If PPPs are the answer, what was the question?

The Future of Public-Private Partnerships in Higher Education
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Monash University

• First intake in 1961
• Member of the prestigious ‘Group of 8’ – comprehensive, research-intensive universities
• Top 1% of universities globally
• Over 63,000 students, a network of 300,000+ alumni and 16,000+ staff
• Over $271 million in competitive research funding (2013)
• Campuses: Berwick, Caulfield, Clayton, Peninsula, Malaysia, South Africa
• Partnerships: PPPs in research, education and infrastructure
The question?

Public Private Partnerships (PPPs) in the government sector are well established and, on the whole, successful, means of jointly financing and delivering ‘social infrastructure’.

This presentation asks; can similar benefits be realised via a partnership approach in the fundamental activities of a higher education institution; namely, the provision of a world-class education and the undertaking of research for impact?
Since 2008, and as a result of the “Bradley review”, the strategies for expansion of Australian higher education and the ‘uncapping’ of places, has resulted in the growth of private providers of higher education. [1]

However, the distinction between public and private providers isn’t as clear as the source of majority funding.

The regulatory and market distinction is between university and non-university providers. [2]
Australian context – Higher Education

2014 Federal Budget; *key elements of proposed reforms*:

- Commonwealth tuition subsidy for CSP students reduced by an average of ~20%.

- Student contribution amounts to be fully deregulated.

- Introduction of an interest rate, equivalent to the 10 year government bond rate, to HECS-HELP loans.

- *Extension of CSP funding for non-university higher education providers* (~80,000 additional students by 2018).

- Sub-degree load will be uncapped for eligible providers. [3]
Australian context – Higher Education - PPPs

• Well established in infrastructure provision (student residences).
• Emerging market in education business support.
• Well established in research through industry funded research, co-operative research centres.
• Emerging opportunities in the provision of education:
  1. University preparation and pathways
  2. International campus operations
  3. Partnerships to adopt new delivery approaches
1. University preparation and pathways

• Public university partners with private providers for:
  • English Language
  • Diploma/Associate Degree
  • College – pathway programs

• Wholly owned (retain university name) or partner model.

• Kaplan/Navitas active in these partnerships.

• Major market in Australia is international students (fees deregulated).
1. University preparation and pathways – why partner?

- Markets are volatile – need to scale up & down rapidly.
- Inflexibilities in public university workplace industrial agreements.
- Sales and marketing.
- Non-core university business.
- Profits to support core university business.
PPPs in Australian higher education

2. International campus operations

• Partner with a private provider to establish a physical campus in an international location.

• Examples are:
  • Monash Malaysia (Sunway Group)
  • Monash South Africa (Laureate International)

• Many examples – although often hidden by commercial-in-confidence obligations.
PPPs in Australian higher education

2. International campus operations – why partner?

• Legislative.

• Risk mitigation:
  • Regulatory
  • Financial
  • Cultural

• Speed and cost of entry.

• Marketing and engagement advantage.
PPPs in Australian higher education

2. International campus operations – what do partners do?

• Provide property, buildings, infrastructure (often).
• Provide establishment and operating capital/finance (sometimes).
• Provide support services (regularly).
• Provide core education services (rarely).
• Undertake research (never?)
PPP in Australian higher education

2. International campus operations – what are the risks?

- Risks will vary depending on strategic objectives for establishing an international campus with a partner, but will include:
  - Governance; particularly academic governance
  - Compliance
  - Reputation
  - Financial
  - Operational
  - Partnership
PPPs in Australian higher education

3. Partnerships to adopt new delivery approaches

• Developing the capability to explore/exploit new educational delivery models “from within” can be challenging.

• There are many examples of universities entering PPPs to offer education via alternate modes:
  • Historically, Universitas 21
  • MOOCs
  • Online (nationally/internationally)
  • Hybrids of the above
PPPs in Australian higher education

3. Partnerships to adopt new delivery approaches – why partner?

• Leverage strategic strengths of both parties.

• Enables flexible scale up and down.

• Bring together specialists in content, delivery and technology to create a richer, more attractive learning experience (the mythical Harvard/Disney and Microsoft consortium).

• Traditional notions of academic work make delivering education in this way, complex.
The *Tertiary Education Quality and Standards Agency* (TEQSA) is the independent regulator of the Australian higher education sector.

Under TEQSA regulation, the *registered higher education provider is directly responsible for the academic standards* of the conferred awards, irrespective of how the academic program is structured and delivered. [4]
How best to manage risks

• Retain control over your core business.

• Ensure academic quality; by retaining responsibility for:
  • Selection and performance of academic staff;
  • Approval of course/unit materials, including assessment models; and,
  • Assessment of the suitability to graduate.

• In a partnership, operations staff responsible for the above should report to your staff (be on your payroll?)
How best to manage risks

• Contracts need to be clear and transparent.
• Transparency to academic staff and academic governance.
• Shareholder and board control commensurate with reputational and financial risk borne by each party.
• Recognise that your partner(s) have strengths (and is better at some things than you are!) \(\rightarrow\) don’t try to control everything!
• Maintain your brand and reputation.
References


