Public Private Partnerships (PPPs) in Public Education

Introduction

NZEI Te Riu Roa has opposed the development of PPPs in schooling in New Zealand. Public statements, media releases and communications with NZEI Te Riu Roa membership have made this position very clear. It is appropriate to build on our stance to respond consistently to recent government announcements.

The issue, long talked about, is now to become a reality, according to recent statements by the Minister for Infrastructure and Finance Minister Bill English, and the Minister of Education Anne Tolley. In August, the government announced a requirement that all public sector agencies proposing projects with a whole-of-life cost over $25 million consider and evaluate other procurement options, including a PPP. (Finance Minister Bill English, Press Release, August 11, 2010)

Given these developments, this report builds on the last papers on PPPs tabled at NZEI Annual Meetings 2008 and 2009, and provides an update on recent national and international perspectives surrounding PPPs. It attempts to map a way forward, through recommendations for campaign action.

Threats

The reality of non-state and even overseas ownership of state and integrated school buildings is now a real threat. Australian companies are showing interest in operating New Zealand schools as the government moves towards PPPs to “finance, design, build, operate and maintain new school property”. (Ministry of Education [MoE], 2010, p.4)

The government says PPPs in education work in Australia, so why not here? (New Zealand Press Association, July 22, 2010). Its PPP business case has moved quickly to stage two planning.
It is unclear where the boundaries with a company would be, regarding the school being responsible for all “educational services” (Ministry of Education, 2010, p.4). NZEI has serious concerns about likely changes in the roles of both school leaders and Boards of Trustees.

**PPP government objectives**

The government’s “Request for Proposal” (RFP) invites commercial and financial advisors to express an interest in developing a new PPP project. This is stage two of the PPP project. The RFP states:

“The business case assumes that a PPP contractor would be responsible for financing, designing, building, operating and maintaining school property.” (Ministry of Education, 2010, p.4).

“Should Ministers and Cabinet approve moving to the tendering stage, the Commercial and Financial Advisor (PPP) would provide expert commercial and financial advice and support to the PPP project throughout tendering, contract negotiation and contract and financial close.” (Ministry of Education, 2010, p.2).

Cabinet approved the stage one business case in July 2010 and directed the Ministry of Education to proceed via an RFP to a stage two business case for development of a PPP for new schools’ procurement which will:

“Recommend whether to proceed with taking the PPP to market” and “Detail the proposed schools and recommend the necessary appropriations.” (Ministry of Education, 2010, p.4).

The RFP outlines three further positions to be advertised, including a Project Director responsible for the overall project, a Transaction Manager who will be responsible for coordinating internal and external resources, and a Technical Advisor with responsibility for preparing property output specifications for a particular PPP.

Elsewhere the government has said that PPPs will lead to a decrease in workload on board of trustees and principals so they can improve their focus on teaching, learning, and student achievement. However, this has not been the international experience.
The international perspective

The National Union of Teachers, Europe’s largest teaching union, has said:

“No one, least of all a teacher’s union, would want to see cuts in the education service budget, but increasing the use of public private partnerships is not the answer. There are certainly supportive ways in which businesses can help schools, but there is no room for unequal partnerships where companies dominate the running of schools.”  (The Guardian, 21 July, 2010)

Dexter Whitfield – PPP expert analyst (personal communication, July 2010)

Whitfield, an international expert and consultant on the privatisation of public assets and services, visited New Zealand earlier this year and talked to NZEI about PPPs. He has worked extensively with unions and other groups around the world on PPPs and other market-based interventions into public services. His comments on PPPs included some key lessons to be learned:

Significant issues

PPPs start with school buildings but some then develop into the privatising of education support services. They may involve new schools or developments within existing schools. This is similar to defence where the defence contractors started small and now provide almost all supporting services.

Private companies need to make money

Whitfield commented that internationally successful PPPs require an investment return of 15%, reflecting the higher cost of borrowing to the private sector and the risk to investors. This is over and above the construction costs. The significant investment return required takes money away from learning and the core role of schools.

For new schools, Whitfield questioned what the level of engagement would be between the principal, the establishment board of trustees and the contractors. Classroom size is likely to be of minimum dimensions and built to the minimum standard. PPPs are sold as value for money, but what is the value and to whom does it go?

Additionally, if the PPP contractor has no ongoing interest in the buildings beyond the life of the contract, what is the incentive to leave the buildings in good shape?
**Property workload is not reduced**

Despite the claims that all of the "worry" regarding property will be taken off principals and boards of trustees, the reality is that they end up doing more work with the facilities management company than would otherwise be needed.

**Community activity and involvement**

Questions arise concerning access to facilities by communities and for such things as school fund-raising activities. Private companies will own these facilities, and may be able to dictate their use. One NZEI member, who taught in a PPP school in England reported that all school staff and students had to vacate the school by 4pm as it was to be used for other purposes (personal communication, July 2010). Parent interviews had to be held during the day, or the company charged the school for use of its buildings. How will this impact on teaching and learning and teachers' well-being?

Questions also arise about facilities provided by communities through fund-raising. Who owns these facilities, and who decides on their design, positioning within the school, the maintenance and the use over time?

A further issue is that even where a PPP school closes, e.g. if the roll falls, the government must still pay, often large contracted amounts for the life of the contract. Likewise, flexibility to move classrooms between schools according to need results in cost recovery or compensation to a contractor.

**Companies go broke**

Alex Kenny from the National Association of Teachers in the UK, discussing the experience of London schools, says, "Some companies pulled out, while another went broke half way through the project, resulting in chaos to classroom facilities and parents having to move their children." (Radio New Zealand National, Nine to Noon, 2 August, 2010).

**New Zealand Post Primary Teacher Association (PPTA)**

The PPTA has publicly voiced concerns over the government’s PPP agenda. It believes PPPs are a taxpayer rip-off, and are shortsighted and dangerous, as they are driven by financial considerations rather than by sound education thinking. The PPTA has concerns about the money to be made by private companies at the expense of educational needs. (PPTA News Paenga-whāwhā, April 2010).
NZEI’s current position

In response to Education International publishing a comprehensive report entitled ‘Hidden Privatisation in Public Education’, and a follow-up report on PPPs in 2009, NZEI worked during 2008 and 2009 to develop our present policy as outlined below.

Policy principles

1. A government-funded state education system must provide funding to cover the operation of the school to deliver its core educational function.

2. Funding of schools should come directly from the state, supporting the self-management of schools, and not through third party organisations, that is, contracting out.

3. Teaching and programme delivery in each school should be context bound and should be decided by the school leader, staff and board of trustees. (Note: suggested amendment in recommendations.)

4. Student achievement should be the focus of school programmes not commercial interest. (Note: suggested amendment in recommendations.)

Characteristics of Public Private Partnerships that NZEI would support

• Initiated by the school with free and open buy-in.
• Goals and outcomes defined and controlled by the school.
• Full community support, that is, board of trustees, staff, principal, parents, and so on.
• Expertise being provided free of financial or other cost to the school.
• Where the school benefits, without obligation to support or promote the partner.

Characteristics of Public Private Partnerships that NZEI would not support

• Initiated, led and profited by private sector organizations and individuals.
• Influences and/or directs the values, culture and programmes, such as curriculum or specific pedagogy of the school.
• Expectation of profit for the private company.
• Request by the business for commercial gain through the school.
NZEI’s response

The government has now firmly set out on the path of PPPs in New Zealand schooling. The international experience and the Policy Principles outlined provide the context for NZEI’s response, and it is now timely for detailed response plans and actions to be defined. There needs to be two dimensions to our response: a national dimension and a local dimension, with campaigns for each.

National level

This is at the level of policy development and decision-making on actual projects. We need to be deeply involved in both as, to date, we have been totally excluded. As far as we can tell, the national policy is set and stage two of the government’s business plan represents the detail of the policy and actual projects. However, we do need to keep pressing our arguments, in the context of the policy principles. We also need to be engaged in influencing both policy detail and decision making on actual projects.

In particular, we should be working with other sector groups such as the New Zealand School Trustees Association (NZSTA), Ministry of Education and the PPTA on the policy work. We need to try and ensure we are consulted about the policy detail and the actual proposed projects. The RFP identifies a number of places in the policy and decision-making processes where we can exert influence. The issue is whether or not we can develop the political support necessary.

Local level

Where a locally situated PPP is planned, it is expected consultative engagement between all interested parties including the Ministry of Education, NZSTA, principals and school communities will occur at the earliest possible stage. This is to ensure that those working in schools and the school community are involved and have their say in the delivery of the PPP. This covers both the building of new schools and extending of buildings in existing schools. An important lesson from the development of PPPs in England is that the best and most successful response to them has been at the level of local campaigning.

NZEI’s campaign

Now that PPPs are a reality, it is important that close engagement occurs across the education sector, and that schools and communities are able to access fair and transparent consultative processes. The campaign outlined below identifies necessary actions at a national and local level.
National level

- It is expected that the government and policy makers will enter into a consultative process agreed with NZEI in the development of the business case for PPPs (stage two). Agreement will be sought by NZEI to be consulted by the government over any specific proposals for PPPs in schooling. NZEI will also actively seek to engage at a national level with other sector groups that have an interest in PPPs, with the aim of building a coalition.

Local level

- Consultation should occur at the local level over any PPP proposal to build a new school. The consultation is to include the establishment board of trustees, the designated principal, the community and other interested groups. Such consultation must be based on full disclosure of the details of the proposed PPP.

- It is expected that consultation will occur at the local level over any PPP proposal to build within an existing school. The consultation is to include the board of trustees, the school staff, parents, the community and other interested groups. Such consultation must be based on full disclosure of the details of the proposed PPP.

- Where a PPP proposal cannot be agreed, NZEI Te Riu Roa will campaign locally, and nationally, to ensure fair consideration of the implications associated with the PPP. The issues of privatisation, community interest, short and long term risks, upgrading, adding to or decreasing school property all need to be considered – as do the practicalities of how the management and operation of the school would actually work.

- PPPs should not proceed unless there is clear acceptance, and an agreed model of the operation proposals, by all interested parties. Organisations should include Ministry of Education, NZSTA, local community and school representatives.

Recommendations

1. That the report Public Private Partnerships in Public Education be received.

2. That the campaign outlined in section (8) of the report is confirmed as the way forward.

3. That action be taken to re-establish a National Executive working group to oversee the campaign.
Recommendations continued

4. That NZEI Te Riu Roa adopt as policy: Teaching and learning programmes within the school should sit within the framework of the *New Zealand Curriculum/Te Marautanga o Aotearoa* and be free of commercial influence or interference.

5. That NZEI Te Riu Roa adopt as policy: Contracts established under PPPs must allow the school full use of the site and not limit the use to school hours and term dates. They must not fetter the ability of any school to provide comprehensive programmes and a range of events or services on site, which are responsive to local context and community interest. These decisions belong to the board of trustees and the school leaders.


References

Australian companies eye up school projects. (2010, July 22). *New Zealand Press Association*.


