Prestigious US University considers plans for an operation in Adelaide - is the first foreign university about to enter Australia?

It was recently announced that the US Carnegie Mellon University is seriously considering involvement in a new private university in Australia. An agreement was signed at the end of October between the University and Australian representatives from the national government and the state of South Australia where the new institution would be situated. What is the University planning to offer in Australia? Why has the University chosen South Australia, a region which does not appear to have a real capacity problem and attracts a substantially lower number of international students compared to other states? What is South Australia hoping to gain from a US institution operating in the region? What has the response been from current stakeholders in and outside the state? Finally, what status is the new institution likely to hold and which bodies will need to approve the establishment?

Representatives from the governments of Australia and South Australia (SA) visited Carnegie Mellon University (CMU) at the end of October to sign a so-called ‘Heads of Agreement’. An intense feasibility study, which will examine the opportunities for the US university, including a potential site, what courses to offer and the scale of an initial operation, has been initiated. It is anticipated that the CMU John Heinz III School of Policy and Management as well as the private CMU spin-off company, iCarnegie Inc, will participate in the new project. The Heinz School of Policy and Management (HSPM) would offer Masters programmes and executive education and iCarnegie institutional services and support. The plan is for the school to have specialised facilities in IT and computer science, business and public policy, and recruit international students particularly from East-Asia, China and the Middle East, as well as domestic students. Although the new institution, scheduled to be open by early 2006, will award CMU degrees, the University has indicated that it will not bear Carnegie Mellon’s name. It is not clear whether the institution might offer degrees from universities other than CMU. Although the initiative is formally only at the planning stage, high-profile people have already agreed to support the institution. According to news coverage, trustees of the new university will be the Director of the UK Royal Institution, Susan Greenfield, former WTO Director General Mike Moore, the Australian airline Qantas’s Chair Margaret Jackson and former Deputy Prime Minister (of the ruling National Party) Tim Fischer.

Whilst it is clear that the new project has the support of the state government (and the federal government through the Foreign Minister), it is unclear to what extent there it will receive public financial support for the establishment of facilities and the running of the operation. Relations between the SA government and CMU appear to have been initially established in 2001 when the state government spent Australian $ 1 million (approximately US$ 770,000) on the Premier’s (the State’s head of government in Australia) Carnegie Technology Scholarships. These scholarships provided tuition fees for students to complete a diploma in IT taught by the Adelaide Institute of TAFE using a curriculum developed by iCarnegie. No detail on the level of tuition fees at the new institution is available either. When CMU earlier this year established its first (and so far only) international branch campus in the Gulf state of Qatar, the project was funded by the host country through the 'Qatar Foundation for Education, Science and Community Development' (for further information about the projects in Qatar's Education City, please see Observatory Breaking News from 23 April 2003). Tuition fees at the Qatar campus are US$ 30,650 for 2004-05 (in effect similar to those charged in the US).

The CMU backed university will be the first large-scale foreign degree provision to be based in Australia. It is understood that special legislation to establish the university will be introduced in the South Australian Parliament early next year. What this entails is not clear but the project has already secured the government's support. The newspaper the Australian reports that unlike other proposals to establish new universities, the CMU proposal does not appear to be subject to a review by an independent, expert panel as is required by the national protocols for recognising universities. It is also unclear what status the new institution is going to hold and whether it will be classed as an Australian or a foreign operation. The MCEETYA agreement in 2000 introduced a set of national protocols, currently defining universities and forming the basis for regulation and
quality assurance. The protocols have set relatively strict regulations concerning the use of university title but institutions which have obtained this status usually hold this indefinitely and are self-accrediting. Australian universities are, however, audited by the Australian Universities Quality Agency on a five-year basis. Whilst the protocols form a national framework for higher education, individual states still have different regulations in place. This variation is a factor whether a new institution is established as an Australian operation or as an overseas provider. However, this may change with time as a review of the National Protocols was initiated by the Department of Education, Science and Training (DEST) at the end of 2003. One of the recommendations from the review concerns the implementation of the protocols and the need for greater national consistency within this. Furthermore there are indications that the Australian national government, which won a landslide re-election last month, is keen to centralise the responsibilities for universities and diminish the influence of individual states. If the new institution is to be established as an Australian university, it will have to fulfil the criteria of Protocol 1 concerning the right to award degrees, certain standards of teaching and research, governance, financial arrangements, quality assurance and sustainability to mention a few. No Australian university has been established since the introduction of the legislation in 2000, however the Melbourne University Private (MUP) has been through a review based on the protocols. MUP was established in 1998 but was granted university title for a 5-year trial in the first instance and was therefore subject to a review according to the 2000 regulations in 2003 (for further information about MUP and its status, please see Observatory Breaking News from 5 August 2004). On the other hand, if the new institution is established as a foreign institution, the founders will have to follow the requirements of Protocol 2 in the MCEETYA agreement. This protocol appears to be less demanding and essentially allows overseas higher education institutions that are accredited in their home country by a well-regarded agency to operate in Australia.

Carnegie Mellon University is a private institution based in Pittsburgh, Pennsylvania with roots back to the beginning of the last century when it was founded as Carnegie Technical School in 1900. It has awarded its own degrees since 1912 and is accredited by the Middle States Commission on Higher Education. The institution has about 8,800 students and offers undergraduate and postgraduate courses in computer science, robotics, engineering, the sciences, business, public policy, fine arts and the humanities. It has been ranked at 22nd place (with two other institutions) in the U.S News and World Ranking of National Universities (this list encompasses 248 universities which offer a wide range of undergraduate as well as master’s and doctoral degree programmes). The HSPM is one of CMU’s seven schools and was established in 1986. Apart from the campus in Pittsburgh, CMU operates a campus in California. The University is already active at an international level, the most prominent operating being the above-mentioned campus in Qatar, which offers undergraduate degrees in computer science and business. CMU also has a range of partnerships in Asia and Europe for the provision of its Masters programmes. In 2003 plans to open a campus in India in co-operation with the UK based company, Caparo group were announced (see Observatory Breaking News from 9 July 2003 for further information). This project does not appear to have materialised as there is no mention of an Indian campus at the CMU web site or elsewhere. CMU supported the Singapore Management School in establishing its School of Information System in 2003.

iCarnegie Inc, founded in 1998 as a spin-off company of CMU, is a provider of software systems development curricula and professional certifications. Since 2002 it has been an independent, privately owned company but the co-operation with the University has continued. iCarnegie has partnered with a range of other higher education and training institutions, which are licensed to offer iCarnegie's courses to their students. All provision is sub-degree level and designed to facilitate direct employment in the software industry, but can also be deployed as a component of a degree. According to its web site, iCarnegie and its partners have had more than 65,000 course enrolments and delivered nearly 1,000 professional iCarnegie certifications to students in 18 countries.

Whilst the financial agreements between the host-state and CMU are not clear, SA authorities have indicated what they are hoping to achieve from establishing a new institution in the region. The government is hoping that a prestigious foreign-backed institution can enhance the reputation of SA from an education perspective and make the state a more attractive study destination for international students - including those who would not otherwise come to Australia to study. SA does not currently attract a large proportion of the international students coming to Australia. In 2003, 7,000 international university students came to SA compared to 48,000 in Victoria, 45,000 in New South Wales, 35,000 in Queensland and 13,000 in Western Australia. SA has a Strategic Plan target of doubling its market share of international students within the next 10 years. The Foreign Minister, who is based in South Australia, has also lent his support for the project: "As Foreign Minister, I am enthusiastic about supporting projects that boost innovation
Australia, create export markets in education and add dynamism to our higher education sector," he is quoted in an Australian newspaper.

Reactions to the announcement (local universities were not told about the plans until the day before they were publicly announced) have been mixed. Some have argued that there is no need for a new university in the region. SA currently has three public institutions. With its 1.5 million inhabitants, the state arguably has a reasonable number of universities already (at national level there is one university for approximately every half million inhabitants). It was considered only two years ago to merge the state's three universities as they were believed to be too small to compete both at national and international level. The plan was abandoned in the end but it was decided that the institutions should co-operate in order to become more competitive. There does not seem to be a real capacity problem in the region. According to the Australian, SA has the second lowest level of unmet demand in Australia. The Australian Vice-Chancellors' Committee estimates that only 1,100-1,300 qualified applicants were unable to get a university place in SA in 2004. Comparatively, 7,000 students qualified applicants failed to get a university place in New South Wales, 6,000 in Queensland, 5,500 in Victoria and 1,500 in Western Australia. The stakeholders of the new institution have pointed out that it is planning to offer something which will complement the current institutions and offerings rather than directly compete with them; a postgraduate qualification from a US university, the only provider of this in Australia. However, according to comments from a higher education policy analyst at Griffith University the three current universities are together already strong in the subject areas likely to be covered by the new university.

Another issue connected to the announcement has also attracted attention in Australia. This concerns the involvement of Robert Champign de Crispigny, who is the current Chairman of the Economic Development Board of South Australia. Until June this year he was also the Principal of the University of Adelaide. It has been questioned whether his involvement in the negotiations with CMU (which started in February and were headed by him in his capacity of Chair of the board) might have been inappropriate and whether a conflict of interest existed. De Crispigny denies the allegations, stating that he only became properly involved in the project in August, after he ceased to be head of University of Adelaide. He furthermore stated that he does not believe that there is a conflict of interest as a new CMU backed university would not be against the interests of the University of Adelaide. The SA government is going to hold talks with the three public universities in Adelaide over the next few months to explore how the institutions could benefit from the establishment of the new university.

Is there a market for foreign provision in Australia? Adelaide may not be the most obvious place for a new operation and only a very small percentage (less than one) of Australian currently attend a private university. Indeed the country only has four non-public universities (including Melbourne University Private). Some private higher education providers are, however, able to award their own degrees but not allowed to call themselves universities. A degree from a well-regarded US university may be attractive both to Australian and international students. Furthermore students at private institutions are now eligible to apply for state loans. It is less clear what incentives CMU has to become involved in the new university. As the details of the agreements between the University and the SA and Australian federal governments are unknown at this stage, it is unclear what the financial implications of the operation could be for CMU. The University will most likely be hoping to attract a substantial number of international students to its campus, perhaps a number of those who would have come to the US to study before visa and immigration regulations were tightened after September 11 2001. Recently released figures from the US Institute of International Education states that the number of international students enrolled in higher education institutions in the US fell by 2.4 per cent between 2002-03 and 2003-04 (the first absolute decline in the number of foreign enrolments since 1971-72). Problems in obtaining a visa were cited as one of the most common reasons by the institutions reporting a decrease in international enrolment (for further information, please see Open Doors press release from 10 November 2004). Although costs of living are now higher in Australian than in the US (according to research from IDP Australia), international students (particularly from Asia) may also be able to save on travel and tuition costs by opting for a US institution operating in Australia. All the uncertainties about the details of the operation withstanding, the faring of the first large-scale foreign operation in Australia will be one to watch.

'Carnegie Mellon comes down under'