

# **TRANSCRIPT**

## **SELECT COMMITTEE ON THE 2026 COMMONWEALTH GAMES BID**

### **Inquiry into the 2026 Commonwealth Games Bid**

Melbourne – Tuesday 5 December 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**

Dean Yates, Partner, and

Leigh Walker, Risk Management and Independence Leader, EY Oceania;

Dale Wood, DHW Ludus Infrastructure; and

Michelle Morris, Principal, and

Tom Sloane, Director (*via videoconference*), MI Global Partners.

**The CHAIR:** Good morning. I declare open the committee's public hearings 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 the 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's standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those 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 the 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.

**Michelle MORRIS:** Michelle Morris, MI Global Partners.

**The CHAIR:** Pleased to meet you.

**Dale WOOD:** Dale Wood, DHW Ludus Infrastructure.

**Dean YATES:** Dean Yates, Partner at EY.

**Leigh WALKER:** Leigh Walker, Oceania Risk Management and Independence Leader of EY.

**Tom SLOANE:** Tom Sloane, MI Global Partners.

**The CHAIR:** Thank you. Pleased to meet you. I will briefly introduce our committee members, starting from Ms Bath.

**Melina BATH:** Melina Bath, Member for Eastern Victoria.

**Rikkie-Lee TYRRELL:** Rikkie-Lee Tyrrell, Member for Northern Victoria.

**David DAVIS:** David Davis.

**Joe McCRACKEN:** Joe McCracken, Western Victoria.

**The CHAIR:** David Limbrick, South-Eastern Metro.

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

**Tom McINTOSH:** Tom McIntosh, Eastern Victoria.

**Jacinta ERMACORA:** Jacinta Ermacora, Western Victoria Region.

**Sarah MANSFIELD:** Sarah Mansfield, Western Victoria Region.

**The CHAIR:** Thank you, and we welcome your opening comments and ask that they be kept to around 10 minutes to ensure that we have time for discussion. I am not sure who would like to start.

**Dean YATES:** I will kick off first. Thanks, Chair, and thanks for the opportunity to be here and to make an opening statement.

I would like to begin this morning by acknowledging the traditional owners of the land which I am on today and pay my respects to elders, past, present and emerging and acknowledge their culture. I would like to extend this acknowledgement to traditional custodians right across the country from wherever they may be.

I appear here today with my colleague Leigh Walker, our Oceania Risk Management and Independence Leader. Our aim is to assist the committee by providing an account of the work that EY undertook for the then Department of Jobs, Precincts and Regions to support them on the development of the business case for the 2026 Commonwealth Games. Alongside us are representatives from DHW Ludus and MI Associates. EY was asked by the department to engage these organisations as subcontractors to assist with developing inputs for the business case given their specific expertise relevant to major events infrastructure and operating costs.

I would like to start by sharing an overview of the department's business case that we contributed to for the state of Victoria – that has been publicly released – and provide relevant background that I hope may be of interest to the committee.

On 15 December 2021 under strict confidentiality EY was engaged to assist the department in developing its business case for the Commonwealth Games. The business case was focused on a regional delivery model for the Commonwealth Games, which had been the subject of a scoping paper developed by Visit Victoria and negotiations with the Commonwealth Games Federation. The bid process, which includes the development of a business case, would usually take place over a period of years and with substantial lead-in time to the event itself. In this case we worked towards a compressed time line of six weeks. EY contributed to the business case for this Commonwealth Games, reporting directly to the Department of Jobs, Precincts and Regions, who worked with Visit Victoria and the Department of Treasury and Finance.

Given the nature of this process, all participants in the development of the business case worked under strict confidentiality requirements given the highly confidential nature of the discussions with the Commonwealth Games Federation. The redacted business case and associated appendices have now been released publicly by the state of Victoria. As the business case details, EY developed an economic impact analysis, both for the state of Victoria and regional Victoria, and prepared estimates around the cost of buying back village housing stock for affordable housing.

EY has over 20 years experience providing these services to the major events sector in Australia and internationally. Our team has undertaken similar assessments using similar frameworks for other major events – for example, the grand prix, the Olympics and other Commonwealth Games. This economic impact analysis used the Commonwealth Games value framework as well as the cost-benefit analysis framework that follows the Department of Treasury and Finance's economic evaluation for business case technical guidelines. These well-established guidelines assist the government in making informed decisions on government investment through allowing easy comparison of costs and benefits across projects. As the head consultant, we coordinated other inputs to the department's business case. DHW Ludus were commissioned to provide a facilities assessment, a desktop exercise which identified whether the existing sporting facilities in the regions were capable of supporting an international sporting event. Their role included providing an indicative estimate of capital costs to support the hosting of the sporting program for the games. MI Associates were engaged to develop the operating budget, using the most recent Commonwealth Games as a baseline budget.

I should emphasise here again that the highly confidential nature of this engagement meant that no fieldwork, such as formal inspection of the potential venues, for example, could be undertaken by EY, DHW Ludus or MI Associates, nor could any consultation take place with any potential suppliers, partners or other departments. As a result, the business case, as the department has shared in evidence with this committee, was an early-stage estimate of the potential cost, and it was understood widely that these costings would need to be validated, tested and refined by the Office of the Commonwealth Games and the organising committee once the bidding and planning process for the games commenced in detail.

In the normal course of events this validation, testing and refinement would have occurred as part of a more formal bidding process well in advance of the signing of the host city contract, which, as you have heard, contains specific requirements for the delivery of the games. This meant that the business case contained several important limitations that posed risks to the business case, which I will read into the record now and are available on page 18 of the business case: a lack of time to undertake due diligence prior to the head of agreement being signed could create a commercial or delivery risk; a lack of time to prepare for the games could impact cost, quality and benefits realisation; a lack of stakeholder engagement could lead to delayed delivery or heightened criticism; poor execution of the novel delivery model could result in benefits not being realised; and supply chain constraints could delay infrastructure delivery.

The business case also called out several key risks to the delivery of the program, also available on page 102 of the business case: risks that the venues and precincts proposed to host the sports were non-compliant with Commonwealth Games requirements; risks that key venues were not available due to existing commitments to local, state and national sports; risk that there was not enough accommodation in regional locations; risk that there was insufficient time to complete the delivery of capital projects; and risk that there was limited regional labour and resource capacity for important structure.

Many of these risks stemmed from the lack of ability that I mentioned for the department, Treasury, EY, DHW Ludus and MI Associates to consult with the venues and accommodation and service providers to support the desktop research. Given these limitations, we absolutely stand by the work we did to support the development of the department's business case and believe that this document, which has been released, comprehensively outlines the benefits and risks of the 2026 Commonwealth Games. While EY has had no involvement in the revised costings and estimates from the Office of the Commonwealth Games and organising committee, it would appear that some of these risks may have materialised. The business case demonstrates the value of these documents in making informed early-stage decisions on major projects.

The work I have outlined today is now a matter of public record via the business case that has been published by the Victorian government. As the business case outlines, given the confidential nature of this project, all of the discussions of the work were confined to a core project team of key stakeholders. Our obligations to the department continue to this day, and there may be limitations to the information we can provide today outside of what is already in the public domain, but we will endeavour to support the committee in its inquiry to the best we can. Thank you.

**The CHAIR:** Thank you. Thank you, Mr Yates. I will start with a couple of questions. This business case was one of the key pieces of information that was used to justify the decision for going ahead with the games in the first place by the government. Subsequently that resulted in the loss – we are still figuring it out – of at least half a billion dollars of taxpayers money. You have outlined in your opening statement that there were lots of limitations placed on you: a very short time frame; you were not able to do field work due to the confidential nature, so it was mostly a desktop analysis. My understanding is it was based on the Gold Coast games, which was a significantly different delivery model, which you also outlined as a risk in the business case. Given the limitations that you had on the business case, do you think that this business case was appropriate for the decision being made by the government, or do you think that more work should have been required before the government made a decision to go ahead with the games or not?

**Dean YATES:** As I just outlined, there were a significant number of limitations – time, consultation, the ability to visit venues. So the scope that we were working against was very tightly defined by the department. Particularly the confidentiality aspect of it basically led to a situation where desktop research was all that we could do in the time frame. As I said, EY has 20 years of experience in developing business cases of this nature, and the subcontractors that we had involved also bring that expertise to the table – we had been involved in previous games. Given the constraints that we faced, we are confident that the output we produced was the best that we could do in the circumstances. That then feeds into government decision-making processes that we are not party to.

I suppose the other fact for us in assessing the reasonableness of the work that we did, given those constraints, was that the operating costs for recent Commonwealth Games were similar in nature in the sense that the operating cost of the Gold Coast, for example, was \$1.4 billion and the operating cost of Birmingham was \$1.8 billion. In that sense we felt the numbers that we produced, albeit within a very tight time frame and

adjusted for the delivery model, were reasonable. But I might ask perhaps Michelle in particular to comment, given her involvement with the operating cost angle in particular.

**Michelle MORRIS:** Thank you for the opportunity. I think as Dean mentioned, Birmingham Commonwealth Games cost was \$1.8 billion, Gold Coast was \$1.4 billion, and our baseline for this business case was \$2.8 billion, so double the Gold Coast Commonwealth Games, so adjustments were made for the unique model of what was being proposed for 2026. The estimated budget assumes that the baseline is a valid budget to deliver a Commonwealth Games in Australia in a semi-regional context.

**The CHAIR:** The government subsequently came out and said that they had done these updated estimates and it was way beyond anything that was anticipated in the business case. You mentioned before that that may have been one of the risks that materialised. Did you envisage that that risk would be as large a difference compared to the original business case?

**Dean YATES:** As I said earlier, Chair, we were not involved in any of those revised estimates. We did outline a series of risks in our document, and a whole range of government decision-making and also negotiations with the Commonwealth Games Federation, local governments et cetera still had to play out. We were not able to consult with any of those stakeholders in our work.

**The CHAIR:** So after that submission of the business case you were not involved anymore?

**Dean YATES:** Not in relation to cost estimates or the case for holding the games.

**The CHAIR:** It seems a bit odd, though, that when they were trying to update the estimates they would not come back and talk to you guys about, 'Well, these are the original estimates.' Were you surprised that you did not get consulted on that?

**Dean YATES:** We get engaged to do particular types of work at particular times. Sometimes that work is ongoing, at other times it is not. It really depends on the clients and their requirements.

**The CHAIR:** But it looks like their updated estimates were done totally independently of what you guys did for the business case, it would appear.

**Dean YATES:** I cannot comment, really.

**The CHAIR:** Yes, all right. One of the benefits that was outlined in the business case was around health benefits – in fact it was a fairly significant part of the benefits outlined. Is this a sort of standard thing that would be put in business cases, and do you stand by those actual benefits being able to be realised in the future?

**Dean YATES:** It is a very standard element of business cases, particularly those that relate to major sporting events or sport and recreation type programs. They do not always feature in other infrastructure-related business cases, but in business cases of this nature it is a very standard line, and because it has been standard over 20, 30 years, the methodology behind it is quite robust. After the 2006 Commonwealth Games 10 per cent of Victorians who had not been active in sport took up sports. Five per cent of Queenslanders took up sports post the Commonwealth Games on the Gold Coast – so this is a real change. And of course the physical activity leads to reduced health costs. Now, the nature of the reduced health cost depends on when, where, how and who, and of course the provision of government health services is such that often the demand for those services outweighs supply.

In terms of this, it is hard to necessarily point out exactly at what point the benefits will be realised for government, but it is clear, looking at this project and this program and this set of games in isolation, that that benefit could be realised over time. There are a whole series of assumptions obviously that underlie that, as there are with all elements of any business case.

**The CHAIR:** I think in the Senate inquiry you described this analysis in here as preliminary analysis. Is that correct?

**Dean YATES:** Absolutely.

**The CHAIR:** That sort of implies that in your mind there was not enough detail to make further decisions, because you have already outlined that you were constrained by time and you were constrained by confidentiality. If you had had more time and less concerns about confidentiality, what other things do you think would have been undertaken by your firm to do? Because it is quite clear that the regional rollout of the games was a very serious factor in the blowout of estimated costs – you know, things like transport and security and all these other things. What sort of things would have been done in a subsequent analysis if this was just preliminary?

**Dean YATES:** Well, we would have spoken to a whole bunch of stakeholders, which would have added to our information set.

**The CHAIR:** So people like transport operators, security operators –

**Dean YATES:** Absolutely – sporting bodies, local governments.

**The CHAIR:** So you just had to make do with whatever you could do without asking people about it? It is very limiting, isn't it?

**Dean YATES:** It is. This is not necessarily unique in the sense that with some business cases and some pieces of work that we have to do for our clients there are often limitations and restrictions. It is very rare that it is open slather, because quite often clients and organisations are just thinking about what they might do, and if they do not do it, they do not necessarily want people to know that they were even thinking about it. So this is not unique in that sense, and we are quite experienced at having to do this. But if we had more time, we would have spoken to more stakeholders, we would have visited a few venues, and I suppose summing it up we would have been able to do more due diligence than we were allowed to. But I do not know whether Michelle or Dale want to comment in the sense that the six weeks was quite limiting in what we could do.

**Dale WOOD:** Thank you for the opportunity, Chair. The time frame was what it was. We worked on the sporting venues and yes, inspections of venues. Depending on the amount of extra support we could have got, we would have brought in potentially technical support – all stuff that subsequently has occurred, as we understand it, but just not prior to the business case being finalised by EY for the department.

**The CHAIR:** All right. Thank you. And I believe I am out of time. I will go to Mr McCracken.

**Joe McCracken:** Thank you. I guess in preparation for today's hearings, has anyone really had any contact with the Premier's private office, any minister or ministerial office or I guess anyone external to your organisations?

**Leigh WALKER:** I can answer that. On behalf of EY we have not, other than we confirmed with our client that the confidentiality obligations still exist, and I believe there was a letter that was given to the committee that outlines that. So we have had that confirmation.

**Joe McCracken:** And that is it?

**Leigh WALKER:** Obviously we have had brief discussions with our fellow team members.

**Joe McCracken:** Is that in writing or was it –

**Leigh WALKER:** Yes, it was.

**Joe McCracken:** Can we have a copy of that, please?

**Leigh WALKER:** I will take that on notice.

**Joe McCracken:** Thank you.

**Dale WOOD:** I provided a courtesy call to the department and then a follow-up, a formal email, just informing them that we had been invited to appear. That was the extent of the discussion and communication.

**Joe McCracken:** Could we have a copy of that too, if that is okay?

**Dale WOOD:** I will take that on notice.

**Joe McCracken:** Thank you.

**Michelle Morris:** No. As a subconsultant to EY, we have not had any correspondence with any parties.

**Joe McCracken:** Thank you. I guess, Mr Yates, I will start with you. I am guessing by things that you have obviously read the business case, because we have had a lot of people come in here who have not read it, which has been a bit of a cause for concern. Former Premier Daniel Andrews called the business case and the costings:

... hardly the greatest piece of work ever done ...

Was it your business case or was it actually the Victorian government's? Who is he critiquing there?

**Dean Yates:** You would probably have to ask him exactly who he was critiquing, but the business case that was released by the department was the department's business case, and it is quite clearly on the cover. As is the case in all budget bids, it is the department that puts forward a case. We obviously contributed to it.

**Joe McCracken:** So when you say the department, it is DJSIR.

**Dean Yates:** Well, it was DJPR, but yes, DJSIR. It is their business case, and I think in various bits of evidence you have heard from them and Treasury et cetera that has been acknowledged. But we were obviously contributors to it, and EY was the lead consultant.

**Joe McCracken:** Yes. Now, I know you said in your opening that you were first engaged on 15 December 2021. That is correct?

**Dean Yates:** Yes.

**Joe McCracken:** Are you able to provide us with any dates subsequent to that when you were commissioned to do any other work and also a list of dates when you met with the department or any department officials or ministerial advisers or anyone like that? Are you able to do that?

**Dean Yates:** We will take that on notice.

**Joe McCracken:** Take that on notice?

**Dean Yates:** Yes, sure.

**Joe McCracken:** During the preparation of the business case, did you meet with the then Premier, I guess, or any ministers or staff at that point in time?

**Dean Yates:** No.

**Joe McCracken:** You did not meet with the Premier or the two ministers?

**Dean Yates:** No. Our role was – the department/Visit Victoria was our client. We engaged with our client. It is very rare for us to engage with –

**Joe McCracken:** The minister.

**Dean Yates:** ministers or ministerial officers. Our clients are predominantly government departments and entities.

**Joe McCracken:** Do you have any meeting notes from the times that you did engage with your client the department then?

**Dean Yates:** We will take that on notice. We would have –

**Joe McCracken:** I was going to say if you do have any notes, can you provide them to us?

**Dean YATES:** Yes. We will take that on notice.

**Joe McCracken:** Okay. I understand that you work with both, as it was then, DJPR, and DTF officials. Who exactly did you work with there?

**Dean YATES:** Well, it was a whole range of departmental officials. It was quite a number of people within – it was a relatively small group –

**Joe McCracken:** Do you remember any of the names at all?

**Dean YATES:** I mean, our client was basically the department and Visit Victoria and sport and rec, which sits within the department. So we engaged with a number of people there. We will take that on notice and give you the –

**Joe McCracken:** So it would not probably have been the Secretary, I would imagine, that you would have worked through mostly.

**Dean YATES:** The Secretary may have attended some steering committee meetings, but most of our engagement is at the lower levels.

**Joe McCracken:** So who actually engaged you then? What person reached out to you and said, ‘Can you do this piece of work for us?’ Who was it?

**Leigh Walker:** It was the department. We will have to take it on notice on the specific name.

**Joe McCracken:** So you are happy to provide that on notice?

**Dean YATES:** We are happy to provide on notice the communication around the initial engagement.

**Joe McCracken:** And who asked you to do that. Okay. In response to a question on 9 October 2023, the Secretary of DJSIR, as it now is, indicated that it is usual practice for the procuring department to determine the scope of works for that procurement. Can you advise us what EY’s brief from the two departments actually was?

**Dean YATES:** We can definitely provide you with that scope.

**Joe McCracken:** Have you got it written –

**Dean YATES:** There is a written scope around what was sought over the six-week period. I do not have it in front of me, but we can provide that.

**Joe McCracken:** Are you happy to provide it? Yes?

**Dean YATES:** We will take that on notice.

**Leigh Walker:** We will have to take it on notice because, as I mentioned, we are still subject to the confidentiality obligations, as outlined, so we will just need to check from a legal point of view what we are allowed to share.

**Dean YATES:** We will check that.

**Joe McCracken:** Are you happy to provide it?

**Leigh Walker:** Subject to legal constraints, yes.

**Joe McCracken:** Okay, if you are happy to provide it, provide it. As part of testimony to the committee, DJSIR has advised us that the information provided by EY was as a standard part of economic cost–benefit analysis. However, I think you guys testified to the Senate committee indicating that the framework used was the Victorian DTF framework for economic analysis. There is a conflict there.



**Dean YATES:** Well, in all the business cases we develop for the Victorian government, we use the Victorian government framework, and that is a fairly standard approach. There are nuances regarding Victoria, but they are fairly minor at the edges of the document.

**Joe McCracken:** Okay. In the original business case did you test the robustness of any of the figures? Any of the work that was undertaken, apart from the desktop sort of work – was there any testing to see if it actually stacked up or not?

**Dean YATES:** Well, absolutely. I will let Michelle and Dale perhaps talk on behalf of themselves, but any document we produce goes through a rigorous quality assessment process. There is a partner and a quality partner, and then in this case, given the sensitivity of the work, there are extra stages often put in place. We put a normal set of quality assessments around this type of work and test it to the extent possible. Once again, there was six weeks in order to produce a document of that size and nature. But Michelle, Dale, your own processes –

**Dale WOOD:** The facilities assessment report, which we authored, was subject to interim reporting by the departmental committees involved in terms of the set-up of the games investigations at that point. Let alone us testing them ourselves, there was also interim reporting to consider where we were moving with indicative capital costs, indicative capital works and the like, and that was the process that we took to ensure that there were more than just two sets of eyes looking at them.

**Joe McCracken:** So you have disclosed before that there were a number of concerns that you raised about the limitation of what you could actually do, and you detailed it pretty clearly. What was the government's response to that? I mean, they obviously still carried on doing the work even despite you flagging all these concerns about the limited nature of the scope, the lack of information that you had, the inability to go out and visit onsite, inability to consult. What was the response from the government when you raised these pretty significant concerns?

**Dean YATES:** Well, we provided the information to the department. The department has then included it in its business case, which has entered government decision-making processes, but we are not privy to those processes.

**Joe McCracken:** I mean, spending billions and billions of dollars on a pretty significant piece of work, and there are so many limitations – you did not flag it, you know, 'This is really something to consider, guys.'

**Leigh WALKER:** It was flagged in the report, and in particular – I draw your attention to page 14 – we say these estimates will require further validation. So it was for government to decide what they wanted to do with that information we had presented to them.

**Joe McCracken:** Okay. So you did all that you thought you could do?

**Leigh WALKER:** We highlighted the risks in there, yes.

**The CHAIR:** Thank you, Mr McCracken. Mr Galea.

**Michael GALEA:** Thank you, Chair. Good morning, and thank you all for joining us today. I might start with you as well, Mr Yates. I am just wondering if you can provide some outline for us on how Ernst & Young came to be steering this business case. Was this an approach from government? Was it a tender that you bid for? Can you talk us through the process?

**Leigh WALKER:** I can jump in on that one. We were approached directly. Because of the nature of the work it was not something that could be subject to an open tender at that point, so based on the experience that Dean mentioned we have we were approached directly by the government and asked to consider whether we could do that work.

**Michael GALEA:** Thanks, Ms Walker. What is the general groundwork that your firm would do in preparation for a business case such as this? What sorts of resources do you need?

**Dean YATES:** Once again I will refer to Michelle and Dale because they were very much part of the process, but normally with a business case of this nature the sports practice part of EY, which is actually a

dedicated team of probably five to six people, would have dedicated the full six weeks to the piece of work. Because they have had experience with a whole range of other events there is a base knowledge there that already exists. There were also a set of assumptions and an outline of the proposed model provided, because that work had already been scoped by Visit Victoria. We had a base understanding of what they were looking for here, and given our previous experience we were able to gel those two things together. Our particular angle on this was the economic analysis, which was obviously quite substantial with the size of the investment considered by government. Then Michelle and her team looked at the operating costs, and Dale and his team looked at the capital costs in particular. So it was a joint collaborative effort over a very short time frame.

**Michael GALEA:** I am sure I will have some questions to come back to both of you, Michelle and Dale, on later, but is it standard practice, at least from your example, for Ernst & Young to engage with other partner firms for that sort of specialist information, that specialist line of inquiry, in these sorts of cases?

**Dean YATES:** Yes, it is. In this case we were actually requested to involve Michelle and Dale because of their particular expertise, and we were very comfortable in doing that.

**Michael GALEA:** And that request came from the then DJPR, correct?

**Dean YATES:** That is right.

**Michael GALEA:** I think you said in response to the Chair but also in your opening remarks that you had around 20 years of experience with these sorts of business cases for major sporting events. You cited other Commonwealth Games and the grand prix as well. Can you talk me through what that experience would look like? Do you have any case examples that are in the public domain that you are able to share? I realise that there may be some, if not many, that you may not, but can you point me to any other examples of similar work that Ernst & Young has completed in this space over that 20-year period, obviously ideally Australia-based but even internationally?

**Dean YATES:** A lot of the work that we do is kept confidential by clients. The particular angle you are taking there we might take on notice, but one example of perhaps even a recent piece that we did was the economic analysis of the most recent grand prix here in Melbourne. That was something that the government and the department released recently. We often do the front end, and then we go back in at the tail end to test what the impact actually was. Obviously the grand prix is a massive event now, and it is a huge economic boost to Melbourne. That work was done by EY, and that was released by the government just a few weeks ago.

**Michael GALEA:** Thank you. We have spoken about the limitations that you had and gone into detail of what they sort of looked like. You did briefly refer to this, but I am just curious to know – and you do deal with a number of these sorts of business cases, many of which have other similar restrictions around confidentiality and possibly time frame as well – how common is it for these sorts of business cases to have those limitations placed upon them, and what is the standard way in which you go about working as best as you can with those limitations while still providing a comprehensive analysis?

**Dean YATES:** It is relatively standard for there to be restrictions. This was a particularly tight piece of work and particularly confidential, but we do a lot of these day in, day out for government clients and non-government clients as well. Quite often they are organisations or clients just testing whether or not they even want to go down a particular path, so it is a quite discreet, quite confidential and very quick piece of work. I suppose that is where the value of firms like ours comes in – that there is a skill set available to call on at very short notice to do the work, and then particular skill sets that we brought on board that just are not available in the public sector are what we bring to the table. But the most important thing for us is obviously doing as detailed and as robust a piece of analysis as we can given the limitations and then making sure that those limitations and risks around those are clearly articulated in the document or in the output so that our clients understand the balance of risk and return or risk in decision-making so that they can make informed decisions.

**Leigh WALKER:** If I can just add on the confidentiality piece, as Dean mentioned, we run confidential engagements for our clients all the time, so we have well-tested and robust systems in place around that – simple things. When this piece of work was first entered into our systems it was entered under a project name so somebody looking in our systems could not see ‘department of jobs: Commonwealth Games business case’ as the work. We also have secure file servers that only people who were actually working on the business case were allowed to access. For the occasions that the team would be actually meeting face to face, rather than

virtual, given that we did this in December, there are secure project rooms. It is really simple protocols like making sure the desk is always clean if you are leaving the room so you do not leave files with ‘Commonwealth Games’ plastered all over them, and similarly, whiteboards get cleaned. So our teams are used to working with these protocols around confidentiality whether it is for government departments or private clients that are undergoing a transaction.

**Michael GALEA:** It is interesting to consider those sorts of confidentiality things that you would have to do in practice as well. Although it was not your firm caught up in it, we have obviously seen a major scandal this year in relation to another major accounting firm. Would that sort of confidentiality be a standard practice too in terms of siloing things from other projects so that there is no conflict of interest between those two projects – if there is a conflict?

**Leigh WALKER:** Yes, it is pretty standard. If we have identified through the engagement process that there could be a potential conflict, we will have separation protocols in place, so we will have separate teams and separate partners. On some occasions we have even checked to make sure that a partner does not share an executive assistant with another partner, to make sure there is clear separation going on there, and in those sorts of scenarios we would also get what are called disclosure and consent letters. Both parties, where we have identified that there could be a conflict, we write to and ask for their consent to work on – if it is – both sides, and it is only if they both agree that we will do it. If one party says, ‘No, we don’t want you to,’ then we walk away from the newest engagement.

**Michael GALEA:** Sure. Is that a practice that has been brought in this year following the PwC issue?

**Leigh WALKER:** Not at all. We have always had that. The PwC issue did allow us to tighten up our processes around consultations with government on tax policy, so we have taken the requirements that the Tax Practitioners Board put on PwC and actually adopted them ourselves. We have said, ‘That’s best practice by the TPB; we should follow them,’ so we have done that.

**Michael GALEA:** Thank you. It sounds like these limitations that you have had to work around in this Commonwealth Games business case, rather than being an aberration, are business as usual – like it is standard practice. Would that be a fair comment?

**Dean YATES:** We are not unfamiliar with working in those circumstances.

**Michael GALEA:** Thank you. The Chair also asked you the health benefits question – that that is a standard part of these sorts of business cases. Can you talk me through where this came from? What sort of established theory or practice has been in place that leads to this being a regular part of these sorts of business cases?

**Dean YATES:** There is actually a lot of information outlined in the business case about this over quite a period of time. As I said earlier, there was a 10 per cent increase in sports participation in Victoria after the 2006 Commonwealth Games and a 5 per cent increase in Queensland after the Gold Coast Commonwealth Games, and there is clear evidence of a correlation between increased physical activity and reduced health costs. The actual methodology that we used is outlined very clearly on page 83 of the business case, and that same approach has been used in business cases of this nature for quite some time. As I said earlier, it is an estimate of benefits to be realised over time. That needs to then be assessed against other costs and benefits to make a calculation around the cost–benefit analysis of the project.

**Michael GALEA:** Thank you. My time has expired. I will pass back to the Chair.

**The CHAIR:** Thank you, Mr Galea. Mr Davis.

**David DAVIS:** Thank you, Mr Yates and Ms Walker for your testimony to date. I have got a few questions here for you. There was reference to a steering committee. You, as I understand it, as this business case was being developed, were responding to a steering committee. Correct?

**Dean YATES:** There were governance structures within the department on the whole project.

**David DAVIS:** I think you used the words ‘steering committee’.

**Dean YATES:** Yes. There were –

**David DAVIS:** What was it? Was it a steering committee?

**Dean YATES:** I would have to refresh my memory of exactly what the name was, but there was obviously a

**David DAVIS:** An effective steering committee?

**Dean YATES:** a governance structure at higher level and then working groups below that.

**David DAVIS:** And who was on that?

**Dean YATES:** Once again, I think I might need to take it on notice, as to the full membership.

**David DAVIS:** You were at some of the meetings. Tell me some of the people, please.

**Dean YATES:** There were representatives of the department, Visit Victoria –

**David DAVIS:** What were their names?

**Dean YATES:** Off the top of my head, I just cannot remember all of the names, Mr Davis.

**David DAVIS:** You do not remember all of them. Tell me some of them.

**Dean YATES:** There were representatives of sport and rec, there were representatives of the department.

**David DAVIS:** Who were they?

**Leigh WALKER:** We will take that question on notice to give you the fulsome answer.

**David DAVIS:** No, no, we will actually follow. Just tell me the names you remember.

**Dean YATES:** Well, some of the people who have appeared before this committee would have been –

**David DAVIS:** I just want to hear their names, please, so I understand the governance structure. And you can add more on it later, if you wish. You may not remember.

**Leigh WALKER:** We will take it on notice.

**David DAVIS:** No, no, he will remember some. Please say the names.

**Leigh WALKER:** We would like to take that question on notice.

**David DAVIS:** You might, but I want an answer.

**Michael GALEA:** Chair, on a point of order, can the witnesses please be allowed to answer the questions?

**David DAVIS:** Well, that is right. But I am asking a question. Answer them.

**Leigh WALKER:** And we will take that question on notice to get the fulsome –

**David DAVIS:** No, no, that is not satisfactory. In fact I would like the names of the people on that committee.

**Leigh WALKER:** And we will take that question on notice.

**The CHAIR:** I will allow the witnesses to answer as they see fit.

**Dean YATES:** I do not recall all the names of the people on the committee. Some of the names that I remember would have been –

**David DAVIS:** Tell me the ones you remember.

**Leigh WALKER:** We will take that question on notice.

**David DAVIS:** No, I would like to hear what –

**The CHAIR:** Mr Davis, allow the witness to answer, please.

**Leigh WALKER:** We will take the question on notice.

**Dean YATES:** Just one or two names that I would remember: the head of sport and rec Victoria would have been present, Peter Betson, and at various committees the Secretary of the department would have been present. But I do not recall other members of the committee or how often they attended, so we will take that on notice.

**David DAVIS:** Were there minutes for those committees?

**Dean YATES:** I do not know, because it was not our committee. It was the department's.

**David DAVIS:** Right. But you attended those meetings?

**Dean YATES:** We would have attended agenda items relating to our business case.

**David DAVIS:** Yes.

**Dean YATES:** The governance structures were about the Commonwealth Games, not just about us. So we would have attended certain meetings at certain times to discuss that, but we would not have been there for any other item. So I cannot –

**David DAVIS:** Well, I would encourage you to dredge your memory and go check your notes and let us have a list of the people that were attending those meetings.

**Dean YATES:** We will take that on notice.

**David DAVIS:** The second thing I want to understand is this issue of confidentiality. Now, the department has written to your organisation and said, 'We can't release information.' So we would like a copy of that letter, would be the first step. And I would like to remind you that actually it is not up to the department to just say, 'No, you can't provide this or that.' You are responsible to the parliamentary committee and to the Parliament. Actually, this is public money, and in that sense I would like you to closely consider providing this information. I am just very troubled that we are hearing, 'We'll take it on notice,' and the department said, 'We can't provide it.' With the greatest of respect, the department is not the arbiter on this.

**Leigh WALKER:** The advice we have got with the letter, which I believe has been provided to the committee as well, is around: we would be prevented from revealing anything –

**David DAVIS:** You would not. It is actually a matter for the Parliament, not for the government.

**Leigh WALKER:** that could reveal deliberative processes of the executive government. We could not do that. So that is the bit that I want to take advice on, to make sure that we are not breaching that –

**David DAVIS:** Only the deliberative processes of executive government and not a number of other matters?

**Leigh WALKER:** Yes, I agree.

**David DAVIS:** But even so, it is not up to government to make that decision. You can provide the information you have – quite separate. Now, you mentioned a scoping paper from Visit Victoria too. Can we have a copy of that, please?

**Dean YATES:** I am not sure that we have it.

**Leigh WALKER:** It was from the department, I think.

**Dean YATES:** It was Visit Victoria.

**David DAVIS:** It was from the department. You mentioned Visit Victoria, as I wrote it down, but I am happy to be corrected if my writing was wrong.

**Dean YATES:** Our understanding is that Visit Victoria drafted the initial scoping paper about the concept of the games, but I do not have access to that document.

**David DAVIS:** Right. Well, you were provided that scoping paper?

**Dean YATES:** We had access to it when we were producing the business case, but it is not our document.

**David DAVIS:** Do you still have it?

**Dean YATES:** I –

**Leigh WALKER:** If it is not part of our documentation, we would not retain that.

**David DAVIS:** You would have responded directly to it – a scoping paper?

**Leigh WALKER:** I just want to be clear: when we are talking about scoping, we are talking about the scope of our work as separate to Visit Victoria's scoping document around a regional model for –

**David DAVIS:** But you are responding to that scoping paper, as I understood it from the transcript.

**Dean YATES:** No. Sorry. In my opening statement I mentioned the fact that this whole process began with Visit Victoria having some initial discussions with the Commonwealth Games Federation and that they developed a scoping paper around that concept. The scope that I was referring to, I think separately, was the scope of our engagement we were responding to.

**David DAVIS:** Yes. I have some sympathy for you. You have put a lot of caveats around your initial work, and I understand that, but actually your involvement went much later. I see from the DJSIR response to our questions on notice that there was hosting advice from 11 January 2021 through until 2022; progression of stage 2, 3 and 4 advisory services, \$3.2 million almost, through until 1 March 2023; and then interim project management office support, \$652,000, all the way through to 1 August. So your actual involvement goes much longer and much deeper than the initial business case. That is correct, isn't it?

**Leigh WALKER:** Yes. Dean earlier mentioned that we were not involved in preparing the updated cost estimates – we definitely were not involved in that. We did other work with the department particularly around that project management support, and that is, again, typical of the work that we do for government where they do not have the resources available to stand up a project team in a short space of time. We had staff available that could help them with that project management support, but that was not about the continued cost of delivery of the games.

**David DAVIS:** The ongoing dialogue and discussions about amending the business case and costings between the department and EY – this is a sort of an iterative process, as I understand it?

**Dean YATES:** Yes. During the six weeks, and then there was another iteration which I think is this document, and there is a page that articulates the changes between the initial document and this document, but they were relatively minor and our involvement with the business case –

**David DAVIS:** This is responding to the steering committee, whatever name it goes by?

**Dean YATES:** I do not know whether it was the steering committee or just interactions with the client. Sorry, I will just have to find the reference. Oh, here it is. On page 5 it outlines the change in information between the January version and then this version. Most of that related to the fact that the state government, by that stage, had had some further discussions with the CGF, and any information that came out of that that was relevant to the business case was provided.

**David DAVIS:** And was then incorporated.

**Dean YATES:** But it was relatively minor.

**David DAVIS:** Much later of course the Victorian government just cancelled the games. Were you surprised that that happened?

**Dean YATES:** I was unaware that they were going to make that decision, as I think most people were.

**David DAVIS:** Were you shocked?

**Dean YATES:** My personal views on that I do not think are relevant.

**David DAVIS:** It is just a matter of fact. Were you?

**Dean YATES:** I was surprised that the games were cancelled.

**David DAVIS:** You were talking about some of the indicative capital costs of facilities and the interim reporting of these to departmental committees. Now I understand you did not have the ability to test all of those in the way that you would have liked, but you must have been surprised that the government did not further test this matter before it accepted or went ahead with the games bid.

**Dean YATES:** I might ask Dale to comment on the capital costs because he was particularly related to that.

**Dale WOOD:** I cannot speak for the government decision-making process around them making a decision on progressing with the games or otherwise. The work we did was in line with the scope of work that was set for us. We designed a work program around that and delivered an order of magnitude cost around the facilities that were tagged at the time to be hosting the games and the sporting programs that were tagged to them, as delivered to us by the department and Visit Victoria in the early stages. Was I surprised they did not do more work? I cannot speak for the amount of work that they were doing or not doing at the time.

**David DAVIS:** I will come back, thanks.

**The CHAIR:** Thank you, Mr Davis. Ms Ermacora.

**Jacinta ERMACORA:** Thank you very much, and thanks to each of you for coming in and for your time today. I just want to continue on with Mr Yates and Ms Walker initially. I am interested in the previous examples that Ernst & Young had worked on previously for a business case similar to this. What were they?

**Dean YATES:** Well, as I outlined in the opening statement, we undertake a number of business cases for sporting events. We have done in relation to the grand prix, we have done in relation to previous Commonwealth Games and previous Olympic Games, and then there are world cycling championship events et cetera, so all types of major sporting events we have contributed to over time.

**Jacinta ERMACORA:** How did you choose the examples that you relied upon in developing the business case?

**Dean YATES:** In this case, obviously our Commonwealth Games, so the most recent Commonwealth Games times two provided perhaps the best baseline if you like. As I outlined earlier, we had some restrictions, so it was very much a desktop analysis. It was really getting access to as much information as we could. The most recent events obviously tend to be those that have the most information available to them, although in the modern era where data and information can be sent relatively quickly and efficiently, we have a lot more access to that now than we would have done in years gone by. I do not know whether Michelle and Dale want to comment at all.

**Michelle MORRIS:** Yes. In a similar vein, we looked at previous Commonwealth Games in particular in this instance to assist with developing up assumptions and budget costs, along with major events that are being held in the region.

**Jacinta ERMACORA:** So the assumptions that you made were based on variables that were anticipated to be quite similar for Melbourne, as with the Gold Coast?

**Dean YATES:** Yes. Some of those assumptions were provided to us, and those that were not that we needed, as a default we probably went to the Gold Coast as the starting point.

**Jacinta ERMACORA:** Yes. Can you confirm when you submitted that business case?

**Leigh WALKER:** The version there is 9 March.

**Jacinta ERMACORA:** Thank you. I was going to ask you about subsequent involvement, and we have had that kind of conversation I think. I would like to move to DHW if that is all right. Just as a bit of context, because I do not have a lot to do with what you do, could you explain the operations of DHW Ludus and what your company actually does, please?

**Dale WOOD:** Sure. We are an alliance comprising two people with 45 combined years of experience working in the planning of sporting, cultural and entertainment infrastructure. My first project was the MCG Northern stand, Ponsford and members stand redevelopment – I started back in 1999. Our experience is born of that, and we have a proud track record across Commonwealth, state, local government, sporting organisations, cultural institutions, professional sporting clubs and the private sector regarding the planning and development of such infrastructure. It is a small business, but one that we are proud of, and like I said, this is the type of work we do on a daily basis.

**Jacinta ERMACORA:** I am sure you felt no pressure with the redevelopment of the Ponsford stand, because I think every MCG patron had a stake in that. So you have been with the firm from the start then? How long have you been –

**Dale WOOD:** Well, DHW Ludus started in January 2018 as an alliance. My history goes back into professional services then working as a sole practitioner and working in other agencies as well.

**Jacinta ERMACORA:** Right.

**Dale WOOD:** But like I said, we began in January 2018.

**Jacinta ERMACORA:** In the current form, yes.

**Dale WOOD:** In the current form that we are talking about, yes.

**Jacinta ERMACORA:** Yes. Okay. We have got an understanding that your company has a particular focus on infrastructure elements for a business case – only infrastructure?

**Dale WOOD:** Yes. As our role related to this piece of work we were engaged to write a facilities assessment, which was appended to the business case, and as we understand it, inputs were used by EY in helping develop some of those inputs. So our role as it relates to this was only and solely in sporting infrastructure.

**Jacinta ERMACORA:** So your expertise and experience fed into that broader – yes. Could you add for me the previous business cases that you have worked on? You mentioned the Ponsford stand, but that was you. But other business cases?

**Dale WOOD:** Yes. There have been numerous. In terms of major infrastructure, I have worked on projects in relation to, like I say, the MCG, the now Marvel Stadium, the SCG and the then new Perth Stadium – which is now Optus. We have worked on major spectator-driven infrastructure, high-performance infrastructure and training environments, all the way through to community infrastructure. Like I said, over a combined 45 years there are numerous projects. Recent business cases have included some work in New South Wales around the Penrith Whitewater Stadium, which was recently announced as being upgraded, and a stadium project in regional Queensland.

**Jacinta ERMACORA:** Are you able to provide some examples of those, document-wise, to the committee for review?

**Dale WOOD:** Not the reports themselves; they are subject to confidentiality, like all our client work is. The starting point is to keep those documents confidential. I can take it on notice to see if there is anything that has been publicly released. Our facilities assessment of course was public released, and I am also very happy to answer questions directly about that report.

**Jacinta ERMACORA:** So those clients had confidentiality requirements?



**Dale WOOD:** The starting point for all our engagements is to keep them confidential. I would suggest our reputation in the industry would not be great if we were publicly commenting on our work with our clients. The starting point is for all the work to be confidential.

**Jacinta ERMACORA:** Yes. Thank you. Are there any particular specialties that your company – okay, sporting infrastructure broadly, but then drilling down, are there any specific specialties that your company has within that category?

**Dale WOOD:** I think we just understand the process around developing sporting infrastructure. We are not designers, we are not engineers but we are aware of the process. In this instance in relation to the facilities assessment we were given a number of parameters. We were given an aspiration for what the department wanted out of our work, and we designed a work program within those limitations and were able to deliver it in a pretty intensive six-week period, that period from mid-December 2021 to mid-January 2022. Our experience is being able to deliver upon those tight time frames in difficult circumstances, and I believe we did that.

**Jacinta ERMACORA:** And just your involvement in that business case, specifically the tasks that you were involved with.

**Dale WOOD:** Sure. Like I said, we wrote the facilities assessment, which was appended to the document. I can take you through some of the work that we did. The reporting on each of the nominated sporting program venues or sites comprised the following: a statement as to the facilities or sites fit for the nominated sporting program; training venue opportunities where relevant; a rating of the facility's or site's compliance at the time of writing, and when I talk about compliance, I am talking about with the staging of a Commonwealth Games; a summary of major infrastructure issues, potential remedies and method of addressing those, whether it be by permanent works or temporary overlay; a brief description of the potential capital works at the facility and site; and an order of magnitude estimate of capital costs only. We provided that, but that had limitations that we have already spoken to today, so given the limitations imposed on us the work to assess the facilities was desktop in nature. Key reference tools were utilised, including online mapping platforms to understand the sites' and venues' composition, surrounds and their size; Commonwealth Games Federation documentation regarding competition and training venue requirements; international sporting federation guidelines for competition venues for events of the scale of the Commonwealth Games; and publicly available sources, such as facility, sporting organisation and news websites.

**Jacinta ERMACORA:** Very good, thank you.

**The CHAIR:** Thank you, Ms Ermacora. Dr Mansfield.

**Sarah MANSFIELD:** Thank you, and thanks for appearing today. I just wanted to clarify some things about the time line. You have mentioned that you were first engaged by the government on 15 December 2021. You said a number of times that you had six weeks to prepare the business case, but this final business case was submitted on 9 March. In the document itself it said that you had provided a draft or an interim version on 28 January to the department. So there was a 12-week period from when you were first engaged to the submission of the final version of the business case, and there was a draft submitted and then some revisions made. I just wanted to clarify what happened over that time.

**Leigh WALKER:** The initial business case was submitted on 28 January. After that changes were made by government, and that had to be reflected in the business case and then the next version of it, which was finalised in March. So it was not a draft working document on 28 January; it was 'Here is the business case at 28 January'. Then like I said, government made changes and decisions, and more information was available based on conversations that they had with the Comm Games federation. So that was reflected in that updated version as of 9 March, and throughout the business case in each section where there were changes, that is flagged between the version that was finalised on 28 January and the version that was finalised on 9 March.

**Sarah MANSFIELD:** From your perspective what were the most significant changes that were made? Were there any sorts of fundamental changes as a result of those discussions with government?

**Dean YATES:** No, I would summarise it as being minimal changes in that time frame. What then happened subsequent to that was subject to government decision-making and further negotiations with the CGF.

**Sarah MANSFIELD:** Look, acknowledging that it is still a very compressed time frame to make an assessment, and you have spoken a number of times about how you were very limited in the amount of –

**Leigh WALKER:** It was Christmas in the middle of that as well.

**Sarah MANSFIELD:** Yes, I appreciate that, and you had limited information in terms of inputs. I guess I am just interested in looking at the framework you have used to model the costs and benefits. It was curious to me that there are a significant number of costs that have been identified that are associated with mega sporting events, particularly Commonwealth Games type events and Olympics sorts of events, that have not been included as potential costs. For example, you have got things like impacts on inflation, rent prices, housing prices, demand for crisis accommodation and services, environmental impacts, the interruption of other infrastructure priorities and planning. I am wondering why some of those other costs are not included in these sorts of assessments.

**Dean YATES:** Some of them are embedded in the sense that there were various assumptions made, for example, around inflation. There is an embedded inflation assumption in the document. But I think most people would appreciate that inflation has been much higher than normal over the last two years, and that was not necessarily envisaged in December 2021 to the same extent.

**Sarah MANSFIELD:** I know what you are saying there with inflation in terms of the costs associated with the games, but I am talking about inflation driven by hosting something like the Commonwealth Games.

**Dean YATES:** Oh, okay, like a second-order effect.

**Sarah MANSFIELD:** Yes, so additional costs. There is one cost listed about increased traffic congestion in the qualitative assessment, which was not actually assessed, because you did not have sufficient information, but that is the only cost of that nature that is really being considered. The other costs are just the costs of building the infrastructure. There are no ongoing costs that have been associated. The impact on the housing market is something that is observed particularly for Olympic Games. It has been documented, but it is conceivable that given we already have a very tight housing market, demand for housing and speculation that might be brought on by hosting an event like this could have those sorts of impacts. It is not included in this framework.

**Dean YATES:** Look, in a sense it is embedded in our economic analysis. EY's particular part of the business case was the economic analysis component. We use an input–output model, which has been tried and tested over time. It is not perfect, and it does not necessarily always capture some of the non-quantifiables that you are referring to. But basically we had as much information as we could to input to the model, and then the output suggests what the economic benefits would be both at a sort of gross and a net level and then flowing through to jobs et cetera. I mean, once again this is a project in isolation. It is part of a broader economy. These decisions need to be made in that context. The best we have at the moment around these sorts of things is the framework that is in place, which not only allows you to make an assessment about a project but I think very importantly allows government to make choices and prioritise between projects. In order to do that you need to assess them on as consistent a basis as possible, and that is why we use the endorsed DTF business case framework so that when business cases are developed you are really comparing apples with apples. Otherwise it is very difficult to make these sorts of choices. But I acknowledge that they are not perfect. They are economic models that assume a whole range of behaviours, but it is the best economic modelling we have for government investment of this nature.

**Sarah MANSFIELD:** I might come back to some of that, but I am interested also in the risk register that is in the business case. You have identified a number of high and critical risks. They are highlighted at the front end of the document, with the full list at the end. A couple of the high risks that were identified were insufficient time to complete capital projects, and another was limited regional labour and resource capacity. Both of these, it was suggested, could be reduced to medium risk with early engagement by the government with the business case. Can you explain what you meant by that?

**Dean YATES:** As I was suggesting earlier, we had very little ability to consult, talk to stakeholders, visit communities, visit venues et cetera, so the extent to which some of these risks could be mitigated or tested or validated – we were not in a position to do that, so our job therefore was to flag them and to make sure that those receiving our report did the best they could to manage those factors. It would have been remiss of us not

to point them out, because they were there, but then it is up to our clients and their processes to do the management part of that.

**Sarah MANSFIELD:** And you felt that by doing that the risk could be brought down to a medium level?

**Dean YATES:** With some of those high-level risks, yes. Extra time would have been very beneficial to actually have I suppose more front-end strategic thinking around how to address the strategic thinking, planning and then implementation. The very compressed time lines meant that there was not as much time at each of those stages as you would like in an ideal world. But it is rarely an ideal world.

**Sarah MANSFIELD:** There was also a medium risk identified in the end of the document. There was a risk – as soon as the games was announced, it could be difficult to secure joint alternative funding from councils to support upgrades of venues, but that might be reduced to a low risk if you could lock in commitment from local councils prior to the games and delay confirming final locations to draw out investment. Can you explain that one a bit more? I guess I am just interested in your assessment of councils' capacity to contribute to these games.

**Dean YATES:** I might let Dale contribute to this in a moment. I suppose at the end of the day there is a cost that needs to be funded – financed or funded – and then there is a whole range of funding sources for that. The reality of a major sporting event is that it normally involves more than one level of government. In this case, particularly given the novel nature of the delivery model, you actually had all three levels of government and a number of local governments involved. That does require a significant amount of stakeholder management, and the more opportunity there is to consult with them and negotiate with them and I suppose promote the merits of the case, then the stronger the likelihood that they would contribute revenue. The more revenue they contribute, the lower the net cost of the games would be.

**Sarah MANSFIELD:** So was the suggestion that perhaps you delay announcing the final locations of the games so that you could sort of test the market and see which councils might be willing and able to provide funding?

**Dean YATES:** Dale, I do not know if you want to comment at this point.

**Dale WOOD:** I must admit I did not actually write that part of the business case.

**Dean YATES:** That is fine. I suppose it is standard negotiations that the less you lock in the more chance you have to vary it over time. So there was nothing sinister about it; it is just standard –

**Sarah MANSFIELD:** No. I was just curious because there was quite a lot of detail about which venues might host which sports, so those decisions look like they have already kind of been maybe not finalised but in order to develop the business case you have looked at certain venues and they were announced straight away.

**Dean YATES:** There were certain assumptions provided to us around locations and numbers of sports. What then happened in the government's decision-making process around those things we were not privy to.

**Sarah MANSFIELD:** Sure. I guess my reason for asking is that a number of those councils perhaps were not in a position to contribute substantially to the infrastructure costs. Again, I am just curious about where these assumptions came from.

**The CHAIR:** I think we are out of time, Dr Mansfield. Mr McIntosh.

**Tom McINTOSH:** Thank you. Dean, you talked about the business case and quality assurances. Can you just talk us through those quality assurances and what that looks like in practice.

**Dean YATES:** This is with any piece of work, not just a business case. Obviously our reputation depends on high-quality output and high-quality work, so there are very significant internal processes to ensure that that is the case. In fact right back at the start of a new engagement there is a lot of I suppose first of all assessment as to whether we do have the skill set, whether it is appropriate for us to be involved having independence issues, which perhaps Leigh might want to clarify further later. So there is very much at each step of the process a lot of testing, first of all about our involvement, and then making sure that we can put the right people on the job at the right time on the right places. As Leigh mentioned earlier, this six-week period we were talking about

actually did include Christmas and New Year. So first of all, we had to make sure that the people that really needed to do the work were available and that they had the right skill sets. Then obviously there is collaboration with our partners here and there is collaboration with the client on the development of a product, the development of a document such as what we have here in front of us, and then particularly towards the tail end of the process there is a lot of internal scrutiny. First of all, there is a signing partner, but then there is always a quality assurance partner assigned to the project as well. To the extent that this is signed off by an EY partner, it is times two. Then, because of the particular sensitivity of this document and the importance of this to our client, being the Victorian government, I as Victorian government leader was also involved in the final quality assurance process to make sure that it was a robust document, it met our scope from our client and also it met the DTF business case framework.

**Leigh WALKER:** I was just going to add that all of our quality systems we have obviously had for a number of years, but we also get those tested, so we are ISO accredited under the quality management standards. We have an external company that comes in and effectively audits us, so audits the process from how do we identify our clients to how do we go through that risk management process around screening our clients and which clients we actually want to work with, and if we identify clients that are higher risk, what are the procedures we have in place around managing that higher risk profile, which includes the allocation of staff, their experience and their knowledge, as well as those second partner reviews that Dean mentioned. So our whole quality management system is tested every year by our ISO auditors. Like many of our systems, it is not a case of we set it and forget it. We always review and revise, and we get that accreditation from the ISO auditor that gives us that extra level of comfort, and most often actually gives government an extra level of comfort, because they quite often ask for a copy of that certification to show that our quality management systems are robust and have been tested.

**Tom McINTOSH:** And in that, you mentioned making sure you have got the right people. How do you go about ensuring that your people and the people you are using meet confidentiality for your clients? How do you maintain that and ensure – I mean, you mentioned earlier about wiping down whiteboards and keeping books off tables and whatnot, but that next level to ensure that there is not information sharing or that that will not happen inadvertently or even deliberately, what processes do you have in place for that?

**Leigh WALKER:** We have a number of controls and procedures in place. The biggest control is our people themselves, so it starts with the training for them of what they get when they join EY. I quite like the phrase ‘set and forget’ – we do not set and forget, so you join, we require you to do a whole heap of training, and then every year, particularly on confidentiality, everyone across the firm is required to redo that training so that we know that they are paying attention to that. We then also have disciplinary processes in place for both if you are found to breach confidentiality, but also even for not doing the training. If you have not done the training as a partner, that is counted towards your end-of-year assessment and will restrict your profit or your revenue for the year. We look at our compliance across all aspects of it, so for confidentiality, as you can imagine with our servers and our tools we have available, there is monitoring that goes on in the background around who is accessing what and when, and we follow that up and like I said, we have disciplinary processes that are in place that range from your verbal warning to your written formal warning, financial sanctions for partners through to exit of the partnership if necessary.

**Tom McINTOSH:** I just want to ask also, there were conversations before about constraints and limitations that were noted in the business case and whatnot, so is that standard practice with any – or with the majority – of business cases, that you would flag what those are for your clients to be aware of? I do not know if you can speak to examples of it, but if so –

**Leigh WALKER:** Yes, we definitely – any engagement that we do, where we are constrained, we would identify the constraining factors in any of our deliverables, because we want the end client to be fully informed and have all the information available to them to make the informed decision, so we would always do that. The constraints can range from the time line to access to information. It could be a constraint around access to experts. It was great that we had our experts with us working on this project, but it just depends on the nature of the matter.

**Tom McINTOSH:** I do want to come to MI shortly, but I am just going to ask one more question. With that six-week time frame that you mentioned, did you initially raise that with the department that you were

comfortable and capable with that time frame? Was that something that was discussed up-front, or are you quite used to working with tight time frames in certain circumstances? Care to elaborate on that?

**Dean YATES:** As I said earlier, we are used to working with tight time lines, but I think, as I also pointed out in my opening statement, there was always an expectation that there were going to be limitations to what you could achieve during a short time frame and that there would be need to be further validation over time as the information was fed into the government decision-making processes and then the normal course of events followed through as various departments then worked their way through the document and other stakeholders got involved. As the Victorian government went from where they were when we were asked to do the work, still at the concept stage, to something they were actually negotiating with the CGF, there were always going to be significant changes, and then even beyond the CGF agreement there were most likely still government decisions that altered the base case, if you like. But we were not privy to those discussions, so it is very hard for us to comment on those.

**Tom McINTOSH:** Michelle, could you just talk about MI Associates and what your company provides and how long they have been doing that for?

**Michelle MORRIS:** Yes. Good morning, all. We are a boutique consultancy born out of the Sydney Olympic Games, so we have been in business for 23 years. We have been involved in planning, operation and delivery of major sporting events and supporting infrastructure in Australia and around 26 countries around the world for those 20, 23 years. We provide services that cover the entire life cycle of major events. We work on event strategy, bidding, delivery, support and post-event evaluation. A number of our projects and clients have included successful bids for Olympics and major world championship events. We are a purpose-led company focused on bringing positive impacts. We are a certified B Corp organisation, a member of Climate Active and a carbon-neutral organisation. We are very proud of our B Corp status and what that contributes to the economy.

**Tom McINTOSH:** Yes, and so that is focused on, obviously, events, but is that a focus on sporting events, or is it events of all types?

**Michelle MORRIS:** We like to say we work across events, sports and place – so major events and events. We do work in sports with sports advisory services and also in infrastructure. Tom Sloane, my business partner, who is on the call also, could probably add to that.

**Tom SLOANE:** In terms of infrastructure, a little bit like events, it is the full circle of an infrastructure life cycle, from feasibility work through business cases, planning and procurement and delivery and construction of major social infrastructure, which includes sports events, museums, theatres and so on.

**Tom McINTOSH:** Okay. And I have just been told I am out of time, so thank you.

**The CHAIR:** Thank you, Mr McIntosh. Mrs Tyrrell.

**Rikkie-Lee TYRRELL:** Thank you, Chair. I am just going through your opening statement here. It says:

Given these limitations, we absolutely stand behind the work we did to support the development of the Department's business case, and believe that this document comprehensively outlined the benefits and risks of the 2026 Commonwealth Games to Victoria.

When you provide your business cases do you say, 'Okay, here are the risks. We can see that you can achieve this,' or not? Do you actually give an indication that it can be an achievable project?

**Dean YATES:** I think you will find in the business case that there are definitely statements around the deliverability of the games, but there were risks around the deliverability of the games and those risks were clearly outlined. So the business case is developed on the basis that it is doable and deliverable, and it is costed on that basis and then the risks are articulated around that.

**Rikkie-Lee TYRRELL:** Okay, so were you surprised when the Commonwealth Games were cancelled?

**Dean YATES:** Look, I mentioned earlier that I was surprised. The work that we did was in 2021 and early 2022. A decision was made in 2023. Lots of things can happen between our involvement and that decision, and

we were not privy to those decisions or the processes around those, so it is hard for us to comment on that announcement.

**Rikkie-Lee TYRRELL:** Okay. Some of the risks that you have here are that there was not enough accommodation. How much accommodation exactly was lacking?

**Dean YATES:** At the time there were assumptions and data in here around the number of visitors, the number of participants, the support teams et cetera and how much would be required. Michelle, I do not know – are you able to perhaps comment a bit further about the specific accommodation elements?

**Michelle MORRIS:** The scope of work that we related to in terms of accommodation was around the athlete bed numbers in each of the regions. In a normal games environment you would normally either construct a village, utilise existing accommodation – for example, Manchester Commonwealth Games utilised a university campus – or look at other options to accommodate athletes. So in this instance it looked at actually developing athlete villages across the four regions. I think there were some reasons that were mentioned earlier around social housing and other benefits for building a village. So we actually provided numbers around the required beds for athlete villages. And then on top of that there are requirements for VIPs, technical officials, extra team officials, for example, media, who would attend the games in the regions.

**Rikkie-Lee TYRRELL:** Okay. So when we have the athletes come, do they have to stay together, or can they go to, say, Airbnbs or motels and that? Can we utilise those in, say, regional areas, because businesses from there would really benefit from that?

**Michelle MORRIS:** In my experience of games planning, athletes and teams come representing their country, their delegation, and they would predominantly travel together and stay together. Historically that has been in the form of an athletes village.

**Rikkie-Lee TYRRELL:** Okay. So was that taken into consideration, what was already available in regional areas?

**Michelle MORRIS:** Yes. There were audits done of the accommodation that is available in regional areas.

**Rikkie-Lee TYRRELL:** Okay. It says that there were non-compliant venues and precincts. How many exactly were there? The high-risk ones.

**Dean YATES:** No, the risk articulated is that there may be non-compliant venues, but we were unable to visit them, so we could not comment. That was the risk that we articulated.

**Rikkie-Lee TYRRELL:** Okay. What makes them non-compliant? What works would have needed to have been done to make them compliant?

**Dale WOOD:** A facilities assessment articulates a range of potential capital works that, again, without being able to visit them or do engineering surveys or the like on them, was a very high-level exercise. But I think it would be safe to say that none of the venues or sites were compliant at the time of writing to stage a Commonwealth Games the next week. We are talking about regional community infrastructure that was going to be, in instances, needing to be enhanced, along with a wealth of temporary overlay infrastructure to make these venues ready for games access, whether that be gymnastics equipment, gymnastics floors et cetera, just using an example. So I think it would be safe to say at the time of writing that none of the venues were ready to go as Commonwealth Games sites without either temporary overlay and/or capital works.

**Rikkie-Lee TYRRELL:** Okay. So in saying that you had not seen these sites or you were not able to, how can you say that you were supportive of the project, the Commonwealth Games, saying that we could achieve it without even seeing these and knowing?

**Dale WOOD:** The assumption was made that some of those capital works would take place, that the temporary overlay would be procured to enable the games to take place.

**Rikkie-Lee TYRRELL:** So what guarantees were given that they were going to take place? Who guaranteed that those works were going to happen?

**Dale WOOD:** The assumption was made that they would happen. There were no guarantees given that they would.

**Rikkie-Lee TYRRELL:** It was just on assumptions. Okay. Do you know how much time was expected to complete delivery on the capital projects? It says here that there were capital projects that were a risk factor as well.

**Dale WOOD:** At the time of writing the facilities assessment, full capital projects had not been established. They were indicative.

**Rikkie-Lee TYRRELL:** At all?

**Dale WOOD:** Well, we were not able to do that. You know, capital works could be based on stakeholder preference or need over and above quality of venue, for instance. So capital projects were not established at the time of delivery of the facilities assessment, nor could they be expected to have been. That was well understood. In terms of time lines, I think fully articulating the capital projects would come before working out how long that would take to deliver.

**Rikkie-Lee TYRRELL:** Just so I can wrap my head around it properly, can you please give me an example of a capital project?

**Dale WOOD:** Well, the way we have articulated it in our report, we talked about potential capital enhancements to facilities, and that could have been lighting upgrades or it could have been a new hockey pitch, for instance. These are all articulated in the facilities assessment. I would define a capital project – and again, there is no set theoretical definition for this – as something that is evidence-based, following all those sorts of things that we would have loved to have done: inspections, technical work and those sorts of things and understanding community need, understanding government requirements and fully understanding Commonwealth Games Federation requirements and then agreeing what all those capital works would be to a level of design and then capital costing. That would be a capital project, as I would define it.

**Rikkie-Lee TYRRELL:** Okay. Going back to some of the projects you have worked on previously, have you ever provided a report or advice without – like, say, with the Commonwealth Games – being able to go out and do the reviews that you needed to? Because it seems like it was an exceptional circumstance with the Commonwealth Games one.

**Dale WOOD:** As Dean pointed out, we have worked in a number of different environments where parameters were as tight or less tight. Some of the work that we have done has been, I guess, less sensitive in nature or less confidential in nature, and we would have been involved in providing a different type of service.

**Rikkie-Lee TYRRELL:** So the ones that were as tight – did they come to fruition? Were they successful?

**Dale WOOD:** Successful – I am not exactly sure what you mean by ‘successful’ – in terms of capital works being undertaken? As I understand it, there are a range of capital works that have been announced by the department and government in relation to those. I only worked on the capital works programs, and some of those are happening.

**Rikkie-Lee TYRRELL:** I am talking more about the overall report provided.

**Dale WOOD:** You are talking about the overall Commonwealth Games?

**Rikkie-Lee TYRRELL:** The overall advice – yes. The final –

**Dale WOOD:** That is much wider than the capital. Like I said, the capital works will actually occur in some instances.

**Dean YATES:** Can you repeat the question, sorry?

**Rikkie-Lee TYRRELL:** So with previous reports – advice that you have given with such tight restraints, so not being able to go out and do inspections or reviews – you were limited, especially with the short time frame

with the Commonwealth Games. Those other ones that were similar – did they come to fruition? Were they successful? Did they fail like the Commonwealth Games did?

**Dean YATES:** Once again, we help develop business cases to feed into decision-making processes. Sometimes those decision-making processes result in a project proceeding; sometimes they do not. Governments make choices; organisations make choices. What happens further down the track we rarely get involved in. Ideally, we would have had some more time and some more due diligence and spoken to more people about this. We flagged that we could not do that, so this was the optimal product given those constraints.

**Rikkie-Lee TYRRELL:** How much time do you think would have made a difference? Sorry, last question.

**Dean YATES:** Ultimately, when these types of major sporting events occur there is usually a much longer lead time than what has occurred here, and that longer lead time tends to mean that there is more validation and more testing, and unfortunately that was not able to occur in this case.

**Rikkie-Lee TYRRELL:** Okay. Thank you.

**The CHAIR:** Thank you, Ms Tyrrell. Ms Bath.

**Melina BATH:** Thank you, Chair, and thank you, everyone, for appearing today. Just to round this out, in relation to Victorian state government contracts, have you undertaken such an investigation, a project, with such extreme time limits, extreme desktop-only, no consultation with stakeholders and no visitation? Have you actually had a contract of that nature?

**Dean YATES:** It happens. I would not say it is the norm, but there are occasions where we are called upon at very short notice to give advice to clients. That is why they call on firms like ours – because something needs to be done quickly, independently and with a skill set they do not have.

**Melina BATH:** When you say ‘they’, do you mean the Victorian government?

**Dean YATES:** All sorts of clients.

**Melina BATH:** So not necessarily the Victorian government?

**Dean YATES:** All sorts of clients request these types of pieces of work, and we have done pieces like this for governments over time.

**Melina BATH:** For governments, not necessarily the Victorian government. Mr Yates, in Ernst & Young accepting this contract you were really professionally blindfolded by the Victorian government in what I am calling a piñata of the Commonwealth Games. To my mind today we have listened to a lot of non-information. I am concerned. Did you feel that you could not say no to this contract or otherwise risk jeopardising future contracts?

**Dean YATES:** As I said, we often get called upon to do things at short notice. We have a skill set, particularly in the sports space, that is not widely available. When clients come to us for urgent work, we respond. That is part of why we exist.

**Melina BATH:** Do you accept all things that come to you, all projects that come to you?

**Leigh WALKER:** Not at all. We go through our review process to decide whether it is appropriate for us to do the work – whether we have the skill set, whether we can manage the risks. As Dean mentioned, one of my responsibilities is independence, so that is about our relationships with our audit clients. We quite frequently reject work because it is going to cause us an independence issue. Similarly, we would reject work if it causes us a conflict of interest that could not be managed.

**Melina BATH:** And reputational damage, from your point of view?

**Leigh WALKER:** Absolutely, yes.

**Melina BATH:** The Victorian public are watching this with interest. You have currently got a contract with the Victorian government around the SEC. Given the nature and the high profile of the Comm Games and



really the frustration that Victorians are facing that it no longer exists, do you feel that the Victorian community can actually trust chains in this link of the SEC – your link into that and your contract?

**Leigh WALKER:** We stand by the quality of the work that we did, as Dean mentioned, with the constraints that we had in place, and we have got a proven track record of producing these high-quality results.

**Melina BATH:** Thank you. Can I move to Mr Wood. Mr Wood, in your general observations your company detailed that most of the venues had not been designed with major events in mind, with the exception of the MCG and the GMHBA Stadium. What concerns specifically did you raise about the other venues?

**Dale WOOD:** I think that the conclusion we made raised those concerns. The infrastructure requirement around a major international event has to take into account spectators, participants, media and officials that have high expectations of delivery. That was a general statement we made, but to a great extent a lot of the venues we looked at were not designed with that in mind. Some of the venues were a bit older than others. They are all, I guess, quite small in terms of smaller scale than some of the other major event infrastructure that these rights holders might be used to. So they were the types of concerns that we raised, and like you said, we made that very clear in our report – that with those sorts of things the venues would have to be enhanced with capital works, but mostly a combination of capital works and temporary overlay to deliver the programs.

**Melina BATH:** Thank you. You examined the major works in relation to Kardinia Park for the swimming venue. Were you asked at any time about Armstrong Creek in terms of its option by government?

**Dale WOOD:** Not during the writing of the facilities assessment.

**Melina BATH:** So that came after. It was not during this short, sharp time period?

**Dale WOOD:** No.

**Melina BATH:** So were you surprised when that then came up on the radar after providing your advice for Kardinia Park?

**Dale WOOD:** I have been doing this for a long time. I do not get surprised by questions.

**Melina BATH:** By strange decisions from government?

**Dale WOOD:** They are your words.

**David DAVIS:** Or do you think it was a justified one?

**Dale WOOD:** I do not get surprised. We are professional, and we –

**Melina BATH:** Were you asked to provide any information about Armstrong Creek from a professional capacity?

**Dale WOOD:** We were asked to do a small report on that, which was delivered to the department post the delivery of the facilities assessment.

**Melina BATH:** Thank you. Could you provide that then to this committee?

**Dale WOOD:** The work we provide to the department, or any client for that matter, becomes their ownership at the time. I would suggest you request that of the department. It is their report now.

**Melina BATH:** Thank you. In relation to the venue scoping study – and I am specifically talking about sporting venues – was that provided to you by Visit Victoria, Mr Wood?

**Dale WOOD:** The venue scoping study?

**Melina BATH:** Yes.

**Dale WOOD:** We received a range of reports early on. Part of our framing of scope and delivery of a work program was to review information was provided to us. There was a report provided to us.

**Melina BATH:** So was that by Visit Victoria?

**Dale WOOD:** It was provided to us in a pack that the department gave us. I cannot recall who. It could have come through Visit Victoria, through the department to us. I do not exactly know.

**Melina BATH:** Righto. So you can't recall, okay. Thank you. I might drill down into – in the appendix of the business case, your advice details that work to assess the facilities was desktop in nature, and we have heard this in detail today, but it did not include any consultations with venue owners, managers or sports, or site inspections. That is in itself extraordinary, that you had to be asked to make these sorts of recommendations, comments and the like on that. Did you not push back on that and say, 'We cannot complete this in an expected state,' when you actually cannot do that level of detail?

**Dale WOOD:** The facilities assessment is publicly available. It comprises 270 pages. We were given the parameters which we were to work within, and we diligently went about that task after designing a work program and produced the report that we did.

**Melina BATH:** So what were those parameters specifically?

**Dale WOOD:** I can articulate them again, absolutely. It was to work within the time frames that we were provided, that condensed time frame; to not include any consultations with the types of stakeholders that you talked about; did not include any technical support by way of engineering assessments, planning advice, technical design and capital costing by a qualified quantity surveyor; did not include community or high-performance demand assessments over and above facility requirements identified for the Commonwealth Games and relevant international sporting competition; and did not include an estimate of the operational costs required for temporary infrastructure to support capital works at the sporting venues and sites.

**Melina BATH:** Mr Simon Thewlis came and spoke to us, and you probably read his testimony, and you may have also read his submission. He said it was a flawed business case:

While the business case looks like quite a thick document, once you read it - and discount the duplication and the fluff - it is actually a fairly modest document in size.

After reading it, it is hard to have any confidence that those involved in creating the business case really understood what was involved with organising such a large event, and organising it across many locations ...

In relation to that, how credible do you think you are in providing this information back to government? And how confident were you that government would actually make reasonable assessments and move forward on that?

**Dale WOOD:** I had not contemplated the last question. In terms of our capability to do the work, as I have pointed out, we have got a combined 45 years in doing this type of work. I can only speak for the facilities assessment. The person you speak of mentioned the business case, and I did not author the business case.

**Melina BATH:** I will open that question up to everyone.

**Dale WOOD:** I stand by our work. It is publicly available. I am happy to take feedback. I am happy to take specific questions on it. Like I said, we were given the parameters, we designed a work program and we produced a robust report in the time that we were given, and we stand by that piece of work.

**Melina BATH:** Sure. Thank you. In terms of MI Associates, according to the departmental questionnaire that we received, you were contracted for just under \$200,000 to provide professional consultation advice on the games between May and October 2022. Is that the case, or was it more to do with the operating budget of the games?

**Michelle MORRIS:** Our scope was in relation to the operational expenditure for the delivery of the games. I will just read our scope. We provided an assessment of the sport mix based on the sports that were provided to us to assess. We developed an indicative competition schedule based on those sports to ensure that the games could be delivered within the time frame of a normal Commonwealth Games. We developed a report to address some of the specific themes that came out of the candidature file, including medical and doping, transport, security, telecommunications and energy, and that was in response to questions that are normally posed in the

bid process by the Commonwealth Games Federation. We contributed to the development of an order of cost of works for venue overlay, and we –

**Melina BATH:** Can I interrupt you just there – did any of that relate to the athletes village?

**Michelle MORRIS:** The work that we did for the athletes village was in relation to bed numbers required and the operational requirements of the games village – support services, recreation, dining halls et cetera.

**The CHAIR:** Thank you. Ms Bath, you are out of time there. We have a few minutes left. I would like to ask what I think is the big question. I have worked in consulting for many years myself. You have a client, they will provide you with a scope of work, you have limitations on that, and that is clearly the case here – you were provided a scope, you had time limitations, you had confidentiality limitations. You clearly outlined that in the business case that you say you stand by. You were brought in at the concept stage, I think you said earlier. The question really is: the product that you produced – let us assume that it is a high-quality product – was that product fit for purpose for making the decision to go ahead with the games, or was more work required before making that decision? In your view.

**Dean YATES:** We were provided with a scope to produce a business case to help inform government to make a call as to whether they would go down the path of holding a games or not, and we are confident that that document provides government with that ability, or one of the tools, one of the mechanisms that allows government to make that assessment.

**The CHAIR:** But not on its own.

**Dean YATES:** Well, there are other factors that governments need to consider.

**The CHAIR:** But there were clearly a number of limitations in the business case that you outlined within it, saying that we needed to do this, there are a lot of risks that need to be managed, but it appears that in this short time frame government has had a limited number of things available to them to make these decisions, the business case being one of them. Do you think that more work was required before making that sort of decision, or do you think that the government had everything that it needed to make this decision, considering that the business case was probably the most important thing for them to consider?

**Dean YATES:** The next step in the process here was whether or not they engaged in the process with the Commonwealth Games Federation, which was going to then flush out other issues. As I said earlier, in a traditional bidding process over an extended time frame that would have added to the ability to validate and test costings et cetera. Really all we were doing through the business case was helping government make a call as to whether they would proceed down a particular path. The decision to hold the games was made much later, once they had negotiated with the Commonwealth Games Federation.

**The CHAIR:** But it would seem that some of those risks that you identified in the business case the government took those risks, and those risks ended up materialising. Like the cost –

**David DAVIS:** They came to pass.

**The CHAIR:** They came to pass, yes.

**Leigh WALKER:** I was just going to add: the business case is based on a number of assumptions, and some of those assumptions have since changed, so that changes the fact pattern. One of them is the cost for the athletes village. The assumption based into the business case we contributed to was that the athletes village would cost around a billion dollars to build, but that cost would be borne by the private sector and then government would buy a share of that athletes village back afterwards – \$200 million to \$250 million. That is the \$200 million to \$250 million that was in the business case. From what we can see, and from information that has been subsequently released, that base assumption has changed and government would take that entire cost of construction. So you have gone from \$250 million to a billion dollars just on that one decision, but that was an assumption that was based on the business case that has changed, and so that changes decision-making.

**The CHAIR:** Yes, so things that the government has actually decided to do ended up not being totally irrelevant or totally different to what the business case was assuming in the first place, therefore the costs blew out. We have got a couple of minutes left, maybe a couple more questions. Mr Davis.

**David DAVIS:** I have got a couple of very quick questions. One is about the issue of security and policing, and this is probably for MIA. There is a figure for security and policing for the Commonwealth Games. Did you provide any figure on that?

**Michelle MORRIS:** No, and the report that was appended does not include a policing cost.

**David DAVIS:** Why was that?

**Michelle MORRIS:** We did not engage outside of the bid team to –

**David DAVIS:** So you were told not to put it anything in about security?

**Dean YATES:** We were unable, as I said earlier, to consult with the department, so –

**David DAVIS:** No, but were you told not to even say ‘A security estimate is this’ or something?

**Dean YATES:** It is clearly stated in the business case that we were unable to consult with Victoria Police around what its cost –

**David DAVIS:** Was it because of hotel quarantine and the security issues there, do you think?

**Michelle MORRIS:** I am sorry, I cannot speculate on conversations that happened outside.

**David DAVIS:** I will just go to the broader point that the Chair made. Essentially what we are hearing here, and particularly from Mr Wood and others, is responsibility is denied. ‘We have given this case across. We have been given limited capacity, but the fiasco has happened over here. It is an absolute fiasco, but we are not responsible for anything.’ My question to you would simply be: who is responsible then?

**Leigh WALKER:** We are responsible for the work that we did. We stand by the quality of the work we did.

**David DAVIS:** Yes, I have got that. That is in your submission here today. But who is then responsible? This is completely and utterly unsatisfactory, and I do not think it sits well with any of your firms. I think you look like you have narrowed this down and we are going around in a circle with wagons, but actually this huge fiasco has happened – ‘We are not responsible.’ But you will not say the words that it is the government that is responsible. It is the government that took your material, your inadequate material, and then made a set of foolish decisions that were not scoped properly. That is actually what happened, isn’t it?

**Michael GALEA:** You are entirely verballing them.

**Dean YATES:** As I said earlier, we are very comfortable with the product we produced, given the scope we were provided and the assumptions that were provided to us, and we stand –

**David DAVIS:** What were the assumptions provided, other than the ones listed in here? Were you given a list of assumptions?

**Dean YATES:** They are all outlined –

**David DAVIS:** They are all there? There are no further ones, like ‘Don’t put security –’

**Dean YATES:** No, that is articulated in here as well.

**David DAVIS:** That is all, nothing else?

**Dean YATES:** No.

**David DAVIS:** So you have circled the wagons and the government has then taken this document and this incredible fiasco has happened, but everyone is pointing away from everyone else.

**Dale WOOD:** Can I just say our work product is public. I am more than happy to undertake specific questions or feedback on the work product.

**David DAVIS:** My feedback is it is not satisfactory just to say, 'We did this.' And you will not say the words that the responsibility is over with the government if –

**Dale WOOD:** Our responsibility was to produce the work product.

**The CHAIR:** Mr Davis, I will pass to Mr Galea.

**Michael GALEA:** Thank you, Chair. I am interested in hearing your opinions, not the opinions of Mr Davis. I would like to ask you, in the time I have, just briefly: you have spoken about the 20 years experience that Ernst & Young has in this field with these sorts of major events. We have heard in some other hearings some of the different approaches that have been taken by some of these similar global tournaments such as FIFA world cups where the model now is not that there is a host that absorbs the management and risk, that it is now absorbed by those agencies themselves. For example, they might use Melbourne as a host city, but the bulk of the management and therefore risk of the games would be held by the world organising body. I realise it is not fair to ask you for an opinion on which is the better model, but have you done any work in terms of those other sorts of models of big sporting contests, and what is the big difference that you have seen through that, if any?

**Dean YATES:** I might ask Michelle to comment on this as well. But even the Commonwealth Games has an element of that in the sense that the Commonwealth Games Federation is involved, in this case Commonwealth Games Australia and also Commonwealth Games partnerships, which is the commercial side of the Commonwealth Games. I think all major sporting events are moving this way to some extent. Perhaps the Commonwealth Games is not as cutting-edge as some of the others at the moment, but as major sporting events seek to continue to be viable and sustainable and attract attention, all models need to be on the table. I do not know, Michelle, if you want to make a comment.

**Michelle MORRIS:** Yes, I agree, and I think some of the new models that you have mentioned – particularly the new FIFA model has only really been tested once now with the women's world cup, and I think the future iterations of that will provide further information as to the success or not of those models. But yes, there are new models out there being tested around major events all the time being proposed, and it is a matter of looking to what fits the jurisdiction that the event is being held in.

**Michael GALEA:** Thank you.

**The CHAIR:** That brings us to the end of this session, so thank you, everyone, for appearing today and giving evidence. You will all receive a copy of the transcript for review in about a week's time. The committee will now adjourn until 1:30 pm.

**Witnesses withdrew.**