



MONASH University

# 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?*

## Australian context – Higher Education

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*

# PPPs in Australian higher education

## 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).



# PPPs in Australian higher education

## 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?)

# PPPs 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.

## Australian context – Higher Education

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!) → don't try to control everything!
- Maintain your brand and reputation.

# References

- [1] <http://www.industry.gov.au/highereducation/ResourcesAndPublications/ReviewOfAustralianHigherEducation/Pages/default.aspx>
- [2] [https://go8.edu.au/sites/default/files/docs/publications/backgrounder\\_\\_private\\_higher\\_education\\_providers\\_in\\_australia\\_final.pdf](https://go8.edu.au/sites/default/files/docs/publications/backgrounder__private_higher_education_providers_in_australia_final.pdf)
- [3] [http://www.budget.gov.au/2014-15/content/glossy/education/download/Budget\\_Glossy\\_education\\_web.pdf](http://www.budget.gov.au/2014-15/content/glossy/education/download/Budget_Glossy_education_web.pdf)
- [4] <http://www.teqsa.gov.au/sites/default/files/JointAndDualAwardsInfoSheet.pdf>