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Private unis welcome possible competitor

20 Jun 11 by Susan Woodward | [Print this story](#) | [Send this story to a friend](#)

If it goes ahead, International University of Australia will be the first university built in Australia in nearly 20 years – but not Laureate’s first foray into the market.

Dominated by public institutions, the higher education sector needs a jolt, and Laureate International Universities is well placed to provide it, say the nation’s private universities.

The universities were responding to news that Laureate had lodged a formal proposal for a campus in Adelaide – which, if successful, would make it only the fifth private university in the country.

“We welcome the new entry,” Bond University acting vice-chancellor Professor Garry Marchant told *Campus Review*. “We think there should be more diversity and competition in the sector, and we think there should be more choice for students. At present, choices for students in the Australian higher education system are overwhelmingly public – 94 per cent of the places are public.”

The Laureate network boasts more than 600,000 students in 28 countries and former US president Bill Clinton as its honorary chancellor.

It proposes to offer four fields of study here from next year – bachelor degrees in design, hospitality and business, and a masters program in adult and vocational education. Additional courses, including an MBA in global business and a bachelor of health sciences, would come later in its five-year plan.

It is understood Baltimore-based Laureate sought opportunities nationwide for at least three years before settling on Adelaide.

In November 2008, it began to test the market with its purchase of the Blue Mountains International Hotel Management School and the Australian International Hotel School (AIHS).

Recently, it acquired quarters in the Sydney CBD. Due to open in September, the new campus will be an extension of the Blue Mountains school. And Laureate has plans for another campus in Canberra, which will serve AIHS postgraduates.

The Council of Private Higher Education told *CR* the schools turned out impressive graduates who went on to enjoy outstanding job opportunities.

“For Australians, getting their heads around for-profit higher education is probably something of a challenge,” said council executive officer Adrian McComb. “But just as we depend on the contribution of for-profit hospitals in our health system, in time higher education will expand in the same way.

“Our view is Australia should welcome serious investment in higher education. An established international corporation like Laureate proposing a new university is a solid vote of confidence in the sector.”

Independent higher education researcher Dr Peter Ryan said it was obvious the education provider was aiming for the high end of the market. He noted the \$80,000 cost of a degree put it at the top of the FEE-HELP margin.

“If Laureate comes up with a good model and takes all this beautiful cream out of the market, well, it’s commercially very logical,” Ryan said. “Is there anybody in this country that’s offering a premium product like that in the university space?”

“Quite frankly, I’m surprised it’s taken so long for a foreign player to come in here like this. The environment has always been right for it; the regulatory framework allows it.”

The Laureate proposal comes after public criticism of the South Australian government for spending millions to help Carnegie Mellon University turn out 200 graduates over the past five years.

But there are some stark differences between the two entities, including the fact that Laureate operates as a foreign company, rather than strictly a university.

A spokesperson for South Australian Further Education Minister Jack Snelling confirmed Laureate had made no request for government funding and the government had promised none – at least for now.

“Laureate network’s commitment to the new university will involve the provision of initial funding support and the commitment of further funding until the university reaches financial self-sufficiency,” says Laureate’s 60-page submission.

The proposal now sits with the South Australian government, which last week called for public submissions until July 4.

It can be downloaded [here](#).

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