

**Summary Response to Sport Canada
Commissioned Report:
“Analysis of the Halifax 2014 Commonwealth Games Candidate
City Society Business Plan Draft Final Report” by McMahon
Consulting**



**Halifax 2014 Commonwealth Games
Candidate City Society**

March 14, 2007

*Prepared by
Halifax 2014 Commonwealth Games Bid Society &
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Summary Response to Sport Canada Commissioned Report: “Analysis of the Halifax 2014 Commonwealth Games Candidate City Society Business Plan Draft Final Report” by McMahon Consulting

Table of Contents

Response Summary	3
Executive Summary	0
Documentation Received	0
Commonwealth Games Context	0
CGF/CGC/CGA Obligations and Commitments	3
Financial and Organizational Control	6
Governance	7
Operating Revenue	8
Operating Expenses	10
Capital Plan	13
Essential Services	14
Staffing Plan	15
Project Control Plan	15
Marketing and Sponsorship Plan	15
Official Languages Plan	16
Environmental Plan	16
Cultural Plan	16
Social and Community Plan	17
Security Plan	17
Legacy Plan	17
Summary and Risk and Mitigation Strategies	18
Appendix 10	18

Response Summary

Purpose:

This summary response ("Response"), compiled by the Halifax 2014 Bid Society ("Society"), fulfills the opportunity provided by Sport Canada to provide formal feedback to the contractor's Draft Final Report ("Report") submitted by McMahon Consulting. This Response is intended to add clarity and complement the analysis process by identifying ambiguities. Following Sport Canada's direction, comments documented in this Response are limited to providing clarification and identifying inaccuracies in the Contractor's report.

Methodology:

A copy of the Contractor's report was received in the Society offices on March 5, 2007 with the Society given one week to respond. The withdrawal of the Halifax 2014 Commonwealth Games Bid on March 8, 2007 has completely changed the operating milieu and the Society was given until the close of business on March 14 to submit the Response. Personnel from the Society undertook review of relevant sections based on their functional area experience with the specific topics covered by the Contractor's report. They were directed to limit their commentary within the clarification and inaccuracies parameters established by Sport Canada. Selected points are being presented collectively in this document.

Format:

The Response is comprised of:

- Overview - details overarching concerns with the Contractor's report
- Emergent Themes - addresses the common themes evident in the Contractor's report
- Detailed Responses by Section - correlates directly to the sections outlined in the original Contractor's report by section name and paragraph as a numbering format has not yet been applied to the Contractor's report.

Overview:

Of utmost concern to all, is that the Contractor's report accurately reflects the state of the Bid and specifically the Business Plan at the time the analysis was undertaken. The following points are overall concerns of the Society regarding potential negative impact from the release of the Contractor's report:

1. The Contractor's report includes extracts from documents, such as the Bid City Agreement and Host City Contract that if they were to be released in the public domain, would be a breach of confidentiality, potentially resulting in liability exposure for the Society and other parties.
2. Many of the comments made in the Executive Summary and subsequent sections of the Contractor's report, use highly emotive terms that can bias readers which may undermine objective interpretation and factual analysis. A few specific examples include:
 - "Olympic-type level" – although both multi-sport Games, this is an inaccurate comparison based simply on budgets. The closest and most relevant comparison in terms of geography, chronology, scope, and scale is the Vancouver 2010 Games that have a combined operations and venue capital budget in excess of C\$2 billion in 2006 dollars. What are the exact parameters being used for comparison between the different games and events?
 - "Value of the Commonwealth Games" – never clearly defined in the contractor's report as to exactly what metrics are being used to determine value, it appears to reflect an opinion rather than a quantified position. Everyone involved in staging major Games understands that each games property is unique and that they are undertaken for different reasons. It is generally accepted, by various measures, that the Olympic Games are the ultimate multi-sport games. Determining the penultimate

Games is a moot point: when considering bidding on games, is not the key question, to what ends?

- “The perfect financial storm” – is an inappropriate analogy that appears to be simple hyperbole.
- “Not meet the actual need ... of the community” – from its inception, the Halifax Bid was about what the games meant in terms of legacy. An unwavering principle through the domestic and international bid phase was that the CG presented an opportunity to create sport infrastructure for Atlantic Canada.

Given the concern around emotive type statements, the Society would like to see more neutral descriptions used throughout the Contractor’s report.

3. Although an adjustment to the scope of work is referenced in the Contractor’s report on page 3, the Report still seems to differentiate significantly from the Heritage Canada RFP that was shared with the Society. What was the primary determinant for redefining the scope of work? What specifically was the final scope of work?
4. What is the normal practice for these types of reports regarding declaration of any real or perceived conflicts? Although the contractor’s credentials illustrate directly related experience, would it be more transparent if there was a statement within the Contractor’s report regarding the perceived conflict of interest due to the contractor’s direct involvement with a domestic competitor to Halifax as the Canadian candidate city for the Commonwealth Games in 2014.
5. The Society is concerned that the paraphrased responses detailed under the site-visit sections of the Contractor’s report are incomplete or ambiguous, and may lead to negative interpretation by readers. In an effort to assure overall probity, should the notes from the site visit interviews either have been signed off by the participants or a verbatim transcription been included in the contractor’s report?
6. Budgetary figures do not have a common reference point. Numerous references are made to budgets from other games yet there is no standardization, i.e., it is not stated in the consultant’s report where the figures quoted are nominal dollars or adjusted for inflation.
7. The Contractor’s report does not account for the overall bid process including refinement opportunity and overall timelines. It is important to note the limitations of the review as the analysis was a “snapshot” in time and it appears that some cross-referencing to other pieces of work was not completed. The Host City Contract (“HCC”), Bid City Agreement (“BCA”) and Candidate City Manual (“CCM”) obligations summaries were commented on in the Contractor’s report. To that end a review of the responses prepared for the Candidature File — which included further clarification on technical, financial and legal requirements, time lines and procedures, et al items — would be requisite to accurately provide comment. The CCM, in conjunction with other documents, e.g., the Multi-Party Agreement and Covenants, established the Society propositions for hosting the 2014 Commonwealth Games based on collaborative efforts with necessary governmental and other relevant stakeholders. Finally, there were numerous items still in progress including overall Bid and budget refinement. The Society advised the Federal government in February that work had stopped on provision of additional information in regard to the Business Plan. Focus was necessary from all stakeholders on the Candidature File submission to facilitate the timely lodgement of the File.

Emergent Themes:

1. Halifax has insufficient capacity

The contractor’s report makes numerous references to Halifax being too small to host the Games or having the human capital to deliver the Games.

Halifax has a population of 382,203 (2006 census) and within a two and one half hour driving radius (including Halifax), has a population of 978,568 (2006 census). The budget also allowed for items like training of volunteers outside of the Halifax region and other initiatives to manage the need to draw resources from the broader Atlantic Region. Halifax 2014 had also been planned as Atlantic Canada's Games and expected to draw resources and spectators from throughout the region.

2. Relative event size and comparison to other events

The contractor's report makes references throughout the report to a multitude of events, ranging from the 1999 Pan American Games in Winnipeg and the 2001 IAAF World Championships in Athletics in Edmonton through to the Olympic Games (without differentiating Summer and Winter Games).

Halifax 2014 consistently viewed other events as benchmarks and guides to the size, scale and budget parameters of the Games in Halifax in 2014.

Games experts with a broad range of multi and single sport Games experiences were used to verify the plans operationally and for revenue.

No Games, of the same or different type, are directly comparable.

Halifax 2014's plans stated building a Halifax sized Games, taking CGF Guidelines and parameters from other events, to build an event specific for the Halifax market.

3. Valuation of Commonwealth Games property

Especially in the Operating Revenue section of the Report, the value, or perceived value, of the Commonwealth Games is referenced.

The Report asserts that the Commonwealth Games in Canada has minimal value because TV coverage of recent Games has been restricted or limited. The Report also asserts the sponsorship market is comparable to a World Championship or Pan American Games.

Halifax was bidding for the Commonwealth Games based on the broader legacy benefits of infrastructure, human capital development and city exposure.

The actual or perceived value of the event per se is not a critical determinant of hosting. The economic impact is however critical, and this assessment was conducted by the Province, Municipality and the Atlantic Canada Opportunities Agency. We understand that economic impact was in the vicinity of 3.5 billion dollars (Canmac Consulting).

Halifax 2014 recognized and assessed the Broadcast revenues and have built a revenue contingency to manage this risk.

Sponsorship is also recognized as a "stretch target" and the local market conditions are respected, but none of these factors are because of the brand. These considerations would be the same for any major event.

4. CGF requirements and standards

The contractor's report makes reference to the increasing financial cost of the Games because of the CGF's requirements. Actions have been taken by the CGF that do not support this assertion.

The Commonwealth Games Candidate City Manuals are a new introduction to this Bid process and were provided to the contractor for background, but it was noted in the report the contractor did not have time to review them. The Manuals define detailed background information for the Candidate Cities and identify where specific services are required.

The Manuals include detailed specifications to assist Candidate Cities to control scope. Examples are a recent update of the Manuals, in December 2006, when the seating requirements for the Netball stadium were reduced from 10000 to 5000 seats.

The CGF has also made changes in its Sports Program to try to cap the size of the Games.

During the Bid for the 2010 Commonwealth Games the Bid Cities were not restricted with regard to the number of sports they could include. India was awarded the Games with a Bid that included 20 sports. In 2006, the CGF Executive Board approved a cap on the number of sports to 17 for the 2014 Games.

5. Budget and documentation process

There are several sections in the Report that suggest inadequacies in the budget detail and that background information is insufficient or contradictory.

Halifax 2014 expert consultant reports were used to prepare the detailed work packages, which were linked to relevant work packages. Should any discrepancies within the organization structure exist, there is no relevant budget impact.

The number of consultants applied to this process is indicative of the rigor and due diligence applied to the budget process.

The information provided by Halifax 2014 was based on a point in time as at 26 January 2007. This was a point in time during an evolutionary and dynamic process. The budget process had been completed but much of the detail in the Business Plan was rapidly superseded by the Candidature File (Bid Book). Similarly there were other changes as documents changed whilst the Candidature File was updated on a daily basis.

6. Contractor opinion

Throughout the report there are numerous statements by the contractor that are not substantiated.

These statements may be valid but in the absence of back up or substantiated evidence could be regarded as opinion or editorial comment.

There are also examples when the report rejects the advice of Halifax 2014 consultants because their assessment is based on experience or opinion.

To be consistent across all areas, factual evidence to support assumptions is required by Halifax 2014, the report should follow the same principle.

Halifax 2014 seeks for the report to be balanced. Factual statements within the report were not an issue.

Detailed Responses by Section:

For easier correlation, each of the following points is referenced by section and page number from the Contractor's report.

Executive Summary

Key Decisions / Assumptions Made by Halifax 2014

Halifax 2014 Clarification: It is requested that the contractor clarify the basis for conclusion that no consideration was given to funding appetite when the costs were to be agreed by the funding partners in advance of lodging the Candidature File. This is not a key assumption or decision made by Halifax 2014 nor is it reflected in any materials provided to the contractor.

Budget & Financial Risk

Halifax 2014 Clarification: No other Candidate City has undertaken the level of detail in budgeting that has been provided to the various levels of government. The contractor's report concedes that a solid and robust process for estimating capital and operating expenses has been followed. One of the objectives for Halifax 2014 was to undertake this process as a lead in to getting the three levels of government to cost-share the infrastructure. However, a number of areas have been noted by the contractor's report as being inadequate without substantiating materials in support of these comments.

Documentation Received

Halifax 2014 Clarification: Substantial documentation was provided to the consultant. However the consultant has indicated in the contractor's report that materials were not read in their entirety. Therefore, materials that may have addressed some issues and concerns as raised have not been reflected in the contractor's report.

Commonwealth Games Context

History

Pg. 15 / Paragraph #6

Statement: *"Although regarded as a success..."*

Halifax 2014 Clarification: Manchester 2002 was funded by the City of Greater Manchester. Years prior to the Games the City began negotiations with the UK Government through UK Sport. The final funding was not secured until just over 12 months prior to the Games. Further clarification from the contractor is required that it is believed that the additional funding from the government was a result of the conclusion of years of negotiations.

Halifax

Pg. 16 / Paragraph #1

Statement: *"... Halifax is attempting to become one of the smallest communities ever to be awarded the right to host."*

Halifax 2014 Clarification: The Games have previously been in Victoria, Canada; Christchurch, New Zealand; and Edinburgh, Scotland; all of which at the time of hosting the Games were smaller communities than Halifax.

Pg. 16 / Paragraph #3

Statement: *... "The conventional wisdom was that the Pan American Games would be larger in scope but essentially it was "just another event".*

Halifax 2014 Clarification: The contractor report has expressed concern over Halifax 2014's understanding of the complexity of hosting the event. Through the due diligence undertaken in the bid phase, and drawing on the experience from other events, Halifax 2014 has demonstrated a high understanding of the scale and challenge as evidenced in the Business Plan, detailed budget process and Candidature File process. In addition, the CGF Manuals have provided a clear reference for scoping the requirements for a Candidate City.

Sport Program**Pg. 18 / Paragraph #3**

Statement: *"Few of the sports selected by Halifax have significant followings in Halifax and Canada"*

Halifax 2014 Clarification: Halifax 2014's sport selection was based on the appeal to the Commonwealth for strong participation and performance for the Games and beyond, in a competitive and inclusive environment. Various filters were used to identify the most appropriate sports programme from numerous perspectives.

Recent History**Pg. 18 / Paragraph #1**

Statement: *... "the costs incurred in hosting the event after the 1994 event have increased exponentially and the CGF appear to have shown no interest in controlling the escalating costs."*

Halifax 2014 Clarification: The assertion that the CGF has not indicated a desire to reduce the costs contradicts recent actions taken by the CGF. The review and adoption of a static sport program, as well as the introduction of a standardized candidature process, corroborates CGF's position that they are concerned with managing the cost of bidding for and hosting the Commonwealth Games.

Pg. 19 / Paragraph #5

Statement: *"The rate of escalation is staggering and shows no sign of relenting..."*

Halifax 2014 Clarification: Part of the Candidature File process involves disclosing the costs of hosting the Games and demonstrating fiscal responsibility and financial stewardship. This process in itself is the CGF's commitment to a fair and equitable assessment of hosting the Games. Additionally, the capping of the sports programme is effective in restricting the number of participants and therefore the size of the event.

Product**Pg. 19 / Paragraph #1**

Statement: *"The repositioning (of the Commonwealth Games as a world-class event) has been successful ..."*

Halifax 2014 Clarification: Neither of the two most recent hosts provided facilities in response to CGF requirements, both built or upgraded facilities based on community and/or commercial need. It is Halifax 2014's choice to include additional facilities which are desired in Nova Scotia as a legacy.

Pg. 20 / Paragraph #1

Statement: *"So although costs for a Commonwealth Games are now reaching Olympic proportions, the CGF delivers little of the financial assistance that the IOC brings to the table."*

Halifax 2014 Clarification: The Commonwealth Games are not comparable to the Olympics. The following table demonstrates basic differences in cost, impact and conduct of the Games:

Measurable	Commonwealth Games	Olympic Summer Games	Olympic Winter Games
Athletes & Officials	6,000	15,000	4,500
Sports	17	28	7
Competing Nations	71	202	80
Operating Costs	Melbourne - 500 million Aus Dollars	N/A	N/A
Capital Costs	N/A	N/A	Salt Lake City - \$435 Million
Total Costs	Melbourne - 1.055 Billion Aus Dollars	Athens - 6.5 Billion pounds	Torino - \$3.6 Billion USD
	Manchester - \$670 Million USD	Sydney - 2.2 Billion AUS Dollars	Salt Lake City - \$ 1.93 Billion USD (costs covered by private companies such as TV)
	Victoria - \$160 Million CDN	Barcelona - 1.683 Billion USD	
Economic Impact	Melbourne - 2.9 Billion Aus Dollars, Manchester - No pure economic study found	Atlanta - 5.1 Billion USD	Torino - \$17.4 Billion USD, Salt Lake City - \$4.5 Billion USD
Recent Host Countries	Melbourne, Manchester, Kuala Lumpur, Victoria	Athens, Sydney, Atlanta, Barcelona	Torino, Salt Lake City, Nagano, Lillehammer
Venues	Melbourne - 20, Manchester - 12	Athens - 21, Sydney - 18, Atlanta - 14	Torino - 14, Salt Lake City - 9
City Population (at time of event)	Melbourne - 3, 685,000, Manchester - 2, 500,000, Kuala Lumpur - 1.5 Million, Victoria - 311,902	Athens -745,000, Sydney - 4 million, Metro Atlanta - 3,000,000	Torino - 902,000, Salt Lake City - 182,000

Valuing the Games

Pg. 20 / Paragraph #6

Statement: *“Depending on the modeling scenario used, the Commonwealth Games in the context of Canada is deemed to be worth in a range of between \$357.7M to \$760.5M.”*

Halifax 2014 Clarification: Parameters used to value the Games “worth” should be identified.

Positioning of Halifax 2014 Commonwealth Games (July 16-27, 2014)

Pg. 21 / Paragraph #2

Statement: *“There are no indications that a Canadian broadcaster has secured the television rights to the New Delhi Commonwealth Games in 2010.”*

Halifax 2014 Clarification: There have been no broadcast deals done with Delhi.

Pg. 22 / Paragraph #8

Statement: *“Dates for the FIFA World Cup in 2014 have not been set but the tournament is normally during June and July and schedule from June 6 to July 6, 2014 would seem likely...”*

Halifax 2014 Clarification: There were confidential discussions with potential broadcasters that positively address this issue.

Site Visit

Pg. 24 / Paragraph #1

Statement: *“Under such a scenario it would require a deal to be made that would link coverage in 2010, coverage in 2014, possible inventory being provided to the OC for Sponsors (not currently budgeted), and the host broadcasting contract being packaged, negotiated and agreed to no later than the spring of 2010. Halifax 2014 has indicated that the CGF has now included a clause in the Host City Agreement that obligates the 2014 OC to exceed the level of Host Broadcaster coverage in 2014. This makes a complex deal even more complicated and increases the chance that ultimately such an arrangement may not be feasible.”*

Halifax 2014 Clarification: The contractor’s report states a scenario to establish Broadcast time. This response is speculative as there are numerous approaches to how the Broadcast Rights and Host Broadcast are established. Previous Canadian models may not be the only solution.

The response also states that the Host City Contract obligates the 2014 OC to exceed the level of broadcast coverage in 2014. The OC will ensure that the quality of the television and radio signal of hosts broadcasts, internet content, and all television and radio archives created for the Games meet the minimum standards outlined in the *Games Manuals – Broadcasting* and any media and broadcasting guide approved by the CGF Executive Board.

Draft Final Report Conclusion**Pg. 25 / Paragraph #3**

Statement: *“The Commonwealth Games is considered to be a developmental event by Canada even though it is now carrying an Olympic-type price tag.”*

Halifax 2014 Clarification: The Canadian sport system considers this event to be integral to their forward plan for developing elite athletes. In addition, funding for NSOs is tied to results and medal performances at the Commonwealth Games.

CGF/CGC/CGA Obligations and Commitments

Overall Comments

It does not appear that the Consultant clarified or questioned any of these obligations with Halifax 2014 during the review as some of the concerns raised relate to questions and guarantees required to be answered as part of the responses to the Candidature File.

The contractor’s report has made repeated reference to clauses in the Host City Contract (HCC) that appear to hold the Organizing Committee to commitments made in the Candidature File. It is to be noted here that although changes to plans require CGF Executive Board approval, history has demonstrated changes are easily accommodated and mostly approved when sought by the OC. Melbourne had several examples where venues and sports were changed from the Bid submission and subsequent plans were changed with Executive Board approval. In addition there are areas in the HCC where flexibility is evident (see relevant item for specific comments).

Summary, Issues and Observations**Pg. 26 / Paragraph #1**

Statement: Item 59 on page 107 - Provision of a Corporate Hospitality Program – Reference to the HCC 9(a) 11 - *“No provision has been made for such a facility (noted elsewhere at 50,000 sq. feet) but rather the assumption has been made the Sponsors will pay for their own hospitality and that the Organizing Committee will incur no expense.”*

Halifax 2014 Clarification: Two areas have been budgeted for this facility as per the obligation, \$50,000 for the cost of the OC Sponsorship Hospitality Centre and \$50,000 for the Sponsor Activation Plaza. These

costs relate to securing the location, fit out and other utility requirements. The assumption that Sponsors will pay for their own hospitality is not only correct, it is also in line with the provisions made at previous Commonwealth Games for this type of operation. See Manchester 2002 and Melbourne 2006 operating budgets for the verification.

Pg. 26 / Paragraph #2

Statement: Item 69 on page 109 – Inability to change Venue’s and/or Sport Programme once the HCC has been signed. Reference to the HCC 13 (e) 14 - *“This clause severely restricts the OCs ability to manage budget issues and needs to be considered when assessing the overall financial risk of the event.”*

Halifax 2014 Clarification: It is very clear that should Halifax 2014 wish to change the Sports Programme or Venues for the Games all that is required is to seek agreement from the CGF. This is not new and is demonstrated in the requirements for past Commonwealth Games and Olympic Games. Most Host City Agreements include a clause covering this. Halifax 2014 believes it actually gives the OC an outlet for change should the budget or any other event result in a request being made to change the Sports Programme or a Venue.

In addition the HCC part 3, (14) and Part 1, (7) relate directly to deadlines for the Organizing Committee to submit a final venue location proposal 4 years prior to the Opening Ceremony and a final sports inclusion 5 years prior to the Opening Ceremony thus allowing a clear signoff process and avenue for change.

Pg. 27 / Paragraph #3

Statement: Item 183 on page 126 – Guarantee for Hotel Rooms and Rates. Reference to the CCM Theme 12 Q12.7.

Halifax 2014 Clarification: Candidature File Theme 12, Question 12.7 clearly states that a guarantee is required and the mechanism for setting this price was part of the process being undertaken as part of the Candidature File responses. It is not believed that any specific question was asked during the review on this in order for Halifax 2014 to provide an appropriate response. The process undertaken by Halifax 2014 for the Candidature File was to negotiate with hotel properties for CGF obligations to include a guarantee of the 2007 hotel rate escalated based on the inflation rate of the Canadian CPI to 2014 dollars.

Pg. 27 / Paragraph #4

Statement: Item 77 on page 110 – Restrictions on changes to Games Transportation Plan. Reference to HCC 15 (c) 15.

Halifax 2014 Clarification: It is very clear that should Halifax 2014 wish to change the Transportation Plan for the Games all that is required is to seek agreement from the CGF. The Organizing Committee has the right to change the transportation plan (and associated budget) the Item merely relates to ensuring the CGF Executive Board is aware of any planned changes and can sign off on this accordingly. Once again, this is not different from the requirements of the past two Commonwealth Games. It is requested that the Consultant clarify the issue or comment surrounding the inclusion of this item.

Pg. 27 / Paragraph #5

Statement: Item 107 on page 114 – CGF Broadcast negotiation rights. Reference to HCC 28.1 (b) 25.

Halifax 2014 Clarification: It is to be noted that as per HCC 28.4 (d) 26 – The OC may be entitled to receive a payment from the CGF in accordance with clause 33 (i) in relation to the CGF’s exploitation of Broadcast Rights. It is also clearly states in the Candidature File questionnaire Q6.6 that “For budgeting purposes, Candidate Cities should use the amounts communicated by the CGF by circular letter for the Broadcast Rights and any other marketing arrangements controlled by the CGF”. This was provided from Fast Track Events on 4 December, 2006 and is the basis for the revenue assumptions in the Business Plan.

Pg. 28 / Paragraph #1

Statement: Item 120 on page 116 – Transfer of Knowledge Project Manager. Reference to HCC 30 (f) 29.

Halifax 2014 Clarification: No additional comment – two positions have been budgeted for in the staffing plan, a coordinator and an administration role.

Pg. 28 / Paragraph #3

Statement: Item 137 on page 119 – Clause covering the potential change from GBP to Euro should the UK join the EU. Reference to the HCC 35-36

Halifax 2014 Clarification: The OC will be subject to currency risk for which no specific contingency has been made within the budget. The currency conversion rate used in the budget was conservative and assumed to cover any currency risk in the unlikely event that the GBP would fall below this rate.

Pg. 29 / Paragraph #1

Statement: Item 138 on page 120 – Withholding Tax. Reference to the HCC 36-36.

Halifax 2014 Clarification: It is to be noted that Technical Officials, i.e., judges, referees etc. do not receive payment for their involvement in the Games. It is also to be noted that the Candidature File response for Theme 6, Finance, Questions 6.5.1. to 6.5.4 included an outline of any tax requirements that would affect the Games.

Pg. 30 / Paragraph #1

Statement: Item 152 on page 122 – Restriction on changes to the Candidature File once the Host City Contract is signed. Reference to HCC46.1 (b) 44.

Halifax 2014 Clarification: Although changes to plans require CGF Executive Board approval, history has demonstrated changes are easily accommodated and mostly approved when sought by the OC. Melbourne had several examples where venues and sports were changed from the Bid submission and subsequent plans were changed with Executive Board approval. The HCC clause 2 (d) 4 negates this comment as it is clear the CGF are required to protect their brand, however, the HCC gives the Organizing Committee clear guidelines for seeking changes to the Candidature File.

Pg. 30 / Paragraph #3

Statement: Item 166 on page 124 – Signing of the Host City Contract. Reference to CCM 1.1.9. *“Host City Contract the CGF, representatives of the elected city/country and the CGA concerned shall immediately sign the Host City Contract. The CGF will supply Candidate Cities with a copy of the Host City Contract in June/July 2006”.*

Halifax 2014 Clarification: The Candidate Cities will be provided with a copy of the Host City Contract in June/ July 2006 – the Candidature File is not due until the 9 May 2007. The latest version was provided January 26, 2007.

Pg. 30 / Paragraphs #5 & 6

Statement: Financial Guarantees. Reference to CCM Theme 6 Q6.1. *“As described in Item 152 with the financial guarantee along with the control over commitments made in the Candidature File the CGF Executive Board will ultimately decide how the OC budget will be spent and the levels of service to be provided.”*

Halifax 2014 Clarification: The statement contained herein does not appear to relate directly to the Financial Guarantee it refers to in Theme 6. Q6.1 States – Provide a financial guarantee from the competent authorities covering a potential economic shortfall of the OC. This guarantee formed part of the Multi-party Agreement discussions that were underway between all funding partners.

Pg. 31 / Paragraph #1

Statement: Item 33 on page 134 – CGC input into the Business Plan. Reference to the BCA 3.4.2 (10). *“It is not clear whether this clause was followed or will remain in place after the bid stage. In either case it is an unusual requirement and one that should be of concern to the funding partners.”*

Halifax 2014 Clarification: Why this clause would be of concern to the funding partners?

Pg. 31 / Paragraph #5

Statement: Item 83 on page 142 – Reference to the CCM Part B Information Framework (6). *“This clause reinforces the fact that the CGF hold the power to impose standards and to dictate budget no matter the level of revenue generation.”*

Halifax 2014 Clarification: This is clearly not that case as the clause specifically states that the manuals contain minimum requirements for Technical Obligations only for reference by the OC. In addition, the clause adds reference to the ability to use CGKMP for support.

Pg. 32 / Paragraph #2

Statement: Item 370 - 375 on page 198 – Guarantees, financial or other from all authorities and bodies concerned by your project of hosting the Commonwealth Games. *“It is not clear which of these guarantees is applicable to Halifax 2014 though it is suspected that the construction of the Games Village would fall under one of these clauses.”*

Halifax 2014 Clarification: The Candidature File questionnaire has the relevant section that addresses the guarantee. It is also to be noted that these guarantees are only required if there is a need for the Guarantee. The Village Guarantees can be found in Theme 9 of the Candidature File questionnaire.

Pg. 32 / Paragraphs #3, 4, 5, 6 & 7**Statements:**

- Item 371 – Refers to the OC providing a Shortfall Guarantee on the Disposal of Assets – Theme 6 Q6.1 and has been referred to in Item 172 above.
- Item 372 – Refers to the OC providing a Guarantee for the Financing of Work in Finance– Theme 6 Q6.2.
- Item 373 – Refers to Construction and Finance Guarantees for planned and additional transport infrastructure projects – Theme 13 Transport Q13.1.
- Item 374 – Refers to Guarantees from the airport authority on the construction and finance guarantees for any projected capacity improvements at the airport - Theme 13, Transport Q13.3.
- Item 375 – Responsibility and finance guarantees for projected fleet and rolling stock capacity improvements – Theme 13, Transport Q13.8.

Halifax 2014 Clarification: Items 372 – 375 where applicable were included in discussions and agreement with Halifax Regional Municipality.

Financial and Organizational Control

Summary, Issues and Observations

Pg. 36 / Paragraph #2

Statement: *“The spreadsheet shows that common threads do not run through the foundational documents”.*

Halifax 2014 Clarification: Halifax 2014 acknowledges that the budget structure is not aligned with the Organizational Structure, Hiring and Business Plans. Efforts at the bid phase were focused on ensuring that the budget was complete and comprehensive. It is also recognized that the organizational structure and hiring plan would, in all likelihood, have been changed by the OC.

Pg. 38 / Item #13

Statement: *“After accounting for the four missing work packages the work packages as listed in the business plan still do not total the budget summary sub-totals listed within the business plan. The individual variances are shown as “missing” in appendix 2.”*

Halifax 2014 Clarification: The budget summary provided in the business plan are in accordance with Halifax 2014's budget structure whereas Appendix 2 has been prepared in accordance with the structure used for the business plan (organizational structure), thus the sub totals will not be the same.

Draft Final Report Conclusion

Pg. 38 / Paragraph #1

Statement: *"In addition the work packages listed under section 5.0 do not add up to the budget summary and a conclusion could be drawn that the identified issues are indicative of a lack of integrated planning. Further, it can be concluded that the financial and organizational control does not achieve a standard that is expected for a submission of this importance".*

Halifax 2014 Clarification: Halifax 2014 acknowledges that the budget and organizational structures (which was used for the Terms of Reference and Hiring Plan) are not aligned. However the conclusions drawn do not flow from this lack of alignment.

Conclusion that there is a lack of integrated planning: The cornerstone of the planning was the CGF requirements, which are both comprehensive and integrated. Budgets, business and operational plans, venue plans etc were developed to meet the CGF requirements.

Conclusion that financial and organizational control does not achieve a standard that is expected for a submission of this importance: The alignment is not a requirement at the bid phase. The requirement is for a complete and comprehensive budget. It is expected that these structures would be changed by the OC.

Governance

P.39 to 46

Halifax Clarification: A Society consultant made recommendations in late 2006 to modify the overall governance structure. A revised governance model was to be undertaken subsequent to completion of other work and prior to bid lodgment. Government representatives were investigating liability issues and were to provide input on model.

p.43, Paragraph #4

Statement: ... "doubtful that this is the intent."

Halifax Clarification: This contractor's report is an unsubstantiated statement that is opinion only.

p.44 (b)

Halifax Clarification: Further to comments in the Response Overview regarding on-going work, this is an area that was identified as requiring redesign.

p.46, last Paragraph #

Statement: "Consideration should be given to the creation of a special operating agency within the provincial government that would be responsible for the organization for the entire event."

Halifax Clarification: The creation of a "special operating agency" was discussed and considered a viable option by the PNS, however this was not adopted.

Pg. 45 / Point (d)

Halifax 2014 Clarification: Governance Structure - The principle basis of the two organizations is based on numerous models effectively used for large scale events whereby a Government Authority is responsible for the delivery of the necessary infrastructure and the Organizing Committee is responsible for the operation of the Games.

This model has been used for the Sydney Olympics (SOCOG and Olympic Coordination Authority); Manchester Commonwealth Games (OC and City of Greater Manchester); Melbourne Commonwealth Games (Melbourne 2006 to operate the Games and Office of Commonwealth Games Coordination); London 2012 (Olympic Delivery Authority and LOCOG).

Although this model has never been used in Canada, this does not equate to the model being incorrect or flawed.

Operating Revenue

Summary, Issues and Observations

Pg. 48 / Paragraph #5

Statement: *“The Manchester report noted that commercial revenue generated by the 2002 event was over twice the previous best...”*

Halifax 2014 Clarification: Historically, the Canadian private sector has been a tremendous supporter of major amateur sporting events in Canada. In particular, the Vancouver 2010 Olympic Games (VANOC) is now taking Canadian sponsorship levels to exceptional heights and acting as a catalyst for unprecedented government and corporate support for athletes. Because of VANOC’s category exclusivity and very high price points, however, many companies will be left in search of alternate properties to help establish their position in the sports market. As a result, the OC is in a prime position to meet its sponsorship revenue targets. By representing a very distinct geographic market which is appealing to many companies and seen as a balance to their sponsorship portfolio and by offering more plentiful and affordable sponsorship opportunities, the OC is able to capitalize on Canada’s long-standing history of loyal corporate support. Furthermore, the success of every sponsorship program is based on a measure of national pride in a country’s ability to host international events and its athletes’ ability to compete on the world stage.

The VIK/Cash valuation model was built on the basis that any VIK goods or services are equivalent to cash. For example, provision of computers valued at \$500,000 would be “booked” for accounting purposes as \$500,000 in cash revenue. Using this model the separation of VIK estimates and cash estimates is not relevant from a financial modeling perspective, they are designed as a guide for where the key product categories will be generating revenue with regard to category levels.

Pg. 51 / Paragraph #5

Statement: *“The benefits are quite generic although there is no provision for the purchase of television inventory during the 2014 Games. Without the guarantee of television spots, sponsors may be reluctant to buy into the program given that they will have to purchase television inventory directly from the domestic rights-holder.”*

Halifax 2014 Clarification: Halifax 2014 considered the need to provide TV advertising inventory as a sponsor benefit but in the absence of any Broadcast deal being completed, and the fact that it is such a small percentage of revenue, believed it to be a high risk strategy to include in the Business Plan at this stage – 7 plus years prior to the Games. Additionally with changes in the sponsorship market there is less of a requirement by sponsors to require advertising inventory.

Pg. 51 / Paragraph #6

Statement: *“Failing this the domestic rights-holder will be free to sell advertising time to rival companies – essentially games sponsors will be “ambushed” through the OCs domestic broadcaster.”*

Halifax 2014 Clarification: Ambush marketing is marketing that capitalizes on the goodwill of a sports event by creating an unauthorized, false association with the event or its participants without making the

investment required to secure official sponsorship rights. Ambush marketing can present a significant threat to the economic value of sporting event sponsorship rights.

Placing advertisements on television during the broadcast of the event does not meet the definition of “ambush marketing” unless, as above, the advertising creates a false association with the event.

Neither Manchester nor Melbourne offered a model to sponsors where they were provided TV advertising placements and no incidents of “ambushing” were reported.

Pg. 52 / Paragraph #1

Statement: *“Appendix 5 illustrates that athletics, Ceremonies (Opening and Closing) and Rugby 7’s generates 74% of the budgeted amount of dollars while the remaining 16 events generate only 26%”.*

Halifax 2014 Clarification: This is a statement of fact because the stadium accounts for 51.6% of the available tickets being a 50,000 seat stadium, compared to the next largest venue of the Metro Centre that has 10,000 seats and accounts for 9.7% of available tickets. The higher revenue percentage is due to the higher price point of the Ceremonies; this is consistent with other major events where the one-off Ceremonies command a higher price than sports events.

Halifax 2014’s Ticketing Consultant has revised the estimates from the model provided with the Business Plan as part of the Candidature File process.

The ticket model assumes the Commonwealth Games will draw ticket sales from “event attendees”, people who will purchase tickets to see a one off event experience in the Atlantic region. This is the proven experience from recent Commonwealth Games whereby it is not generally specific sports or specific athletes that attract the mass of ticket sales, but people wanting to experience the event. Comparisons to single sport events, even World Championship, are not relevant.

Comparisons are made to attendances in Winnipeg, Edmonton and Victoria, with no reference to the stadium sizes or specific sport event requirements in these cities.

Pg. 53 / Paragraph #8

Statement: *“The value placed on broadcasting in the budget is surprisingly high given market trends and no breakdown by country has been provided. The expense budget shows a revenue contingency of \$38M has been placed within the Host Broadcaster budget. This is prudent given that the revenue budget of \$65.3M cannot be justified. A request was made for the status of television rights sales for New Delhi 2010 – with around 3 and one-half years left until the Games some rights deals should have already been concluded. No information has not been forthcoming. It is understood that no broadcast contracts have been agreed to in respect to New Delhi.”*

Halifax 2014 Clarification: See earlier comments in section on Obligations and Operating Revenue. The contractor’s report focuses on this aspect of the Games which formulates a small part of the overall budgeting revenue of the Games.

Site Visit

Pg. 55 / Paragraph #2

Statement: *“The CGF now dictates how large the facilities are to be and local market conditions are no longer taken in consideration. This invalidates the use of fill rate as a benchmark. The Halifax 2014 assumption is inherently flawed.”*

Halifax 2014 Clarification: The CGF Manuals provide minimum seating requirements by sport. The assumption is not flawed as the CGF stated requirements have been incorporated into the Halifax 2014 model taking into account local market conditions as not all facilities will maintain permanent seating that will remain in legacy mode. In addition, where the Canadian and local market bears the demand for a sport, efforts have been made to exceed the CGF requirements in existing venues – for example the Forum and Metro Centre – to ensure the maximum uptake of ticket sales.

Draft Final Report Conclusion

Many of the comments made in the contractor's report are consistent with the risk assessment undertaken by Halifax 2014. The comments in this area are based on opinion as the fact based assessment is difficult to follow because events and cities present different conditions so it is difficult to use any science to predict patterns from city to city.

Halifax 2014 has made assessments based on information on Commonwealth Games made available through the CGF's Knowledge Transfer service. This may be contradictory to the consultants information, but it becomes one persons opinion compared with another's. Both present highly credible experience.

P.58 and P.59

Halifax 2014 Question: – The contractor's report provides an estimate figures for sponsorship, broadcasting, licensing, ticketing and other commercial income. Clarification is sought on what assumptions have been used to determine these figures.

P. 58 / Paragraph #1

Statement: "A revenue line for promotional tickets of \$483,900 but a compensating entry in expenses could not be found."

Halifax 2014 Clarification: The contractor is requested to refer to Work Package 451-5 for the compensating entry in expenses.

Operating Expenses

Approach

Pg. 60

Halifax 2014 Question: Appendix 16 is referred to in the body of the contractor's report, but the Table of Contents indicates that it has been deleted.

Halifax 2014 Clarification: Clarification is requested from the consultant.

Summary, Issues and Observations

Pg. 60 / Paragraph #1

Statement: "Appendix 15 shows that of 136 work packages 72 are incorrectly listed in the Business Plan (versus the budget summary) and four have been missed altogether".

Halifax 2014 Clarification: As discussed in the Financial and Organizational Control section.

Pg. 61 / Paragraph #1

Statement: "Although the use of consultants is quoted within the business plan it is noted that the consultants recommendations were not necessarily accepted by senior management. This may increase the likelihood that costs will escalate further".

Halifax 2104 Clarification: Halifax 2014 was not asked for supporting rationale for these reductions. Approximately \$13.5M of the reduction relates to venue overlay and village operations.

Pg. 61 / Paragraph #2

Statement: "The Halifax proposal is currently 95% of the Melbourne operating expense budget; it is over twice that of Manchester 2002; 7 times greater than Victoria 1994. Comparison figures to Edmonton and Winnipeg are 8.5 and 5.9".

Halifax 2014 Clarification: Some of these comparisons are not relevant. The Commonwealth Games in Victoria took place 13 years ago and there is no indication that the comparisons are made using inflation adjusted figures. In addition, the standards for Commonwealth Games have changed significantly in that time. As an example, Victoria had 3,300 athletes and officials and Halifax 2014 was planning for 6,000. Edmonton was a single sport event and Winnipeg was a Pan Am Games, which would have different properties than Commonwealth Games. There is no indication that the comparisons are made using inflation adjusted figures.

Pg. 61 / Paragraph #4

Statement: *“The exercise, as illustrated in appendix 15, should be considered very basic and unsophisticated. However, indications are that Halifax 2014 might be questioned about the budgets being carried in the areas of Technology, Sport, Ceremonies and Festivals, Cost of Sales, Host Broadcaster and Staffing”.*

Halifax 2014 Clarification: It appears that Appendix 15 looks at Hamilton’s 2003 bid updated and doubles the numbers (other than Legacy) to determine a new benchmark. This new benchmark is used to assess the areas at risk for the CGF Evaluation. It is not possible to tell what adjustments have been made to the 2003 budget to update it. Furthermore, the doubling of those numbers to come up with a new standard seems arbitrary.

Pg. 61 / Paragraph #5

Statement: *“Alternatively the areas of Village Operations and Venue Overlay are much higher than one would normally expect”.*

Halifax 2014 Clarification: Earlier in the contractor’s report, there was concern expressed about the escalation of these costs, given that Halifax 2014 reduced the amounts recommended by the Consultants.

Pg. 61 / Paragraph #6

Statement: The contractor’s report has noted *“Expense areas of note beyond increased CGF standards.”*

Halifax 2014 Clarification: Halifax 2014 wishes to provide clarification as follows:

- 1) The majority of the CGF/CGC payments are not discretionary. Halifax 2014 made a decision to pay full travel for the teams, given that this was a precedent set by Delhi.
- 2) Translation costs are not required by CGF, but by the Federal Government.
- 3) Community Awareness is a requirement in order to build a brand to support ticket and sponsorship sales.
- 4) Venue overlay was approved at \$44.4M rather than \$51.1M and as discussed previously, earlier in the contractor’s report there was concern expressed about the escalation of these costs, given that Halifax 2014 reduced the amounts recommended by the Consultants.

Pg. 62 / Paragraphs #1 & 2

Statement: *“The statement below is included in the consultants’ reconciliation documents. Given the level of the approved budget the reference to the level of service is surprising. Winnipeg 1999 spent \$7.4M on venue fit out – Halifax is budgeting \$43M”.*

“C. Morrissey reviewed and accepted the final budget after reductions, with the understanding that the level of service had been significantly reduced; that the standard is not Manchester/Melbourne, but based on best efforts for a Canadian host - approximately at the standard of Winnipeg Pan Ams, with some standards at the VANOC level.”

Halifax 2104 Clarification: The validity of this statement is in question on the basis that the HCC and the CGF Games Manuals clearly state the minimum standards for the Games and were completed and provided prior to the conduct of the Melbourne 2006 Games. Melbourne should be used as a benchmark only, as the most recent Games.

Pg. 62 / Paragraph #3

Statement: *“There appears to be a net reduction in venue overlay of \$1,235,757 that does not appear in the “approved” budget provided”.*

Halifax 2014 Clarification: This is true. The additional reduction relates to an error in the number of temporary seats required for the stadium and was on the list of pending adjustments. The review was completed at a point in time when the budget process was not complete.

Pg. 62 / Paragraph #4

Statement: *“Appendix 17 indicates that the net budget reduction from consultants’ estimates was \$41.4M. Although some of this reduction may be accounted for by clarifications and local knowledge, a significant portion could be considered to be at risk of “returning.”*

Halifax 2014 Clarification: Addressed in detail in earlier comments.

Pg. 62 / Paragraph #5

Statement: *“At present the level of contingency being carried is 6%”.*

Halifax 2014 Clarification: The contingency is currently at 8.5% on expenses other than CGC and CGF contractual payments, broadcast contingency, spectator transport (has its own contingency), and excess broadcast agency fees.

Site Visit

Pg. 62 / Paragraph #1

Statement: *“Because of the large contingency being carried in expenses against projected TV revenues the budget must be recompiled in order to more accurately indicate the share of costs being borne by governments and by commercial sources”.*

Halifax 2014 Clarification: Halifax 2014 believes this means that Broadcast Revenue should be reduced by the contingency. While this could be done for purposes of this review, it could not be done for presentation to CGF. Halifax 2014 is required to use the revenue numbers provided by CGF.

Draft Final Report Conclusion

Pg. 64 / Paragraph #5

Statement: *“The issue of community capacity is not dealt with in the Business Plan and this may be an issue. An event of this magnitude will significantly tax the community and costs may increase as more resources may have to be brought in from outside of the community at additional cost”.*

Halifax 2014 Clarification: In some areas, additional costs have been included in the budget.

Pg. 64 / Paragraph #6

Statement: *“The issue of hotel accommodation was raised but not dealt with in any meaningful manner. This may be an issue for the CGF”.*

Halifax 2014 Clarification: Halifax 2014 requires more detail on the issue being referred to in order to comment as it was also raised in the obligations section.

Pg. 64 / Paragraph #7

Statement: *“The contractor anticipates additional costs of approximately \$50M 2007 dollars”.*

Halifax 2014 Clarification: This comment does not reference an Appendix. Halifax 2014 seeks the reference data for this statement.

Capital Plan

Summary, Issues and Observations

Pg. 66 / Paragraph #2

Statement: *“A further summary – “Halifax 2014 Sports and Venues” (appendix 11) was prepared.”*

Halifax 2014 Clarification: The summary document was not provided by Halifax 2014. It was compiled by the consultant and was not representative of the final decisions regarding venue choices. There are errors in the information that was forwarded to the consultant.

Pg. 66 / Paragraph #4

Statement: *“The PCL budget of \$575M makes no allowances for taxes while the budget summary includes 2.95%”*

Halifax 2014 Clarification: The 2.95% is the calculation on non-refundable tax at a Municipal rate.

Pg. 67 / Paragraph #5

Statement: *“An independent opinion was sought and an experienced venue manager who was formerly one of the countries leading promoters indicated that there are few promoters willing to risk investing in large outdoor stadium concerts.”*

Halifax 2014 Clarification: Halifax 2014 requests clarification on the basis of this statement and its relevance to the Halifax market and conditions.

Pg. 68 / Paragraph #2

Statement: *“This highlights an assumption that is often made when constructing facilities for use by elite athletes. An assumption is that if you play a sport then you will benefit from facilities being built to IF standards. In many cases facilities built to the highest standard cannot be used because the average participant does not have the technical skill required.”*

Halifax 2014 Clarification: Halifax 2014 seeks clarification on what standards / facility / data is this statement based on. Halifax 2014 legacy plans incorporated vast number of opportunities including field houses, pools and fields, all of which have limitless use opportunity for incorporating both sport development and community access.

Site Visit

Pg. 68 / Paragraph #4

Statement: *“The acquisition of a stadium that could be used by a CFL team was a critical factor. The board was not interested in the recommendation from outside consultants to only build a temporary stadium if a CFL owner/operator was not secured.”*

Halifax 2014 Clarification: Clarification is required regarding the name of the outside consultants indicted in this paragraph that recommended to Halifax 2014 that there be a temporary stadium built for the Games if there was no CFL team identified for post-Games. This may also be a language issue, i.e. did the Board consider, but not accept the recommendation from the consultant? “Not interested” has a very negative connotation.

Draft Final Report Conclusion

Pg. 70 / Paragraph #1

Statement: *“It is normal to find a bidding city with an existing level of infrastructure on which a bid can be built. This does not appear to be the case as the Halifax 2014 anticipates the largest non-Olympic games capital building project undertaken in Canada.”*

Halifax 2014 Clarification: Upon which standards or definitions is this statement made? Multi-Sport Games are commonly used as a catalyst for infrastructure development.

Pg. 70 / Paragraphs #2 & 3

Statement: *“The Halifax proposal is over 11 times more expensive than Victoria 1994 ...”*

Halifax 2014 Clarification: Halifax 2014 seeks clarification if this number from Victoria is based on 2007 dollars and normalized to inflation for the same year? As well, should Games capital spending be included in this statement? Should the level of service expected be considered?

Pg. 70 / Paragraphs #4 & 5

Statement: *“There is one consistent short coming within the facilities section of the Business Plan.”.*

Halifax 2014 Clarification: Business plans were provided with clear goals and objectives for the CWP multiplex and stadium. The only other new build is owned by HRM (Mainland Commons) and it is their intent to complete the business plan for that facility in due course. All other re-capitalization programs are enhancements to existing viable community enterprises and will not represent a change in business post-Games.

Pg. 71 / Paragraph #5

Statement: *“The meaning of the above statement is not clear but it appears to indicate that the existing capital program has been scoped beyond that which is needed.”*

Halifax 2014 Clarification: Halifax 2014 has reinstated the 15% contingency for capital budget in their March 7th version.

Essential Services

Summary, Issues and Observations

Pg. 75 / Paragraph #1

Statement: *“It appears that the Essential Services budget was prepared by Halifax 2014 with little participation by the three levels of government.”*

Halifax 2014 Clarification:

- 1) Both the Province of Nova Scotia and the HRM participated in the preparation of the financial commitments and continue to be actively involved in the budgeting process. An estimate, based on historical data and current considerations, was included for the Federal Government until such time as more detailed information could be supplied by the Federal Government.
- 2) Covenant of the Government of Canada (Final Draft, pg. 3, (5) (j))“provide all essential federal services which arise out of Canada’s legislative obligations and prerogatives and which shall be provided by Canada at no cost to the OC. The value of these services represents \$ xx; (Guarantee 6.2)

Draft Final Report Conclusion

Pg. 76 / Paragraph #2

Statement: *“On a cost per capita basis (London estimated \$13.5B and Halifax \$1.347B) London is \$1,800 and \$3,444. This figure does not differentiate between public funding and commercial revenue.”*

Halifax 2014 Clarification: Both HRM and Province of Nova Scotia are partners in the bid and the per capita statement here does not indicate this partnership.

Pg. 76 / Paragraph #2

Statement: *"It is not indicated how the Commonwealth countries align with the Tourism Strategy for Nova Scotia."*

Halifax 2014 Clarification: *Covenant of the Government of Canada (Final Draft, pg. 6)* "Promotion of image and reputation: commitment by all levels of Government, CGC and tourism to market the Games at every appropriate opportunity as successfully done for other events; (Theme 1)"

Note: Initial meetings were held in September 2006 with Tourism. Plans to be developed further upon the awarding of the Games were to include leveraging national tourism campaigns in a cost effective manner. Additionally, planning was to include discussions on further aligning/dovetailing international tourism plans with Commonwealth targets.

Staffing Plan

Draft Final Report Conclusion**Pg. 77 / Paragraph #1**

Statement: *"A full analysis has not been undertaken but the Halifax 2014 risk assessment does not capacity issues, a reduction in testing time and possible issues with the size of the workforce available in the region."*

Halifax 2014 Clarification: The XX Commonwealth Games - Business Plan Appendices, pg. 16, Appendix 3.0 Hiring Plan identifies parameters that will guide the OC planning. Should an analysis be undertaken by the contractor, Halifax 2014 would like to comment on the analysis.

Project Control Plan

Draft Final Report Conclusion**Pg. 78-79 / Paragraph #1**

Statement: *"...and without reference to the financial appetite of the funding partners put the Bid Committee on road that it could not exit from."*

Halifax 2014 Clarification: Bid requirements and processes were determined in collaboration with the funding partners.

P. 79 / Paragraph #1

Statement: *"The milestones document essentially uses the information from the CGF manuals. The milestones will require review based on local context and circumstances."*

Halifax 2014 Clarification:

- Games organizational plan is to be completed within 12 months of Games being awarded per CGF obligations. Therefore, the Business Plan (Appendix 11) key date of creating the OC to the business plan which is projected to occur between January - August 2008, would meet the timeline for review of milestones, etc.

Marketing and Sponsorship Plan

Draft Final Report Conclusion

Pg. 84 / Paragraph #6

Statement: *“The approach is not linked to resources within the budget and no outcomes listed.”*

Halifax 2014 Clarification: It would be premature to develop a thorough communications plan prior to having been awarded the Games and an approved OC budget to determine resources and a fully developed brand identity and strategy without collaborative discussion with relevant stakeholders. However, the communications plan clearly articulates specific communications objectives per each target audience as well as the desired outcome/response.

Official Languages Plan

Draft Final Report Conclusion

Pg. 86 / Paragraph #1

Statement: *“An Official Languages Plan has yet to be produced.”*

Halifax 2014 Clarification:

The XX Commonwealth Games - Business Plan Appendices, pg. 212:

- Work package and description for Translation Costs (451-11) – “Translations Services assumes in-house translators will be hired to meet official languages requirements for pre games, games time and post games. Additional allocation in work package covers overflow requirement (assumes translation services costs at 23 cents/word = 4,347,826 words). At an estimate of approximately 1,500 words/document, would allow for 2,898 documents”;
- The OC will have a plan and budget to respond to this Federal, non-CGF, requirement as per discussion during the MPA meetings.

Environmental Plan

Summary, Issues and Observations

Pg. 87 / Paragraph #3

Statement: *“International events of this magnitude would have been expected to have already integrated environment expertise ...”*

Halifax 2014 Clarification: This plan was compiled with local experts organized into an advisory group. The plan can be provided upon request. Please note that HRM and PNS were integral in the development of this plan. Allowances have been built into the capital budgets for environmental initiatives.

Cultural Plan

Approach

Pg. 88 / Paragraph #1

Statement: *“No “Cultural Plan” has been received.”*

Halifax 2014 Clarification: Sport Canada indicated that a Cultural plan was not required at this time. However, Halifax 2014 has worked with local experts organized into an advisory group regarding cultural involvement. Once again, please note that HRM and PNS were integral in the development of this plan.

Social and Community Plan

Pg. 89

Statement: *"No social and community plan has been received."*

Halifax 2014 Clarification: Halifax 2014 has worked with local experts organized into an advisory group. Once again, please note that PNS was integral in the development of this plan.

Security Plan

Site Visit

Pg.91 / Paragraph #2

Statement: *"How does the Federal RCMP fit into this plan?"*

Halifax 2014 Clarification:

- September 14 & 15, 2006 and October 2 & 3, 2006 – Security Workshops with local representatives from HRP, RCMP, CBSA, Transport Canada, PSEPC, ACOA, HIAA, DND and DFO. From these workshops a plan was prepared.
 - Province of Nova Scotia requested, via letter, for Federal Government to take security lead.
 - Ongoing queries from Bid Committee to obtain Federal input for completion of Candidature File and budget update requirements.
 - *Covenant of the Government of Canada (Final Draft, p3, (8))* "Peaceful holding of the Games: the Royal Canadian Mounted Police providing: (1) the lead in forming an integrated police planning group, (2) appropriate federal security measures which in the opinion of Canada are necessary, and (3) to cooperate with the OC, the City, the CGC and the CGF and other Games parties on non-federal security matters to ensure the safety and peaceful celebration of the Commonwealth Games; (Guarantee 11.15)"
-

Legacy Plan

Facility Legacy

Pg. 93 / Paragraph #5

Statement: *"Why is such legacy support limited to Commonwealth Park?"*

Halifax 2014 Clarification:

- Board Decision
- The majority of facilities are already community owned facilities and are operational.

Draft Final Report Conclusion

Pg. 101 / Paragraph #6

Statement: *"There may be a conflict in the CGF/CGC regulations do not allow for equipment to be used for recreational purposes. It is not clear what equipment is being purchased for the Games; what is being purchased for the Multiplex for community use".*

Halifax 2014 Clarification: Equipment will be used in priority for high performance and sport development, and recreation, post-Games. CGF and CGC have no control over equipment usage post-Games. A detailed list has been developed for the purchase of equipment for Games use (Appendix 1). A detailed sport equipment list is available upon request.

Summary and Risk and Mitigation Strategies

Pg. 105

Statement: *"..to be completed for March 7 version of the report"*

Halifax 2014 Clarification: It is to be noted that a response was to be submitted in the March 7th version of the Contractor's report.

Appendix 10

Halifax 2014 Venue Summary

Appendix 10 is not accurate in that it does not reflect the venue and sport plan. The submitted Capital Budget and Halifax 2014 Business plan both indicate the correct venues, and the correct sports associated. However, the Venues document submitted as part of the Halifax 2014 budget submission was inaccurate. Halifax 2014 finance has confirmed that this budget document was on a list of information to be updated.