
NEWS RELEASE

For Immediate Release
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Sept. 14, 2006

Ministry of Economic Development

B.C. SETS OUT NEXT STEPS FOR OLYMPIC ACCOUNTABILITY

VANCOUVER – Economic Development Minister Colin Hansen has announced that a new Performance and Accountability Agreement has been signed with VANOC as part of a response to recommendations made in the Auditor General’s review released today and a due diligence report on venue construction from Partnerships BC.

“We have reviewed the reports in detail and have taken steps to enhance accountability and set clear reporting and management requirements for VANOC’s venue development program through a Performance and Accountability Agreement,” said Hansen. “The agreement outlines how the Province and VANOC will work together to further strengthen overall performance and accountability and reduce potential financial exposure to taxpayers.”

Earlier this year, the BC Olympics Secretariat engaged Partnerships BC to review VANOC’s venue development program. Key elements included a review of the venue costing and designs, and recommending strategies for the Province to oversee venue construction. The strategies recommended included the establishment of a construction advisory committee, completion of Project Definition Reports and Project Execution Plans for all venues, and monitoring progress on implementing project support services and risk management plans, including a complete quantitative risk register and analysis by Oct. 31, 2006.

“The reports released today include many useful recommendations,” said Hansen. “With the additional measures put in place today, we will continue to work with VANOC to leave positive legacies that will further support B.C.’s strong economy today and into the future.”

The Partnerships BC review and the Performance and Accountability Agreement are available online at: www.ecdev.gov.bc.ca/2010Secretariat/reports_and_pubs.htm

The second report released today is the annual report for BC Olympic and Paralympic Winter Games Secretariat, providing an updated charting of government’s progress in achieving its financial, cultural, sports and other objectives in planning for the 2010 Olympic and Paralympic Winter Games. It is also available at: www.ecdev.gov.bc.ca/2010Secretariat/reports_and_pubs.htm. A PowerPoint presentation on British Columbia’s Preparations for the 2010 Winter Olympics is available at: www.gov.bc.ca/ecdev/popt/media_room/default.htm

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2 backgrounder(s) attached.

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BACKGROUND

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PARTNERSHIPS BRITISH COLUMBIA REPORT

The BC Olympic and Paralympic Games Secretariat engaged Partnerships British Columbia in April 2006 to review VANOC's venue development program and determine if B.C. should approve VANOC's additional funding request. Partnerships BC were also to provide the BC Secretariat with an opinion on whether VANOC could complete the venue program for \$580 million.

The review included an examination of:

- design and scope of the venues;
- the capital budgeting process;
- the project management oversight of VANOC; and
- the risk management strategies for the venue development program.

Partnerships BC conducted several interviews with key managers responsible and involved in the delivery of the capital program at VANOC. A detailed review of key documents supplied by VANOC and the BC Secretariat was done, along with detailed cost analyses for the ice arenas and the Whistler Athletes' Village project.

Highlights of the recommendations from the report include:

- Completing Project Definition Reports and Project Execution Plans for all venues, including a complete quantitative risk register by Oct. 31, 2006;
- Approving funding for venues where risk mitigation, Project Definition Reports and an execution plan is in place;
- Developing more stringent regular progress reporting;
- Monitoring progress on implementing project support services and risk management plans;
- Establishing a capital works or construction advisory committee; and
- Considering various project delivery options and incorporating them into contract provisions to mitigate the risk of claims at the end of the process.

Based on these recommendations, the Province and VANOC signed a Performance and Accountability Agreement. The agreement builds on the Province's current stringent policies by enhancing reporting and management requirements for VANOC's venue development program. Complete details of the agreement can be found at www.ecdev.gov.bc.ca/2010Secretariat/reports_and_pubs.htm

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PERFORMANCE AND ACCOUNTABILITY AGREEMENT

Both the Province and VANOC believe this is an appropriate time to enter into a Performance and Accountability Agreement. This agreement outlines how the Province and VANOC will continue to work to ensure the 2010 Winter Games are successful and provide stringent management requirements to ensure the venue capital construction program is completed on budget and leaves behind positive legacies.

Highlights of the agreement include:

- VANOC will establish a Capital Advisory Committee by Oct. 13, 2006.
- VANOC will provide the Province with an updated report on the total capital costs of venues for the Games by Oct. 31, 2006.
- VANOC will consider the recommendations in the Partnerships BC report and will incorporate the recommendations into the next updated business plan.
- VANOC will continue to seek further opportunities to change scope, design and delivery options around the venues to reduce costs while meeting International Olympic Committee requirements and post-Games legacy potential.
- VANOC will maintain a minimum contingency for venue construction.
- VANOC will work with the Province to negotiate outstanding venue agreements and amendments to existing venue agreements as necessary.
- VANOC must provide the Province with detailed quarterly reports on construction progress, period-to-date capital spending, forecast cost and schedule to completion for each individual Games venue.
- VANOC will obtain written approval by the Province for changes to the capital contingency outside of the set schedule.
- VANOC will transfer all budget savings for any venue to the contingency before any further commitments are made against those savings.
- VANOC has undertaken to ensure their venue management and construction team is appropriately staffed with experienced project managers.
- VANOC has committed to making their procurement policies and practices publicly available by Oct. 31, 2006.

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