

Question 1: There were additional costs associated with hosting the Games across five regional cities (the dispersed regional model). This includes duplication of operational costs and the presence of less infrastructure and skilled labour in comparison to a single large host city.

- Was the Department or Visit Victoria aware of a multi-sport event of a similar scale to the Commonwealth Games ever being staged with a dispersed regional model?

The 2018 Gold Coast Commonwealth Games was a recent example of a semi-regional delivery model for the Games with competition venues located in the Gold Coast, Brisbane, Cairns and Townsville, however the department was not aware of any other dispersed regional delivery models for the Games or similar scale multi-sport event.

The department is unable to comment on Visit Victoria's knowledge of a multi-sport event of a similar scale to the Commonwealth Games being staged with a dispersed regional model.

- How could the Department and Visit Victoria have improved their processes or engaged adequately qualified personnel to better identify and quantify the financial risks associated with a dispersed regional model at an early stage?

The department considers that the consultancy firms engaged to complete the business case (identifying and quantifying the financial risk) were adequately qualified and experienced in their fields.

The business case was developed under significant time and confidentiality constraints and the parties worked diligently to complete the business case within the authorising environment at the time.

Due to the confidential nature of the project, limited consultation occurred to what would ordinarily be expected to inform major event planning. The department acknowledges this resulted in the consultants being limited in their review when developing the business case and that with the ability to consult more widely, the business case could have included more detailed cost estimates.

The department is unable to comment on Visit Victoria's processes or consultant engagements.

Question 2: In a press release, the Commonwealth Games Federation said that since the Games were awarded to Victoria, the Government had made decisions to include more sports, an additional regional hub, and changed plans for venues. Could the Department provide the Committee with an overview of each of the variations to sports and venues following the signing of the host contract and the reasons for the changes?

The Commonwealth Games sport selection is a collaborative process between the Commonwealth Games Federation (CGF), Commonwealth Games Australia (CGA) and the host jurisdiction.

When the host contract was signed in April 2022, the sports program was not fixed, and further work was done with the CGF and CGA to determine what additional sports would be included in the sports program.

The host contract set out the requirements for the sports program and included core and compulsory sports.

In mid-2022, a targeted Expression of Interest (EOI) process was run involving sports with recognised international interest and participation. Following the EOI process, 4 additional

sports (shooting, basketball 3x3, golf and coastal rowing) and 2 disciplines (Cycling - BMX and Mountain Bike) were proposed.

The sports program was finalised in consultation with the CGA and CGF. The final list of venues also required consultation with the CGF and CGA, and not all venues had been approved or announced when the Games were cancelled.

The venues initially considered for the sports announced in April 2022 were largely developed via desktop analysis, with subsequent due diligence undertaken including site visits and consultation with councils, site owners, National Sporting Organisations, International Federations, CGA, CGF and targeted input from specialist consultants, with some venues changing from those originally proposed.

The department understands that the government claims executive privilege regarding the specific reasons for variations to some of the venues on the basis that the information would reveal, directly or indirectly, the deliberative processes of Cabinet.

Question 3: Why was the exclusive negotiating period with the Commonwealth Games Federation to evaluate the opportunity to host the Games only six weeks?

The department understands that as no host city had been identified prior to 2021, and as the CGF sought to have a host city confirmed by the Birmingham Games in July 2022, there was a significantly compressed timeframe and a typical 'bidding process' was not followed.

The department understands that there was additional time pressure during early 2022 because:

- CGF requirements meant that a number of steps had to be completed before the handover ceremony at the 2022 Commonwealth Games held in Birmingham, including necessary visits by the CGF and detailed review of Victoria's Games submission, as well as negotiation and execution of a Host Contract and preparation for the handover ceremony; and
- the time required to plan and construct the villages and the venues necessitated a decision in the first half of 2022 according to independent expert advice on the construction program.

Question 4: The Victorian Auditor-General's report *Withdrawal from 2026 Commonwealth Games* outlines a suggestion that the Office of the Minister for Tourism, Sport and Major Events requested the budget for the Games in the March 2022 cabinet submission be changed from \$3.2 billion to \$2.7 billion. Can the Department:

- provide the Committee with any documents that outline this request?

The department understands that the government claims executive privilege over documents related to this request on the basis that the information would reveal, directly or indirectly, the deliberative processes of Cabinet, or otherwise genuinely jeopardise the necessary relationship of trust and confidence between the Minister and public officials, as outlined in the Premier's letter to the Committee Chair dated 7 October 2023.

- inform the Committee why this change was requested?

The department is unable to inform the Committee of why this change was requested as it is

subject to executive privilege on the basis that the information would reveal, directly or indirectly, the deliberative processes of Cabinet, or otherwise genuinely jeopardise the necessary relationship of trust and confidence between the Minister and public officials.

Question 5: Did the 2026 Commonwealth Games business case comply with the Department of Treasury and Finance's *Investment Lifecycle and High Value High Risk Guidelines*? If not, why not?

The template and methodology developed for the business case broadly utilised the Department of Treasury and Finance's *Investment Lifecycle and High Value High Risk Guidelines* and was presented to central agencies in draft form, with refinements identified prior to finalisation, noting the time constraints at the time.

The Business Case template and methodology also applied the *Commonwealth Games Value Framework*¹ and guidance on undertaking economic assessment².

Question 6: The Department received the final version of the 2026 Commonwealth Games business case from EY on 9 March 2022. By this time a cabinet submission seeking approval for the Games was well advanced and funding was approved by Cabinet on 10 March.

- Why did the Department begin the process of cabinet approval without a final business case?

The department had well advanced drafts of the business case prior to 9 March 2022 which formed the basis for the preparation of the submission, noting the department was working to tight timeframes.

- Is it regular practice for the Department to prepare a cabinet submission for a large project without a final business case?

Standard practice is to have a final business case before Cabinet submissions are finalised; however, it is not uncommon for elements of some submissions to be drafted, to the extent they can be, in advance of receiving final information.

The department works to provide accurate and fulsome information to its ministers to present to Cabinet, noting that ministers determine what information is ultimately included in their Cabinet submissions.

Question 7: According to the Auditor-General's report, the cabinet submission for the Games in March 2022 sought funding of \$3.2 billion, which would have returned a cost to benefit ratio of 0.7.

- Why did the Department seek approval for a budget that would have delivered the State a negative return?

The March 2022 Cabinet submission presented the estimated cost-benefit ratio as a range between 0.7-1.6, as outlined in the business case. The Commonwealth Games budget approved by the government in March 2022 was a total gross budget of \$2.6 billion (\$1.638 billion net), aligning to a cost-benefit ratio of 1.6 outlined in the business case.

¹ <https://www.insidethegames.biz/media/file/177742/CG+Value+Framework+Report.pdf>, pg. 9-26

² https://djpr.vic.gov.au/__data/assets/word_doc/0008/1492604/Guidance-on-how-to-undertake-economic-assessment-internet1.docx, pg. 4

The department's briefing to the then Minister for Tourism, Sport and Major Events recommended a 'high cost' scenario be used to establish the funding envelope as the sports program and venues were yet to be finalised, with funding to be held in central contingency and only the necessary funds released by government following further due diligence.

- Was the Department influenced by executive government or other agencies to seek approval for the Games?

The department understood that the government was primarily interested in hosting the Commonwealth Games due to the legacy benefits it could create for regional Victoria and that this established the key policy parameters in developing the business case. The business case was prepared using established methodologies for economic impact and cost benefit assessment and identified the risks and limitations, including that further cost analysis of the final sporting program and associated venues would be required.

The department acknowledges the important role and need for the public service to provide frank and fulsome advice to ministers and seeks to do this consistently. However, as noted previously, ministers ultimately determine what information is included in their Cabinet submissions.

Question 8: Is the Department aware of any current or pending legal action against Victoria 2026 Pty Ltd? If so, could you provide details.

The department is not aware of any current or pending legal action against Victoria 2026 Pty Ltd.