enumerate
QUANTITY SURVEYING & PROJECT MANAGEMENT

Public-private partnerships in higher education

A practical decision toolkit for universities

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NO FUNDING? LET'S DO A PPP!

GREAT. NOW, WHO'S PAYING FOR THE NEXT 30 YEARS?

What is a public-private partnership?

**A contract for public infrastructure or services,
with substantial private responsibility and risk**

**The institution remains accountable
for the public purpose and oversight.**

Institutional function
or state-property use

Substantial financial,
technical and operational
risk

Payment from the
institution, users, or both

PPP types: who pays and what is bundled?

Payment model	How the private party receives payment
Institution-pay	The institution pays for an available, compliant service
User-pay concession	Users pay charges under agreed rights and service rules
Hybrid	User charges combine with institutional payments or support

Common lifecycle structures

Design–build–finance–operate / maintain
Build–operate–transfer

Funding, financing and procurement

Funding

Who ultimately pays?

Budgets, grants, student charges or other revenue

Financing

Who provides capital upfront?

Institutional reserves, borrowing or private capital

Procurement

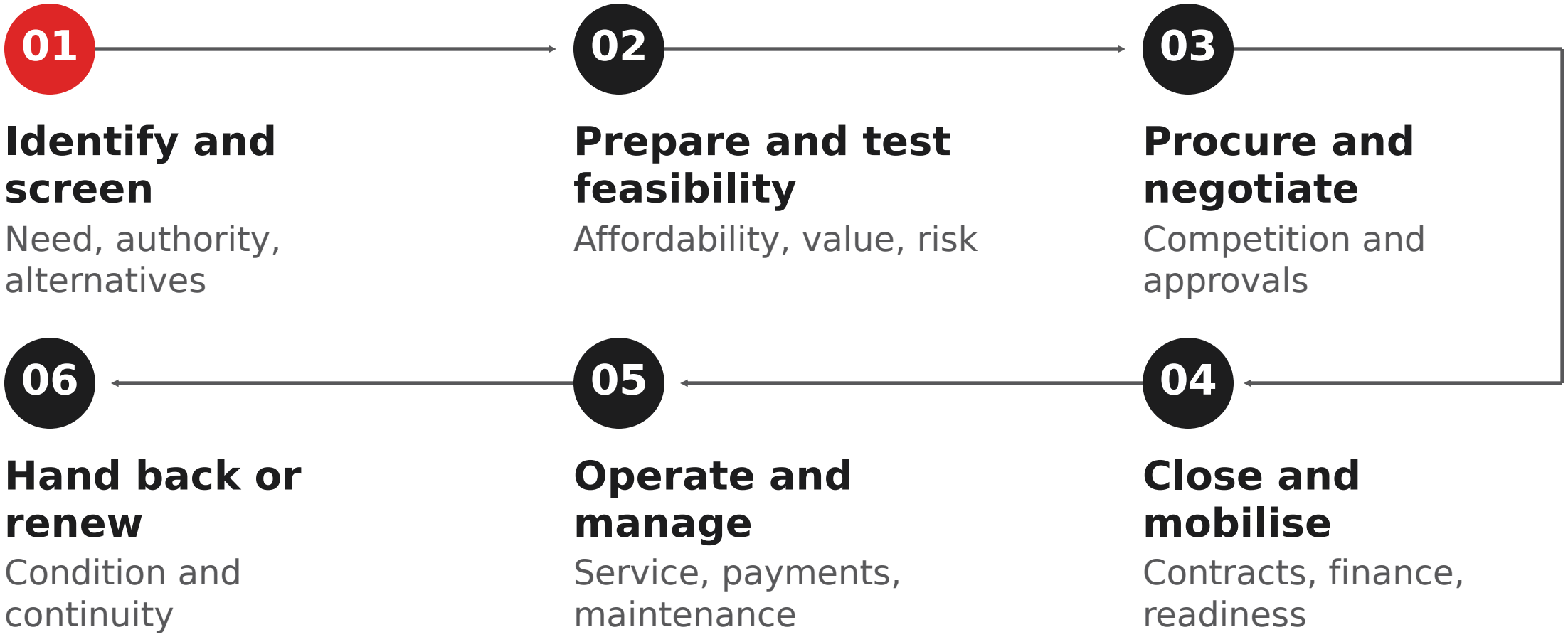
How do we contract delivery?

Conventional delivery, leasing, phased works or a PPP

The role players and their responsibilities

The institution retains accountability

The full PPP lifecycle



The toolkit supports screening. Feasibility and approvals follow.

South African delivery lessons

Gautrain

Integrated infrastructure delivery and long-term operations

University lesson

Plan service and maintenance with the end-of-term transition in mind.

Inkosi Albert Luthuli Central Hospital

Non-clinical services, equipment and information systems

University lesson

Specify service boundaries and lifecycle replacement duties.

Continued operation alone does not prove value for money.

EVERYONE LOVES A PARTNERSHIP.
RISK
UNTIL WE DISCUSS WHO CARRIES THE RISK.

The toolkit asks four decision questions

Does this defined PPP structure merit formal investigation?

An early screen, supported by evidence

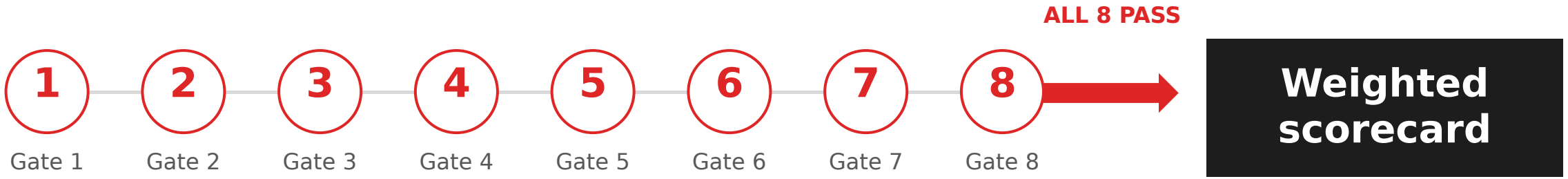
1. What transaction and payment model?
2. Does every mandatory stop gate pass?
3. How suitable is this structure?
4. What should Council authorise next?

WE OPENED THE PPP TOOLKIT.

STRANGELY, THE RESIDENCE DIDN'T BUILD ITSELF.

Eight mandatory gates before scoring

At each gate: what evidence do we have, and is it sufficient at this stage to justify moving forward?



THREE POSSIBLE OUTCOMES AT EACH GATE

Pass

Sufficient evidence to pass this gate.

Fail

Requirements unmet. Do not proceed.

Not Yet Demonstrated

Hold for futher evidence. This need not mean a bad project.

Non-compensable: strength in one gate cannot offset failure in another.

Strong demand cannot offset unaffordability. A good site cannot replace legal authority.

Gates 1–4: project foundations

1	**Defined need**	What service is required, for whom, and why?
2	**Authority and land**	Can the institution lawfully undertake this project here?
3	**Transaction and payment model**	What is the arrangement, who pays, and who bears demand risk?
4	**Credible demand**	What evidence supports demand, including downside scenarios?

Record the evidence, decision, responsible owner and action date.

Gates 5–8: delivery and accountability

5	**Preliminary affordability**	Can the institution and users sustain the full obligations?
6	**Measurable outputs**	Can service standards be monitored and enforced?
7	**Allocable material risk**	Can the proposed risk bearer control or absorb each risk?
8	**Institutional commitment**	Who sponsors the project and manages the long-term contract?

A high score cannot rescue a failed gate

Scoring suitability after every gate passes

Ten scoring criteria with provisional weights

	Criterion	Weight		Criterion	Weight
01	Strategic and service fit	**10%**	06	Preliminary affordability	**15%**
02	Scale and long-term suitability	**10%**	07	Risk-allocation potential	**10%**
03	Output measurability	**10%**	08	Market capability and competition	**5%**
04	Lifecycle integration benefit	**15%**	09	Institutional readiness	**10%**
05	Demand / revenue credibility	**10%**	10	Stakeholder and social acceptability	**5%**

Rating: 0–5 **Weighted points = (rating ÷ 5) × weight**

Record the evidence. Test sensitivity. Maximum total: 100.

The result guides the next action

These provisional bands apply only after all mandatory gates pass

75–100	**Investigate**	Formally investigate the structure and compare alternatives
60–74	**Close gaps**	Close readiness gaps and repeat the screen
40–59	**Explore alternatives**	Investigate an alternative delivery route
Below 40	**Stop**	Stop the proposed structure in its current form

A passing screen supports investigation, not approval of a PPP.

WORKED EXAMPLE · ILLUSTRATIVE SCREENING

2,000-bed student residence on university land

A defined PPP structure, eight passed gates and a transparent suitability calculation

1 DEFINE	**2 GATE**	**3 SCORE**	**4 DECIDE**
DBFOM + user-pay	All 8 mandatory tests pass	10 weighted criteria	Investigate alongside alternatives

PROJECT BASIS

2,000
beds

R1 billion
illustrative capital cost

25 years
contract term

R45,000
charge per bed per year

8 MANDATORY STOP GATES

Assumed supported by evidence for this example

1	Defined need	PASS
2	Authority and land	PASS
3	Transaction and payment model	PASS
4	Credible demand	PASS
5	Preliminary affordability	PASS
6	Measurable outputs	PASS
7	Allocable material risk	PASS
8	Institutional commitment	PASS

Private partner finances, designs, builds, operates and maintains. University retains the land.

SUITABILITY SCORE CALCULATION

Criterion	Weight	Rating /5	Calculation	Points
01 Strategic and service fit	10%	4	(4 ÷ 5) × 10	8
02 Scale and long-term suitability	10%	5	(5 ÷ 5) × 10	10
03 Output measurability	10%	4	(4 ÷ 5) × 10	8
04 Lifecycle integration benefit	15%	4	(4 ÷ 5) × 15	12
05 Demand / revenue credibility	10%	4	(4 ÷ 5) × 10	8
06 Preliminary affordability	15%	4	(4 ÷ 5) × 15	12
07 Risk-allocation potential	10%	4	(4 ÷ 5) × 10	8
08 Market capability and competition	5%	4	(4 ÷ 5) × 5	4
09 Institutional readiness	10%	5	(5 ÷ 5) × 10	10
10 Stakeholder and social acceptability	5%	4	(4 ÷ 5) × 5	4
TOTAL	**100%**			**84 / 100**

Weighted points = (rating ÷ 5) × weight

84/100 · INVESTIGATE
Council authorises formal feasibility and comparison of alternatives

Illustrative assumptions and ratings. Provisional weights. A passing screen supports investigation, not PPP approval.

An invitation to further develop the toolkit together

Together, let’s find the best route for your next project

Looking back at a project you’ve evaluated, which gate might have needed more attention?
What would make this toolkit more useful for your next project?

Please contribute your experience to its further development.

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