity and performance**

In most Australian universities, research performance and impact increase with scale. Both UofA and UniSA already undertake quality research and could substantially improve their performance within the strategic research framework of a large merged university. UofA’s strength as a research-intensive university directly complements the applied and translational research profile of UniSA.
The larger revenue of the new university could enable greater resourcing of research activity. The increased concentration of researchers in high performance research teams could lead to those teams being more competitive in attracting research funding and participating in national and global research initiatives. A high-performance new university has the potential to produce research that has greater economic, political and social impact and to create a strong domestic and global profile.

A new high performing, high-profile university could attract world class researchers and high-quality international students to South Australia. The improved research performance could flow to high global rankings of the new university, and further attract high-quality staff and students. The increased size and performance of the new university could position it among the most highly-ranked, high impact universities, as shown in Figure 4.

Figure 4 | Size (EFTSL) and ranking of universities (2016-17), including potential of the new university

4. Faculty and discipline opportunities

For some faculties and disciplines a merger may create new opportunities for increased academic collaborations, improved cross-disciplinary student experiences and enable more influential industry partnerships. Examples have been identified below to stimulate discussion, however input is sought from the universities’ communities to consider further faculty and discipline opportunities.

A combination of UofA’s School of Medicine with allied health disciplines of UniSA has the potential to create a leading medical and health powerhouse, creating significant opportunities for students, researchers, industry and society.

Similarly, the combination of the two large engineering schools could provide a significant opportunity for a world class engineering faculty, with a critical mass of high-quality researchers who could access significant research opportunities and make a large contribution to growth industries such as defence and the space industry in South Australia.

Agriculture and oenology could be well-integrated in regional communities. These and many other opportunities for faculty and disciplines will be explored through the ongoing assessment.

5. Larger national and international partnership opportunities
Creating an internationally oriented, university of scale could attract the attention of international staff and students, bringing new ideas, expertise and experience to a new, merged university and the State. It could provide opportunities for strategic alliances with international universities to expand research and attract diverse students to the university. It could also provide increased opportunities for industry to invest in new technologies and innovation due to enhanced research capabilities and available research infrastructure. These factors combined could attract and generate new, exciting and world-leading ideas, commercial opportunities, commercial leaders, entrepreneurs, cultural activities, industries, and local, regional and international connections.

6. Opportunities for staff
A new large university would offer significant opportunities for academic and professional staff. For academic staff, the merger could facilitate greater cross-discipline collaboration and a greater capacity to collaborate internationally and create larger, more international collaborations and partnerships. Academic staff could benefit from increased professional development in teaching, drawing on and building on the successes of the UniSA Teaching Innovation Unit and the Adelaide Education Academy.

For professional staff, a stronger university student body and growth in research and courses could provide new and exciting opportunities in student support, learning support and technical support roles. The organisation would be larger and more complex, leading to a greater variety of challenging roles and career progression opportunities for professional staff. In the lead up to the creation of a new university, there could be new opportunities for professional staff to become involved in planning and supporting a transition. For all staff, a combined university could provide the institution with a highly diverse workforce of which all staff are proud to be a part.

7. Support services and facilities
The economies of scale associated with a large new university and the experiences and expertise of both universities could lead to enhanced student and staff support services. Economies of scale, increasingly customer-centric models of service delivery, innovations in digital service delivery and a shift towards innovative, distinctive services could lead to investment in enhanced support for students and staff.

Students and staff could benefit from the university’s high-quality facilities and the new university could make thoughtful and strategic decisions about its expanded campus and facilities. As a result, students and staff could receive a superior campus experience.

8. A university city, with disciplinary, cultural, and sporting precincts
The new university would occupy a significant proportion of the estates and facilities close to North Terrace in Adelaide, sitting alongside Adelaide’s parks, galleries, museums, and other cultural spaces. There would be an opportunity to develop that area of the city into a cultural and educational epicentre
that brings together, advances and shares with South Australia the best cultural, economic, political and academic minds from across the State, country and globe.

Combined city campuses could create disciplinary precincts that make the most of government investment and combine and further develop areas of excellence and extend Adelaide as a vibrant city built around the university campuses.

There are also opportunities in having a presence in the north and regionally. The combined network of campuses would include the $12.5 million learning centre at Mount Gambier with specialist teaching facilities for health and social work students, the internationally renowned Roseworthy centre for excellence in dryland agriculture, natural resource management and animal production and the state-of-the-art Engineering Teaching and Learning Centre in Whyalla.

9. South Australian economy, society and culture

The performance of universities over the last two decades has demonstrated that the largest and highest ranked universities are associated with higher benefits to the universities, its staff and students, and the cities and regions in which they operate.

The potential increase in research output could make a substantial contribution to South Australian industry and enterprise, driving local and regional productivity. When a university makes a significant investment in research, ideas and technology can be transmitted to surrounding businesses. For example, universities may cross-licence technologies to the private sector, academics consult for local businesses; students, researchers and professors may start their own businesses; companies may collaborate with the university in establishing new research centres; and the university provides forums that bring together local entrepreneurs, inventors and researchers to exchange ideas and offer employment opportunities. High-productivity technology businesses therefore tend to cluster around universities, to take advantage of the rich flow of ideas and skilled workers. That, in turn, draws smart educated people from other regions, boosting productivity and raising wages.

The scale of the new university could stimulate cultural and economic activity surrounding all campuses. These areas could benefit from a larger and more diverse student population, and the consequent business and community growth.

As the State undergoes significant transformation to become more reliant on knowledge industries, it could benefit from a larger and more highly-ranked university to provide graduates and fertile environments for company incubation and commercialisation. The combined university could attract and generate new, exciting and world-leading ideas, commercial opportunities, community leaders, entrepreneurs, cultural activities, industries, and local, regional and international connections.

10. Engagement and impact

Large, highly-ranked universities have significant economic, social and political influence in their regions and play an active role in the civic life of the State. They are major sources of expertise and advice and have the capacity to influence policy-making and commercial activity. This influence and impact increases with scale and international reputation and engagement. The benefits of scale translated into research impact would improve the university’s local, regional, and international relevance. Overall, it might be expected that the new, larger, merged university would be far more competitive with national and international universities.

23 See https://www.unisa.edu.au/Study-at-UniSA/Regional-Students/Mount-Gambier-Regional-Centre/
24 See https://www.adelaide.edu.au/campuses/roseworthy/
4 Potential challenges and risks for a new university

This section sets out some of the potential challenges that may arise from the creation of the new university and execution risks arising from a merger of this size and complexity. These will be covered in more detail as part of the merger assessment. The universities welcome input on the potential long-term challenges and execution risks.

4.1 Challenges that may arise from the creation of a new university

As individual universities, UofA and UniSA have developed distinctive offerings which benefit their students, staff and partners. It is possible that a merger of the two universities could lead to a diminution of these benefits without sufficient offsetting advantages. The challenges are explored below.

1. Maintaining personalised experience for students and staff
   Small institutions have a great ability to offer a personalised experience for students and staff. If a merger were to take place, the transition would need to be carefully managed to ensure that the positive and personalised experience that is now offered by the two institutions is retained.

2. Loss of two distinct universities and their traditions
   UofA and UniSA both have distinctive strategies, focus areas, and identities and cultures. UofA has a long history of over 140 years, with a recognised brand, traditions and a reputation as a research-intensive university. UniSA has a distinct identity as a young university, with a recognised brand, and a focus on educational excellence and industry engagement.

   While a new institution would draw on the best of both universities, there could be a loss of identity, traditions and culture. The impact of this on the universities’ staff, alumni communities and other key stakeholders would need to be carefully considered in any decision to merge and steps taken to address this challenge.

3. Opportunity cost of managing the merger
   The significant investment in time and management attention to successfully merge the two institutions may not allow management to focus sufficiently on business as usual activities. It may also delay or prevent the universities from implementing strategic initiatives that they may have otherwise progressed if it were not for the proposed merger.

4. Inability to focus on two different but overlapping student market segments
   The current institutions address two overlapping but different student market segments. Admission requirements, such as ATAR cut-off scores, and tuition fees at UofA tend to be higher than UniSA in apparently comparable courses, although this is not always the case. There is a risk that the new institution might not successfully manage the need to attract a wide range of students across multiple market segments, and hence lose market share.
To help address this challenge, there needs to be careful consideration of the needs of different market segments in the development of a clear, coherent vision for the new university’s course offerings, in the redesign of the course portfolio and in managing a positive student experience.

Moreover, while domestic student load has risen at all South Australian universities over the last decade, with relatively low current population growth, the management of student demand would become more critical.

5. **Reduction in choice of institutions for students in South Australia**

Many students choose to study at either of the two institutions based on their distinct degrees, support services, employment outcomes and the student experience. It would be important for the merged institution to communicate and demonstrate the new course offerings, and the increased value for students that comes with a larger institution that has good, targeted resourcing to support students’ learning experience and career opportunities.

In addition, if a new university were created from the two institutions, its creation could influence other higher and tertiary education institutions based in South Australia. Of these other institutions, the most significant is Flinders University, and the relative distribution of students between the institutions and between faculties may change immediately, or over time.

6. **Change in staff profile**

In the medium term, the new university could result in a change to the staff profile. Moreover, academic and professional staff may need to take on specific roles or tasks to effect a merger in the short-term, whether that be in aligning systems or in reviewing and developing curricula and course offerings. This may create opportunities for staff to engage in enhanced roles. Following the creation of the new university, there could be a growth in both professional and academic staff numbers as the new university grows its research and teaching activities. The impact on staff will need to be carefully assessed and will be an important consideration for the councils when they consider whether to proceed with a merger.

4.2 **Risks arising from a large and complex merger**

In addition to the challenges that may arise from a merged institution, if the proposed merger were to proceed, there would be implementation or transition risks that would need to be carefully managed. This includes the risks set out below.

1. **Implementation of a merger of this scale and complexity would be difficult**

Mergers of large, complex organisations are difficult to implement well, particularly in the Australian higher education sector where there has not been a large merger since the growth of the international student market. There are multiple risks involved in being able to successfully integrate staff and the leadership of the two institutions.

Once the integration of staff and leadership is achieved and a new institution designed and agreed to, the new organisation faces the risks involved in successfully implementing new, or consolidating existing, courses, organisational structures, infrastructure, processes and technology.

Moving quickly to establish a distinctive vision for a new university, and a set of guiding principles, would help leaders make difficult strategic trade-off decisions to ease any potential difficulty in the merger process.
2. The world rankings may slip behind those of the two institutions
The universities are commissioning the major rankings agencies to undertake a predictive ranking assessment of the new merged university. This will be reported in the Final Assessment Report to be presented to the university councils in December. In the short term, some rankings could initially increase, while others could slip back slightly. Overall, the impact of the creation of the new merged university in the short, middle and long term, will be a key consideration of both councils.

3. Lack of appropriate support from federal or state government, including changes in policy
Over the course of the merger process there is a risk of a lack of political support from the state or federal governments. Early and ongoing engagement with state and federal governments to agree the form of support that would be provided for the merger and for the new institution is required. Working closely with policy makers and regulators would also be important to ensure the successful establishment of the new university.
Moreover, education policies change over time and with changes of government. For example, it would be important to consider any impacts from potential changes in funding policy.

4. Need to successfully combine research strengths to realise full benefits
While, as noted above, the research profiles of the two universities are complementary, successfully combining these research strengths to realise full value from the complementarity would require the sustained attention of institutional and research leaders.

5. The realisation of major benefit of a merger may take too long to realise
To ensure a successful merger, the leaders of the new institution would need to judge the speed at which the merger should be implemented, and the time in which the proposed benefits of the merger should be expected to be realised. Pushing the merger through too quickly may put the long-term benefits of the merger at risk. On the other hand, moving too slowly would run the risk of the merger not being fully implemented, and hence the benefits from the merger never being fully realised.

6. Investment required to effect a merger
For the two institutions to successfully merge there would need to be a significant investment made to align the courses, organisational structures, infrastructure, processes and technology, and to integrate the staff, leadership and cultures of the two institutions. There is a possibility that this overall investment would outweigh the opportunities identified above.
5 A potential vision for the new university

This section sets out an early draft vision for the new university. The vision describes what the new university could be in ten years’ time. While the vision is written in the future tense, it should be seen by the universities’ communities and external stakeholders as being for consideration and debate.

The new university will be distinct from the two predecessor universities with a new curriculum, having a critical mass of research capacity aligned to key economic sectors, being differentiated not only nationally but also internationally as a new research intensive, outcomes-focused institution of scale.

The university will inspire and equip students to shape the future, through high-quality teaching and learning experiences that are closely engaged with employers and communities.

The university will provide a comprehensive educational offering complemented by a mix of admissions pathways that inspire all students to realise their educational aims, regardless of background. The university will work actively to improve the equity of access to, and of outcome from, the university. Students will enjoy a rich learning experience that reaches beyond the classroom to include other staff, industry representatives, and members of the local community.

The university’s compelling course portfolio will bring together professions with related disciplines, to realise benefits from shared learning and resources. It will have diverse courses that equip all students for their futures as citizens, employees and entrepreneurs. The courses will be interconnected and research-informed, with strong links to industry application and employment.

The university’s staff, students and international partnerships will make it a globally significant education institution. It will attract international students and scholars, who will increase the international connectedness of the South Australian economy and amplify the university’s international impact.

The university will have a network of integrated campuses, including an online ‘campus’, to allow students from across the State and beyond to engage meaningfully with the university’s myriad educational offerings.

The university will position Adelaide as the pre-eminent higher education city in Australia, attracting highly skilled people, investment and prosperity to South Australia.

As a leading, international university of scale, the university will position Adelaide as a renowned education city. Its graduates, outstanding research and teaching, and strong enterprise engagement, will attract people, businesses and investment to South Australia. It will transform Adelaide into a national higher education epicentre that improves the State’s economic, social and cultural futures.

The city campuses will be interwoven with the city of Adelaide, creating dynamic centres of knowledge, culture and activity. The network of regional campuses and the online presence will create knowledge hubs across the State.

The university will contribute to social and community development across all its activities and inspire students to be constructive community members. It will play an active role in policy and decision-making that will shape the future of South Australia. It will be a trusted source of expertise and advice for government. The university will contribute to South Australia’s unique cultural footprint, and its graduates will increase the level of cultural activity across the State.
South Australian businesses and industries will be powered by the university’s world class research, that is both cutting edge and delivers impact.

The university will have strong and distinctive areas of research, which complement South Australia’s current and future industries, many of which are internationally significant. The university will be an international leader in health, engineering, defence, space and agriculture related teaching and research.

The university will translate excellence in research to practical benefits for the South Australian community. Research will be developed in partnership with enterprise and serve specific industry priorities.

The university will deepen and broaden the global knowledge base. It will form partnerships with highly regarded international universities, to create a global exchange of knowledge, learning, business engagement and investment opportunities.
6 Questions for consideration

Nous Group is collecting feedback on behalf of the universities. Submissions may be made online at http://newuniversity.nousgroup.com.au/ until 5pm on Friday, 21 September 2018.

Input is sought on the following questions:

1. Are there other important changes happening in higher education that should be considered – internationally, nationally or in South Australia?
2. Are there particular characteristics of the two universities that should be considered?
3. What feedback do you have on the opportunities presented?
4. What feedback do you have on the challenges presented? Are there other challenges or risks that should be considered?
5. What feedback do you have on the draft vision of the new, merged university that is presented?
6. What might be possible through a new university that is not possible now?
7. What do you believe are the complementary areas of research and education?
8. Are there opportunities, challenges or risks that should be considered, if the universities choose not to merge?
9. Are there any other issues or perspectives that should be considered?
Appendix A  Governance

A governance structure has been established to support the university councils to assess the opportunities and potential challenges of the merger. This comprises the Joint Oversight Group, the Joint Working Group and the Core Delivery Team.

Figure 5 sets out the overview of the governance structure and its reporting lines in diagram form. Table 3 subsequently provides a description of the purpose of each body and the list of members.

Figure 5 | Governance and reporting structure

Table 3 | Governance structure

<table>
<thead>
<tr>
<th>Body</th>
<th>Purpose</th>
<th>Members</th>
</tr>
</thead>
</table>
| Joint Oversight Group | The Joint Oversight Group governs the process to assess the opportunities of a merger between the two institutions, provides strategic guidance and leadership, makes strategic decisions, and manages opportunities, risks and issues as they are escalated. The Joint Oversight Group is the overarching decision maker for questions during the assessment. This group will provide regular updates to the councils. | Jim McDowell, University of South Australia Chancellor  
Rear Admiral the Hon Kevin Scarce AC CSC RAN (Rtd), University of Adelaide Chancellor  
Pauline Carr, University of South Australia Council Member, Pro Chancellor  
The Hon John Hill, University of South Australia Council Member, Pro Chancellor  
The Hon Catherine Branson AC QC, University of Adelaide Council Member  
David Hill, University of Adelaide Council Member  
Professor David Lloyd, University of South Australia Vice-Chancellor and President  
Professor Peter Rathjen, University of Adelaide Vice-Chancellor and President  
Advisors:  
Professor Glyn Davis AC  
Emeritus Professor Ross Milbourne AO  
The Hon Dr Jane Lomax-Smith AM  
Andrew Pridham |
<table>
<thead>
<tr>
<th>Body</th>
<th>Purpose</th>
<th>Members</th>
</tr>
</thead>
</table>
| Joint Working Group | The Joint Working Group is responsible for the development of the final assessment report and the development of a high-level strategic implementation plan. The working group guides the activities of the Core Delivery Team through the assessment, ensuring equitable contributions from both universities. The Joint Working Group reports to the Joint Oversight Group. | Professor David Lloyd, University of South Australia Vice-Chancellor and President  
Professor Peter Rathjen, University of Adelaide Vice-Chancellor and President  
Professor Allan Evans, University of South Australia Provost and Chief Academic Officer  
Professor John Williams, University of Adelaide Pro Vice-Chancellor – Research Operations / Dean of Graduate Studies  
Paul Beard, University of South Australia Chief Operating Officer  
Bruce Lines, University of Adelaide Chief Operating Officer  
Jane Booth, University of South Australia Executive Director: People, Talent and Culture  
Elysia Ryan, University of Adelaide Director, Human Resources  
Alan Brideson, University of South Australia Chief Marketing and Communications Officer  
Inga Davis, University of Adelaide Chief Executive, External Relations |
| Core Delivery Team      | The Core Delivery Team is responsible for conducting the analysis and evaluation of the merger. The team reports to the Joint Working Group, including reporting or escalating identified risks.                             | A team comprising staff of the universities and Nous Group.                                                                                                                                                                                                                                                                               |
Appendix B  Examples of other mergers

Other universities have benefited from merging. Examples of such mergers are provided in Table 4.

Table 4 | Examples of university mergers

<table>
<thead>
<tr>
<th>University of Manchester merger in 200426</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Victoria University of Manchester (VUM) and the University of Manchester Institute of Science and Technology (UMIST) both had strong market positions. However, they had limited ability to improve in the world rankings due to their small size. The two universities agreed to merge to create the University of Manchester (UoM).</td>
</tr>
<tr>
<td>UoM has enhanced research depth and quality, an improved offering for students through a broad interdisciplinary course offering and increased strength in teaching. The new institution immediately increased their ranking from VUM’s rank of 78 in 2004 to a UoM rank of 53 in 2005. The merger also improved research opportunities. UoM received £58m more research funding within three years of the merger.27 Additionally, the new institution attracted new high-profile strategic research partnerships including BP which the company credited to UoM’s ability to assemble interdisciplinary teams.</td>
</tr>
<tr>
<td>There were challenges experienced during the integration process of the merger. One such challenge was the demands on senior staff during the integration. These staff experienced significant time demands and did not have the experience or required capabilities to draw on, which consequently created anxiety. Another challenge was deciding on the name of the new university. It was determined that the name would be considered after the decision to create a new university was made.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leuphana University of Lüneberg merger in 200528</th>
</tr>
</thead>
<tbody>
<tr>
<td>The University of Lüneburg merged with the University of Applied Sciences North-East Lower Saxony in 2005. The merger broadened offerings in business administration and social work. New areas included automation technology, business law and business psychology, teacher training, cultural studies, business and social sciences, and environmental sciences.</td>
</tr>
<tr>
<td>The merger increased industry collaborations and they received an award for most founder-friendly university in Germany.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Aalto University merger in 201029</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Helsinki University of Technology, The Helsinki School of Economics and the University of Art and Design were three prominent universities in Finland, each with distinct disciplines. The purpose of the merger was to create a competitive, inter-disciplinary and business-focussed institution, Aalto University.</td>
</tr>
<tr>
<td>The combination of interdisciplinary fields at Aalto University stimulated new research central to the development and competitiveness of the Finnish business community and society. Additionally, this interdisciplinary educational offer, and competitive intellectual capital of the new institution positioned Aalto as a highly competitive university.</td>
</tr>
</tbody>
</table>

26 See https://www.hepi.ac.uk/wp-content/uploads/2014/03/Manchester-UMIST.pdf
29 See https://www.ft.com/content/5399ca8a-1aeb-11de-8aa3-0000779fd2ac
However, there were challenges as Aalto University was being established. The global financial crisis hit Finland in 2008 which meant there could be no investment in new resources. To address this, Aalto identified and focused on the fields and disciplines that were a unique strength for the institution.\(^3\)

**Linnaeus University merger in 2010\(^3\)**

Växjö University and the University of Kalmar sought to increase their academic profile and merged in 2010 to create Linnaeus University. The improved academic strength gained through the merger led to a strengthening of its research. External funding increased by 40% and allowed for a 17% increase in the number of professors which further improved the university’s research strength.

The merged university also benefited from its increased staff size, which increased their capacity to recruit new students, with the number of applications increasing 32% in four years.

While making improvements in some metrics of research performance, Linnaeus University has not improved in research capacity. The merged university increased the number of researchers employed and broadened the scope of research subjects. However, the number of research subjects is comparable to much large institutions while the number of researchers is not, indicating that the university lacks a critical mass in several research subjects. Additionally, after the merger the university experienced a decline in terms of research productivity.\(^3\)

---

