

A FRAMEWORK OF PUBLIC ENGAGEMENT FOR PPP PROJECTS IN CHINA

Terry H.Y. Li ^{*}, S. Thomas Ng and Kelwin K.W. Wong

Department of Civil Engineering, The University of Hong Kong, Hong Kong

Boosting the volume of construction work by increasing the public capital expenditure is one of the most effective measures to stimulate the economy of a country and thus Public Private Partnerships (PPP) schemes are expected to be more widely used by various governments around the world under the current financial crisis. Despite that, pushing a huge volume of mega construction projects especially those with the PPP approach ahead within a short period of time might be at the price of the society if we fail to take into account the opinions of the general public. Therefore, the opinions of the general public should be thoroughly collected through the process of public engagement. However, as shown in the guidelines of some advanced countries, the process of public engagement is not only costly but lengthy. Other constituencies might have a simple engagement process, but their effectiveness is questionable. The aim of this paper is to capture lessons on public engagement for PPP projects from some developed countries so that an innovative framework of public engagement can be formulated for developing countries with little experience in carrying out public consultation such as China. The paper begins by introducing the status quo of public engagement for PPP projects in both countries and regions which have ample experience in public consultation (e.g. Canada) and those which are still at their infancy stage (e.g. Mainland China and Hong Kong). Then, a framework of public engagement for PPP projects is drawn up which should hopefully help formalise the process and improve the success of PPP schemes in developing or even developed countries.

Keywords: general public, opinions, public engagement, PPP project.

INTRODUCTION

Public Private Partnerships (PPP) is a mechanism to ensure essential public facilities or services are provided or delivered under a tight public budgetary regime. PPP is not only widely used in developing countries like Mainland China and India, but it is also favoured by developed countries under the current global financial crisis as many governments would like to expedite their capital programme without significantly increasing the public spending.

Despite the benefits of PPP, governments may be accused of transferring the interests to the private sector at the costs of the society. This is particularly the case when the planning, construction and operation of the facilities are lacking transparency. While public sector comparator is conducted to establish whether a PPP scheme is value-for-money or not, values from the perspective of the government could be very different from those of the society as was demonstrated by the West Kowloon Cultural District Scheme in Hong Kong.

* hongyangli@yahoo.cn

Engaging the general public in a PPP project becomes increasingly important, as their views may affect project success in a long run. Although public engagement is becoming a norm in large-scale construction schemes, the process involved in a PPP project is much more complicated than that in other project delivery routes. Until now, not much research effort has been attributed to the way in which the public shall be engaged in a PPP project.

The purpose of this research is to develop a framework of public engagement for PPP projects. The paper begins by introducing the research methods employed. Examples of the current practice of public engagement in developing and advanced countries are then introduced. Finally, a preliminary framework for engaging the public in PPP projects is put forward based on the literature and interview findings.

RESEARCH METHODS

The research methods used in this research include literature review, case study and interview. To unveil the development of public engagement in developing countries, the practices in Mainland China are examined through a series of literature review. Being a developed country as well as a special administrative region of China, Hong Kong's development in public engagement and its application in PPP projects may serve as a good comparison. Therefore, the relevant guidelines and reports in Hong Kong including the Introductory Guide to PPP (Efficiency Unit 2008), the Report on the Public Consultation on the Draft Urban Renewal Strategy (Planning and Lands Bureau 2001), the Urban Design Study for the New Central Harbourfront (Planning Department 2008), the Public Consultation Report on the Planning and Engineering Review of Potential Housing Sites in Tuen Mun East Area (CEDD 2008), and the Civil Engineering and Development Department (CEDD) Project Administration Handbook (CEDD 2008) were scrutinised. As the western world is more mature in adopting PPP approach and carrying out public engagement, cases from Canada were chosen for analysis and comparison. Finally, a series of interviews were conducted in Hong Kong with government official, district councillors and planners to uncover the views of the government, general public and client in conducting public engagement for PPP projects.

PUBLIC ENGAGEMENT IN CHINA AND HONG KONG

When compared with other countries, the adoption of PPP approach in China is still at an infancy stage and most of the projects categorised under PPP, like the Laibin B power plant in Guangxi province; Changsha power plant in Hunan; Chengdu water plant in Sichuan; Puqi power plant in Hubei; etc., are based on the Built-Operate-Transfer (BOT) approach (Lin et al 2001). While a guideline for PPP at national level is yet to be set up in China, the mechanism for engaging the public in this type of projects is not clearly documented. The concept of public engagement in China is still relatively weak not only due to the cost implications but also because of the possible delays that could be caused by public engagement. Under a rapid economic development, clients would not like to see their projects being slowed down by the engagement process.

Huang (2004) conducted a study on public engagement for development projects in China and concluded that problems in public engagement are (i) a lack of specific

legislation or guidelines for public engagement in terms of the content and procedures; (ii) no enthusiasm of construction practitioners to carry out public engagement as it may cause delays and add to the cost; (iii) the traditional Chinese culture of being more conservative in voicing out their opinions; and (iv) insufficient participation of some special groups (e.g. the female, the old, the minority, etc.) in the engagement process. In view of that, she proposed a procedure for public engagement for development projects in China (Figure 1).

Recommendations for improvement has also been postulated by Xu (2006) after comparing the process of public engagement for government projects between China and other advanced countries. The recommendations include (i) changing the legislation so that public engagement would become a mandatory process during the whole project cycle; (ii) establishing guidelines to cover the scope, procedure and approach of participation; (iii) encouraging more people to participate by adopting diversified methods to collect public opinions such as online survey, public forum, face-to-face interview, etc.; and (iii) paying more attention to the certain groups of participants such female, elderly, minority, etc. when soliciting the opinions. These indicate it is necessary to devise a framework for public engagement in China especially for PPP projects.

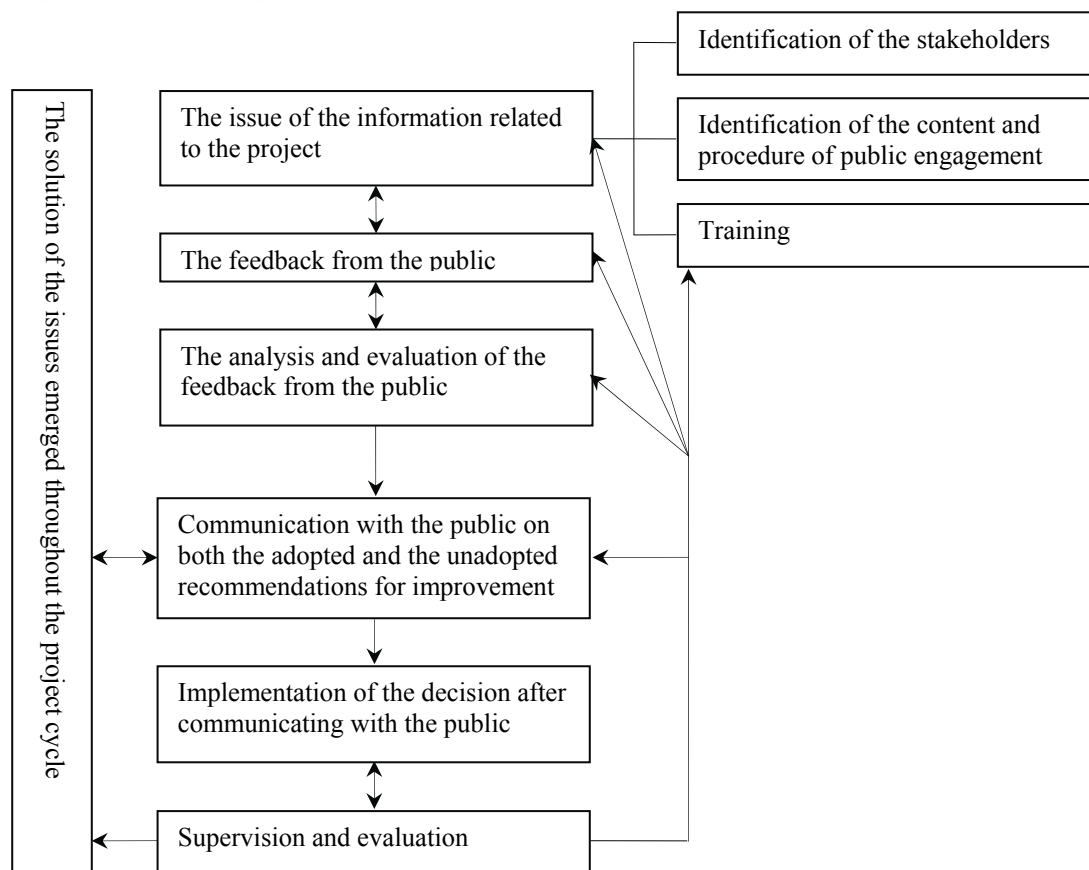


Figure 1: Procedure of public consultation for development projects (Source: Huang 2004)

In Hong Kong, an Introductory Guide to Public Private Partnerships is published by Efficiency Unit of the Hong Kong SAR Government, which regards stakeholder consultation along with high-level support, project champion; maintain momentum and market testing as five success factors of PPP. The guideline also suggests

engaging the public consultation at the earliest possible stage with on-going dialogues throughout the preparatory and implementation phases (Efficiency Unit 2008). However, the details in which public engagement should be carried out in each strategic stage of a PPP project are still lacking in this guide.

Another official document related to public engagement is the Project Administration Handbook for Civil Engineering Works produced by the Civil Engineering and Development Department of the Hong Kong SAR Government. In this handbook, the public engagement in different project stages is explained in detail. Based on the CEDD handbook and the information provided by Huang (2004) on public engagement for development projects in Hong Kong and Mainland China respectively, a comparison between these two constituencies in terms of public engagement are made as shown in Table 1.

Table 1: Comparison between Mainland China and Hong Kong SAR in terms of public consultation in different project stages

(Source: Huang 2004; CEDD 2008)

Project Stages	Public Engagement (Mainland China)	Public Engagement (Hong Kong SAR)
Project inception and identification	<p>Involve the general public when carrying out preliminary evaluation of the financial, environmental and social impacts of the project.</p> <p>Examine whether the anticipated project objectives can satisfy the public through public consultation.</p> <p>Public participate in the identification process of the target groups and other groups affected by the project.</p>	<p>Consult with district councils when drawing up proposals for roadworks and preparing the formal scheme.</p> <p>Involve public opinions after preliminary project plan on land provision is circulated by the project office for comments.</p> <p>Initiate public consultation in the early planning stage of sensitive projects with potential social impact.</p>
Project feasibility study and appraisal	<p>Consult the general public when conducting in-depth study of all the possible impacts of the project.</p> <p>Make recommendations for the possible negative impacts caused by the project based on the suggestions collected from the general public.</p> <p>Optimise the design of the project, e.g., the selection of the site and the technical plan according to public voting.</p> <p>Involve public opinions when conducting assessment of the financial, environmental and social impacts of the project.</p>	<p>Public consultation is normally carried out to complete the feasibility studies.</p> <p>Public opinions should be involved to complete EIA, TIA, DIA HIA and other review studies.</p>
Project procurement and agreement	N/A	Consult general public before inviting tender on related greening works with an estimated value exceeding HK\$3M.
Project implementation and development	General public are expected to provide suggestions on the solution of the issues emerged during the project implementation stage.	N/A
Post-project evaluation	Involve public opinions when carrying out systematic and integrated project evaluation.	N/A

EXPERIENCE IN CANADA

To uncover the ways in which public engagement are carried out for PPP projects, two cases were chosen from Canada including the Canada Line Railway Project by Transit BC and the 407 Express Toll Route Project north of Toronto.

Canada Line (British Columbia, Canada)

The Canada Line is a railway project in the province of British Columbia, linking the cities of Vancouver and Richmond with the Vancouver International Airport. It took almost five years (from 2005 to 2009) to complete the construction of this railway project, during which a thorough public engagement program was implemented. The

public engagement programme had gone through four main phases including project identification, pre-design, preliminary design, detailed design, etc. By analysing the feedback of public engagement, some key issues such as the station access and connections, and so on were identified and some decisions like how people get to the stations and so on were made (Canada Line Traffic Management Strategy 2009).

As can be seen from Figure 2, the public engagement process of this railway project has the following characteristics: (i) initiated early - it was carried out at the very beginning of the whole project cycle i.e. at the project definition stage; (ii) lasted long - it took more than four months to go through public consultation process in each key stage of the project except for the preliminary design stage during which public consultation was finished in one month; and (iii) aims clearly specified - with each phase of the public engagement process having its own specific purpose and in the end achieved a specific targeted result accordingly, e.g. public engagement at the detailed design stage focused on treatments related to access, lighting, landscaping, etc. These essential characters contributed considerably to the overall success of this project.

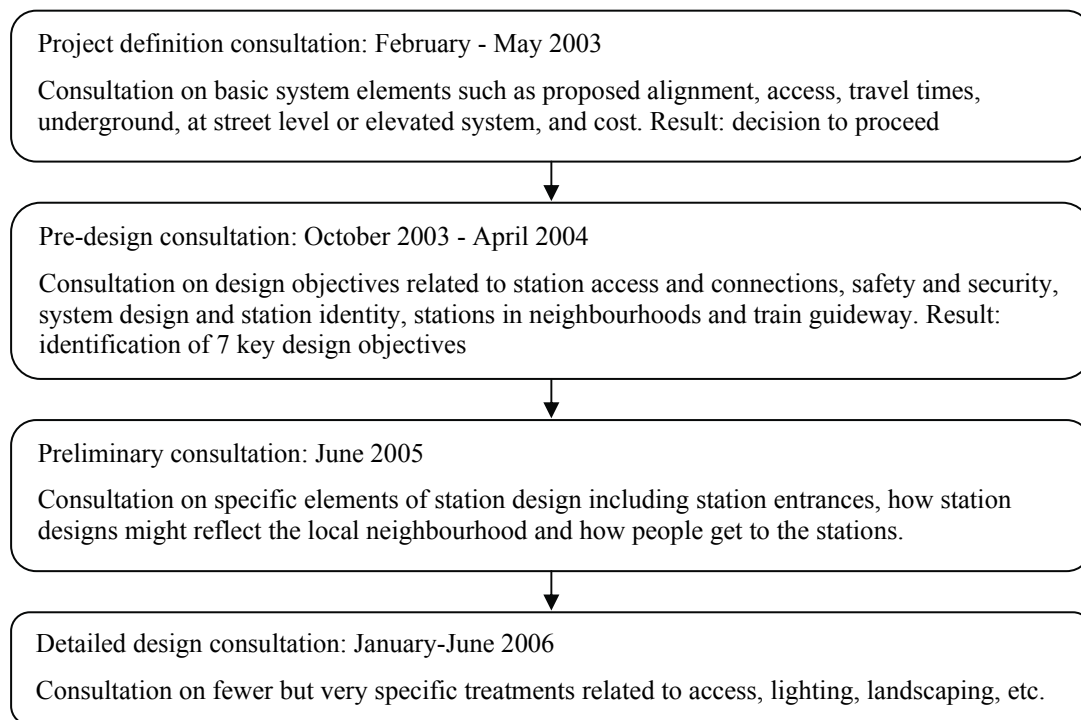


Figure 2: Canada line public consultation timeline
(Source: Canada Line Traffic Management Strategy – Transit BC)

407 Express Toll Route (Toronto, Canada)

Nevertheless, not all public engagement for PPP projects in Canada was successful as evident in the setbacks of the 407 Express Toll Route. In 1999, a lease agreement was signed by the government of the Ontario province and a private consortium consisted of private companies announcing that, with a lease fee of CAN\$3.1 billion in total,

this private consortium would be in charge of the 407 Express Toll Route for an unprecedented 99 years. Besides, a mandate for extension to Pickering towards the east and the Queen Elizabeth Way (QEW) west of Mississauga was also included in the lease contract (Ontario Ministry of Transport 2009a).

According to other clauses of the contract, unlimited control of the highway and its tolls were empowered to this private consortium of private companies, of which exclusivity rights of banning the construction of other provincial highways in nearby areas thus protecting toll revenue especially drew harsh criticisms from the public (Ontario Ministry of Transport 2009b). The failure lease of the 407 Express Toll Route also played an important role in the future ousting process of the Progressive Conservative government. A major reason that led to such failure could be concluded as a severe lack of public engagement. With the purpose to rectify the situation, the current government has revised their approach for future extensions of the 407 Express Toll Route as outlined in Table 2.

Table 2: New business model for the extension of Highway 407

(Source: Ontario Ministry of Transport)

Then	Now
Taxpayers paid initial construction costs	Private sector to pay construction costs
Ontario sold highway asset to private sector	Ontario will retain ownership of highway
Ontario lost ability to regulate tolls	Ontario will set and regulate tolls
Ontario can't set customer service objectives	Ontario will set customer service objectives, including complaint resolution

To achieve the above targets, an extensive consultation exercise was carried out including public engagement meetings held at four of the cities which the 407 Express Toll Route passes through including Toronto, Brampton, Markham and Thornhill, invitation for written submissions of public opinions, a website dedicated to 407 users to share their views online, and public notices to invite responses.

As revealed from this case, projects under PPP scheme are usually more complex than those with public sectors involved only in terms of contract period, risk allocation, stakeholder satisfaction, etc. More attention should be paid to the public engagement exercise thus to achieve balanced interest among the three parties, i.e. the government, private sectors and general public, in the PPP approach. Any important decision made throughout the whole project cycle should be based on the analysis of the feedback from the public consultation so as to avoid the affected general public being disadvantageous in future.

INTERVIEW SURVEY

To collect opinions from three parties under a PPP scheme on public engagement, a series of interviews were carried out in Hong Kong. The interviewees include an assistant director of a government department (interviewee A), two district councillors (interviewee B and C), and two managing directors of two consultancy firms (interviewee D and E), a project director of a transportation corporation (interviewee

F), a director of a construction company (interviewee G), and they are representing the views of the government, general public and client respectively.

All seven interviewees believed that establishing a flexible and applicable framework of public engagement is favourable to the success of PPP schemes. As mentioned by Interviewee D and E, such a framework is still absent in the case of Hong Kong as the Introductory Guide to PPP established by the Efficiency Unit of the Hong Kong government provides little information on the detailed requirements of public engagement exercise and specific mechanisms that can be adopted in the public engagement process for PPP projects, which may bring confusion to the practitioners when engaging the public for PPP projects and this could lead to project delay.

Interviewee B, C and D held the similar opinion that the length of engagement period should be project-based. There is no fixed duration of public engagement and it is largely depending on the project size and scope, the extent of information required, etc. However, Interviewee B suggested that the consultation period shall not last for too long. For large scale projects the duration shall be around one year, including a six months local consultation and another 6 months before the project proceeds. Yet Interviewee A considered it impractical to spend one year to go through the public engagement exercise. Interviewee F and G agreed with Interviewee A on the point that public engagement exercise should not be over-emphasized and spending one year's time conducting public consultation seemed unfeasible due to the time and cost constraints of a PPP project itself.

Interviewee D believed that a successful public engagement should be made up of: (i) the right persons to be targeted; (ii) effective and efficient mechanisms to collect the public opinions; and (iii) appropriate skills to arrive at a result that is acceptable to every stakeholder as far as possible. Interviewee G agreed with Interviewee D and added another two critical factors for success of public engagement exercise including: (i) decisiveness of the government; and (ii) candidness and honesty during the engagement process. In addition, both Interviewee A and E suggested that appropriate consultation contents should also be an important factor.

Interviewee B and C claimed that the District Council usually carried out public engagement in following three stages as: (i) stage 1- consult the general public on the strategic direction of whether to implement the proposed project, major decisions are expected to be made during this stage; (ii) stage 2- collect public opinions on the details of the project; and (iii) stage 3- involve the general public to provide suggestions for the issues emerged during the project implementation phase. Interviewee D agreed with Interviewee B and C on the three-step process of public engagement. What he emphasized during the interview was the importance of engaging the public in the preliminary outline planning stage as the general public might challenge it at the later phases if their interests were not properly reflected in such plan.

A FRAMEWORK OF PUBLIC ENGAGEMENT FOR PPP PROJECTS

A preliminary framework for public engagement for PPP projects is established according to: (i) the stages of PPP projects; (ii) lessons learnt from advanced countries; and (iii) opinions collected through the interviews. As shown in Figure 3, the seven major stages of a PPP project include project inception, feasibility study, procurement, agreement and financing, development, delivery and exit. During the stage of project inception, some basic information of the project such as the project aims, potential impacts covering financial, environmental and social aspects should be targeted when carrying out public engagement so as to ensure the project is initiated with a right direction and to avoid attracting unexpected criticisms in the latter project phases. When it comes to project feasibility stage, the affected group from the general public are expected to make suggestions on how to minimise the negative impacts that the project will cause through face-to-face interview with the experts. As the clauses in the agreement of a PPP project may affect the general public considerably in the future (as shown in the Canadian case of the 407 Express Toll Route), open forum is strongly recommended during the stage of project agreement and financing in order to build up a platform for representatives of different parties to freely voice their opinions and negotiate with others before a mutually acceptable solution is reached. The public should be engaged throughout the project development and delivery stages, as the opinions collected from the general public can serve to refine the issues emerged during the construction of the project.

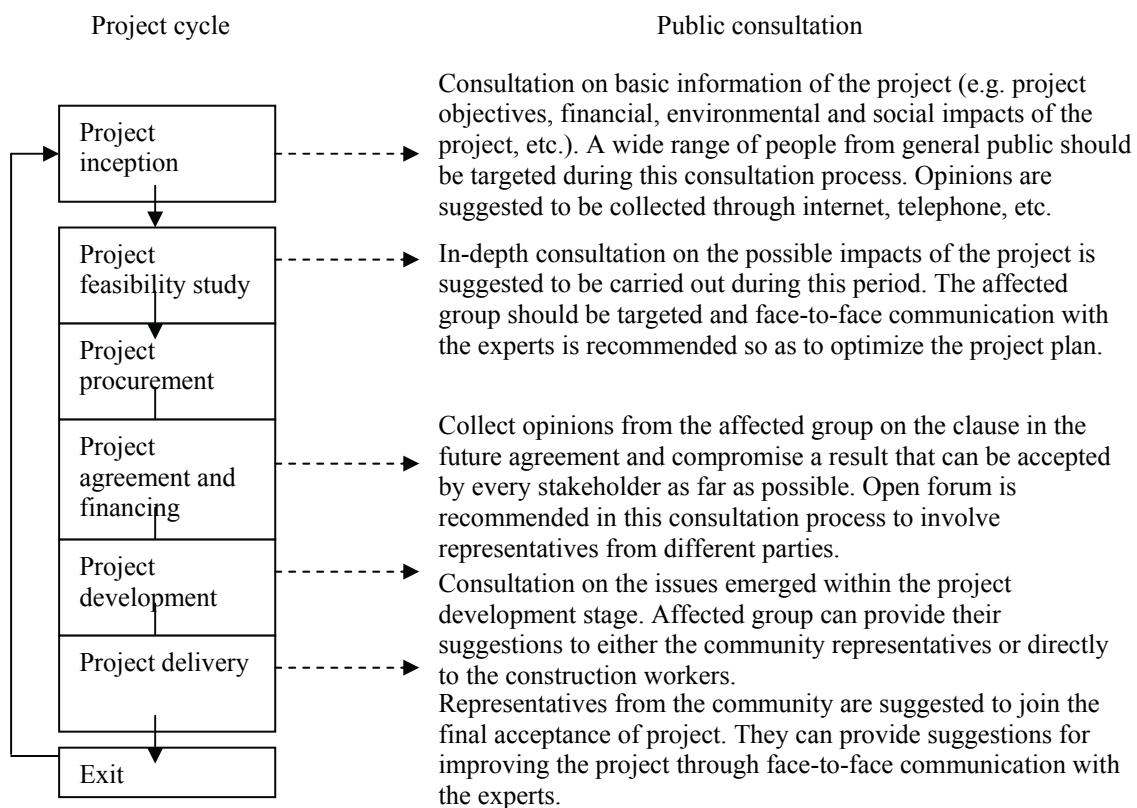


Figure 3: An innovative framework of public engagement for PPP projects

CONCLUSION AND FUTURE WORK

Public engagement has been proved in some developed countries as a useful method to ensure the PPP projects are completed at the interest of the general public. Thus, developing a framework for public engagement for PPP projects is of great importance especially for the developing countries with little experience in conducting this sort of consultation such as China. In this paper, a preliminary framework based on the different stages of PPP has been established and the contents and mechanism for capturing public opinions are identified. In the next stage, the research team will conduct more interviews in both mainland China and Hong Kong and the results shall help improve the framework and the methods for analysing the collected data.

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