

**Infrastructure and P3s:
Polytechnics, Subways, Hospitals, and Waste Treatment
Facilities Most Need Investment;
Seniors' Residences, Seaports, and Recreational Facilities
Most Appropriate to P3's**

**BDO Dunwoody CEO/Business Leader Poll
by COMPAS for publication in
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1.0. Introduction

In the wake of increasing media reports and discussions on public-private partnerships, the COMPAS panel of CEOs and business leaders was asked where infrastructure investments are most needed and where P3 partnerships are most effective.

Polytechnics, subways, and health-related facilities such as hospitals and waste treatment facilities top the list in terms of need but not necessarily in terms of appropriateness for P3's.

Seniors' residents and seaports top the list for appropriateness to P3's while primary and secondary schools are at the bottom.

These are the principal findings from the weekly business web-survey conducted by COMPAS for the *Financial Post* under sponsorship of BDO Dunwoody LLP.

2.0. Who Needs Investment—Polytechnics, Subways, and Health-Related Facilities Top List with Recreation and Arts at Bottom.

Polytechnics and colleges oriented to skilled trades, subways and urban light rail, hospitals, and waste treatment facilities top a long list in terms of pressing need for infrastructure investment, as detailed in table 2. Meanwhile, Primary and secondary schools, airport capacity, recreational and sports facilities for public use, and arts facilities are at the bottom of the list.



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Table 2: (Q1) Please rate each of the following types of infrastructure or public works projects on a 7-point scale where 7 means Canada needs much new investment, and 1, the opposite.

	Mean	7	6	5	4	3	2	1	DNK
Polytechnics and Colleges oriented to skilled trades and occupations	5.4	22	26	31	11	6	2	0	1
Subways and light rail in major cities	5.3	26	22	21	20	6	1	3	1
Hospital facilities	5.1	18	21	27	22	8	4	0	0
Water treatment facilities	5.1	16	22	30	18	8	3	0	3
Sewage treatment facilities	5.1	14	20	33	18	9	1	1	4
Emergency medical service facilities	5.0	14	27	26	18	7	5	1	2
Coal or nuclear energy plants	4.9	14	22	26	18	8	6	2	3
Seniors' residences	4.7	9	21	30	24	6	7	2	2
Divided highways between major cities	4.6	13	21	22	17	16	10	2	1
Sea port capacity	4.6	11	20	19	20	10	10	2	9
Divided highways in Montreal, Toronto, and Vancouver	4.4	14	14	22	17	10	14	5	5
Universities	4.3	8	14	22	31	11	11	2	2
Primary and secondary schools	4.2	4	13	23	30	16	7	5	2
Airport capacity	4.0	2	13	22	25	22	10	4	2
Sports and recreational facilities for public use	3.7	2	5	24	30	16	14	9	1
Facilities for the arts	3.2	0	8	13	22	17	21	18	2



3.0. Where Are P3's Best Suited—For Seniors and Seaports, Not for Primary and Secondary Schools

Table 3: (Q2) Now please rate the same list on a 7-point scale where 7 means that public-private partnerships (P3s) are very well suited to this type of project, and 1, the opposite.

	Mean	7	6	5	4	3	2	1	DNK
Seniors' residences	5.5	32	31	9	12	6	2	4	3
Sea port capacity	5.4	26	26	17	12	4	5	3	7
Sports and recreational facilities for public use	5.1	26	22	21	8	3	12	3	5
Coal or nuclear energy plants	5.0	27	23	18	6	3	8	11	4
Airport capacity	5.0	22	26	18	13	7	4	8	3
Facilities for the arts	4.6	19	22	13	14	6	12	10	5
Polytechniques and Colleges oriented to skilled trades and occupations	4.6	15	25	15	16	7	10	8	4
Divided highways between major cities	4.3	19	22	10	7	10	12	17	4
Subways and light rail in major cities	4.3	17	22	8	12	11	12	14	3
Hospital facilities	4.3	17	16	16	17	8	7	16	3
Divided highways in Montreal, Toronto, and Vancouver	4.2	21	19	6	9	9	12	17	7
Water treatment facilities	3.9	14	17	11	8	14	12	21	3
Sewage treatment facilities	3.8	12	19	13	7	12	15	20	3
Emergency medical service facilities	3.8	11	15	15	15	7	15	19	3
Universities	3.8	8	16	14	16	12	14	17	4
Primary and secondary schools	2.6	5	7	3	10	14	21	35	6



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A comparison of tables 2 and 3 reveals that panelists have different ideas about where investments are most in need and where P3's are most appropriate. For example, recreation facilities are seen as very low need but very appropriate to P3s. Interestingly, this has been an area of P3 emphasis for some local governments, notably the City of Ottawa.

Among high priority investments, seniors' residents and seaports top the list in terms of P3 appropriateness. Among investments seen as appropriate to P3's, polytechnics, subways, and hospitals top the list in terms of priority importance.

From their verbatim responses, it is evident that panelists are not uniform in their enthusiasm for P3s. Some view them as poorly framed, poorly understood, and essentially unviable. As an Alberta CEO put it, "Public-Private Partnerships are poorly defined and understood. It is more a buzz word than a policy. Suitability depends on the exact deal. A P3 for the new Calgary Courts Centre unraveled when agreement could not be reached over who will own the building and land after 50 years. The province felt residual value should be theirs as they had paid the mortgage, while the financial investor thought the residual should be theirs."

By contrast, some panelists believe that P3s have a proven record of success. One pointed to a long list of successful public-private partnerships launched by the City of Ottawa. Another pointed to the toll highway circumventing Toronto: "Private partnerships work, even if there is a perceived negative view of these. A case in point is the expansion of the 407 highway in the GTA. This is being done at a pace that is far faster than public works. That improves the future capabilities to handle greater volumes with less public and business inconvenience. Private firms appreciate the profit motive and work to maximise that. Airport road expansion through Brampton has taken 4 years, all while development along that road puts more load onto the construction zone. That is a public works project."



3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted November 15 - 17, 2006. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys 125 are deemed accurate to within approximate 8.8 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D. and Tamara Gottlieb.

