

Session 4: Workshop 4

Title: Public-private sector partnerships in a developing economy

Presenter: Dr David Woods, Vice-Chancellor, Rhodes University, South Africa

Chair: Professor Sharon Siverts, Vice-Chancellor, University of Botswana

Rapporteur: Sue Kirkland, ACU

South Africa is a country in which there is increasing interaction between the universities and the private sector. Around 100 public-private partnerships (PPPs) are in operation. The great majority concentrate on teaching; only a small proportion cover research. The partnerships are based on both profit and non-profit motives and are generally narrow in conception and directed towards areas where job opportunities are freely available (i.e. commerce/IT and specialist teaching).

In a developing economy where there is a shortage of educated people, these partnerships offer tangible gains. They can lead to improved access and new markets. Specialist colleges provide skills training in areas needed for economic growth and this can work to financial and other advantages for both the university (the public partner) and the college (the private partner). The reputation of the public provider enhances the position of the private partner and, in a developing country, this is a new situation. It is the responsibility of the public provider to measure the quality of the programme and to ensure that the rights of the student to appropriate support mechanisms, especially in the case of distance learning arrangements, are protected. To this end, public institutions need to be vigilant but, sadly, this is not always the case. Students have been exploited by unaccredited and 'fly by night' operators who take fees but provide neither facilities nor appropriate curricula. 'Moonlighting' by academic staff at public institutions is another temptation in a developing economy where salaries in the public sector are low. This too can be detrimental to the interests of students.

Many of South Africa's current problems with falling student enrolments have been exacerbated by a series of poor decisions taken by the Ministry of Education. These led, in 1999, to a decrease in the number of students at public universities - with consequent budgetary implications. In order to meet their student targets public universities entered into partnerships with private providers but failed to ensure that the quality of their products was protected. In some instances competition between public and private providers in the same locality saw increased enrolments in private colleges (where courses in demand in the commerce and business sectors were offered) to the detriment of the broader-based curricula in the public sector. Some of these institutions, mainly in the historically disadvantaged areas, have crippling debts and may have to close. In particular, faculties of education suffered a severe drop in numbers. Students, and particularly black students, preferred to follow courses in the private sector that are related to the needs of the business sector.

The South African government is aware of the need for better regulation of PPPs and has indicated that it will introduce measures to control partnerships in the future, whether or not institutions claim subsidy; a formula based on student numbers (FTEs)

has caused problems when student numbers drop and is to be revised and based on graduation rates. Success rates in these partnerships are high resulting in large numbers of subsidy students. The public partner is able to claim contact subsidy when it does little more than register students and issue certificates. There are particular problems with PPP distance learning programmes where subsidy rates are much lower than in contact situations and this is threatening the sustainability of these specialist institutions. There can also be difficulties in the case of black students registered with a private provider and not integrated on the main campus. These students are not always able to claim their full student rights.

Key points emerging from the discussion:

- There are many benefits to be gained from PPPs if the formula is right. Such partnerships are an integral part of a modern university and offer opportunities for access to new markets and a broader range of students both in terms of demand-driven subjects and locality, particularly in remote areas
- Issues of quality are central to the success of these partnerships. The onus is on the public sector institutions to use their quality assurance mechanisms to ensure that the courses they accredit are of a good standard. How universities do this will determine the final outcome. Particular care needs to be taken with the drafting of contractual documents; industry understands the importance of this rather better than academia. Universities must be aware of the need to seek expert legal advice
- PPPs offer opportunities for the build up and injection of non-state revenues into university finances. In this context there are arguments for and against the control of competition but, nevertheless, governments should be aware of the possible side effects and of the need to protect their own investments in real estate, facilities and people.