



Focus Group Summary Report
submitted to the Canadian Council for Public Private Partnerships
by Nanos Research, February 2015
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Objectives

Nanos was retained by the Canadian Council for Public Private Partnerships to conduct qualitative research across Canada. The key objectives for the research were as follows:

1. to **gauge** views on the **fiscal context** for governments to advance infrastructure projects;
2. to **understand** people's perceptions of public-private partnerships (P3s) and key **touchpoints** that will help advance positive impressions and public engagement with P3s; and,
3. to **provide regional intelligence** on a diversity of specific P3 projects across Canada.

Between January 19 and February 5, 2015, 14 focus groups were conducted across Canada – two groups each in Moncton, Montreal (in French), Toronto, Winnipeg, Regina, Edmonton and Vancouver -- among highly engaged Canadians who regularly vote in municipal elections and follow political news. Projects to be tested in each of the communities was provided by the CCPPP to Nanos.

Focus group participants were given a handout to gauge their views ahead of the discussion. The purpose of the handout was to anchor the discussion, and help understand the individual views of participants. Readers should note that focus groups are qualitative in nature and the results cannot be projected to the general population.

1.0 At a glance

This report includes an overview of the key findings for all of the common and customized community models, as well as a series of thematic findings on the environment as it relates to public private partnerships. In addition to the specific views shared by participants, three overarching threads emerged through the research journey.

- **Disgruntled with Government**– At the time of the focus groups, participants in many of the cities complained about inefficient and wasteful governments, and had generally negative views of construction projects.
- **Grudging in Recognition** – Even with this negative frame, a clear majority of participants recognized that P3 projects made valuable and important contributions to public infrastructure – projects they believe would not have occurred if a P3 model had not been used by the government. Most of the discussions about specific projects included complaints about construction disruption, and perceived opaque tendering and lack of transparency. Overall, they were nevertheless considered successful.
- **Knowledge is Intuitive** – It was clear that many of the participants shared views based on projected opinions more than on knowledge – for instance, the widely expressed view that the private sector would always be more efficient and timely in construction. In many instances, it seemed opinions were formed based on “world views” more than on direct knowledge of P3s. However, when the connection was made to specific P3 projects in their respective communities, participants more readily recognized the benefits of P3s.

2.0 The funding environment



Focus group participants were generally of one mind in describing the environment in which governments operate with respect to funding new construction projects and delivering new services. Individuals believed governments were under stress to build the new infrastructure that was critically needed and also to maintain existing infrastructure.

Comments related to construction projects were generally negative across all the groups with high levels of cynicism directed at what they perceived to be inefficient governments, wasting of tax dollars, and unsavoury practices of construction companies. Participants commonly mentioned government having difficulty reconciling competing demands on tax dollars.

Asked what strategies might be available to fund and execute new infrastructure construction projects, all but one group mentioned – unprompted -- public private partnerships. The most commonly mentioned strategies included:

- raising taxes (income taxes, sales taxes, property taxes);
- exploring funding partnerships with other levels of government;
- incurring more debt;
- using a P3 model;
- cutting other government projects or programs;
- raising funds through lotteries; and,
- raising funds through corporate sponsorships (i.e. the naming of buildings)

3.0 About P3s and Why



Asked to describe the term P3, many participants had difficulty providing detail beyond saying it is an arrangement that includes the public sector and the private sector working in partnership on a specific project.

However, as discussions advanced, groups were able to articulate a number of elements they thought were part of a public-private partnership. These included:

- a long-term arrangement between a public and private partner; terms of 10, 20 and 30 years were mentioned;
- the contribution of funds by both the public sector and the private sector; and,
- arrangements which include the design, construction and maintenance of a public building.

As a follow up, participants were asked why governments use P3s. Focus group participants were quick to articulate a series of motivations. The most commonly mentioned were:

- to avoid increasing the tax burden on taxpayers;
- to build infrastructure that government alone cannot afford;
- to build public confidence that, with the private sector involved, projects would get done; and,
- to create jobs in the short term.

4.0 Perceptions of P3s

Dislikes

- **Lack of Transparency** – Many of the negative comments made about P3s were generally applicable to any construction project and participants did not see significant differences (problems with tendering, corruption, cost overruns)
- **More Expensive** – A common thread in the discussion was the belief that the true cost to taxpayers in the long run would be higher under a P3 compared to a traditional model and that assets would be maintained in a fashion aligned with the time commitment of the private sector partner. Likewise, there was a concern about potential user fees.
- **Companies** – Among the dislikes was a level of discomfort with foreign companies expatriating profits outside of Canada and the involvement of foreign companies in areas such as water.
- **Oversight** – Participants were unsure how much oversight the government could exercise in a P3 and suspected a level of loss of control even when the moderator explained that in the Canadian context P3s are publicly owned and controlled.

Likes

- **Leverage** – A majority of participants quickly noted that P3s allowed the government to build infrastructure it might not have otherwise been able to afford.
- **Speed** – A very dominant like of P3s was the view that the private sector could do a project much faster than the public sector. Even those that viewed P3s in a less positive light recognized that P3 projects come to fruition much faster.
- **Personal Impact** – Participants believed P3s would minimize the tax burden to build needed infrastructure.
- **Innovation** – Among the other key threads of the “likes” included the view that the private sector would be creative and bring the latest technology to a project.
- **Managing Risks** – A number of participants asserted that the private sector could do a better job at evaluating risks because of the longer term interest in the financial viability of the P3 relationship. Governments were seen as being less concerned about risk since overruns would be paid by taxpayers.

5.0 Turnaround Messaging



After articulating what they liked and disliked about public-private-partnerships, participants engaged in an exercise where they were asked to devise strategies and messaging that would help people change their minds about what they disliked about P3s. To follow are the most common suggestions to turn around perceptions. Of note the recommendations were generally consistent across the groups and were made in isolation.

- **Government Transparency** – The most repeated suggestion was to advance the level of government transparency for a project. Many of the concerns about projects related to a perceived lack of transparency on a series of dimensions including:
 - interest in knowing more about the tendering and selection process of companies;
 - interest in understanding the true long term costs of the public-private-partnership;
 - terms which were clear, including penalties for non-performance with regular progress reports in the public domain
- **Engagement** – Better community engagement and communications to help residents understand the rationale, benefits, configuration and status of P3 projects.
- **Canadian Participation** – Although a minority opinion, some participants mentioned that local/regional/Canadian private sector partners would be more welcome than foreign companies. This view was usually made in the context of making the public more supportive of P3s where the benefits remained in Canada.
- **Fiscal Stress and On-time/On-budget** – Many participants couched their support of P3s in terms of the fiscal stress on governments to deliver needed infrastructure. In the groups the benefit of a P3 delivering on time was more likely to be mentioned than delivering on-budget. Budget comments were framed within an overarching cynicism towards any construction project being on time. Differentiating P3s as on-budget enterprises should continue to be a top priority.

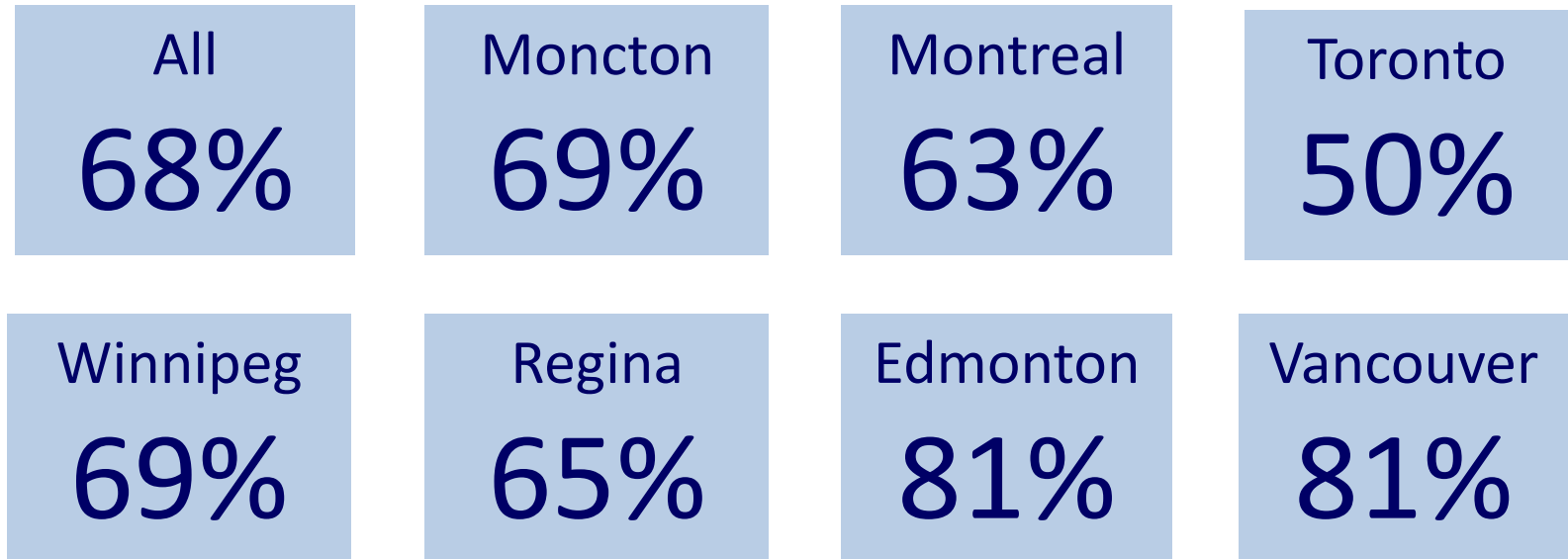
6.0 P3s in the News



Participants in all the groups were asked if they were aware of any news items related to public-private partnerships. Readers should note that one of the group profiles was that participants had to follow political news. The key findings of this discussion thread are as follows:

- **Awareness** – A number of the participants across all of the groups had difficulty naming specific P3 projects beyond those that were high profile. Local projects were most likely to be mentioned, especially in cities where the projects were either controversial or politicized.
- **Media Factor** - Participants generally made comments that P3s were not usually in the news. Some participants commented that a project's not being in the news usually meant there wasn't a problem with it.
- **Confusion** – In a number of the sessions, exchanges between participants occurred where individuals mentioned specific infrastructure projects but were unsure whether they were public-private partnerships.
- **Special Issues** – No one in either of the Toronto focus groups sessions recalled any news about the Auditor General's Report on P3s, even when specifically prompted by the moderator. In Moncton, the Hwy. 407 project in Ontario was mentioned as a P3, and participants in Regina mentioned they had heard news about P3 school projects in neighbouring Alberta.

7.0 All Participants – Impressions of Public Private Partnerships (Favourable/SFavourable)



Among the 113 individuals who participated in the focus group research in the seven cities across Canada, favourable impressions tended to be higher in Edmonton and Vancouver. Participants in Toronto had lower comparative favourability scores.

Readers should note that each of sessions was comprised of about eight participants. These scores cannot be generalized to the population because of the small number of cases, and the fact that qualitative research cannot be generalized to the Canadian population. These scores help the reader have an understanding of the frame of participants prior to the focus group discussions.

8.0 All Participants Pre-discussion Dashboard

A review of the handouts distributed prior to the discussions in each of the groups suggests that the 113 participants were favorably disposed towards P3s, and that they were more likely to believe P3 projects are done on time. Although a majority of participants supported or somewhat supported all of the potential project types, those related to water and electricity received comparatively lower levels of support, although still a majority.

SSupport = Somewhat support

Impressions of P3s

(Favourable/SSupportable)

68%

Projects done on time (Agree/SSupport)

55%

Projects done within budget (Agree/SSupport)

35%

Job building not otherwise (Very good/G)

48%

Hospitals

(Support/SSupport)

74%

Roads

(Support/SSupport)

70%

H₂O Treat

(Support/SSupport)

60%

H₂O Sew

(Support/SSupport)

59%

Transit

(Support/SSupport)

70%

Schools

(Support/SSupport)

67%

Electricity

(Support/SSupport)

57%

SHousing

(Support/SSupport)

76%

16.0 Methodology

Fourteen focus groups were conducted between January 19th and February 5th, 2015 in Canadian markets on behalf of the Canadian Council for Public Private Partnerships. The groups were comprised of individuals who regularly voted municipally and who followed political news.

Readers should note that focus group research is qualitative in nature and should not be generalized to the target populations for the study. For the Vancouver groups only, one of the sessions was comprised of the individuals from the general populace.

The purpose of the qualitative research was to explore perceptions of public private partnerships and to gather impressions of specific projects in each of the target communities.

Each focus group was 75-90 minutes in length and was comprised of between 8-10 participants with 12 individuals being recruited for each group. The consumers were offered a \$75 incentive. Focus groups were conducted in the following cities:

- Moncton (2 groups)
- Montreal (2 groups) – conducted in French
- Toronto (2 groups)
- Winnipeg (2 groups)
- Regina (2 groups)
- Edmonton (2 groups)
- Vancouver (2 groups – 1 target profile, 1 genpop)

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