

Education Public Private Partnerships: What we should monitor

UAE Public Policy Forum 2018

Dr Dahle Suggett

Senior Fellow University of Melbourne

Summary

Education public private partnerships have many forms and three diverse Australian partnerships illustrate the multilayered decision making and relationship management needed for success. The successful design of partnerships is contingent on sharply delineating context, purpose, and processes – one-size-fits-all will not work. A five part evaluation framework is used to identify the relative strengths and weaknesses of the Australian education partnerships profiled in the paper. By using this framework the complexities of education PPPs and management solutions are revealed.

1. Overview

Education public private partnerships (PPPs) are a broad and somewhat ambiguous policy category but one that is compelling. At all levels of education provision there are pressures for wider access and equity, improved quality and better preparation of young and older people for the challenges of the 21st century global economy. It is no surprise that governments have shown an increasing appetite for drawing not only on the financial resources of the private and non-government sectors but also their expertise and organisational and motivational capabilities. Education partnerships are part of the future; the challenge is to decide where they best fit and how to make them work.

This paper explores the characteristics and mixed outcomes of three Australian education public and private partnerships.¹ They are diverse; they do not fit simply into established PPP models and they are not static. Their characteristics and boundaries shift as new opportunities or challenges emerge.

The commonality is that they are all versions of government services being externalised to the private sector to work alongside the public sector on the assumptions that costs will be lowered, value increased, innovation encouraged and better outcomes delivered (Hodge et al 2017).

The insightful externalised services evaluation framework developed by Alford and O'Flynn (2012) provides categories against which governments' purposes and mechanisms for externalising services can be tested. The application of this framework as an evaluative tool reveals the strengths and weaknesses of the three partnership examples and opens up discussion about assessing gains in public value, where improvements are needed and how future mistakes could be avoided.

The first example is a very successful medium sized on-going PPP schools infrastructure project. It has the balance right between a centrally managed externalised service and local decision making.

The second example touches on the challenges inherent in the service contracting end of the PPP spectrum. The focus is a fee assistance scheme available for students in private providers of Vocational Education and Training (VET). Consensus is that this scheme has seriously distorted the integrity of a service outsourcing strategy.

The third example is at the soft end of the education partnership spectrum. Its focus is schools partnering with local community and businesses in a regional location that is undergoing economic restructuring. The purpose is to expand and enliven the curriculum so young people are better equipped for the 21st century economy and business has access to

¹ The examples are presented as 'snapshots' with the caveat that the analysis is indicative and descriptive rather than the result of a rigorous empirical process.

appropriately skilled employees. Gains are significant in the short term but the factors integral to longer term prospects are difficult to embed.

Each of the partnerships has distinct features that serve to illustrate their diversity, which is of interest in its own right. The Alford and O'Flynn evaluation framework shows how effectiveness might be assessed and pitfalls identified so as to inform future partnerships.

The following sections include: a brief account of PPPs more generally and their characteristics in the education context; discussion of the evaluative framework for externalised services; a snapshot of three education PPPs in Australia; and the application of the evaluative framework to better understand the strengths and weaknesses of the three partnership examples.

2. PPPs: plethora of forms, pervasive and expanding

PPPs manifest in a plethora of forms. Hence, language can be confusing, tying partnerships to particular contexts can be risky, and there are mixed views about the conditions needed for partnerships to consistently improve public sector delivery.

As part of the 1980s public sector reforms PPPs were seen as a way to bring together the best of the public and private worlds (Osborne and Gaebler 1992). A long list of objectives and purposes has evolved mainly centred on the drive for new sources of finance, improved public sector efficiency and the benefits accruing from introducing the discipline of demand driven services. From another perspective many partnerships also aim for improved public governance through greater transparency, cross sector and community collaborations and stakeholder engagement (Verger and Moschetti 2017).

The evolution of the concept has resulted in multiple types of PPPs. Five groups or PPP 'families' have been identified by Hodge and Greve (2007). Education initiatives can be in all of these types.

They types range across

- institutional co-operation for joint production and risk sharing (as in a major port facility or outsourcing or contracting education provision);
- long term infrastructure projects (as in building and managing roads or hospitals);
- public policy networks (as in cross sector shared engagement in an issues based program or forum in health or education);
- civil society projects in community development (as in shared contribution to local projects for cultural or education re-generation); and
- urban renewal (as in the US with extensive city redevelopments).

Each is a structured partnership across sectors to enhance the public good but they differ in whether the financial relationships and organisational relationships are tight or loose so one sees wide differences in financial structures, risk sharing, governance and cross sector relationships, contracting and accountability (Sturup 2017).

One thing that is similar is the language of 'partnerships' even though it has many different applications across these five types. The PPPs for major infrastructure projects are probably the most remote from the idea of partnership but the term is one that many across the political spectrum feel comfortable with. The positive 'emotional connotation ... conveys an image of egalitarian and conflict-free decision-making (Schaeffer and Loveridge, 2002:185). It side steps the common challenge that government is outsourcing their responsibilities and

privatising key services. PPPs may just be 'kinder, gentler alternatives to privatisation' (Alford and O'Flynn 2012: 90).

Assessment of benefits has mixed results. Hodge and Greve (2007) have found that despite the large size of some PPPs the literature on outcomes and PPP processes has been surprisingly limited, although this is now improving, particularly with the support of The World Bank and OECD (Hodge et al 2017). They identify some promising findings with respect to savings in infrastructure PPP large scale projects such as building and managing prisons with efficiency gains of 10-20 percent.

At the other end of the scale, in reference to UK and US PPPs, they cite Shaoul (2004) among others who is deeply critical of the frequent poor use of public funds, unwarranted debt increases and reduced transparency and accountability for PPP projects like roads, hospitals and rail. Australia also has a history of controversial infrastructure PPPs and governments' audit functions are being sharpened so as to enable greater scrutiny of private as well as public finances in PPPs (De Martinis and Moyan 2017).

Australian evidence has been patchy but the PPP knowledge base is now expanding with interests from many fields – such as finance, public administration and law (Hodge et al (2017). More is now known. For example, it is now widely understood that relationships costs are often underestimated; in times of crisis governments cannot transfer all the commercial and reputational risks; and community satisfaction and trust is of significant influence on government decision making.

The questions have now changed from yes or no decisions about whether or not infrastructure or major service provision should be through a PPP, to a more nuanced and balanced discussion about PPPs as one alternative and they have to meet more than a financial test.

3. Partnerships in education – a broad landscape; shifting boundaries

In early 2000s The World Bank was one of the first agencies to elaborate on the potential role for PPPs in education, particularly school education. Since then the applications of the PPP concept to education has been vastly expanded with mixed results (Patrinos et al 2009, Rose 2010).

Latham (2009) identifies seven types of PPPs in education, broadly consistent with the five families of PPPs previously discussed and similar in spread across economic and social objectives. This list includes: private sector philanthropy and a variety of adopt-a-school programs; capacity building programs; outsourcing of school management; contracting out government purchasing services or programs; voucher systems where public funds follow the learner to a public or private provider; and school infrastructure partnerships.

The World Bank categorisation of education PPPs is a similar list with additions such as private sector quality assurance, and innovation and research (LaRocque 2007).

A study of US education partnerships (Smith and Wohlstetter 2006) concluded there is not so much a hierarchy or map of education partnerships but differences across four dimensions: *origin* – as in whether the partnership forms a new entity or is an addition to an existing one; *content* – as in what is exchanged in the partnership; *form* – as in how formal the arrangement is; and *depth* – as in what proportion of the organisation is involved in the partnership.

The challenges or benefits for education partnerships can be difficult to unpack because the points of contention vary across ideological, educational or pragmatic themes (Caldwell and Keating 2004).

An ideological objection would derive from the perceived weakening of commitment to public education when government relinquishes its traditional role in any of the aforementioned elements... an educational objection would be raised when the nature of the non-public entity or the benefit it derives are perceived to be inconsistent with the nature and purpose of public education. A pragmatic objection may be upheld when the expected benefits are not realised by either partner. (Caldwell and Keating, 2004, p. 2)

Exploring the impact of education partnerships is a particularly complex discussion in Australia and other countries where the fundamental notion of government is synonymous with striving for the public good. Commercial gain and public accountability are not easy partners, particularly in an education context. A resolution calls for partnerships to be not only technically optimal but also accompanied by democratic debate and transparency (Skelcher 2005).

The World Bank (La Roque 2007) identifies positive gains in terms of lower costs and more timely delivery but the impact of 'contracting out' in charter schools in USA and academies in England for example, varies as there are some standout successes but also failures or instances where being supported by private sources does not make any difference to outcomes (see also Suggett 2015). Results on vouchers, where government funds follow the learner's choice of education provider, are also inconclusive (Woessman 2006).

4. An evaluation framework: context driven; provider neutral

One way to take account of the different but overlapping purposes and models is to stand back and see them through a wider lens with all the families of PPPs linked through being different ways for externalising government functions (Alford and O'Flynn 2012). From this perspective they form a continuum from tightly structured contracting with highly specified financial and organisational rules to more collaborative and network based partnerships.

Different approaches serve different public purposes and link to different values. Governments need to be well equipped to make decisions on what form is most appropriate for a particular context; take a 'provider-neutral' stance where it is getting to the quality outcome that matters most.

The choice to externalise functions or services is therefore not a formulaic process where one commercial option is matched with service type but is seen as a contingent issue; the approach to externalising depends on the circumstance with public managers being expected to exercise rational judgement about whether to externalise a service and under what circumstances (Alford and O'Flynn 2012).

This would enable the points of contention about public or private education services (Keating and Caldwell 2004) to be more systematically assessed and resolved.

This framework can also work retrospectively to identify weak and strong points in existing PPPs and highlight those dimensions that have contributed to success or failure.

Five considerations form the framework². Highly successful education PPPs would be expected to be 'strong' on each dimension.

Criteria for strong and effective partnerships

1. Strategic purpose. The first question is concerned with the purpose of the externalisation. What value is being sought? What strategic benefits are expected to accrue? Is externalisation strategically better than keeping the function in-house; is there an evidence base supporting this judgement?

This challenges the assumption that an arrangement with an external body is good in itself and instead forces a tight analysis of what outputs and outcomes are being sought from doing this anyway and that in turn opens up a view of the options for where external bodies might contribute to deliver superior outcomes. It asks for the 'theory of action' to be explicit – 'if we do this then we would expect that to happen'.

2. Adding value. The second question is where in the delivery of the service or function an external party should be introduced. Who should be involved to do what?

This question explores where the opportunity for externalising a function or service best sits in the 'public value chain' or the process through which the service is conducted and outcomes delivered. Is it at the planning end, the management function, or the delivery process? How is this done now and who else is involved from government, private and not-for profit sectors? Are the steps currently taken the right ones? Will an external provider have the capability to add value?

3. Costs and benefits. The third question gets closer to the actual tangible benefits versus the costs. Will the service benefits exceed the costs of the externalised service? Over what time period and how will the externalised service be better than now?

This focuses on benefits such as quality, efficiency and timeliness compared with the price charged by the external provider. The cost also takes into account what the impact will be of externalising a part of the service on the rest of the organisation. Does it weaken the organisation or enable it to strengthen its capability?

4. The capabilities and cost for managing partnerships. The fourth question focuses on ensuring the skills for establishing and managing external relations are systematically identified. Are the full costs for maintaining the relationships taken into account?

This acknowledges what is often bypassed in the initial decision making process. Partnerships require staff to develop new communication skills and engagement processes alongside monitoring or regulatory processes. The costs of the relationship management can be considerable. Does the management of the relationship with the external providers or partners outweigh the benefits from the partnership? Is the relationship or partnership robust and established to last for the long term and not overly dependent on the initial partners?

5. Accountability and regulatory control. The final question focusses on how public accountability is specifically taken into account. Is there a tailored and effective regulatory regime that can ensure the public interest is considered and protected? Is it at the light touch end of the spectrum or more hard-edged?

² The framework is taken from Alford and O'Flynn (2012) with slight modification by adding the governance and accountability dimension elaborated by Watson (2004).

The degree of oversight that is needed for a private contribution to a public purpose is hotly debated. Is there a specific body that regulates this area of activity and does the role easily enable oversight of the new activity; is the regulatory model suitable? Or, is this area of activity sufficiently different so that there is no obvious 'home' for the oversight of the activity? What skills do the staff members of the oversight body require; are there legislative issues that aid or hinder the oversight?

The following sections discuss three diverse education partnerships in Australia through the lens of this framework.

5. Education partnerships in practice

1. A successful school infrastructure PPP

This is a successful and ongoing school infrastructure PPP that is now expanding its coverage to include long term social partnerships at the local level. The purpose and expected value is very clear. Importantly, the governance is strongly local and the boundaries of the PPPs are flexible so that potential bidders compete not only on the capital component but also on their capacity to stimulate local social partnerships to improve the quality of education provision.

Snapshot

There are approximately 1500 government schools in the state of Victoria.

- Since 2008, Victoria has operated a successful PPP initiative for building schools as a supplement to the traditional fully government funded and operated schools infrastructure program (Department of Education and Early Childhood Development 2009, Department of Treasury and Finance 2017). The school initiative is part of a state wide PPP infrastructure program.
- Under the PPP model, a proportion of Government schools are financed, designed, constructed and maintained by the private sector over 25 years.
- The scheme commenced as *Partnerships Victoria in Schools* and delivered twelve new schools and a number of integrated community hubs in 2010 and 2011. The private sector partner was a consortium that was responsible for building and maintaining all the schools in the program.
- The *New Schools Public Private Partnership Project* announced in 2015 expanded the earlier initiative with a further 15 new schools opening in 2017 and 2018.
- The state of Victoria uses a methodology with a Public Sector Comparator (PSC) that estimates the risk-adjusted, whole-of-life cost of the project if delivered by the State. If the competitive bid is lower than the PSC, it is an indication that at face value, the bid represents value for money. For example in 2008, the successful bid was 2.6 percent lower than the PSC.
- The private sector consortium comprises architects and builders, facilities managers and community partners. The intent is for the schools to be designed not only as educational facilities but also as community hubs that form local community partnership.

How does it rate?

Strategic purpose – What benefits are expected and were they delivered? (Rating: Strong)

The strategic purpose was very clear and uncontested and the objectives appear to have been achieved.

The schools' PPP in Victoria is premised on a clear division of responsibilities where the facilities were designed, built and managed by the private partner consortium and the Victorian government retained the responsibility for teaching and learning and meeting all the responsibilities for student wellbeing.

The rationale is that the responsibility for oversight of the facilities is removed to enable the principals and teachers and the parent community to focus on student learning, rather than asset management.

Adding value – Is the external provider located at the best location in the 'public value chain' and have we involved the right partners? (Rating: Strong)

Traditionally, the Government separately engages a team to develop the design documentation and then engages a builder to deliver the works at a fixed price.

The principal typically leads a teaching and learning planning process, hires new teachers and is also expected to play a leading role in the design and construction of the school. (The Schools Building Authority, a division of the Department of Education and Training has recently assumed a more central role in this process.) On-going maintenance is also the responsibility of schools to be managed within their funding allocation.

This PPP has proven to be correctly located as it not only frees the principal from managing the building and maintenance of infrastructure but also ensures the best design is available for schools.

The second wave of PPPs has expanded the objectives to include the more social aspects of the infrastructure partnership to ensure facilities are also tailored to the broader education and development needs in the community. So, in essence the PPP has matured to embody a wider spectrum of partnerships than those for building infrastructure.

Cost and benefits – Is the externalised service manifestly better? (Rating: Strong)

From the financial perspective benefits to the government lie in the infrastructure 'whole of life' efficiencies that in a bidding process optimise the trade-off between capital costs and maintenance and lifecycle costs. That is, efficiencies are delivered through linking the capital investment decision to the ongoing maintenance obligations.

From an educational perspective, there are significant organisational gains. A quote from a regional manager illustrates the gains.

The PPP arrangement allows the staff to do what they're meant to; focus on teaching and learning. The schools are maintained to a high standard and the things that go wrong with them get fixed to a high standard and quickly. Compare that to a mid-size to large secondary school with over 1000 students where they might have a full time Assistant Principal focussed on buildings, grounds and maintenance. From the regional perspective, we also no longer have to worry about schools' maintenance projects, emergency maintenance, or overall property management failures. It is all managed in a far more professional and organised way.

Source: Interview Executive Director, South Eastern Victoria Region October 2017

There are some challenges made that the PPPs take away the flexibility for modifications to accommodation but the benefits seem to outweigh this limitation

Capabilities for managing partnerships –Are relationship skills and management adequate and taken into account when the PPP was considered? (Rating: Medium)

Because one consortium is chosen for a number of school projects, building and sustaining the partnership is streamlined and can be sustained over time. A local School Reference Group is formed for each school and it provides a link between the school and the community and private partner during the planning and construction phases.

However, there is a view that the skills needed at the school and regional levels for supporting the planning process, particularly as it expands to involve local community services, are demanding and should not be taken for granted. The partnerships can experience delays in decisions and relationship breakdowns and the capability of principals does impact the on-going relationship costs.

Accountability and regulatory control – Is public accountability and transparency assured and does the partnership have the public confidence? (Rating: Strong)

The PPP is in effect local, which is a good position for ongoing transparency and accountability. The principals, teachers and the school council are close to the projects, have an opportunity to express their needs and then have a long term relationship with the partners who manage the assets over 25 years.

The government department has also singled out the management of the infrastructure program through a School Building Authority that manages and reports to central government agencies.

However, the lesson of accountability was learned early in the process. If there is a process failure and expectations of the community are not met, the government is still responsible for quality even though there is a PPP arrangement. Government cannot outsource political risk.

2. Contracting out: a failed fee assistance scheme in VET

The exploitation of a new scheme for student loans by private for-profit providers of VET has served as a tipping point in public tolerance for the public private mix in government funded vocational education in Australia. Complex funding, wide separation of funding and regulation responsibilities, limited oversight of private providers and the declining strength of public providers has thrown the contracting model's shortcomings into relief. Governments cannot outsource the political risk of market failure in a public system.

Snapshot

- A public and private vocational education 'market' was opened up around 20 years ago and the presence of private providers contracted by government to deliver courses has steadily increased.
- Under a 'student entitlement' concept in Victoria (being expanded in other states) eligible students select their provider of choice – all providers now compete for students from the same pool of money.
- In Victoria, private providers have expanded their share to 55 percent of the training market.
- A change in the character of the market and a stimulus to the private providers has been the expansion from 2014 of a government income contingent loan scheme for

fee assistance for Diploma and Advanced Diploma students (VET FEE-Help scheme) (Commonwealth of Australia 2015, Noonan 2106).

- The fees are paid directly to the providers. The students are responsible for paying back the loans after they qualify and commence a job.
- Private providers recruited extensively and the scheme stimulated a 90 percent increase in enrolments at the diploma and advanced diploma levels.
- In a number of private providers, fee assistance has unfortunately been accompanied by unethical provider behaviour through inappropriate recruitment and the poor quality of course offerings. This has arguably led to a loss of trust in private providers in the VET system as a whole, although a relatively small proportion of VET providers have acted inappropriately.
- After public outcry, in 2017 the scheme reduced by around half the number of courses where students are eligible for fee assistance. (Now called VET Student Loan.)
- VET is funded under complex shared funding arrangements between the commonwealth and state governments: the states fund government and private providers and the commonwealth contributes to states financing and operates the loan scheme for Diplomas and Advance Diplomas.
- Regulation is via a commonwealth body, except for two states that retained their state regulation.

How does it rate?

Strategic purpose – What benefits are expected and were they delivered? (Rating: Medium)

The initial purpose for a market led public and private training system was to generate a training system that was industry led, flexible and responsive and hence more relevant to trainees and the economy. This objective remains strong and relevant and the fee assistance scheme was continuing this trajectory.

But a parliamentary enquiry in 2015 (Commonwealth of Australia 2015) observed that they have 'heard harrowing and concerning evidence of misconduct by private VET providers... exploitative conduct, shoddy training and massive profits at the public expense'.

Some argue that the exploitation of the fee assistance scheme has thrown the inefficiencies in the system into relief, even though there were a relatively small number of exploitative providers. (Of approximately 1800 private providers that receive public funds, six accounted for 50 percent of the outlays on the fee assistance scheme and 207 for the remainder, Noonan 2016).

Adding value – Is the external provider located at the best location in the 'public value chain' and have we involved the right partners? (Rating: Weak)

The structure of the scheme was inadequate for the objective. Fees were a direct source of revenue for providers without sharing the risk of repayment of the loans. This led to a massive distortion in some providers where there was the opening for excessive fees being charged and inappropriate recruitment and enrolment.

The result in these providers was that many people did not engage in training and did not receive a qualification and they most likely cannot repay the loans to the government.

Why did this happen? One perspective is that the VET market is overly complex, multi-layered and opaque. It is shaped by the legacy of past policies seen in legislation, regulation and funding (Korbel and Misko 2016) and has reached a point where redesign is imperative.

There is a growing need for the 'public value chain' – public and private provider system, the delivery models, pricing systems, public funding and incentives, and the governance and accountability systems – to be tested in terms of their coherence and capacity to serve the needs of students and the economy (Noonan 2014).

Cost and benefits – Is the externalised service manifestly better? (Rating: Weak)

The scheme has been expensive. Contestability is intended to lower costs through competition. However, some claimed that the price of a diploma 'skyrocketed' as the fee assistance became easier to access (Commonwealth of Australia 2015). This has had consequences for the government budget.

One analysis is that 40 percent of the \$A3.1 billion in total loans paid to training organisations (public and private) will never be repaid (Norton 2015).

At a broader level, many fear that the VET public providers are weakened and further capability will be lost if governments do not determine what is the right balance between public and private provision. It is argued that greater benefits will accrue if public and private providers can complement each other and jointly be effective in providing to the public a more complete range of training.

It seems inevitable that the highly competitive reality of unrestricted contestability in the vocational 'market' will give way because the costs outweigh the benefits.

Capabilities for managing partnerships – Are relationship skills and management adequate and taken into account when the PPP was considered?? (Rating: Weak)

Until recently, the managers of this system have had incomplete data on the characteristics of the providers and the private market - the main focus of data collection has been on students' VET activity not on the providers.

The sector is highly diverse with providers connected to and in partnership with a range of bodies in industry and the community as well as government and a long tail of providers with very small numbers of students. This raises issues about critical business mass and the capacity to regulate and meaningfully engage with such extreme diversity (Korbel and Misko 2016).

The characteristics of the private provider market suggest future consideration of relationship management is an important component in the public private model.

Accountability and regulatory control – is public accountability and transparency assured; does the partnership have the public confidence? (Rating: Weak)

This dimension is a major weakness. Under the commonwealth and state shared funding model no single level of government is fully responsible and accountable. This weakens the sustainability of the arrangements.

There are inefficiencies and risks in separating regulation and funding such as differing but overlapping standards, mixed audit processes and different remedies for non-compliance.

A consequence can be that the status of qualifications suffers from the system failing to sustain trust in the validity of the education outcomes for students.

3. Broadening Horizons: education partnership for schools and industry

This is a regional schools-business-community partnership to enhance the curriculum for students around 13-14 years of age by engaging them in real industry based problem solving. The aim is to better equip young people for the knowledge economy and to build the pool of potential employees for businesses as they restructure to successfully compete in the global economy.

Snapshot

- Broadening Horizons commenced in 2014 as an educational program in 10 secondary schools in regional Victoria with 17 industry and community partners. It is for students aged 14 to 16 years and is provided for the equivalent of 20 percent of a year.
- Teachers work in teams with industry employees to guide students' learning in a mix of in-school and out-of-school projects on real problems or questions. For example, how do we adapt land management practice in response to climate change impact; how might we reduce illegal rubbish dumping in parks and plantations; and how can we market Australian dairy products in Asia?
- The program is designed to equip students with the skills and dispositions needed for a changing 21st century economy by providing students with community based and authentic problem solving projects in an environment that calls for team work and collaboration as well as analysis.
- Business and community partners are seeking future employees with the skills for the knowledge economy as the economic demands on industry also change. They are therefore willing to dedicate resources to work with schools to support skills development.

How does it rate?

Strategic purpose – What benefits are expected and were they delivered? (Rating: Strong)

The core purposes are educational and developmental and they have an evidence base. The educational purpose is to design programs that will best equip students with the skills and attitudes needed to continue education and be prepared for employment in the knowledge economy. A carefully designed partnership with industry that connects students and teachers with the real economy is the shortest route to achieve that purpose.

The second purpose is to support regional development through schools more deeply understanding the changing structure and needs of the local economy and responding in the courses they offer.

These intended purposes appear to be in the process of being met. Evaluations show the students are highly engaged in their learning – more so than non-Broadening Horizons students – and they are developing the skills needed for a knowledge economy.

Industry partners are excited about the gains from their employees' involvement in the partnership and in the quality of the ideas exchange with schools (PTR 2017).

Adding value – Is the external provider located at the best location in the 'public value chain' and have we involved the right partners? (Rating: Strong)

Evaluations show a high level of satisfaction in the structure and timing of the partnerships. It is a commitment at a specific year level in the school program to ensure adolescent students are excited about their school work and see the benefit of enquiry skills and collaboration before they make choices for senior studies.

It is locally designed and that maximises the possibility that it is fit for purpose for the partners – they have a direct say in what form the partnership takes.

Cost and benefits – Is the externalised service manifestly better? (Rating: Medium-Strong)

The costs are mostly in terms of staff time. For schools, the additional time is a moderate additional cost as the program requires intensive preparation in addition to the teaching time. But for industry partners the time is additional to their routine activities and is therefore closely observed in terms of costs versus benefits.

Benefits are subjective because quantitative outcomes are not possible at this stage. All partners remain enthusiastic but believe that the logistics and future planning needs to be consolidated before the future is assured – a change in management in any of the partners could well change the assessment of benefits versus costs.

Capabilities for managing partnerships – Are relationship skills and management adequate and taken into account when the PPP was considered?? (Rating: Medium)

This is the most challenging aspect of the partnership and where the gains can be considerable but where its future is vulnerable.

Teachers consistently say that they find the additional time to build relationships and the skills to sustain them very demanding. Industry partners also say the relationship costs are high but to date have been worthwhile.

Suggestions for improvement include better role specifications for all partners; management of partners to more explicitly build in the time for the partnerships; and making routine time for planning and review each year.

Accountability and regulatory control – Is public accountability and transparency assured and does the partnership have the public confidence? (Rating: Medium)

This local partnership has the vulnerabilities of projects of a similar scale.

Local initiatives are vulnerable in large government organisations where the partnership has low visibility and sustaining local partnerships may not be priority. However, local partnerships that work well are highly valued by the local community. The challenge for this initiative is to be seen as relevant and a core commitment rather than an optional extra.

Summary: How do the education public private partnerships rate?

Evaluation criteria	Infrastructure PPP: schools	Contracting out: Fee assistance in VET private providers	Education partnership: Schools and industry
Strategic purpose	Strong	Medium	Strong
Adding value	Strong	Weak	Strong
Cost and benefits	Strong	Weak	Medium - Strong
Capabilities for partnerships	Medium	Weak	Medium
Accountability and regulatory control	Strong	Weak	Medium

6. Concluding thoughts

What can we take from these examples?

- The three examples represent the variations in partnership types that are developing throughout education and are not limited to the more familiar infrastructure partnership. Education probably will not be constrained by pre-existing models and new approaches will continue to be generated. This will call for policy frameworks to be broad and flexible.
- Partnership boundaries are also changing and new functions are emerging as the partnerships evolve to embrace new objectives and new partners. The school infrastructure example illustrates that. This calls for effective monitoring, feedback loops and responsive mechanisms to be built into partnership design.
- VET fee help scheme failure highlights the many risks in a complex contracted out service. In particular it highlights the importance of better understanding the public 'value chain' – the sequence of critical stages in the delivery of any public service and who is asked to perform that service. This calls for decision making to be far more exacting in identifying the causal links in the production of outcomes and the advantages and risks inherent in where a contracted service is best located and that a tailored vetting and accountability process is an essential component of any contracting scheme.
- Relationship management is an important feature of an effective partnership. This may need to be at a central government level but in these examples there is a need to consider the local relationships and transparency with local communities. This calls for new skills in relationship management as well as additional resources.
- The contracting – accountability link is complex and sensitive. The VET example, illustrates the inevitable consequences of a contracting system that has adjusted its key elements over time to a point where the whole structure needs conceptual as well as structural revision.
- Costs and benefits are not only estimated in direct financial terms but increasingly include relationship costs and benefits and the gains or losses that occur in the organisation as a result of externalising a service.

One executive designing education PPPs in Australia observed that while most PPPs are achieving significant outcomes and unleashing innovative programs, the same initiatives *should* be achievable by the public sector but in reality are not. He argues that it is not that the private partners are inherently better but that their context is different – this could be greater clarity in the task, closer proximity to the actual service, and probably a smaller administrative unit and more focussed accountability.

This is a different perspective on education partnerships. While most believe that partnerships and externalised services are here to stay, the public sector is not standing still and may take on some of the key characteristics of the private sector. High quality service provision may well go beyond a simple public – private split to become a new hybrid form.

References

- Alford, J. and O'Flynn, J., 2012 *Rethinking Public Service Delivery: Managing with external providers*, Palgrave Macmillan
- Caldwell, B. and Keating, J., 2004 *Adding Value to Public Education: an examination of the possibilities for public private partnerships*, discussion paper for Australian Council of Deans of Education
<http://trove.nla.gov.au/work/8590817?q&versionId=9928657>
- Commonwealth of Australia, 2015 Education and Employment References Committee, The Senate, October, Canberra
https://www.aph.gov.au/.../Committees/Senate/Education_and_Employment/.../Final...
- Department of Education and Early Childhood Development, 2009 *Partnerships Victoria in Schools Project Summary*, Melbourne
www.dtf.vic.gov.au/files/.../Partnerships-Victoria-in-Schools-Project-Summary.pdf
- Department of Treasury and Finance, 2017 Infrastructure Delivery
<http://www.dtf.vic.gov.au/Infrastructure-Delivery/Public-private-partnerships/Projects/New-Schools-PPP>
- De Martinis, M. and Moyan, L., 2017 'The East West Link's Failure to Launch', *Australian Journal of Public Administration*, vol 76, no. 3, pp 352-377
- Hodge, G. and Greve, C., 2007 'Public-Private Partnerships: An International Performance Review' *Public Administration Review*, vol 67, no. 3, pp 545 - 558.
- Hodge, G., Greve, C. and Boardman A., 2017 'Public Private Partnerships: the way they were and what they can become', *Australian Journal of Public Administration*, vol 76, no. 3 pp 273-282
- Korbel, P and Misko, J., 2016 *VET Provider Market Structures: history, growth and change*, NCVET, Adelaide.
<https://www.ncver.edu.au/publications/publications/all-publications/2871>
- Latham, M., 2009 *Public-Private Partnerships in Education*, Edinvest: the information portal for global developments in private education.
- LaRocque, N., 2007 Public Private Partnerships in Education, PPPI Days, World Bank Institute June 7-8, 2007 Washington, DC (presentation)
- Noonan, P., 2016 *VET Funding in Australia: Background, Trends and Future Directions*, Mitchell Institute, Melbourne
www.mitchellinstitute.org.au
- Norton, A., (Grattan Institute), 2015 Submission to Inquiry into the operation, regulation and funding of private vocational education and training (VET) providers in Australia, Senate Education and Employment References, Melbourne
https://grattan.edu.au/wp-content/.../03/238_norton_submission_senate_inquiry.pdf

- Osborne, D., and Gaebler, T., 1992. *Reinventing Government: How the entrepreneurial government is transforming the public sector*. New York, PI
- Patrinos, H., Barrera Osorio, F. and Guáqueta, J., 2009 *The Role and Impact of Public-Private Partnerships in Education*. Washington DC
<https://openknowledge.worldbank.org/.../479490PUB0Role101OFFICIAL0USE0ON>
- PTR Consulting, 2017 *Broadening Horizons: C21 Learning in Action, Evaluation Report*, Department of Education and Training Victoria, unpublished report. See for example <http://parkweb.vic.gov.au/about-us/news/broadening-the-horizons-of-secondary-school-student>
- Rose, P., 2010 'Achieving Education for all through Public-Private Partnerships?' *Development in Practice*, Vol. 20, No. 4/5, Taylor & Francis, Ltd. on behalf of Oxfam GB, pp. 473-483, <http://www.jstor.org/stable/20750146>
- Schaeffer, P. and Loveridge, S. 2002 'Toward an Understanding of Types of Public-Private Cooperation' *Public Performance and Management Review*, Vol. 26, No. 2, p 185
- Shaoul, J., 2004 Railpolitik: The Financial Realities of Operating Britain's National Railways, *Public Money and Management* 24 (1): 27 – 36.
- Skelcher, C., 2005. 'Public-Private Partnerships and Hybridity' in Ferlie, E., Lynn, L and Pollitt, C., (eds), *The Oxford Handbook of Public Management*, Oxford University Press, Oxford
- Smith, J. and Wohlstetter, P., 2006 Understanding the Different Faces of Partnering: a typology of public-private partnerships, *School Leadership & Management*, 26:3, pp 249-268, <http://dx.doi.org/10.1080/13632430600737090>
- Suggett, D., 2015 School Autonomy: Necessary but not sufficient" *Evidence Base*, 2015:1. pp 1-26
<https://www.anzsog.edu.au/resource.../school-autonomy-necessary-but-not-sufficient>
- Sturup, S., (2017) 'Swimming or Drowning in the Depths of Partnership', *Australian Journal of Public Administration*, Vol 76, no. 3, pp. 273-282.
- Verger, A. and Moschetti, M., 2017 'Public-Private Partnerships as an Education Policy Approach: Multiple Meanings, Risks and Challenges', *Education Research and Foresight Working Papers*, UNESCO
- Watson, D. 2004 'The Challenge for Public Accounts Committees in Evaluating Public-Private Partnerships', *Australian Accounting Review*, Vol. 14, No. 2, pp. 78-84.