


PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN THE CONSTRUCTION
OF PUBLIC SCHOOLS IN SOUTH AFRICA : A CASE STUDY IN THE
GREATER SEKHUKHUNE DISTRICT MUNICIPALITY IN LIMPOPO

Selepe Emmoruel Masha

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TITLE OF THESIS

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SCHOOLS IN SOUTH AFRICA: A CASE STUDY IN THE GREATER SEKHUKHUNE DISTRICT
MUNICIPALITY IN LIMPOPO**

by

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Thesis submitted in fulfillment of the requirements for the degree

Master of Technology: Public Management

in the Faculty of Business

at the

CAPE PENINSULA UNIVERSITY OF TECHNOLOGY


Supervisor: Dr Rozenda Hendrickse

Cape Town

Date submitted (30 November 2011)

DECLARATION

I **Selepe Emmanuel Masha** declare that the contents of this thesis represent my own unaided work, and furthermore, that it does not necessarily represent the views of the Cape Peninsula University of Technology.


Signed _____

30/11/2011
Date _____

ABSTRACT

This study is focused on public-private partnership projects in the construction of public schools infrastructure in South Africa: A case study in the Greater Sekhukhune District Municipality (GSDM) in Limpopo. The primary objective of the study was to determine whether public-private partnerships (PPPs) can accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

The secondary objectives of the study were to forward a theoretical analysis on public-private partnerships, to forward an analysis on the legal framework of public-private partnerships in South Africa, to forward research methodology in the construction of public schools infrastructure in South Africa through public-private partnerships, to forward data presentation, analysis and interpretation of results on public-private partnerships in the construction of public schools infrastructure in South Africa and also to forward research findings, conclusion and recommendations on public-private partnerships in the construction of public schools infrastructure in South Africa. These research objectives are directly linked to the composition of chapters.

The study employed a multi-method approach of qualitative and quantitative research methods, as these research methods complement the weakness inherent in an individual method (Wood, Daly, Miller and Roper, 1998). Structured interviews were conducted with public sector employees at the levels of Director, Chief Director, Deputy Director-General and Director-General in selected National Government Departments and also with private sector employees at the level of manager in selected private sector institutions. Quantitative survey questionnaires were administered at the Limpopo Provincial Government Departments of Education and Treasury with special focus on employees at the levels of Director, Chief Director, Deputy Director-General and Director-General. Structured survey questionnaires were also administered at the Greater Sekhukhune District Municipality with special focus on members of selected organisations and structures in the communities.

Based on the results of data analysis and the observation made on the provision of public schools infrastructure through public-private partnerships in other countries, the study proposes recommendations to the Government of Limpopo, the Provincial Education Department and the Department of Basic Education, the National Treasury and the Department of Higher Education.

The findings of this study suggest that the Limpopo Provincial Education Department, the private sector business and the communities in the Greater Sekhukhune District Municipality will derive benefits from the construction of public schools infrastructure through public-private partnerships in the GSDM. Furthermore, the literature on PPPs reveals that public-private partnerships are rapidly growing means of procuring infrastructure assets and their associated services, signalling a fundamental shift in the relationship between the state and industry (Ahadzi and Bowles, 2004:967).

The study recommends that the National Treasury should draft a Bill on public-private partnerships for submission to Parliament after Cabinet has approved this Bill for submission to Parliament for further processing, that Parliament should conduct extensive public hearings and deliberations before passing and referring this Bill to the President for assent and signing into an Act of Parliament. This public-private partnerships Act should provide a national framework for the policies of Government Departments and institutions on public-private partnerships. The public-private partnerships (PPPs) Act is imperative to improve the acceleration of the roll-out of PPP projects in South Africa. Furthermore, the study recommends a clear policy on public-private partnerships in the basic education system in South Africa.

Future research is necessary to assess the impact of public-private partnerships in the construction of public schools infrastructure in South Africa.

The study was undertaken in support of the provision of the public school infrastructure in the GSDM following many assertions, including the assertion in the Annual Report of the Government of Limpopo Provincial Education Department (2008:34) for the period 2007-2008, which stated that "there is backlog in the provision of educational infrastructure in the Greater Sekhukhune District Municipality" and the assertion by the Minister of Basic Education, who said that the "provision of educational infrastructure for public schools remains a challenge and that schools in poorer areas remain under-resourced" (Budget Vote Speech, 2009). Given the findings and the recommendations forwarded by the study, it is expected that public-private partnerships in South Africa will be strengthened, and the pace of the provision of public schools infrastructure through public-private partnership projects in South Africa will be increased in the best interest of the Republic of South Africa in general and the communities of the Greater Sekhukhune District Municipality in particular.

Key words used in the study are “public schools”, “public-private partnerships” and “Greater Sekhukhune District Municipality”.

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- To all my relatives and friends for support, "motho ke motho ka batho".

DEDICATION

This is dedicated to the loving memory of my father Mr Lawrence Lokwana Masha. Lehumo, I will always cherish the memories of our time. I love you dad.

GLOSSARY

Terms/Acronyms/Abbreviations	Definition/Explanation
GSDM	Greater Sekhukhune District Municipality
HoD	Head of the Department
IDIP	Infrastructure Development Improvement Plan
IDP	Infrastructure Development Plan
MFMA	Local Government: Municipal Finance Management Act
MTBPS	Medium-Term Budget Policy Statement
MTEF	Medium-Term Expenditure Framework
NT	National Treasury
OBE	Outcomes-Based Education
OECD	Organisation for Economic Co-operation and Development
PFMA	Public Finance Management Act
PFI	Public Finance Initiative
PPP	Public-Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PSC	Public Sector Comparator
RFA	Request for approval
RFP	Request for Proposal
SAQA	South African Qualifications Authority
SASA	South African Schools Act
SGB	School Governing Body
TA	Treasury Approval
TA:I	Treasury Approval (I)
TA:II	Treasury Approval (II)

TA:III	Treasury Approval (III)
ToR	Terms of Reference
USA	United States of America
US	United States
UK	United Kingdom
UNESCO	United Nations Educational, Scientific and Cultural Organisation

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CHAPTER 1 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Educational infrastructure¹ is one of the key elements that create conducive conditions for learning and teaching in the education system. LaRocque (2008:6) states that “most Governments of the world, particularly those in developing countries, face significant educational challenges”. According to the United Nations, “about 115 million children are not in school and the bulk of these children live in Sub-Saharan Africa such as Lesotho, Mozambique, Malawi, South Africa, Zambia, Angola, Botswana, Madagascar and also in South Asia such as China (Progress Towards the Millennium Development Goals (2005) for 1999–2005). While progress has been made in South Africa towards meeting the Millennium Development Goals (MDGs) in Education, much remains to be achieved in Limpopo, a province in the northern part of the Republic of South Africa.

LaRocque (2008:6) notes that “lack of access to schooling is one of the major challenges to the provision of basic education and most Governments of the world have responded to this educational challenge by making greater use of private sector and public-private partnerships (PPPs) as a means of improving both the delivery and financing of basic education”.

Recently, there has been an expansion and broadening of the role of the private sector in the financing and the provision of education and according to LaRocque (2008:8) “a key trend has been the emergence of more sophisticated forms of private involvement in education through public-private partnerships (PPPs). PPPs require both the public sector and the private sector to work together in order to achieve important educational, social and economic objectives. They represent a move away from traditional model of the Government procurement for delivery of public goods and services”.

In all PPPs, the role of the public sector is essentially to define the scope of business, specify priorities, targets and outputs and set the performance regime by which the management of a PPP is given incentives to deliver. The essential role and responsibility of the private sector in all PPPs is to deliver business objectives of PPPs in terms of offering value for money for the public sector (LaRocque, 2008:8).

¹ In this study it refers to public school infrastructure such as classroom, staffroom, toilet, laboratory, library, school hall, sickbay and spot field.

This study seeks to ascertain whether public-private partnerships can accelerate the construction for public schools infrastructure in the Greater Sekhukhune District Municipality (GSDM) in Limpopo.

1.2 BACKGROUND TO THE STUDY

The democratically elected Government of the Republic of South Africa that took over after the 1994 general elections inherited a country with uneven provision of educational infrastructure. This Government made education one of its priorities and set specific goals, which include making education easily acceptable and accessible and also providing public schools infrastructure to the communities. In order to achieve this ambitious goal, Government committed itself to repealing and drafting education laws and ensuring adequate provision of resources to the Department of Education.

Section 29(1) of the Constitution of Republic of South Africa, 1996, states that “every one has the right to basic education, including adult basic education and to further education, which the state, through reasonable measures, must make progressively available and accessible”. This, read with section 12 of the South African Schools Act 84 of 1996, which says that “The Member of Executive Council² must provide schools for the education of learners out of funds appropriated for this purpose by the provincial legislature”, constituted a step forward by Government to attain its ambitious goal of making education easily accessible and acceptable.

The Government of South Africa is divided into national, provincial and local spheres of government (section 40 of the Constitution of the Republic of South Africa). Furthermore, Schedule 4 to our Constitution provides that “education at all levels, excluding tertiary education” is a functional area of concurrent national and provincial legislative competence. Therefore, both the national and the provincial spheres of Government should work together on education.

According to Motshega (2009) “the provision of educational infrastructure for public schools remains a challenge and schools in poorer areas remain under-resourced” (Minister of Basic Education, Budget Vote Speech, 2009). This is true with regard to the Greater Sekhukhune District Municipality, where the provision of public schools infrastructure in most communities is still insufficient, notwithstanding the fact that there have been significant achievements in education in South Africa since 1994.

² Section 132 of the Constitution of the Republic of South Africa, 1996.

In the Greater Sekhukhune District Municipality some learners:

- a) are taught under trees or in mud schools or temporary structures;
- b) walk or travel long distances to and from schools and arrive at school tired, while others are knocked down by cars as they have to cross busy main roads;
- c) are taught in overcrowded classrooms; and
- d) are divided into groups in order to share the same classrooms; for example, the first group starts in the early hours of the morning until mid-day and the second group from mid-day until late hours of the afternoon.

1.3 PROBLEM STATEMENT

According to Hicks and Turner (1999:3) "a careful statement of the problem goes a long way towards its solution". Furthermore, Kerlinger and Lee (2000:24) assert that "if one wants to solve a [research] problem, one must generally know what the problem is".

The average annual budget for infrastructure for the Limpopo Provincial Department of Education is about R500 million compared to the budget of the Department of Education, which is around R12 billion. The budget for infrastructure therefore constitutes about 4.5% of the total departmental budget. Backlog in terms of space and standards and conditions of educational infrastructure is over R8 billion, based on which the current average annual budget cannot meet the demand created by such backlogs. This is further complicated by high rate of inflation in the construction industry, which was about 40% in the last financial year (Limpopo Provincial Government Department of Education Annual Report (2008:34) for the period (2007/2008).

The province of Limpopo consists of six district municipalities, including the Greater Sekhukhune District Municipality (GSDM). According to the 2001 South Africa Statistics Census³, the population of the GSDM is approximately 967 197 with a growth rate of 1.2% per annum (GSDM Integrated Development Planning (IDP) (2009) for period (2005-2008)).

Roper (2009) has alluded that in the GSDM "127 large schools have between 100 and 300 excess learners, 4 large schools have more than 300 excess learners, 228 schools have between 40 and 70 learners per average in class, 27 public schools' buildings are in bad conditions and therefore not conducive for learning and teaching, 73 classrooms are in bad conditions and 46 schools' ablutions are inappropriate. 151 schools have between 40 and 70 learners per toilet and

³ Latest official Statistics

60 schools have more than 70 learners per toilet or no toilets. Construction of one school project of 24 classrooms in Burgersfort during 2008-2009 financial years was postponed due to the budget constraints”.

In the GSDM there are:

- approximately 370 952 learners;
- a total number of 809 primary and secondary schools⁴;
- a shortage of 2 000 public school classrooms (Limpopo Provincial Department of Education Annual Report (2008) for the period 2007-2008).

The core problem that this study seeks to resolve, revolves around the challenges of the Limpopo Provincial Education Department to deliver sufficient public schools infrastructure in the GSDM.

1.4 PURPOSE STATEMENT

To explore and describe perceptions and opinions of participants and respondents on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

The aim is:

- to accelerate the construction of public schools infrastructure; and
- to resolve the lack of public schools infrastructure

1.5 RESEARCH OBJECTIVE

This research work consists of primary and secondary objectives.

1.5.1 Primary objective

The primary objective is to determine whether public-private partnerships (PPPs) can accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

1.5.2 Secondary objectives

The secondary research objectives are as follows:

- a) To forward a theoretical analysis on public-private partnerships.

⁴ Refers to independent and public schools contemplated in the South African Schools Act 84 of 1996.

- b) To forward a theoretical analysis of the legal framework on public-private partnerships in South Africa.
- c) To forward research methodology for the case study on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality in Limpopo.
- d) To forward data presentation, analysis and interpretation of results for the case study on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality in Limpopo.
- e) To forward research findings, conclusion and recommendations for the case study on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality in Limpopo.

1.6 SIGNIFICANCE OF THE STUDY

This study demonstrates how public-private partnerships can be strengthened through the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

1.7 DELIMITATION

This study revolves around the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality in the province of Limpopo in the Republic of South Africa.

1.8 PRELIMINARY LITERATURE REVIEW

Mouly (1970:126) alluded that "review of the literature is an exciting task, calling for deep insight and clear perspective of the overall field. It is a crucial step which invariably minimises the risk of dead-end rejected topics, rejected studies, wasted effort, trial and error activity oriented towards approaches already discarded by previous investigators and even more importance, the erroneous findings based on faulty research designs. It promotes a greater understanding of the problem and it is a crucial aspect and also ensures the avoidance of unnecessary duplication. It provides comparative data on the basis of how to evaluate and interpret the significance of one's findings and in addition it also contributes to the scholarship of the investigator".

An in-depth literature review explored existing theories on public-private partnerships. The literature provided the researcher with a clearer idea of a range of research instruments used to

obtain data, while the body of knowledge available in the literature serves as a foundation on which to base the research. The literature review is provided in Chapter 2.

1.8.1 Related studies and debates on the literature

Fourie and Burger (2000:4) said that “the debate on PPPs is inescapably linked to the broader debate on the role of government in the economy and in society. Therefore, it is likely to be influenced (or dominated) by prior ideological positions favouring a larger or smaller role for the public sector. Especially in South Africa, where our often convoluted social-political history has been burdened by a rather unsophisticated contra-positioning of ‘capitalism versus socialism’, one should be extremely wary of ideological biases”.

The term “public-private partnership” (PPP) has over the last decade become hugely popular in the international discourse on public sector management, but it is used with high degree of imprecision. The popularity stems from the fact that the older major public sector reform slogan words “nationalisation” and “privatisation” both attracted strong supporters and strong opponents, created a great deal of political and economic controversy. The first led to the creation of huge public sector which was discredited, the second sought to replace the first by leading to the creation of a huge private sector which is also losing its attraction.

Then came the powerful suggestion that governments could take the best elements of both public and private sectors and put them together in “partnerships” that would not only have great value in discharging functions important for the development and ongoing operation of our states and communities but also take away the old political and economic controversies. The implication was that the world is moving towards a new utopia (Wettenhall, 2006:1).

1.9 RESEARCH METHODOLOGY

This study is based on a research undertaken in social world. It is of a theoretical nature, using qualitative and quantitative research methods as a multi-method approach. According to Wood, Daly, Miller and Roper (1998) “The multi-method approach is based on the combination of complementary empirical research methods. The intention is that the complementary nature of the research methods compensate for weaknesses inherent in individual methods. It is argued that the multi-methods approach potentially provides benefits in terms of more robust conclusions, investigation and increased understanding of research results”.

1.9.1 Qualitative research

Gay and Airasian (2003:163) state that “Qualitative research is interpretive and useful for describing and answering questions about participants and contexts. It explores complex research areas and is suited for exploration”. These attributes of qualitative research will be preserved by the researcher in this study.

Qualitative research in this study will encompass the following: case study design, identifying of target group, sampling, compiling interviews guide, pretesting of the interviews guide/schedule, conducting pilot test, conducting research study, presenting data, analysing and interpreting data results.

(a) Case study

Case study research has been found to be appropriate for studying specific phenomena in context. It is generally hailed for its strength in enabling an in-depth understanding of the complexities of a situation or processes, because of its “heuristic, inductive and descriptive nature” (Merriam, 1994:226-28, cited in Anderson, 2002:37). Furthermore, Eisenhardt (1998:534) states that “Case Studies typically combine data collection methods such as archives, interviews, questionnaires and observation. The evidence may be qualitative (e.g., words), quantitative (e.g., numbers) or both.

(b) Interviews

Cohen and Marion (1994:273) state that “an interview is a situation in which an interviewer asks each respondent a series of pre-established questions with a limited set of response categories, a script is followed in a standardised and straightforward manner, all respondents receive the same set of questions asked in the same order or sequence with no flexibility in questions. The aim is to capture precise data of a codable nature in order to represent such data within pre-established categories”. Structured interviews will be used for data collection in this study and according to Polit and Hunger (1995: 274-275) “A researcher using a structured approach always operates with a formal, written instrument, known as an interview schedule”.

(c) Target group

The target group for qualitative research will consist of 20 participants, which will comprise of public sector employees of the National Government Department of Basic Education, the National Treasury and the Department of Public Works and of private sector employees of the

Amalgamated Banks of South Africa (ABSA), Investec, First National Bank and the Nedbank Group.

(d) Sample

Polit and Hunger (1995: 278) defines sampling as “the process of selecting a portion of the population to represent the entire population”. Data collection will be based on non-probability sampling design and purposive sampling will be chosen to select the subjects. According to Saunders et al. (2003) “purposive sampling allows the researcher to make judgments in relation to the sample that will best answer the research questions. Denzin and Lincoln (2000:370) further said that “in non-probability sampling, researchers seek out individuals, groups and settings where specific process being studied are most likely to occur”.

The sample will consist of public sector employees at the levels of Director, Chief Director, Deputy Director-General and Director-General and private sector employees at the level of manager.

The sample size will consist of 10 participants from the public sector and 5 participants from the private sector.

(e) Pretesting and pilot testing

(i) Pretesting

The interviews guide will be pretested “to ensure effectiveness and clarity” (Alreck and Settle, 1995:35).

(ii) Pilot testing

Bless and Higson-Smith (2000:155) describes a pilot as “a small study conducted prior to a larger piece of research to determine whether the methodology, sampling, research instruments and analysis are adequately appropriate”. A pilot study will be conducted prior to the commencement of the research work in this study.

(f) Data analysis

According to Marshall and Rossman (1995:111) data analysis is a “process of bringing order, structure and meaning to the mass of data collected”.

In this study analysis of data and interpretation of results will start at the same time as the data-collection process and in accordance with guidelines and processes outlined in the literature. Data will be analysed manually and also subjected to content analysis.

1.9.3 Quantitative research

According to Mora (2010) quantitative research “collects data through surveys in different modalities, such as online, phone and paper”. The survey questions will be used to determine the number of respondents with regard to their perceptions and opinions on the construction of public schools infrastructure through public-private partnership in the Greater Sekhukhune District Municipality. “Surveys tend to include large samples of anything from 50 to any number of respondents” (DJS Research Ltd, 2010).

Quantitative research in this study will encompass survey questions, identification of the population, sampling, a questionnaire, pretesting of the research instrument, a pilot test of the study, the undertaking of the research study, data presentation, analysis and interpretation of results.

(a) Questionnaire

A questionnaire is defined as “a set of questions on a form that is completed by the respondent in respect of a research project” (New Dictionary for Social Work, 2004:51).

The questionnaire for this study will consist of two sections, namely Section A, which will cover the biographical data of respondents, and Section B, which will cover the survey questions. These survey questions will consist of a dichotomous choice of Yes and No.

Robson (2002) states that “Structured questions have a risk of being misunderstood or omitted by some respondents. Alternatively respondents might consistently give the same answer to the questions, thereby making the answering of the questions less arduous”. All answers will be analysed and scrutinised to ensure that all questions are properly responded to.

Questions will be asked as statements and respondents will rate the level of their agreement by ticking either “yes” or “no” in a box. The dichotomous choice was chosen because it simply presents a big amount which respondents either reject or accept (Loewen and Kulshreshtha 1995:8).

Structured questions will be designed in a manner that prevent any bias or unethical conduct by the researcher and respondents.

(b) Population

The population for quantitative research will consist of all employees in the Limpopo Provincial Education Department and the Limpopo Provincial Treasury Department and of members of the communities in the Greater Sekhukhune District Municipality in Limpopo.

(c) Sample

Purposive sampling will be used to select the sample of the population, because it is based on the judgement of the researcher. Furthermore, Strydom and Delport, cited in De Vos (2002:334), state that, in purposive sampling, "a particular case is chosen because it illustrates some feature or process that is of interest for a particular study". In this study, the sample of respondents will consist of public sector employees at the levels of the Director, Chief Director, Deputy Director-General and Director-General in the Limpopo Provincial Education Department and the Limpopo Treasury Department and of members of the communities in the Greater Sekhukhune District Municipality, with special focus on the members of school governing bodies, pressure groups, civil society organisations and leaders of political parties. This sample will consist of all elements of the population.

(d) Pretesting and pilot testing

(i) Pretesting

The questionnaire will be pretested. "The purpose of pre-testing is to identify problems with the data collection instrument and find possible solutions" (Office of the Auditor General of Canada, 1998:39).

(ii) Pilot testing

Haralambos and Holborn (1998:200) describe a pilot study as "a small-scale preliminary study conducted before the main research in order to check the feasibility or to improve the design of the research". Pilot testing will be conducted before the research work commences.

(e) Data analysis

According to Garner (1978:122) "to understand the results sometimes requires two separate processes. Firstly, to determine what the results are saying then and not before, so that we may search what they mean". With regard to the purpose of the analysis, Kavale (1996:177) states that it is "to uncover the meaning of the question, to make explicit its presuppositions and thereby

the implicit conceptions of what quality in research implies". The researcher will adhere to this principle of data analysis when analysing data. Data will be analysed manually.

1.10. ETHICAL CONSIDERATIONS

The researcher will respect the rights of participants and respondents, including the following:

- Self-determination;
- Privacy;
- Anonymity;
- Confidentiality; and
- Fair treatment and protection from harm and discomfort.

1.10.1. Self-determination

The right to self-determination is based on the respect of persons and means that people are capable of controlling their own destiny. They should be treated as autonomous agents that have freedom to conduct their lives as they choose without external controls (Burns & Grove 1999:158).

The researcher will preserve the right to self-determination in this study when exploring the perceptions and opinions of the participants and respondents and will also inform participants and respondents that participation is voluntary and require their consent and that they can choose to participate or not participate and also have the right to withdraw from the study at any time without penalty.

1.10.2 Privacy

Privacy refers to the freedom an individual has to determine general circumstances under which private information can be shared with or withheld from others (Burns & Groove 1999:158).

The privacy of participants and respondents will be protected by informing them about the study in advance, allowing them to choose a suitable place and time to share information and sign a consent form voluntarily before sharing private information. The researcher will also ensure participants and respondents that their private conduct or thoughts will not be misused to embarrass or humiliate them and that the researcher will only collect data which is absolutely necessary for the purpose of this study.

1.10.3 Anonymity and confidentiality

Confidentiality means that information provided by respondents will not be divulged or made available to any other person.

To ensure anonymity, participants and respondents will be requested not to provide their names; instead the researcher will number the questionnaires and the interviews tapes. The researcher will emphasise that all information provided will be treated as strictly confidential and that participants and respondents will be allowed to share personal information to the extent they so wish.

1.10.4 Fair treatment

The right to fair treatment is based on the ethical principle of justice. This principle requires that people should be treated fairly and receive what is owed or due to them. The researcher will ensure that participants and respondents are selected fairly during the study.

The selection of participants and respondents will not be based on a cultural, racial, social and sexual basis but on relevance to the study. The researcher will inform participants and respondents regarding their participation and the role of the researcher in the study. Participants and respondents will be treated with respect and fairly.

1.10.5 Protection from discomfort and harm

The right to protection from discomfort and harm is based on the ethical principle of beneficence. The principle of beneficence states that one should do good and above all do no harm (Burns & Grove 1999:165).

Discomfort and harm can be physical, emotional, economical, social or legal. The researcher will ensure that respondents and participants are not exposed to discomfort and harm.

1.10.6 Rights of the institution

The rights of institutions will be safeguarded by obtaining permission from the relevant authorities. The researcher will also ensure that:

- Officials and staff are not kept from doing their work during data collection.
- Confidentiality of data is maintained at all times.
- The research results are made available to the institutions.

- Information is made available to all stakeholders without disclosing their particulars.

1.11 RELIABILITY AND VALIDITY

It is important that the data collection instruments demonstrate both reliability and validity. Firstly, to ensure that the likelihood of learning something about the phenomenon being studied is improved, secondly to enhance the probability of significant results, and thirdly to increase the extent to which conclusions can be drawn from the data (Alreck & Settle, 1995; Babbie, 2001; Copper and Schlinder, 2001; Zikmund 2000).

1.12. CLARIFICATION OF CONCEPTS

This section seeks to clarify the basic terms and concepts used in the study.

Classroom: Refers to a room where teaching and learning activities take place and which is fitted with equipment such as whiteboards, tables and chairs, TVs, maps, LCD projectors, flipcharts monographs and charts.

Executive authority: Means the Cabinet Member responsible for a Government Department and/or public institution (Public Finance Management Act 1 of 1999).

Educational infrastructure: Refers to school classrooms, toilets, staffrooms, laboratories, libraries, halls, sickbays, sport fields, etc. in the basic education system.

School governing body: Means a governing body contemplated in section 16(1) (ii) of the South African Schools Act 84 of 1996.

Learner: Means any person receiving education or obliged to receive education in terms of the South African Schools Act 84 of 1996.

Public schools: In this study refers to a school which enrolls learners in one or more grades between grade zero and grade twelve (South African Schools Act 84 of 1996).

1.13. ORGANISATION OF CHAPTERS

Chapter 1: Forwards introduction and background of the research study, research problem, purpose of the research, objective of the research, significance of the study, delimitation, preliminary literature review, preliminary research methodology and presents organisation of chapters.

Chapter 2: Forwards conceptual analysis of public-private partnerships, historical background of public-private partnerships, analysis of public-private partnerships, types of

public-private partnerships, construction of public school infrastructure through public-private partnerships in Canada, United Kingdom, Australia, Egypt, Pakistan and the construction of prison infrastructure through PPPs in South Africa.

- Chapter 3:** Forwards analysis of the legal framework on public-private partnerships in South Africa.
- Chapter 4:** Forwards research methodology for the study on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.
- Chapter 5:** Forwards data presentation, data analysis and interpretation of data results for the case study on the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.
- Chapter 6:** Provides research findings, conclusion and recommendations for the case study on the construction of public school infrastructure through public-private partnership projects in the Greater Sekhukhune District Municipality.

The next section deals with literature review.

CHAPTER 2

THEORETICAL ANALYSIS OF PUBLIC-PRIVATE PARTNERSHIPS

2.1 INTRODCUTION

The literature on public-private partnership is both multidisciplinary and disparate. Within the standard neoclassical economics literature, public-private partnerships are the subject of traditional welfare analysis, typically evaluated according to the efficiency of their social welfare impact (Spielman and von Grebmer, 2004:9).

According to Fourie and Burger (2000:697) "Public-Private Partnerships (PPPs) are institutional and legal contractual partnerships arrangement between public and private sectors for delivery of goods or services to the public".

The main driver for the use of public-private partnerships (PPPs) is the perceived efficiency of the private sector, which includes:

- allocative efficiency (for example, the use of resources so as to maximise profit and utility);
- technical efficiency (for example, minimum inputs and maximum outputs);
- X-efficiency (for example, prevention of wasteful use of inputs) (Fourie and Burger, 2000:697).

The perceived efficiency that the private sector brings to a PPP agreement refers especially to technical and X-efficiency (Fourie and Burger, 2000:697). Hodge (2004:38) cites studies that indicate that government departments that have implemented PPPs in their projects have registered 10% and 20% in cost savings.

Gosling (2004:232) states that the "National Accounting Office of United Kingdom has indicated that 76% of Private Financial Initiate (PFI) deals were constructed on time, while in the case of projects completed under conventional procurement it is only 30% and figures of project constructed to budget are 78% and 72% respectively".

The next sections outline a brief historical background of public-private partnerships (PPPs) or P3, a theoretical analysis of public-private partnerships, the phases of public-private partnerships, public-private partnership agencies, the types of public-private partnerships, the construction of public schools infrastructure through public-private partnerships and the construction of prisons infrastructure through public-private partnerships.

2.2 BACKGROUND OF PUBLIC-PRIVATE PARTNERSHIPS

Hurst and Reeves (2004:379) postulate that “the 1990s have witnessed the emergence of public-private partnerships (PPPs) as a key tool of public policy across the world. PPPs took different forms and various models were adopted by various Governments of the world for purposes of investing in large-scale physical and social infrastructure and also related services such as roads, prisons, schools and hospitals”.

PPPs were introduced as a component of the microeconomic reform process that was undertaken in the United Kingdom, Australia and other developed economies throughout the 1990s (The Construction Forestry Mining & Energy Union, 2006:15).

Almeida and Smith (2004:6) state that “the best developed programmes of PPP are the United Kingdom’s Private Finance Initiative (PFI), which began in 1992. The PFI⁵ is currently responsible for about 14% of public investment, with project in most of the key infrastructure areas. Other countries with significant PPP programmes include Australia, and Ireland, while the USA has a considerable experience with leasing. Currently many countries of the European Union now have PPP projects, although their share in total public investments remains modest”.

According to Hurst and Reeves (2004:381) “PPP’s are the latest in a wave of changes brought by the neoliberal revolution in the 1980s. They share many of the characteristics of reforms such as privatisation, de-regulation, and quasi-markets”. Among these characteristics is the centrality of contracts”. Hurst and Reeves (2004:381), citing Deakin and Michie (1997:1), state that “if there is a single strand, which runs through these neoliberal reforms, it is the revival of contract as the foremost organising mechanism of economic activity”.

Almeida and Smith (2004:6) note that “by the late 90’s privatisation was losing much of its earlier momentum, yet concerns about infrastructure remained in many countries. At that time PPPs began to emerge significantly as a means of obtaining private sector capital and management expertise for infrastructure investment, both to carry on where privatisation had left off and as an alternative where there had been obstacles to privatisation. After a modest start, a wave of PPPs is now begging to sweep the world”.

⁵ UK PPP model whereby the public sector enters into contract with the private sector for the delivery of public goods and services on behalf of the public sector.

In South Africa, public-private partnerships can be traced as far back as April 1997 when Cabinet⁶ approved the appointment of an interdepartmental task team to develop policy, legislation and institutional reforms to enable the use of public-private partnerships to assist the state-owned enterprises⁷ in the acceleration of public infrastructure development and the provision of services (Department of Finance, 2000).

The PPP Regulations⁸ were published by the Department of Finance in April 2000 and followed by series of PPP Practice Notes issued by the National Treasury. These PPPs Practice Notes are issued together with Standardised PPP Provisions as a guide for national and provincial Government institutions. The Municipal PPPs were issued in 2005 in terms of the Local Government: Municipal Finance Management Act 56 of 2003 (Burger, 2006:6).

2.3 THEORETICAL ANALYSIS ON PUBLIC-PRIVATE PARTNERSHIPS

According to English (2006:251) "PPP arrangements are distinguished by long-term relationship between the state and private contractor for the construction, maintenance and operation of infrastructure assets and procurement of related services. In PPPs, the private contractor owns the infrastructure for the term of the contract and provides contracted services which are paid either directly by government or by consumers. Typically, the asset reverts to the state at the end of the agreement. PPPs provide Governments with the opportunity to bring on new stream of infrastructure projects earlier than might otherwise be possible, ostensibly without the associated ballooning of public debt. They also enable Governments to reap the benefits of VFM, derived from the use of private money to promote private risk taking and inventiveness".

Fourie and Burger (2000:4) state that "PPP provide an excellent means to break out of a simplistic market-versus-state mould, since it forces one to accept and implement a somewhat messy partnership between the state and the private sector". By definition a PPP approach is a pragmatic approach. A case for or against PPPs cannot not be settled once and for all by some "grand argument", nor can it be settled by contentions (or implicit assumptions) that more or less Government (or market) necessarily is better. The evaluation of PPPs will have to deal with the full economic complexity of the issue, liberated from ideological shackles, also including institutional and practical considerations (Fourie and Burger, 2000:5).

⁶ Section 91 of the Constitution of the Republic, 1996, states that, "The Cabinet consists of the President, as head of the Cabinet, a Deputy President and Ministers".

⁷ Listed in terms of the Public Finance Management Act 1 of 1999.

⁸ The PPP Regulations constitute Chapter 16 of Treasury Regulations issued in terms of section 76 of the Public Finance Management Act1 of 1999.

Part of the complexity of PPPs is derived from the fact that these institutional arrangements blur the distinction (or border) between Government and private sector. Standard concepts and measures of, for example, the public sector and obscured Government budget deficit, requiring rather clear-headed analysis (Fourie and Burger, 2000:5).

According to Ahadzi and Bowles (2004: 967) "public-private partnerships (PPPs) are rapidly growing means of procuring infrastructure assets and their associated services, signaling a fundamental shift in the relationship between the state and industry". Public-private partnerships (PPPs) involves a wide range of social and economic infrastructure projects. However, they have been mainly used to build and operate hospitals, schools, prisons, roads, bridges and tunnels, light rail networks, air traffic control systems, water and sanitation plants. PPPs can be attractive to both the Government and the private sector. For the government, private financing can support increased infrastructure investment without immediately adding to Government borrowing and debt, and can be a source of Government revenue. At the same time, better management in the private sector, and its capacity to innovate, can lead to increased efficiency; this in turn should translate into a combination of better quality and lower cost services. For the private sector, PPPs present business opportunities in areas from which it was in many cases previously excluded. (Almeida and Smith, 2004:5).

PPPs have two other important characteristics, namely:

- an emphasis on service provision, as well as on investment, by the private sector; and
- significant risk is transferred from the Government to the private sector (Almeida and Smith, 2004:7).

Other ways in which the role of Government in the economy has been reduced over the past 20 years, including privatisation, joint ventures, franchising and contracting out, share some or all of these characteristics of PPPs. However, in their typical form, PPPs are distinct from these in that they represent cooperation between the Government and the private sector to build new infrastructure assets and to provide related services. A typical PPP takes the form of a design-build-finance-operate (DBFO) scheme (Almeida and Smith, 2004:7).

Government in many cases is the main purchaser of services provided through PPPs. These services can be purchased either for the Government's own use, as an input to provide another service, or on behalf of final consumers for example, a prison, a school and a free-access road, which fall into these respective categories. Private operators also sell services directly to the public, as with a toll road or railway. Such an arrangement is often referred to as a concession,

and the private operator of a concession (the concessionaire) pays the Government a concession fee and/or a share of profits. Typically, the private operator owns the PPP asset while operating it under a Design-Built-Finance-Operate (DBFO) scheme, and the asset is transferred to the government at the end of the operating contract, usually for less than its true residual value (and often at zero or a small nominal cost (Almeida and Smith, 2004:8).

The private sector can raise financing for PPP investment in a variety of ways. Where services are sold to the public, the private sector can go to the market using the projected income stream from a concession (e.g., toll revenue) as collateral. Where the Government is the main purchaser of services, shadow tolls paid by the Government (i.e., payments related to the demand for services) or service payments by the Government under operating contracts (which are based on continuity of service supply, rather than on service demand) can be used for this purpose. The Government may also make a direct contribution to project costs. This can take the form of equity (where there is profit sharing), a loan or a subsidy (where social returns exceed private returns). The government can also guarantee private sector borrowing (Almeida and Smith, 2004:8-9).

Public-Private Partnership financing is frequently provided through Special Purpose Vehicles⁹ (SPVs). SPVs provide effective and efficient PPPs. They can also be a mechanism through which Government controls PPPs. Where this is the case, there is a risk that an SPV can be used to shift debt off the Government balance sheet (National Treasury PPP Unit Manual, 2004).

Harries (2008:20) notes that “most SPV consists of banks and financial institutions and that the banks assist Governments in the analysis, monitoring and control of cash flow for PPP projects”.

According to Harries (2008:20) “before agreeing to lend money to PPP projects, banks insist on an independent confirmation of all the technical, environment, economic and commercial studies on PPP project, and also expect frequent and regular reports on the projects’ progress, which include a review on financial ratios that is carried out on every three or six months to check on how well the project is doing. These analyses of cash flow of the project, enables banks to see how well they can cover their obligations to service and repay debt, as well as meeting the essential running cost of the project. If the project is not demonstrating the strength that is required in these ratios, then banks expect early action to restore the project to good health. This continues analysis of the financial ratios of PPP project by banks and financial Institutions is an important benefit for the public sector as the financing institutions will be as keen as it is to ensure the success of the projects”.

⁹ The SPV is typically a consortium of banks and other financial institutions, set up to combine and coordinate the use of their capital and expertise, National Treasury PPP Manual, 2004.

Fourie and Burger (2004:9) note that “various benefits are claimed to flow from the introduction of PPPs, which include efficiency gains from using the private sector, more flexibility, better management and better incentives behavior, better delivery of service for the same price, as well as more focus on output/outcomes, giving the private sector partner discretions and room for identifying and instituting optimal, cost effective ways to deliver those services”.

There can also be benefit from integrating the efficient design, building and operating of an asset, e.g. assets are designed and built to ensure cost-efficient running and maintenance. Additional benefit can flow more innovative and full-capacity use of assets, or from better project identification to ensure long-run viability. The proponents also claim better value for money, leading to better and more services for the same projects or savings which can be used for other services or investments. All this may contribute to higher economic growth due to the more efficient allocation and better use and management of resources. Political and economic benefits are said to flow from a reduction of incentives for inefficient decisions within the public sector of short-term interference by politicians (Fourie and Burger, 2004:9).

According to Almeida and Smith (2004) “the public sector should also ensure political commitment and good governance for PPPs to be successful. The private sector should know that politicians are also committed to private involvement as uncertainty can give rise to political risk which can pose a threat for making long-term business decisions. At the same time, potential private partners need to know that the Government is fair in its dealing with the private sector, and will meet the commitments it makes under PPPs. It is also important to establish clear channels of responsibility and accountability for Government involvement in PPPs, as widespread corruption in Government can be a serious obstacle for the success of PPPs, in the same way it has prevented the success of privatisation.

A decision on whether to undertake a project through traditional public investment or PPPs, should be based on amongst others things, value-for-money, affordability and risk transfers. It is particularly important to avoid a possible bias in favour of PPPs simply because they are off the Government’s balance sheet (Almeida and Smith, 2004).

2.3.1 Value for money

According to English (2006:254) “value for money (VFM) is generally defined as getting ‘the best possible outcome at the lowest possible price’. At its most theoretical level, VFM for Government arises from the optimal allocation of risk between the state and consortia. VFM is not wholly a

financial concept but can also include non-financial benefits such as innovation and timely construction”.

English (2006:254) states that “the most compelling source of VFM arises from the bundling of services. This bundling provides consortia with an incentive to deliver services, including the infrastructure asset, more efficiently than the state can do alone, because private money is at risk”.

A prerequisite for implementing a P3 is evidence that the project provides superior value for money to the “public-sector comparator”, by which is meant a public-sector alternative for delivering the same services or goods. This comparison should involve a whole-life analysis, in net present value terms of the cost and benefits of the proposed P3 and those of traditional procurement. If the partnership option does not demonstrate superior value for money, the traditional procurement should be used (Allan, 1999:3).

Hurst and Reeves (2004:384) argued that “the value for money (VFM) objective is central to the case of PPPs. However, much of the commentary on PPPs focuses on the measurement of VFM in the strict financial sense. This measurement is an exercise that is highly subjective and sensitive to assumptions with respect to cost and value”.

Value for money is defined in the South African National Treasury Regulation (2004:16) as “the provision of the institutional function or the use of state property by a private party in terms of the PPP agreement that results in a net benefit to the institution defined in terms of cost, price, quality, quantity, risk transfer or a combination thereof”. Therefore, value for money is a fundamental element of the feasibility study and must be done in consultation with the relevant treasury. The best value for money can only be ascertained later, when the cost of public provision is compared with the bids received by private parties. However, it is essential to assess, during the feasibility analysis, what it would (or does) cost a department to provide the function being considered for a PPP (National Treasury PPP Unit Manual, 2004:17).

According to English and Guthrie (2004:504) “VFM is achieved through utilising innovative capabilities and skills to deliver performance improvements and efficiency savings, and it is determined by the public-sector comparator (PSC) which estimates the cost of the most efficient form of public-sector delivery”.

The Public Sector Comparator (“PSC”) is the technical construct developed to test whether privately financed arrangements provide superior VFM to traditional bundled procurement methods (English and Guthrie, 2004:504).

The PSC calculates the net present cost of the hypothetical public provision of the infrastructure and the services. It is expressed as a single net present cost amount against which bids are compared and involves four elements:

- The raw PSC that determines the cost of the public procurement option, including estimated net capital and operating costs over project life.
- The costs of transferable risks that are often a key determinant of VFM and are frequently updated to allow for variations in risk allocations as negotiations proceed prior to contract signing.
- The financial and non-financial cost of risk retained by the Government, including that of performance failure.
- A competitive neutrality adjustment, essentially involving the application of the National Competition Policy in order to remove any net competitive advantage of the public option (such as non-tax status) relative to the private option (National Treasury PPP Unit Manual, 2004:19).

English (2006:255) states that “the Public Sector Comparator has been criticised on numerous grounds, including that it is sensitive to a number of assumptions necessary for its calculation and that the discount rate methodology is faulty because the real issue is uncertainty and not risk, which renders calculations problematic. Also, the length of contracts (sometimes up to 40 years) may render financial calculations and assumptions about costs, discount rates and risk allocation incomplete, resulting in inappropriate bases on which to draw conclusions about the viability of proceeding with the PPP option”.

Moreover, some argue that more emphasis needs to be given to non-financial elements in a longer-term evaluation. Others have also noted that the PSC may not take into account indirect Government costs, such as ongoing monitoring costs (English 2006:255).

Public sector comparator (PSC) is used as a benchmark for determining the hypothetical (or actual) cost for PPP projects in South Africa, hence value for money (National Treasury PPP Manual, 2004:19).

Since PSC is complex to construct, public sector institutions require external assistance to assess the relative costs and benefits of the project. The PSC is an analytical tool, which cannot provide conclusive answers, and it is useful only when:

- standard public sector rules and regulations have been followed to accurately calculate the comparator;
- sound and extensive cost accounting data have been used to ensure that all relevant costs are identified and measured, including all overhead costs, contingent costs and the net gain or loss in tax revenues (National Treasury PPP Manual, 2004:19).

According to Grimsey and Lewis (2005:254) “the assumption made when using a PSC to ascertain value for money, is that the capital funds needed for the up-front investment are available, therefore, the off balance sheet nature of PPPs project financing may lure public sector institutions to engage in PPP projects that they cannot not afford”.

Factors determining value for money vary from project to project and between sectors. Generally, however, PPPs generate value improvements in number of areas including:

- Reduced life cycle costs;
- Better allocation of risk;
- Faster implementation;
- Improved service quality; and
- Generation of additional revenue (European Commission, 2003).

Value for money (VFM) generation investigated with particular reference the:

- scope of the project including the balance between asset provision and service delivery;
- potential for cost effective risk transfer, particularly with respect to demand and residual value risk;
- scope for user charges, third party revenues and alternative asset usage that might reduce project costs (European Commission, 2003).

A value for money assessment comprises two key elements:

- Monetary comparison, which is a comparison of the cost of the preferred PPP tender, with the cost of traditional public sector procurement, expressed in terms of discounted cash flows over the life of the PPP contract (the Financial Comparator). Under certain circumstances other quantifiable measures may be used as the basis for a Financial Comparator; and

- Non-monetary comparison, which is a comparison of all the factors that are difficult to quantify in monetary terms, but their value to Government and the wider public is significant. Examples include speed of project delivery, quality of service, and security of supply (European Commission, 2003).

Value-for-money tests in South Africa are conducted as part of treasury approval (TAII) when actual private bids are submitted. However, an assessment of whether conventional public sector procurement or a PPP will provide value for money is conducted as part of treasury approval (TAI). The risk-adjusted PSC model provides the benchmark of value for money in relation to the PPP reference model (National Treasury PPP Unit Manual, 2004:17).

Tanaka, Tsutsumi, Ishida and Okamoto (2005:3913) state that “In order for the Government to achieve transparency in their decision making, the proposed VFM risk assessment approach should be open to the general public and not just for the public authorities”.

In some cases a proposed PPP project may provide value for money, but it may be unaffordable if the specifications are too high. Value for money is a necessary condition for PPP procurement, but not a sufficient one. If a project is unaffordable it undermines the public institution’s ability to deliver other services and it should not be pursued. Affordability is the driving constraint in all PPP projects (National Treasury PPP Unit Manual, 2004:17).

2.3.2 Affordability

According to Harries (2008:14) “All PPP project have to be affordable for the public sector. The test is whether the procuring public sector authority can afford the cost of the ongoing liability over the lifetime of the contract. If a project is judged not to be affordable then the scope of the project may have to be reduced”.

In South Africa, the Treasury Regulation (2004:16) defines affordability as “the financial commitments to be incurred by an institution in terms of the PPP agreement that can be met through funds–

- a) designated within the institution’s existing budget for the institutional function to which the agreement relates, and/or
- b) destined for the institution in accordance with the relevant treasury’s future budgetary projections for the institution”.

Affordability and value for money are equally important. If a project is unaffordable, it threatens Government's ability to deliver other public goods and services. Therefore, such project should not be pursued, even if it provides good value for money (Harries, 2008:14).

2.3.3 Risk transfer

Fourie, (2008: 563), citing Fayard (1999: 4-5), states that "risk analysis is actually a fundamental feature of any public-private partnerships and that countries should develop their own capacity to assess risk transfer in their PPPs".

Fourie and Burger (2000: 712), as well as Grimsey and Lewis (2005:347), argued that "the main driver of value for money and efficiency in all PPPs is the risk transfers and competition. Therefore, risk allocation should maximise value for money in PPPs".

Dixon, Pottinger and Jordan (2005:414) stated that "the transfer of risk in PFI¹⁰ is based on the premise that where the private sector is able to assume responsibility for delivering public infrastructure and services better, those responsibilities should be transferred from the public sector to the private sector. Risk transfer also has other additional benefits for the public sector, which include:

- Improved delivery of project with respect to time, cost and quality;
- Elimination of cover-specification;
- Improved maintenance of public infrastructure; and
- Better delivery of public service".

English (2006: 254) states that "risk transfer is a fundamental principle in PPPs. It is aimed at achieving the correct allocation of risk that the public sector partner is able to treat as off-balance sheet so that it does not score against public sector spending limits".

Risk transfer is the Government's key justification for PPPs because without substantial risk taking by the private sector they would not be worth undertaking. The importance of risk transfer is reflected in the evaluations of VFM that take place in the pre-contractual stage. Before a PPP scheme can be approved, it must be demonstrated that the deal will save money when compared to the publicly financed alternative (English 2006: 254).

¹⁰ Fitzgerald and Melvin (2002: 119), note that "PFI is a version of the range of PPPs to provide a share of UK public sector infrastructure".

The importance of risk transfer is reflected in evaluations of value for money. Before a PFI scheme can be approved there must be a demonstration that the deal will save money when compared with a publicly financed alternative. Evidence from hospital PFI schemes shows publicly financed schemes are cheaper until risk transfer is factored in, at which point PFI is cheaper. Without risk-taking by the private sector, for example to reduce the likelihood of the agency paying for construction cost increases, the use of private finance can bring no benefits to offset the higher cost of finance (Public risk for private gain, 2004: 5-6).

According to Quigging (2006:291) "the principle governing risk transfer is that risk should be allocated to whoever is best able to manage it at least cost, taking into account public interest considerations".

Almeida and Smith (2004:11) state that "PPPs involve a range of different risks which can be divided into five, somewhat overlapping, main categories:

- a) Construction Risk, which is related to design problems, building cost overruns, and project delays.
- b) Financial Risk, which is related to variability in interest rates, exchange rates, and other factors affecting financing costs.
- c) Performance Risk, which is related to the availability of an asset and the continuity and quality of service provision.
- d) Demand Risk, which is related to the ongoing need for services.
- e) Residual Value Risk, which is related to the future market price of an asset.

Akintoye (2008), in his presentation to the School for Natural and Built Environment, alluded to the following three classifications of PFI risk:

- a) Macro risks or ecology level, which include political, policy, economic, legal, social and industrial natural.
- b) Meso risks or project level, which include selection, finance, design, construction, technical and operation.
- c) Micro risks or relationships, which include public service vs private profit.

Almeida and Smith (2004:20-21) assert that "Government guarantees provided in connection with PPPs are a major source of fiscal risk. The risks incurred by the private sector in connection with

PPPs can be reduced or eliminated through explicit Government guarantees. Most commonly in connection with PPPs is the financing risk, which is reduced through loan guaranteed by the Government or where the private operator is paid by the Government on a cost-plus basis”.

According to Fourie and Burger (2004:14-15) “there is a close relationship between risk and efficiency because risk is the driver of efficiency. The drive of efficiency stems from the fear and risk that actual and expected profit will not coincide. Risk transfer is absent in a case where there is no possibility that the profit of the operator will deviate from what is expected. This occurs, for example, in contracts where the sales or rate of return is guaranteed by the Government”.

2.4 PHASES OF PUBLIC-PRIVATE PARTNERSHIP PROCESS

Ahadzi and Bowles (2004: 968) state that “the entire public-private partnership (PPPs) procurement process can be broken into four main stages, which are, the planning and feasibility phase, the bidding and negotiation phase, the construction phase, the operation phase or possibly the transfer and/or renegotiation phase.

The National Treasury PPP Manual (2004) contemplates the following six phases of PPP projects in South Africa: inception phase, feasibility study phase, procurement phase, development phase, delivery phase and exit phase. Synopsis of these phases is as follows:

2.4.1 Inception phase

During the inception phase, Government institutions must inform:

- the National Treasury PPP Unit of their intention to establish a public-private partnership project:
- register the project with the relevant treasury:
- appoints project officer and transaction advisor:
- inform the National Treasury PPP Unit about available expertise and the availability of capacity and skills within their institutions to create and manage a PPP.

2.4.2 Feasibility study phase

The feasibility study must demonstrate whether the PPP choice:

- is affordable;

- transfers appropriate technical, operational and financial risk to the private party;
and
- gives value for money.

The study clarifies the functions that the private party should perform and includes analysis of the needs that should be addressed. A public institution should ascertain a need for goods or a service they contemplate delivering. This is done prior to the decision on whether the conventional method or a PPP should be used to deliver the public goods or services (National Treasury PPP Manual, 2004).

The needs analysis trails a consideration of various options through which goods and services can be delivered. These options include a PPP and also the conventional procurement method. Affordability is also a key factor for consideration during the feasibility study phase. The public sector institution is also required to ascertain various options, which include project due diligence and value assessment.

The value assessment stage is followed by the determination of economic impact of the project and a draft procurement plan. The feasibility study should pass the three regulatory tests of affordability, value for money and risk transfer. Thereafter, it should be submitted to the National Treasury for treasury approval (TA:I). This Treasury Approval (TA:I) is needed before a Government institution can proceed to the procurement phase.

The feasibility study process encompasses the following stages:

- Needs analysis;
- Options analysis;
- Project due diligence;
- Value assessment;
- Economic ;
- Procurement plan;
- Feasibility study report for Treasury Approval I known as (TA:I); and
- Revisiting the feasibility study for Treasury Approval III known as (TA:III).

The second phase of the PPP project cycle concludes with (TA:I) (National Treasury PPP Manual, 2004).

2.4.3 Procurement phase

According to Harries (2008:14) "The PPP procurement process, like any commercial contract, works through a series of stages, which include the development of the business case, selection of bidders, short listing, negotiations, awarding of contract, closing of financial and then commencement".

During the procurement phase in South Africa, Government institutions are required to design a fair, equitable, transparent, competitive cost of effective procurement process and also prepare bids documents, which include a draft PPP agreement. Procurement takes a form of bidding process, which has the key elements of accountability, responsiveness and openness in the decision making process (National Treasury PPP Manual 2004).

Public institutions are also further required to pre-qualify parties, issue request of proposals for draft PPP agreement, receive bids, compare bids with feasibility study and each other, select the preferred bidder and prepare a value-for-money report.

Procurement documentation, including a draft contract should be sent to the National Treasury PPP Unit for Treasury Approval (IIA) known as (TA:IIA). When the approval is granted the public institution can continue with other 13 procurement process. Throughout the bidding process all bidders must have an equal chance. After the bidding process, public institutions should evaluate the bids. However, before a public institution can appoint the preferred bidder, it is required to submit a report to the National Treasury PPP Unit, which should demonstrate that in its evaluation of all the bids it has applied the criteria of affordability, value for money and substantial risk transfer and should also demonstrate how the preferred bidder fulfils these criteria (National Treasury PPP Manual, 2004).

This report should be submitted to the National Treasury PPP Unit for Treasury Approval (IIB) known as (TA:IIB). Competition in the bidding process forms a key element of this phase given its importance as a driver of value for money (National Treasury PPP Manual, 2004).

In the event that only one bidder emerges, the National Treasury PPP Unit will follow a second-best strategy where the bidder competes against the PSC to ensure value for money. After the Treasury Approval (TA:II) is granted the public institution can then finalise the details of the contract, draw up a management plan on how it will manage its part in the PPP and complete a due diligence on all the parties concerned to establish their competence and capacity to enter the agreement (National Treasury PPP Manual, 2004).

The National Treasury PPP Unit should issue (TA:III) before the contract can be signed, in which it approves that the contract meets the requirements of affordability, value for money and substantial risk transfer. This (TA:III) also includes the approval for capacity, mechanisms and procedures of the public institution to manage the contract successfully. When the contract is signed, there are no more requirements for the National Treasury PPP Unit to approve the contract, unless there are amendments or changes to it. That will require the National Treasury PPP Unit to consider the amendments or changes for approval. However, The National Treasury PPP Unit would still provide technical assistance where it is needed (National Treasury PPP Manual, 2004).

The duration to conclude PPP pre-contract agreements in South Africa is approximately 18 months (National Treasury PPP Manual, 2004).

The procurement process of PPP projects goes through the following distinct stages:

- pre-qualification;
- request for proposals;
- best and final offer, where appropriate;
- negotiations; and
- financial closure.

This process is different from a conventional tender process that has a single stage when an offer is made whereby an institution can accept or decline the offer (National Treasury PPP Manual, 2004).

2.4.4 Development phase

During the development phase, public sector institutions should:

- measure the outputs;
- monitor the processes;
- regulate the performance;
- liaise effectively; and
- settle disputes, if any (National Treasury PPP Manual, 2004).

2.4.5 Delivery phase

During the delivery phase, public sector institutions are required to publish a progress report in the form of an annual report (National Treasury PPP Manual, 2004).

2.4.6 Exit phase

During the exit phase all documentation of the PPP projects should be made available to the Auditor-General¹¹ for scrutiny (National Treasury PPP Manual, 2004).

The following subsection outlines public-private partnership agencies.

2.5 PUBLIC-PRIVATE PARTNERSHIP AGENCIES

Farrugia, Reynolds and Orr (2008:4) argued that “Public-Private Partnerships (PPPs) Agencies are a recent phenomenon, as a result, little is known about their origins, functions and global evaluation. These PPPs Agencies are critical to smooth the process of the public-private partnerships agreements and there is no specific comprehensive fiscal accounting and reporting standard for them”.

According to Harris (2008:18) “the PPP Unit or task force should have two aspects:

- A policy side (probably public sector employees), which can help sweep aside obstacles to provide finance in the existing administrative structures; and.
- a project side, consisting of private sector transistors with a mixture of the relevant skills such as lawyers, bankers, consultants, project managers, property specialists and information technology specialists.

Harris (2008:18) also noted that “it is important that the PPP Unit has responsibility for the entire PPP programme and should have some form of prioritisation role, including a veto. This is why

¹¹ The Public Audit Act 25 of 2004, defines the Auditor-General as an institution, contemplated in section 181(1)(e) of the Constitution, and as an individual appointed as Auditor-General or acting as such.

setting up the PPP Unit in the Finance Ministry makes sense. Experience has shown that setting up the Unit in another Ministry can lead to commissioning Ministries ignoring the Unit and developing their own procedures and projects. It is important for central government to ensure that subordinate Regional and Municipal Governments do not run ahead devising their own process that may run counter to the central policy, as this will discourage investors”.

According to Burger (2006:5) “a dedicated PPP Unit is the ideal instruments to monitor and judge the affordability of a project and acts as a regulatory body within Government. The Unit has authority to judge and approve the ability of individual departments to afford the PPP agreement. Such approval will then constitute a precondition for the final conclusion of the PPP agreement”.

The PPP Unit in South Africa does not have powers to bestow Treasury Approval in relation to PPP projects, such powers are vested in the National Treasury Director-General. However, certain powers can be delegated to the Head of the PPP Unit. The head of PPP Unit can, for example, approve certain projects in consultation with his/her counterpart in the project initiating public sector institution (Harris 2008:18-19).

Burger (2006:6) noted that “A dedicated PPP Unit serves as a centre of expertise and also increases the confidence of potential private sector partners”.

The National Treasury PPP Manual (2004) contemplates the following vision, mission and values of the PPP Unit in South Africa:

a) Vision

Facilitating and enhancing quality public service delivery by being a catalyst for efficient, effective and value-for-money best practice solutions.

b) Mission

To enable the National Treasury and Provincial Treasuries to effectively regulate PPPs;

To evolve as a dynamic and sustainable center of excellence for PPPs;

To drive the flow of PPP deals by identifying project opportunities that yield value for all stakeholders;

To provide technical assistance to public institutions through project feasibility, procurement and management;

To promote an enabling environment for PPPs by:

- facilitating certainty in the regulatory framework;
- developing best practice guidelines;
- providing training;
- disseminating reliable information; and
- driving black economic empowerment in PPPs.

c) Values

- Fairness;
- Empowerment;
- Professionalism;
- Integrity; and
- Passion (National Treasury PPP Manual 2004).

2.6 TYPES OF PUBLIC-PRIVATE PARTNERSHIPS

Moskalyk (2008:13), citing Boase (2000:78-79), states that “public-private partnerships can be classified according to their possible power-sharing and decision-making arrangements as follows:

- a) Formalised consultative arrangements, where Governments simply seek out expert advice and input from private sector or community groups,
- b) Contributory partnerships, where the public sector provides funding or sponsors to an organisation (private or non-profit) responsible for carrying out the development and management of the project,
- c) Community development arrangements, where both the public and private sectors jointly contribute and work together to achieve a common goal,
- d) Collaborative partnership, where the private and public sectors agree to share the risks and rewards of the project and the responsibility of decision-making, albeit not always equal”.

Moskalyk (2008:13) states that “under these afore-mentioned arrangements, there is also a spectrum of organisational models under which PPPs are implemented. Under every PPP model,

the private sector partner usually becomes the long-term provider of a service, rather than just simply the up-front asset builders”.

According to Moskalyk (2008: 13) “The private sector partner is usually responsible not only for the construction of an asset, but also for its long-term operation and maintenance, and possibly the financing of the asset. When entering into a partnership with a private sector partner, a wide range of contractual forms may be adopted by the public sector, ranging from minimal private sector involvement to minimal public sector involvement”.

There are varying degrees of contractual obligations identified in the PPP literature under which PPPs can be implemented. These degrees include the following spectrum of organisational models:

a) Design and Build (DB)

Under this type of contract, the private sector is contracted to design and build an asset, which, on completion of construction, is handed over to the contracting authorities, who maintain and operate the asset. This type of contract is generally not considered to be a PPP since all the operational, maintenance and even construction risks associated with the project ultimately lies with the public sector, in that if anything goes wrong, responsibility rests with the public contractor (Moskalyk, 2008: 13).

b) Design, Build and Operate (DBO)

Under this type of contract the private sector not only builds and operates the asset, but is responsible for its maintenance and operation for an agreed period. In this case, the private sector partner agrees to provide a service, and typically bears the additional risks associated with providing that service. Since the private party is involved over a longer timeframe than in the (Design and Build) contract and has more contractual obligations, there is an incentive for the private party to adopt a “whole-life costing” approach. Operational factors are thereby taken into account in the design and building phase and the overall efficiency of the project is increased. In more traditional procurement mechanisms the design and building phases are separate to the operational and maintenance phases and are usually assigned to different parties.

This separation, however, can result in inefficiencies in the form of higher operational and maintenance costs, since the design and building parties have no incentive to take into account operational issues (Moskalyk, 2008: 13).

c) Design, Build, Operate and Finance (DBOF) / Concessions

This form of contract is similar to the DBO contract but takes the private sector a step further since it finances the project from its own resources. In a DBOF contract, the private sector partner generally recovers the cost of the investment from regular payments by the public sector party over the operational period. In the case of a concession, the private sector party recovers some or all of the cost of their investment from direct user charges. However, the majority of “real” PPP contracts are usually DBOFs or Concessions (Moskalyk, 2008: 13).

d) Service Contract

This type of PPP entails that fee payment by public institutions for services rendered takes place over a period of 1–3 years. The nature of the performance contractor is definitive and the type of service is often technical; examples of PPPs service contract include facility repairs and maintenance and laundry (Sally, 2004:80).

e) Management contract

This type of PPP entails that fee payment by public institutions for services rendered takes place over a period of 3–8 years. It also has a performance-based incentive and the management and operation of a public sector service; examples of this type of PPPs include regional water supply management (Sally, 2004:80).

f) Design, Build and Operate (DBO)

This type of PPP, also known as design-build-operate (DBO), is effectively a design, construction and maintenance PPP contract. The private sector not only builds and operates the infrastructure, but is also responsible for maintenance and operation of the infrastructure for the entire concession period, and only transferred to the public institution at the end of the term, often at no cost (Sally, 2004:81).

In this type of PPP, the private sector partner provides a service and also bears the risks associated with providing the service. Since the private party is involved in the project for a longer period, there is an incentive for the private party to adopt a “whole-life costing”¹² (Sally, 2004:81).

¹² In this approach, the same private partner is responsible for design, construction, operation and maintenance of the infrastructure or service.

g) Operate & Maintain (O&M)

In this type of PPP, the private partner is responsible for the management of an existing public infrastructure for a specified period, maintenance of the infrastructure to a specified condition, providing services to the ultimate consumers, and also ensuring that management practices are effective and efficient (The Construction Forestry Mining and Energy Union, 2007:16).

h) Build, Own, Operate and Transfer (BOOT)

In the build–own–operate–transfer type of PPP, the private sector is the service provider and is responsible for the design, construction, finance, operations, maintenance and commercial risks associated with the project, as well as for the infrastructure throughout the concession period, and the transfer of the ownership, operation, commercial risks and maintenance of the infrastructure back to the public sector at the end of the term, often at no cost (The Construction Forestry Mining and Energy Union, 2007:16).

The build-own-operate-transfer type of PPP usually has a life span of 15–25 years. In most cases the public sector pays the service provider on a unit basis of construction and operation for specified standards and outputs. The BOOT PPPs are used to provide services, buildings, construction and maintenance for regional schools, prisons or hospitals (Scally 2004:81).

i) Build, Own and Operate (BOO)

The build-own-operate type of PPP is similar to BOOT PPPs; however, in the case of build-own-operate (BOO), the service provider retains ownership of the infrastructure and the public sector partner only agrees to purchase the services produced for a fixed length of time (The Construction Forestry Mining and Energy Union, 2007:16).

j) Lease, Own and Operate (LOO)

The lease-own-operate type of PPP is similar to BOO PPPs; however, in the case of lease-own-operate PPPs, an existing infrastructure is leased from the government for a specified time. The facility may require refurbishment or expansion, but no “new build” assets are necessary (The Construction Forestry Mining and Energy Union, 2007:17).

The life span of LOO PPPs is 8–15 years. In this type of PPP, all revenue, fees or charges from consumers obtained through the provision of services are paid by the service

provider to the public sector partner as rent for the facility (The Construction Forestry Mining and Energy Union, 2007:17).

k) Alliance

In the case of this type of PPP there is an agreement between the private sector partner and the public sector partner to share the pain and/or the gain associated with the project. The parties agree to a benchmark price, time and service standard and any benefits (or costs) achieved are shared between the parties according to a pre-agreed formula (The Construction Forestry Mining and Energy Union, 2007:17).

There are different types of arrangements which show the flexibility of PPPs (i.e. that virtually any ownership or risk transfer structure can be designed depending upon the particular circumstances of the projects and the needs of the relevant public institution). The threshold question of whether or not a PPP is appropriate for a particular project is a different matter (The Construction Forestry Mining & Energy Union, 2007:17).

2.7 CONSTRUCTION OF PUBLIC SCHOOLS INFRASTRUCTURE THROUGH PUBLIC-PRIVATE PARTNERSHIPS

According to LaRocque (2008:28) "PPPs are an increasingly common form of procurement for large infrastructure projects in the education sector. Infrastructure PPPs can be structured in a variety of ways. Under the most common type of PPP arrangement such as Build-Operate-Transfer (BOT), a private operator is granted a franchise (concession) to finance, build and operate an educational facility such as a public school, university building or hostel. The Government, in effect, leases the facility from the private sector for a specified period, after which the facility is transferred to the Government".

While arrangements differ widely, infrastructural PPPs have a number of characteristics in common, which include the following:

- a) Private sector partners invest in school infrastructure and provide related non-core services (e.g. building and maintenance);
- b) The Government retains responsibility for the delivery of core services such as teaching;
- c) Arrangements between the Government and its private sector partner are governed by long-term contracts, usually 25-30 years. Contracts specify services the private sector partner has to deliver and the standards that must be met;

- d) Services contracts are often bundled, with the private sector taking on several functions such as design, building, maintenance and employment of non-core staff; and
- e) Payments under the contract are contingent upon the private operator delivering services to agreed performance standards (LaRocque, 2008:28).

Infrastructure PPPs differ from traditional procurement methods in several ways. Firstly, the private sector provides the capital required to finance the project. Secondly, the Government specifies the contract in terms of “outputs” or service level requirements, rather than in terms of “inputs”. Thirdly, the newly constructed facility is not turned over to the Government upon completion. However, it is operated by the private sector partner until the end of the contract period (LaRocque, 2008:28).

There is a wide range of PPPs associated with basic education. These PPPs are found in many forms and cover a wide range of activities.

The following section provides a synopsis of the construction of public schools infrastructure through public-private partnerships in Canada, Australia, United Kingdom, Egypt and Pakistan as practical examples of the success of public-private partnerships in the construction of public schools infrastructure.

2.7.1 Canada

According to Ronald (1999:4) “in 1997 Canada’s province of Nova Scotia implemented one of the most ambitious programs to use public-private partnerships to facilitate the construction of new schools. By the end of 1998, as many as 41 new schools were either completed or approved for construction through Public-Private Partnership programme” (or P3 as it is known officially).

However, LaRocque (2008:30) notes that “the Province of Nova Scotia, Canada pursued the P3 model because its financial situation was such that it could not afford to build the large number of schools required, especially given its desire to outfit them with ‘state of the art technology’”.

According to Ronald (1999:4) “the acceleration in the construction of new schools is as a result of number of factors, including drawing the resources and talents of the private sector. The PPPs brought a new way to enhance the acceleration of public service delivery while making as little impact as possible on the limited budgetary resources of Nova Scotia”.

Under the P3 model, schools were designed, built, financed and maintained by the private sector”. Contracts were allocated on the basis of a competitive bidding process. The P3 schools were leased by the Government for a period of 20 years. Most of these contracts expire between

2017 and 2020. Incentives were built into contracts to ensure quality construction and maintenance. Approximately 14 per cent of the square footage in the province's schools is found in P3 schools (LaRoucque, 2008:30).

According to Ronald (1999:5) "schools delivered through public-private partnerships are flexible. Under the P3 program, Nova Scotia's Ministry of Finance requested bids from qualified developers to provide one or several schools facilities to be built by the Ministry's specifications in a designated district. Completed projects were provided on a 'turnkey' basis and the developer furnished the desks, telephones, blackboards and computers while the schools system provides teachers, principals and students".

The prospective qualified bidders competed on price, and the cost of the project was converted into 20-year lease with annual rent payment equal to 85 per cent of the capitalised cost of the project. In effect, the schools system uses the building for less than the cost to build and finance it, while the developer begins the lease at 15 per cent project completion (Ronald, 1999:5).

In order for the developer to make up the difference in cost and earn a profit on its investment, the contract was structured so that the schools system leases the building for specific hours, such as from 8:30 a.m. to 3:30 p.m. from Monday through Friday, from September through June, as well as selected off-hours period. During the hours and days in which the public schools system is not using the facility, the developer can rent its space to other approved and compatible organisation and businesses (Ronald, 1999:5-6).

In any case, Nova Scotia's P3 programme allows the school system to shift a number of important technological and demographic risks to the developer/owner and at same time enhances its own flexibility and educational choices at a lower cost than would be the case if the construction, financing and ownership were entirely within the public domain (Ronald, 1999:6).

Ronald (1999) notes that "as in any programme that differs significantly from the old, the first few schools built under the P3 programme experienced some start-up problems, which, in turn, were reviewed by the province's Auditor-General (AG) in a report to the Government. The AG did a comprehensive study of the first completed P3 schools and raised a number of concerns about whether the long-term lease arrangement violated provincial budget rules and whether the purported cost savings were significant enough to justify the programme".

LaRocque (2008:30-31) notes that "in June 2007, the Government of Alberta announced the P3 New Schools Project. Initially, the project involved 14 schools, but this was increased to 32 in January 2008. Under this project, a private-sector partner was responsible for the design,

construction, finance and maintenance of schools for 30 years. The Government makes regular payments to the partner for 30 years, once the schools open. Risks such as construction cost inflation and weather-related delays were assumed by the private contractor. The contractor can also be penalised for late delivery. In these PPPs, the Government is guaranteed a fixed price and delivery date and also receives a 30-year warranty on the schools”.

2.7.2 Australia

LaRocque (2008:29) notes that “the New Schools Project in the Australian state of New South Wales consists of two main components. First, the private sector financed, designed and constructed nine new public schools in the state between 2002 and 2005. These new schools were built to the standards that met or exceeded the Department of Education and Training (DET) school design standards. Second, the private sector will provide cleaning, maintenance, repair, security, safety, utility and related services for the buildings, furniture, fittings, equipment and grounds of these schools until 31 December 2032. In return, the private sector will receive performance-related monthly payments from the DET during the operational phase of the project. At the end of the contract period, the buildings will be transferred to the public sector”.

The New Schools Project in New South Wales was part of a broader move toward PPPs in Australia, as PPPs have been used by various Governments to procure infrastructure across a range of sectors.

LaRocque (2009:29) notes that “in South Australia the New Schools’ Public Private Partnership Project was in its early stages in 2008. Under the programme, the private sector financed, designed and constructed six public schools, accommodating some 4,000 students. The private sector also provided cleaning, maintenance, repair, security and other services under long-term contracts with the State. The Queensland state Government announced plans to build seven schools under PPPs in 2008. Private operators were to be responsible for the construction and maintenance of these schools over a 30-year contract, albeit education services to continue be provided by the government”.

2.7.3 United Kingdom (UK)

According to LaRocque (2008:28) Private Finance Initiatives (PFIs) in the education sector were used extensively in the United Kingdom. The PFI programme was introduced under the Conservative Government in 1992, and was strongly supported by the Labour Party when it took office in 1997. The Government uses PFIs only where it is appropriate and where it expects them to deliver value for money.

Ronald (1999:7) states that "Beginning in 1997, the United Kingdom's Department for Education and Employment began to select a number of proposals of public-private partnerships for schools submitted by Local Education Authorities (LEA) in England and Wales for its financial support. This programme was implemented as a comprehensive national wide pilot project to demonstrate the feasibility of alternative partnerships for schools facility improvements.

In order to encourage the development and submission of public-private partnership proposals from LEAs, the Department for Education and Employment in England offered approved projects with a series of financial incentives to facilitate the implementation and believed that a programme designed to test a variety of different techniques will be more accurate in determining what works best, and that the lessons learnt from these experiments will help to guide the development of a more ambitious and comprehensive programme in the future (Ronald, 1999:2).

To encourage the submission of additional innovative school construction and renovation projects, the Department for Education and Employment provides the local education authorities (LEAs) with the financial support to develop their proposals (Ronald, 1999:8).

Under PFI, construction and refurbishment of schools are funded and implemented by private companies, after which they were leased back to the public authority (local education authority) usually for 25 years. These companies maintain the schools and draw profits from the lease arrangements. Proponents of PFI contend that it is a better approach than securing a substantial injection of public funds over a short term, a course of action that will require higher taxes. They also draw attention to the benefit that principals are not required to manage the facilities under these arrangements, thus allowing them to focus on educational leadership (Ronald, 1999:8).

The largest PFI is in Scotland where all 29 secondary schools in Glasgow are either new or have been radically modernised. The chief drawback to the PFI is the signing of contracts for 25 years in situations where subsequent demographic changes mean that the schools ought to be closed. It is argued that some non-PFI schools may be closed to save education authorities from massive penalties if this happens. There have also been instances where the design of facilities by private providers has not met the requirements of good pedagogical practice. The number of adverse cases appears small compared to the large number of contracts and schools that have gained immediate benefit (Ronald, 1999:6).

Under a PFI programme, a capital project, such as a school, hospital or housing estate is designed, built, financed and managed by a private sector consortium, under a contract that typically lasts for 30 years. Contracts can be structured differently. Under the design-build-

finance-operate (DBFO) model, a private sector partner (usually a consortium of companies) takes on the provision and long-term operation of a facility in line with the specification of the local authority and school or schools. The private consortium is paid regularly from public money, based on its performance throughout the contract period. If the consortium misses performance targets, its payment is reduced. At the end of the contract period, the school is returned to the Government (LaRocque, 2008:28).

PFI uptake in the education sector was slow in the early years, but grew considerably following the introduction of a number of programme improvements since the late 1990s. As at October 2007, the Department for Children, Schools and Families (DCSF) had signed 115 PFI deals, with a value of approximately £4.8 billion. In addition, the Scottish and Welsh Governments had signed more than 20 education related PFI deals. The DCSF projects alone represented around 19 per cent of signed PFI projects and 8.5 per cent of the value of PFI projects. Among the largest education PFIs have been the South Lanarkshire and Glasgow Schools Projects in Scotland (£394 million and £206 million respectively) and the Northamptonshire Schools Project (£191 million) in England. Two UK studies found that PFI projects were more likely to be delivered on time and within budget than traditionally procured projects (LaRoque, 2008:28).

2.7.4 Egypt

LaRocque (2008:29) states that “the Government of Egypt, in the education sector under PPPs, provides land, while the private sector partners design, construct, finance and furnish public schools and provide non-educational services under long term agreements. The initiative began in late 2006 and involved 300 schools in 23 Egyptian Governorates. The private sector’s positive response to the initiative led to its expansion in 2007. Therefore, 2,210 primary and secondary schools were covered in 2008, valued at some LE11Billion. The first trenches of 345 schools in 18 Governorates were tendered in 2008”.

2.7.5 Pakistan

LaRocque (2008:31) notes that “in Pakistan under-used and dilapidated Government school buildings were leased to the private sector. Under such arrangements, the private sector is given the right to operate a school in the afternoon shift, when the school building is closed. In exchange, the private operator must upgrade the building, pay the utility costs of both schools, contribute to the operating costs of both schools and pay 10 per cent of any profits to the public school council. The Government imposes a fee maximum of Rs200 per student per month at the primary level and Rs300 at the secondary level”.

2.8 CONSTRUCTION OF PRISONS INFRASTRUCTURE IN SOUTH AFRICA THROUGH PUBLIC-PRIVATE PARTNERSHIPS

The first two prisons in South Africa provided through public-private partnerships were built in Bloemfontein/Mangaung in the Free State and Louis-Trichardt/Makhado in Limpopo. The procurement processes for these two prisons were initiated in 1997, led by the Department of Public Works (DPW), Asset Procurement and Operating Partnership (APOPS) and the Department of Correction Services (DCS) (Department of Correction Service, 2008).

The contracts were concluded in March 2000 for the prison in Bloemfontein and in August 2000 for the prison in Louis Trichardt/Makhado. Both prisons were constructed in less than 18 months. The prison in Bloemfontein/Mangaung was fully operational by July 2001 and the one in Louis Trichardt/Makhado was fully operational by March 2002 (Department of Correctional Services, 2008).

These PPP prisons projects were planned and procured prior to the establishment of the Treasury Regulations on PPPs. Therefore the strict PPP legal criteria currently in place in South Africa for ensuring affordability, value-for-money and substantial risk transfer to the private sector partner were not in force at the time when these PPP prisons were planned and procured (Department of Correctional Services, 2008).

The two PPP prisons projects provided value in relation to the construction and the operations costs, empowerment benefits, as well as the delivery of secure facilities, quality services and rehabilitation. The contracts optimally transfer financial, technical and operational risk to the private parties (Department of Correctional Services, 2008).

The project structures of the two PPP prisons followed the traditional structures of project finance deals. The two deals had high effective interest rates applicable to the loan facilities. The returns on equities of both projects were above the normal range and together with high costs of debt gave very high weighted costs of capital. One of the reasons for this high capital cost was the unfamiliarity of the new territory of PPP procurement in South Africa. As the market for PPP project finance was still in its infancy, higher returns were required as these projects were perceived to be high risk investment. However, with the PPP market maturing in South Africa, it is expected that the required returns on equity for future projects would be lower (Department of Correctional Services, 2008).

An illustrative comparison between public and private prisons demonstrated that the ultimate capital expenditure or construction cost of a Government procured prison is significantly higher

than the original estimate, indicating the cost of construction risk that is transferred to the private party in a PPPs deal as the reason for lower cost in PPPs procured prisons. On an operational cost basis, the rate per prisoner per day for public prisons is between the costs at the two private prisons based on actual inmates but is significantly higher when the impact of overcrowding is removed (Department of Correctional Services, 2008).

The Department of Correctional Services made a comparison between PPP built prisons and public built prisons. The results clearly demonstrated that the PPP built prisons were built more cost effectively than the public built prisons. The public built prison used for comparison were the Kokstad prison and Malmesbury prison and the comparison showed disparities between the budgeted costs and the final costs in the public built prisons. The PPP built prisons contractors were bound to their initial price, their costs were less and they also completed the construction in only 18 months and the public built prison incurred substantial cost overruns and was completed in 48 months (Department of Correctional Services, 2008).

2.9 CHAPTER SUMMARY

The concept of public-private partnership as a Government policy to ensure continued provision of public goods and services in the midst of shortfall in Government revenue is still evolving. Its broad scope makes it easier for partners to choose a form or type of partnership that is suitable for them.

The public sector should ensure that the project provides value for money, is affordable and transfers substantial risk to the private partner before concluding a public-private partnership contract.

The phases of public-private partnerships should be followed in sequence and to the letter and the spirit to ensure successful execution of the public-private partnerships.

The public-private partnership agencies straddle the process and procedure of public-private partnership deals. An agency consists of a mixture of role-players such as legal, banking, financing and property experts. Authors such as Burger (2006), Harries (2008), and Farrugia, Reynods and Orr (2008) all advocate the location of public-private partnership agencies to be in the Ministry of Finance.

The next chapter presents legal framework on public-private partnerships in South Africa.

CHAPTER 3

LEGAL FRAMEWORK ON PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA

3.1 INTRODUCTION

According to Pongisiri (2002:489) “under the presumption of market incentives, public-private partnerships seem to be more appropriate than hierarchical command relationships or adversarial regulatory process and that successful implementation of public-private partnership depends to a large extent on the development of sound legal procedures, agreements and contract that clearly define the relationship between government agencies and private firms”.

Furthermore, Pongisiri (2002:489) states that “without thoughtful and professional legal frameworks contracts, disputes are likely to occur and that projects can and will be delayed or terminated”. Pongisiri (2002:489), citing Kuttener (1997), alluded that “the function of the legal framework is to reduce opportunistic tendencies and to align the interest of the partners. According to Stuckey (1983), Hennart (1988) and Gulati (1993) “opportunistic behavior and the fear of opportunistic behavior between the partners reflect a negative departure from the full range of cooperative relationships maintained by the organizations” Pongisiri (2002:489).

Economist Supiot (1996), Spare (1996 & 1998), cited by Pongisiri (2002:490), alluded that “regulation is one way to control imperfect markets. To the extent that public-private partnerships function in the imperfect markets, there is a need for regulations”.

The researcher is of the view that the legal framework is one instrument through which the Government provides the procedure and assurance of agreements and contracts in public-private partnerships.

The legal framework on public-private partnerships in South Africa encompasses legislation, regulations and directives by the President, Deputy President, Cabinet Ministers and senior Government officials and also verdicts by the Judiciary. However, the Constitution of the Republic of South Africa, 1996, is a foundation of the legal framework on public-private partnerships in South Africa.

3.2 BACKGROUND OF THE LEGAL FRAMEWORK

In April 1997 Cabinet¹³ approved the appointment of an interdepartmental task team to develop policy, legislation and institutional reforms to enable the use of public-private partnerships in South Africa. This interdepartmental task team produced a strategic framework for public-private partnerships, which was approved by Cabinet in 1999.

The first set of regulations for public-private partnerships (PPPs) was issued by the Department of Finance in April 2000. These PPPs Regulations were issued in terms of the Public Finance Management Act 1 of 1999 (PFMA) and are applicable to the national and provincial spheres of government only.

The public-private partnerships Regulations for the local sphere of government were issued in 2005 in terms of the Local Government: Municipal Finance Management Act 56 of 2003.

3.3 THEORETICAL ANALYSIS OF THE LEGAL FRAMEWORK

Fourie (2008:563) states that “in South Africa the regulatory framework for public-private partnerships is based on the Constitution of the Republic of South Africa Act, Act No. 108 of 1996” of which –

- Section 217(1) states that “when an organ of state in national, provincial and local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent¹⁴, competitive and cost-effective”.
- Section 217(2) states that “subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for –
 - (a) categories of preference in the allocation of contracts; and
 - (b) the protection or advancement of persons, or categories of persons, disadvantaged by unfair discrimination”;

¹³ As defined in the Constitution of the Republic of South Africa, 1996, comprises of the President, the Deputy President and Ministers.

¹⁴ In this study transparent refers to the public availability of comprehensive, accurate, timely and useful information on the activities of governments with implications for its finances. Transparency is an end in

- Section 33(1) states that “Everyone has the right to administrative action that is lawful, reasonable and procedurally fair.”

According to Pongisiri (2001), citing Wang (2000), “a clear legislative framework specifying the roles of the public and private sector, their relationships and the areas of co-operation is essential for building sustainable partnerships”.

In South Africa, the Public Finance Management Act 1 of 1999 provides a clear legislative framework for public-private partnerships through Treasury Regulation 16.

The Treasury Regulation 16 constitutes a foundation for Standardised PPP Provisions. These Standardised PPP Provisions are issued together with the PPP Manual and the PPP Practice Notes.

Section 76 of the PFMA, contemplates that “National Treasury must make regulations for a range of matters to do with the effective and efficient management of the use of financial resources”.

The Treasury Regulations (2004:16) outline the procedure for effective and efficient management of financial resources in public-private partnerships, which include:

- Definitions of public-private partnerships in the South African context;
- Exclusive competency of accounting officers and accounting authorities in the public-private partnerships;
- Public-private partnership project inception;
- Feasibility study and Treasury Approval (I);
- Procurement and Treasury Approval (IIA) known as (TA:IIA) and Treasury Approval (IIB), known as (TA:IIB);
- Contracting public-private partnership agreements and Treasury Approval (III) known as TA:III);
- Management of public-private partnership agreements;
- Amendment and variation of public-private partnership agreements;
- Agreements with regard to binding; and
- Exemptions.

The Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) makes provision for municipal public-private partnerships. Section 120(1) of the MFMA contemplates that “public-private partnerships must be affordable, provide value for money and transfer risk”. Municipal public-private partnerships also lean to the Local Government: Municipal Systems Act 32 of 2000.

Other legislation having a bearing on the public-private partnerships in South Africa include:

- a) Preferential Procurement Policy Framework Act 5 of 2000. This Act gives effect to section 217(3) of the Constitution by providing a framework for the implementation of the procurement policy contemplated in section 217(2) of the Constitution. It requires organs of state to establish a preferential procurement policy and to follow a tender procedure for preferential procurement of goods and services.
- b) Promotion of Administrative Justice Act 3 of 2000. This Act regulates tender administrative process and requires the process to be lawful, procedurally fair and justifiable.
- c) Prevention and Combating of Corrupt Activities Act 12 of 2004. This Act establishes the registration of corrupt individuals, thus preventing them from benefiting from public sector procurement.
- d) Employment Equity Act 55 of 1998. This Act promotes the constitutional right of equality and the exercise of true democracy, eliminates unfair discrimination in employment, ensures the implementation of employment equity to redress discrimination and achieve a diverse workforce that is broadly representative of the South African society, promotes economic development and efficiency in the workforce and gives effect to the Republic of South Africa being a member of the International Labour Organisation.
- e) Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000. This Act prevents and prohibit unfair discrimination and harassment, promotes equality, eliminates unfair discrimination and prevents and prohibits hate speech.
- f) Broad-Based Black Economic Empowerment Act 53 of 2003. This Act defines broad-based black economic empowerment as the means for the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies.

3.4 TYPES OF PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA

The Treasury Regulation 16 identifies two types of public-private partnerships in South Africa, namely:

- Where the private party performs the Government function; and
- Where the private party acquires the use the government property for its own commercial purposes.

Furthermore, a public-private partnership may also be a hybrid of these two types of PPP, as payment in any scenario can take a form of one of the following three mechanisms:

- Government paying the private party for the delivery of the service; or
- The private party collecting fees or charges from users of the service; or
- A combination of the two (Introduction Public-Private Partnerships in South Africa, 2007:8).

3.5 FINANCING OF PUBLIC-PRIVATE PARTNERSHIPS IN SOUTH AFRICA

The Treasury Regulations on public-private partnerships in South Africa are not prescriptive on the financing structure of public-private partnerships. Consequently, the financing structure may vary from project to project and from sector to sector and is also closely linked to the funding sources of the purpose (National Treasury PPP Unit 2007:8).

The non-prescriptive nature of the Treasury Regulations on the financing structure of PPPs, provides a leeway for the PPP partners to agree on the funding structure that best suits them; for example, in some PPPs the private sector partner raises capital and equity to finance the project. However, most PPPs are financed through the Special Purpose Vehicle, which is a consortium of private sector business partners pulling together their capital to finance PPP projects. Mechanisms to solicit funding for PPP projects include the following:

- Capital contribution by Government to the initial costs of the projects;
- Corporate financing or a combination of Government funds and private sector equity; and
- Government funding either capital or operating costs, of both such costs, in the case of end-user-pay projects (Introduction Public-Private Partnerships in South Africa, 2007:9).

3.6 NATIONAL TREASURY PPP MANUAL, 2004

The National Treasury PPP Manual forms an integral part of the legal framework on public-private partnerships in the national and provincial spheres of the Government in South Africa.

This Manual seeks to clarify and bring into perspective the requirements of the legislation and the regulation in relation to the public-private partnerships. It must be read in the context of the relevant legislation and regulations mentioned in section 3.3 and also the standardised PPP provisions.

Section 76(4)(g) of the PFMA requires that each module of the PPP Manual together with standardised PPP Provisions, be issued by the National Treasury as PPP Practice Notes. These notes constitute instructions in terms of section 76 of the PFMA and are aimed at facilitating the application of the PFMA and its Regulations (National Treasury PPP Manual 2004).

The PPP Manual provides a systematic guide to navigate the life cycle of public-private partnership projects. It unpacks and provides clarity regarding the procedure, legislation, regulations and the broader Government policy on public-private partnerships. It also contemplates rigorous risk-assessment standards which the Government should use to make affordable choices that best leverage private sector investment for the provision of good quality public goods and services.

Conspicuous in the PPP Manual is the delineation of the public-private partnership project life cycle, which has been illustrated so eloquently and in sequence.

3.6.1 Modules of the PPP Manual

The module of the PPP Manual consists of:

Module 1: South African Regulations for PPPs

This module takes the reader through the components of the public-private partnership Regulations and explains how they apply in the distinct phases of the public-private partnership project life cycle (National Treasury PPP Manual 2004).

Module 2: Code of Good Practice for BEE in PPPs

The Code is relevant in all phases of a public-private partnership; it describes the policy framework, how to apply BEE policy in the typical structure of a PPP and how to apply PPPs BEE policy in each phase of the PPP project cycle. The Code includes the PPPs BEE Balanced Scorecard (National Treasury PPP Manual 2004).

Module 3: PPP Inception

This module details the stages of inception, which include registering the public-private partnership project with the relevant treasury, appointing a project officer, attracting a transaction advisor, receiving and evaluating transaction advisor bids, and finalising and signing the contract with the transaction advisor. It also outlines the procurement steps that should be followed, explains how to apply the Code of Good Practice of BEE in public-private partnerships when procuring the transaction advisor, covers the four stages of the inception phase of the PPP project cycle and also introduces the Project Development Facility (National Treasury PPP Manual 2004).

Module 4: PPP Feasibility Study

This Module explains in detail how an institution should carry out a feasibility study and how it should decide on the best choice of procurement for the proposed project between the conventional public sector procurement method and public-private partnerships (National Treasury PPP Manual 2004).

Module 5: PPP Procurement

This Module provides the procurement processes of PPP projects in detail and explains how the procurement process should be carried out throughout the stages and how to get the procurement documentation accurate. Furthermore, it outlines the contents of various documents required in order to ensure that the institution provides precise information for Treasury Approvals (TA:IIA), (TA:IIB) and (TA:III) (National Treasury PPP Manual 2004).

Module 6: Managing the PPP Agreement

This module is primarily aimed at the project officer, who is responsible for preparing and implementing the PPP management plan. The module provides key aspects of PPP agreement management in detail. These aspects include:

- the institution's roles and responsibilities;
- the approach to PPP agreement management;
- partnership management;
- service delivery management;
- PPP agreement administration;

- key challenges and tasks of PPP agreement management; and
- the PPP agreement management plan and the PPP agreement management manual.

Furthermore, it helps public sector institutions to meet their responsibilities in a number of phases of the PPP project cycle in many ways, including;

- how to appoint a project officer to manage the PPP agreement;
- how to draft a proper management of the PPP agreement; and
- how to effect amendments to a PPP agreement.

Most of the advices in this module are generic. Since different types of PPP projects in different sectors have unique features that need specific forms of treatment with regard to managing the PPP agreement. However, the underlying principles in this module should apply to all PPP agreements (National Treasury PPP Manual 2004).

Module 7: Auditing PPPs

This Module describes the powers and functions of the Auditor-General and the scope of financial, performance and forensic audits, and explains how these apply to PPPs, particularly in relation to the management of the PPP agreement. It also outlines the role of the institution's internal audit unit in PPP projects (National Treasury PPP Manual 2004).

Module 8: Accounting Treatment for PPPs

The contents of this module had not been published by the time the research report was released.

Module 9: An Introduction to Project Finance

The contents of this module was not published by time the research report was released.

3.6.2 Overview of public-private partnership project life cycle

The South African public-private partnership project life cycle consists of (1) project preparation period and (2) project term.

3.6.2.1 Project preparation period

The project preparation period consist of phases (I), (II) and (III) of the PPP project life cycle.

Phase (I), the project inception phase, consists of the following activities:

- Registering the project with the relevant treasury
- Appointing the project officer
- Appointing the transaction advisor

Modules of the project inception phase in the PPP Manual include:

- a) Module 1
- b) Module 2
- c) Module 3
- d) Module 6

Phase (II), the project feasibility study phase, consists of the following activities:

- Needs analysis
- Options analysis
- Project due diligence
- Value assessment
- Economic valuation
- Procurement plan

Modules of the feasibility study phase in the PPP Manual include:

- a) Module 1
- b) Module 2
- c) Module 4
- d) Module 6
- e) Module 7
- f) Module 8
- g) Module 9

When the feasibility study is completed, the public sector institution should obtain Treasury Approval (I), in order to proceed to phase (III) of the project life cycle, which is the procurement phase.

Phase (III), the procurement phase, consists of the following activities:

- Design a fair, equitable, transparent, competitive and cost-effective procurement process;
- Prepare bid documents, including draft PPP agreement.

When these two activities are completed, the public sector institution should obtain Treasury Approval (IIA) before it can continue with the following activities of the procurement phase:

- Pre-qualify parties;
- Issue request for proposals with draft PPP agreement;
- Receive bids;
- Compare bids with feasibility study and each other;
- Select preferred bidder;
- Prepare value-for-money report.

When these activities are completed the public sector institution should obtain Treasury Approval (IIB) before it can continue with the following activities of the procurement phase:

- Negotiation with preferred bidder/s;
- Finalising PPP agreement management plan.

When these activities are completed the public sector institution should obtain Treasury Approval (III). When this Treasury Approval (III) is granted, the PPP partners can sign the PPP agreement, and there is no further Treasury Approval required in relation to the PPP Agreement.

Modules of procurement phase in the PPP Manual include:

- a) Module 1
- b) Module 2
- c) Module 4
- d) Module 5
- e) Module 6
- f) Module 7
- g) Module 8
- h) Module 9

The following paragraphs outline the project term of the PPP project life cycle design.

3.6.2.2 Project term

The project term consists of phases (IV), (V) and (VI) of the project life cycle.

Phase (IV), the development phase, consists of the following activities:

- Measure outputs, monitor and regulate performance, liaise effectively and settle disputes, if any.

Modules of the development phase in the PPP Manual include:

- a) Module 1

b) Module 2

c) Module 5

Phase (V), the delivery phase, consists of the following activities:

- Compilation and releasing of the PPP progress report for submission to the relevant authorities.

Modules of delivery phase in the PPP Manual include:

a) Module 7

b) Module 8

Phase (VI), the exit phase, consists of the following activities:

- Security by the Auditor-General. The Auditor-General audits PPP reports and issues an opinion. The report of the Auditor-General is tabled in Parliament.

3.7 CHAPTER SUMMARY

The legal framework on public-private partnerships in South Africa is fundamental for the establishment and operation of public-private partnerships. The Treasury Regulations (2000) and the Municipal Regulations (2005) make provision for the establishment of public-private partnerships. These pieces of subordinate legislation are issued in terms of the Public Finance Management Act 1 of 1999 (PFMA) and the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA), respectively. Both the PFMA and the MFMA were promulgated in accordance with the provisions of the Constitution of the Republic of South Africa Act, 1996.

The legal framework is an instrument through which the Government provides guidelines, procedures and assurance in relation to the public-private partnerships. It encompasses the following legislation:

- Preferential Procurement Policy Framework Act.5 of 2000.
- Promotion of Administrative Justice Act 3 of 2000.
- Prevention and Combating of Corrupt Activities Act 12 of 2004.
- Employment Equity Act 55 of 1998.
- Broad-Based Black Economic Empowerment Act 53 of 2003.

The next chapter presents research methodology.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

This chapter presents an empirical base for the research report on the construction of public school infrastructure through public-private partnership projects in South Africa; a case study of the Greater Sekhukhune District Municipality in Limpopo. This study is based on a research undertaken in a social world and used a multi-method approach of qualitative and quantitative research.

4.2 MULTI-METHOD APPROACH

The multi-method approach is based on the combination of complementary empirical research methods. The intention is that the complementary nature of the methods compensates for the weakness inherent in individual methods. It is argued that the multi-method approach potentially provides benefits in terms of more robust conclusions, research investigation and increased understanding of research results (Wood, Daly, Miller and Roper, 1998).

4.2.1 Qualitative research

Qualitative research describes and analyses individual and collective social actions, beliefs, thoughts and perceptions (McMillan and Schumacher, 1997). This study sets out to explore the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

Qualitative research was chosen for its appropriateness and feasibility in conceptualising and analysing data collected through semi-structured interviews (Booyesen, 1999; Marshall and Rossman, 1989). According to Glaser and Strauss (1967:32) "the most effective means of examining social life is through qualitative methods, giving opportunities for personalisation while at the same time utilising individual stories to bring about richness, complexity and density within the context."

According to Denzin and Lincoln (1994:2) "Qualitative researchers study things in their natural settings, attempting to make sense of, or interpret phenomena in terms of the meanings people bring to them."

Qualitative research involves studies that are used for a variety of empirical materials – such as case study, personal experience, introspective, life story, interview, observational, historical, interactional, and visual texts—that describe routine and problematic moments and meanings in individuals' lives.”

In this study qualitative research encompassed: case study design, identifying target group, sampling, compiling research instruments, pretesting, pilot testing, conducting research, presentation of data and analysing and interpreting data results.

4.2.1.1 Case study

Creswell and Leedy (1997:157) state that “case studies are a type of qualitative research method in which the researcher explores a single entity or phenomenon (the case) bounded by time and activity, and collects detailed information by using a variety of data collection procedures during a sustained period of time”.

This research involved using a case study method to investigate the research problem. The case study method was found to be appropriate for studying specific phenomena in context. It is generally hailed for its strength in enabling an in-depth understanding of the complexities of situations or processes because of its “heuristic, inductive and descriptive nature” (Merriam, 1994: 226-28 cited in Anderson, 2002: 37).

According to Yin (1998) a case study is good at making people understand complex issues or objects and can widen experience as well as add to what already exists as a result of previous research. Moreover, it relies on multiple sources of evidence with data converging in a triangulation fashion (Yin, 1994: 13).

In this research work, the case study used a combination of multiple sources of information, such as interviews, questionnaires and documents.

Merriam (1994) describes three central disadvantages of case studies. The first disadvantage is that of time limitation and other resources, which may mean that the “thick” description, which is the central aim of the case study, is unrealistic. The second disadvantage is that case studies may oversimplify or exaggerate certain factors. The third disadvantage is that case studies, like most qualitative approaches, are dependent upon the researcher's sensibility and integrity. (Anderson, 2002:37).

A further, but related disadvantage of case studies in research is described by De Vaus (2001:237), who states that “while case studies may achieve excellent internal validity by

providing a profound understanding of a case, they have been widely criticised as lacking in external validity.” De Vaus (2001:237) and Merriam (2004) said that: “Even a profound understanding of a case provides no basis for generalising to a wider population beyond that case study”. The researcher has mitigated these disadvantages in the following ways:

- As a response to the first disadvantage, a high degree of focus on issues pertaining to the policy, practices, experiences and implications of public-private partnerships was maintained. This was due to the limited time available in which this study was conducted.
- As a response to the second disadvantage, the researcher argued that not a single case study has mentioned anything about the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality in Limpopo, nor did it make any generalisations from the findings on the provision of public schools infrastructure through public-private partnerships. This research work stayed focused exclusively on the research problem, thus preventing the study from the inclination toward oversimplification and exaggeration.
- As a response to the third disadvantage, which mentioned sensitivity and integrity, the researcher has abided by the research ethics while conducting the research work.

(a) Interviews

Cohen and Marion (1994:273) state that “an interview is a situation in which an interviewer asks each respondent a series of pre-established questions with a limited set of response categories, a script is followed in a standardised and straightforward manner, all respondents receive the same set of questions asked in the same order or sequence with no flexibility in questions. The aim is to capture precise data of a codable nature in order to represent such data within pre-established categories”. Structured interviews were used for data collection in this study and according to Polit and Hunger (1995: 274-275) “A researcher using a structured approach always operates with a formal, written instrument, known as an interview schedule”.

During the interview the researcher asked the questions in English and recorded the interviews. Participants talked freely about their experiences and knowledge on public-private partnerships and they were occasionally prompted to comment freely on the contextual issues. These questions were typically asked of each interviewee in a systematic and consistent order and the interviewees were allowed freedom to digress beyond the answers of the prepared and standardised questions (Berg, 1998:61).

(b) Target group

The target group consisted of 20 participants, who comprised of public sector employees from the National Government Departments of Basic Education and Public Works and of the National Treasury and also private sector employees from the Amalgamated Banks of South Africa (ABSA), Investec, First National Bank and the Nedbank Group.

(c) Sample

Polit and Hunger (1995: 278) define sampling as “the process of selecting a portion of the population to represent the entire population”. This study made use of non-probability sampling, according to Denzin and Lincoln (2000:370), “in non-probability sampling and researchers seek out individuals, groups and settings where specific process being studied are most likely to occur”.

Purposive sampling was used to select a portion of the target group. The choice of purposive sampling as a selection method was informed by Strydom and Delpont cited in De Vos (2002:334) stating that “in purposive sampling a particular case is chosen because it illustrates some feature or process that is of interest for a particular study”. De Vos (2002:334), citing Strydom and Delpont, emphasised “the cardinal importance of clear identification and formulation of criteria for the selection of respondents”. The sample of participants was representative of the population and composed of all elements that contain the most characteristics of the population.

The sample consisted of the public sector employees at the levels of Director, Chief Director, Deputy Director-General and Director-General of the National Government Departments of Basic Education and of Public Works and of the National Treasury, as well as private sector employees at levels of managers in ABSA Bank and Nedbank of the Cape Town¹⁵ branches.

The sample size comprised of 15 participants, which was made up of (10) respondents from the public sector and five (5) respondents from the private sector.

(d) Pretesting and pilot testing

The pretesting and pilot testing were as follows:

(i) Pretesting of the interview questions

The interview questions used were pretested “to ensure effectiveness and clarity” (Alreck and Settle, 1995:35) and also to ensure that participants would be able to understand the

¹⁵ Situated in the province of the Western Cape of the Republic of South Africa.

questions. The first pretesting stage involved employees in the National Treasury, who were able to comment on the relevance of the questions.

The second stage involved consultants and two managers – one from Standard Bank in the Cape Town branch and the other from First National Bank in Groblersdal. Changes were made to the interview questions based on the results of the pre-test. Once the amendments had been made, the interview guide was ready for the pilot test.

(ii) Pilot testing

Bless and Higson-Smith (2000:155) describe a pilot as “a small study conducted prior to a larger piece of research to determine whether the methodology, sampling, instruments and analysis are adequately appropriate”.

Three participants were interviewed of whom two were from the National Government Departments of Higher Education and of Human Settlements and one was from Investec Bank and African Bank. Interviews with public sector employees of National Government Departments were carried out face-to-face whereas the interviews with the private sector employee of African Bank and Investec were carried out telephonically.

The procedure for this pilot test mirrored the planned procedure for the research study. Respondents were notified in advance about the purpose and procedure of the pilot test.

(e) Data analysis

According to Marshall and Rossman (1995:111) data analysis is a “process of bringing order, structure and meaning to the mass of data collected.” In this study, data analysis and interpretation started at the same time with the data-collection process and in accordance with guidelines and processes outlined in the literature consulted. Data was analysed manually and also subjected to content analysis.

A basic concern when performing qualitative content analysis is to decide whether the analysis should focus on manifest or latent content (Granehim and Lundaman, 2003:106). In this study, the researcher used both manifest and latent content. According to Granehim and Lundaman (2003:106) “analysis of what the text says deals with the content aspect and describes the visible, obvious components, referred to as the manifest content, and the analysis of what the text talks about deals with the relationship aspect and involves an interpretation of the underlying meaning of text, referred to as the latent content”.

The data was interpreted by combining individual perceptions in ways that revealed meaning and coherence, while at the same time being alert for statements or issues that relate to policy on public-private partnerships. Interactive mechanisms such as assumptions, conventions and practices were noted and then linked to the literature.

(f) Field experience on the structured interviews

The researcher had no difficulty entering the research field. The researcher met with the participants at venues of their preference. All participants showed interest in this study.

Participants signed a consent form, an example of which is attached herewith as Annexure 1, and warmly welcomed the researcher.

(g) Challenges

The process followed to gather data was typical to most structured interviews, with questions posed to the participants and their responses recorded on a tape recorder and later transcribed. While conducting structured interviews was suitable for this study, the following challenges were experienced:

- (i) Delays with regard to the confirmation of appointments by the participants.
- (ii) Postponement of interviews by the participants after their confirmation, to the dates that fell beyond the time allocated to conduct the interviews. These requests to postpone interviews were made a day before the start of the interviews while others were made just as the interviews were supposed to start.
- (iii) The time lag between conducting interviews, transcribing the recording and analysing the data was exacerbated by the fact that most participants reside in the provinces of Gauteng and Limpopo, which are far from the researcher's residence in the Western Cape.

4.2.2 Quantitative research

The quantitative research, in the form of a survey, was used to determine the number of the respondents in relation to their perceptions and opinions on the construction of public school infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality. "Surveys tend to include large samples of anything from 50 to any number of respondents" (DJS Research Ltd, 2010).

(a) Questionnaire

A questionnaire is defined as “a set of questions on a form that is completed by the respondent in respect of a research project,” (New Dictionary for Social Work, 2004:51).

The questionnaire consisted of two sections, namely Section A, which was about the biographical data of the respondents such as gender, age group, racial group, social status, designation, number of years spent in the residential area, education, and home language. Section B was about the structured survey questions. Robson (2002) states that “Structured questions have a risk of being misunderstood or omitted by some respondents; alternatively respondents might consistently give the same answer to the questions, thereby making the answering of the questions less arduous”. However, all answers were analysed and scrutinised to ensure that all questions were properly responded to.

These questions were asked as statements in clear simple English so as to minimise any confusion and included response options of a dichotomous choice of Yes and No, which obviate the need for respondents to rate the level of their agreement with the statement, by ticking either “Yes” or “No” in a box. This dichotomous choice was chosen because it simply presents a big amount which the respondent either rejects and accepts (Loewen and Kulshreshtha, 1995:8).

Structured questions were designed in a manner that prevented any bias or unethical conduct by the researcher and the respondents. This precautionary measure was taken to ensure objectivity and honesty. Additional data was acquired from published and unpublished documents to avoid time wasting and repeating studies done by others.

(b) Population

The population comprised of public servants employed in the Limpopo Provincial Department of Education and the Limpopo Provincial Department of Treasury and of members of the communities in the Greater Sekhukhune District Municipality in Limpopo.

(c) Sample

Purposive sampling was selected to choose the subjects, because according to Maxwell (1997:87) “purposive sampling is a type of sampling in which particular settings, persons, or events are deliberately selected for the important information they can provide that cannot be found elsewhere from other choices”. This sampling technique helped the researcher to select appropriate respondents whose perceptions and opinions were significant for this study. The sample of respondents consisted of public sector employees at the levels of the Director, Chief

Director, Deputy Director-General and Director-General in the Limpopo Provincial Government Department of Education and the Limpopo Provincial Government Department of Treasury, and also of members of the communities in the Greater Sekhukhune District Municipality, with a special focus on the members of school governing bodies, pressure groups, civil society organisations and political parties. This sample comprised all elements that contain the most characteristics of the population. The sample consisted of 100 respondents.

(d) Pretesting and pilot testing

The pretesting and pilot testing were as follow:

(i) Pretesting

The survey questionnaire used in this study was pretested “to ensure its effectiveness and clarity” (Alreck and Settle, 1995:35), and to ensure that respondents understand the questions and also to ensure that the dichotomous scale items were clear and unambiguous.

The first pretesting stage involved staff in the National Treasury, who were able to comment on the relevance of the questions. The second stage involved Members of Parliament¹⁶ serving in the Portfolio Committee on Basic Education. Changes were made to the questionnaire based on the outcome of this pre-test.

(ii) Pilot testing

Haralambos and Holborn (1998:200) describe a pilot study as “a small-scale preliminary study conducted before the main research in order to check the feasibility or to improve the design of the research”. Pilot testing was conducted to test whether the procedure and questions of the research work would elicit the required data.

It was important for the research method to be tried and tested in a pilot test and also on a group resembling the sample of the main study. Employees at the levels of Director, Chief Director, Deputy Director-General and Director-General from the National Government Department of Human Settlements and the Limpopo Provincial Government Department of Health and members of the school governing bodies of the Mafato Primary School and the Ramohlokolo High School in the Greater Sekhukhune District Municipality were requested to participate in this pilot test. Ninety per cent (90%) of the questionnaires were

¹⁶ Parliament refers to the Parliament of the Republic of South Africa as defined in Chapter 4 of the Constitution of the Republic of South Africa, 1996.

returned and none of the respondents reported any difficulty or any problems with regard to understanding the survey questions.

(e) Data analysis

According to Garner (1978:122) "to understand the results sometimes requires two separate processes. Firstly, to determine what the results are saying then and not before, so that we may search what they mean". With regard to the purpose of the analysis, Kavale (1996:177) states that it is "to uncover the meaning of the question, to make explicit its presuppositions and thereby the implicit conceptions of what quality in research implies". The researcher adhered to this principle of data analysis when analysing the data collected through the structured survey questions. Data was analysed manually and the Computer Microsoft Office Excel 2003 programme was for the presentation of data results.

Kerlinger (1986: 125-126) stated that "the purpose of the analysis is to reduce data to an intelligible and interpretable form so that the relations of research problems can be studied, tested and conclusions can be drawn".

(f) Challenges

The process which was followed to gather the data was typical to most survey studies, where certain questions are posed to the respondents and their answers are recorded. While the survey approach was the most suitable method to follow, the following challenges were experienced:

- a) Some of the completed questionnaires were untidy (for example, the respondents ticked "No" and thereafter scratched it and ticked "Yes" and vice versa).
- b) Some of the respondents did not complete and return the questionnaire on time.
- c) The distance between the researcher and the respondents posed serious logistical challenges. In other instances, the researcher resorted to telephonic communications to remind the respondents to complete and return the questionnaire.

4.3 RELIABILITY AND VALIDITY

It was important that the data-collection instruments used in this study demonstrated both reliability and validity. These concerns are important, firstly, to ensure that the likelihood of learning something about the phenomenon being studied is improved, secondly, to enhance the probability that the data analysis will elicit significant results and thirdly, to increase the extent to

which conclusions can be drawn from data (Alreck & Settle, 1995; Babbie, 2001; Copper and Schlinder, 2001; Zikmund 2000).

4.3.1 Reliability

Reliability is defined as “the extent to which measures are consistent or repeatable over time” (Brink 1990:157). Reliability can be regarded as the degree of consistency or dependability of the research instrument. Polit & Hunger (1997:308) state that “if the instrument is reliable, the results will be the same each time the test is repeated”.

To ensure reliability, the researcher followed the following points alluded by Polit and Hunger (1995:31, 246):

- Undertaking an extensive literature review;
- Giving operational definitions of concepts;
- Ensuring congruency between the research problem, objectives, method of research, findings and recommendations.

4.3.2 Validity

Validity is defined as “the degree to which an instrument measures what it is supposed to be measuring” (Uys and Basson 1995:80). In this study, the research instruments were considered valid for the following reasons:

- They were constructed according to the objective and also organised according to the literature review;
- they were given to the supervisor for perusal in order to ensure content and face validity;
- they were tested through pilot tests; and
- they were given to the statistician in order to ensure that they are in line with the objectives of this study.

4.5 ETHICAL CONSIDERATION

Ethical issues, such as voluntary participation, informed consent, anonymity and confidentiality, as argued by De Vaus, (2001) were privileged in this research. It is true that voluntary participation may mean that people whose participation was essential might have chosen not to participate and by so doing compromise the validity of the findings. However, the researcher was

of the view that those who participated were equally important for the study. The participants and respondents were informed about the usefulness of participating in the study and also given full information on the reasons for the research and their roles in the research study.

Furthermore, ethics deals with matters of right and wrong, and the Collins English Dictionary (1991:533) defines ethics as “a social, religious, or civil code of behavior considered correct, especially, that of a particular group, profession, or individual”.

Accordingly, the researcher obtained permission to conduct the study and respected the rights of participants and respondents to:

- Self-determination;
- Privacy;
- Anonymity;
- Confidentiality;
- Fair treatment and protection from harm and discomfort.

4.5.1 Permission and approval

Approval was sought and obtained from the Office of the Mayor in Greater Sekhukhune District Municipality (see attached Annexure 4). The researcher undertook to ensure that:

- Staff members were not kept away from their work during the collection of data;
- Confidentiality of data was maintained at all times;
- The research results would be made available to all participants and respondents.
- Information would be made available to all stakeholders without disclosing information of a particular institution and respondent.

4.5.2 Right to self-determination

The right to self-determination is based on the ethical principle of respect for persons and indicates that people are capable of controlling their own destiny. They should be treated as autonomous agents, who have the freedom to conduct their lives as they choose without external controls (Burns & Grove, 1999:158).

The respondents' right to self-determination was ensured by explaining the purpose and significant and potential benefits of the study to them, obtaining their informed consent and emphasising that participation was free and voluntary, and that they had the right to withdraw from the study at any time without any penalty.

4.5.3 Privacy

Privacy is the freedom an individual has to determine the time and the extent of general circumstances under which private information will be shared with or withheld from others (Burns & Groove 1999:158).

To protect the privacy of the participants, the researcher obtained informed consent from them to participate voluntarily. They were assured that their private conduct or thoughts would not be misused to embarrass or humiliate them and that the researcher would only collect data which is absolutely necessary for achieving the objectives of the study.

5.5.4 Anonymity and confidentiality

Confidentiality means that information provided by respondents will not be divulged or made available to any person. Anonymity is when the researcher cannot trace the data to specific subjects (Brink, 1990:51).

To ensure anonymity, participants and respondents were asked not to provide their names. Instead, the researcher numbered the questionnaires, interviews guides and the tapes used to record the interviews.

According to de Vaus (2001:87) "providing assurance of confidentiality is important for methodological as well as ethical reasons. If participants and respondents are confidential we can expect that people are more likely to participate in the study and we can also expect frank honest answer" from them. The researcher ensured that participants share personal information to the extent they so wished and that their identity was kept strictly confidential.

4.5.5 Fair treatment

The right to fair treatment is based on the ethical principle of justice. This principle requires that people should be treated fairly and receive what is owed or due to them. The research report indicates that the selection of the subject and their treatment during the study were fair. All participants and respondents were given the right to choose whether to participate in the study or not and they were also given permission to answer the questions that they felt comfortable answering.

The respondents were selected fairly on relevance to the study and not according to cultural, racial, social and sexual bias. They were treated with respect and fairly throughout the study.

4.5.6 Protection from discomfort and harm

The right to protection from discomfort and harm is based on the ethical principle of beneficence. The principle of beneficence states that “one should do good and above all do no harm” (Burns & Grove 1999:165).

Discomfort and harm can be physical, emotional, economical, social or legal. In this study respondents and the participants were not exposed to risk, discomfort and harm.

4.6 CHAPTER SUMMARY

This chapter outlines the framework and procedure of the research on the construction of public schools infrastructure through public-private partnership projects in South Africa: a case study in the Greater Sekhukhune District Municipality (GSDM) in Limpopo. The study was based on the research undertaken in the social world, using the multi-method approach of the qualitative and quantitative research.

Qualitative method

Structured interviews were used for data collection. The target group was made up of public sector employees from the National Government Departments of Basic Education and of Public Works, and of the National Treasury and also from the private sector employees from ABSA and Nedbank. Non-probability sampling was used and purposive sampling procedure was chosen to select the subject.

The research instrument was pretested before a pilot test was undertaken to determine whether the research methods would elicit the desired data for study. Data was analysed manually and also subjected to content analysis. The computer program of Microsoft Office Excel 2003 was used for the presentation of the data results.

Quantitative method

Structured questions were used for data collection and the questionnaire was used for the survey. The population was made up of public sector employees in the Limpopo Provincial Government Departments of Education and Treasury, and also of residents in the communities of the Greater Sekhukhune District Municipality. The non-probability sampling was used and purposive sampling procedure was chosen to select the subjects.

The research instrument was pretested before the pilot test was undertaken to determine whether research method would elicit the desired data for the study. Data was analysed manually and the computer program of Microsoft Office Excel 2003 was used for the presentation of the data results.

Both research instruments were subjected to reliability and validity tests. Ethical issues were also privilege in order to come up with an authentic research report.

The next chapter forward data presentation, analysis and interpretation of the data results.

CHAPTER 5

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

5.1 INTRODUCTION

This chapter forward data presentation, analysis and an interpretation of data results on the public-private partnership projects in South Africa; a case study of the Greater Sekhukhune District Municipality in Limpopo.

5.2 QUALITATIVE RESEARCH

The qualitative research encompassed demographic overview, biographical data and structured interviews results.

5.2.1 Demographic overview

The demographics of participants had the following variables: gender, age, race, social status, employment designation, years of service in the employment organisation, home language and education. The demographic overview of participants was included because it was the researcher's view that the demographic variables might influence the perceptions and opinions of participants on the public-private partnership projects in the construction of public schools in South Africa: A case study in the Greater Sekhukhune District Municipality in Limpopo.

5.2.2 Biographical data

The biographical data comprised the following:

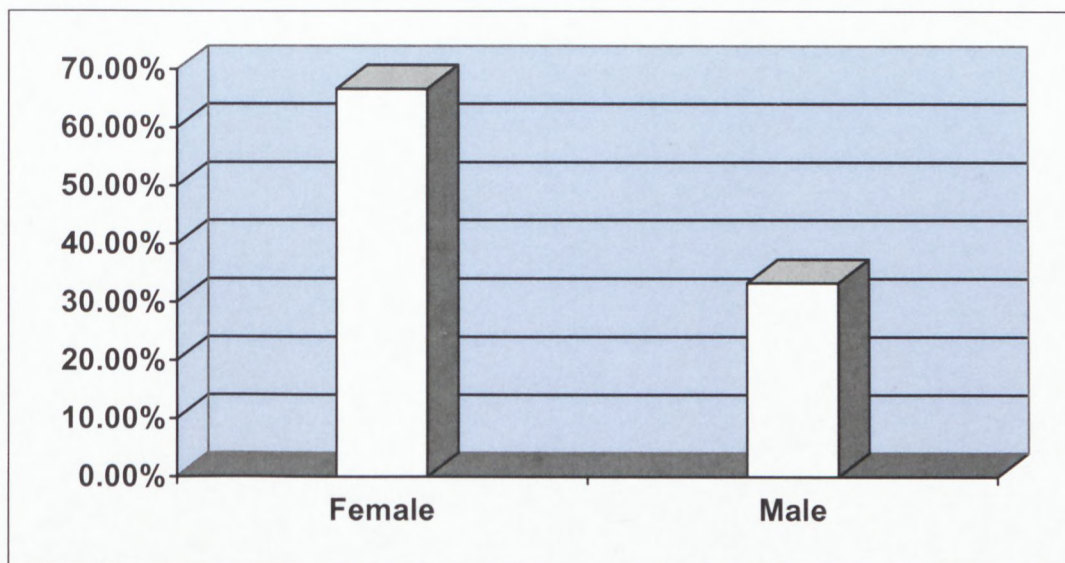
(a) Gender

Statistics - Gender

Table 5.1 Gender

	Gender	Frequency	Percentage
Valid	Male	4	33.33%
	Female	8	66.67%
Total		12	100%

Chart 5.1 Gender



Results

Gender had male and female categories. Four (4) participants were males and eight (8) participants were females.

Interpretation

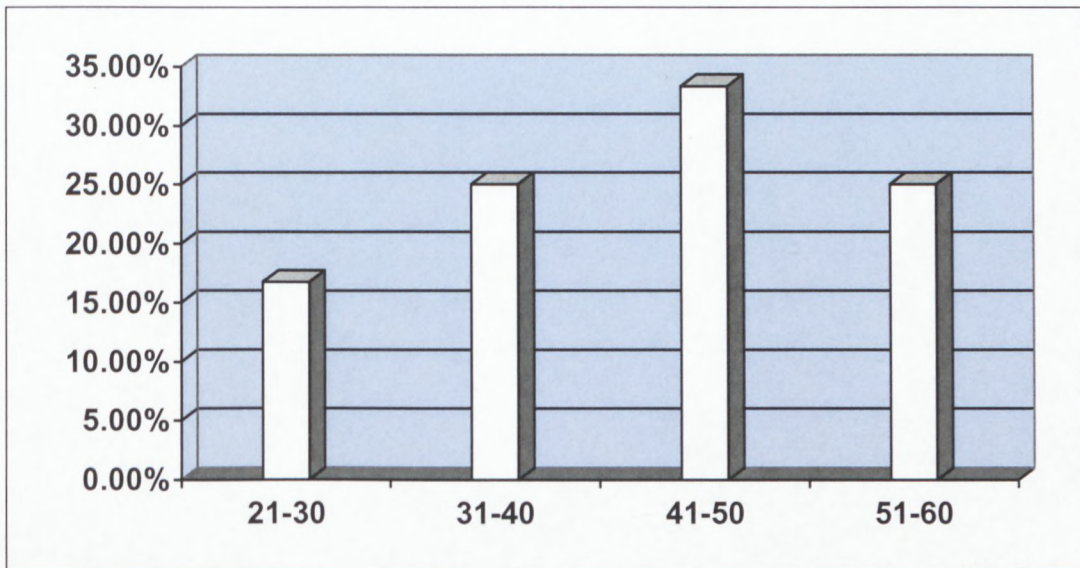
Chart 5.1 depicts the gender of the participants on the horizontal axis and percentages of the participants on the vertical axis. It also shows that 33.33% of participants were males and 66.57% of participants were females.

(b) Age

Table 5.2 Age

	Ages	Frequency	Percentage
Valid	21 – 30	2	16.67%
	31 – 40	3	25%
	41 – 50	4	33.33%
	51 – 60	3	25%
Total		12	100%

Chart 5.2 Age



Results

Age had the following groups: 21-30, 31-40, 41-50 and 51-60. Two (2) participants fell within the age group of (21-30), three (3) participants fell within the age group of (31-40), four (4) participants fell within the age group of (41-50) and three (3) participants fell within the age group (51-60).

Interpretation

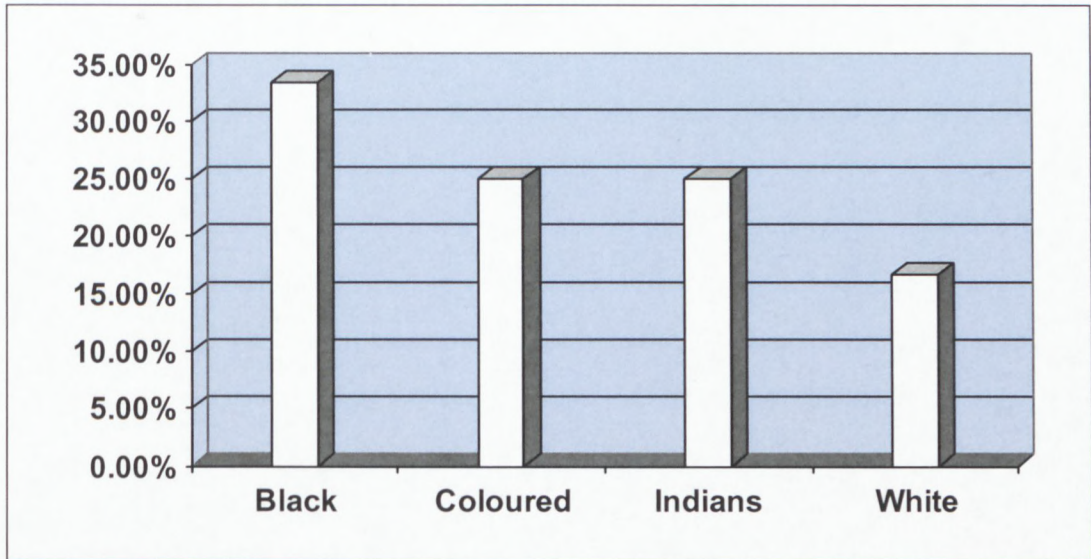
Chart 5.2 depicts the age of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 16.76% of participants fell within the age group of 21-30, 25% of participants fell within the age group of 31-40, 33.33% of participants fell within the age group of 41-50 and 25% of participants fell within the age group of 51-60.

(c) Race

Table 5.3 Race

	Race	Frequency	Percentage
Valid	Black	4	33.33%
	Coloured	3	25%
	Indian	3	25%
	White	2	16.67%
Total		12	100%

Chart 5.3 Race



Results

Race categories were Black, Coloured, Indian and White. Four (4) participants were Black, three (3) participants were Coloured, three (3) participants were Indian and two (2) participants were White.

Interpretation

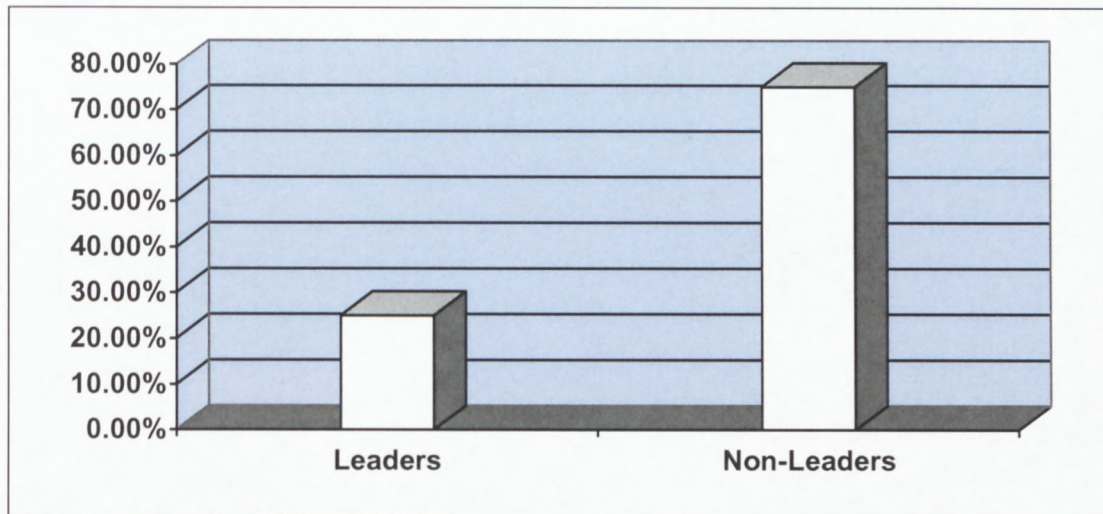
Chart 5.3 depicts the race of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 33.33% of the participants were Black, 25% of the participants were Coloured, 25% of the participants were Indians and 16.67% of the participants were Whites.

(d) Social status

Table 5.4 Social status

	Social Status	Frequency	Percentage
Valid	Leader	3	25%
	Non-leader	9	75%
Total		12	100%

Chart 5.4 Social status



Results

Social status had the following categories: leaders and non-leaders. Three (3) participants occupied leadership position in the structure/s in their community and nine (9) participants did not occupy leadership positions in the structure/s in their community.

Interpretation

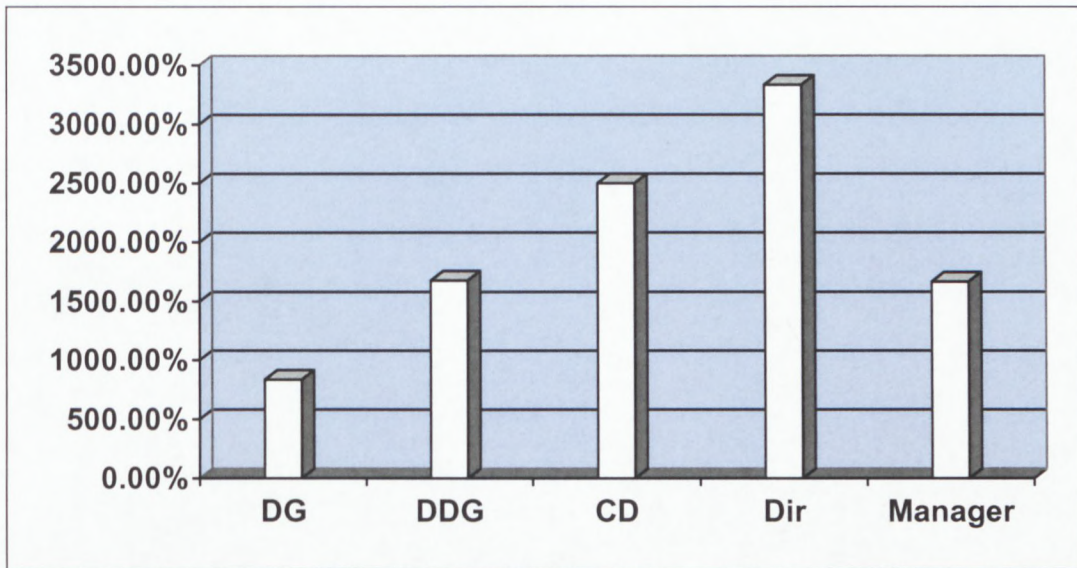
Chart 5.4 depicts the social status of the participants on the horizontal axis and percentages of the participants on the vertical axis. 25% of the participants occupied leadership positions in their community and 75% of the participants did not occupy leadership positions in their community.

(e) Employment designation

Table 5.5 Employment designation

	Employment designation	Frequency	Percentage
Valid	Director-General (DG)	1	8.33%
	Deputy Director-General (DDG)	2	16.67%
	Chief Director (CD)	3	25%
	Director (Dir)	4	33.33%
	Manager	2	16.67%
Total		12	100%

Chart 5.5 Employment designation



Results

Employment designation had the following levels: Director-General (DG), Deputy Director-General (DDG), Chief Director (CD), Director (Dir) and Manager. One (1) participant was a Director-General, two (2) participants were Deputy Directors-General, three (3) participants were Chief Directors, four (4) participants were Directors and two (2) participants were Managers in private sector institutions.

Interpretation

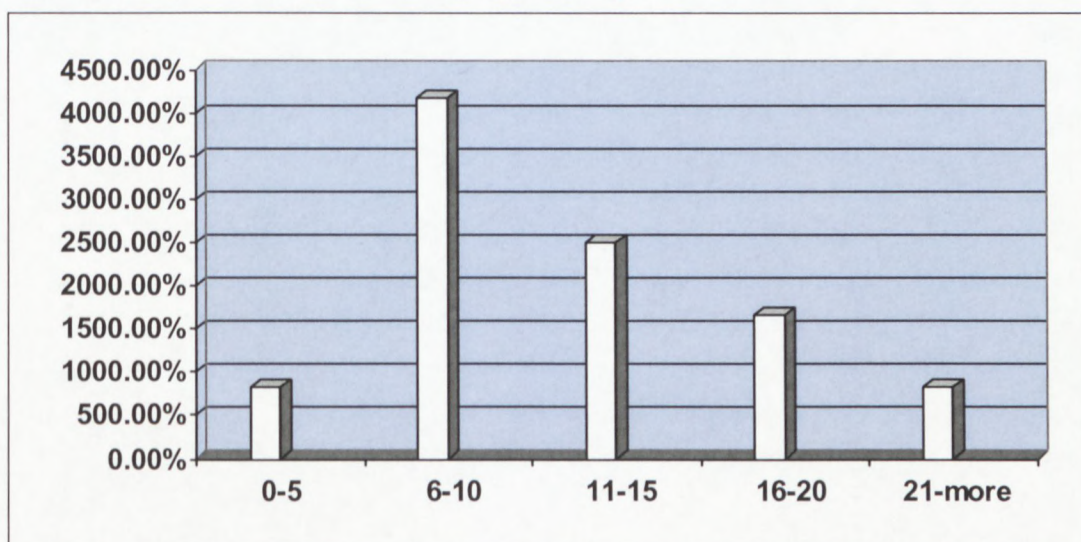
Chart 5.5 depicts the employment designation of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 8.33% of the participants were Directors-General, 16.76% of the participants were Deputy-Directors-General, 25% of the participants were Chief Directors, 33.33% of the participants were Directors and 16.67% of participants were managers in private sector institutions.

(f) Years of service in the employment organisation

Table 5.6 Years of service in the employment organisation

	Years of service	Frequency	Percentage
Valid	0 – 5	1	8.33%
	6 – 10	5	41.67%
	11 – 15	3	25%
	16 – 20	2	16.67%
	21 – more	1	8.33%
Total		12	100%

Chart 5.6 Years of service in the employment organisation

**Results**

Years of service in the employment organisation had the following periods: 0-5 years, 6-10 years, 11-15 years, 16-20 years and 21-more years. One (1) participant fell within a period of 0-5 years, five (5) participants fell within a period of 6-10 years, three (3) participants fell within a period of 11-15 years, two (2) participants fell within a period of 16-20 years and one (1) participant fell within a period of 21 years and more.

Interpretation

Chart 5.6 depicts the years of service of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 8.33% of the participants spent a period of 0-5 years in their employment organisation, 41.67% of the participants spent a period of 5-10 years in

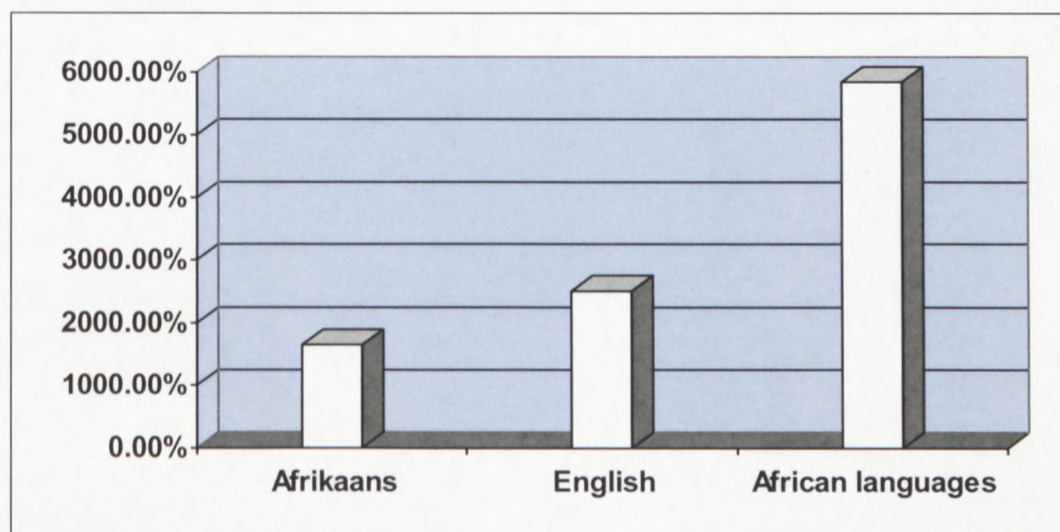
their employment organisation, 25% of the participants spent a period of 11-15 years in their employment organisation, 16.67% of the participants spent a period of 16-20 years in their employment organisation and 8.33% of the participants spent a period of 21-more years in their employment organisation.

(g) Home language¹⁷

Table 5.7 Home language

	Home language	Frequency	Percentage
Valid	Afrikaans	2	16.67%
	English	3	25%
	African languages	7	58.33%
Total		12	100%

Chart 5.7 Home language



Results

Home language had the following categories: Afrikaans, English and African languages, which include Sepedi, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga, isiNdebele, isiXhosa and isiZulu. Two (2) participants selected Afrikaans as their home language, three (3) participants selected English as their home language and seven (7) participants selected African Languages as their home language.

¹⁷ In this study African languages refers to Sepedi, Sesotho, Setswana, siSwati, Tshivenda, Xitsonga, isiNdebele, isiXhosa and isiZulu.

Interpretation

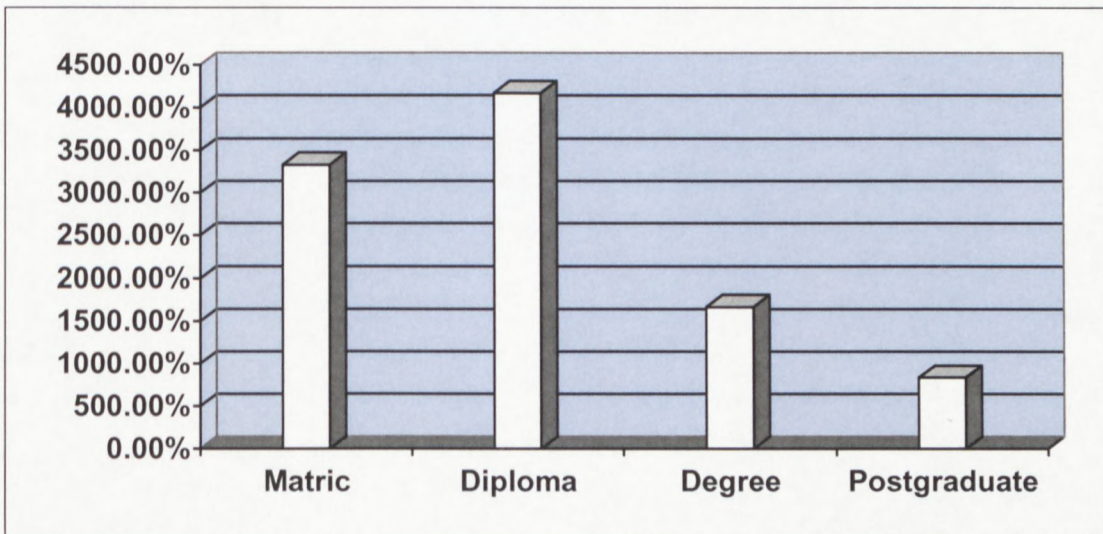
Chart 5.7 depicts the home language of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 16.57% of the participants used Afrikaans as their home language, 25% of the participants used English as their home language and 58.33% of the participants used African languages as their home African language.

(h) Education

Table 5.8 Education

	Education level	Frequency	Percentage
Valid	Matric (only)	4	33.33%
	Diploma	5	41.67%
	Degree	2	16.67%
	Postgraduate Education	1	8.33%
Total		12	100%

Chart 5.8 Education



Results

Education had the following levels; Matric, Diploma, Degree and Postgraduate. Participants were required to indicate their highest level of education. Four (4) participants had matric, five (5) participants had a diploma, two (2) participants had a degree and (1) a postgraduate qualification.

Interpretation

Chart 5.8 depicts the levels of education of the participants on the horizontal axis and percentages of the participants on the vertical axis. It shows that 33.33% of the participants had matric, 41.667% of the participants had a diploma, 16.667% of participants had a degree and 8.33% of the participants had postgraduate education.

5.2.3 Structured interviews on data presentation, analysis and an interpretation of results

This section presents structured interviews data, analysis and an interpretation of data results.

Question 1

In your opinion, will public-private partnerships accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality (GSDM)?

The response to question 1 had part (a) and part (b).

(a) (ii) Results

In response to the question, 83.3% of participants said that “PPP’s would accelerate and deliver best public schools infrastructure in the Greater Sekhukhune District Municipality at lower cost than conventional method. These participants gave many examples to support their perceptions and opinions, which include the following: “Public-private partnerships (PPP’s) in South Africa delivered the best infrastructure of stadiums for 2010 Fifa Soccer World Cup Tournament, Gautrain and the prisons infrastructure for the Department of Correctional Services”.

(ii) Analysis and interpretation

This opinion of the participants that PPP’s will deliver the best public school infrastructure at a lower cost than the conventional method was in line with the findings of Wilson (2002:17), who states that “Over and above the impact of contestability, if a PPP assumes control of a project there is a continuing financial incentive towards efficiency. This arises from the ‘stake’ which the private partner has in the success of the projects: as cost overrun, for instance, will reduce its profit stream accordingly. As long as there has been a genuine transfer of risk through properly drawn contract, as long as the workforce terms-and-conditions floor are secured, PPP will deliver the best service and infrastructure at lower cost that conventional method”.

This opinion of the participants that PPP will deliver the best public school infrastructure was also supported by the findings of the Department of Correctional Services (Annual Report, 2008) on the construction of prisons infrastructure in South Africa. A comparison was drawn between the public built prison infrastructure of Kokstad and Malmesbury with the PPP built prison infrastructure of Louis Trichardt and Bloemfontein. The findings showed that PPP built prisons were built more cost-effectively than public built prisons. There were disparities between budgeted costs and final costs of the public built prisons and the PPP built prisons, which indicate that contractors of the PPP built prisons were bound to their initial price, their cost was less and the construction was completed in 18 months, whereas the contractors of public built prison incurred substantial cost overruns and the construction was completed in 48 months (Department of Correctional Services, 2008).

(b) (i) Results

Sixteen per cent (16%) of the participants said that public-private partnerships will not accelerate the construction of public schools infrastructure. They gave many reasons to support their opinion, which include the following: that corruption will deprive the communities of well established companies that can deliver the best infrastructure at the lowest possible cost, that labour laws in South Africa tend to favour labour unions at the expense of service delivery and give labour a leeway to strike and down tools at any time for whatever reasons and that such strike might delay the PPP project and also affect the construction costs.

(ii) Analysis and interpretation

This opinion of the participants was in line with the assertion made in the Report on the Review on Public-Private Partnerships (2006:7), which states that "Private partners may be prone to labour disputes, financial problems or other circumstances that may prevent them from honouring their commitments".

Question 2

In your opinion, will the role and responsibility of the Government in basic education be reduced when public schools infrastructure is constructed through public-private partnerships?

The response to question 2 had part (a) and part (b).

(a) (i) Results

A total of 66.67% of participants said that the provision of public schools infrastructure through public-private partnerships will not reduce the role and the responsibility of the Government in the basic education system. However, the Government will be expected to decentralise its role and responsibility, which include policy formulation, monitoring and evaluation, policy implementation and care-taking of public schools infrastructure. Furthermore, they proposed that the role and responsibility of policy formulation, monitoring and evaluation should be delegated to the National Government Department of Basic Education, the role and responsibility of policy implementation should be delegated to the Provincial Government Department of Education and the role and responsibility of care-taking of the public schools infrastructure should be delegated to the Local Government.

(ii) Analysis and interpretation

This opinion of the participants on whether the role of Government in basic education will be reduced when public school infrastructure is constructed through public-private partnerships was in line with the National Policy for an Equitable Provision of an Enabling School Physical Teaching and Learning Environment, published by the Minister of Basic Education in *Government Gazette* 333283, which states that "Currently the delivery of infrastructure does not seem to have the benefit of a strong organisational structure with a clear division of labour across all levels of Government" (Government Notice 515: 2010). Most participants stressed the need for a clear division of labour in the basic education system amongst the three spheres of Government in South Africa.

(b) (i) Results

33.33% of participants said that "the role of Government will be reduced when the construction of public school infrastructure is made through public-private partnerships; however, the responsibility of the Government will not be reduced".

(ii) Analysis and interpretation

This opinion of the participants on the role and responsibility of government was in line with the assertion of Webb and Pulle (2002:4), who state that "The use of PPPs entails changes to the role of the Government. This often entails a shift from being the supplier to

the buyer of services. Nonetheless, Governments retain overall responsibility for service delivery”.

Question 3

What is your opinion with regard to the legal framework on public-private partnerships in South Africa?

The response to question 3 had part (a) and part (b).

(a) (i) Results

In response to the question, 83.33% of participants said that the legal framework on public-private partnerships in South Africa is very cumbersome and there is a need to have an Act of Parliament on public-private partnerships, which should provide a consolidated national legal framework on public-private partnerships, from where the policy of the Government Departments on public-private partnerships should flow (for example, the policy on public-private partnerships in basic education should address specific challenges in the basic education sector; however, this policy should flow from the Act of Parliament on public-private partnerships and also be within the national legal framework on public-private partnerships contemplated in this Act). Furthermore, they said that the local government public-private partnerships should flow and also be within the framework of this Act of Parliament.

(ii) Analysis and interpretation

This opinion of the participants on the legal framework on public-private partnerships was in line with the assertion of the Report of the Steering Groups of the MENA-OECD Initiative (2010:31), which states that “Laws authorising and regulating PPPs may take the form of a single horizontal law covering multiple sectors or there may be several sector-specific pieces of legislation. Experience has shown that the development of consistent national legislative and regulatory structures greatly facilitates the identification, development and implementation of PPPs. A legislative framework on PPP-related projects should include provisions on granting concessions and cover the entire lifetime of the project (i.e. the design, build, finance, ownership, and operation stages, and the eventual transfer back to the public sector)”.

(b) (i) Results

16.66% of participants said that the legal framework on public-private partnerships in South Africa is one of the best in the world and there is no need to effect amendment to it at this stage.

(ii) Analysis and interpretation

This opinion of the participants that the legal framework on the public-private partnerships in South Africa is one of the best in the world was in line with the assertion of Phillip Burger (2006:8), who states that “the legal and regulatory framework for PPPs in South Africa is quite advanced”.

Question 4

In your opinion what type/form of public-private partnerships will be appropriate for the provision of public schools infrastructure in the Greater Sekhukhune District Municipality?

The response to question 4 had part (a) and part (b).

(a) (i) Results

In response to the question, 58.33% of participants said that “The appropriate type/form of public-private partnerships for the provision of public school infrastructure in the Greater Sekhukhune District Municipality is the build-operate-transfer (BOT)”.

(ii) Analysis and interpretation

According to Patrinos, Osorio and Guáqueta (2009:12) the “build-operate-transfer is the most common type of arrangement” in the provision of the public school infrastructure through public-private partnerships. The researcher was of the view that the build-operate-transfer (BOT) was chosen by the participants since it is the most common type of arrangement in the provision of the public school infrastructure through public-private partnerships in the world.

(b) (i) Results

In response to the question, 41.67% of participants said that “the most appropriate type/form of public-private partnerships for the provision of public schools infrastructure in the Greater Sekhukhune District Municipality is outlined in the Treasury Regulations 16

(2005:43), for example, where the private party performs an institutional function on behalf of the government institution”.

(ii) Analysis and interpretation

The researcher was of the view that the choice of the participants shows their confidence in the current legal framework on PPPs in South Africa. Hence they selected the current legal framework as the most appropriate type/form of PPPs of the construction for public school infrastructure in the GSDM.

Question 5

Is there any other benefit that members of the communities in GSDM can derive from public-private partnerships in the construction of public schools infrastructure in their areas, apart from the provision of public schools infrastructure?

The response to question 5 had part (a) and part (b).

(a) (i) Results

In response to the question, 83.33% of participants said that “members of the communities in the Greater Sekhukhune District Municipality will derive many benefits in the construction of public schools infrastructure in their areas through public-private partnerships, which include economic benefits, skills and experience acquisition. However, not every member and family in the communities will derive equal benefits. The skills and experiences acquired will enhance the chances of members of the community to find employment quicker elsewhere than if they had no skills and experiences”.

(ii) Analysis and interpretation

The perception and the opinion of the participants that members of the communities in the Greater Sekhukhune District Municipality will derive benefit from public-private partnerships can be linked to the assertion of the Report on the construction of two prisons through PPP in Bloemfontein and Makhado, which states that “Some members of the communities in Bloemfontein and Makhado derived benefits from the PPP construction projects, which include employment, skills and experiences (Department of Correctional Services, 2008).

(b) (i) Results

In response to the question, 16.66% of participants said that “there is no special benefit/s that members of the communities can derive from the construction of public schools infrastructure in their areas from the PPP projects”.

(ii) Analysis and interpretation

The researcher was of the view that the perception and the opinion of the participants were based on the premise that members of the communities in the GSDM would derive the same benefits when the construction of public schools infrastructure in their areas is provided through PPPs or through the normal Government procurement process.

Question 6

In your opinion, will the private sector partner derive any benefit in the construction of public schools infrastructure through public-private partnerships in GSDM?

The response to question 6 had part (i) and part (ii)

(i) Results

In response to the question, 100% of the participants said that the private sector partner will derive benefits in the construction of public schools infrastructure through public-private partnerships in GSDM. Participants mentioned many benefits that the private sector partner will derive, which include buoyant business, new business ventures and increased credentials.

(ii) Analysis and interpretation

This opinion of the participants that the private sector partner will derive benefits in the construction of public schools infrastructure through public-private partnerships can be linked to the assertion of the British Columbia Paper (2003), which states that “P3s¹⁸ give the private sector access to secure, long-term investment opportunities. Private partners can generate business with the relative certainty and security of a government contract. Payment is provided through a contracted fee for service or through the collection of user fees – and the revenue stream may be secure for as long as 50 years or more. Private sector partners can profit from P3s by achieving efficiencies, based on their managerial, technical, financial and innovation capabilities. They can also expand their P3 capacity

¹⁸ P3s refers to public-private partnerships.

and expertise or their expertise in a particular sector, which can then be leveraged to create additional business opportunities”.

Question 7

What is your opinion with regard to the composition of Special Purpose Vehicle (SPV) for the public-private partnerships in South Africa?

The response to question 7 had part (a) and part (b).

(a) (i) Results

In response to the question, 75% of the participants said that “the composition of the Special Purpose Vehicle (SPV) should not be confined to a consortium of banks and other financial institutions, as these institutions experienced a decline in their profit due to the recession of 2008, which banks used for investments, that the Government incurred huge budget deficit also due to this recession and would also not finance any project that is not approved through the normal Government budget process”. Furthermore, participants mentioned many private sector business entities that should be lured into making their capital contribution to SPV, which include the mines, churches and retailers and also proposed that the mining business entities operating in the Greater Sekhukhune District Municipality should be lured into making their capital contributions to the SPV in relation to the public schools infrastructure in the GSDM.

(ii) Analysis and interpretation

The researcher was of the view that this opinion of the participants on the expansion of the composition of the consortium for SPV was supported by Krzychylkiewicz and Penney (2010), who state that “South African Banks liquidity falls short to meet the banks liquidity requirements proposed by the Basel II Committee¹⁹” and that the South African banks would not have enough liquidity in the near future to invest in their social programmes or the SPV for the construction of public schools infrastructure in the GSDM. The South African banks will have to build enough liquidity reserves that they can use for investment in their noncore business projects. The researcher is of the view that increasing the pool of investors and donors of capital for SPV will accelerate the provision of goods and services in the communities through PPPs.

¹⁹ The Basel II Committee oversees the operations of banks.

(b) (i) Results

In response to the question, 25% of the participants said that the composition of Special Purpose Vehicle (SPV) for public-private partnerships in South Africa should not be amended as there is no empirical evidence to suggest that there is a need to expand the current formation of the SPV composition.

(ii) Analysis and interpretation

The researcher was of the view that the perception and the opinion of these participants showed their confidence in the current composition of SPV.

Question 8

What is your opinion on the Public Sector Comparator (PSC) with regard to the provision of public goods and services through public-private partnerships?

The response to question 8 had part (a) and part (b).

(a) (i) Results

In response to the question, 58.3% of the participants said that the Public Sector Comparator is too rigid and it is the reason for fewer public-private partnership projects in South Africa because it has resulted in many desirable PPPs being squashed due to their failure to meet its requirements. They also said that PSC should take into account the scarcity of construction companies and suppliers in South Africa as too tight cost control measures by the Government might repel good construction companies needed for the construction of good quality infrastructure".

(ii) Analysis and interpretation

This opinion of the participants on Public Sector Comparator (PSC) was in line with the National Policy for an Equitable Provision of an Enabling School Physical Teaching and Learning Environment, published by the Minister of Basic Education in *Government Gazette* 333283, which states that "In a context of scarcity of suppliers in South Africa, cost control measures may repel potential suppliers and limit competition". (Government Notice 515: 2010).

(b) (i) Results

In response to the question, 41.67% of participants said that the Public Sector Comparator (PSC) in South Africa should not be loosened because it serves as a good valve that control the flow of the Government resources to the public-private partnerships.

(ii) Analysis and interpretation

The researcher was of the view that this opinion of the participants showed their confidence in the current requirements of PSC.

Question 9

In your opinion, will the Government be reluctant to use public-private partnerships for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality?

The response to question 9 had part (a) and part (b).

(a) (i) Results

In response to the question, 66.67% of the participants said that the Government would not be reluctant to use public-private partnerships in the construction of public schools infrastructure in GSDM. Participants mentioned many reasons why Government would not be reluctant to use PPPs in the construction of public school infrastructure, which include the following; that "PPPs will help the Government to achieve the target of the Millennium Development Goal in basic education, and that the Government will benefit from the efficiency gains and capital injection brought by PPPs. Furthermore, they said that PPPs will alleviate pressure on the Government budget in the short term.

(ii) Analysis and interpretation

This opinion of the participants that the Government will not be reluctant to use PPPs in the construction of public school infrastructure was in line with the assertion of Zerunyan and Meyers (2010:28), who state that "Recognising its benefits, various Governments worldwide are increasingly utilizing P3 over the traditional procurement and delivery methodologies to hire, integrate and maximize expertise and tap into resources for the planning, design and construction of infrastructure projects. Recently, California public entities are increasingly seeking P3 over a primarily public financing and ownership model due to the state's imminent need for renewed and expanded infrastructure".

(b) (i) Results

In response to the question, 33.33% of participants said that the Government will be reluctant to use public-private partnerships in the construction of public school infrastructure in the Greater Sekhukhune District Municipality. These participants mentioned many reasons why the Government will be reluctant, which include the following: “public-private partnerships have a tendency to hide costs and expenses, which might be very disastrous for the budget of the public sector partner.”

(ii) Analysis and interpretation

This opinion of participants that “PPP projects have a tendency to hide costs and expenses” was in line with the findings of Hodge and Greve (2008:97), who state that “Australian PPP analysts such as Walker and Walker (2000) saw the off-balance sheet nature of the PPPs financing for infrastructure deals as a ‘misleading accounting trickery’, which eroded accountability to Parliament and to the public. Furthermore they said that this “off-balance sheet nature” hides the public sector cost and expenses for the PPPs project as it reduces public sector borrowing, which has no impact on the public sector fiscal position. A shift towards the use of PPP also distorts the relationship between future cash payments and the public sector debt, which is a gauge for public finance management and fiscal discipline of the Government”.

Question 10

Do you perceive any challenges in the construction of public schools infrastructure through public-private partnerships in GSDM?

The response to question 10 had part (i) and part (ii).

(i) Results

In response to the question, 100% of the participants said that they perceive challenges in the construction of public schools infrastructures through public-private partnerships in GSDM, which include the following: shortages of skills required for the PPP projects, legislation (for example, whether the legislative framework prohibits or permits the District Municipality to enter into PPP arrangements), political perspective on the construction of public schools infrastructure through public-private partnerships, availability of land,

selection of a type/form of PPP and the willingness of the private sector to join these PPPs.

(ii) Analysis and interpretation

The perception of the participants that there will be challenges in the construction of public schools infrastructure through PPPs in the GSDM was in line with the assertion of Lossa, Spagnolo and Vellez (2007:13), who state that “the legal and political challenges to the PPP agreement led to large costs for the public sector arising from consultancy services and advisory fees, and to delays in the award of contracts. The uncertainty on contract negotiation and award delays even led bidders to threaten suing the government for the high bidding costs if the PPP contracts were dramatically modified”.

5.3 QUANTITATIVE RESEARCH

The quantitative research encompassed demographic overview, biographical data and structured survey questions with a dichotomous choice of a Yes/No response to the questions.

5.3.1 Demographic overview

The demographic overview had the following variables: gender, age, race, social status, employment designation, number of years spent in the area, home language and education. The demographic overview was included in this research work because it was the researcher’s view that the demographic variable might influence the perceptions and opinions of respondents.

5.3.2 Biographical data

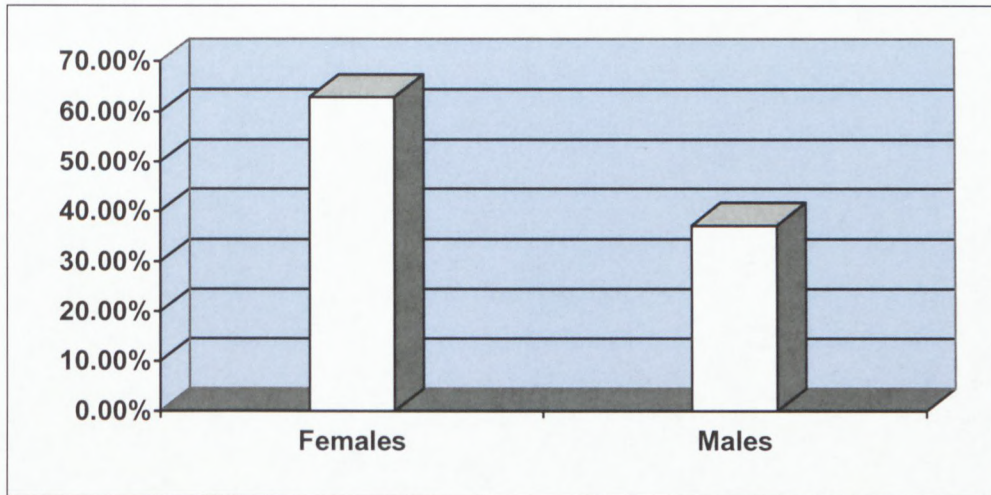
The biographical data comprised the following:

(a) Gender

Table 5.9 Gender

	Gender	Frequency	Percentage
Valid	Male	26	37.14%
	Female	44	62.86%
Total		70	100%

Chart 5.9 Gender



Results

Gender had male and female categories. Twenty six (26) completed questionnaires were received from the male respondents and 44 completed questionnaires were received from female respondents.

Interpretation

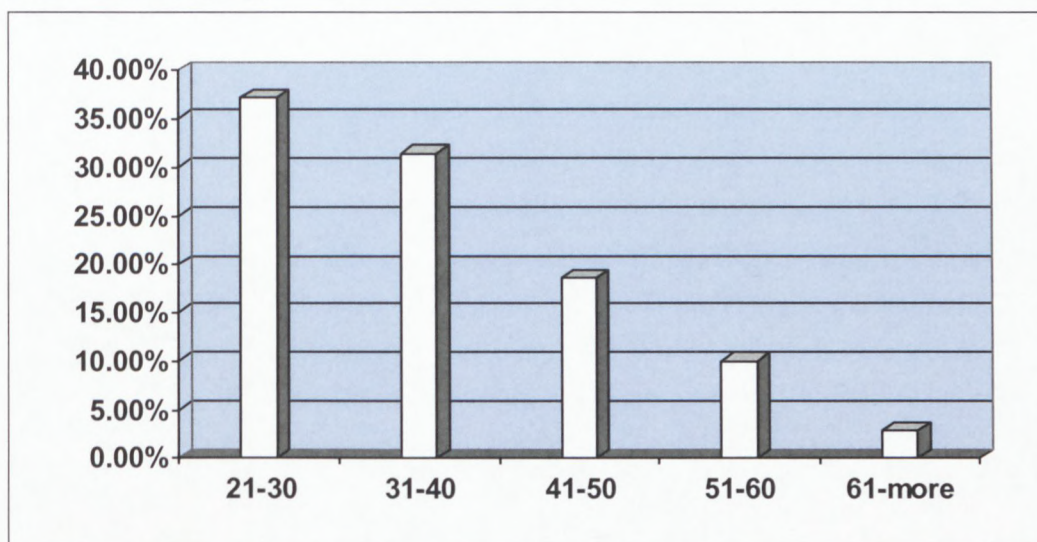
Chart 5.9 depicts the gender of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 37.14% of males returned their completed questionnaires to the researcher on time and 62.86% of females returned their completed questionnaires to the researcher on time.

(b) Age group

Table 5.10 Age group

	Ages	Frequency	Percentage
Valid	21 – 30	26	37.14%
	31 – 40	22	31.43%
	41 – 50	13	18.57%
	51 – 60	7	10%
	61 – more	2	2.86%
Total		70	100%

Chart 5.10 Age group



Results

The age groups were as follows: 21-30, 31-40, 41-50, 51-60 and 61-more. The number of respondents falling within the age group of (21-30) was 26, while 22 respondents fell within the age group of (31-40), 13 respondents fell within the age group of (41-50), 7 respondents fell within the age group of (51-60) and 2 respondents fell with the age group of (61-more).

Interpretation

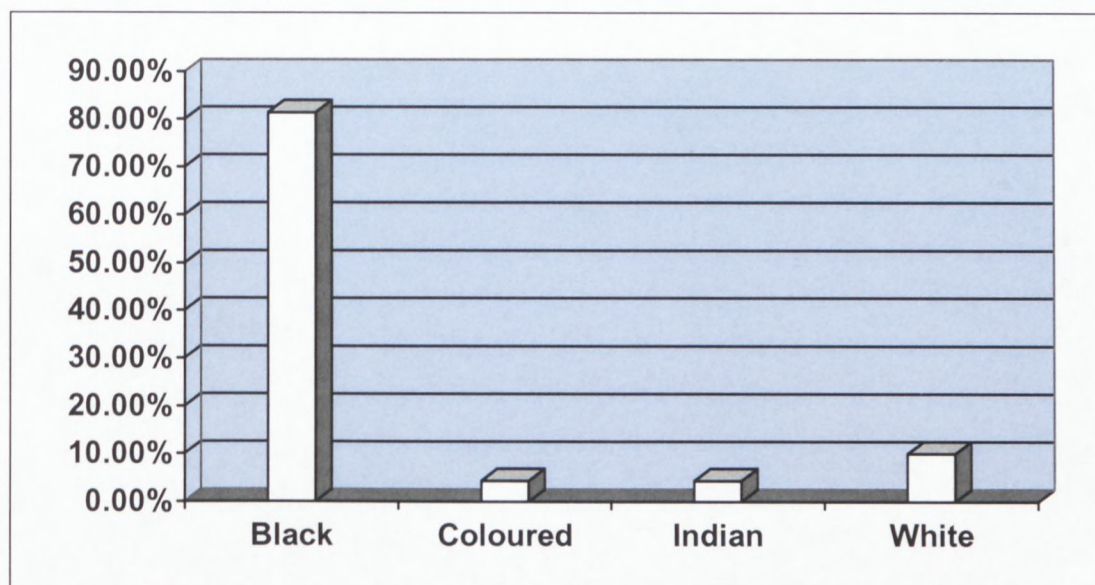
Chart 5.10 depicts the age groups of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 37.14% of the respondents fell within the age group of (21-30), 31.43% of the respondents fell within the age group of (31-40), 18.43% of respondents fell within the age group of (41-50), 10% of respondents fell within the age group of (51-60) and 2.86% of respondents fell within the age group of 61-more.

(c) Race group

Table 5.11 Race group

	Race	Frequency	Percentage
Valid	Black	57	81.42%
	Coloured	3	4.29%
	Indian	3	4.29%
	White	7	10%
Total		70	100%

Chart 5.11 Race group



Results

Race group had the following categories; Black, Coloured, Indian and White. The number of respondents for each race category was as follows: 57 respondents were Black, 3 respondents were Coloured, 3 respondents were Indian and 7 respondents were White.

Interpretation

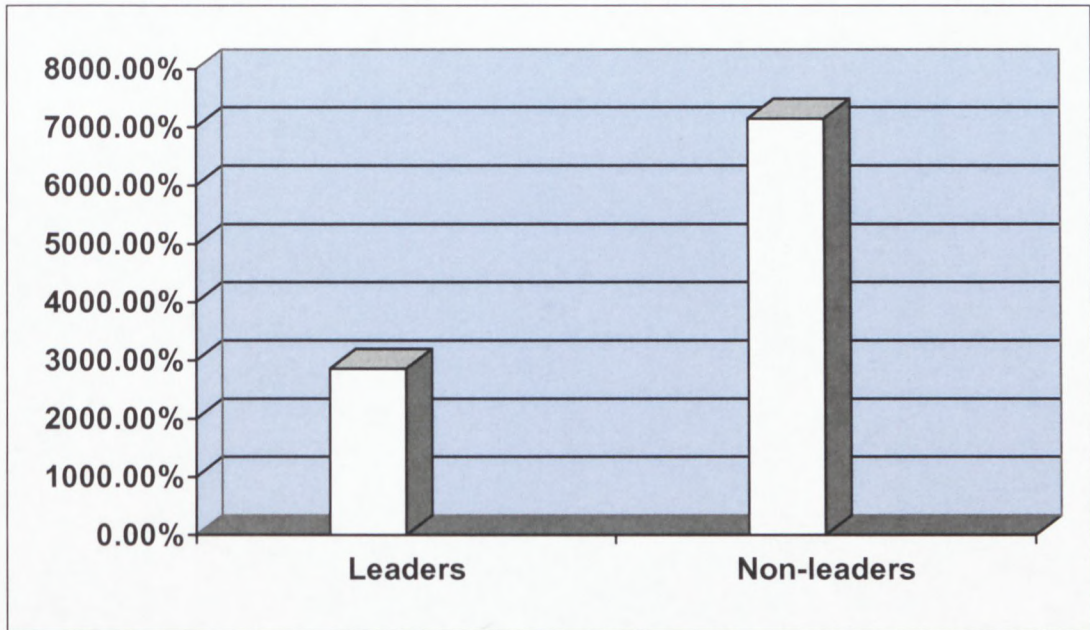
Chart 5.11 depicts the race of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 81.42% of the respondents were Black, 4.29% of the respondents were Coloured, 4.29% of the respondents were Indian and 10% of the respondents were White.

(d) Social status

Table 5.12 Social status

	Social Status	Frequency	Percentage
Valid	Leader in the community	20	28.57%
	Member of the community	50	71.43%
Total		70	100%

Chart 5.12 Social Status



Results

Social status had the categories of leaders and non-leaders. The number of respondents was 20 for the category of leaders and 50 for the category of non-leaders.

Interpretation

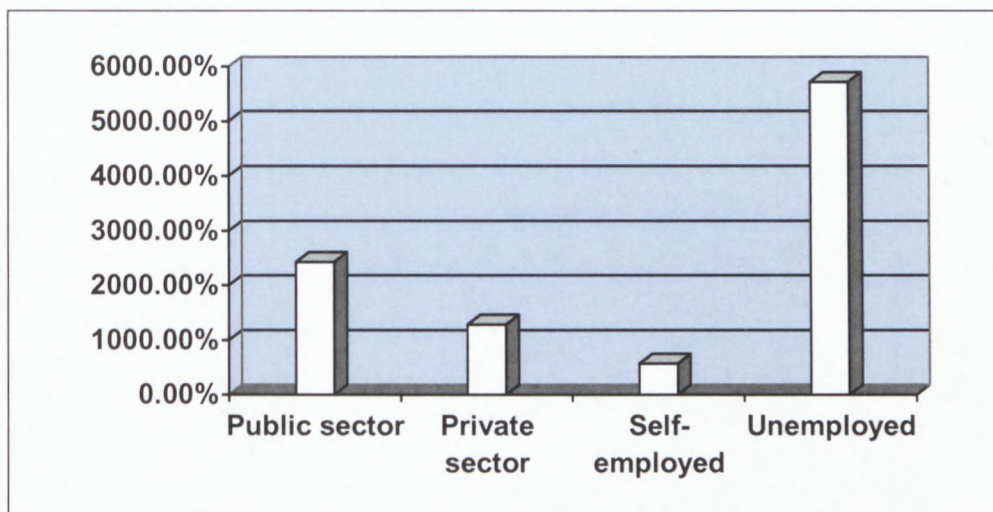
Chart 5.12 depicts the social status of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 28.57% of the respondents were in leadership positions in their community and 71.43% of the respondents were not in leadership positions in their community.

(e) Employment designation

Table 5.13 Employment designation

	Post Level	Frequency	Percentage
Valid	Public sector employees	17	24.28%
	Private sector employees	9	12.85%
	Self-employed	4	5.71%
	Unemployed	40	57.14%
Total		70	100%

Chart 5.13 Employment designation



Results

Employment had the following categories: public sector, private sector, self-employed and unemployed. The number of respondents for each employment category was as follows: seventeen (17) for public sector, nine (9) for private sector, four (4) for self-employed and 40 for unemployed.

Interpretation

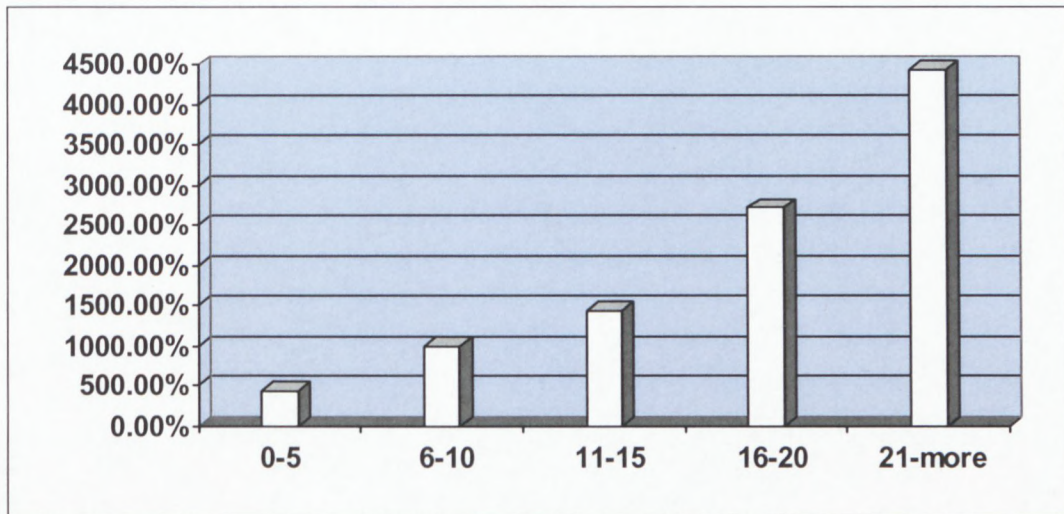
Chart 5.13 depicts the employment categories of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 24.28% of respondents were employed in the public sector, 12.85% of respondents were employed in the private sector, 5.71% of the respondents were self-employed and 57.15% of respondents were unemployed.

(f) Number of years spent in the residential area.

Table 5.14 Number of years spent in the residential area

	Years of service	Frequency	Percentage
Valid	0 – 5	3	4.28%
	6 – 10	7	10%
	11 – 15	10	14.28%
	16 – 20	19	27.14%
	21 – more	31	44.28%
Total		70	100%

Chart 5.14 Number of years spent in the residential area



Results

The number of years spent by respondents in their residential areas referred to the following periods: 0-5 years, 6-10 years, 11-15 years, 16-20 years and 21-more years. Three (3) respondents spent a period of (0-5) years in their residential area, seven (7) respondents spent a period of (6-10) years in their residential area, 10 respondents spent a period of (11-15) years in their residential area, 19 respondents spent a period of (16-20) years in their residential area and 31 respondents spent a period of (21-more) years in their residential area.

Interpretation

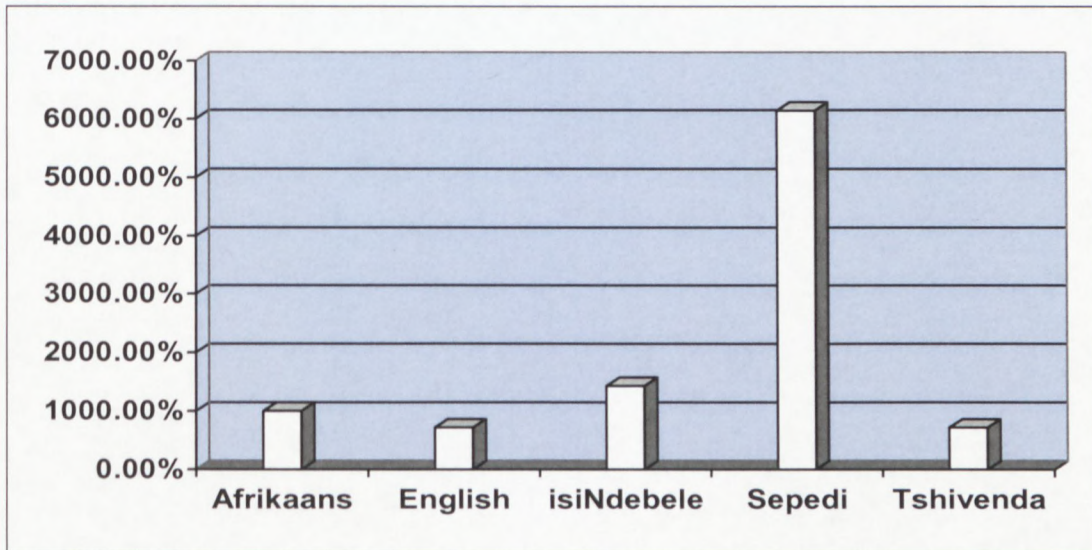
Chart 5.14 depicts the periods spent by the respondents in their residential their areas on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 4.28% of the respondents spent between (0-5) years in their residential area, 10% of the respondents spent between (6-10) years in their residential area, 14.28% of the respondents spent between (11-15) years in their residential area, 27.24% of the respondents spent between (16-20) years in their residential area and 44.28% of the respondents spent between (21-more) years in their residential area.

(g) Home Language

Table 5.15 Home language

	Education level	Frequency	Percentage
Valid	Afrikaans	7	10%
	English	5	7.14%
	isiNdebele	10	14.28%
	Sepedi	43	61.43%
	Tshivenda	5	7.14%
Total		70	100%

Chart 5.15 Home language

**Results**

Home language consisted of the following categories: Afrikaans, English, isiNdebele, Sepedi and Tshivenda. Seven (7) respondents ticked Afrikaans as their home language, five (5) respondents ticked English as their home language, ten (10) respondents ticked isiNdebele as their home language, 43 respondents ticked Sepedi as their home language and five (5) respondents ticked Tshivenda as their home language.

Interpretation

Chart 5.14 depicts the home language of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 10% of the respondents had Afrikaans as

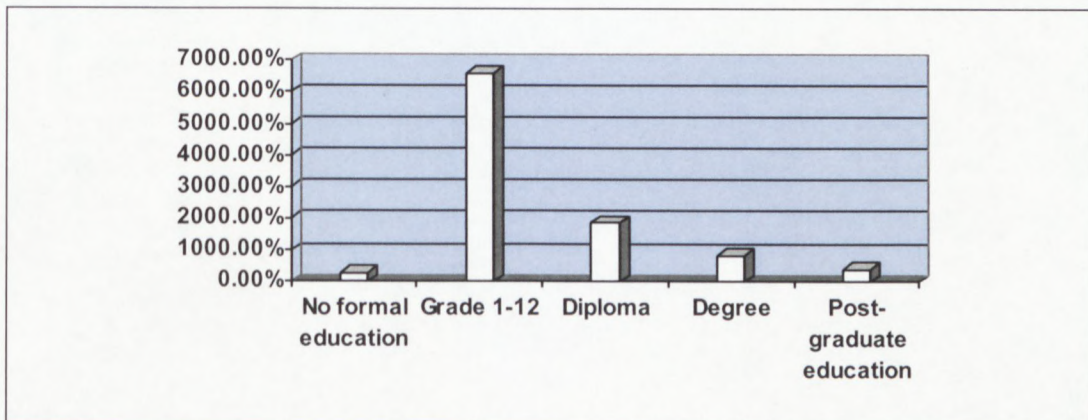
their home language, 7.14% of the respondents had English as their home language, 14.28% of the respondents had isiNdebele as their home language, 61.43% of the respondents had Sepedi as their home language and 7.14% of the respondents had Tshivenda as their home language.

(h) Education

Table 5.16 Education

	Education level	Frequency	Percentage
Valid	No formal education	2	2.86%
	Grade 1-12	46	65.71%
	Diploma	13	18.57%
	Degree	6	8.57%
	Postgraduate education	3	4.29%
Total		70	100%

Chart 5.16 Education



Results

Education consisted of the following categories: No formal education, Grade 1-12, Diploma, Degree and Postgraduate. Two (2) respondents fell within the category of No formal education, 46 respondents fell within the category of Grade 1-12, thirteen (13) respondents fell within the category of Diploma, six (6) respondents fell within the category of Degree and three (3) respondents fell within the category of Postgraduate.

Interpretation

Chart 5.16 depicts the categories of education of the respondents on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 2.86% of the respondents did not have formal education, 65.71% of the respondents had Grade 1-12 education, 18.57% of the respondents had a diploma, 8.57% of the respondents had a degree and 4.29% of the respondents had postgraduate education.

5.3.3 Questionnaire data presentation, analysis and interpretation of results

The survey questionnaire was constructed with ten (10) structured questions. Each question had a dichotomous choice of a Yes/No response to the questions.

For the purpose of this study all responses were coded in the following manner:

Yes = 1

No = 2

According to Garner (1978:122) "to understand the results sometimes requires two separate process. Firstly, we must find out what the results are saying then-and not before, so that we may search what they mean". With regard to the purpose of the analysis, Kavale (1996:177) states that "the purpose of analysis is to uncover the meaning of the question, to make explicit its presuppositions and thereby implicit conceptions of quality of the research". He further pointed out that "the interpretation is focused on the tension between what is said and what is not said in the question".

A total of 100 copies of the questionnaire were distributed to the sample population and 70 completed questionnaires were received by the deadline.

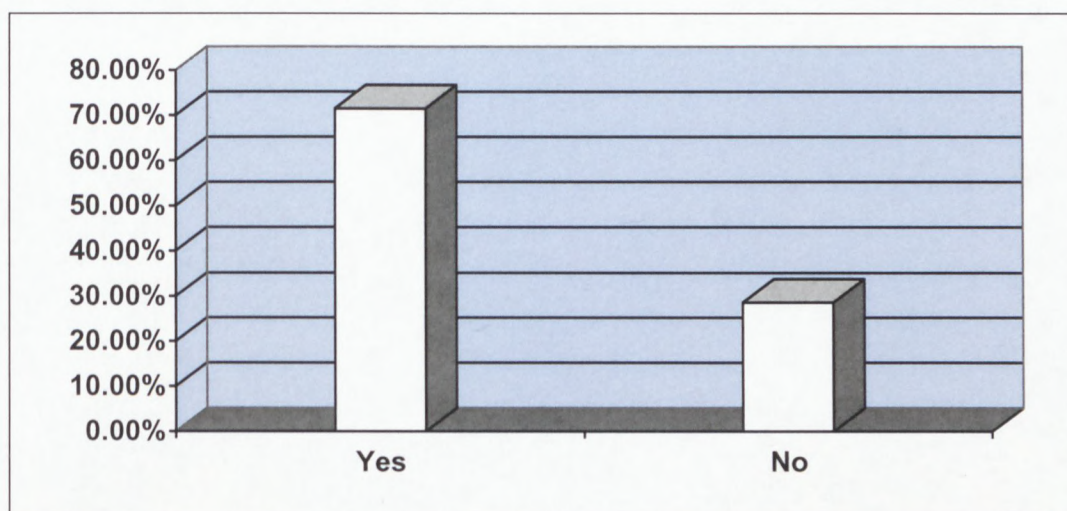
The following section presents data elicited through the survey questions, analysis and interpretation of data results.

Question 1: In your opinion, will public-private partnerships enhance the acceleration of the construction for public schools infrastructure in the communities of the Greater Sekhukhune District Municipality?

Table 5.17 Responses to Question 1

Answer	Frequency	Percentage
Yes	50	71.43%
No	20	28.57%
Total	70	100%

Chart 5.17 Responses to Question 1



Results

The results of question 1 were as follows: Fifty (50) respondents ticked (Yes), which means that in their opinion public-private partnerships will enhance the acceleration of the construction of public schools infrastructure in the communities of the Greater Sekhukhune District Municipality. Twenty (20) respondents ticked (No), which means that in their opinion public-private partnerships will not enhance the acceleration of the construction for public schools infrastructure in the communities of the Greater Sekhukhune District Municipality.

Interpretation

Chart 5.17 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 71.43% of the respondents were of the opinion that public-private partnerships will enhance the acceleration of the construction for public schools infrastructure in the communities of the Greater Sekhukhune District Municipality.

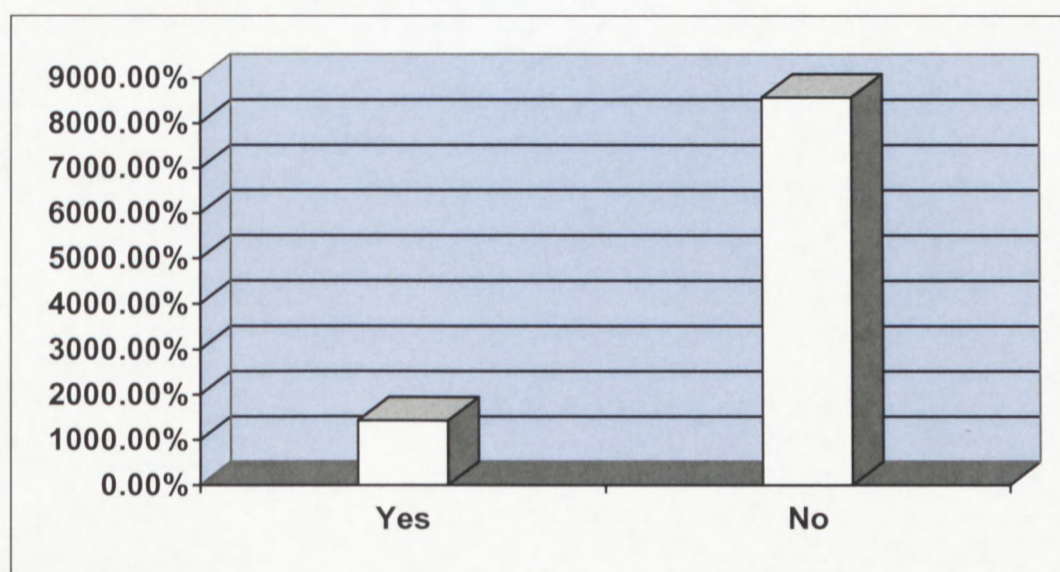
This opinion of the participants that public-private partnerships will enhance the acceleration of the construction for public school infrastructure was in line with the findings of Ronald (1999:4), who states that “PPPs brought a new way to enhance the acceleration of public service delivery while making as little impact as possible on the limited budgetary resources”. This chart also shows that 28.57% of the respondents were of the opinion that public-private partnerships will not enhance the acceleration of the construction for public schools infrastructure in the Greater Sekhukhune District Municipality.

Question 2: In your opinion will members of the communities in the Greater Sekhukhune District Municipality reject the construction of public schools infrastructure through public-private partnerships in their areas?

Table 5.18: Responses to Question 2

Answer	Frequency	Percentage
Yes	10	14.29%
No	60	85.71%
Total	70	100%

Chart 5.18 Responses to Question 2



Results

The results of question 2 were as follows: There were 10 respondents who ticked (Yes), which means that they were of the opinion that members of the communities in the Greater Sekhukhune District Municipality will reject the construction of public schools infrastructure through public-

private partnerships in their areas, while 60 respondents ticked (No), which means they were not of the opinion that members of the communities in the Greater Sekhukhune District Municipality will reject the construction of public schools infrastructure through public-private partnerships in their areas.

Interpretation

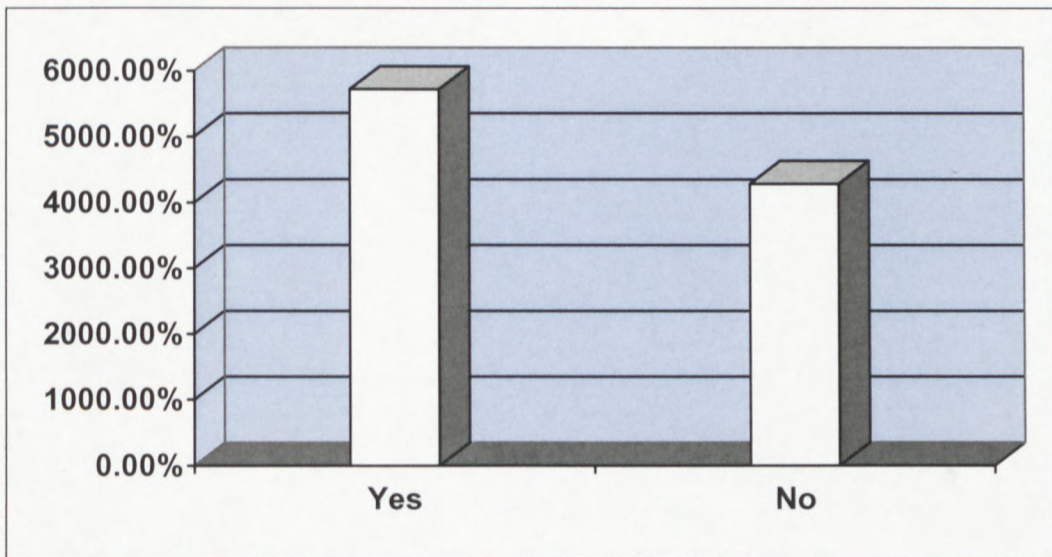
Chart 5.18 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 14.29% of the respondents had the perception that members of the communities in the Greater Sekhukhune District Municipality will reject the construction of public schools infrastructure through public-private partnerships in their areas, while 85.71% of the respondents had the perception that members of the communities in the Greater Sekhukhune District Municipality will not reject the construction of public schools infrastructure through public-private partnerships in their areas.

Question 3: In your opinion, will the role of Government in basic education be reduced in those instances where public schools infrastructure is provided through public-private partnerships?

Table 5.19: Responses to Question 3

Answer	Frequency	Percentage
Yes	40	57.14%
No	30	42.86%
Total	70	100%

Chart 5.19 Responses to Questions 3



Results

The results of question 3 were as follows: Forty (40) respondents ticked (Yes), which means that they were of the opinion that the role of the Government will be reduced in the basic education system where public school infrastructure is provided through public-private partnerships. Thirty (30) respondents ticked (No), which means that they were of the opinion that the role of the Government will not be reduced in the basic education system where public schools infrastructure is provided through public-private partnerships.

Interpretation

Chart 5.19 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 57.14% of respondents were of the opinion that the role of Government will be reduced in the basic education system where the construction of public schools infrastructure is provided through public-private partnerships.

This opinion of the respondents was in line with the Report of the United Nations Economic Commission for Europe (2004:5), which states that “PPPs involve a redefinition of the role of Government in the context of infrastructure projects”.

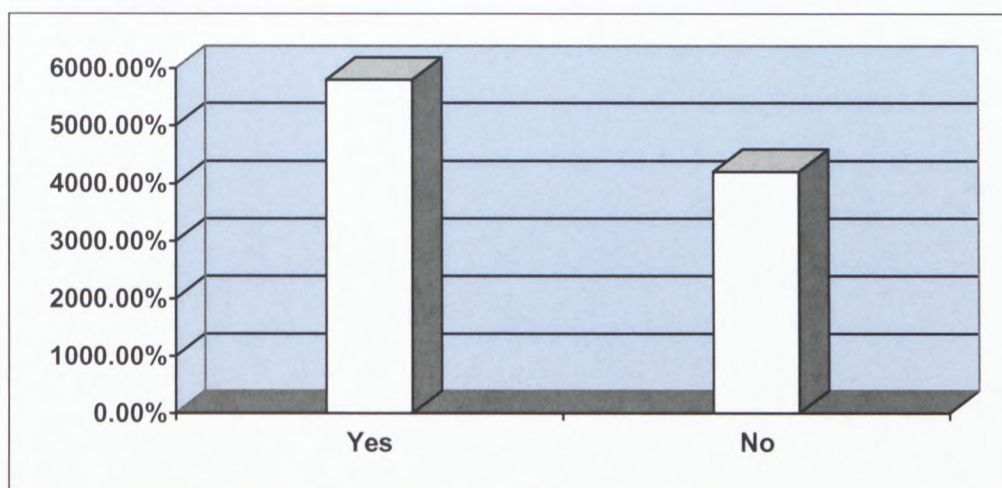
The chart also shows that 42.86% of the respondents were of the opinion that the role of Government will not be reduced in the basic education system where construction of public schools infrastructure is provided through public-private partnership.

Question 4: In your opinion, will the quality of public schools infrastructure constructed through public-private partnerships be better than the quality of the public schools infrastructure provided solely by the Government?

Table 5.20: Responses to Question 4

Answer	Frequency	Percentage
Yes	50	58%
No	20	42%
Total	70	100%

Chart 5.20 Responses to Question 4



Results

The results of question 4 were as follows: Fifty (50) respondents ticked (Yes), which means that they were of the opinion that the quality of public schools infrastructure constructed through public-private partnerships will be better than the quality of the public schools infrastructure provided solely by the Government. Twenty (20) respondents ticked (No), which means that they were of the opinion that the quality of public schools infrastructure constructed through public-private partnerships will not be better than the quality of the public schools infrastructure provided solely by the Government?

Interpretation

Chart 5.20 depicts the dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 58% of the respondents were of the opinion that the quality of public schools infrastructure constructed through public-private partnerships will be better than the quality of public schools infrastructure constructed solely by the Government.

This opinion of the respondents was in line with the findings of Almeida and Smith (2004:5), who state that "better management in the private sector and its capacity to innovate, lead to increased efficiency and in turn translate into a combination of better quality and lower cost services". The Department of Correctional Services in South Africa also found that the quality of prisons provided through PPPs in Bloemfontein and Makado is better than the quality of prisons provided through the normal Government procurement process (Department of Correctional Services Annual Report 2008 for 2007-2008 financial year).

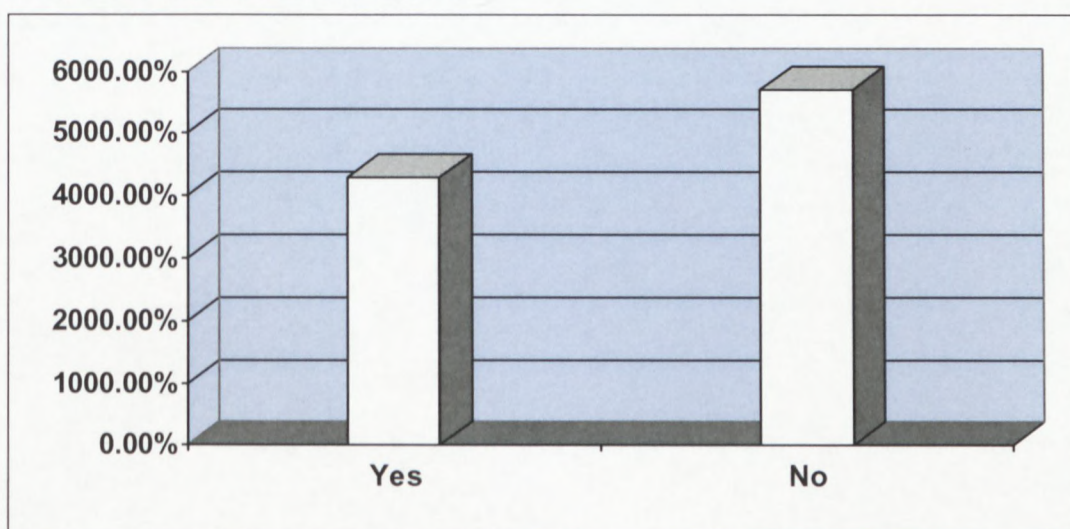
The chart also shows that 42% of the respondents were of the opinion that the quality of public schools infrastructure constructed through public-private partnership projects will not be better than the quality of public schools infrastructure provided solely by the Government.

Question 5: In your opinion, will most members of the communities in the Greater Sekhukhune District Municipality get tenders in relation to the construction of public schools infrastructure through public-private partnerships in their areas?

Table 5.21: Responses to Question 5

Answer	Frequency	Percentage
Yes	30	42.86%
No	40	57.14%
Total	70	100%

Chart 5.21 Responses to Question 5



Results

The results of question 5 were as follows: Thirty (30) respondents ticked (Yes), which means that in their opinion most members of the communities in the Greater Sekhukhune District Municipality will get tenders in relation to the construction of public schools infrastructure through public-private partnerships in their areas. Forty (40) respondents ticked (No), which means that in their opinion most members of the communities in the Greater Sekhukhune District Municipality will not get tenders in relation to the construction of public schools infrastructure through public-private partnerships in their areas.

Interpretation

Chart 5.21 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 42.86% of the respondents were of the opinion that most members of the communities in the Greater Sekhukhune District Municipality will get tenders in relation to the construction of public schools infrastructure through public-private partnerships in their areas.

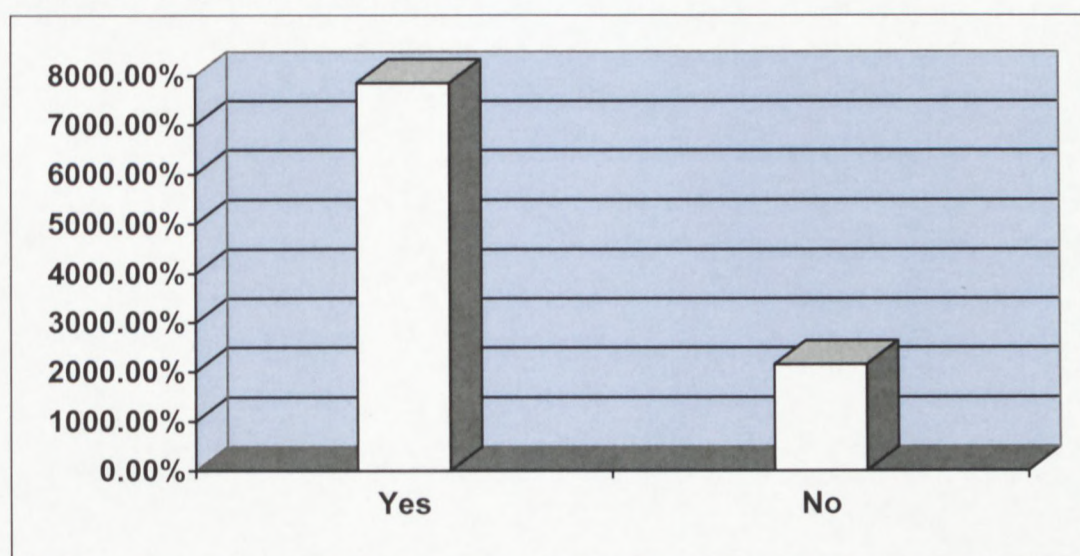
The chart also shows that 57.14% of the respondents were of the opinion that most members of the communities in the Greater Sekhukhune District Municipality will not get tenders in relation to the construction of public schools infrastructure through public-private partnerships in their areas.

Question 6: In your opinion, will the construction of public schools infrastructure through public-private partnerships enhance the economic livelihood of members of the communities in those areas where such public-private partnership projects have been rolled out?

Table 5.22: Responses to Question 6

Answer	Frequency	Percentage
Yes	55	78.57%
No	15	21.43%
Total	70	100%

Chart 5.22 Responses to Question 6



Results

The results of question 6 were as follows: Fifty five (55) respondents ticked (Yes), which means that in their opinion the construction of public schools infrastructure through public-private partnerships will enhance the economic livelihood of members of the communities in those areas where such public-private partnership projects have being rolled out. Fifteen (15) respondents ticked (No), which means that in their opinion the construction of public schools infrastructure through public-private partnerships will not enhance the economic livelihood of members of the communities in those areas where such public-private partnership projects have been rolled out.

Interpretation

Chart 5.22 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 78.57% of respondents were of the opinion that the construction of public schools infrastructure through public-private partnerships will enhance the economic livelihood of members of the communities where such public-private partnership projects have been rolled out.

This opinion of the respondents was in line with the assertion of the Report of the United Nations (2008:59), which states that “The PPP process should put people first by increasing accountability and transparency in projects and through these improving people’s livelihoods, especially the socially and economically disadvantaged”.

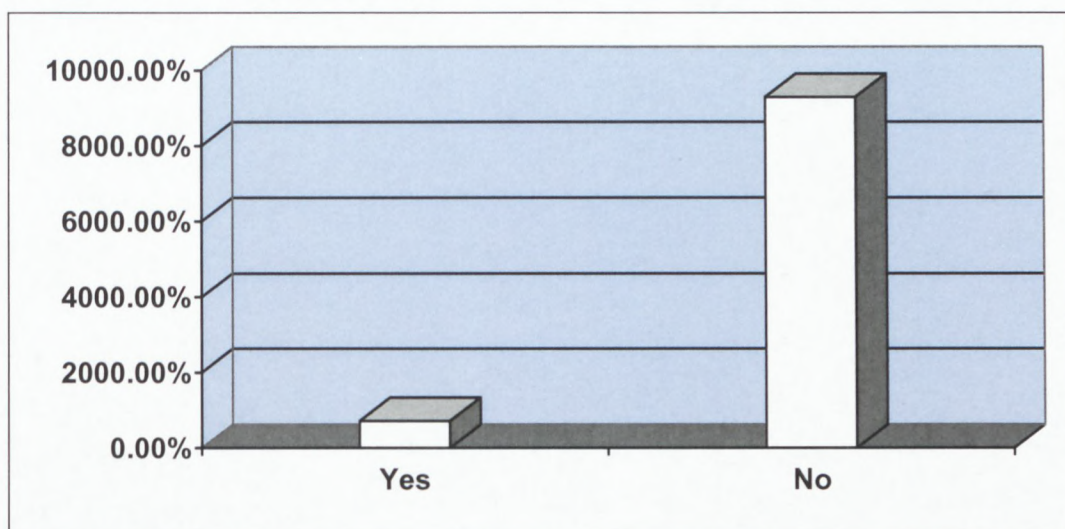
The chart also shows that 21.43% of respondents were of the opinion that the construction of public schools infrastructure through public-private partnerships will not enhance the economic livelihood of members of the communities in those areas where such public-private partnership projects have been rolled out.

Question 7: Do you perceive any disadvantage/s to the communities of the Greater Sekhukhune District Municipality in relation to the construction of public schools infrastructure through public-private partnerships in their areas?

Table 5.23: Responses to Question 7

Answer	Frequency	Percentage
Yes	5	7.14%
No	65	92,86%
Total	70	100%

Chart 5.23 Responses to Question 7



Results

The results of question 7 were as follows: Five (5) respondents ticked (Yes), which means that they perceived disadvantage/s for the communities of the Greater Sekhukhune District Municipality in relation to the construction of public schools infrastructure through public-private partnerships in their areas. There were 65 respondents who ticked (No), which means that they did not perceive any disadvantage/s to the communities of the Greater Sekhukhune District Municipality in relation to the construction of public schools infrastructure through public-private partnerships in their areas.

Interpretation

Chart 5.23 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 7.14% of respondents had the perception that there will be disadvantage/s to the communities of the Greater Sekhukhune District Municipality in relation to the construction of public school infrastructure through public-private partnerships in their areas.

This perception of the respondents on the disadvantages of PPPs to the communities was in line with the assertion of the Australian Procurement and Construction Council (2002:3), which states that the "General disadvantages cited for PPP procurement include, limit for future financial flexibility (i.e. due to commitment under long-term contract)".

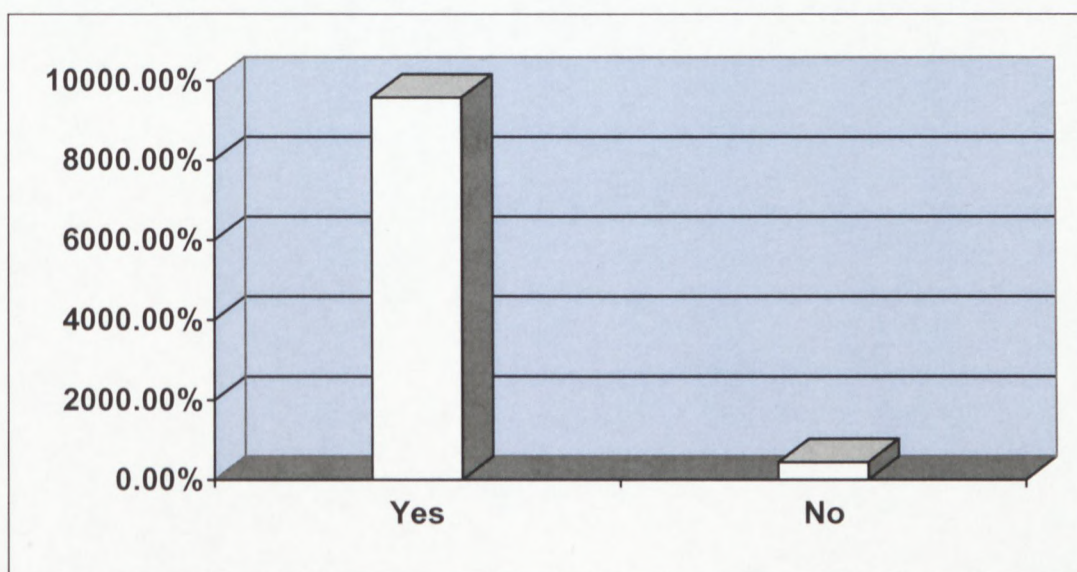
The chart also shows that 92.86% of respondents had the perception that there will be no disadvantages to the communities of the Greater Sekhukhune District Municipality in relation to the construction of public school infrastructure through public-private partnerships in their areas.

Question 8: In your opinion, will the build-operate-transfer (BOT) type/form of PPPs be suitable for the construction of public schools in the Greater Sekhukhune District Municipality?

Table 5.24: Responses to Question 8

Answer	Frequency	Percentage
Yes	67	95.71%
No	3	4.29%
Total	70	100%

Chart 5.24 Responses to Question 8



Results

The results of question 8 were as follows: There were 67 respondents who ticked (Yes), which means that in their opinion the build-operate-transfer (BOT) will be a suitable type/form of PPPs for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality. Three (3) respondents ticked (No), which means that in their opinion the build-operate-transfer (BOT) will not be a suitable type/form of PPPs for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

Interpretation

Chart 5.24 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 95.71% of the respondents were of the opinion that the build-operate-transfer (BOT) will be a suitable type/form of PPPs for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

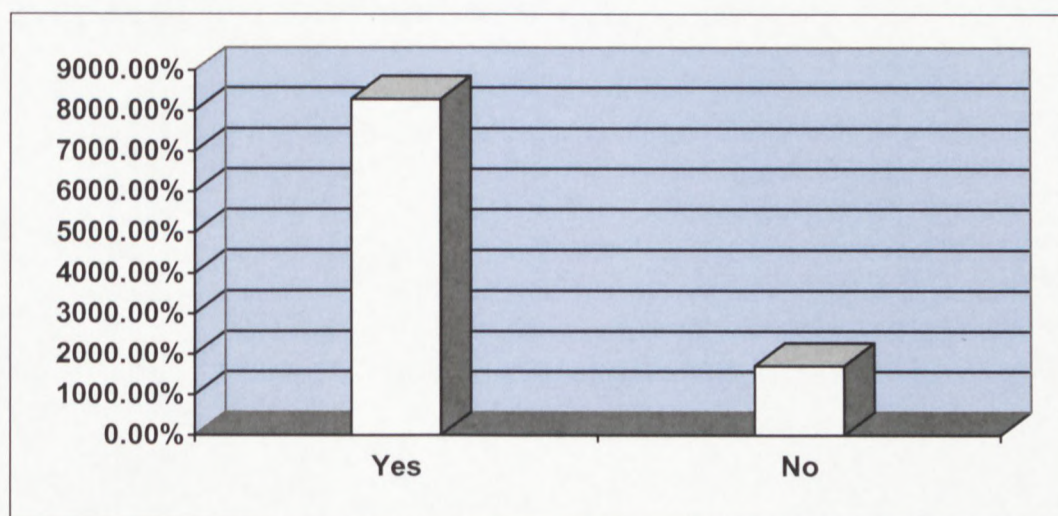
The chart also shows that 4.29% of the respondents were of the opinion that the build-operate-transfer (BOT) will not be a suitable type/form of PPPs for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

Questions 9: Do you think that the Government of Limpopo will benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality?

Table 5.25: Responses to Question 9

Answer	Frequency	Percentage
Yes	58	82.86%
No	12	17.14%
Total	70	100%

Chart 5.25 Responses to Question 9



Results

The results of question 9 were as follows: There were 58 respondents who ticked (Yes), which means they had the perception and were of the opinion that the Government of Limpopo will benefit from the construction of public schools infrastructure through public-private partnerships in

the Greater Sekhukhune District Municipality. Twelve (12) respondents ticked (No), which means they had the perception and were of the opinion that the Government of Limpopo will not benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

Interpretation

Chart 5.25 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of the respondents on the vertical axis. It shows that 82.86% of the respondents had the perception and were of the opinion that the Government of Limpopo will benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

The researcher was of the view that the South African Schools Act 84 of 1996, places some responsibility on the Provincial Governments in South Africa in relation to public schools infrastructure (for example, section 12 of this Act provides “The Member of the Executive Council²⁰ must provide schools for the education of learners out of funds appropriated for this purpose by the provincial legislature”). Therefore, public-private partnerships will assist the Provincial Government of Limpopo in meeting this legal mandate on the provision of schools.

Furthermore, according to Almeida and Smith (2004:5) “PPPs can be attractive to both the Government and the private sector. For the Government, private financing can support increased infrastructure investment without immediately adding to Government borrowing and debt, and can be a source of Government revenue. At the same time, better management in the private sector and capacity to innovate can lead to increased efficiency that translates into a combination of better quality and lower cost of services.

The chart also shows that 17.14% of the respondents had the perception and were of the opinion that the Government of Limpopo will not derive any benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

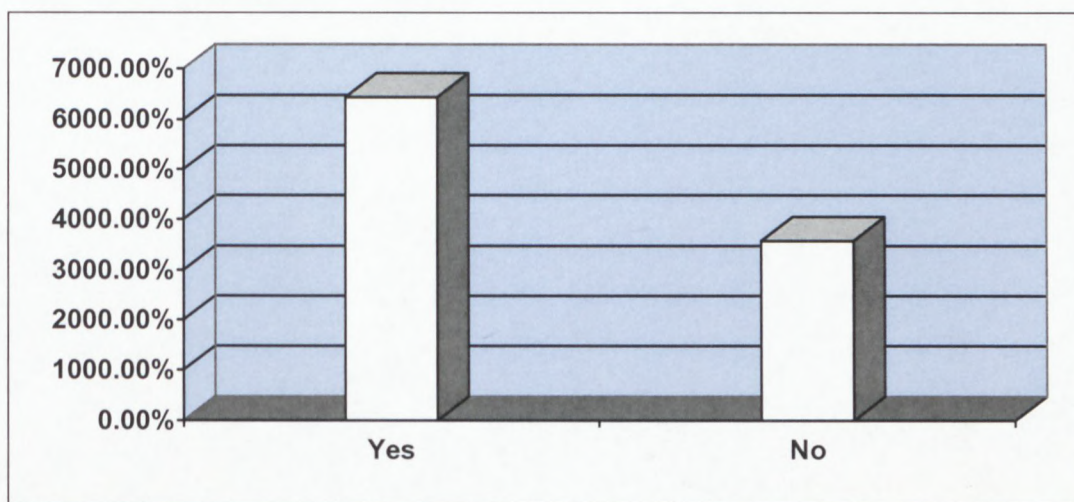
Question 10: Do you think that the private sector business partner/s will benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality?

²⁰ Section 132 of the Constitution of the Republic of South Africa, 1996.

Table 5.26: Responses to Question 10

Answer	Frequency	Percentage
Yes	45	64.29%
No	25	35.71%
Total	70	100%

Chart 5.26 Responses to Question 10



Results

The results of question 10 were as follows: There were 45 respondents who ticked (Yes), which means that they had the perception and were of the opinion that the private sector business partner/s will benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality. There were 25 respondents who ticked (No), which means they that had the perception and were of the opinion that the private sector business partner/s will not benefit from the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

Interpretation

Chart 5.26 depicts a dichotomous choice of (Yes) and (No) on the horizontal axis and percentages of participants on the vertical axis. The chart shows that 64.29% of the respondents had the perception and were of the opinion that the private sector business partner/s will derive some benefits in relation to the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality. The perception and the opinion that the private sector business partner/s will derive benefits in relation to the construction of public

schools infrastructure through PPPs were in line with the assertion of Almeida and Smith (2004:5), who say “PPPs present the private sector with business opportunities in areas from which it was in many cases previously excluded”.

The chart also shows that 35.71% of the respondents had the perception and were of the opinion that the private sector business partner/s will not derive any benefit in relation to the construction of public schools infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality.

5.4 SUMMARY

This chapter presented data elicited through structured interviews and structured survey questionnaires, analysis of data and the interpretation of data results.

Qualitative research results

The majority of the participants had the perception and were of the opinion that public-private partnerships will enhance the acceleration of the construction for public schools infrastructure.

The following concerns were raised during the interviews:

- that there is no specific legal framework on PPPs in the basic education system;
- that corruption will rob the community of the benefits that can be derived from PPPs;
- that there is no clear division of labour among the three spheres of government in the basic education sector system.

Participants said that these aforementioned concerns might impede the success of the construction of public schools infrastructure through PPPs in the Greater Sekhukhune District Municipality.

The following negative perceptions and opinions emerged during the interview:

- that South African banks will not be able to contribute their capital into the SPV since their liquidity is very low and they would not invest in their noncore business projects;
- that Government will not approve any project that is not within the budget allocated to its public institutions, due to the shortfall in Government revenue and a requirement to reduce the Government budget deficit; and

- that the additional tax on banks will put pressure on the profit of the banks, which banks use to invest in their social and business projects, such as PPPs.

Quantitative research

The majority of the respondents showed confidence in the public-private partnerships as a mechanism to accelerate the construction of public schools infrastructure.

The next chapter forwards the research findings, conclusions and recommendations.

CHAPTER 6

RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The researcher explored opinions and perceptions for the acceleration of the construction for public school infrastructure through (PPPs). This chapter presents the research findings, conclusions and recommendations of the study.

6.2 RESEARCH FINDINGS

The research findings demonstrate that PPPs can accelerate the provision of public schools infrastructure. The main findings are as follows:

Ability of public-private partnerships to accelerate the construction of public schools infrastructure

The lessons learned from Canada, Australia, the United Kingdom, Egypt and Pakistan on the provision of public schools infrastructure through PPPs and also the lessons learned from the Department of Correctional Services in South Africa on the provision of prison infrastructure through public-private partnerships, indicate that public-private partnerships can accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality.

Public sector benefits in the construction of public schools infrastructure through public-private partnerships

Most participants and respondents had the perception and were of the opinion that the public sector partner stands to benefit in the construction of public schools infrastructure through public-private partnerships and such benefits include (a) finance (for example, the use of special purpose vehicle to provide an up-front finance for the public-private partnership projects), (b) risk transfer (for example, the private sector partner always takes substantial risk in respect of the project in PPPs), (c) efficiency gains, which include allocative efficiency (for example, the use of resources so as to maximise profit and utility), technical efficiency (for example, the minimum inputs and maximum outputs) and X-efficiency (for example, the prevention of the wasteful use of inputs) (Fourie and Burger, 2000:697) and (d) whole-life costing (Scally, 2004:81).

Private sector benefits in the construction of public schools infrastructure through public-private partnerships

Most participants and respondents had the perception and were of the opinion that the private sector partner will benefit in the construction of public-schools infrastructure through public-private partnerships. Under the PPP model, the private sector partner usually becomes the long-term provider of a service, rather than just simply the up-front asset builders. The private sector partner is usually responsible not only for the construction of an asset, but also for its long-term operation and maintenance (Scally, 2004:81). The benefit of the private sector in public-private partnerships includes new business opportunities in areas that were exclusively for the public sector, guarantees by the public sector for PPP projects and also a close working relationship with the bureaucracy.

Benefits for members of the communities in the construction of public schools infrastructure through public-private partnerships

Most participants and respondents had the perception and were of the opinion that members of the communities in those areas where the public-private partnership projects are rolled out will benefit from such PPP projects, in addition to the benefit of the infrastructure delivered through public-private partnership project. Members of the communities will also benefit from skills and experiences which will be acquired from the public-private partnership projects and some businesses of the members of the communities will experience a boom during the construction of the infrastructure as more people will have money to spend.

Challenges in the construction of public school infrastructure through public-private partnerships

The challenges identified in the construction of public school infrastructure through public-private partnerships in the Greater Sekhukhune District Municipality include the following:

- (a) Lack of clear policy on public-private partnerships in the basic education system. This lack of policy on PPPs in the basic education system poses serious challenges for the success of the construction of public schools infrastructure through public-private partnerships. The policy on PPPs in basic education should flow from the broader national policy framework in respect of public-private partnerships.
- (b) Lack of skills required to ensure the efficiency and the effectiveness of public-private partnerships. This view is in line with the findings of Palmer (2009:15), who states that "It

is sometimes the case that both the government and the private contractor lack the skill sets or the dedicated team required to manage complex PPPs.” In South Africa, public-private partnerships is a new phenomenon and there is no available pool of expertise for PPP projects.

- (c) New regulations for the banks on the liquidity and assets, and also the proposed additional banks tax, will put pressure on the profits of banks, which are used by banks to invest in the special purpose vehicle on PPP projects. The financial institutions, and banks in particular, play a major role in PPP projects and also assist in the monitoring and the management of the finances of public-private partnership projects.
- (d) Public-private partnership process is cumbersome and also takes a long time to conclude. In South Africa, for example, before an agreement can be finalised it has to pass three tests. Herpen (2002) states that “PPP contracts are much more complicated to negotiate and to administer than the traditional construction contracts, partly because there are more actors involved. That is why they require more time and effort as a result of the complexity of contract forms and additional experts. PPP-process take longer than conventional procurement process because the contracts are for a long period of time, for example (25-30 years), and therefore the financial assumptions underlying bids have to be looked at in depth. Negotiations with bidders are also lengthy”.

6.3 RESEARCH CONCLUSIONS

The size and scope of the problems that plague the provision of basic education in South Africa, coupled with lack public school infrastructure for example classrooms, require a fundamental shift in the way public school infrastructure is delivered. The goal of this research was to explore public-private partnerships, with the aim of accelerating the construction of public schools infrastructure in the Greater Sekhukhune District Municipality. Furthermore, the goal of this research was to explore, to describe and to analyse perceptions and opinions of the participants and the respondents in order to formulate sound conclusion on the construction of public schools infrastructure through public-private partnership projects in South Africa: A case study of the Greater Sekhukhune District Municipality.

The current policy framework on the provision of public schools infrastructure in the basic education sector does not accurately reflect the procedure and the requirements of public-private partnership projects in the provision for public schools infrastructure.

The results showed that the majority of participants and respondents are of the opinion and have the perception that public-private partnership projects can accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality. These results were verified against the information obtained from published and unpublished documents on public-private partnerships.

Based on the research results, this article concludes that public-private partnership projects can accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality in Limpopo, a province the northern part of the Republic of South Africa.

6.4 RESEARCH RECOMMENDATIONS

The success of public-private partnerships in the basic education system with regard to the acceleration of the construction for public school infrastructure requires the interaction and the co-operation of numerous stakeholders, and also the integration of a myriad of factors. While the complexity of PPPs cannot be entirely removed, focusing on a number of key elements may influence the process.

This study proposes the following recommendations:

- (a) That the National Treasury should submit a Bill on public-private partnerships to Parliament after it has been approved by Cabinet for submission to Parliament.
- (b) That Parliament should conduct extensive public hearings and deliberations on this public-private partnerships Bill before it can pass and submit this Bill to the President for assent to become an Act of Parliament. This Act of Parliament on public-private partnerships should provide a consolidated national framework on PPPs for the government departments and institutions in relation to their policies on public-private partnerships. The public-private partnerships (PPPs) Act is imperative to improve the acceleration of the roll-out of PPP projects in South Africa.
- (c) That the Department of Basic Education should draft and implement a policy on public-private partnerships (PPPs) in the basic education system. This policy should amongst other things provide details on the process and the procedure in respect of the provision of public school infrastructure through PPPs in the basic education system. The policy on public-private partnerships in basic education should be drafted in consultation with the relevant stakeholders in the basic education system of the national and the provincial spheres of government, and in the sphere of local government, consultation should

include stakeholders such the South African Local Government Association (SALGA), parent and teachers' associations, learners' associations and the school governing bodies association.

- (d) That the Department of Higher Education should establish courses on public-private partnerships, which should be accredited by the government education authorities and also be offered by institutions of higher learning in South Africa. These courses should be internationally recognised and should equip candidates with the necessary theory and practice on public-private partnership projects. This course should be drafted in consultation with both local stakeholders and stakeholders abroad in public-private partnership agencies and should be bench-marked internationally.
- (e) That the Department of Basic Education should make provision in the policy of basic education on public-private partnerships to lure non-financial institutions to make capital contributions to the special purpose vehicle or any other contribution to assist in the acceleration of the roll-out of public-private partnership projects in the basic education system. In the Greater Sekhukhune District Municipality there are many platinum mines, which can be lured by the communities and the authorities to make contributions to the public-private partnership projects in the construction of public schools infrastructure.
- (f) That the Department of Basic Education should review the legal framework in basic education to include the local sphere of government, and allocate certain functions and responsibilities in the basic education system to this local sphere of government.

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ANNEXURE 1: CONSENT FORM

Dear Research Participants

REQUEST FOR YOU TO PARTICIPATE IN A RESEARCH STUDY

I am an M.Tech student at the Cape Peninsula University of Technology, engaged in a research work on **“Public-private Partnership projects in South Africa: a case study in the Greater Sekhukhune District Municipality in the province of Limpopo”**.

This study seeks to explore the construction of public schools infrastructure through public-private partnership projects in the Greater Sekhukhune District Municipality, with the aim of resolving the problem of the shortages of public school infrastructure, improving accessibility and acceptability of basic education in the Greater Sekhukhune District Municipality.

To complete this study, the researcher should amongst other things conduct interviews and you have been identified as the appropriate participant for these interviews. In order to capture the interview precisely an audio tape will be used to record the interview, which will be used for verification of the findings by an independent qualitative research expert. I therefore undertake to safeguard your anonymity by omitting the use of names and places. Confidentiality will be ensured by erasing the taped material on completion of the transcription of the tapes. These interviews will have a duration of approximately 20 to 30 minutes.

Only an independent qualitative researcher and I will share the transcribed tape material. It should be understood that you are under no obligation to participate in this study and you will be free to terminate your participation even when the interview has begun.

The direct benefit to you for participating in this study is that you will have the opportunity to verbalise your perceptions and opinion on the provision of public school infrastructure through public-private partnerships and another benefit is that your experiences and opinion will be used to develop the recommendations of this study.

A summary of the research findings will be made available to you on request. Herewith below please tick “accept” to indicate that you will be able to participate in this interview or tick “decline” to indicate that you will not be able to participate in this study.

Accept	
Decline	

.....
SIGNATURE OF THE PARTICIPANT

.....
DATE

Please feel free to contact the researcher should you need any further information in this regard.

The contact details of the researcher are as follows:

Mr. Emmanuel Masha

P. O. Box 29

Cape Town

8000

Cell phone No: 0939405915

Mr. E Masha

M.Tech Student

Cape Peninsula University of Technology

Dr Rozenda Hendrickse

Acting HOD/Senior Lecturer

Dept of Public Management

Faculty of Business

Cape Peninsula University of Technology

ANNEXURE: 2 – INTERVIEW GUIDE

Questions for participants in the national government departments and private sector:

1. In your opinion, will public-private partnerships accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality (GSDM)?
2. In your opinion, will the role and responsibility of the Government in basic education be reduced when public schools infrastructure is constructed through public-private partnerships?
3. What is your opinion with regard to the legal framework on public-private partnerships in South Africa?
4. In your opinion, what type/form of public-private partnerships will be appropriate for the provision of public schools infrastructure in the Greater Sekhukhune District Municipality?
5. Is there any other benefit that members of the communities in GSDM can derive from public-private partnerships in the construction of public schools infrastructure in their areas, apart from the provision of public schools infrastructure?
6. In your opinion, will the private sector partner derive any benefit/s in the construction of public schools infrastructure through public-private partnerships in GSDM?
7. What is your opinion with regard to the composition of Special Purpose Vehicle (SPV) for the public-private partnerships in South Africa?
8. What is your perception on the Public Sector Comparator (PSC) with regard to the provision of public goods and services through public-private partnerships?
9. In your opinion, will the Government be reluctant to use public-private partnerships for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality?
10. Do you perceive any challenges in the construction of public schools infrastructure through public-private partnerships in GSDM?

ANNEXURE: 3 – QUESTIONNAIRE

My name is Selepe Emmanuel Masha, currently studying towards M.Tech in Public Management qualification at Cape Peninsula University of Technology and undertaking a research in partial fulfillment of the course.

You have been purposefully selected to participate in this research as a respondent.

Rest assured that your contribution will remain confidential and no inference will be made. Your name will never be linked to any of the contents of the report so that everything remains anonymous.

I am hereby kindly asking you to honestly complete the questionnaire attached herewith below. This research is academic in nature and aimed at resolving the practical problem of the lack of public schools in the Greater Sekhukhune District Municipality.

Completed questionnaires should be sent to the researcher through any of the following:

- e-mail address, emmanuel.masha@treasury.gov.za;
- facsimile, Fax No. (021) 465 5950, marked attention Emmanuel Masha;
- post, postal address: P. O. Box 29; Cape Town, 8000.

The questionnaire consists of sections A and B; Section A deals with the biographical data and Section B deals with the structured survey research questions.

Your input should reach Mr. Emmanuel Masha on or before 31 May 2010. Please return the questionnaire timeously in order for the researcher to expedite and complete the research process on time.

Thanking you in anticipation.

Yours sincerely

Emmanuel Masha

Cape Peninsula University of Technology

Cape Town campus

8000

Cell phone 0839405915

Section A – Biographical questions

1. Please insert your name and contact number

Name:	Cell/Tel Number (OPTIONAL)

2. Gender

Male	Female

3. Age Group

21-30yrs	31-40yrs	41-50yrs	> 50 yrs

4. Racial group

Black	White	Coloured	Indian	Asian	other

5. Social status

Councilor	Member of school governing body	Leader of a pressure group in the community	Leader of a political organisation in the community	Other

6. Employment designation

Director-General/ Head of public institution	Deputy Director General/Head of Division	Chief Director	Director	Teacher	Other

7. Number of years spent in the residential area

0-5yrs	6-10yrs	11-20yrs	> 20 years

8. Home language

Sepedi	Zulu	Ndebele	Afrikaans	English	Other

9. Education?

Matriculation	Diploma	Degree	Post graduate

Section B – Research Questions

Please complete the following questions, and also note that **there is no right or wrong response** as these questions are **aimed at obtaining your perception and opinion**.

1. In your opinion, will public-private partnerships accelerate the construction of public schools infrastructure in the Greater Sekhukhune District Municipality (GSDM)?

Please tick either “yes” or “no”

Yes	No
-----	----

2. In your opinion, will the role and responsibility of the Government in basic education be reduced when public schools infrastructure is constructed through public-private partnerships?

Please tick either “yes” or “no”

Yes	No
-----	----

3. In your opinion does the legal framework on public-private partnerships in South Africa the reason for slow creation of PPP projects?

Please tick either “yes” or “no”

Yes	No
-----	----

4. The South African Treasury Regulations 16 of 1999 on public-private partnership list many form or type of PPP, which include:

- (c) A partnership where a private partner assume substantial financial, technical and operational risks in connection with the performance of the Government institutional function and/or use of state property; and(d) receives a benefit for performing the Government institutional function or from utilising the state property, either by way of:

- (i) consideration to be paid by the Government institution which derives revenue from Government Revenue Fund...
- (ii) charges or fees to be collected by the private party from users or customers of a service provided to them; or
- (iii) a combination of such consideration and such charges or fees;

In your opinion, would the aforementioned type/form of public-private partnership be appropriate for the provision of public schools infrastructure in the Greater Sekhukhune District Municipality?

Please tick either "yes" or "no"

Yes	No
-----	----

5. Is there any other benefit that members of the communities in the GSDM can derive from public-private partnership projects in the construction of public schools infrastructure in their areas, apart from the provision of public schools infrastructure?

Please tick either "yes" or "no"

Yes	No
-----	----

6. In your opinion, will the private sector partner derive any benefit in the construction of public schools infrastructure through public-private partnership projects in GSDM?

Please tick either "yes" or "no"

Yes	No
-----	----

7. In your opinion does the composition of Special Purpose Vehicle (SPV) for the public-private partnership projects in South Africa effective enough to meet the financial needs of PPP projects in all sectors?

Please tick either "yes" or "no"

Yes	No.
-----	-----

8. In your opinion does the Public Sector Comparator (PSC) add value for Government with regard to the provision of public goods and services through public-private partnerships?

Please tick either "yes" or "no"

Yes	No.
-----	-----

9. In your opinion, will the Government be reluctant to use public-private partnership projects for the construction of public schools infrastructure in the Greater Sekhukhune District Municipality?

Please tick either "yes" or "no"

Yes	No.
-----	-----

10. Do you perceive any challenges in the construction of public schools infrastructure through public-private partnerships in GSDM?

Please tick either "yes" or "no"

Yes	No.
-----	-----

Thank you for participating in this study; your contribution will go a long way in finding solution to the lack of infrastructure for public schools in the Greater Sekhukhune District Municipality. "Ke a leboga, ngiyathokoza, Ndo Livhuwa, Ndza khenza, baie dankie".

GREATER SEKHUKHUNE DISTRICT MUNICIPALITY



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Attention: Emmanuel Masha

Re: PERMISSION TO CONDUCT A RESEARCH STUDY IN THE GREATER SEKHUKHUNE DISTRICT MUNICIPALITY IN LIMPOPO PROVINCE

This is to confirm that Selepe Emmanuel Masha has been granted a permission to conduct a research study within the greater Sekhukhune District Municipality in the Limpopo province on the title **(Re: "Public-private partnership projects in south Africa: A case study in the Greater Sekhukhune District Municipality in Limpopo Province")**

Should there be any further information required in this regard, please do not hesitate to contact the manager of the Greater Sekhukhune District Municipality.

Yours sincerely


M S MAKUNYANE
MUNICIPAL MANAGER

DATE:

17/02/2010

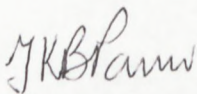
TO WHOM IT MAY CONCERN

This is to certify that I recently edited and proofread the M Thesis ("PUBLIC-PRIVATE PARTNERSHIP PROJECTS IN THE CONSTRUCTION OF PUBLIC SCHOOLS IN SOUTH AFRICA: A CASE STUDY IN THE GREATER SEKHUKHUNE DISTRICT MUNICIPALITY IN LIMPOPO") of Mr Emmanuel Masha (UWC student no: 208174575).

I am satisfied that the thesis has been edited thoroughly and that the grammar, language and style are of an acceptable standard. Although I made many proposals and comments, the majority of those were in respect of relatively minor language and style issues. In a few cases I also raised queries about and commented on the contents of the thesis, but that was never my main focus.

I found the topic quite relevant and interesting and trust that this thesis can contribute to finding solutions to problems in respect of the provision of education, not only in this specific area from which Mr Masha hails, but also in other regions of our country.

I am currently working as an editor at Juta Law (the past six years), and previously worked at Parliament (20 years, 12 of which as Head of Legislation and Proceedings Section) and before that was a language teacher (9 years).



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1 August 2011

