

TRANSCRIPT

SELECT COMMITTEE ON THE 2026 COMMONWEALTH GAMES BID

Inquiry into the 2026 Commonwealth Games Bid

Melbourne – Monday 9 October 2023

MEMBERS

David Limbrick – Chair

Joe McCracken – Deputy Chair

Melina Bath

David Davis

Jacinta Ermacora

Michael Galea

Sarah Mansfield

Tom McIntosh

Rikkie-Lee Tyrrell

WITNESSES

Tim Ada, Secretary,

Peter Betson, Deputy Secretary, Sports and Experience Economy,

Heather Ridley, Deputy Secretary, Corporate Services, and

Brad Ostermeyer, Chief, Infrastructure Delivery, Sports and Experience Economy, Department of Jobs, Skills, Industry and Regions.

The CHAIR: I declare open the committee's public hearing for the Inquiry into the 2026 Commonwealth Games Bid. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I welcome any members of the public in the gallery or watching via live broadcast. I remind those in the room to be respectful of proceedings and to remain silent at all times.

All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you may say during this hearing, but if you go elsewhere and repeat the same things, these comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following this hearing. Transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, can you please state your name and the organisation that you are appearing on behalf of.

Tim ADA: Thanks, Chair. Tim Ada, the Secretary of the Department of Jobs, Skills, Industry and Regions.

The CHAIR: Thank you.

Peter BETSON: Peter Betson, Deputy Secretary, Sports and Experience Economy, Department of Jobs, Skills, Industry and Regions.

The CHAIR: Thank you.

Heather RIDLEY: Heather Ridley, Deputy Secretary, Corporate Services, Department of Jobs, Skills, Industry and Regions.

The CHAIR: Thank you.

Brad OSTERMEYER: Brad Ostermeyer, Chief, Infrastructure Delivery, with the Sports and Experience Economy group in the Department of Jobs, Skills, Industry and Regions.

The CHAIR: Thank you. And I will just ask the committee to briefly introduce themselves as well. I am David Limbrick, upper house Member for South-East Metro. I might start from Ms Mansfield.

Sarah MANSFIELD: I am Sarah Mansfield, Member for Western Victoria.

Tom McINTOSH: Tom McIntosh, Eastern Victoria Region.

Michael GALEA: Michael Galea, South-Eastern Metropolitan Region.

Joe McCRACKEN: Joe McCracken, Western Victoria.

Rikkie-Lee TYRRELL: Rikkie-Lee Tyrrell, Northern Victoria Region.

David DAVIS: David Davis.

Melina BATH: Melina Bath, Eastern Victoria Region.

Jacinta ERMACORA: Hello. It is Jacinta Ermacora here from Western Victoria Region.

The CHAIR: Thank you. We welcome you to make your opening comments but ask that they be kept to a maximum of around 10 minutes to ensure that we have plenty of time for discussion. Thank you.

Tim ADA: Thank you, Chair, and good morning to you and other members of the committee. I begin my opening statements here this morning to the inquiry by acknowledging the Wurundjeri people, the traditional owners of the land on which we meet today, and I pay my respects to elders past, present and emerging. I would also like to pay my respects to all other Aboriginal or Torres Strait Islander people that may be joining us today.

I appear here today with colleagues representing the Department of Jobs, Skills, Industry and Regions to assist the committee by providing an account of the work undertaken to secure and commence preparations to host the 2026 Commonwealth Games and of some of the events leading up to the Victorian government's decision, announced on 18 July this year, to withdraw from hosting the games. I am the Secretary of the department, as I mentioned earlier, and commenced in this role in late March this year. Prior to this I was the deputy secretary of economic policy and state productivity in the Department of Premier and Cabinet. DJSIR and its predecessor the Department of Jobs, Precincts and Regions, together with the organising committee registered as 'Victoria 2026', was responsible for leading and coordinating the government's planning and delivery for the 2026 games.

From the outset I would note that there may be some matters which you ask about today which are subject to executive privilege, and I will therefore be unable to answer. This includes, amongst other things, matters revealing cabinet or high-level confidential deliberative processes of the government or that may materially damage the state's commercial interests. However, to assist the inquiry insofar as I am permitted by the government, I will speak to some matters now that may have otherwise been subject to executive privilege.

From late 2021, when the idea of hosting the Commonwealth Games was first considered, through to July of this year, the department was accountable to multiple ministers with portfolio responsibilities for the games. From late 2021 until a change in ministerial portfolio allocation in June 2022 the former Minister for Tourism, Sport and Major Events was the minister responsible for the games. Following the change the department was accountable to two ministers: the Minister for Commonwealth Games Delivery and the Minister for Commonwealth Games Legacy.

At the time of the government's decision to withdraw from hosting the games the program for delivering the games was challenging but progressing, noting that decisions on the final scope and budget were required to continue progressing games deliverables. Design and cost estimates for games-related infrastructure, villages and major competition venues were progressing, and market engagement, including some procurement activity, was underway. Planning and other approval processes were also underway together with legacy planning. The Office of the Commonwealth Games, or the OCG, a business unit within the department, was working on the delivery of infrastructure and legacy programs. The committee will hear separately from the former CEO of the Office of the Commonwealth Games, Mr Allen Garner, later today, but I note many of my comments here today relate to the work of the OCG as it was the business unit in the department leading the department's work on the games. The organising committee was also working to plan the 12-day sporting event and cultural program and related operations. I understand that the committee will also hear from the CEO of the OC later today.

I will now make some brief remarks about the games business case development and host contract negotiations undertaken in late 2021 and early 2022. The opportunity to potentially host the 2026 games had been identified by Visit Victoria, the state's tourism and major events company. I understand that government and the department became aware of the potential opportunity to host the games during the period of October to November 2021. Visit Victoria subsequently entered into a letter of agreement with the CGF and the CGA in mid-December 2021, which commenced a six-week period of exclusivity for the state to evaluate the opportunity. The department was working on the basis that the government was primarily interested in hosting the games due to the legacy benefits that it could create for the state, in particular for regional Victoria. This objective continued to be an anchor for the government in subsequent decision-making. During this period of

exclusivity the department worked with input from Visit Victoria to develop an initial business case based on the anticipated costs, benefits, delivery model and risks. The department engaged a number of consultants to assist in this work.

The draft of the business case was considered by government at the end of January 2022, which supported the subsequent entering into of a heads of agreement with the CGF in around mid-February 2022 that bound both parties to work in good faith to explore the opportunity in more detail and to consider whether a contract could be agreed upon. I understand that there was time pressure from a number of perspectives during this period, including from the desire and long lead times for the CGF to have a 2026 host city confirmed by the time of the 2022 games, held in Birmingham in July to August last year, and the short lead time, if the games were secured, for Victoria to be ready to host the 2026 games.

The competition venue costs in the business case were largely derived from bottom-up assessments of CGF technical manual requirements and in some cases architectural plans of individual venues, and the games operations cost largely relied on top-down estimates and benchmarking against known amounts from the 2018 Gold Coast games. These constraints and risks were stated in the business case. The completed business case was considered by government on 10 March 2022, and a version of the business case was released publicly by government in August this year. It is clear now with the benefit of hindsight that the business case prepared in early 2022 did not reflect the true cost of delivering a sporting program spread across five cities or anticipate the significant cost escalation that has been experienced in the construction sector.

Following the decision of government on 10 March, the then Minister for Tourism, Sport and Major Events formally submitted a games submission to the CGF and was authorised by government to finalise negotiations and execute a host contract to secure the games. I understand that the starting point for the host contract negotiations was CGF's standing contractual terms, which they had used for previous games, and the state adopted a robust but fair position during the negotiations in March and April last year. It was publicly announced that Victoria would host the 2026 games on 12 April last year, shortly after the host contract was executed.

Following the government's decision to proceed with hosting the games and finalising the host contract, the department's priorities turned to early mobilisation activities. This included the establishment of delivery and governance arrangements that I referenced earlier. During mid 2022 the department engaged Development Victoria to act as the delivery agent for major competition venues and villages. The department conducted analysis and provided advice to the government regarding competition venue options and site selection for the four village sites. Infrastructure delivery cases were developed for major competition venues, community competition venues and villages during late 2022 to early 2023, overseen by project governance arrangements. An interdepartmental committee co-chaired by the secretaries of DPC and DJPR was also established in May 2022.

From late 2022 to early 2023, coinciding with the commencement of Mr Garner as the CEO of the Office of Commonwealth Games, the department with the OC conducted a detailed cost review based on the decisions of government to date regarding the sports and cultural programs, venue and village delivery cases and the requirements set out in the host contract. In early March 2023 the department briefed the Minister for Commonwealth Games Delivery on revised budget requirements to deliver the games. During March a series of discussions were held with central agencies, and in mid-April government formally considered the new cost estimates. An updated gross budget estimate of \$4.5 billion was not approved, with the department asked to further explore opportunities to reduce costs while still meeting the government's commitment to host the games in regional Victoria. Throughout April to June this year the department worked closely with the OC and central agencies to identify opportunities to reduce costs while maintaining the intent of the regional model. Concurrently, as infrastructure and delivery planning was progressing, fiscal risks were emerging related to increases in infrastructure delivery costs, displacement costs for the use of some major venues, co-contribution and revenue realisation risks and emerging funding requirements for other departments. The department provided the Minister for Commonwealth Games Delivery with another cabinet submission in June of this year. This submission sought \$4.2 billion in gross budget to deliver the games, provided significant cost reduction options, noted that additional games-related costs had been identified by a number of other departments and identified a number of emerging fiscal risks. This submission was not formally considered by the government during June.

During June the department and OC advised the minister and central agencies that a decision regarding scope and budget for the games was required with some urgency, otherwise the program to deliver the games would be jeopardised. The department also continued to assess fiscal risks and upon request provided more information about these risks in an updated submission provided to the minister in early July. While the budget request was unchanged from the June submission, the submission quantified the additional budget that would be required for the activities of some other departments as well as further information on potential fiscal risks. I understand this submission was considered by government on 14 July and was not approved. I was informed of this on or around the 15 July. I note the government has publicly released a summary of costs and the Victorian Auditor-General's Office will have the opportunity to review the costings in detail as part of their audit.

I understood that for some weeks before the decision was made to not proceed with the games, the government was considering all available options in the context of the increased budget requirements. I understood that this included DPC seeking legal advice on options. Following the government's decision, I was asked by the Premier's private office on the night of Monday 17 July to contact the CEO of Commonwealth Games Australia on the morning of Tuesday 18 July to advise him of the government's decision. I also spoke to the DPC Secretary before I subsequently made this call, as requested. The department was not involved in seeking legal advice about the government's options and decision, nor was it involved in subsequent settlement negotiations with the CGF and parties. Staff working in the OCG and OC were briefed about the government's decision immediately prior to the public announcement on the morning of Tuesday 18 July. Steps were taken to stop non-salary-related games expenditure, and the majority of OCG staff were realigned to relevant business units in the department, in the main to contribute to the early mobilisation of the government's \$2 billion regional package also announced on 18 July.

Work continues to finalise a detailed financial acquittal of the games-related expenditure with a report back to government in coming months. I expect this work will also be reviewed by VAGO as part of their audit. I understand, based on current best estimates, that it is likely that all games-related expenditure by the department will total up to \$200 million, noting some of the work related to this expenditure will contribute to commitments made under the government's regional package. Thank you for the opportunity to provide an opening statement this morning.

The CHAIR: Thank you very much, Mr Ada. I would like to go right back to the start: the business case. Now, it is my understanding that DJSIR was heavily involved in and led that business case, is that correct?

Tim ADA: That is correct.

The CHAIR: Yes. There has been a lot of talk about the costs, but I want to ask a few questions about benefits in the business case. Some of the benefits are obvious things like ticket sales, sponsorships, broadcasting rights and those sorts of things, but it is also my understanding that there are other things in there, such as avoided health costs. Are you familiar with that? Could you describe what avoided health costs are and give some sense of the magnitude of the benefit that was presented in the business case?

Tim ADA: Thanks, Chair. You are right, the business case did look at both the cost to deliver the games but also the anticipated benefits. I might ask Mr Betson to respond to your question, if that is okay.

The CHAIR: Certainly.

Peter BETSON: The cost-benefit analysis that was undertaken was a combination of an economic impact assessment, which had a range of benefits consistent with the *Commonwealth Games Value Framework*, as well as benefits that accrue directly and indirectly both to the economy and to local regions. In terms of the benefits, you have asked a question in particular about avoided health costs in relation to the games. Physical inactivity is a big cost to the economy and has health costs that are impacted in terms of both the hospital system and people's wellbeing. Prior games and major events have had a clear benefit in terms of the growth in participation in physical activity as a result of those games, and that physical activity can therefore be attributable to a benefit in terms of avoided health costs and extrapolated more broadly. That methodology is consistent with methodologies applied for the games with the *Commonwealth Games Value Framework* and other relevant major events.

The CHAIR: What sort of scale are we talking about with these avoided health costs in terms of the overall benefits?

Peter BETSON: I can go to, while I find the relevant part of the business case –

The CHAIR: And just for my understanding, we are saying that because the games would have been going ahead, the rationale is that people are going to be more interested in sport –

Peter BETSON: And more physically active.

The CHAIR: and they are going to be more physically active, and that is going to save health costs.

Peter BETSON: Yes. And on page 95 of the business case, when we go to the benefit–cost ratio results, the avoided health costs and reduced productivity costs from increased physical activity range from a \$228 million benefit to a \$352 million benefit in net present value terms.

The CHAIR: So we are talking about around a quarter of a billion dollars in health savings?

Peter BETSON: They were the worst case and best case, so they were two different scenarios that were advised through the preparation of the business case by EY, yes.

The CHAIR: Do we think that they are realistic? What was the methodology that they were based on? That was provided by EY, was it? That was not something developed by the department.

Peter BETSON: No, that was provided by EY as a standard part of economic cost–benefit analysis. The business case clearly points out that there is an established basis and methodology for this, which EY advised the department of.

The CHAIR: How certain could we be that those savings would actually be realised in the future?

Peter BETSON: In terms of the business case benefits, EY provided the economic methodology for the benefit case. In addition to that, the Department Treasury and Finance also support extra consultancy support from KPMG to run a peer review of those benefits. So the department, in forming the business case and in forming advice to government, relied on those two sources, including an independent peer review of those benefits.

The CHAIR: Who did the peer review?

Peter BETSON: KPMG.

The CHAIR: KPMG. Right. Thank you.

Tim ADA: Mr Limbrick, avoided health costs were just of course one benefit category that was identified in the business case.

The CHAIR: Of course. Another benefit category I want to ask about is one which I believe is called consumer surplus. Can you describe what that is and how it benefits?

Peter BETSON: Yes, I can. I can read from the business case, if that helps:

Consumer surplus measures the amount local residents are willing to pay to attend the Games over and above the cost of entry (ticket price) to –

the games.

If a local attendee is willing to pay more than the ticket price to attend the Games, then they are getting more benefit from their attendance than is captured in the ticket price alone.

That is in the business case on page 83.

The CHAIR: So if I am understanding that correctly, that is saying if a ticket price is \$10 and a consumer is willing to pay \$15, then they are getting –

Peter BETSON: Yes, they are deriving more benefit from the base ticket price that is attributable to the games.

The CHAIR: So they are getting a \$5 benefit because they are not paying market price for the ticket.

Peter BETSON: Yes, they are not paying the price they are willing to pay for the ticket.

The CHAIR: So, in effect, that is a sort of subsidy –

Peter BETSON: It is a benefit.

The CHAIR: which is counted as a benefit.

Peter BETSON: Yes, correct.

The CHAIR: Okay. On some of these other potential benefits, one of them I think would have been around sponsorships. How do we calculate what those sponsorship values would have been like?

Peter BETSON: The calculation of sponsorship in terms of revenue was – in advice received from the CGF in relation to an input to the business case, the CGF provided the relevant input into that for the business case.

The CHAIR: Thank you. Mr Ada, you mentioned the change between the initial estimate and the later estimates of the infrastructure costs because of construction costs going up. What is the primary driver for those costs going up? Is it a change in inputs to this model, or has the methodology fundamentally changed between the first estimate and the later estimates?

Tim ADA: The government in August released a short summary of the anticipated costs early last year and the actual costs this year. The main drivers of the additional costs related to villages and competition venues but also temporary overlays, which are, as the name suggests, physical requirements that are established just for the purpose of the games. They were the three main cost drivers of why we saw a significant increase in budget over the course of the last sort of 15 months.

The CHAIR: Thank you. I believe I am out of time, and I shall pass to the Deputy Chair, Mr McCracken.

Joe McCracken: Thank you. Are you comfortable if I call you by your first names, or would you prefer –

Tim ADA: Whatever is fine. No problem.

Joe McCracken: Thanks. I just thought I would ask.

Tim ADA: No problem.

Joe McCracken: My first question is to you, Peter. Was it your department that scoped the request for the tender for the Commonwealth Games business case?

Peter BETSON: Yes, the department led the development of the business case in relation to the engagements, correct.

Joe McCracken: What parameters did the department receive from DPC, any ministers – any other input? What parameters were received for that?

Peter BETSON: The governance arrangements in relation to the development of the business case included consultation with central agencies. In relation to the procurement requests, I would have to take on notice in terms of detailed individuals that we consulted with. But central agencies were part of the business case development process, yes.

Joe McCracken: Which ones?

Peter BETSON: The Department of Premier and Cabinet and the Department of Treasury and Finance, and I made an earlier reference to the Department of Treasury and Finance commissioning –

Joe McCracken: That is all right. Yes. At PAEC hearings in May 2022 we had then Minister Pakula. He made some comments about initial instalment of fees. They were paid to the federation and the association. How much was actually paid? Do you have that in front of you?

Tim ADA: I might take that on notice if that is okay. There were a number of fees payable. When they were paid and exactly how much they were, Mr McCracken, I am happy to –

Joe McCracken: If you could get the dates of when they were paid and how much was actually paid, that would be very useful. I guess – were they made as part of the 2022–23 budget allocation as well? That would be good to know, as well as those figures.

Peter BETSON: I would have to take that on notice as well.

Joe McCracken: Right.

Tim ADA: If I can just add to that, I mentioned in my opening statement, Mr McCracken, that I expect that the full cost to the department of work associated with the games would be up to \$200 million. Payments to the CGF and related parties are part of that, as are amounts that are provided to entities such as the organising committee.

Joe McCracken: Yes. I am just trying to find out how much, that is all.

Tim ADA: Yes. I will take that question on notice, yes.

Joe McCracken: Good. We know that there were budget concerns around about February 2023, this year. That is fair to say? When did you first become aware that there were going to be fiscal constraints?

Tim ADA: As I mentioned in the opening statement, work was undertaken during late 2022 to early 2023 by the department in light of the decisions made about the scope of the games during 2022. That goes to the sporting program and the venues and the village sites as well as delivery cases for the infrastructure and the host contract requirements. I started as Secretary in late March, but I understand, Mr McCracken, that the department came to a view around February that there would be substantial additional costs, and as I mentioned in my opening statement, that brief was provided to the minister in March.

Joe McCracken: Yes, I think you mentioned before actually that there was – there was a submission, I think you said, in June as well. Is that an updated version of that that you are talking about?

Tim ADA: Yes. So the department, as I understand it, came to a realisation, based off that additional cost review that I mentioned, that there would be significant increased budget requirements. As is convention, the minister was briefed, a submission was prepared for her –

Joe McCracken: Was she briefed in February?

Tim ADA: No. I believe it was in March. That is what I mentioned in my opening statement.

Joe McCracken: In March – do you know what date in particular?

Tim ADA: I do not have that information available.

Joe McCracken: Are you happy to take it on notice?

Tim ADA: I am happy to, yes. And then a submission, as I said in the opening statement, was prepared. Government formally considered the revised cost estimates. They were not approved, and as I mentioned, the department was asked to go away and look at lower cost options. Then a submission to report back to the government was prepared for the minister in June, and a slightly revised version of that submission was considered in July, as I mentioned in my opening statement.

Joe McCracken: I think you said about the one in June that it was not formally considered by government.

Tim ADA: The submission that was prepared in June was not formally considered during June; it was ultimately considered in July.

Joe McCRACKEN: That is quite a bit of a lag, isn't it?

Tim ADA: Well, of some weeks, clearly yes.

Joe McCRACKEN: Well, I would have thought that if there was an issue that you were raising about the inability to deliver the games, that it would be a fairly urgent matter – and it has taken weeks. Why?

Tim ADA: With all due respect, the department is not responsible for scheduling when matters are considered by cabinet committees. That is a question, I think, for the government, Mr McCracken, with all due respect.

Joe McCRACKEN: No, that is fair enough. Okay, I will ask a different way. What sense of urgency did you put on that briefing then?

Tim ADA: As I mentioned in my opening statement, the department, the Office of the Commonwealth Games and the organising committee provided some advice to the minister during June that an urgent decision was required related to final budget and scope, otherwise the delivery program to deliver the games by March 2026 could be jeopardised. I mentioned that in my opening statement, and that is the advice that we provided during June.

Joe McCRACKEN: I just would have thought urgent would not be weeks.

Tim ADA: I understand that.

Joe McCRACKEN: Yes. Okay. Have I got much time left?

The CHAIR: You have got 2 minutes and 30 seconds almost.

Joe McCRACKEN: Okay – a couple of minutes. Excellent. You might have to take this on notice, I know, but are you able to provide a list of dates about when you might have offered briefing sessions to the minister at the time?

Tim ADA: As I said, we briefed the minister in March and submissions were prepared on the time line that I mentioned to you. We, as is convention within the department, have regular meetings with our ministers. Our department supports a number of ministers, as you may know, and we had regular meetings with the ministers responsible for the Commonwealth Games.

Joe McCRACKEN: Are you able to provide a list of when you had those briefings?

Tim ADA: I will take that question on notice.

Joe McCRACKEN: Of course. And I know that there was a copy of the letter from the Victoria 2026 chair to then Minister Allan dated 4 April, highlighting critical time lines for the decision. Did you and your department prepare a brief on that letter in particular and what that had said?

Tim ADA: I do not have that information with me, but again I am happy to take that on notice, Mr McCracken.

Joe McCRACKEN: Right. Because we know from questioning in Parliament last week that at that particular point in time the now Premier, then minister, did not respond to that letter. So what happened to it?

Tim ADA: I will follow up, as I said; I just do not have that information here. I would make the observation too though that the organising committee, together with the Office of the Commonwealth Games, was involved in regular briefings of the ministers. I mentioned the dates, which you have asked me to take on notice.

Joe McCRACKEN: I mean, it just seems as though there has been a lot of information put out there but no-one has listened. Why?

Tim ADA: I am of the view that the department was consistent in its advice that a decision on budget and scope was required. I think there is evidence to that in the points I have made to date, Mr McCracken. As to when government formally considers matters, it is a question for the government, so I respectfully suggest that is a question for the government. We were clear that, from the department's perspective and from a delivery perspective, that we required a decision around scope and budget to ensure the games could be delivered by March 2026.

The CHAIR: Thank you. I believe your time has expired, Mr McCracken. Mr Galea.

Michael GALEA: Thank you, Chair. Thank you for joining us, Mr Ada and officials. Mr Ada, in your opening statement you referenced a number of the other functions of the department, including the Office of the Commonwealth Games. I would like to ask you how their work is being translated and how they have been adapted to work on the new regional package that has been announced.

Tim ADA: Thanks for the questions. As I again mentioned briefly in the opening statement, soon after the government announced their decision on 18 July, we realigned most of the functions and teams within the former Office of the Commonwealth Games to groups within the department that had carriage of the early mobilisation and planning for implementation of the government's regional package. We did that, I think, within about a week or so of the government's decision. A small team remained under the leadership of Mr Garner, working on transition and wind-up activities until Mr Garner finished his service with the department at the end of August. A small residual transition team has been realigned into our corporate services division, which is going to a number of things, including the final financial acquittal that I mentioned. So that is the way the former staff in the Office of Commonwealth Games have been realigned to priorities within the organisation.

Michael GALEA: Thank you. Has the work that some of those officials done set up to support with the regional package as well? Is it a direct continuation, or is it a bit more complicated?

Tim ADA: A number of elements of the government's regional package obviously continue themes and activities that we were progressing to deliver the Commonwealth Games. Perhaps most obvious is the commitment by the government as part of the regional package to continue to either build or augment the 16 sporting infrastructure sites. Substantial work was done on a number of those facilities in the context of the Commonwealth Games, as you would imagine, including architectural drawings and detailed cost plans. That has given a fast start to the mobilisation of many of those projects. As you may know, the government, when it announced the regional package, made some commitments to scope of some of those projects and a commitment to consult, and we are concurrently in the process of consulting with particularly local councils in those relevant locations about the final scope of those facilities.

Michael GALEA: Thank you. In terms of the progress that the department has made as a whole towards the regional package out of it, where are you sitting with that?

Tim ADA: The department through our ministers has reported back to government on the detailed implementation plan and a set of accountabilities, and we are now working to provide a number of ministers attached to our department, who are responsible for streams of the regional package, with advice and final program guidelines in addition to the sporting infrastructure work that I have just mentioned. I would imagine the government will be starting to make announcements about various programs associated with the regional package soon and over the coming months.

Michael GALEA: Thank you. We have seen a lot of commentary in media and different parts of the Parliament as well in relation to Victoria's status as a major events capital – the allegations being that this has damaged that reputation. Do you see that as true, that there has been a real damage to Victoria's reputation out of the cancellation or not?

Tim ADA: The first thing I would say is the cancellation of the games obviously attracted significant attention here in Victoria, Australia and some other countries. What I would say, though, is I have recently been advised by the CEO of Visit Victoria – as I mentioned, Visit Victoria is the state's entity responsible for tourism and major events. His advice to me is that since the government's July decision was announced, their discussions have continued largely without interruption, and the decision has had little impact on the level of interest for event rights holders to come to Victoria. That is the advice that he has provided to me. I would

make the observation that Visit Victoria is responsible for major event acquisition and attraction, and I know Mr McClements, the CEO of Visit Victoria, is coming before the committee I think towards the end of this week, so I would maybe suggest they are some questions for Mr McClements given that is his core business.

Michael GALEA: Yes, we will put that to him as well. But from what you understand and as the department Secretary, there has been no material –

Tim ADA: That is the advice that has been provided to me by Visit Victoria.

Michael GALEA: This may go slightly beyond that scope as well, so feel free if you cannot answer, but in terms of the Commonwealth Games as a whole, we have seen a number of other cities struggle to launch the games, as we saw with Durban notably, which was what led to us being asked in the first place. Do you have any commentary about the Commonwealth Games as a whole and the viability of them being staged?

Tim ADA: It is probably not to me, Mr Galea, with all due respect, to make observations about what other jurisdictions can or cannot do and what decisions that they make. It depends ultimately on the contractual arrangements that the CGF and parties would potentially strike with a host jurisdiction. But beyond that, it is probably not my place to make observations or comments more broadly, if that is okay.

Michael GALEA: No problem. All right. Thank you, Chair.

The CHAIR: Thank you, Mr Galea. Next I will go to Mr Davis.

David DAVIS: Thank you, Chair. Mr Ada, I have got a couple of preliminary questions to you that come out of the submission or the survey and some of your testimony just now. The first is the consultants. There is a long list, which I make to be about \$10.8 million in that survey. Can you make the reports of those consultants available to the committee? That is my first question.

Tim ADA: Can I take that question on notice, Mr Davis, with a view to, because I do not have those now. But a number of those would have been appended to various cabinet submissions, so I just have to seek the government's permission for those to be released, so can I take that question on notice?

David DAVIS: Yes, you can. But they would have been commissioned in any event.

Tim ADA: Look, those procurements were commissioned by the department, that is right, the outputs of which may have been appended as part of cabinet submissions.

David DAVIS: So we will have a list – the list is in your submission. The second thing is you referred to a departmental committee.

Tim ADA: Yes.

David DAVIS: Can we have the minutes and agendas and attachments of that interdepartmental committee through?

Tim ADA: Again, I would consult with the co-chair of that committee, being the Secretary of DPC. I will, again, take that question on notice and endeavour to come back to you.

David DAVIS: Sure. Thank you. And now I just want to come to some things. Obviously there was correspondence in February, but you mentioned in March that the department was very aware of the cost blowouts and issues around costs.

Tim ADA: Sorry, Mr Davis, I am making the assumption from the documents that I have observed since starting in late March.

David DAVIS: You came in in –

Tim ADA: I came in in late March, but I understand the department had been doing work since late 2022 and during the early parts of early 2023 to undertake that cost review that I mentioned in my opening statement.

David DAVIS: You would have advised the minister's office of those matters, or the department prior to your time?

Tim ADA: I understand that the briefing in March of the minister that I mentioned in my opening statement took place before I started as Secretary. That is my understanding and best recollection.

David DAVIS: Right. We would ask for a copy of that briefing and what date in March was that. Do we know what date? Or you may need to take that on notice.

Tim ADA: I would have to, Mr Davis, yes.

David DAVIS: Thank you. We would seek a copy of that briefing too.

Tim ADA: Again, I am happy to take that on notice and consult with the minister about the release of said brief.

David DAVIS: Further, you say that material was circulated in June to various places, including cabinet subcommittees and so forth and ministerial offices, but was not considered in June.

Tim ADA: The submission that I mentioned that was provided to the minister in June was provided to the minister. It, as far as I know, never made its way to a formal committee.

David DAVIS: What date was that?

Tim ADA: I would have to again take that on notice.

David DAVIS: Take that on notice. So was it before or after PAEC?

Tim ADA: With all due respect, I would have to take that question on notice and come back to you.

David DAVIS: All right. Did the department make a bid originally and then a subsequent new bid on behalf of the office of the games?

Tim ADA: Into the budget process?

David DAVIS: Yes.

Tim ADA: Do you know the answer to that question? I might have to take that on notice. I understand that the work that I had mentioned – the briefing in March, the submission in April that was considered by the government's expenditure review committee, Mr Davis – was in parallel with the government's budget deliberations. I do not think a separate submission was made as part of the budget process, but I just make the observation that those briefings and matters of consideration were running in parallel with the development of the 2023–24 budget.

David DAVIS: So on that 2023–24 budget, what was the total games bid for that budget? What was the value of that?

Tim ADA: Again, to the best of my recollection, I do not think a formal bid was made into the budget process. The submission in April that I mentioned in my opening statement identified a revised total gross cost of \$4.5 billion.

David DAVIS: And that was obviously circulated to the minister and the minister's office?

Tim ADA: As you know, Mr Davis, submissions are taken by ministers to cabinet and committees.

David DAVIS: Correct. So the answer is yes. And what feedback did the department receive as to why the bid was unsuccessful?

Tim ADA: The department, as I mentioned in my opening statement, was told that the request was not approved and was clearly asked to identify lower cost options. We went away and did that work, Mr Davis. We

worked with the central agencies, and that report back on lower cost options, as I mentioned, was included in the June submission that I referenced.

David DAVIS: There was a letter from the organising committee to Minister Allan. Does the department have a copy of that letter?

Tim ADA: I think that was a question that Mr McCracken asked me. I do not have it with me. It is probable that the department has it.

David DAVIS: But you will provide it?

Tim ADA: Yes.

David DAVIS: Thank you. I want to ask you too: when you appeared with Minister Allan on 13 June at PAEC, were you aware of government consideration to cancel the games?

Tim ADA: No, I was not.

David DAVIS: You were not?

Tim ADA: No.

David DAVIS: On what date in June did departmental advice to the minister on the urgency and need for additional funds – on what date did you provide that advice?

Tim ADA: I would have to take the specific date on notice; I do not have that here. It was certainly in June. As I have mentioned a couple of times, it went to, from the department's perspective, the need to confirm scope and budget so we could keep on program to deliver the games by March 2026.

David DAVIS: Right. You said that the departmental lawyers were not involved in any way in the cancellation.

Tim ADA: No.

David DAVIS: DPC did not seek any advice at all?

Tim ADA: No. DPC procured, as I understand, legal advice, and that was not something that my department was involved in.

David DAVIS: Did you discuss – provide a brief or messages – with Minister Allan or her office the possibility of cancelling the games, and if so, when?

Tim ADA: Mr Davis, I was advised by the DPC Secretary on or around 19 June that the government was considering all its options in light of the increased budget requirements. The department provided some further advice – high-level advice – about options to host some of the events in Melbourne and also, as requested, provided some high-level thinking about what an alternative package could look like in the event that the government chose to cancel the games. I was told on or around the 19th that options were being considered but no decision had been taken.

David DAVIS: Can I just turn to Mr Betson and ask him a similar question. Did you ever discuss a brief or provide a brief to the minister or her office on the possibility of cancelling the games, and if so, when?

Peter BETSON: No, I was not – no.

David DAVIS: I should ask further, Mr Betson: what was the earliest time you recall that your unit discussed the potential cancellation of the games?

Peter BETSON: I was not in the unit of the Office of the Commonwealth Games – I will make that clear – so I was not involved in those discussions.

David DAVIS: Right. Who was at that point? Who was it?

Peter BETSON: Well, there are a number of –

David DAVIS: Yes. I am just asking to know who we have to direct –

The CHAIR: Mr Davis, you have run out of time.

David DAVIS: Yes.

The CHAIR: Thank you. I shall now go to Ms Ermacora, please.

Jacinta ERMACORA: Thank you, Chair. Thanks for your contribution, Secretary Tim and team. I just want to go to the regional communities and the subsequent package that is now going to be delivered. How are communities being engaged by government to understand what infrastructure they want and ensure that the regional package best meets the needs of local communities?

Tim ADA: Thanks for the question. Obviously a number of decisions had been made as part of the government's announcement on 18 July regarding the sporting infrastructure projects that would continue. But there was obviously, as I mentioned before, a commitment to consult, and that consultation is well underway, as I mentioned. The government has undertaken I think four of five regional forums just in the last month. I think the Latrobe Valley forum is proposed for later this month, which is an opportunity for ministers and officials to engage with local communities around what their needs are and how the regional package commitments can be best tailored and designed to meet those needs. That was a commitment made on 18 July, and that commitment is well underway to being realised through that consultation that I mentioned.

Jacinta ERMACORA: Thank you. Very good. Will the regional package be focused just on those five original host cities – Geelong, Ballarat, Bendigo, Latrobe and Shepparton – or will it extend across the entirety of regional Victoria?

Tim ADA: With the exception of the specifically named regional sporting infrastructure projects, which were obviously in specific geographies, the balance of the program is intended to be statewide, or focused on regional Victoria more generally, including in areas outside of the hub cities. That has clearly been a design feature for many of the other programs that were announced as part of the regional package.

Jacinta ERMACORA: And do you have any examples of how that will work?

Tim ADA: I could use an example about one of them. I could use a number of examples of programs. I will just stop short of speaking about specific examples because they are still yet to be approved by relevant ministers, but good progress has been made on the design and the program guidelines for a number of the programs that were committed to as part of the regional program based on feedback that the department has had from stakeholders. Those programs and guidelines will be clear and easy to access by members of the community when they are formally announced by the government, and I would expect that government will be in a position to start releasing a number of those programs and guidelines in the next little while. I know a number of programs are well advanced in that regard. That is probably what I would say in respect to that question.

Jacinta ERMACORA: And the regional sporting infrastructure fund is regionwide?

Tim ADA: I might ask Mr Betson to talk to that one.

Peter BETSON: There is a \$60 million regional community sport development fund. That development fund is statewide, yes – intended to be statewide, yes.

Jacinta ERMACORA: There was an article in the Warrnambool *Standard* on 18 July, and it included some comments from one of the sporting leaders in the south-west. It was Paul Dillon from south-west hockey. He expressed some shock initially – his regional community did not really expect anything because they were not a part of the five, but now there are further opportunities. He said:

I just think one door has closed and two doors have opened.

There's a huge silver lining for Warrnambool and the south-west, not just for hockey but sports in general.

Would you say his interpretation of the broadening of the package is fairly accurate and reasonable?

Tim ADA: The thing I would say, Ms Ermacora, is that, as we have just discussed, the majority of programs in the regional package will be available to communities across regional Victoria, including in Warrnambool, whereas some of those same programs may not have been as directly accessible to members of the Warrnambool community, if I can answer your question in that way.

Jacinta ERMACORA: Yes. Thank you very much. How much time have I got, Chair?

The CHAIR: Three minutes and 20 seconds.

Jacinta ERMACORA: Thank you. I would like to go on. With the reputation of the state, what does the cancellation of the games mean for Victoria's reputation as a major events capital?

Tim ADA: I think I partly mentioned this to Mr Galea when he asked a similar question. I mentioned obviously that the cancellation of the games was well reported here, around the country, and in some other countries, but the advice that I have had from the CEO of Visit Victoria, which I mentioned, really goes to the experience he has had since that time in his engagement with events rights holders. As he has reported to me and the department, there has been little disruption and there has been little impact, in his view, on discussions with events right holders that are wanting to bring events to Victoria. So that was his advice to me. His entity is responsible for engaging with international event rights holders. That is their core business. That is the evidence, and I suppose advice, he has provided to me. But I do note he will be before the committee, I understand, later this week, so he might have more to say on that then, Ms Ermacora.

Jacinta ERMACORA: Thank you, Chair.

The CHAIR: Thank you, Ms Ermacora. Ms Tyrrell.

Rikkie-Lee TYRRELL: Mr Ada, other than in April and May 2023, did anyone in the department have discussions with the CGA about changing venues to reduce costs?

Tim ADA: Anyone in the department? The reason I am just pausing is that the CGA was represented on the board of the organising committee. It is possible that there were discussions had in that context. I am not specifically aware that members of the department this year had engaged with the CGA specifically. It might be a question that you ask Mr Weimar when he is before the committee this afternoon. He is the CEO of the organising committee. I only make that point given there were two CGA representatives on the board of the organising committee. I am happy to take the question on notice, just to check if the department had any engagement.

Rikkie-Lee TYRRELL: Yes, that would be lovely, thank you. If you are taking it on notice, could you also please put in there – if you find out – what the nature of these discussions were? Did the discussions include moving the cycling and not building temporary structures for swimming at Armstrong Creek? Thank you.

Tim ADA: I can check that, yes.

Rikkie-Lee TYRRELL: That is all right. How long do I have? I probably have 4 minutes left, do I?

The CHAIR: No, you have got 7 minutes and 10 seconds.

Rikkie-Lee TYRRELL: Oh, you are all mine for 7 minutes. Thank you. Hang on a minute; can I come back? Can I save that 7 minutes?

The CHAIR: Yes, we can come back if there is time at the end.

Rikkie-Lee TYRRELL: Thank you.

The CHAIR: I will now go to Ms Bath.

Melina BATH: Thank you. Thank you very much for being here today. Can I just have an understanding: have you had any communications in order to present today? You have got a department that sits behind you to present to us today. Have you had any discussions with the Department of Premier and Cabinet or any ministers about speaking to us today?

Tim ADA: Thanks for the question, Ms Bath. I have not spoken directly to ministers attached to my department about the statements that I have made today. I was requested to share documents with the Department of Premier and Cabinet for, as I understand it, the purpose of DPC testing matters that related to executive privilege. Obviously that is a decision of the government, and DPC is the relevant department to be coordinating that response and working with the government on matters related to executive privilege. So to answer your question, no, not on matters of content with my ministers, but yes, I have shared documents and spoken with the Secretary of DPC over the course of the last couple of weeks, as I understand other departmental secretaries will have done as well.

Melina BATH: Thank you. To help me understand: you have got a team behind you coming here today, and we have had some fairly relevant conversations about times and dates, yet you have taken I think about 20 questions on notice. I find that a little bit perplexing that you have not got those ready for us. Did they come out of the blue?

Tim ADA: What I do not have, Ms Bath, and have taken on notice are the specific days of briefs. I have spoken to months, hopefully fairly clearly and consistently – briefings in March, formal government consideration in April, further submissions provided in June and then July – and I have spoken about the advice we provided the government in June about the urgency for a decision on budget and scope. What I do not have, unfortunately, is specific days for when some briefs were provided. I acknowledge I do not have that, and that is why I have taken those on notice.

Melina BATH: Thank you. So again, for clarity, under the previous department, the office of Comm Games sits in that department.

Tim ADA: Yes.

Melina BATH: And you mentioned that on 19 June the DPC told that department, now DJSIR, that there would be increasing costs to run the games, to operate the games. I think you mentioned that before. On 19 June this year, the Department of Premier and Cabinet told you –

Tim ADA: What I did say, Ms Bath, I think, was that the Secretary of DPC told me on or around 19 June that government was considering all its options.

Melina BATH: Yes.

Tim ADA: He and his department knew well ahead of that time, for the reasons I have mentioned, that there were additional budget requirements required to deliver the games based on the decisions the government had made during 2022, the cost plans for the infrastructure projects and the host contract requirements.

Melina BATH: Okay, thank you. I am most interested to understand the alternate options – what they were, what percentage was in Melbourne, what does that look like, what diminishing scale and was there anything involved in removing sports? To share that with the committee, I think, would be most helpful.

Tim ADA: Ms Bath, that information was subject to a formal cabinet process. I would have to take the question on notice and consult the government about whether they are prepared to release that. But I do want to be clear that the department was asked by government in April and dutifully went away and worked with central agencies to identify substantial cost-reduction options, as requested. That options analysis was just appended to a cabinet submission, so I would just have to take it on notice and consult the government about whether they are prepared for that to be released.

Melina BATH: Thank you. Thanks very much. Just to reiterate, how did the department become aware that the \$2.6 billion initial costings were completely insufficient and that there was up to four-point-something billion dollars in additional costs? Was that the department's own work that drilled into that, or did those costs come from another entity? How was that determined?

Tim ADA: So the cost review that I had mentioned in my opening statement was led by Mr Garner as the incoming CEO of the Office of the Commonwealth Games in the department. That cost review extended from late 2022 to early 2023, and it was led by the department. The department had engaged during that period a number of independent assurance procurements to sort of pressure test the assumptions the department was

making about cost and delivery plans for infrastructure as well as the decisions the government had made about the scope of the games during 2022 and the host contract requirements. So that was a detailed cost review led by the Office of the Commonwealth Games during the period late 2022 to early 2023.

Melina BATH: And you mentioned independent – I wrote ‘consultants’. Who were they? You might need to take this – which external consultants did you access in getting your information?

Tim ADA: In the department’s response to the questionnaire, Ms Bath –

Melina BATH: There is a list there?

Tim ADA: All listed there, yes.

Melina BATH: Sure. In terms of the change in parameters for that delivery, so the change in scoping parameters, I do not think that is listed in the briefing.

Tim ADA: No. So when government had made their decisions about the final sporting program and the competition venues and more was known about the village sites, the department went away and developed delivery cases, which is conventional for infrastructure projects. That inevitably took a little bit of time, and that was a contributing factor to the cost review that was undertaken during late 2022 and into 2023.

Melina BATH: Thank you. And in relation to the consultants – in your report to us recently – were any of those going to tender? How were those consultants accepted or engaged?

Tim ADA: In the questionnaire response it says it was based on the value of the contracts, whether it was through a state procurement purchasing contract or whether it was through a lower value contract. What I am happy to do, Ms Bath, is take the question on notice and detail that for the committee in more detail.

Melina BATH: Thank you. I appreciate that. Mr Ada, the OC in its submission, which is before us today, said it was confident that its plan would have delivered a successful games and it had a robust and detailed budget. I think their final cost was \$1.8 billion. Why did the government release a costing of the cancellation on that time that the games would have been, we will say, \$3.2 billion in operational costs? So there was a significant jump over and above the OC’s budget –

David DAVIS: Almost \$1.4 billion.

Melina BATH: Yes, almost up to \$1.4 billion.

Tim ADA: Have you got a reference for that? Sorry, I have not quite understood the question.

Melina BATH: So in the Victoria 2026 submission – I think it was a final statement of \$1.8 billion at May 2023 – the request or the comment was that they needed that additional roughly \$700 million in additional funds for their part of the games, yet the operational cost that the government has put was about \$3.2 billion. There was a \$1.3 billion increase, and I just seek to understand what your department’s involvement was in that. Did it have a comment? Did it reject the OC’s budget? You know, there is a gap there.

The CHAIR: Ms Bath, I am afraid we have run out of time.

Melina BATH: Yes.

The CHAIR: Maybe it would be possible to take that on notice potentially.

Tim ADA: I am happy to. I am still not quite certain I have nailed the question, but I am happy to understand. The thing that I would just say, Chair, is that the OC’s request, which we pressure-tested with the OC, with central agencies, was included in the aggregate ask of the \$4.5 billion in the April submission. So it was not in addition to –

Melina BATH: No, no.

David DAVIS: In the April submission, yes, and then again in June.

The CHAIR: Okay. Thank you, and I will now go to Mr McIntosh.

Tom McINTOSH: Thank you, Chair, and thank you for all your time and for presenting here this morning, particularly you, Tim – Secretary. Much like Ms Ermacora I represent a regional area, Eastern Victoria, and the conversations are similar. There was a quote before about one door closing and another two opening. I am particularly active in South Gippsland, East Gippsland. And I think, you know, it is good that you have gone through the regional package, and you were talking in reference to the sport elements within the package and the distribution of that investment. There are a few things I want to step through that flow out of that regional package, and one would be around tourism. There has been some talk about what it means for tourism, so it would be good to sort of understand where you see tourism numbers at the moment and also what you sort of forecast going forward if you could, please.

Tim ADA: I am happy to, and I might ask Mr Betson to add to my brief remarks. So just to go back at a high level, I would characterise our understanding of the government's \$2 billion regional package as really focused on attempting to maintain and deliver the legacy benefits that were intended from the games, with that broader whole-of-regional-Victoria focus that we discussed earlier principally related to sporting infrastructure and participation in sports and housing obviously – there is a big commitment in the regional package that goes to regional housing – and then related to the visitor economy and making sure of the intended benefits of the games.

There are a number of elements within the regional package that go to supporting the tourism sector and the visitor economy sector more generally. I might ask Mr Betson to talk more broadly about those. But the tourism recovery post the pandemic has been strong. One of the objectives that I think successive governments have had is to increase the dispersal of visitors to Victoria out of Melbourne into regional Victoria, and that obviously is aided by good infrastructure, a good events program, people knowing what is available to them when they travel to regional Victoria and of course quality places to stay. And I think the regional package goes a long way to providing more support in those particular areas, but I might ask Mr Betson just to talk to the elements in the package that go to that.

Tom McINTOSH: Thank you.

Peter BETSON: So the government announced a \$150 million Regional Tourism and Events Fund, and \$60 million of that announcement is to regional tourism infrastructure. We know people will visit more when there are places to stay, and we encourage them to stay longer and spend more money, particularly when they are in regional Victoria. Tourism infrastructure investment is critically important on the supply side to complement what Visit Victoria do in attracting visitors to our state. Overnight stays we know are critically important, but if we can get them to stay two or three nights with quality infrastructure, that really does help regional tourism and regional tourism spend. And we know coming out of the pandemic that domestic tourism travel has increased the spend in particular, and we are seeing signs of international visitation returning strongly as well. So the regional tourism infrastructure package, the \$150 million, is critically important as a statewide program.

There is also investment, \$70 million allocated in the media release, into events, from Visit Victoria but also talking with other entities that support that process as well, in terms of bringing events to regional Victoria, and that is really important in the context of the games and the event that the games was. Visit Victoria will be looking to attract large-scale events and small-scale events right across regional Victoria, which will help grow tourism visitation and spend. And in addition to that, there are components for industry development as well as some marketing funding in there as well. These are important contributors to our economy and in particular getting people out and about into regional Victoria, in particular targeting those interstate visits, and for people to stay longer.

Tom McINTOSH: Yes, great. Thank you. And just to pick up on the dispersal of tourists, given the initial focus of the games was regional Victoria and you said you looked at Melbourne, I am just wondering if you could discuss briefly the limitations on that before I just come back into some other aspects of the package.

Tim ADA: Can you repeat the question again?

Tom McINTOSH: So you said earlier you looked at Melbourne to be able to take on some elements of the games. What were some of the limitations that existed there given that the original focus was regional Victoria?

Tim ADA: So I think I mentioned in the opening statement that, as I understand it, the government was fairly clear from the get-go, when this opportunity was first identified, that they were perhaps particularly interested in the legacy outcomes that could be delivered for regional Victoria, and that continued to be that anchor in their decision-making, certainly from our observation within the department. Delivering the games in regional Victoria was clearly an opportunity to get more visitors to our state into regional areas where they were in a position to support those regional economies as well as for some of the infrastructure related to housing and sporting infrastructure that was proposed to be built. So what I would say in response to your question is it was, as I understand it, quite a deliberate attempt to support legacy outcomes for regional Victoria specifically associated with this event, which is why I understand the government has committed to the regional package to deliver on those intended legacy outcomes following their decision in July.

Tom McINTOSH: Yes. And we have talked through the local sporting benefits, the health benefits, the tourism benefits. Housing is a really important issue. I mean, it is probably the biggest issue in Victoria at the moment. Could you just talk through how progress is developing with the housing out of the regional package?

Tim ADA: DJSIR is responsible for supporting one of our ministers to deliver the Regional Worker Accommodation Fund that has been identified in the package. It is a \$150 million fund, and that really goes to addressing some of those most acute housing shortages in some parts of regional Victoria, making sure that those communities have got places for key workers to stay. Of course there is a bigger commitment in the package of a billion dollars for a Regional Housing Fund, which is the responsibility of the Minister for Housing and supported by her department, DFFH. And I understand that the Secretary of DFFH and Homes Victoria will be coming before the committee later this week, so they are best placed probably to talk about the progress that they have made. But clearly, as I mentioned, housing is a major feature of the regional package, together with sporting infrastructure and supporting the visitor economy.

Tom McINTOSH: Yes, thank you. Just on that, there was a touch before on the housing and perhaps the retrofitting that would have been needed from the games village model or the housing model that was associated. Do you think it will be more efficient in the model that will be delivered now, as opposed to what there would have been?

Tim ADA: That question is probably best answered by Homes Victoria, if that is okay. It is their responsibility.

Tom McINTOSH: Yes, I can save that for later in the week. All right. That is all from me, Chair. Thank you.

The CHAIR: All right, thank you, Mr McIntosh. Ms Mansfield.

Sarah MANSFIELD: Thank you. And thank you for your presentation earlier. I am just wondering: did you appear at PAEC in relation to the Commonwealth Games?

Tim ADA: I did, with Minister Allan.

Sarah MANSFIELD: How much time was spent by the department answering questions at PAEC, roughly?

Tim ADA: Oh, I would have to check. I recall getting a good number of questions, but I understand – given it was the minister's hearing, I think the minister probably fielded most of the questions. Mr Weimar, CEO of the Organising Committee, also appeared, and I recall him answering a number of questions as well.

Sarah MANSFIELD: Okay. So there was not a dedicated session for the department to answer questions at PAEC?

Tim ADA: No. For ministers' PAEC hearings, it is the minister's hearing, and the minister can choose to defer to one of their officials, or if there are questions that the committee asks directly of departmental witnesses, then they can answer. In my experience, ministerial PAEC hearings are not an opportunity for department officials to make statements or do anything other than support the minister and answer questions that are directly asked of them.

Sarah MANSFIELD: Okay. Have you had the opportunity to appear at any other parliamentary oversight committees and provide evidence about the Commonwealth Games, or updates?

Tim ADA: I joined the then Minister for Commonwealth Games Legacy at her hearing at PAEC. I think they are the only two parliamentary hearings, with the exception of this one, that relate to the Commonwealth Games.

Sarah MANSFIELD: Okay. I note that out of the August 2022 report on the PAEC hearings for that year, there were a number of recommendations regarding the Commonwealth Games for the department under a previous name. Do you know if they were acted on? Specifically, there was, for example, a recommendation that:

The Department ... publish detailed information regarding how the four regional hubs and any additional locations ... were determined.

and that:

the Department ... publish its methodology for determining the benefits and costs associated with hosting the 2026 Commonwealth Games in Victoria, including the cost/benefit ratio and the social, cultural and sports tourism impacts.

They were the sorts of recommendations.

Tim ADA: Can I take that question on notice, just with a view to detailing and getting an accurate answer for you about what has and has not been done? Obviously, the government released a copy of the business case in August, and some additional costing. The Victorian Auditor-General is obviously working to support the Victorian Auditor-General's review, their audit. We are working closely with them. I have taken a number of questions on notice today that will go to matters of other information that the committee is seeking, and I note that is subject to claims of executive privilege; I will consult the government about their preparedness to release that.

Sarah MANSFIELD: No problem. I just want to explore what advice the department gave the government following the business case being received. So you contracted consultants to provide the business case. Did the department provide any of its own advice based on their assessment, your assessment, of the business case to the government regarding whether – you know, did you provide advice about whether you thought there was enough in that business case to make a decision, and if so, what that decision should be?

Tim ADA: I was not working in the department to at the time, but I might ask Mr Betson to talk to that.

Peter BETSON: Yes. The department contracted the consultants to prepare the business case. The department worked closely with the consultants in preparing the business case, and the department provided advice to government in relation to that business case, yes.

Sarah MANSFIELD: Okay. And what was that advice?

Peter BETSON: Well, matters obviously of executive privilege need to be taken into account, but the business case clearly did present, on the face of it, from what you can see there, a case for a positive benefit–cost ratio and a comparator against Gold Coast games, with some advice from consultants who had previous experience in the games. Therefore the business case itself presented a case to proceed.

Sarah MANSFIELD: Okay. So you felt there was enough in that business case to provide advice that – it was sufficiently strong, the business case, to advise proceeding with the games?

Peter BETSON: I think the business case noted limitations and risks, which are well known, and the business case was informed by relevant experts that at the time the business case presented a case to proceed. In terms of specific advice that was considered by government at the time, I would have to take that on notice as a matter of executive privilege.

Sarah MANSFIELD: Okay. And did the department challenge any aspects of that business case, given the limitations and risk? I mean, you said you worked with the consultants, but in that process did you challenge some of those assumptions that were used in the modelling?

Peter BETSON: What we did in terms of the assumptions and the modelling – I pointed to a KPMG peer review of the benefits that were undertaken in terms of the EY methodology for their economic output. So, in terms of using the word ‘challenge’ – but we did peer review those benefits, yes.

Sarah MANSFIELD: Using another consultancy firm rather than the department.

Peter BETSON: Using another consultancy firm with a different model, with what they call a CGE model, a general equilibrium model, to test those. We also engaged architects, Populous, in relation to making sure we could try to get as much understanding as we could at the time in relation to the requirements for the venues in particular. So on that count, we did ensure that the advice that was being received was tested as well as we could, with the limitations and the time that was available.

Sarah MANSFIELD: There was limited information in the business case about the villages in particular. At what point did the department become aware that that was going to be problematic, particularly in terms of cost?

Peter BETSON: I can talk to the business case, and then I will hand to the Secretary. So with the business case, the assumptions that went into that business case were consistent with – in terms of the social and affordable housing component, in the business case it talked about 20 to 30 per cent. At Melbourne 2006 they had a 20 per cent social affordable housing component. And also the assumptions that went into the business case about those costs and the approach, the methodology that was used, we also discussed that with our colleagues at Homes Victoria to again do that stress testing in relation to the methodology. In terms of what then transpired after that, I will hand over to the Secretary.

Tim ADA: After the business case, the department then obviously engaged with the CGF relating to whether a host contract could be agreed. There are some quite specific requirements in the host contract about villages and proximity to events and what have you, which was obviously informative with regard to what the state was required to do after entering into that host contract. There was a process subsequent to that, after the games were announced and the host contract was executed, quite a detailed process that was led by the department with input from a couple of other agencies around the site selection process for the village sites. Then once those decisions were taken by government, as I mentioned earlier, a process was embarked upon to build the cost plan to implement those villages. During the latter part of 2022 and into 2023, as those delivery cases were finalised, together with some other drivers of increasing cost as I mentioned, that was when the aggregate impact on the games’ budget became clearer.

Sarah MANSFIELD: Just one last quick question.

The CHAIR: Yes, quickly.

Sarah MANSFIELD: Just to go back to a previous point you made, is it usual practice to get one consultancy firm to review the work of another one in the work that you do, like in the case of getting KPMG to review Ernst & Young’s business case work for the Comm Games?

Peter BETSON: If we use the example of building infrastructure projects, for instance, you might have a quantity surveyor or a cost planner to do some costings. You may then get that peer reviewed by another quantity surveyor. On other occasions when you have got a program of work that a consultant provides you advice on, you may then get a third party to provide advice on that program, just to stress test it to give that extra bit of quality.

Tim ADA: Independent review is a feature of the infrastructure guidelines within the department. With various gateway processes and the like, third-party views are often sought to support the decision-making by government.

The CHAIR: Thank you. I will go back to Ms Tyrrell.

Rikkie-Lee TYRRELL: Thank you. Mr Ada – although you might pass this over to Mr Betson – on the briefings on the financial constraints that Ms Allan, as the minister for the Commonwealth Games, was given, the briefings that Mr McCracken was talking about earlier, were those briefings or notes on those also provided to Minister Shing as the Minister for Commonwealth Games Legacy or the Premier’s private office?

Tim ADA: After I started at the department, the convention became that we would often cc briefs to both ministers, given obviously their responsibilities. As to whether the specific briefs in March and August were, I would have to take that on notice.

Rikkie-Lee TYRRELL: Okay. Thank you. I would also like to ask: if you do have them, could you please provide them to the committee?

Tim ADA: Again, I am happy to check. I would have to consult with the government about their preparedness to release that, given it goes to matters of executive privilege, but I am happy to take that question on notice.

Rikkie-Lee TYRRELL: Okay. Also, have you discussed or had any communications regarding your evidence today with anyone outside of your department, including the Premier's private office or ministerial offices?

Tim ADA: I think I answered a similar question from Ms Bath. I have not spoken on matters of content with ministers attached to my department and I have not spoken directly to the Premier's private office, but I have spoken with the Secretary of DPC. As I mentioned before, they are coordinating a process to support departments to appear before the inquiry with regard to matters of executive privilege. I have also spoken to a number of CEOs of entities attached to my department on matters of fact. Hopefully that answers your question.

Rikkie-Lee TYRRELL: Yes, I think so. Mr Betson, Martin Pakula gave evidence to the Senate inquiry regarding the appointment of Jeroen Weimar. To the best of his recollection, that was not ministerial. If it was not a ministerial decision to appoint Jeroen as CEO of Victoria 2026, whose decision was it?

Peter BETSON: I am going to have to pass that to the Secretary, because I was not involved in the Office of the Commonwealth Games.

Tim ADA: It was before my time as well, but I understand that that appointment was led by the former secretary. To what degree other approvals were sought, I am not sure, Ms Tyrrell, but that was a process that I understand was led by the former secretary.

Rikkie-Lee TYRRELL: So you are not aware of what the decision was based on?

Tim ADA: No, not the specifics.

Rikkie-Lee TYRRELL: All right. Did you say you had another one?

The CHAIR: I will pass to Mr McCracken briefly.

Joe McCRACKEN: Thanks. Just as a follow-up on the questions that Ms Tyrrell asked there, there was communication with the Premier's private office in some way and also briefs provided – as you said, they were cc'd in. You might have to take it on notice, but can you provide us a list of when that happened? I do not need to know the content but when it happened.

Tim ADA: I think I have taken on notice the question you raised earlier.

Joe McCRACKEN: Yes, but that was just to what at the time was Minister Allan's office. I want to know when it also went to the Premier's private office or indeed any other ministerial office, like Ms Shing's, for example.

Tim ADA: I can certainly check with regard to what briefs went to Minister Shing. Our responsibility as a line department is to brief our ministers. We do not provide copies of those briefs to other departments and certainly not to other ministers.

Joe McCRACKEN: What about the Premier's office, though?

Tim ADA: We do not provide briefs to the Premier's office – that is not the role of our department – unless we are obviously sought to brief the Premier directly. What information may have been shared between

ministerial offices is not something I can talk to, but the role of our department is to brief our ministers attached to our department with regard to matters of discharging their responsibilities.

Joe McCracken: Quickly, one last one, do you know what date you were informed of when external legal advice was sought about the cancellation of the Comm Games? Do you know the date?

Tim ADA: I think, as I mentioned earlier, on or around 19 June I was told by the DPC Secretary that all options were being explored around the games, but no decision had been made when that was communicated to me.

Joe McCracken: Ms Allan has said in the past that she was aware of this on 14 June. Do you have an understanding of why that was not communicated to you guys?

Tim ADA: I cannot answer your question about why that information was not shared over that small number of days. At any point in time there is information held by ministers that may or may not be shared with the department, but I am assuming that she expected that I would be apprised of that by DPC, and that is ultimately what happened on or around 19 June.

Joe McCracken: Okay.

The CHAIR: Thank you, Mr McCracken. I might just ask one question, and it is actually related to what Ms Mansfield and I were asking about with regard to the business case. As it has turned out, with the original business case the costs were grossly understated, and we talked a little bit about the benefits that were modelled. I am fairly concerned about some of those benefits we are still expecting to realise with some of the development that is happening. What sort of confidence can we have in those modelled benefits that are presumably still going to happen, like with some of the build that is going to happen regardless of whether the games are going ahead? What sort of level of confidence do you have in those potential benefits that are going to be realised?

Tim ADA: One of the things, Mr Limbrick, the department is going to do – and we are in the early stages of presenting – is we will present back to government the benefit realisation plans for the regional package, which I think goes your question about what the intended benefits are and how the interventions that the government is committed to can best deliver on them. That is something that we are working towards having completed by early next year.

The CHAIR: But we have already made the decision to commit to them without knowing the benefits. This is my concern. Isn't it sort of like the cart before the horse?

Tim ADA: Again, it is not my place to comment on government decisions or government policy, but one of the reasons the government, as I understand, has invested in the regional package is to deliver on the intended legacy benefits, many of which were set out in the original business case.

The CHAIR: And they may have been grossly overstated, which we are not certain of at this point.

Tim ADA: Which is why we are going to do some additional work in the department, as I mentioned, around making sure that the interventions, as decided by government, and the way they are designed and delivered best deliver on the intended benefits around increasing housing, increasing participation in sports and growth of the visitor economy, to give some examples, and the department is committed to doing that work for all the obvious reasons.

The CHAIR: But just to be clear, we have made the decision and the benefits are currently unknown.

Tim ADA: Government has made the decision. I accept that, yes.

The CHAIR: All right. Thank you. I think we have just run out of time.

David DAVIS: I have just got one further one.

The CHAIR: I think we have run out of time for the moment. Thank you very much to everyone for appearing today. You will receive a copy of the transcript for review in about a week, before it is published. The committee will now break and reconvene at 12:40 pm.

Witnesses withdrew.