



Select Committee on the 2026 Commonwealth Games Bid

The 2026 Commonwealth Games bid

Inquiry | Interim report

April 2024

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About the Committee

Functions

The Select Committee will inquire into and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build including the potential failures in governance, the impacts of the contract termination on Victoria, the Victorian Government advice received, the potential of undue influence by the executive, the timeline, progress and budget of the Victorian Government's regional infrastructure and housing build and the impact on community, social, amateur, and professional sport in Victoria.

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Contents

Preliminaries

Committee membership	ii
About the Committee	iii
Terms of reference	vii
Chair's foreword	ix
Findings	xi

1	Introduction	1
1.1	Scope of the Interim Report	1
1.2	The Inquiry process so far	1
1.2.1	Submissions	1
1.2.2	Questionnaire for government agencies	2
1.2.3	Public hearings	2
1.2.4	The Victorian Auditor-General's Report on the <i>Withdrawal from 2026 Commonwealth Games</i>	3
1.2.5	Terminology – the Department of Jobs, Skills, Industry and Regions	4
2	Barriers faced by the Committee	5
2.1	Overview	5
2.2	Individuals declining to give evidence at public hearings	5
2.2.1	Request for the Premier to give evidence	6
2.2.2	The Hon Daniel Andrews and the Hon Martin Pakula declining to give evidence at a public hearing	7
2.2.3	Advisors to the former Premier declining to give evidence at public hearings	9
2.3	Claims of executive privilege in relation to questions on notice, document requests and summons	11
2.3.1	The scope of the Government's claims of executive privilege	11
2.3.2	Who determines what constitutes executive privilege?	14
2.3.3	A summary of the Committee's requests and details of the Government's claims of executive privilege	15
3	An analysis of key events during the bid and cancellation of the Games	19
3.1	Introduction	19
3.2	A timeline of key events	20

3.3	Identifying the opportunity to host the Games	24
3.4	Limitations and shortcomings with the business case	27
3.4.1	A lack of time	28
3.4.2	Confidentiality provisions	32
3.4.3	The multi-city regional model and operational costs	34
3.4.4	Underestimation of infrastructure costs	37
3.4.5	A lack of alignment with some Department of Treasury and Finance guidelines	42
3.5	The decision to proceed with the Games	42
3.6	Planning the Games	47
3.6.1	Establishment of the Games delivery agencies	47
3.6.2	Discovery of projected cost escalations	49
3.7	Information provided to the Public Accounts and Estimates Committee	53
3.8	The cancellation of the Games	56
3.9	\$2 billion regional package	58
4	Themes arising from the impact of the cancellation	63
4.1	Overview	63
4.2	Sports clubs and organisations	63
4.3	The tourism and hospitality sector	67
4.4	Social and affordable housing	69
4.5	Victoria’s reputation as a host of major events	72
4.6	The Committee’s Final Report	73
Appendices		
A	About the Inquiry	75
B	Attorney-General’s letter to the Hon Daniel Andrews and the Hon Martin Pakula	81
C	Attorney-General’s letter to Ministerial advisors	87
D	Table of questions on notice, summons, information requests and executive privilege claims	93
E	Premier’s letter on executive privileges	97
F	Minister Pakula 2015 executive privileges letter	101
G	Department of Premier and Cabinet, Department of Treasury and Finance, and Department of Jobs, Skills, Industry and Regions request for executive privileges table	105
H	Figure 3.1: A timeline of key events in relation to the 2026 Commonwealth Games	111
I	Department of Jobs, Skills, Industry and Regions letter on Ernst and Young (EY) business case	115
Extracts of proceedings		119

Terms of reference

Inquiry into 2026 Commonwealth Game bid

That a Select Committee of nine members be appointed to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build, including but not limited to —

- (a) the potential failures in governance, probity and procurement processes in the Victorian Government's bid, contract, and termination of the 2026 Commonwealth Games;
- (b) the impacts of the contract termination of the Commonwealth Games on Victoria's reputation, business community, tourism, and major events;
- (c) the Victorian Government advice received from government departments, councils, agencies, consultants, and contractors;
- (d) the potential of undue influence by the executive on the independence of the public service;
- (e) the timeline, progress and budget of the Victorian Government's regional infrastructure and housing build;
- (f) the impact on community, social, amateur, and professional sport in Victoria;
- (g) any other relevant matter.

Interim Report due by 30 April 2024.

Final Report due by April 2025.

Chair's foreword

I am pleased to present the Interim Report for the Inquiry into the 2026 Commonwealth Games bid.

The terms of reference require the Select Committee to table an Interim Report by 30 April 2024 and a final report by April 2025. This Interim Report covers evidence the Committee has received so far, including details of barriers faced by the Committee when attempting to seek evidence from the Government.

The key focus of this report is the processes surrounding the bid for the 2026 Games in regional Victoria and their subsequent cancellation. It is a matter of public record that the Government pulled out of hosting the Games when the projected costs exceeded the initial costings. The original costings were based on a business case produced by consultants commissioned by the Department of Jobs, Skills, Industry and Regions. The Committee found the Department put limitations on the consultants including an unreasonably short timeframe and strict confidentiality conditions. As a result, there was little time to verify costings and an inability to consult with key stakeholders. These factors contributed to an underestimation of the costings.

The Committee heard it would have been the first major multi-sport event across five host cities. This made it all the more important to produce a considered, methodical analysis of the costs and benefits. Evidence suggests this was not the case.

It is possible that if the Government had taken the time to produce a more considered business case, it may not have gone ahead with its decision to host the Games in the first place. This would have prevented the loss of over half a billion taxpayer dollars.

It must be said that the Committee does not have the full picture of what went on, particularly when it comes to the considerations and decisions of executive Government. The Government has not provided the Committee with much of the information it has requested and summonsed. In declining to provide this information it has cited a self-defined classification of executive privilege that is so broad it has covered all but a few of the documents the Committee has asked for. The Committee now reports these matters to the Legislative Council. The Government is accountable to the Parliament and through the Parliament to the people of Victoria. It should not set the conditions by which it is held to account.

The Committee continues to collect evidence. It held public hearings across the four regional cities that were due to host the Games in early 2024. It is likely additional hearings will be held before the Committee tables its final report before April 2025. One of the focuses for the remainder of the Inquiry will be the Government's spending of the \$2b regional package, which the Committee has heard will be welcomed throughout regional Victoria.

While some areas of the Executive, including key decision makers, have not been willing to provide evidence to the Committee, I wish to thank the many people who made submissions and provided evidence in public hearings. In particular and on behalf of the Committee, I want to thank the numerous sporting groups and associations throughout Victoria for their forthright evidence.

I would like to thank my Committee colleagues for their hard work throughout this Inquiry so far to ensure a range of views are heard on this issue. This has been a politically contentious inquiry, and I commend the dignified manner in which my fellow Committee members have approached inquiry stakeholders and each other.

Finally, I would like to thank the Committee secretariat staff who have worked on this Inquiry so far. Assistant Clerk – Committees Richard Willis, Committee Managers Matthew Newington and Kieran Crowe, Inquiry Officers Chiara De Lazzari and Caitlin Connally, and Administrative Officers Sylvette Bassy, Joanne Clifford and Daphne Papaioannou. Your work is much appreciated.

A handwritten signature in black ink, appearing to read 'D. Limbrick', written in a cursive style.

David Limbrick MLC
Chair

Findings

2 Barriers faced by the Committee

FINDING 1: The Committee has exhausted most avenues open to it in obtaining certain documents from the Victorian Government relevant to its Inquiry, for which the Government has made a claim of executive privilege. For the matter to be progressed further a production of documents motion would need to be agreed upon by the House. A motion at least in line with the Committee's summons for all documents held by the Department of Jobs, Skills, Industry and Regions, the Department of Premier and Cabinet and the Department of Treasury and Finance, or their predecessors, that relate to briefings provided by the Departments to a Minister or Ministers, would assist the Committee in this regard.

17

3 An analysis of key events during the bid and cancellation of the Games

FINDING 2: The timeframe agreed upon between the Victorian Government and the Commonwealth Games Federation to negotiate the hosting the 2026 Commonwealth Games was too short.

31

FINDING 3: The short negotiating period between the Victorian Government and the Commonwealth Games Federation resulted in the Government initially allowing six weeks for the completion of a business case for the 2026 Commonwealth Games. Key dates in this timeline include:

- The Department of Jobs, Skills, Industry and Regions (formerly DJPR) engaging Ernst and Young to prepare the business case on 15 December 2021.
- Ernst and Young confirming the scope of the business case on 24 December 2021.
- The submission of the first draft of the business case to the Department of Treasury and Finance on 20 January 2022.
- The submission of a second draft of the business case to the Department of Treasury and Finance on 25 January 2022.
- The submission of the initial business case to the Department of Jobs, Skills, Industry and Regions (formerly DJPR) on 28 January 2022.
- The submission of a final version of the business case on 9 March 2022.

32

FINDING 4: The timeframe agreed upon by the Victorian Government to conduct due diligence and negotiate with the Commonwealth Games Federation on hosting the 2026 Commonwealth Games was too short. The tight timeframe did not allow for appropriate consideration of the costs, benefits, and risks of hosting a large, complex, multi-city event and contributed to an underestimation of the costs.

32

FINDING 5: Strict confidentiality requirements imposed on consultants who compiled the business case for the Games prevented them from conducting site visits and engaging with organisations and individuals who may have had experience or knowledge of aspects of the business case, including costings. This contributed to an underestimation of the costs.

34

FINDING 6: Hosting the Commonwealth Games across multiple cities in regional areas had never been done before and led to significant operational cost increases. Adjustments for the multi-city model were made in the business case, but they proved to be inadequate.

37

FINDING 7: The business case underestimated the potential infrastructure costs for the 2026 Commonwealth Games due to a number of factors including:

- a lack of time
- a lack of appropriately skilled labour in regional areas
- inflation
- changing development models
- constraints on labour and building materials as a result of large ongoing public sector infrastructure projects.

41

FINDING 8: The business case used to make the decision to commit to hosting the 2026 Commonwealth Games did not align with the Department of Treasury and Finance's *Investment Lifecycle and High Value High Risk* guidelines.

42

FINDING 9: The Government approved the \$2.6 billion budget to host the Games the day after it received the final version of the 2026 Commonwealth Games business case. This was not enough time to adequately consider the merits of hosting the Games.

45

FINDING 10: Despite the Department of Jobs, Skills, Industry and Regions requesting a budget of \$3.2 billion for the hosting of the Commonwealth Games, the then Minister for Tourism, Sport and Major Events ultimately approved a budget of \$2.6 billion for the 2022/23 State Budget. The reasoning behind the final budget allocation is unclear.

46

FINDING 11: If it were approved, a \$3.2 billion budget to host the Commonwealth Games would have resulted in a cost to benefit ratio of 0.7, meaning it would have cost more to host the Commonwealth Games than the expected benefit. The approved budget of \$2.6 billion would have significantly improved this cost to benefit ratio. **46**

FINDING 12: The Committee notes with gratitude the speed and comprehensive nature of the Auditor-General's report. **47**

FINDING 13: A consistent theme that arose in the evidence provided by various stakeholders, including councils, tourism and events groups, accommodation providers, and sporting groups, was that there was a general lack of consultation from the Victorian Government, departments, and other entities responsible for preparing for the Games. **49**

FINDING 14: During March and April 2023, the Victorian Government were advised from multiple sources that costs were significantly more than the business case projected. **51**

FINDING 15: In June 2023, Government departments and agencies, including the Department of Jobs, Skills, Industry and Regions and Victoria 2026 advised the then Minister for Commonwealth Games Delivery, that a decision regarding scope and budget was urgently required. Despite the urgency, no decision was made in June. **53**

FINDING 16: In June 2023, the then Minister for Commonwealth Games Delivery and the then Minister for Commonwealth Games Legacy were aware that there were cost escalations and concerns. **55**

FINDING 17: Despite knowing of the projected budget increases to deliver the 2026 Commonwealth Games, the Minister for Commonwealth Games Delivery and the Minister for the Commonwealth Games Legacy did not volunteer this information at the Public Accounts and Estimates Committee hearings for the *Inquiry into the 2023-24 budget estimates*. **55**

FINDING 18: The Department of Jobs, Skills, Industry and Region's Secretary Tim Ada indicated he did not brief the Minister for Commonwealth Games Legacy, following receipt of information from the Department of Premier and Cabinet's Secretary that the cancellation of the Games was being considered on 19 June 2023. **58**

FINDING 19: The decision that the Games cancellation was under consideration was also not shared with important stakeholders including Peggy O’Neal, Chair of Victoria 2026, despite the Minister for Commonwealth Games Delivery meeting with her on 19 June 2023.

58

4 Themes arising from the impact of the cancellation

FINDING 20: The overwhelming response from sporting clubs and associations is a feeling of disappointment due to the cancellation of the 2026 Commonwealth Games.

66

FINDING 21: For elite athletes, the Commonwealth Games is often a pathway event for larger international events, such as the Olympics. The cancellation of the Commonwealth Games will have a negative impact on the ability of elite athletes to gain experience.

67

FINDING 22: The tourism and hospitality sector are disappointed at the lost opportunity that the 2026 Commonwealth Games would have provided, in particular for regional businesses, but also the opportunity to showcase and market the regions.

69

FINDING 23: Whilst many industries, businesses, sporting clubs and community organisations believe that the cancellation of the Commonwealth Games has negatively impacted Victoria’s reputation as a future host of major events, government agency Visit Victoria does not share this view.

73

Chapter 1

Introduction

1.1 Scope of the Interim Report

The Terms of Reference for this Inquiry require the Committee to table two reports, an Interim Report by 30 April 2024 and a Final Report by April 2025.

This Interim Report is intended to give an overview of the evidence received by the Committee so far. The Inquiry is still in progress and the Committee continues to gather evidence. At this stage, it would be premature for the Committee to conduct a detailed analysis of all the evidence and to make a large number of recommendations as new information is still coming to light.

As a result, some of the information presented in this Report is a high-level summary of the issues presented to the Committee. However, there are parts of the Report where the Committee is confident there is enough information to conduct a detailed analysis and make findings.

Chapter 2 discusses the barriers faced by the Committee in accessing information about the 2026 Commonwealth Games from the Victorian Government and key individuals with knowledge of the Games.

Chapter 3 looks at the timeline of Victoria's Commonwealth Games bid, from its inception to its cancellation, according to the information received by the Committee. It analyses governance processes and probity in relation to the Games at key stages. Most notably in the lead up to the Cabinet approval for the Games, and later when it was decided the Games should be cancelled.

Chapter 4 provides a summary of the evidence received so far about the impact of the cancellation of the Games. This includes the impact on sporting organisations, participants, and the cities and regions that were due to host the Games. A list of themes and issues the Committee may explore in the Final Report is also included.

1.2 The Inquiry process so far

1.2.1 Submissions

Submissions to the Inquiry opened on 28 August 2023. The call for submissions was promoted on the Parliament's website, Facebook and YouTube pages.

On 2 October 2023, the Committee wrote to 302 individuals and organisations inviting them to put in a submission.

Submissions closed on 23 October 2023, however the Committee has continued to accept late submissions on a case by case basis.

At the time of writing, 33 submissions had been received.

1.2.2 Questionnaire for government agencies

The Committee resolved to send a questionnaire to government agencies to find out how much they had spent on the cancelled Games. The questionnaire asked questions about budget allocations, infrastructure projects and assets, and other key economic and financial management issues. The following agencies and departments provided a response:

- Department of Education
- Department of Energy, Environment and Climate Action
- Department of Families, Fairness and Housing
- Department of Government Services
- Department of Health
- Department of Jobs, Skills, Industry and Regions
- Department of Justice and Community Safety
- Department of Premier and Cabinet
- Department of Transport and Planning
- Department of Treasury and Finance
- Development Victoria
- Environment Protection Authority Victoria
- Kardinia Park Stadium Trust
- Victoria 2026 Commonwealth Games Organising Committee
- Victoria Police
- Visit Victoria.

1.2.3 Public hearings

The Committee has conducted 9 days of public hearings so far, on the following dates:

- Monday 9 October 2023, Melbourne
- Friday 13 October 2023, Melbourne
- Monday 23 October 2023, Melbourne
- Thursday 26 October 2023, Melbourne

- Tuesday 5 December 2023, Melbourne
- Tuesday 13 February 2024, Geelong
- Wednesday 14 February 2024, Ballarat
- Tuesday 27 February 2024, Bendigo
- Thursday 14 March 2024, Morwell.

At these hearings, the Committee heard from 68 witnesses. This includes government departments, sporting bodies, consultancy firms, local councils, tourism organisations and local business representatives. Transcripts of the hearings can be found on the Committee's website.

It is likely the Committee will hold further hearings before it tables its Final report in April 2025.

1.2.4 The Victorian Auditor-General's Report on the *Withdrawal from 2026 Commonwealth Games*

The Victorian Auditor-General tabled a report titled *Withdrawal from 2026 Commonwealth Games* in the Parliament on 20 March 2024.

The report examined the costs associated with securing, planning for and exiting from the 2026 Commonwealth Games and assessed the quality of relevant advice to the Government.¹

The content of the Auditor General's report overlaps with the matters examined in this Interim Report. Particularly Chapter 3, which analyses the key events surrounding the bid and cancellation of the Games.

The Auditor-General has powers under the *Audit Act 1994* (Vic) to access information that is subject to cabinet confidentiality.² As outlined in Chapter 2 of this Report, the Committee has not been provided such information by the Government. As a result of the Auditor-General's wider evidence gathering powers, the *Withdrawal from 2026 Commonwealth Games* report features information that the Committee was not privy to.

The information contained in the Auditor-General's report which the Committee was not privy to has been included in Chapter 3 of this Interim Report where appropriate, to fill gaps in the Committee's evidence base.

The Auditor-General's report also raises a number of issues that the Committee may follow up during the remainder of its Inquiry.

¹ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games*, 2024, Appendix C-1.

² *Audit Act 1994* (Vic), s.40 (3).

1.2.5 Terminology – the Department of Jobs, Skills, Industry and Regions

Throughout the Report the term Department of Jobs, Skills, Industry and Regions (DJSIR) is used to refer both to that department and its predecessor, the Department of Jobs, Precincts and Regions (DJPR).

DJSIR was created on 1 January 2023, replacing its predecessor DJPR.

The evidence collected during the Inquiry refers at times to the old department. DJPR dealt with the bid for the Games, including the business case, as well as the early stages of Games preparation. DJSIR was created on 1 January 2023, as the increases to the projected budget for the Games were coming to light.

To simplify the reading and understanding of the Report, the acronym of the current department, DJSIR, is used.

Chapter 2

Barriers faced by the Committee

2.1 Overview

So far during this Inquiry, the Committee has faced significant barriers in meeting its requirements as outlined in its Terms of Reference. Certain individuals with knowledge of the Games have declined to attend public hearings and the Government has declined to provide key documents about the Games on the grounds of executive privilege (see Section 2.3).

The reasons given by some individuals and the Government for not giving evidence at public hearings or providing documents have been grounded in conventions, rather than a parliamentary committee's specific powers to call for documents and persons.

2.2 Individuals declining to give evidence at public hearings

Receiving evidence from key witnesses in a public hearing is an essential power and investigative process for a parliamentary committee.

Throughout this Inquiry, the Committee has had the benefit of hearing from government departments, agencies, sporting bodies, business and community organisations. All of whom voluntarily gave up their time to contribute to the Inquiry.

However, some key individuals declined to give evidence to the Committee. These individuals were important decision makers in the 2026 Commonwealth Games Bid and cancellation due to their ministerial responsibilities. They are:

- the Hon Jacinta Allan, former Minister for Commonwealth Games Delivery and current Premier (the Premier)
- the Hon Daniel Andrews, former Premier
- the Hon Martin Pakula, former Minister for Tourism, Sport and Major Events.

In addition, two advisors to the former Premier declined invitations to appear at a public hearing.

The reasons given by these individuals for declining to attend are examined below.

2.2.1 Request for the Premier to give evidence

On 9 October 2023, the Committee resolved to request that the Premier, the Hon Jacinta Allan, attend a public hearing to give evidence about her role as the former Minister for Commonwealth Games Delivery.

As the Premier is a member of the Legislative Assembly and the Committee is a Select Committee of the Legislative Council, a procedure set out in the Legislative Council Standing Orders was followed to request the Premier give evidence. Under Standing Order 17.04, if a Legislative Council Committee requests a member of the Legislative Assembly to attend its proceedings as a witness, it must send a message to the Legislative Assembly requesting that leave be granted for the member to attend. The member may then attend if they see fit.¹ The same procedure is mirrored for Legislative Assembly committees who wish to invite members of the Legislative Council to give evidence at public hearings.²

On 18 October 2023, the Legislative Council resolved that:

this House requests that the Legislative Assembly grant leave to the Premier, the Hon. Jacinta Allan MP, to appear before the Legislative Council Select Committee on the 2026 Commonwealth Games Bid to provide evidence in her capacity as the former Minister for Commonwealth Games Delivery.³

The Legislative Council formally advised the Assembly of this resolution later that day. The Legislative Assembly subsequently resolved, by a Government majority vote, to refuse leave for the Premier to give evidence to the Committee.

The process by which each House can consider permission for its members to attend the proceedings of the other House, is common amongst Westminster parliaments.⁴ It is part of the convention of exclusive cognisance, whereby each house has exclusive control over its own affairs. A key resource on Westminster procedure, *Erskine May: Parliamentary Practice*, states that ‘Each House has exclusive cognisance of its own proceedings and of certain matters related to the precincts’.⁵

While it is the prerogative of the Legislative Assembly to pass a motion that refused permission for one of its members to appear before a Legislative Council committee, this did not prevent the Premier from volunteering to give evidence to the Committee. There have been a number of examples of members of the Legislative Assembly giving evidence to committees of the Legislative Council, with and without the formality of a message being sent. These include opposition and backbench members discussing

¹ Legislative Assembly Standing Order 198(1).

² Legislative Assembly, Standing Order 189.

³ Parliament of Victoria, Legislative Council, Minutes of Proceedings, Wednesday 18 October 2023, p. 291.

⁴ See for example: House of Commons, *Standing Orders: Public Business*, Standing Order 138; *House of Lords, Standing Orders of the House of Lords Relating to Public Business*, Standing Order 23; House of Representatives, Standing Order 252; New South Wales Legislative Assembly, Standing Order 327. It should be noted that both houses of the Parliament of the United Kingdom automatically grant leave for members of one house to attend the other, but the member may decline if they wish.

⁵ Macolm Jack (ed), *Erskine May: Parliamentary Practice (24 edition)*, Lexis Nexis, London, 2011.

matters relevant to their electorates,⁶ as well as more limited examples of government ministers attending Legislative Council committee inquiries into specific legislation.⁷

A significant amount of taxpayer funds was expended as a result of the cancellation, including compensation to the Commonwealth Games Federation, and Victoria's reputation as a host of major events may have been impacted. It is the Committee's view that these issues are of sufficient importance for the Premier to have volunteered to attend a public hearing. This would have been invaluable in helping the Committee to understand the decisions surrounding the bid and cancellation of the 2026 Commonwealth Games.

2.2.2 The Hon Daniel Andrews and the Hon Martin Pakula declining to give evidence at a public hearing

The Committee resolved to request Mr Andrews, (the Premier between 2014 and 2023), and Mr Pakula, (Minister for Tourism and Sport and Major Events between 2018 and 2022)⁸ to give evidence at the Committee's public hearing on 26 October 2023. Both declined the request. In doing so they provided a copy of letter to them from the Attorney General, the Hon Jaclyn Symes, which advised the former members that 'a committee cannot claim authority over a member of the other House and that members hold immunities based on this independence' (see Appendix B).⁹ The letter stated that this 'immunity' included former members:

The immunity enjoyed by members must extend to any matter about which a former member could be questioned. If this were not the case, the immunity would be incomplete. It is the Government's view that former members are able to take account of this immunity in the face of any request by a committee from the other House.¹⁰

The Attorney General's letter also cited a precedent where another former Premier, the Hon Steve Bracks, declined to give evidence to the Legislative Council's Select Committee on Gaming and Licencing in 2007.¹¹ In that case, Mr Bracks also cited 'the independence of the houses' when declining the invitation.¹²

The Committee notes areas of contention in the arguments made by Mr Bracks and in turn, the Attorney General. The assertion that a 'committee cannot claim authority over a member of the other House and that members hold immunities based on this independence' is, in the Committee's view, somewhat overstated. It is accepted that

6 These members include Andrew McIntosh MP, Heidi Victoria MP and Neale Burgess MP: Select Committee on Public Land Development, Interim Report, 2008, pp. 21 and 23; Suzanna Sheed MP, Legislative Council Legal and Social Issues Committee, *Inquiry into Homelessness in Victoria*, 2021, p. 335.

7 The Legislative Assembly gave leave for the Minister for Consumer Affairs, Anthony Robinson MP appeared before the Legislative Council Legislation Committee to give evidence in relation to the Liquor Control Reform Amendment Bill 2007.

8 Parliament of Victoria, *The Hon Daniel Michael Andrews*, <<https://www.parliament.vic.gov.au/members/daniel-andrews>> accessed 13 March 2023; Parliament of Victoria, *The Hon Martin Philip Pakula*, <<https://www.parliament.vic.gov.au/members/martin-pakula>> accessed 13 March 2023.

9 Correspondence from the Hon Jaclyn Symes MLC, Attorney General, to the Hon Daniel Andrews, 16 October 2023, p. 1.

10 Ibid.

11 Legislative Council, Select Committee on Gaming Licencing, *Final Report*, 2007, pp. 166–167.

12 Ibid.

Committees cannot, and should not, compel a member of another house to appear before them. However, as noted previously, the Standing Orders of both houses require committees to seek the permission of the other House if they wish a member of that House to attend a hearing. A requirement to seek permission should not be read as a complete immunity, even when in practice permission is rarely granted.

Another key area of contention is whether *former* members of Parliament can claim to be subject to the same procedures as sitting members of Parliament. Mr Andrews, in his letter to the Committee argued that as the matters under consideration related to the dispatch of his duties as a member of the Legislative Assembly, the limitation should still apply. He said:

In a context where the matters that I would be questioned about relate solely to my role as Premier and a member of the Legislative Assembly, this limitation must persist following my resignation. My appearance would undermine the very purpose of the principle and therefore, the independence of each House.¹³

This is in line with advice provided to Mr Andrews by the Attorney General.¹⁴

The Committee observes that unlike for sitting members, there is no avenue outlined in the Standing Orders for the Committee to seek the permission of the Legislative Assembly to grant permission for a former member to appear before the Committee. Both Houses, as expressed through their standing orders, have agreed for a mechanism to seek permission for a member of another House to attend committee proceedings. If the Attorney General's interpretation were to be accepted in full, both Houses would be left without a clear avenue to have a former member appear before their committees in connection with their former duties.

The Commonwealth Senate Select Committee for an inquiry into a certain maritime incident addressed this issue in 2002. The matter of whether a former member is subject to the same procedures as sitting members was considered by the Clerks of both the House of Representatives and the Senate. The Clerks provided differing views as to whether the Select Committee could summons a former member to attend.¹⁵ The Committee accepted the opinion of the Clerk of the Senate who advised it did have the power to summons a former minister. The Committee chose not to pursue the matter because it was of the view that would likely be contested in the courts and cause delay for the inquiry.¹⁶

The Victorian Legislative Council's Select Committee on Gaming Licencing, in reference to Mr Bracks declining the invitation to attend its hearings stated 'The Committee acknowledges there is no definitive answer as to whether former members are protected by immunity'.¹⁷ No further action was taken to pursue Mr Bracks.

¹³ Correspondence from the Hon Daniel Andrews, 16 October 2023, p. 1.

¹⁴ Correspondence from the Hon Jaclyn Symes MLC, Attorney General, to the Hon Daniel Andrews, 16 October 2023, p. 1.

¹⁵ Commonwealth Senate, *Select Committee for an Inquiry into a certain maritime incident*, 2002, p. xv.

¹⁶ *Ibid.*

¹⁷ Legislative Council, Select Committee on Gaming Licencing, *Final Report*, 2007, p. 29.

This is a contested space. It is a matter that may be dealt with by the Houses or require the ruling of a court to be resolved, if the issue is justifiable.¹⁸

The Committee notes that like the Premier, both former members could have volunteered to attend. Mr Pakula volunteered to attend a public hearing for the Commonwealth Senate Committee inquiring into this issue on 28 August 2023. At that hearing, Mr Pakula stated he was appearing ‘as a courtesy to the Senate’.¹⁹ The Committee believes that both former members should have afforded the same courtesy to the Victorian Legislative Council, so that the decisions surrounding the 2026 Commonwealth Games could be better understood.

2.2.3 Advisors to the former Premier declining to give evidence at public hearings

The Committee also invited two advisors of the former Premier to appear before the Committee at a public hearing. Both invitations were declined. Again, both individuals received advice from the Attorney General, which they cited in their correspondence declining the invitation to appear (see Appendix C). The Attorney General’s advice invoked the independence of the Houses and the ‘immunities’ of members attending committees of another house. The advice claimed this extended to advisors of former members:

That immunity extends to Ministerial officers of members of the other House, including a former Ministerial officer of a former Member.²⁰

The Committee notes the view put forward by the former Clerk of the Legislative Council to the Legislative Council’s Standing Committee on Finance and Public Administration in a letter to the Committee in 2010. The Clerk advised:

Ministerial staff, in the broadest sense of the term, have no immunity against being summoned to attend to give evidence as a matter of law. Like public servants, Ministerial Advisers should generally not be held accountable for matters of opinion on policy, which is the domain of Ministers.

From time to time in Australia Governments have made claims of a ‘convention’ that Ministerial staff not appear, but Parliaments do not generally recognise such a convention, let alone its inherent inconsistency with the powers of the Houses and their Committees.²¹

¹⁸ Correspondence from Harry Evans, Clerk of the Commonwealth Senate to Senator Cook, Chair, Select Committee on a certain maritime incident, 26 August 2002, p. 1, <https://www.aph.gov.au/-/media/wopapub/senate/committee/maritime_incident_ctte/report/e02e_pdf.ashx> accessed 24 March 2024.

¹⁹ Hon Martin Pakula, Senate Rural and Regional Affairs and Transport References Committee, public hearing, Melbourne, 28 August 2023, *Transcript of evidence*, p. 50.

²⁰ Correspondence from the Hon Jaclyn Symes MLC, Attorney General, to Lissie Ratcliff, 1 November 2023, p. 1.

²¹ Legislative Council, Standing Committee on Finance and Public Administration, *Second Interim Report on Victorian Government Decision Making, Consultation and Approval Processes*, 2010, pp. 12–13.

Advice provided by Bret Walker SC to the Legislative Council's Select Committee on Gaming Licencing in 2007 also stated that:

A critical distinction is between compulsion to attend to give evidence, and compulsion to answer particular questions. Conventionally, and for good reason, Houses have not required public servants, or Ministerial advisers, to answer questions about policy, in such a way as to endanger the necessary confidence between Ministers and public servants.

Assuming there is no intention on foot in the Council to alter that conventional position, there is no reason why such persons should not be required to give evidence outside that conventionally proscribed area.²²

Given this advice pertains to current ministerial staff, the Committee does not accept the Attorney-General's interpretation that any 'immunity' should also apply to former ministerial staff of former members.

The Attorney General, in her advice to the former advisors also cited a convention called the McMullan principle, 'which stipulates that ministerial advisers are not obligated to provide testimony before parliamentary committees' (see Appendix C). This principle relates to an argument put forward in 1995 in the Commonwealth Senate by Senator McMullan as part of debate on a motion which among other things highlighted the refusal of the then Minister of Finance to allow a ministerial staff member to appear at estimates hearings.²³ The argument put forward by Senator McMullan was that 'ministerial staff are accountable to the minister and the minister is accountable to the parliament and, ultimately, the electors'.²⁴

The 2007 Select Committee also formed a view on the McMullan Principle. It noted that the principle is predicated on the Minister of the ministerial staff member in question being willing to be accountable to Parliament. In this case, the former member is no longer accountable to the Parliament and is unavailable to be questioned or held accountable for the information that has come to light during this Inquiry.

Again, it should be noted that the former advisors could have volunteered to attend to assist the Committee in its work. This did not occur.

In relation to the Attorney General's letters to Mr Andrews, Mr Pakula and the former advisors, the Committee notes Legislative Council Standing Order 17.10(b) states that a person may be in contempt of the House if they 'prohibit directly or indirectly endeavouring to deter or hinder any person from appearing or giving evidence'.²⁵ The Committee does not suggest that the Attorney General or the Government is in breach of the Standing Order. However, it has concerns that the advice provided by the Attorney General contained contested interpretations of parliamentary procedure

²² Select Committee on Gaming and Licencing, *First Interim Report*, 2007, p. 47.

²³ Finlay, Lorraine, *The McMullan Principle: Ministerial Advisors & Parliamentary Committees*, 2016, UTasLawRw 5; (2016) 35(1), University of Tasmania Law Review, p. 69.

²⁴ Ibid.

²⁵ Legislative Council Standing Order 17.10(b).

which the Committee does not completely agree with. All of the individuals in question cited the Attorney General's advice when declining invitations to appear at public hearings.

2.3 Claims of executive privilege in relation to questions on notice, document requests and summons

The Committee sought written information from the Government in relation to a number of aspects concerning the Games. This includes questions on notice for witnesses at public hearings, document and information requests for departments, and a summons for papers and documents. A table of these requests and summons, and the status of the answers to them, is provided in Appendix D and is discussed in Section 2.3.3.

In response to a significant proportion of these requests, the Government claimed that the information or documents could not be provided due to executive privilege.

Executive privilege is the term given to the exemption claimed by Government for information requests by Parliament, where the information may be broadly prejudicial to the public interest.²⁶

As will be discussed in the following Sections, the Committee believes the Government has been far too broad in determining the scope of where executive privilege should apply. It has also made its determination independently of the Parliament. This is troubling because the body which is supposed to be the subject of scrutiny should not dictate how scrutiny is applied. This principle has been recognised in the Legislative Council Standing Orders and will be discussed in Section 2.3.2.

2.3.1 The scope of the Government's claims of executive privilege

On 7 October 2023, the Premier wrote to the Committee to provide information about the Victorian Government's views on the application of executive privilege. This letter is included in Appendix E of this Report.

The Premier's letter outlined classes of evidence that the Government considers attracts executive privilege, namely evidence that would:

- reveal, directly or indirectly, the deliberative processes of cabinet
- reveal high-level confidential deliberative processes of the Government, or otherwise genuinely jeopardise the necessary relationship of trust and confidence between a Minister and public officials

²⁶ Victorian Government, *Guidelines for appearing before and producing documents to Victorian inquiries*, Appendix A: Executive Privilege, <<https://www.vic.gov.au/guidelines-appearing-and-producing-documents-victorian-inquiries>> accessed 6 March 2024.

- reveal information obtained by Government on the basis that it would be kept confidential, including because the documents are subject to statutory confidentiality provisions that apply to Parliament
- reveal confidential legal advice to the Government
- otherwise jeopardise the public interest on an established basis, in particular where disclosure would:
 - prejudice national security or public safety
 - prejudice law enforcement investigations
 - materially damage the State's financial or commercial interests (such as ongoing tender processes, or changes in taxation policy)
 - prejudice intergovernmental and diplomatic relations
 - prejudice legal proceedings.

The Premier's letter stated that this interpretation is in line with a letter tabled in the Legislative Council on 14 April 2015 (the 2015 letter) as a response to a production of documents resolution relating the Cranbourne Pakenham Rail Corridor Project (see Appendix F). In the 2015 letter, the then Attorney General the Hon Martin Pakula, outlined the above criteria for the first time. He stated that information in the classes listed would be prejudicial to the public interest if released.²⁷ The 2015 letter has been referred to on a number of subsequent occasions by the Government when giving an explanation about why certain documents have not been provided to Parliament as part of production of documents motions.

Importantly, the Legislative Council has never officially responded, nor accepted the Government's criteria for executive privilege as set out in the Attorney-General's letter. The scope of the type of documents for which the Government claims executive privilege is wide. Far wider than the scope of executive privilege ruled in a landmark case on the power of the New South Wales Legislative Council to order for government documents.²⁸ In *Egan v Chadwick*, the New South Wales Court of Appeal found that only cabinet documents could be withheld by the Government in such cases. Chief Justice Spiegelman's view was that for the necessary function of responsible government, the New South Wales Legislative Council's power to call for documents must 'be restricted to documents which do not, directly or indirectly, reveal the deliberations of Cabinet'.²⁹

The Committee notes that the powers of the Parliament of New South Wales are specified in common law and not codified in its constitution, unlike the powers of the Victorian Parliament.³⁰ These are codified in the *Constitution Act 1975* (Vic) as

²⁷ Correspondence from Hon Martin Pakula MP, Attorney-General, *Production of documents – Cranbourne Pakenham Rail Corridor Project*, to the Legislative Council, 14 April 2015, p. 1.

²⁸ *Egan v Chadwick and Ors* (1999) NSWCA 176.

²⁹ *Ibid.*

³⁰ *Ibid.*

‘such and like the privileges, immunity and powers... held, enjoyed and exercised’ by the House of Commons in 1855.³¹ Greg Taylor, a leading academic on the Victorian Constitution noted in a 2008 paper, *Parliament’s Power to Require the Production of Documents: a Recent Victorian Case*, that the common law doctrine relied upon by the New South Wales Legislative Council only confers powers that are reasonably necessary to fulfil its role. As provided in *Egan v Chadwick*, the only class of documents that may be the subject to executive privilege under this arrangement are cabinet documents. Mr Taylor states that the Victorian Parliament, with its powers codified in the Constitution, cannot have less powers than those of the New South Wales Parliament:

It cannot be that the Victorian express provision for the conferral of Commons powers, which go beyond reasonable necessity in a number of areas, has the effect of reducing the powers of the Victorian Legislative Council [in comparison to the New South Wales Legislative Council].³²

At the Committee’s request, the Clerk of the Legislative Council provided advice on ‘whether a claim of executive privilege is valid when a committee requests documents’.³³ The Clerk quoted legal advice on this question provided by Brett Walker SC to the Select Committee on Liquor and Gaming in 2007:

Executive privilege and public interest immunity (as distinct from Cabinet documents) are not sufficient claims for non-production of documents. Where a document is not to be regarded as a Cabinet document, there should be no public interest reason to keep it from the people’s representatives, the legislators, in the Council.³⁴

This view is also shared by Greg Taylor who notes that unlike New South Wales, the applicability of executive privilege in relation to cabinet documents has not been the subject of a judicial ruling. He stated that:

No power on earth, or in Victoria at least, can resist a demand by Parliament for documents unless some valid statutes provide to the contrary...

... Certainly cabinet cannot, as it is a collection of ministers maintained in office by the grace of one House of Parliament. There are, however, very good arguments in favour of recognising a general immunity for cabinet documents as a matter of policy, rather than strict power, which have so far persuaded the Houses to refrain from pressing the point.³⁵

The 2007 Select Committee on Gaming and Licencing came to the view that ‘the lack of an established judicial determination of this question in the State of Victoria

³¹ *Constitution Act 1975* (Vic) s 19(1).

³² Greg Taylor, *Parliament’s Power to Require the Production of Documents: a Recent Victorian Case*, 2008, p. 23.

³³ Correspondence from Robert McDonald, Clerk of the Legislative Council, to David Limbrick MLC, Chair of the Select Committee on the 2026 Commonwealth Games Bid 10 November 2023, p. 1.

³⁴ *Ibid.*

³⁵ Greg Taylor, *Constitution of Victoria*, 2006, p. 278.

has limited the capacity of the Committee to seek compliance with its summonses'.³⁶ This was also highlighted to the Committee in the Clerk's letter.³⁷

The Committee does not accept the Government's wide definition of what is covered by the scope of executive privilege. The matter may be resolved by a court, such as was the case with *Egan v Chadwick*. It may also be resolved by the House through avenues such as the adoption of standing orders on this matter, passing a production of documents motion or the appointment of an independent legal arbiter under Standing Orders 10.01–10.06. This will be discussed further in Section 2.3.3.

2.3.2 Who determines what constitutes executive privilege?

Another key question in relation to the Government's claims of executive privilege is whether it is the government or the parliament who determines what constitutes executive privilege.

As noted, the powers held by the Victorian Parliament are codified in the Constitution Act as commensurate as those of the House of Commons in 1855. The Attorney General's 2015 letter states that in 1855:

the House of Commons' power to call for the production of documents was subject to clearly established exceptions. One of those exemptions was Crown Privilege (now known as executive privilege). If the Government asserted that documents were subject to executive privilege, then this was sufficient reason for refusing their production to the House of Commons.³⁸

The letter concludes that as a result, with the Victorian Parliament's powers being commensurate with those of the House of Commons in 1855, it is for the Victorian Government to determine the application of executive privilege in relation to documents subject to a call for production.

This is a contested area. The present-day Legislative Council of Victoria is of the view that it, not the Government, has the power to adjudicate claims of executive privilege in relation to production of documents orders in the House. It has expressed this through its adoption of Standing Orders 10.03 to 10.06. Under these Orders, where a claim of executive privilege is made, the procedure is as follows:

- 'A return is to be prepared showing the date of creation of the document, a description of the document, the author of the document and reasons for the claim of Executive privilege'.³⁹
- The documents are then required to be delivered to the Clerk and 'made available only to the mover of the motion for the order'.⁴⁰

³⁶ Select Committee on Gaming and Licensing Interim Report, 2007, p. x.

³⁷ Correspondence, Clerk of the Legislative Council to David Limbrick, p. 2.

³⁸ Correspondence from Hon Martin Pakula MP, to the Legislative Council, 14 April 2015, p. 1.

³⁹ Legislative Council Standing Order 10.03(1)(a).

⁴⁰ Legislative Council Standing Order 10.03(1)(b).

- ‘The mover of the motion for the order may notify the Clerk, in writing, disputing the validity of the claim of Executive privilege in relation to a particular document or documents. On receipt of such notification, the Clerk is authorised to release the disputed document or documents to an independent legal arbiter, for evaluation and report within seven calendar days as to the validity of the claim’.⁴¹

The former Clerk of the Legislative Council, Andrew Young, discussed the standing orders above in relation to the Attorney General’s 2015 letter in a submission to a Select Committee of the Tasmanian Legislative Council on the Production of Documents. He said:

I do not agree with the Attorney-General’s assertion in the attached letter that the Council’s powers are trumped by a Government’s claim of Executive privilege. While there are legitimate reasons to withhold certain documents from publication, the powers and privileges of the Council mean that it is for the House to decide this on a case-by-case basis, aided by an independent arbiter.⁴²

The Committee agrees with this interpretation and does not accept the validity of the wide-ranging claims of executive privilege set out in the Attorney General’s 2015 letter and in the Premier’s letter to the Committee on 9 October 2023.

2.3.3 A summary of the Committee’s requests and details of the Government’s claims of executive privilege

Below is a summary of the Committee’s requests for information via questions on notice, document requests and a summons, as well as the Government’s claims of executive privilege against them. A full list of these claims is included in Appendix D of the Report:

- Questions on Notice arising from the public hearing of 9 October 2023 for the Secretary of the Department of Jobs, Skills, Industry and Regions (DJSIR): 8 claims of executive privilege against 24 questions asked.
- Questions on Notice arising from the public hearing of 9 October 2023 for Allan Garner, answered by DJSIR: one claim of executive privilege against 11 questions asked.
- Questions on Notice arising from the public hearing of 13 October 2023 for the Secretary of the Department of Treasury and Finance (DTF): One claim of executive privilege against 10 questions asked.
- Questions on Notice arising from the public hearing of 5 December 2023 for the Secretary of DJSIR: one claim of executive privilege against four questions asked.
- Summons for documents and papers on 8 November 2023 for the Secretary of DJSIR that relate to briefings provided by the Department to ministers in relation

⁴¹ Legislative Council Standing Order 10.03(2).

⁴² Legislative Council of Tasmania, Select Committee on the Production of Documents, *Final Report*, 2021, p. 110.

to the 2026 Commonwealth Games. Documents provided in return: 204. A claim of executive privilege was made against an unknown number of documents.

- Summons for documents and papers on 8 November 2023 for the Secretary of the Department of Premier and Cabinet (DPC) that relate to briefings provided by the Department to ministers in relation to the 2026 Commonwealth Games. Documents provided in return: 6. A claim of executive privilege was made against an unknown number of documents.
- Summons for documents and papers on 8 November 2023 for the Secretary of DTF that relate to briefings provided by the Department to ministers in relation to the 2026 Commonwealth Games. Documents provided in return: 9. A claim of executive privilege was made against an unknown number of documents.
- A request for documents seeking a number of briefing papers provided by the Department of Jobs, Skills, Industry and Regions to the former ministers for Commonwealth Games Delivery and Legacy. Determination of executive privilege ongoing.
- A request for economic modelling by KPMG for DJSIR on the potential costs and benefits of the Games, for which DJSIR has made a claim of executive privilege.

The Committee highlights two matters in relation to the executive privilege claims against the summons for briefing notes from departments to ministers.

The first is a lack of information provided to the Committee about the documents which were identified as within the scope of the summons, but for which a claim of executive privilege was made. The Committee wrote to DJSIR and DPC on 8 December 2023, as well as DTF on 25 January 2024, seeking the following (see Appendix G):

For any documents which the Government determined should be subject to a claim of executive privilege, please provide a table with the following details:

- The document name or title
- The date of creation
- The date of completion/signoff
- A description of the document content
- The reason executive privilege is being claimed.

This is in line with the practice set out by the House in Standing Order 10.03. This information has only been provided so far by DPC. The other departments are yet to provide a response, although DTF have informed the Committee they are progressing the request. The Committee considers the delay in providing it with information regarding the documents is unreasonable.

The second matter is the presumed scope of the Government's claims of executive privilege. The scope of the Committee's summons relates to briefings by the departments to ministers concerning the Games. Of the 231 documents received by

the Committee, only nine documents were briefings to ministers. The other documents that were received in response to the summons consisted primarily of correspondence and a limited number of administrative documents. In the absence of information from DTF and DJSIR, the Committee can only speculate that either there were very few briefing notes on the Commonwealth Games or that a claim of executive privilege has been made on the briefings by those departments to Ministers in relation to the 2026 Commonwealth Games.

In the Committee's view, the Government's position, that all but nine briefings from departments to ministers on this matter are subject to executive privilege is a misuse of the principle. Even under the Government's very broad interpretation of where executive privilege should apply (which the Committee does not accept), it is hard to believe it could pertain to all but nine briefing documents about the Games. If the matter were considered under an *Egan v Chadwick* framework, whereby only cabinet documents were exempt, the Government's claim would be even less acceptable.

As illustrated above, the Committee has received a number of claims of executive privilege in relation to questions on notice and other documents. However, the claims in relation to the summons are particularly overstated and disregard the role the Legislative Council has tasked the Committee with undertaking, as outlined in its Terms of Reference.

The Committee has reached a point in its Inquiry where its ability and attempts to obtain key documents has been exhausted within its powers and functions. It must now report these matters to the House.

It finds that to progress the matter a production of documents motion would need to be agreed upon by the House. Such a motion could assist the Committee if it requested documents in line with the Committee's summons.

FINDING 1: The Committee has exhausted most avenues open to it in obtaining certain documents from the Victorian Government relevant to its Inquiry, for which the Government has made a claim of executive privilege. For the matter to be progressed further a production of documents motion would need to be agreed upon by the House. A motion at least in line with the Committee's summons for all documents held by the Department of Jobs, Skills, Industry and Regions, the Department of Premier and Cabinet and the Department of Treasury and Finance, or their predecessors, that relate to briefings provided by the Departments to a Minister or Ministers, would assist the Committee in this regard.

Chapter 3

An analysis of key events during the bid and cancellation of the Games

3.1 Introduction

This Chapter provides an analysis of key events from the inception to the cancellation of the Victoria 2026 Commonwealth Games (the Games). This includes an assessment of the governance processes and probity associated with the bid for the Games and its eventual cancellation.

A timeline of these events has been compiled using evidence received by the Committee at public hearings and in answers to questions on notice. As noted in Chapter 2 of this Report, the Committee was not provided with all the information it sought. As a result, this Chapter does not present a complete picture of all the events surrounding the bid and cancellation of the Games, just the information the Committee has been provided with.

The Committee has analysed three key areas in relation to governance processes for the Games, these are:

- the preparation of the business case for the Games and the decision to proceed with hosting
- the projected escalation in costs and the steps taken to reduce them
- the decision to cancel the Games.

The 2026 Commonwealth Games were cancelled in July 2023 because of projected cost escalations from the originally budgeted figure of \$2.6 billion. The original figure was based on a business case prepared by consultants between late December 2021 and early March 2022.

The Committee found there were limitations placed on the consultants who prepared the business case for the Games. There was not enough time provided to prepare a business case for such a large, complex event. In addition, the Government mandated confidentiality provisions which meant that there was no opportunity to consult with venues, local councils and businesses who might have provided better insight into the costings. These limitations had a bearing on the business case's underestimation of operational costs due to the multi-city model, and infrastructure costs. Once the

business case was completed, the Government did not allow enough time to consider its options. Moreover, despite full disclosure by the consultants who prepared the business case of the assumptions underpinning it, and clear recommendations to undertake early detailed costings, this work was not commenced until late 2022.

When work eventually began on detailed planning the delivery of the Games, it soon became clear that the costs would far exceed what had been predicted in the business case.

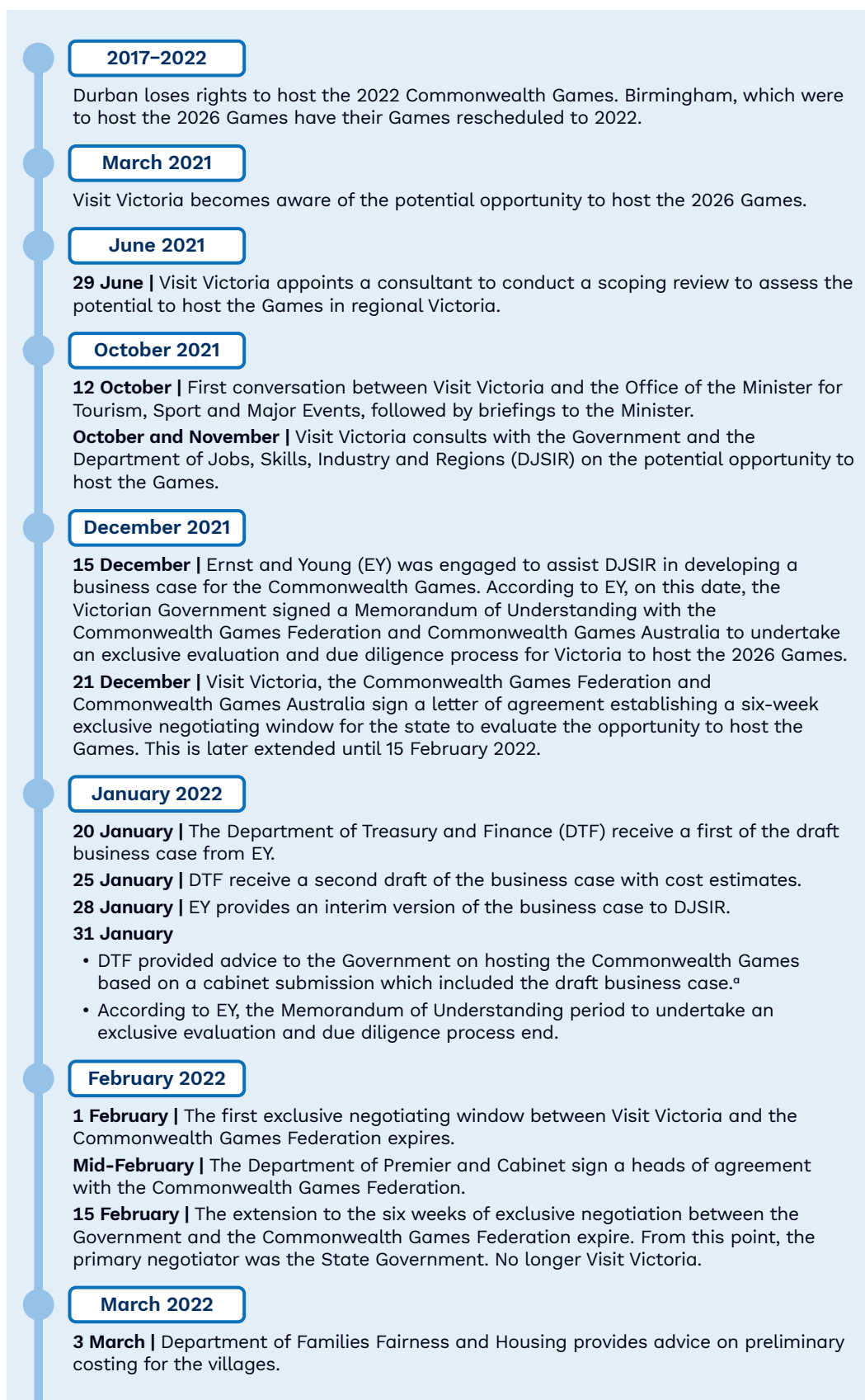
During this time, the Committee heard evidence that government agencies and departments provided advice to the Government to alert them to the fact that costs had escalated well beyond expectations, and either additional funding or revision of the scope of the project was required. While there are questions that have been raised about the quality of the advice and the adequacy of the communication processes within and between departments, agencies, and ministerial offices, it is clear that the relevant ministers were well aware of the cost pressures by early 2023.

The Ministers for Commonwealth Games Delivery and Commonwealth Games Legacy did not provide details of this advice, or give any indication of potential cost escalations, in the information they provided to Parliament's Public Accounts and Estimates Committee on the progress of the Games shortly before its cancellation.

3.2 A timeline of key events

Based on evidence collected during public hearings and information provided in response to questions on notice, the Committee has compiled a timeline of key events surrounding the bid and cancellation of the 2026 Commonwealth Games. Figure 3.1 below shows these key events between March 2021 and August 2023.

Figure 3.1 A timeline of key events in relation to the 2026 Commonwealth Games



March 2022 (continued)

7 March | DTF received a subsequent draft submission, which included a top-down budget costing based on the 2018 Gold Coast event but escalated for inflation and to account for some of the estimated extra costs of the regional multi-hub delivery model for Victoria 2026.^b

9 March | EY submitted the final version of the business case to the Government.

10 March | The Government approves a budget of \$2.6 billion for the hosting of the 2026 Commonwealth Games.

April 2022

12 April | The Government publicly announced that regional Victoria will host the 2026 Commonwealth Games.

May 2022

An interdepartmental committee is established to assist with the organisation of the Games, co-chaired by the secretaries of DPC and DJPR.

September 2022

7 September | Victoria 2026 is established to deliver the Games. This is the organising committee with the role of delivering the Victoria 2026 Commonwealth Games to the scope agreed by the Commonwealth Games Federation, Commonwealth Games Australia and the Victorian Government.

December 2022

14 December | The Hon Harriet Shing MLC is appointed Minister for the Commonwealth Games Legacy.

February 2023**22 February**

- After carrying out a review of the operational requirements to deliver the Games, Victoria 2026 presented an updated budget to the Office of the Commonwealth Games for approval. The budget submission requested a \$722 million increase for operational funding.
- Victoria 2026 assumed the Office of the Commonwealth Games would have passed on information about the increased budget projections in their advice to the Government.

March 2023**Early March**

- DJSIR briefs the Minister for Commonwealth Games Delivery, the Hon Jacinta Allan on revised budget requirements to deliver the Games.
- Jeroen Weimer started regular briefings with both the Minister for Commonwealth Games Delivery and the Minister for Commonwealth Games Legacy, the former CEO of the Office of Commonwealth Games Alan Garner, and DJSIR Secretary Tim Ada.

April 2023

4 April | A letter from Peggy O'Neal, Chair of Victoria 2026, is sent to the Minister for Commonwealth Games Delivery raising concern over the need to confirm the budget for the Games so that the organisation could continue with its delivery functions.

5 April | A cabinet submission is brought forward which seeks approval of a revised budget for the Games of \$4.5 billion.

Mid-April | The Government formally considered the new cost estimates and the budget estimate of \$4.5 billion was not approved. DJSIR and Victoria 2026 were asked to assess where cost savings could be achieved and lodge a new submission with a reduced budget.

Between April and June | DJSIR and Victoria 2026 reassessed the cost and reduced the budget from \$4.5 billion to \$4.2 billion.

June 2023

12 June | The Department's revised budget submission was provided to the Minister for the Commonwealth Games Delivery.

13 June

- The Hon Jacinta Allan MP, Minister for the Commonwealth Games Delivery gave evidence to the Inquiry into the 2023-24 Budget Estimates.
- DTF advised the Department of Premier and Cabinet that they will not support the latest Games cabinet submission as drafted, given the increasing costs to \$4.2 billion from the original budget along with additional costs for policing and transport.
- DPC Secretary advises the Premier that DPC and DTF would brief against the new estimate due to be considered by the cabinet in mid-June because estimated costs were 'close to 5 billion' and there was a 'very high probability' that the costs could blow out to \$7 billion.

14 June

- DTF prepared advice to the Government on the cabinet submission made by the Office of the Commonwealth Games but submission was not formally considered at the time.
- DPC Secretary has a further discussion with the Premier on the future of the Games, and a decision is made to engage lawyers to explore the possibility of exiting the contract to host the Games.

27 June | Arnold Bloch Leibler (law firm) engagement letter (accepting the job).

July 2023

Early July | DTF is provided with an updated draft submission from the Office of the Commonwealth Games at DJSIR, which included over \$2 billion in costed risks in addition to the proposed budget of \$4.2 billion plus additional policing and transport costs.

14 July

- The Government formally considered the funding bid from the Office of the Commonwealth Games and Victoria 2026. DPC and DTF briefed against the submission.
- The decision to cancel the Games was discussed at Expenditure Review Committee (ERC).

17 July | Cabinet makes the final decision to withdraw from the Commonwealth Games.

18 July

- DJSIR Secretary Tim Ada spoke to the DPC Secretary before calling the CEO of CGA.
- Press conference announcing the cancellation of the Games.
- Minister for the Commonwealth Games Delivery wrote to the Chair of Victoria 2026 to confirm the cancellation of the Games.
- The Government announces a \$2 billion regional package, equal to the original amount budgeted for the Games that will be spent on sporting infrastructure, regional development, and housing in regional Victoria.

August 2023

17-18 August | The parties—State Government, Commonwealth Games Federation Partnerships (CGFP) and Commonwealth Games Australia (CGA)—met in Sydney for mediation discussions.

19 August | Premier announced the mediation outcome of \$380 million in compensation to the CGF.

- Cabinet submission from DJSIR.
- A draft cabinet submission from DJSIR.

Source: See Appendix H.

3.3 Identifying the opportunity to host the Games

The hosting of the 2026 Commonwealth Games was originally envisioned as an opportunity to showcase Victoria's regions and grow its visitor economy.¹ Visit Victoria, the State's tourism and events company,² was informed of the opportunity to host the Games by Commonwealth Games Australia (CGA) in March 2021.³ According to the Auditor-General's report, the proposal by CGA included Melbourne and Geelong, with some events in regional cities. However, Visit Victoria saw the potential for a fully regional games.⁴ Brendan McClements, CEO of Visit Victoria, told the Committee that having the Games in Victoria was seen as a platform to enhance market awareness and interest in regional Victoria:

Our major events team led the initial proposal development and initial engagement with the rights holders around the 2026 Commonwealth Games, after which the destination marketing team's role was to design and implement a destination marketing campaign to increase global awareness and interest in regional Victoria through the games.⁵

The Committee notes that the idea of a fully regional Commonwealth Games had previously been investigated by Shepparton City Council in 2017. At that time, it was envisaged that the concept would be developed for a 2030 or 2034 Games. A taskforce was established, and the Council received funding from Sport and Recreation Victoria for prefeasibility study, matched by \$50 000 from 14 other regional councils. The pre-feasibility study was completed in early 2020, however was not further progressed. Whether that work influenced Visit Victoria or the Government's decisions to pursue a regional games is unknown: no reference to the previous work by Shepparton has been made by the entities involved in the preparation of the business case or the bid for the 2026 Games, and Shepparton Council was not approached for input. Interestingly, the Committee heard that some of the problems that arose with the 2026 Games preparations had been identified in the Shepparton prefeasibility work.⁶

On 29 June 2021, Visit Victoria appointed sporting consultancy Global Media and Sports to conduct a scoping review to understand the impact of hosting the Games in Victoria in 2026.⁷ The scope of the review was to understand:

- the possibility of including existing and proposed new sports
- options for competition venues
- estimated athlete numbers

1 Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

2 Visit Victoria, *Annual Report 2022–23*, 2022, p. 10.

3 Ibid.

4 Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 12.

5 Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

6 Anthony Nicolaci, Manager, Economic Development, Greater Shepparton City Council, public hearing, Bendigo, 27 February 2024, *Transcript of evidence*.

7 Ibid., pp. 1, 17.

- non-competition venue requirements
- potential locations for the opening and closing ceremonies.⁸

Box 3.1 Why the Commonwealth Games Federation didn't have a host for 2026

The timeline for hosting the 2026 games was shorter than usual. Victoria 2026 Chair Peggy O'Neal stated that it 'the shortest lead-in time ever'^a for a Commonwealth Games. The conventional preparation time was at least six years,^b and the Gold Coast Games in 2018 had seven years.^c However, in 2017, Durban in South Africa, was stripped of the rights to hold the 2022 Games over missed financial and governance milestones.^d Birmingham was chosen by the Commonwealth Games Federation as the preferred host after a second round of bids to host the Games. It delivered them in a compressed timeframe. The 2022 bid process led to a delay in awarding the 2026 host contract.^e The COVID-19 pandemic also consumed the attention of governments during this period. Birmingham had originally intended to host the 2026 games, and now a candidate was sought by the Commonwealth Games Federation to host the 2026 Games.^f

- Peggy O'Neal, Chair Victoria 2026, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, p. 67.
- Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence*, p. 47.
- Craig Phillips, CEO Commonwealth Games Australia, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, p. 4.
- 'Commonwealth Games: Durban stripped of right to hold 2022 Games over financial problems', *ABC News*, 14 March 2017, <<https://www.abc.net.au/news/2017-03-14/durban-loses-right-to-host-2022-commonwealth-games/8351396>> accessed 27 March 2024.
- Craig Phillips, CEO Commonwealth Games Australia, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, pp. 7–8.
- Ibid.

On 12 October 2021, Visit Victoria had a briefing with the Minister for Tourism, Sport and Major Events, outlining the opportunity for the Games.⁹ The next day it sent a presentation deck on the Games to the Minister's Office.¹⁰

Following an exchange of emails between Visit Victoria and the Minister for Tourism, Sport and Major Events, the Department of Jobs, Skills, Industry and Regions (DJSIR) received information regarding the opportunity throughout October and November 2021.¹¹

⁸ Brendan McClements, Chief Executive Officer, Visit Victoria, response to questions on notice received 17 November 2023, p. 1.

⁹ Brendan McClements, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 18.

¹⁰ Brendan McClements, Chief Executive Officer, Visit Victoria, response to questions on notice received 17 November 2023, p. 1.

¹¹ Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 2.

In November and December 2021, Visit Victoria engaged with the Commonwealth Games Federation to discuss the opportunity.¹² This included a meeting in London on 8 December 2021 between Brendan McClements, CEO of Visit Victoria, and Dame Louise Martin, Head of the Commonwealth Games Federation (CGF), ‘to have a conversation about whether our interests aligned’.¹³

The Committee heard evidence that the Government had made it clear that a fully regional games was a priority and served primarily as a vehicle to deliver infrastructure legacy projects to the regions:

From the outset the driving impetus of the state and the CGF parties were different, but for so long as they overlapped it was a solid partnership. The state wanted to deliver an event that would provide significant legacy outcomes in regional Victoria, such as sports infrastructure and housing, as well as some here-and-now benefits, such as economic activity and tourism. The government was adamant from the outset, and remained so, that it had no interest in and there was no benefit for the state to hosting events in Melbourne. The games presented as an opportunity to achieve legacy outcomes in regional Victoria, and while acknowledging the significance of the games, the event itself was not the primary motivating factor.¹⁴

According to information provided in response to a questionnaire from the Committee, DJSIR engaged consultancy firm Ernst and Young (EY) on 11 November 2021 to begin a contract providing hosting advice.¹⁵ The advice included ‘infrastructure, events, commercial and financial advisory to inform a potential bid to host the 2026 Commonwealth Games’.¹⁶

On 15 December 2021, DJSIR escalated its work with EY and engaged them to begin developing a business case for the 2026 Commonwealth Games. Dean Yates, Partner at EY, explained:

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.¹⁷

There were differing accounts from witnesses about the date of the next step in relation to an agreement between Visit Victoria, CGA and the CGF for a period of exclusive

¹² Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

¹³ *Ibid.*, pp. 1, 14.

¹⁴ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, Melbourne, 9 October 2023, *Transcript of evidence* p. 48.

¹⁵ Department of Jobs, Skills, Industry and Regions, response to questionnaire received 2 October 2023, p. 19. DJSIR informed the Committee that a second contract, which began on 11 January 2022 was the substantive contract to EY for producing the business case for the Games; Department of Jobs, Skills, Industry and Regions, response to questions on notice received 27 October 2023, p. 17.

¹⁶ *Ibid.*

¹⁷ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 2.

negotiation for the Government to conduct a due diligence process for hosting the Games. This will be referred to in the following sections as the exclusive negotiation period between Visit Victoria and the CGF, as the majority of evidence referred to it in this manner.

Visit Victoria informed the Committee that on 21 December 2021, it signed a letter of agreement for a six-week exclusive negotiating window, which expired on 1 February 2022. It was later extended to 15 February 2022. Brendan McClements told the Committee:

On 21 December Visit Victoria, the CGF and the CGA signed a letter of agreement establishing a six-week exclusive negotiating window for the state to evaluate the opportunity. This was later extended to 15 February. The Department of Jobs, Precincts and Regions, DJPR, around this time also began engaging with external consultants and led the work on developing the initial business case for the Government with input from Visit Victoria.¹⁸

The Department of Premier and Cabinet (DPC) described the Government entering a period of exclusive engagement with the Commonwealth Games Federation 'in late 2021'.¹⁹ While DJSIR described the letter of engagement being signed in mid-2021.²⁰

However, in the business case submitted by EY, the firm states that the period of exclusive evaluation began on 15 December 2021:

On 15 December 2021, the Victorian Government, CGF and CGA signed a Memorandum of Understanding (MOU) to undertake an exclusive evaluation and due diligence process for Victoria to host the 2026 CG. The MOU expired on 31 January 2022.²¹

During this period of evaluation and due diligence, EY worked with a small team of consultants to conduct an evaluation of the potential costs and benefits associated with hosting the Games. It produced the report in conjunction with DHW Ludus, who provided advice on facilities and infrastructure,²² and MI Associates who provided advice on operational matters.²³

3.4 Limitations and shortcomings with the business case

There were aspects of the costings in the business case which were considered to be underestimates, once detailed planning for the delivery of the Games was undertaken

¹⁸ Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

¹⁹ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, Melbourne, 9 October 2023, *Transcript of evidence* p. 47.

²⁰ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 2.

²¹ Department of Jobs, Skills, Industry and Region, *Regional Victoria - Commonwealth Games 2026 Business Case*, p. 10.

²² *Ibid.*, p. 65.

²³ *Ibid.*

by the Government. The submission from the Parliamentary Budget Office provided an overview of these cost escalations:

The business case presented a cost estimate for the 2026 Commonwealth Games between \$2,494 million and \$3,005 million. The revised June 2023 estimates put the cost of the games at \$6,865 million, with \$2,005 million in additional cost pressures. The updated estimates are 128% higher than the business case's "worst case".²⁴

DJSIR put limitations on EY when commissioning the business case that the Committee believes had a significant bearing on the cost underestimations. These limitations were a very short timeframe, and confidentiality provisions which prevented consultation. The business case contained a number of strong caveats warning of the risks to its cost estimates associated with these limitations. In addition, the business case did not align with all DTF guidelines for projects such as the Games.

DJSIR paid EY approximately \$3.1 million for its work on the business case and assisting the Department with the transition to Games delivery.²⁵

The following sections outline the key issues the Committee heard about the business case. They are:

- Only six weeks were provided to EY to produce an initial business case.
- Confidentiality requirements were put on EY by DJSIR which prevented consultation with local stakeholders and venues. This led to a reliance on 'desktop research'.²⁶
- There had never been a multi-city Commonwealth Games and there were many unknowns associated with the capital and operational costs of hosting a major event across five regional cities.
- There was underestimation of infrastructure costs, including the athlete's villages and sporting venues.
- The business case did not align with DTF guidelines on Investment Lifecycle and High Value High Risk projects.²⁷

3.4.1 A lack of time

As noted in Section 3.3, on 15 December 2021, EY was engaged by DJSIR to develop the business case for hosting the Commonwealth Games. The consulting firm was only given six weeks to complete the business case. This was to ensure the Government could make a decision about whether to proceed with the Games before the six-week period of exclusive engagement with the CGF closed.²⁸ The Committee notes the work was undertaken over the Christmas period in 2021 and a number of public holidays may have reduced the time available.

²⁴ Parliamentary Budget Office, *Submission 33*, p. 10.

²⁵ Department of Jobs, Skills, Industry and Regions, response to questions on notice received 12 January 2024, p. 17.

²⁶ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 14.

²⁷ Parliamentary Budget Office, *Submission 33*, pp. 12–28.

²⁸ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 2.

Information provided to the Committee from DJSIR (see Appendix I) indicated that the scope of the business case was refined through consultation between EY and DJSIR through the early part of their engagement in December. EY confirmed the scope of works through their letter of engagement to the Department on 24 December 2021.²⁹ The scope included an:

- audit of venues/sporting infrastructure, accommodation and transport and assessment of necessary upgrades
- assessment of Commonwealth Games requirements and sports program including local government event capability
- economic analysis, benefit evaluation and cost benefit analysis
- assessment of the rights model, operating model and post games legacy.³⁰

The Committee asked Dean Yates, Partner at EY whether six weeks was enough time to write the business case. He replied:

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.³¹

Dale Wood from DHW Ludus, who provided input in relation to the infrastructure component of the business case, explained that if the timeframe was longer, more technical support could have been brought in:

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.³²

The Committee was told by DTF that it received drafts of the business case before the six-week period ended, the first on 20 January 2022, just 16 business days after EY confirmed the scope of works with DJSIR. A second draft with costings was provided on 25 January 2022.³³ This will be discussed further in Section 3.5.

A first version of the business case was submitted to DJSIR on 28 January 2022.³⁴ A second version was requested and provided to DJSIR on 9 March 2022. This will be discussed further in Section 3.5.

²⁹ Correspondence from Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, to the Committee, 22 February 2024, p. 1.

³⁰ Ibid.

³¹ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 5.

³² Dale Wood, DHW Ludus, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 5.

³³ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

³⁴ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 17.

Why did the Government agree to such a short timeframe?

Some reasons were provided by stakeholders and were published in the Auditor-General's report as to why the Government agreed with the CGF to conduct its due diligence in such a short timeframe.

Mr McClements from Visit Victoria informed the Committee that he was asked to secure the six-week window,³⁵ although it is unclear whether this came from a department or the Government. Tim Ada, Secretary of DJSIR, outlined some of the reasons for the short timeframe, including pressure from the CGF:

I understand that there was time pressure from a number of perspectives during this period, including from the desire and long lead times for the CGF to have a 2026 host city confirmed by the time of the 2022 games, held in Birmingham in July to August last year, and the short lead time, if the games were secured, for Victoria to be ready to host the 2026 games.³⁶

The business case itself also stressed the tight timeframe and the need for as much time as possible to build infrastructure if a bid was accepted.³⁷ It said: 'there is no opportunity for the State Government to delay making a decision [to host the games]'.³⁸ It also expressed urgency in delivering infrastructure such as competition venues and athlete's villages, which it said 'can be delivered by 2026 but already require compressed timeframes to achieve this'.³⁹

The Auditor General's report examined the period after the Government signed a heads of agreement with the CGF in February 2022. It stated that since the Government was the sole bidder for the Games, it could have sought more time to conduct a more comprehensive business case:

All agencies involved in the Games were under extreme time pressure, especially between February and April 2022. This is when the government considered the business case and signed the host contract. However, as Victoria was the sole bidder for the Games, the government (through DJSIR) could have used its position to seek more time from the Games Federation to conduct comprehensive due diligence. The Games Federation faced pressure of its own because it had not identified a host yet. Instead, DJSIR, with the government's agreement, worked within the Games Federation's stated timeframe, even though DTF advised DJSIR that there were serious delivery risks and unresolved issues with the host contract.⁴⁰

35 Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 20.

36 Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

37 Department of Jobs, Skills, Industry and Region, *Regional Victoria - Commonwealth Games 2026 Business Case*, p. 32.

38 *Ibid.*

39 *Ibid.*

40 Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 8.

Dean Yates, Partner at EY, explained that it was understood the costs in the business case would need to be validated, and that in the normal course of events there would be a period of testing and validation before the host contract was signed:

it was understood widely that these costs 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.⁴¹

The business case included caveats about these time limitations, as well as caveats about confidentiality (discussed in the following Section):

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.⁴²

The Committee understands there were time pressures associated with building infrastructure on time, and pressure from the CGF to secure a host. However, these should have been balanced against the necessity of allowing sufficient time for the completion of a considered business case, particularly with a multi-city model that has never been tried before.⁴³

In the Committee's view, if more time was allowed for the completion of the business case, a more accurate picture of the costs and benefits of the Games would have been presented to the Government before a decision was made to proceed with the Games.

FINDING 2: The timeframe agreed upon between the Victorian Government and the Commonwealth Games Federation to negotiate the hosting the 2026 Commonwealth Games was too short.

⁴¹ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 2.

⁴² Ibid.

⁴³ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.

FINDING 3: The short negotiating period between the Victorian Government and the Commonwealth Games Federation resulted in the Government initially allowing six weeks for the completion of a business case for the 2026 Commonwealth Games. Key dates in this timeline include:

- The Department of Jobs, Skills, Industry and Regions (formerly DJPR) engaging Ernst and Young to prepare the business case on 15 December 2021.
- Ernst and Young confirming the scope of the business case on 24 December 2021.
- The submission of the first draft of the business case to the Department of Treasury and Finance on 20 January 2022.
- The submission of a second draft of the business case to the Department of Treasury and Finance on 25 January 2022.
- The submission of the initial business case to the Department of Jobs, Skills, Industry and Regions (formerly DJPR) on 28 January 2022.
- The submission of a final version of the business case on 9 March 2022.

FINDING 4: The timeframe agreed upon by the Victorian Government to conduct due diligence and negotiate with the Commonwealth Games Federation on hosting the 2026 Commonwealth Games was too short. The tight timeframe did not allow for appropriate consideration of the costs, benefits, and risks of hosting a large, complex, multi-city event and contributed to an underestimation of the costs.

3.4.2 Confidentiality provisions

In addition to time pressures, the Committee heard that EY was restricted from seeking advice and information on costings for the Games from anyone outside of a small circle of trusted consultants. This was due to strict confidentiality requirements on the part of DJSIR to protect the State's commercial interests.⁴⁴ EY Partner Dean Yates explained extensively in his public hearing opening statement that the confidentiality provisions limited the ability of the firm to consult and attain more accurate costings:

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.⁴⁵

As a result of the provisions, the business case and its costings were compiled using desktop research. Dean Yates explained:

⁴⁴ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 2.

⁴⁵ Ibid.

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.⁴⁶

Because of the confidentiality provisions, EY was prevented to speaking with a number of stakeholders who could have provided more insight into costings for the games,

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.⁴⁷

Mr Yates explained, however, that it was not a unique situation, and that the consultancy firm often undertook work for clients on a confidential basis.⁴⁸

A result of the confidentiality provisions was that the business case included strong caveats on the accuracy of the costings. This includes infrastructure and operating budgets:

The nature of this project is highly confidential, this has meant there is limited opportunity to engage with venue operators (and confirm capital works required), work with other funding partners (and confirm alternative sources of funding), verify operating budgets and so on.⁴⁹

It also noted that it was unable to assess the condition of venues, and detailed design was not undertaken on venue upgrades and new infrastructure:

Given the confidential nature of the investment, a desktop assessment was undertaken. Consultation was not possible with venue operators to assess the current state of venues. Further, detailed design has not been undertaken on the permanent upgrades and new infrastructure required.⁵⁰

Mr Yates told the Committee he considered it important to flag the costing uncertainties and risks that were a result of the confidentiality provisions in the report:

[...]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

⁴⁶ Ibid., p. 3.

⁴⁷ Ibid., p. 5.

⁴⁸ Ibid.

⁴⁹ Department of Jobs, Skills, Industry and Region, *Regional Victoria - Commonwealth Games 2026 Business Case* p. 65.

⁵⁰ Ibid.

and to make sure that those receiving our report did the best they could to manage those factors.⁵¹

The Auditor-General's report identified a missed opportunity in relation to the confidentiality provisions. It noted that subsequent to the first version of the business case being submitted to DJSIR on 28 January, the Government publicly announced it was in exclusive negotiations with the CGF for the Games. Given the bid was public knowledge, wider consultation could have happened to improve the costings. This did not eventuate:

on 10 February the Games steering committee, which included officials from DJSIR and Visit Victoria, decided to only engage with architectural firms and an economic modeller. The steering committee made this decision to maintain the bid's confidentiality. However, we note that the bid was made public by the government 6 days later.⁵²

The Committee is of the view that the confidentiality requirements prevented appropriate consultation and contributed to an underestimation of the costs in the business case.

FINDING 5: Strict confidentiality requirements imposed on consultants who compiled the business case for the Games prevented them from conducting site visits and engaging with organisations and individuals who may have had experience or knowledge of aspects of the business case, including costings. This contributed to an underestimation of the costs.

3.4.3 The multi-city regional model and operational costs

Jeroen Weimar, CEO of Victoria 2026—the organising committee for the Games—explained the pioneering task the organisers had ahead of them to deliver a multi-city Games. He noted it was ‘the first time any major multigame sporting event has tried to operate across five different venues and locations.’⁵³

A document was released by the Government showing the estimated escalations in cost between the final submission of the business case in March 2022 and July 2023.⁵⁴ This showed that alongside infrastructure, operating costs were a large contributing factor to the purported cost blow-outs. There was a \$1.18 billion difference between the worst-case scenario estimate in the business case, and the projected operational costs in July 2023.⁵⁵ Table 3.1 below shows the cost increases.

⁵¹ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 17.

⁵² Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 45.

⁵³ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.

⁵⁴ Victorian Government, *Commonwealth Games Budget July 2023*, <<https://content.vic.gov.au/sites/default/files/2023-08/CommonwealthGames2026Costings.pdf>> accessed 22 March 2024.

⁵⁵ *Ibid.*

Table 3.1 Projected increases in operational costs for the Games between March 2022 and July 2023

Operations	Original business case (\$ million)		July 2023 estimate (\$ million)
	Worst case scenario	Best case scenario	
General operations	1,149	1,124	1,440
Temporary overlay	291	257	499
Transport	110	110	306
Police and security	201	201	492
Contingency	250	163	450
Total	2,001	1,855	3,187

Source: Victorian Government, *Commonwealth Games Budget July 2023*, <<https://content.vic.gov.au/sites/default/files/2023-08/CommonwealthGames2026Costings.pdf>> accessed 22 March 2024.

The Committee heard that the unique multi-city model was one of the key challenges in estimating accurate operational costs in the business case.⁵⁶

Mr Ada from DJSIR told the Committee that ‘the Games operations cost largely relied on top-down estimates and benchmarking against known amounts from the 2018 Gold Coast games’.⁵⁷

The submission from the Parliamentary Budget Office quotes a DTF technical guidance document for projects, which states that ‘top-down’ estimates involve an overall project estimate, with adjustments made in relation to project duration or sub tasks. It warned top-down estimates are not accurate and should only be used in some cases:

A top-down estimate sets a forecasted cost/duration for a project, usually without undertaking a detailed cost analysis. This implies the overall project estimate is made first, and then the estimated project duration or budget value is allocated to the sub-tasks required to complete the project. This type of estimate is not accurate and is typically only employed:

- early in the project lifecycle for option selection (before the business case) or for preliminary business cases
- where there is a fixed budget or duration, and scope is made to fit a budget or timeframe
- where there is enough data available on an analogous project to know that the funds/time allocated top-down to the lower levels are realistic.⁵⁸

⁵⁶ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.

⁵⁷ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

⁵⁸ Parliamentary Budget Office, *Submission 33*, pp. 15–16.

This top-down approach was applied to the operational costs for the Games based on the 2018 Gold Coast Commonwealth Games, with adjustments made for the proposed Victorian multi-city model. Dean Yates said:

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.⁵⁹

This was echoed by Michelle Morris from MI Global Partners who said the Gold Coast Games were a baseline and adjustments were made to accommodate the regional model:

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.⁶⁰

David Martine, Secretary of DTF, noted the adjustments made to take into account the multi-city model.⁶¹ However, he cautioned that the success of those efforts would depend on the level of adjustment made and that the consultants were constrained by confidentiality requirements:

I guess the real question becomes the adjustments that the consultants then made to reflect the different delivery model, which is acknowledged in the report. But also I think they acknowledged that it was very much a desktop review at that stage.⁶²

Simon Thewlis, a professional in the event industry, indicated the flaws in the model were clearly evident.

It took only a 10-minute read to see the deep flaws in the business case. To quickly touch on a few things, it was based on the Gold Coast and not on regional Victoria. While lack of construction people was identified as a serious risk, the lack of event industry people was not, despite our industry having been decimated during COVID. In fact the business case suggests that locals in the regions could be trained in 'major event delivery'. This showed little understanding of the skills and experience needed from major events. The chair of Victoria 2026 in evidence said that their organisation had never seen or read the business case. How could this be if half of their senior leadership team oversaw putting it together at DJPR, ran the bid and then nailed down the deal based on the business case and were part of the organising committee up until they joined Victoria 2026?⁶³

⁵⁹ Dean Yates, Partner, Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, pp. 3–4.

⁶⁰ *Ibid.*, p. 4.

⁶¹ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 24.

⁶² *Ibid.*

⁶³ Simon Thewlis, Director, Event Pty Ltd, public hearing, 23 October Melbourne, 2023, *Transcript of evidence*, p. 43.

Jeroen Weimar, CEO of Victoria 2026, told the Committee that once his staff began planning the operational aspects of the multi-city model, it soon became apparent that the business case had underestimated the costs of a dispersed Games:

What drove these costs were having not one but five host cities, requiring significant duplication of infrastructure and services; the use of smaller, regional cities, which meant less existing infrastructure and service capacity, including things like labour force, accommodation and hospitality options; significant transport and security costs arising from such a large geographical footprint; and the sheer scale of the sporting and cultural program agreed to in the host contract.⁶⁴

Mr Weimar gave an example of the duplication in services and infrastructure associated with multiple host cities, which added to the costs:

If you were arriving as Team Wales, you would be arriving at Melbourne Airport and then breaking your team into four components depending on sport, moving them to four different villages and then having to support those teams in four quite different locations. What that meant for the organising committee, but also for the individual teams, was a significant duplication of costs. We would have had to have four or five uniform and accreditation centres. We needed five volunteer centres to manage the volunteering process. We needed additional resources to support the teams and country delegations. None of that is impossible, and we had a plan to deliver that, but that sheer duplication does introduce additional cost.⁶⁵

The Committee acknowledges that a Commonwealth Games with a multi-city model had never been undertaken before. The unknown nature of hosting such an event produced significant barriers to understanding the costs. Although adjustments were made in the business case to account for the operational costs associated with a regional multi-city model, they proved to be inadequate.

FINDING 6: Hosting the Commonwealth Games across multiple cities in regional areas had never been done before and led to significant operational cost increases. Adjustments for the multi-city model were made in the business case, but they proved to be inadequate.

3.4.4 Underestimation of infrastructure costs

Another aspect of the business case that proved to be inadequate was the costs associated with constructing infrastructure, including competition venues and the athlete's villages.

Tim Ada from DJSIR informed the Committee that competition venue costs outlined in the business case 'were derived from Commonwealth Games Federation requirements,

⁶⁴ Jeroen Weimer, CEO Victoria 2026, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, p.69.

⁶⁵ Ibid.

as well estimates benchmarking against known amounts from the 2018 Gold Coast games'.⁶⁶

However, between the completion of the business case in January 2022 and July 2023 the estimates for infrastructure costs have escalated significantly. A document released by the Government showed projected increases, estimating a \$669 million dollar difference between the worst-case costing scenario in the business case and the July 2023 estimate.⁶⁷ Table 3.2 below provides these figures.

Table 3.2 Projected increases in infrastructure costs for the Games between March 2022 and July 2023

Infrastructure	Original business case (\$ million)		July 2023 estimate (\$ million)
	Worst case scenario	Best case scenario	
Athletes Villages	250	200	1,023
Competition venues	745	430	650
Other capital investments	9	9	0
Total	1,004	639	1,673

Source: Victorian Government, *Commonwealth Games Budget July 2023*, <<https://content.vic.gov.au/sites/default/files/2023-08/CommonwealthGames2026Costings.pdf>> accessed 22 March 2024.

David Martine described the difference in the costs of the athlete's villages as 'a big differential – huge differential'.⁶⁸

Allen Garner, former CEO of the Office of the Commonwealth Games at DJSIR, explained that the Department worked with Development Victoria to arrive at the updated costings for the villages. He said the costs for constructing the villages escalated due to the costs of finding appropriately skilled labour, dispersed across four regional sites and the logistics of getting materials to these areas:

One of the challenges with that would be that it did not really anticipate doing it in regional Victoria and it did not anticipate that there would be four village sites, if we are talking about the villages for a minute, so that changes the nature and the complexity. The cost challenges come in the regions from availability of contractors and their resources to be able to do that. There is a potential risk that you actually have to bring people into the regions to do the construction to meet the time line because of the urgency of the time line. Then that presents accommodation problems, so there is a balance between how you pull that together. Labour costs were a potential challenge

⁶⁶ Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

⁶⁷ Victorian Government, *Commonwealth Games Budget July 2023*, <<https://content.vic.gov.au/sites/default/files/2023-08/CommonwealthGames2026Costings.pdf>> accessed 22 March 2024.

⁶⁸ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 33.

and emerged more strongly later on as the discussion about the games agreement transpired – getting materials, and satisfactory materials, to each of the areas, given there were also challenges with, you might recall, the bushfires and the floods.⁶⁹

The submission from the Parliamentary Budget Office noted the differential in the costs of the athlete’s villages. It stated that it appeared to relate to an assumption of a development agreement with the private sector in the business case, which would have reduced the costs.⁷⁰ However, David Martine explained because of the time pressure, an agreement with private developers was not possible and cost assumptions for the villages were increased to reflect the Government directly commissioning the construction of the villages itself:

... the very compressed time frame meant that some of the earlier views about how you would deliver those, particularly involving more of the private sector, meant that with that compressed time frame, the only way to meet the time lines would be government doing a lot more of the construction itself. So a lot of that increase was really driven by – the compression of the time line meant what may have been desired in early 2022 of more of a private sector approach was just not going to work.⁷¹

Allen Garner, CEO of the Office of Commonwealth Games, noted that inflationary pressures associated with a number of large ongoing public sector projects may have added to competition for labour and materials, inflating prices:

There is no doubt on the eastern seaboard of Australia there are a significant load of projects – not just in Victoria but in New South Wales and Queensland. The big contractors obviously are across the lot, so they do influence each other. Supply of big materials – steel in particular is a massively unpredictable product – the cost of fuel and all of those things work together to drive the cost up in basically a supply-and-demand situation.⁷²

The Parliamentary Budget Office noted that the provision for inflation in the business case was inadequate, with provision for 2.5% per year for the operational budget and 2.3% per year for the capital budget, per year until 2026/27.⁷³ Inflation was already rising sharply while the business case was being prepared in late 2021 and 2022, and continued to rise in 2022 and 2023 with the monthly CPI indicator reaching 8.4% in July 2023.⁷⁴ The inflation provisions in the business case proved inadequate.

69 Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 28.

70 Parliamentary Budget Office, *Submission 33*, pp. 20–21.

71 David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 33.

72 Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 40.

73 Parliamentary Budget Office, *Submission 33*, p. 19.

74 Australian Bureau of Statistics, *Monthly Consumer Price Index Indicator*, January 2024, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/monthly-consumer-price-index-indicator/jan-2024>> accessed 22 March 2024.

David Martine, from DTF, said that the immovable deadline to complete construction for both competition venues and the athletes villages, also added to costs:

there was a lot of activity and construction and other activity that needed to be done over 2½ years. You were effectively dealing with an absolutely fixed deadline. So there is a big difference, I think, between a fixed deadline where it has to be 100 per cent operational versus just a government commitment, where it is not unusual for a government to say, 'By a certain date something will be open.' You know, it might be a new school or something. So that put, I think, a lot of pressure on both delivery and also costs, because you were operating and trying to deliver to that particular point.⁷⁵

The final cabinet submission for the Games (discussed in Section 3.5) indicated risks that an extra \$2 billion would be added to the final cost of the Games. Some of this was driven by infrastructure spending due to a tight timeframe. David Martine explained he thought that it was extremely likely the \$2 billion in added costs would be realised. In answers to questions on notice, DTF gave some of the reasons why it believed the costs would be realised, much of them relating to infrastructure:

The July 2023 estimate also included significant additional cost pressures that could amount to approximately \$2 billion. The additional cost pressures included but were not limited to: hyper-escalation driven by compressed timelines, regional supply constraints and broader inflationary pressures across the economy, accommodation shortfalls in the regions increasing cost, and major sporting code displacement costs.⁷⁶

The Auditor General's report provided a table which gave examples of cost escalations in relation to infrastructure and noted other causes, including adding more sports, building larger or additional venues and temporary infrastructure. The Auditor-General had access to documents relating to the Games, which the Committee has asked for, but has not been granted access to (see Chapter 2). Figure 3.2 below shows these examples.

⁷⁵ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 28.

⁷⁶ David Martin, Answers to questions on notice, p. 4.

Figure 3.2 Cost escalations and the reasons for them as shown in the Auditor-General's report

The business case assumed that ...	But ...	This meant that the expected cost of ...
the Games would include at least 16 sports and up to 5 more sports to be decided.	an additional 4 sports and 3 cycling disciplines were added in October 2022, which required changes to villages and venues.	the Games increased by \$247 million.
private developers would build the villages and sell the dwellings after the Games.	there was not enough time to find, negotiate with and appoint developers. So the state needed to develop the villages itself (and take on the risk of selling them after the Games).	villages increased from \$212 million to a net cost of \$576 million, based on a total cost of \$1.0 billion to build the villages.
<ul style="list-style-type: none"> Eureka Stadium in Ballarat would host the athletics events using mainly temporary infrastructure aquatics and gymnastics would be co-located in the same existing venue. 	the scope for the athletics venue at Eureka Stadium was expanded to provide more lasting benefit to the community. The government decided to build 2 new separate venues for aquatics and gymnastics.	major competition venues increased by \$220 million from \$222 million to \$442 million.
temporary infrastructure, such as portable buildings and temporary grandstands, would cost around \$283 million.	this initial estimate was unrealistic and additional sports and venue changes increased costs.	temporary infrastructure increased by \$216 million to an estimated \$499 million when the government withdrew from the Games.

Source: Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 9.

The Committee heard evidence from a number of sources that raised questions about the basis for the decision to build a temporary aquatics facility in Armstrong Creek, contrary to the business case modelling and preferences of key stakeholders, such as the City of Greater Geelong and Swimming Victoria, to use the existing facility at Kardinia Park.⁷⁷

FINDING 7: The business case underestimated the potential infrastructure costs for the 2026 Commonwealth Games due to a number of factors including:

- a lack of time
- a lack of appropriately skilled labour in regional areas
- inflation
- changing development models
- constraints on labour and building materials as a result of large ongoing public sector infrastructure projects.

⁷⁷ Ali Wastie, Chief Executive Officer, Greater Geelong City Council, public hearing, Geelong, 13 February 2024, *Transcript of evidence*, p. 6; Jason Hellwig, Chief Executive Officer, Swimming Victoria, public hearing, Melbourne, 23 October 2023, *Transcript of evidence*, p. 6.

3.4.5 A lack of alignment with some Department of Treasury and Finance guidelines

The submission from the Parliamentary Budget Office outlined how the business case did not align with some Department of Treasury and Finance guidelines. The submission explained that for projects with a total estimated investment over \$250 million, such as the proposed 2026 Commonwealth Games, the DTF's *Investment Lifecycle and High Value High Risk guidelines* (the Guidelines) should be applied. The Guidelines include specifications on the content of business cases.

The Committee was informed by EY that it adhered to DTF's *Economic Evaluation for Business Cases Technical guidelines*. However, these guidelines are a technical subset of the larger *Investment Lifecycle and High Value High Risk guidelines*. According to the Parliamentary Budget Office, this means the business case differs to the guidelines that should have been applied in a number of ways, including in relation to:

- scope
- alternative project options
- operating budget methodology
- capital budget methodology
- cost escalation assumptions
- cost estimate range
- a sensitivity analysis
- poor project planning risks
- risk estimates.

The impacts of not adhering to the guidelines were provided by the Parliamentary Budget Office and have been referenced in this Chapter where appropriate.

FINDING 8: The business case used to make the decision to commit to hosting the 2026 Commonwealth Games did not align with the Department of Treasury and Finance's *Investment Lifecycle and High Value High Risk* guidelines.

3.5 The decision to proceed with the Games

As discussed in Section 3.4.1, given the limitations around time pressure and confidentiality, the business case contained strong caveats about the reliability of the costings it was presenting. The first substantive page of the business case contained a warning that the costings were early-stage estimates and that they would need to be further developed and refined:

These are early stage cost estimates (no consultation with venue operators and councils has been able to be undertaken, similarly detailed site visits and design work has not

been possible at this early stage). Costs will further be developed and refined as the State moves through the bidding and planning process.⁷⁸

The Department of Treasury and Finance received the first draft of the business case on 20 January 2022 so they could provide advice to a cabinet submission on 31 January 2022:

DTF first received a draft business case on 20 January 2022 and a further draft with cost estimates on 25 January 2022. DTF provided advice to the government on hosting the Commonwealth Games on 31 January based on a submission that included the draft business case.⁷⁹

It speaks to the tight timeframe that DTF received two draft versions of the business case before it was delivered to DJSIR; the Department that commissioned the work. DTF implied that they received the business case early so they could provide advice on a cabinet submission for 31 January.⁸⁰

The Committee asked DTF for a copy of their advice on the business case, including for the first cabinet submission, however, it was not provided due to a claim of executive privilege. However, the Auditor-General was able to access this advice and published a summary. Both DTF and DPC gave their support for the Games to proceed at this stage, although they warned about risks in the costings. The report said:

DTF's and DPC's advice to the government about the Games was clear about the risks. But their advice was not always sufficiently comprehensive and frank. This is because, at key stages, both departments formally recommended that the government proceed with the Games despite significant and unresolved concerns.⁸¹

According to the Auditor-General's report, DTF suggested that 'the actual costs were likely to exceed the quantifiable benefits from the Games'⁸² and that it 'identified material concerns and risks for the state relating to the reliability of DJSIR's estimated costs for the Games'.⁸³

The exclusive negotiating window agreed between Visit Victoria and the Commonwealth Games was due to close on 1 February 2022.⁸⁴

The Committee notes that the first cabinet submission (31 January) on this issue was considered just two days after the first version of the business case was submitted to DJSIR on 28 January. The Commonwealth Games was a large and complex event, and there were strong caveats in the business case about uncertainties around the costings.

⁷⁸ Department of Jobs, Skills, Industry and Region, *Regional Victoria - Commonwealth Games 2026 Business Case* p. 6.

⁷⁹ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

⁸⁰ Ibid.

⁸¹ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 7.

⁸² Ibid.

⁸³ Ibid.

⁸⁴ Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

The Committee considers that two days after the submission of the business case was not long enough to make an informed decision on the merits of hosting the Games.

Mr Ada from DJSIR stated the 31 January cabinet submission with the business case supported the approval of entering into a heads of agreement with the Commonwealth Games Federation. He said:

The draft of the business case was considered by government at the end of January 2022, which supported the subsequent entering into of a heads of agreement with the CGF in around mid-February 2022 that bound both parties to work in good faith to explore the opportunity in more detail and to consider whether a contract could be agreed upon.⁸⁵

Visit Victoria informed the Committee that it was the Victorian Government who entered into the heads of agreement with the Commonwealth Games Federation and at this point, Visit Victoria's role changed to a support role.⁸⁶ According to the Auditor-General, at this point the Government publicly announced it was in exclusive talks with the CGF to host the Games in regional Victoria.⁸⁷

The exclusive negotiating window was extended to 15 February 2022.⁸⁸ At this point it appears that more information and advice was sought by the Government in relation to the Games. David Martine, the Secretary of DTF, said:

In that period between, let us call it, 20 January through to government making the actual decision to proceed, which was in March, we were heavily involved in analysing what was being presented, forming our views and briefing government. So there was a lot of work happening in the department in that period.⁸⁹

As noted in Section 3.4.2, the Auditor-General believes this period was a missed opportunity to remove the confidentiality requirements. This would have been a chance for the Government or EY to consult with local stakeholders with more detailed knowledge of venues and operational requirements.⁹⁰

On 17 February, DJSIR engaged KPMG to conduct Computable General Equilibrium modelling, which is a form of economic modelling that looks at how economies may react to policy changes.⁹¹ According to correspondence provided to the Committee by DJSIR, (Attachment I) the modelling provided another reference point for the assessment of the potential impact and benefits of hosting the 2026 Games.⁹²

⁸⁵ Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

⁸⁶ Brendan McClements, Visit Victoria public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

⁸⁷ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 8.

⁸⁸ Brendan McClements, Visit Victoria public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.

⁸⁹ David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

⁹⁰ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 8.

⁹¹ Deloitte, CGE Modelling, <<https://www.deloitte.com/au/en/services/economics/services/cge-modelling.html>> accessed 15 March 2024.

⁹² Correspondence, Tim Ada to Committee, 21 December 2024.

Peter Betson, Deputy Secretary of Sports and Experience Economy at DJSIR, described KPMG's work as a 'peer review' and noted that DTF supported their work on modelling the potential benefits of the Games:

the Department Treasury and Finance also support extra consultancy support from KPMG to run a peer review of those benefits. So the department, in forming the business case and in forming advice to government, relied on those two sources, including an independent peer review of those benefits.⁹³

The Committee asked DJSIR for a copy of KPMG's advice, but it was not provided due to a claim of executive privilege.

On 3 March 2022, the Department of Families Fairness and Housing provided advice to DJSIR on preliminary costings for the athlete's villages.

On 7 March 2022, DTF received an updated cabinet submission regarding the costs of the Games which included a top-down budget costing based on the 2018 Gold Coast Commonwealth Games but with increased cost estimates to reflect inflation and other projected cost pressures. DTF provided advice on this submission to the Government.⁹⁴ The Committee was not able to see the content of this advice due to a claim of executive privilege. However, the Auditor-General's report revealed it was supported by DTF and DPC.

On 9 March 2022, EY submitted a second and final version of the business case to DJSIR.⁹⁵ Dean Yates informed the Committee that the updates in the second version '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'.⁹⁶

The day after the final version of the business case was submitted, on 10 March 2022, the Government approved a \$2.6 billion budget to host the 2026 Commonwealth Games in regional Victoria.⁹⁷

FINDING 9: The Government approved the \$2.6 billion budget to host the Games the day after it received the final version of the 2026 Commonwealth Games business case. This was not enough time to adequately consider the merits of hosting the Games.

⁹³ Peter Betson, Deputy Secretary of Sports and Experience Economy, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 6.

⁹⁴ David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

⁹⁵ Dean Yates, Partner Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 14.

⁹⁶ *Ibid.*, p. 13.

⁹⁷ Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3; and David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

The Auditor-General's report provided further information on the final budget approved to deliver the Games. According to the report, the Office of the Minister for Tourism, Sport and Major Events proposed funding of \$3.2 billion in the first cabinet submission for the Games. However, the final submission to cabinet on the same day was altered at the request of the Minister's office:

In early March 2022 DJSIR briefed the Minister for Tourism, Sport and Major Events (the Minister) and recommended that they seek approval from the government for a gross budget of up to \$3.2 billion.

This reflected the high-cost scenario in the business case. The Minister accepted DJSIR's advice and approved the submission recommending this funding amount on 10 March 2022.

However, the final submission, which was dated the same day, recommended that the government approve a Games budget consistent with the low-cost option, which was a gross budget estimate of \$2.7 billion.

DJSIR has given us evidence that suggests this change was made at the request of the Minister's office. The 2022–23 state Budget, which was released in May 2022, disclosed \$2.6 billion of approved funding for the Games. This was slightly less than the \$2.7 billion approved in March 2022 because the government agreed to remove funding of around \$51 million allocated for additional sports that had not been selected yet.⁹⁸

This information was not revealed to the Committee during its evidence gathering process. The Auditor-General outlined that DJSIR sought funding of \$3.2 billion even though it would result in a cost to benefit ratio of 0.7, meaning the Games would bring less benefits than the costs to stage them.⁹⁹ Projects with a cost to benefit ratio of less than 1.0 usually do not proceed.¹⁰⁰

FINDING 10: Despite the Department of Jobs, Skills, Industry and Regions requesting a budget of \$3.2 billion for the hosting of the Commonwealth Games, the then Minister for Tourism, Sport and Major Events ultimately approved a budget of \$2.6 billion for the 2022/23 State Budget. The reasoning behind the final budget allocation is unclear.

FINDING 11: If it were approved, a \$3.2 billion budget to host the Commonwealth Games would have resulted in a cost to benefit ratio of 0.7, meaning it would have cost more to host the Commonwealth Games than the expected benefit. The approved budget of \$2.6 billion would have significantly improved this cost to benefit ratio.

The Committee notes that according to the Auditor-General's evidence, the Minister's office requested changes to the cabinet submission on the same day an earlier version was approved. The changes stripped \$500 million out of the Games budget and was

⁹⁸ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 6.

⁹⁹ *Ibid.*, p. 45.

¹⁰⁰ *Ibid.*, p. 6.

contrary to the advice the Department had given.¹⁰¹ This is a matter the Committee may follow up in the remainder of its Inquiry.

FINDING 12: The Committee notes with gratitude the speed and comprehensive nature of the Auditor-General's report.

The Committee recognises that there were considerable time pressures associated with delivering the 2026 Games (see Section 3.4.1). It also acknowledges that work had been done by DJSIR and DTF to analyse and provide advice to the Government about the costings in the interim business case before the final business case was submitted. Nevertheless, it is concerning that a decision to go ahead with the Games was made just one day after the final business case was submitted. This is not enough time for the Departments to give considered advice to Cabinet on the merits of hosting such a large and complex event, based on the final costings.

3.6 Planning the Games

3.6.1 Establishment of the Games delivery agencies

Following the decision to proceed with the Games, the Government entered into further negotiations with the Commonwealth Games Federation to finalise and execute a host contract.¹⁰²

On 12 April 2022, the Government made the official public announcement on hosting the Games in Victoria in 2026.¹⁰³ Following the announcement, new ministerial portfolios, agencies, offices and working groups were created to deliver the Games.

Two new ministerial portfolios related to the Games were created. The Hon Jacinta Allan MLC was appointed Minister for the Commonwealth Games Delivery in June 2022¹⁰⁴ and the Hon Harriet Shing MLC was appointed as the Minister for Commonwealth Games Legacy in December 2022.¹⁰⁵

Victoria 2026 was established on 7 September 2022.¹⁰⁶ Its role was to oversee and implement the operational delivery of the Victoria 2026 Commonwealth Games. Victoria 2026 was declared a public body under pt 7 of the *Financial Management Act 1994* (Vic) which provides for governance and accountability arrangements.¹⁰⁷

¹⁰¹ Ibid.

¹⁰² Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

¹⁰³ Ibid.

¹⁰⁴ Parliament of Victoria, *The Hon Jacinta Allan*, 2024, <<https://www.parliament.vic.gov.au/members/jacinta-allan>> accessed 27 March 2024.

¹⁰⁵ Hon Harriet Shing MLC, former Minister for Commonwealth Games Legacy, public hearing, Melbourne 26 October 2023, *Transcript of evidence*, p. 19.

¹⁰⁶ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.

¹⁰⁷ Ministerial Brief, Treasurer, *Declaring Victoria 2026 Pty Ltd a public body*, B22/1681, 10 October 2022.

The Committee received evidence that Victoria 2026 applied for, and was granted, an exemption from the Financial Management Act standing directions for the 2022–23 financial year while it fully developed its financial systems, policies and processes.¹⁰⁸

The Office of the Commonwealth Games was created within DJSIR to oversee the infrastructure component of the Games, which included the construction of competition venues and athlete’s villages. Allen Garner was appointed as the CEO of the office in November 2022.¹⁰⁹

In addition, an Interdepartmental Committee was established to keep key stakeholders informed and steer departmental planning and delivery of the Games. The members of the Committee included all department secretaries and representatives from Victoria Police and the Games delivery agencies. Beginning in May 2022, the Interdepartmental Committee met regularly—14 times, until the cancellation of the Games in July 2023.¹¹⁰

The Committee has listed in this Report the planning and delivery agencies it was informed of as part of the evidence collected so far. The Auditor-General’s report outlines additional agencies and organisations such as the Commonwealth Games Oversight Group established in February 2023. This group included CEOs of the Games Office and Victoria 2026 and relevant deputy secretaries from DPC and DTF. The responsibilities of this group included reviewing budget planning and related processes prior to submissions to the Government.¹¹¹

Consultation

While the confidentiality provisions during the preparation of the business case at least in part explain failures to consult at the early stages, subsequent to the awarding of the contract to host the Games, there continued to be a lack of meaningful consultation with key stakeholders. The Committee heard from many of these stakeholders that had they been engaged properly at an early stage, problems relating to cost, feasibility or implementation could have been identified and potentially addressed at the outset.

Many of these stakeholders continue to express concerns about the nature of consultation that has taken place regarding legacy projects and funding following the cancellation of the Games, an issue that the Committee will address further as its work continues.

¹⁰⁸ Ministerial Brief, Treasurer, *Victoria 2026’s request for a Standing Directions exemption*, B23/510, 17 May 2023.

¹⁰⁹ Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 23.

¹¹⁰ Department of Jobs, Skills, Industry and Regions, Select Committee into the 2026 Commonwealth Games Bid hearings, response to questions on notice received 27 October 2023, p. 5.

¹¹¹ Victorian Auditor General’s Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 48.

FINDING 13: A consistent theme that arose in the evidence provided by various stakeholders, including councils, tourism and events groups, accommodation providers, and sporting groups, was that there was a general lack of consultation from the Victorian Government, departments, and other entities responsible for preparing for the Games.

3.6.2 Discovery of projected cost escalations

The Committee heard that throughout 2022 escalations in the projected budget were discovered. Both Victoria 2026, who oversaw the operational component of the Games, and the Office of the Commonwealth Games, who oversaw the infrastructure component of the Games,¹¹² began detailed costings. Their updated budget projections amounted to far more than had been approved by the Government in March 2022.

Victoria 2026 started working on the delivery of the Games on 7 September 2022. Jeroen Weimar, CEO of Victoria 2026, and his team first put together a bottom-up costing of the Games, based on the host contract agreed with the CGF. Mr Weimar gave an explanation of the process:

The work we did really from the back end of last year, November, December, working with CGF and working with CGA was how do we make this model work? We have never had a Commonwealth Games where teams have been asked to operate across four cities that are so far apart from each other. How do we actually operationalise that and still run a 12-day competition program that looks integrated and coherent, and how does that work from a spectator point of view and a media point of view? We had a reasonable level of fidelity around how we wanted our operating model to work by January, February, and then we costed that.¹¹³

By mid-February 2022, Victoria 2026 had arrived at a budget forecast in excess of its' share of the \$2.6 billion approved by cabinet. DTF informed the Committee that a cabinet submission was sought in April 2022 for \$4.5 billion.¹¹⁴ Mr Weimar explained at this point he sought a net operational budget of \$1.768 billion, an increase of \$722 million.¹¹⁵

Mr Weimar gave the Committee an overview of the factors that led to an increase in the projected operational costs:

What drove these costs were having not one but five host cities, requiring significant duplication of infrastructure and services; the use of smaller, regional cities, which meant less existing infrastructure and service capacity, including things like labour force, accommodation and hospitality options; significant transport and security costs

¹¹² Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 2.

¹¹³ Jeroen Weimar, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 70.

¹¹⁴ *Ibid.*, p. 68.

¹¹⁵ *Ibid.*

arising from such a large geographical footprint; and the sheer scale of the sporting and cultural program agreed to in the host contract.¹¹⁶

In relation to infrastructure costs, the Committee heard from Allen Garner, CEO of the Office for the Commonwealth Games, who explained the factors that led to the projected costs increases:

The costs were built up by Development Victoria, and they had been tasked with doing that. We were overseeing that. But from what we could see and where it came from, the building costs themselves were going to be more expensive, particularly given the cost in construction that had happened over the previous 12 to 18 months – costs were rising substantially. The sites themselves – each site was different and had a different challenge. There was cultural heritage in some areas that had to be worked through that constrained what you might be able to build on or not build on. There was contamination in another area. And then there was what made up the villages and the content of the villages. The goal was to have a certain amount of them able to be resold for community social housing and also private housing. The balance was then to be made up with temporary accommodation, or relocatable accommodation, if you like, that would be relocated elsewhere into regional Victoria post the games. So all of those constraints sort of feed in and change the shape and the nature, and there was a constant iterative process by DV as we tried to work the costs down as to what that optimal mix might be.¹¹⁷

On 22 February 2023, Victoria 2026 completed the updated costings and provided them to the Office of Commonwealth Games, assuming they would pass the updated estimates on to the Government.¹¹⁸

The Minister for Commonwealth Games Delivery was briefed by DJSIR on the revised budget requirements to deliver the Games in early March.¹¹⁹

The Committee heard that by April 2023, the Victoria 2026 CEO and Board became concerned over the lack of response from the Minister regarding the revised budget. For this reason, the Chair of the Victoria 2026 Board, Peggy O’Neal, wrote to the Minister for the Commonwealth Games Delivery on 4 April 2023 seeking clarity from the Government as to whether the increased budget submission would be approved before beginning procurement processes:

We just wanted to be clear with the minister about what we were planning to do, and what our next steps were. We were getting ready to launch our procurement process; we needed some clarity about the budget. At that time we were still thinking it was going through the normal government budget process. It was something for the record – that, you know, we had our conversations. In fact what was included in that letter were the same things that went into the 27 February last budget submission. So it was more

¹¹⁶ Ibid.

¹¹⁷ Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 24.

¹¹⁸ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.

¹¹⁹ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

something for the record. It was not demanding anything, except to say, 'This is what we're about to do next and time is of the essence, and so we hope to get an answer very soon.'¹²⁰

FINDING 14: During March and April 2023, the Victorian Government were advised from multiple sources that costs were significantly more than the business case projected.

During the public hearing, Ms O'Neal confirmed she met with the Minister for the Commonwealth Games Delivery on 19 June 2023, and a discussion was had about when a decision would be made regarding the funding request. A formal reply to the letter was never received.¹²¹

In April 2023, DTF became aware of the potential escalation of the costs and on 5 April 2023, a cabinet submission was brought forward which sought approval for a revised budget of \$4.5 billion.¹²² This new budget was considered by cabinet in mid-April 2023, and it was not approved.¹²³ At this point the Auditor-General's report revealed that while the new budget of \$4.5 billion was not approved, the Cabinet did agree to an increase in the Games budget from \$2.6 billion to \$3.6 billion. It then asked the Minister for Commonwealth Games Delivery to find cost reductions in the Budget to deliver the Games for \$3.6 billion:

On 20 April 2023 the minister for Games delivery presented a submission to the government that DJSIR drafted to inform the government about the Games budget and expected costs. This submission sought approval for a revised gross budget of \$4.5 billion. The government did not accept this request and agreed to a revised gross budget of \$3.6 billion. It requested further advice from the minister by June on how the Games could be delivered in regional Victoria for that budget.¹²⁴

The Committee was informed that after the April cabinet submission was not approved, the Office of Commonwealth Games and Victoria 2026 were asked to investigate cost reduction plans.¹²⁵

Between April and June 2023, the Office of the Commonwealth Games and Victoria 2026 worked to identify opportunities to reduce costs. Jeroen Weimar explained the progress his team had made in reducing operational costs by May 2023:

We then submitted a final submission later in May of \$1626 million, and that reflected essentially some mitigations on cost that we had been asked to consider, which we did, and a further \$50 million cost pressure that we accepted to take across the whole

¹²⁰ Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 72.

¹²¹ *Ibid.*, p. 74.

¹²² David Martine, Secretary, Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

¹²³ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

¹²⁴ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 9.

¹²⁵ David Martine, Secretary, Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

category. That reduced our requirement to \$579 million as a delta, which I think the organising committee recognised at all times. That was a significant challenge for government as a funding party in all this. It is not a small amount of money, and we were very alive to the realities of those costs.¹²⁶

Allen Garner informed the Committee the work his office did to reduce costs in this period:

there was more work requested to be done across a range of areas to look at alternative strategies – how could you squeeze the lemon so to speak – to improve the cost and then what strategies might you be able to put in place to mitigate the costs.¹²⁷

In early June, DJSIR provided the Minister for the Commonwealth Games Delivery with a cabinet submission that included the savings found by Victoria 2026 and the Office of Commonwealth Games. \$300 million in cost reductions had been found and the new budget was \$4.2 billion.¹²⁸

The Department's June submission was provided to the Minister's Office on 12 June 2023,¹²⁹ the day before the Minister for the Commonwealth Games Delivery gave evidence at a Public Accounts and Estimates Committee (PAEC) public hearing in relation to the 2022–23 budget estimates inquiry.

DJSIR and Victoria 2026 advised the Minister and central agencies that a decision regarding the scope and budget for the Games was urgently required. Despite the urgency, this decision was not made in June.¹³⁰

In the meantime, DTF informed the Committee they were becoming increasingly concerned about the escalating costs. David Martine explained that the Department formed a view they would not support the revised budget for the Games:

The \$4.5 billion was essentially the Office of the Commonwealth Games's ask at that point, which at that point was a significant increase from the original consideration of \$2.6 billion. As I indicated in my opening statement, it was at that point that we were taking the view that we were not going to support the revised budget at that level. That was not just taking into account the original business case but also an aggregate budget point of view. As I mentioned earlier, part of our job is to be cognisant of the aggregate budget. At that point we formed the view that we were not in a position to recommend approval of a revised budget at that level.¹³¹

¹²⁶ Jeroen Weimer, Chief Executive Officer Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 77.

¹²⁷ Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 31.

¹²⁸ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.

¹²⁹ Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 27 October 2023, p. 6.

¹³⁰ Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 4.

¹³¹ David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 28.

On 13 June 2023, DTF advised the Department of Premier and Cabinet that they were not supporting the submission as drafted, given the increasing costs to \$4.2 billion from the original budget along with additional costs for policing and transport. DTF prepared advice to the Government on 14 June 2023, but the submission was not formally considered at the time.¹³²

FINDING 15: In June 2023, Government departments and agencies, including the Department of Jobs, Skills, Industry and Regions and Victoria 2026 advised the then Minister for Commonwealth Games Delivery, that a decision regarding scope and budget was urgently required. Despite the urgency, no decision was made in June.

The Committee heard from Allen Garner at the Office of Commonwealth Games that a revision in scope—such as reducing the number of host cities or sports—in order to contain costs had been explored, but ultimately was not accepted by the Government:

We worked with the organising committee and with central agencies to develop a range of scenarios for consideration, scenarios such as combining events closer together to minimise the number of different sites you had to establish and set up. The temporary set-up of each site was quite expensive, and there was a lot of that. Could we reduce the number of hubs from four to three? What impact might that have?¹³³

3.7 Information provided to the Public Accounts and Estimates Committee

In June 2023, the Minister for the Commonwealth Games Delivery and the Minister for the Commonwealth Games Legacy appeared at the PAEC public hearings for its *Inquiry into the 2023–2024 budget estimates*. In their evidence to that Committee, neither Minister gave an indication that the projected cost of the Games had increased substantially since the Games were approved, despite both being aware.

As mentioned in Section 3.6.2, the Minister for the Commonwealth Games Delivery was particularly aware of the projected cost increases.¹³⁴ According to the evidence provided, the Minister was briefed as follows:

- DJSIR briefed the Minister for Commonwealth Games Delivery on the revised budget requirements to deliver the Games on 6 March 2023.¹³⁵
- Peggy O’Neal, Chair of Victoria 2026, sent a letter to the Minister on 4 April 2023 outlining cost increases.¹³⁶

¹³² Ibid., p. 23.

¹³³ Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 31.

¹³⁴ Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 27 October 2023, p. 6.

¹³⁵ Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 16 November 2023, p. 6.

¹³⁶ Peggy O’Neal, Chair, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 72.

- The Minister took a submission to Cabinet in April 2023 requesting a budget increase for the Games of \$4.5 billion.¹³⁷
- The Minister was asked by Cabinet to find savings in the Games budget and report back on how the Games could be delivered for \$3.6 billion.¹³⁸
- DJSIR's June submission of \$4.2 billion was provided to the Minister's office on 12 June 2023.¹³⁹

Minister Shing was also informed of the budget increases. In response to questions on notice, DJSIR indicated that both Ministers were briefed on the progress of the Games, including the escalating budget projections 10 times between March and June 2023.¹⁴⁰ This was also confirmed by Allen Garner, CEO of the Office of Commonwealth Games who said in the lead up to the Minister's appearances at PAEC 'There were briefings in regard to the increasing costs'.¹⁴¹

In the days before the hearings, both Ministers were briefed by the Office of the Commonwealth Games in the first week of June on the progress of the Games:

- Minister Allan was verbally briefed about the progress of the Games organisation on 5 June 2023
- Minister Shing was verbally briefed about the progress of the Games organisation on 6 June 2023.¹⁴²

On 8 June 2023, Minister Shing provided an update on the progress of the Commonwealth Games in relation to the legacy portfolio at PAEC public hearings for the *Inquiry into the budget estimates for 2023–2024*. During the hearing, the Minister did not raise any concerns or flag any issues regarding the Games budget and the delivery of her portfolio on legacy.¹⁴³ The Minister was not asked any specific questions on the matter.

On 13 June 2023, the Minister for Commonwealth Games Delivery appeared before PAEC as part of the same inquiry. On this occasion, the Minister did not volunteer information to PAEC about the escalating cost estimates, including in her preliminary presentation. However, the Minister was not asked any specific questions on the matter. It cannot be established that the Minister had read DJSIR's submission, received by her office the day before, at the time of her attendance.

¹³⁷ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 9.

¹³⁸ Ibid.

¹³⁹ Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 27 October 2023, p. 6.

¹⁴⁰ Ibid.

¹⁴¹ Allen Garner, Chief Executive Officer, Office of Commonwealth Games, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 30.

¹⁴² Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 16 November 2023, p. 6.

¹⁴³ Hon Harriet Shing MLC, former Minister for the Commonwealth Games Legacy, Public Accounts and Estimates Committee, public hearing, Melbourne, 8 June 2023, *Transcript of evidence*.

The Victorian Ministerial Code of Conduct states that Ministers are required to maintain the confidence of cabinet discussions, decisions, and papers.¹⁴⁴ The Victorian Cabinet Handbook similarly states that:

... all Cabinet information (including verbal and written) must be kept strictly confidential and secure at all times. Unauthorised or premature disclosure of Cabinet deliberations may be prejudicial to the proper consideration of an issue by government and can be damaging to the public interest.¹⁴⁵

However, the Ministerial Code of Conduct also outlines the principle that 'Ministers are answerable to Parliament and through the Parliament to the people.'¹⁴⁶ Moreover, Ministers have a duty not to mislead the Parliament:

Ministers are expected to be honest in the conduct of public office and take all reasonable steps to ensure that they do not mislead the public or Parliament. It is the Minister's responsibility to ensure mistakes or misconceptions are corrected as soon as possible, and in a manner that is appropriate to the issues and interests involved.¹⁴⁷

The Committee believes that both Ministers, but particularly the Minister for the Commonwealth Games Delivery, should have been more forthcoming in providing updates on the challenges faced in delivering the Games within budget. Indeed, the Minister for Commonwealth Games Delivery had been tasked with finding cost reductions and was due to report back to Cabinet that month. Providing this important information to Parliament on the progress of the Games could have been achieved without divulging specific cabinet deliberations.

FINDING 16: In June 2023, the then Minister for Commonwealth Games Delivery and the then Minister for Commonwealth Games Legacy were aware that there were cost escalations and concerns.

FINDING 17: Despite knowing of the projected budget increases to deliver the 2026 Commonwealth Games, the Minister for Commonwealth Games Delivery and the Minister for the Commonwealth Games Legacy did not volunteer this information at the Public Accounts and Estimates Committee hearings for the *Inquiry into the 2023–24 budget estimates*.

¹⁴⁴ Victorian Government, *Ministerial Code of Conduct*, December 2023, p. 2.

¹⁴⁵ Victorian Government, *Cabinet Handbook*, 2023, p. 9.

¹⁴⁶ Victorian Government, *Ministerial Code of Conduct*, December 2023, p. 2.

¹⁴⁷ *Ibid.*

3.8 The cancellation of the Games

On 13 June 2023, the same day as Minister Allan appeared at the PAEC public hearing, DTF gave advice to DPC that it was not supporting the submission made by Victoria 2026, given the increasing costs to \$4.5 billion along with the additional costs for policing and transport.¹⁴⁸

Following DTF's advice, on the same day (13 June 2023) DPC Secretary advised the Premier that DPC and DTF would brief against the new estimate.¹⁴⁹ Based on this decision, on 14 June 2023, DPC Secretary had further a discussion with the Premier on the future of the Games. On the same day, DPC decided to engage lawyers to explore options on the delivery of the Games.¹⁵⁰

On 19 June 2023, the two Ministers with portfolios related to the Commonwealth Games were verbally briefed but the Committee was not told what they were briefed on.¹⁵¹ On the same day, DPC Secretary briefed DJSIR Secretary that the Government was considering all the options based on the increased budget requirements to deliver the Games.¹⁵²

After receiving this information, DJSIR Secretary Tim Ada was expected to inform the Ministers about the brief received by DPC as part of his Secretary duties. However, the Secretary did not brief Minister Shing, Minister for the Commonwealth Games Legacy. During the public hearings, he was asked why he did not brief the Minister, Tim Ada replied:

When I was apprised by the secretary of DPC on around the 19th – I have shared that testimony previously here with the committee – he informed me that Minister Shing would be told by the Premier or a senior member of the government, and that that was the direction that he had received from the Premier. I understand that the *Public Administration Act* requires a person in my role to advise ministers on matters related to the department, but I would also note that the obligations set out in section 13 of the Act do not operate in isolation. Rather, it operates alongside other duties which bind secretaries, including the terms of their employment contract and the Victorian Public Sector Commission's *Secretaries Guide for Informing and Advising Ministers*. Under the terms of my employment contract as set out in the VPSC *Secretaries Guide for Informing and Advising Ministers*, I am subject to separate duties to obey lawful and reasonable directions made by the Premier. These duties operate alongside my duties under section 13 of the *Public Administration Act*.¹⁵³

¹⁴⁸ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

¹⁴⁹ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, Melbourne, 9 October 2023, *Transcript of evidence* p. 48.

¹⁵⁰ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, Melbourne, 9 October 2023, *Transcript of evidence* p. 52; Department of Premier and Cabinet, Select Committee on the 2026 Commonwealth Games Bid, response to questions on notice received 27 October, p. 12.

¹⁵¹ Department of Jobs, Skills, Industry and Region, Select Committee on the 2026 Commonwealth Games Bid hearings, response to questions on notice received 16 November 2023, p. 6.

¹⁵² Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 17.

¹⁵³ *Ibid.*, p. 60.

The decision to consider all the options in relation to the Games was also not shared with other stakeholders. Peggy O’Neal, the Chair of Victoria 2026, met with Minister Allan on 19 June 2023 for an informal chat and, on that occasion, the Minister did not raise the possibility of cancelling the Games.

On 22 June 2023, Minister Allan advised Minister Shing that cancelling the Games was a matter under consideration.¹⁵⁴ On the following day, DJSIR engaged the law firm, Arnold Bloch Leibler.¹⁵⁵

In the meantime, in early July DJSIR updated the submission made to Cabinet with the new budget estimate to deliver the Games which included over \$2 billion in costed risks in addition to the proposed budget of \$4.2 billion plus additional policing and transport costs.¹⁵⁶ David Martine, DTF Secretary, explained:

DTF noted that if the costed risks as advised by the Office of the Commonwealth Games were to eventuate, this would result in a gross budget cost of between \$6 billion and \$7 billion. DTF’s advice at the time was to not support the submission, given the significant increase in costs.¹⁵⁷

On 13 July 2023, DTF was advised that the Government was seeking alternative options to host the Games.¹⁵⁸ The following day, on 14 July, the Government formally considered the cabinet submission from Victoria 2026 and the Office of the Commonwealth Games. DTF and DPC advised against the submission.¹⁵⁹ As a result of this decision, on 15 July 2023, the Government formally started considering a submission on a strategy to withdraw from hosting the Games.¹⁶⁰

On 17 July, the Cabinet made the final decision to withdraw from hosting the Commonwealth Games.¹⁶¹ On the same day, DPC, DTF and DJSIR secretaries were notified about the cancellation as well as Victoria 2026.¹⁶² Moreover, on the same day, the DPC Secretary held a meeting in London to inform the Commonwealth Games Federation that the Victorian Government was exiting its agreement to host the Games.¹⁶³

¹⁵⁴ Hon Harriet Shing MLC, former Minister for Commonwealth Games Legacy, public hearing, Melbourne, 26 October 2023, *Transcript of evidence*, p. 23.

¹⁵⁵ Department of Premier and Cabinet, Select Committee on the 2026 Commonwealth Games Bid, response to questions on notice received 27 October 2023, p. 12.

¹⁵⁶ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

¹⁵⁷ *Ibid.*

¹⁵⁸ *Ibid.*

¹⁵⁹ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence* p. 48.

¹⁶⁰ *Ibid.*, p. 49.

¹⁶¹ David Martine, Secretary, Department of Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

¹⁶² *Ibid.*; Jeroen Weimer, Chief Executive Officer, Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68; Tim Ada, Secretary, Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 4.

¹⁶³ Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence* p. 49.

On 18 July 2023, a press conference was held to announce the cancellation of the Commonwealth Games and any activity related to the Games was suspended immediately.

Mediation negotiations were held in Sydney on 17 and 18 August 2023 and an announcement was made on 19 August stating that the parties finalised a mediation outcome of \$ 380 million in compensation.¹⁶⁴

Media reports in March 2024 stated that \$200 million in funding to host the 2026 Games was offered by the CGF to Malaysia from the compensation payout it received from the Victorian Government.¹⁶⁵ Malaysia later decided it would not proceed with the opportunity to host the Games.¹⁶⁶

According to the Auditor-General report released in March 2024, the Games cost Victoria over \$589 million to cancel, with no public benefit.¹⁶⁷

FINDING 18: The Department of Jobs, Skills, Industry and Region's Secretary Tim Ada indicated he did not brief the Minister for Commonwealth Games Legacy, following receipt of information from the Department of Premier and Cabinet's Secretary that the cancellation of the Games was being considered on 19 June 2023.

FINDING 19: The decision that the Games cancellation was under consideration was also not shared with important stakeholders including Peggy O'Neal, Chair of Victoria 2026, despite the Minister for Commonwealth Games Delivery meeting with her on 19 June 2023.

3.9 \$2 billion regional package

On the 18 July 2023, the same day that the Government announced the cancellation of the Games, it announced a \$2 billion regional package. The Government stated that the purpose of the package was to ensure regional Victoria still received legacy benefits as a result of the Commonwealth Games, even though the Games were no longer going ahead.

The media release made by the former Premier on 18 July 2023 explained the allocation of the \$2 billion as follows:

- A new \$1 billion Regional Housing Fund to deliver more than 1,300 new homes across regional Victoria.

¹⁶⁴ Duncan Murray, 'Victoria to pay \$380m for cancelled Games', *Australian Financial Review*, 19 August 2023, <<https://www.afr.com/politics/victoria-to-pay-380m-to-commonwealth-games-for-cancelled-event-20230819-p5dxt2>> accessed 26 March 2024.

¹⁶⁵ Glenn More, 'Malaysia fancied as host for 2026 Commonwealth Games', *Australian Associated Press*, 12 March 2024, <<https://www.aap.com.au/news/malaysia-offered-100m-to-host-2026-commonwealth-games>> accessed 27 March 2024.

¹⁶⁶ 'Malaysia rejects offer to host 2026 Commonwealth Games, placing the event in doubt', *ABC News*, 23 March 2024, <<https://www.abc.net.au/news/2024-03-23/malaysia-rejects-offer-to-host-2026-commonwealth-games/103623382>> accessed 27 March 2024.

¹⁶⁷ Victorian Auditor General's Office, *Withdrawal from 2026 Commonwealth Games Report*, 2024, p. 1.

- A new \$150 million Regional Tourism and Events Fund to ensure regions have the best of everything on offer with new events, new attractions and more accommodation.
- A new \$60 million Regional Community Sport Development Fund to deliver new projects – including aquatic centres, indoor stadiums, lighting upgrades and walking and cycling paths – for regional communities across Victoria.
- \$40 million for an All Abilities Sport Fund to remove the barriers of entry for people with a disability.¹⁶⁸

In addition, a \$25 million Council Support Package was announced, to be distributed amongst the five local councils who were to be host cities for the purpose of co-financing significant local projects. The projects set to be funded by the Council Support Package are yet to be finalised, however at its regional hearings the Committee heard from council CEOs on their priorities for the funding. These priorities included upgrades to athletics tracks (e.g., Landy Field, Greater Geelong), and active transport projects to encourage more people to walk and cycle in their cities (e.g., Greater Bendigo and Greater Shepparton).

The \$1 billion Regional Housing Fund has earmarked projects in each of the five regional host cities but is also expected to deliver projects beyond those five cities, with other projects in other parts of regional Victoria which would not have been sites of the Games' athlete villages.

The \$150 million Regional Tourism and Events Fund is broken down accordingly:

- \$70 million for attracting events to regional Victoria, including international music acts and art exhibitions
- \$60 million for regional tourism infrastructure, which will assist tourism businesses to add accommodation facilities for visitors
- \$10 million for growing food and fibre exports, and promoting local produce to Victorians
- \$5 million for regional tourism industry development programs
- \$5 million for regionally-based multicultural festivals.

On the day of announcement, the Government announced a range of legacy community sporting infrastructure projects in the five regional host cities which would be proceeding despite the cancellation of the Games. They are outlined in Box 3.2 below.

¹⁶⁸ Commonwealth Games Costs Too High At Over \$6 Billion, 2023, <<https://www.premier.vic.gov.au/commonwealth-games-costs-too-high-over-6-billion>> accessed 26 March 2024.

Box 3.2 Legacy Community Infrastructure Projects announced by the Government

Geelong

- Stead Park, Corio (upgrade of hockey pavilion, a new pitch and additional permanent seating).
- New Armstrong Creek Aquatics Centre (a civic plaza, an enclosed swimming pool, 4 indoor recreational sports courts and associated car parking).
- New Indoor Sporting Complex, Waurin Ponds (multipurpose sports centre with 6 courts, with regional level gymnastics and dance studio, associated car parking).
- Banyul-Warri Fields, Torquay (a new training pitch and new seating).

Ballarat

- Eureka Stadium (a new athletics track, stadium expansion by 5,000 permanent seats, with improved accessibility access).
- Miners Rest (construct all-new facility, including competition-grade oval and sports pavilion with carparking, amenities and changerooms).
- Ballarat Sports and Events Centre (updates to the show court and accessibility works).
- Ballarat train station (passenger lifts on both platforms and a connecting pedestrian overpass).
- Creswick Mountain biking (delivering 60 kilometres of world-class mountain bike trails).

Bendigo

- Bendigo Bowls Club (redevelop five existing bowls and croquet greens, and refurbishment of the existing pavilion).
- Bendigo Showgrounds (additional exhibition shed).
- Bendigo Stadium (four additional sports courts).

(continued)

Box 3.2 (continued)**Latrobe Valley**

- Gippsland Regional Indoor Sports Stadium, Traralgon (refurbishment of court facilities and other amenity upgrades).
- Gippsland Sports and Entertainment Park (redevelop two pitches and redevelop two pavilions).
- Morwell Gun Club (new shotgun trap shooting range, all equipment required for Air Rifle and Air Pistol, and new security fencing).
- Ted Summerton Reserve, Moe (refurbish oval and wicket, redevelop and expand terraces, and accessibility upgrades).

Shepparton

- BMX facilities (upgrade facilities to attract more state, national and international competition).

Many projects under the regional package are in the early stages, and there are still some projects yet to be announced. Some of the initial responses by local government, sporting clubs and other stakeholders is outlined in Chapter 4.

The Committee will undertake a more comprehensive analysis of the regional package in its Final Report, by which time the Committee will have had more time to assess the rollout and associated decision-making processes of the package.

Chapter 4

Themes arising from the impact of the cancellation

4.1 Overview

This Chapter provides a high-level summary of the evidence collected regarding the impacts of the cancellation of the 2026 Commonwealth Games (the Games). This includes an overview of some of the key themes raised by stakeholders during the Committee's public hearings so far, including the impacts on:

- sports clubs and organisations
- the tourism and hospitality sector
- social and affordable housing
- Victoria's reputation as a host of major events.

The evidence below is intended as a snapshot only. An in-depth analysis of these issues will be provided in the Committee's Final Report.

4.2 Sports clubs and organisations

The cancellation of the Games affected sports clubs and athletes who were looking forward to hosting the Games on home soil. Steve Moneghetti, Director of Athletics Australia, defined the Commonwealth Games a pinnacle event for some sports and described the impact of the cancellation as a missed international opportunity for athletes and para athletes:

Pinnacle events, international events such as the Comm Games are critical to the structural pathway development of our athletes. Before its cancellation, the 2026 Commonwealth Games in Victoria was the only fully integrated multisport event that was to be hosted in Australia prior to Brisbane 2032. It would have been the perfect pathway accelerator to a home games ahead of Brisbane. For our Para athletes, the cancellation has taken away their one opportunity to be part of an integrated team and build their profile leading into those 2032 games. In terms of classification, which enables them to compete at international events, the cancellation removes a critical international opportunity.¹

¹ Steve Moneghetti, Director, Athletics Australia, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 31.

Vicsport explained how sporting organisations, athletes and volunteers felt let down by the decision:

I think for the disappointment – you know, obviously everyone feels some disappointment, but the main disappointment was around the athletes, particularly the Paralympians. It is the only games where they are integrated into the major event and obviously not as a separate stand-alone, so that is quite shattering for them as a unique thing in their home state. And that close to the games, that is right in your preparation pathways, so that is a big dent in how we then replan for an elite athlete. So it is really disappointing for them. For the younger athletes, as you alluded to, it is a taste of a smaller games in the lead-up to an Olympics and world champs, depending on the sport, so it is a big disappointment. That would have been a first taste that would have created some opportunities and success for some of the younger athletes.²

The biggest disappointment felt by some sporting organisations was the missed opportunity to grow their sport and showcase it on the international stage. The Sporting Shooters Association Australia (Vic) told the Committee:

The missed opportunities created through the cancellation of this event for Victoria directly impacts the regions and the corresponding facilities that were to hold the events and our athletes who were about to compete on a global stage from their very own backyard. These missed opportunities extend to the development and support of those that work within the sport as coaches and officials, particularly as the Brisbane 2032 Olympic and Paralympics will need these resources down the track. Experience at an international level is key to ongoing development for these individuals and opportunities at this level of competition are few and require costly travel.³

According to Athletics Australia, the cancellation of the Games represents a missed opportunity to foster emerging talent.⁴ It noted that some of Australia's most successful athletes made their debut at the games:

Many of our Australian stars first launched onto the international scene via the Commonwealth Games including 16- year-old Cathy Freeman, the first Indigenous Australian person to become a Commonwealth Games gold medallist in Auckland in 1990, and then little-known 23- year-old Steve Hooker who secured gold in his first major international competition at the Melbourne 2006 Commonwealth Games.⁵

Latrobe Valley Badminton Association President, Garry Silvester, explained how the Games cancellation impacted the club and the growth of badminton as a sport in the region. He spoke of the Government's lack of understanding about its decision to cancel the Games:

So, I have been around for quite some time and have experienced many highs in the badminton field – and a very big low with the cancellation of the Commonwealth Games in my backyard. I am very proud of Latrobe Valley resident. I have lived here all my life in

2 Vicsport, *Submission 8*, p.1

3 Sporting Shooters Association of Australia, *Submission 23*, pp. 1-2.

4 Athletics Australia, *Submission 30*, p. 6.

5 *Ibid.*, p. 6.

Traralgon, so the cancellation of the Commonwealth Games personally hurt very deeply. I am still not over it, as so much work and effort had been put in. The powers that be do not seem to acknowledge this, yet it is the volunteers that make or break the success of sports at the grassroots in the local community.⁶

According to the Association, the Games cancellation was a lost opportunity to grow the sport and for local players to have a facility that could accommodate and grow the sport in regional Victoria:

The hope for badminton was that because of the advertising and everything and the spotlight being put on it we would be able to take that to schools and provide coaching and everything else. Now, this is all done on a volunteer basis and everything, and it needs the enthusiasm of children as such. Now that they are not going to see that, that enthusiasm will not be there.⁷

Mr Silvester further commented:

... A strategic plan? As I say, we are fighting for lines. We cannot increase juniors too much, or try to, because of the reason that I cannot leave the four courts and go out onto another four courts because the children would be left unattended sort of thing.⁸

Ken Balcombe from the Morwell Gun Club spoke about the loss of athlete development and training opportunities for emerging athletes through the development of international standard facilities:

Well, it is great to see Lucas. Lucas started off as a down-the-line trapshooter. Like I said before, the pinnacle is Olympic trap and universal trap. Lucas has gone very well at down-the-line stuff. He has moved up to universal trench stuff. He is now shooting overseas and all that sort of stuff, yet he is still I think only 16 years old, so he has still got a lot in front of him. He is a great example. We had another really good young guy called Troy Grimes, who was a down-the-line shooter. He made the Australian team a few years ago. They shot a record for the shoot-off to make the team up in Roma, which was probably five or six years ago. I just wonder – if we had these facilities then, we would have had more than one. One other thing that comes to mind is we have got the Brisbane Olympic Games coming up. So to have this sort of infrastructure ready for these young people to really hit the ground – that would be the pinnacle for me.⁹

Mr Balcombe further commented that the cancellation of the Games had both a financial and personal impact on volunteers who spent a lot of time preparing for its delivery:

Like I said, to accommodate the Olympic trench layouts – we are a small community club, so we are not flush with a heap of money – we actually made our road entry a bit bigger. We had to build our DTL trap layouts, because we extended all the material

⁶ Garry Silvester, Latrobe Valley Badminton Association President, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 26.

⁷ *Ibid.*, p. 28.

⁸ *Ibid.*, p. 34.

⁹ Ken Balcombe, Secretary, Morwell Gun Club, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 61.

with the dirt out further. We had to build our DTL track house layouts – we had to build them into the ground instead of sitting at the ground with the dirt coming up to the back of them. Between those two projects we had to spend another \$35,000 to make that happen, out of our own funding. We got that done because we wanted to finish our project and deliver our project to our club members and all that sort of stuff. We committed to that, but what that did was make us run virtually on the bone of finances where we were. When we got going some club members had to actually put some money forward to buy all the old targets and all that sort of stuff to get the club off the ground. Club members put in about \$8000 to get the club going originally. That 35-odd grand that we had there ready to go to get the club going, we already had to spend that because of the Commonwealth Games stuff, if that makes sense. In that meeting we brought that up with Harriet (SHING). When we went in there she said, ‘Well, we can make that happen, and we’ll look after you in regard to that.’ But that did not happen. I sent a few emails off backwards and forwards and all that sort of stuff, and it got to the point where we hit the brick wall.¹⁰

Both, Hayden Collins and Jason Hellwig from Swimming Victoria also expressed disappointment at the cancellation and noted that the Games are an important pathway for swimmers competing on the international stage:

I think it goes back to Jason’s point earlier around an element of disappointment around that kind of opportunity not being there. I suppose to Jason’s [Hellwig] point, the Comm Games is a pathway for Australian swimming. It is likely not as important as some of the other sports will see it, but it is still an important piece of the international sporting landscape.¹¹

Moreover, the cancellation of the Games generated concerns over the future improvement of sporting infrastructure. Ali Wastie, Chief Executive Officer of Greater Geelong City Council explained that despite the disappointment generated by the decision to cancel the Games, the city still hopes for the delivery of some infrastructure projects:

The city continues to hold regular discussions with state government on the delivery of legacy infrastructure projects. Our priority is to advocate for infrastructure that delivers for our community now and for the future. The city has worked well with the state government throughout conversations associated with the games, both pre and post cancellation, to ensure that key infrastructure investments and assets delivered to the city provide the best outcomes for the community now and into the future.¹²

FINDING 20: The overwhelming response from sporting clubs and associations is a feeling of disappointment due to the cancellation of the 2026 Commonwealth Games.

¹⁰ Ibid., p. 56.

¹¹ Hayden Collins Director Swimming Victoria, public hearing, Melbourne, 23 October 2023, *Transcript of evidence*, p. 17.

¹² Ali Wastie, Chief Executive Officer, Greater Geelong City Council, public hearing, Geelong, 13 February 2024, *Transcript of evidence*, p. 1.

FINDING 21: For elite athletes, the Commonwealth Games is often a pathway event for larger international events, such as the Olympics. The cancellation of the Commonwealth Games will have a negative impact on the ability of elite athletes to gain experience.

4.3 The tourism and hospitality sector

Hosting the Games in regional Victoria would have increased the presence of visitors in regional cities, boosting the tourism and hospitality sectors. As explained by Brendan McClements, Chief Executive Officer of Visit Victoria, who first identified the opportunity to host the Games (see Chapter 3), the Games had the opportunity to raise awareness of regional Victoria as a tourism destination:

Tourism that relates from people becoming aware of the fact that that venue exists. That is an ongoing opportunity for the state to ensure that people are aware of the sorts of experiences they can have outside of Melbourne.¹³

In its submission, Event Pty Ltd, believed there would have been benefits for tourism in regional areas related to community events during the Games:

There are also normally a vast range of community events linked to the Games. And this would have been especially the case with the regional areas - so that they can further involve their communities and leverage the tourism opportunities of the Games.¹⁴

Local councils expressed they were looking forward to welcoming visitors for the Games. Surf Coast Shire Council was expecting a positive impact on tourism during what is usually a quiet tourism period. Liz Pattison, Mayor of Surf Coast Shire Council, explained:

Our role in the Commonwealth Games – understandably, as we just talked about wanting to have slow and purposeful tourism, council was excited about the prospect of the 2026 Commonwealth Games and the immediate and long-term tourism benefits that this would deliver. Having a major event in March is also beneficial as it connects the Christmas period with the Easter period; March is typically a bit of a lull.¹⁵

The Committee heard from stakeholders in regional Victoria who were disappointed with the lost opportunity to showcase their regions and grow the visitor economy. The submission from Tourism Greater Geelong and the Bellarine explained:

The cancellation is about more than the economic impact of a Commonwealth Games-scale event, although that's important. More significant is the lost opportunity associated with branding the region and driving development of the tourism industry to a world-class level of performance and experience delivery.¹⁶

¹³ Brendan McClements, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 3.

¹⁴ Event Pty Ltd, *Submission 9*, p. 15.

¹⁵ Moyne Shire Council, *Submission 19*, p. 2.

¹⁶ Tourism Greater Geelong and the Bellarine, *Submission 26*, p. 2.

General Manager of Silverwater Resort, Adam Glass elaborated on the potential benefit to tourism for the Bass Coast:

You know, this was going to put us all on the map. You have got people that probably do not necessarily come to regions, but you can guarantee once they see the likes of England, Wales, Scotland all staying in this nice little pocket, the flow-on effects for families and the sponsorship – I do not even know you can measure the indirect costs.¹⁷

The Games were also an opportunity to increase the profile of towns that may have been overlooked by visitors. Katie Reardon, Owner of the Farnham Court Motel and Restaurant, explained how the Games could have put Morwell in a new light as its economy transitions after the closure of local coal-fired power stations:

Morwell was the star. Finally, we got a guernsey. We got the ‘dirty old coal town’ label taken off, and we were going to be hosting the Commonwealth Games. And I think that is the biggest kick in the guts that we could have. Forget about the individuals or the individual businesses like us – it is the town. You know, we are back to being, ‘Oh, right, okay, so we’re just the dirty old coal town again,’ and even then, that is going to be shut down. So we lost more than business. It is motivation; it is incentive; it is the legacy; it is the volunteers that get trained; the community; the children; the excitement of meeting athletes, holding their hands, walking them to podiums. The florist wins. The beauty salons win. The hairdressers win. The masseuses win. The physios win. Everybody does everything in a town when an event comes to town. I know that for a fact. The legacy of the Commonwealth Games is what we are missing, and now we are back to being Struggle Town again. In a heartbeat it was given to us; in half a heartbeat it was taken away.¹⁸

Despite the impact of the cancellation, stakeholders welcomed the support the tourism sector will receive as part of the \$2 billion regional package. Visit Victoria said:

We look forward to the benefits that will be delivered through the Victorian government’s \$2 billion package, including \$170 million for regional tourism and the visitor economy in initiatives such as regional events and regional marketing.¹⁹

In discussing the new funding opportunities related to tourism as a result of the \$2 billion regional package, Tracy Carter, Executive Director of Tourism Greater Geelong and the Bellarine, said:

Tourism Greater Geelong and the Bellarine have been pleased to participate in sessions to contribute to the conversations about how regional package funding programs will be designed and have put forward our key priorities to the Department of Jobs, Skills, Industry and Regions. We understand those funding programs are not far away, and we

17 Adam Glass, General Manager, Silverwater Resort, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 41.

18 Katie Reardon, Owner, Farnham Court Motel and Restaurant, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 41.

19 Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 2.

look forward to capitalising on the opportunities with our members and the region more broadly.²⁰

Ms Carter also provided the Committee with positive appraisals of visitor economy trends in the Geelong region:

On that comparison to prior to the pandemic, we were at \$1.1 billion (tourism) spend per annum and we are now at \$1.7 billion.²¹

This evidence was echoed by City of Ballarat Chief Executive Officer Evan King:

We are certainly seeing significant uplift in attendance at events post COVID. ... At our first begonia festival after COVID we had in excess of 50,000 people turn up, which is a really, really significant volume of people.²²

FINDING 22: The tourism and hospitality sector are disappointed at the lost opportunity that the 2026 Commonwealth Games would have provided, in particular for regional businesses, but also the opportunity to showcase and market the regions.

4.4 Social and affordable housing

Another opportunity generated by hosting the Commonwealth Games in regional Victoria was to convert athlete's villages into social and public housing to meet the significant demand for housing in regional Victoria.

The cancellation of the Games caused concern amongst some regional stakeholders that much needed social and affordable housing would not be built.²³ However, according to the Western Homelessness Network, the cancellation could be beneficial to tackle the homelessness issue quicker because funding will be directly allocated to the construction of social housing.²⁴

Following the cancellation, the Government established the \$2 billion regional package with \$1 billion allocated specifically on social and affordable housing.²⁵ The Hon Harriet Shing MLC, Minister for Regional Development and former Minister for Commonwealth Games Legacy, explained that at least 1,300 social and affordable homes will be built across rural and regional Victoria:

²⁰ Tracy Carter, Executive Director, Tourism Greater Geelong, public hearing, Geelong, 13 February 2024, *Transcript of evidence*, p. 46.

²¹ Ibid.

²² Evan King, Chief Executive Officer, Ballarat City Council, public hearing, Ballarat, 14 February 2023, *Transcript of evidence*, p. 6.

²³ Enjoy Church, *Submission 29*, pp. 1-2.

²⁴ Western Homelessness Network, *Submission 26*, p. 4.

²⁵ Adeshola Ore and Sarah Basford Canales, 'Timing of \$2bn housing and sports package uncertain after Victorian Commonwealth Games pullout', *The Guardian*, 3 August 2023, <<https://www.theguardian.com/australia-news/2023/aug/03/victoria-government-mayors-social-affordable-housing-sports-facilities-commonwealth-games>> accessed 27 March 2024.

When the regional package was announced, that includes, as you would know, \$1 billion for at least 1300 social and affordable homes across rural and regional Victoria, and that does not just go to those hub locations, it is across the entire state, but also that \$150 million worker accommodation fund. So that then came squarely within the remit of housing for that \$1 billion fund and regional development for that workforce accommodation fund.²⁶

Peta McCammon, Secretary of Department of Families, Fairness and Housing, explained that homes had already been committed in some areas and that planning and consultation was underway for the rest:

Early projects announced under the Regional Housing Fund include up to 70 dwellings to support communities impacted by the 2022 floods, up to 50 homes in Colac and up to 50 public homes in Wodonga. Homes Victoria is in discussions with Development Victoria on options for delivering a proportion of the target on the former Commonwealth Games village sites. What we may do on these sites will also depend on the overall plans for the program and what we hear from regional communities through the consultation process.²⁷

The expectation is to continue investing in social and affordable housing across regional Victoria including the proposed host cities for the Games: Geelong, Bendigo, Ballarat, and the Latrobe Valley.²⁸

The Latrobe City Council welcomed the allocation of new funding to build social housing:

LCC [Latrobe City Council] welcomes the committed investment to social and affordable housing. It is understood that state government intends to develop housing at the previously identified Commonwealth Games Athletes Village site at English Street, Morwell and welcomes the opportunity to engage with the state government to ensure that the masterplan developed is consistent with the Latrobe Planning Scheme, and ultimately delivers design outcomes that are appropriate for the area.²⁹

Regional charity organisation, Enjoy Church highlighted the desperate and growing need for social and affordable housing in regional Victoria in its submission, stating:

Our team have been assisting participants that have multiple families living in the one home due to rising rental costs and the inability to afford their own rental properties. The lack of social housing and rental properties in the region continues to cause housing insecurity for many of our service participants. It is fair to say more social housing was needed yesterday! We have seen an increase in those who are requiring emergency food parcels due to lack of funds for groceries, and we are seeing a rise in the “working

26 Hon Harriet Shing MLC, Minister for Regional Development and former Minister for Commonwealth Games Legacy, public hearing, Melbourne, 26 October 2023, *Transcript of evidence*, p. 32.

27 Peta McCammon, Secretary Department of Families, Fairness and Housing, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 63.

28 *Ibid.*, p. 63.

29 Latrobe City Council, *Submission 28*, p. 3.

poor” needing to use our service due to rent increases and general cost of living increases. Eighteen months ago, we were seeing 10 households using our service, now we are seeing 80–90 households coming to use our service on a weekly basis. Gippsland needs help! The families we are assisting need to see the promised social housing plan for the region commence and be delivered in a timeframe which addresses the demonstratable need.³⁰

Greater Shepparton City Council Economic Development Manager, Anthony Nicolaci echoed the need for affordable housing:

Housing is obviously one of the community’s key priorities here, from lots of different things. Affordable housing is a real challenge and critical need within our region, and we are constantly advocating for that.³¹

While welcoming the funding allocated to housing, Michelle Twigger, Network Coordinator for Central Highlands Homelessness Alliance, was concerned about the urgent need for housing and noted that the number of dwellings was not enough to meet growing demand:

Ballarat was one of the regional hubs where housing was originally planned to be built, and therefore the region would benefit from the games legacy infrastructure programs. To quote the original games pledge, the package is made up of a \$1 billion regional housing fund that the government says will deliver 1300 new social and affordable homes. [...] However, we are concerned about the time line, progress and budget of the Victorian government’s regional infrastructure and housing build. 1300 homes statewide are simply not enough. At the end of September 2023 the Homes Victoria website showed that the VHR priority waiting list had over 3500 people in the Central Highlands, with 385 priority-listed in the Wimmera. The stated 211 planned builds are insufficient for the existing waitlist, and 1300 homes would barely meet the shortfall in the Central Highlands and Wimmera regions, let alone the state. We need the rapid provision of adequate and appropriate new homes now, not in a couple of years.³²

At the time of the hearings, Homes Victoria was unable to provide the Committee with any indication of how many of the 1,300 homes would be affordable, community or public housing, where they will be located, or how many will be purchased from Development Victoria.

Going forward, the Committee will seek information from the Victorian Government about the location and number of affordable and social housing, amongst other details.

³⁰ Enjoy Church, *Submission 29*, pp. 1–2.

³¹ Anthony Nicolaci, Economic Development Manager, Greater Shepparton City Council, public hearing, Bendigo, 27 February 2024, *Transcript of evidence*, p. 32.

³² Michelle Twigger, Network Coordinator, Central Highlands Homelessness Alliance, public hearing, Ballarat, 14 February 2024, *Transcript of evidence*, p. 53.

4.5 Victoria's reputation as a host of major events

The reputation of Victoria as a host of major events emerged as a theme when discussing the impact of the Games cancellation. A number of stakeholders were concerned that Victoria's reputation as a reliable host of major events would be damaged. According to Athletics Australia, the cancellation of the Games has harmed Victoria's reputation, and its ability to attract elite athletes to compete at major events:

the Vic 2026 cancellation has impacted the reputation of Victoria and Australia as an event host and therefore our ability to attract elite athletes to Australia to participate in our domestic competitions, including the highest profile event in the Southern Hemisphere, the Maurie Plant Meet in Melbourne, a World Athletics continental gold meet.³³

According to Alana Thomson from Latrobe University, cancelling the event could have an impact on reputation and be a missed opportunity for Victoria and Australia to increase their visibility:

If I say, anecdotally – did it impact on reputation? Yes, because we know from the event literature and the event research that hosting events is a powerful signal for things like international trade, politics and sports diplomacy. You know, China's recent hosting of events is not an accident; there is a substantial positioning strategy that is going on behind that. So cancelling an event, I think, definitely sends a signal to the world that event governance in Australia, not just Melbourne and Victoria, may be somewhat problematic and uncertain. I know people working on the Brisbane Olympic Games were quite nervous at the time that this broke.³⁴

Witness Simon Thewlis, Director of Event Pty Ltd, said that lessons had gone unheeded by the Government:

This is very telling, because in mid-2021 there was a Legislative Council inquiry to look into the event industry, because again the Victorian government did not value or respect our industry. Had the Victorian government taken notice of the 2021 inquiry, perhaps we would not need to be here today. This is a story of astonishing arrogance and hubris that has seen Victoria go from having once been a leading event state to one responsible for the biggest debacle in the history of events in Australia.³⁵

Witnesses Adam Glass spoke directly to the reputational damage to Victoria:

Getting back to what we have done in our whole career, I had 15 years overseas with international chains and reporting to a group of investors, and I can assure you that if I said to my investors today, 'Look, I'm sorry. I am that kind of money out,' not only would I be immediately fired for the fact that I am out that much, but the fact I had been hiding it. That would even be me. That credibility has gone. How do you get that back? It is very hard.³⁶

³³ Jane Flemming, President, Athletics Australia, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 30.

³⁴ Dr Alana Thomson, Latrobe University, public hearing, Bendigo, 27 February 2024, *Transcript of evidence*, p. 55.

³⁵ Simon Thewlis, Director, Event Pty Ltd, public hearing, Melbourne, 23 October 2023, *Transcript of evidence*, p. 41.

³⁶ Adam Glass, General Manager, Silverwater Resort, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 50.

In addition, Katie Reardon from Farnham Court Motel stated:

Well, the English, they were just gobsmacked. The people that we were negotiating with said, 'That can't be true. It just simply can't happen.' It was embarrassing, and it was awful to have to tell them. We were actually on a Zoom with them, as I said, so we told them before they heard on the news. They were shattered. And their words were, over time, because we kept in touch with them for a week, it was kind of like ripping a bandaid off, you know, you just had to keep making sure that they were okay. They were just 'Well, we'd never trust an Aussie again' – not a Victorian, an Aussie. It damaged the country as well as Victoria. I mean, Victoria, forget it – they will never do business with us ever again. But they really just said, 'Well, you guys, your handshake's not worth anything.'³⁷

However, Brendan McClements from Visit Victoria was of the view that the cancellation of the Games did not have an impact on Victoria's reputation as a host of major events. When asked if the cancellation harmed Victoria's reputation, he replied:

I have visibility on our reputation in international markets with those people who control similar events. Having had extensive conversations since 18 July, my professional advice is: no, it has not.³⁸

FINDING 23: Whilst many industries, businesses, sporting clubs and community organisations believe that the cancellation of the Commonwealth Games has negatively impacted Victoria's reputation as a future host of major events, government agency Visit Victoria does not share this view.

4.6 The Committee's Final Report

This Interim Report has provided an in-depth analysis of the procedural barriers faced by the Committee in accessing information, as well as the key events surrounding the bid and cancellation of the 2026 Commonwealth Games.

The Committee is required to table a Final Report by April 2025.

The Final Report will explore in depth all of the evidence the Committee has received, including at its public hearings in regional Victoria. Some of the aspects the Committee expects to address include:

- a further examination of the impacts of the cancellation, including on regional communities, grassroots sporting organisations and businesses
- governance failures in the Victorian Government's bid for the 2026 Commonwealth Games

³⁷ Katie Reardon, Owner, Farnham Court Motel and Restaurant, public hearing, Morwell, 14 March 2024, *Transcript of evidence*, p. 51.

³⁸ Brendan McClements, Chief Executive Officer, Visit Victoria, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 6.

- the potential of undue influence by the executive on the independence of the public service
- consultation between the Victorian Government, local governments, sporting organisations and regional communities ahead of the Games
- the timeline, progress and budget of the Victorian Government's \$2 billion regional infrastructure and housing build
- the ongoing trends in Victoria's regional visitor economy in the wake of the decision to cancel the Commonwealth Games

The viability of funding models and government assessments used by states/cities to host major events such as the Commonwealth Games, and whether alternate models with lower risk for hosts may be viable.

**Adopted by the Select Committee on the 2026 Commonwealth Games Bid
55 St Andrews Place, East Melbourne
8 April 2024**

Appendix A

About the Inquiry

A.1 List of Submissions

1	Michael Gavaghan	18	Vicsport
2	Vito Guzzardi	19	Moyne Shire Council
3	Paul Hadden	20	City of Ballarat
4	Raelene Nevill	21	Dominic Cooney
5	David Connolly	22	Bass Coast Shire Council
6	Toby Baldwin	23	Sporting Shooters Association of Australia
7	Fabrizio Gulino	24	Western Homelessness Network
8	Eriks Velins	25	Macedon Ranges Shire Council
9	Event Pty Ltd	26	Tourism Greater Geelong and The Bellarine
10	Patricia Hosking	28	Latrobe City Council
11	Victoria 2026	29	Enjoy Church
12	Annette Stone	30	Athletics Australia
13	Amanda Gilbert	31	Athletics Victoria
14	Commonwealth Games Federation	32	Bendigo Tourism Board Incorporated
15	Rural Councils Victoria	33	Parliamentary Budget Office
16	Commonwealth Games Australia		
17	Committee for Geelong		

A.2 Witnesses at hearings

14 March 2024

Century Inn Traralgon, Traralgon, VIC

Witness	Position	Organisation
Steven Piasente	Chief Executive Officer	Latrobe City Council
Barry Howlett	Communications Manager	Sporting Shooters Association VIC
Tony Salvatore	President	Falcons 2000 Soccer Club
Garry Silvester	President	Latrobe Valley Badminton Association
Adam Glass	General Manager	Silverwater Resort
Katie Reardon	Owner	Farnham Court Motel
Ken Balcombe	Secretary	Morwell Gun Club

27 February 2024

All Seasons Hotel Bendigo, Bendigo, VIC

Witness	Position	Organisation
Mark Mcloughlan	President	Bendigo Motel Association
Stacie Wright	Chair	Bendigo Stadium Limited (Red Energy Arena)
Glenn Harrison	Secretary	Bendigo and District Cycling Club
Andrew Cooney	Chief Executive Officer	City of Greater Bendigo
Dr Alana Thomson	Senior Lecturer	La Trobe Business School
Dr Ashleigh-Jane Thompson	Senior Lecturer	La Trobe Business School
Dr Millicent Kennelly	Senior Lecturer, Department of Tourism	Sport and Hotel Management, Griffith University
Anthony Nicolaci	Manager, Economic Development	Greater Shepparton City Council

14 February 2024

Mecure Hotel, Golden Point, VIC

Witness	Position	Organisation
Evan King	Chief Executive Officer	Ballarat City Council
Tim Matthews	Chair	Central Highlands Regional Partnership
John Pandazopoulos	Chair	Tourism Midwest Victoria
Matt Jenkins	Chairperson	Ballarat Regional Athletic Centre
Ashley Anderson	Llanberris Athletics Reserve Manager	Ballarat Regional Athletic Centre
Michelle Twigger	Coordinator	Central Highlands Homelessness Alliance (CHHA)
Jerry Ham	Chair	Central Highlands Homelessness Alliance (CHHA)
Adam Liversage	Member CHHA and Chair, Wimmera Homelessness Alliance	Central Highlands Homelessness Alliance (CHHA)

13 February 2024

Rydges Geelong, Geelong, VIC

Witness	Position	Organisation
Ali Wastie	Chief Executive Officer	City of Greater Geelong
Michael Johnston	Chief Executive Officer	Committee for Geelong
Jeremy Crawford	Chief Executive Officer	Geelong Chamber of Commerce
Robyn Seymour	Chief Executive Officer	Surf Coast Shire Council
Cr Liz Pattison	Mayor	Surf Coast Shire Council
Matt Taylor	Manager, Economic Development	Surf Coast Shire Council
Tracy Carter	Executive Director	Tourism Greater Geelong and The Bellarine
Alan Climpson	President	Geelong Hockey Association
Tim Woods	Vice President	Geelong Swimming Club

5 December 2023

Davui Room, G1 & G2, East Melbourne, VIC

Witness	Position	Organisation
Dean Yates	Partner	Ernst and Young
Leigh Walker	Oceania Risk Management and Independence Leader	Ernst and Young
Dale Wood	-	DHW Ludus Infrastructure
Michelle Morris	Principal	MI Associates
Tom Sloane	Principal	MI Associates
Jane Flemming	President	Athletics Australia
Steve Moneghetti	Director	Athletics Australia
Lisa Hasker	Chief Executive Officer	Vicsport
Tim Ada	Secretary	Department of Jobs, Skills, Industry and Regions
Heather Ridley	Deputy Secretary	Department of Jobs, Skills, Industry and Regions
Peter Betson	Deputy Secretary	Department of Jobs, Skills, Industry and Regions

26 October 2023

Davui Room, G1 & G2, East Melbourne, VIC

Witness
Hon Shaun Leane MLC
Hon Harriet Shing MLC

23 October 2023

Davui Room, G1 & G2, East Melbourne, VIC

Witness	Position	Organisation
Craig Phillips AM	Chief Executive Officer	Commonwealth Games Australia
Andrew Dee	Chief Executive Officer	Volleyball Australia
Cori Wilder	Chief Executive Officer	Volleyball Australia
Simon Thewlis	Director	Event Pty Ltd
Jason Hellwig	Chief Executive Officer	Swimming Victoria
Hayden Collins	President	Swimming Victoria

13 October 2023

Davui Room, G1 & G2, East Melbourne, VIC

Witness	Position	Organisation
Brendan McClements	Chief Executive Officer	Visit Victoria
David Martine	Secretary	Department of Treasury and Finance
Kate O'Sullivan	Acting Deputy Secretary, Commercial Division	Department of Treasury and Finance
Heidi Meehan	Acting Executive Director	Department of Treasury and Finance
Lee Miezis PSM	Chief Executive Officer	Environment Protection Authority
Con Lolis	Director Permissioning and Development	Environment Protection Authority
Suzy Neilan	Executive Director, Strategy	Environment Protection Authority
Peta McCammon	Secretary	Department of Families, Fairness and Housing
Simon Newport	Chief Executive Officer	Homes Victoria

9 October 2023

Davui Room, G1 & G2, East Melbourne, VIC

Witness	Position	Organisation
Tim Ada	Secretary	Department of Jobs, Skills, Industry and Regions
Peter Betson	Deputy Secretary	Department of Jobs, Skills, Industry and Regions
Heather Ridley	Deputy Secretary	Department of Jobs, Skills, Industry and Regions
Brad Ostermeyer	Chief	Department of Jobs, Skills, Industry and Regions
Allen Garner	Former Chief Executive Officer	Office of the Commonwealth Games
Jeremi Moule	Secretary	Department of Premier and Cabinet
Jason Loos	Deputy Secretary	Department of Premier and Cabinet
Peggy O'Neal AO	Chair	Victoria 2026
Jeroen Weimar	Chief Executive Officer	Victoria 2026

Appendix B

Attorney-General's letter to the Hon Daniel Andrews and the Hon Martin Pakula

B



Jaclyn Symes MP

Attorney General
Minister for Emergency Services

121 Exhibition Street
Melbourne Victoria 3000
Telephone: +61 3 8684 1111

The Hon Daniel Andrews
Old Treasury Building
Spring Street
MELBOURNE VIC 3002

Dear Mr Andrews

On 2 August 2023 the Legislative Council established a Select Committee to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build. I understand that you have received a request to appear before the Select Committee at a hearing scheduled on 26 October 2023.

The Select Committee is inquiring into matters relating to your time as Premier and Member of the Victorian Legislative Assembly. As you are likely aware, you were accountable and responsible to the Legislative Assembly, the Lower House of Parliament, for the performance of functions while you held those roles. By extension, information you hold, relating to the matters subject to the inquiry, was gained by you in your role as a member of that House.

It is established principle that the independence of the Houses of Parliament means that a committee cannot claim authority over a member of the other House and that members hold immunities based on this independence. The immunity enjoyed by members must extend to any matter about which a former member could be questioned. If this were not the case, the immunity would be incomplete. It is the Government's view that former members are able to take account of this immunity in the face of any request by a committee from the other House.

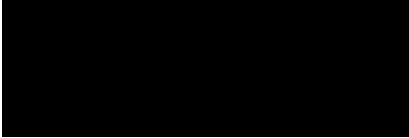
I advise that the Premier has written to the Select Committee to convey the Victorian Government's claim that information in certain classes, about which witnesses may be asked to give evidence, is protected from disclosure by Executive privilege, and that the Select Committee is without power to compel the disclosure of information in those classes. A copy of that letter is enclosed.

There are very few examples where the issue of attendance of a former minister has been considered in detail. However, the issue was examined in the Final Report of the Select Committee of the Legislative Council on Gaming Licensing (May 2008), where the Hon Steve

Bracks declined an invitation to appear, that report also considered the practice in the 2002 inquiry by the Senate Select Committee on a Certain Maritime Incident.

You may produce this letter to the Select Committee if you wish, I consent to its production.

Yours sincerely



Jaclyn Symes MLC
Attorney-General
Leader of the Government in the Legislative Council

16 / 10 / 2023

Encl. Letter Premier to Select Committee dated 7 October 2023



Jaclyn Symes MP

Attorney-General
Minister for Emergency Services

121 Exhibition Street
Melbourne Victoria 3000
Telephone: +61 3 8684 1111

The Hon Martin Pakula

By email: [REDACTED]

Dear Mr Pakula

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The Select Committee is inquiring into matters relating to your time as Minister for Tourism, Sport and Major Events and Member of the Victorian Legislative Assembly. As you are likely aware, you were accountable and responsible to the Legislative Assembly, the Lower House of Parliament, for the performance of functions while you held those roles. By extension, information you hold, relating to the matters subject to the inquiry, was gained by you in your role as a member of that House.

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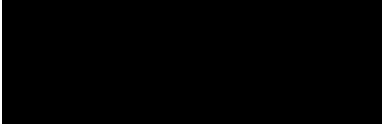
I advise that the Premier has written to the Select Committee to convey the Victorian Government's claim that information in certain classes, about which witnesses may be asked to give evidence, is protected from disclosure by Executive privilege, and that the Select Committee is without power to compel the disclosure of information in those classes. A copy of that letter is enclosed.

There are very few examples where the issue of attendance of a former minister has been considered in detail. However the issue was examined in the Final Report of the Select Committee of the Legislative Council on Gaming Licensing (May 2008), where the Hon Steve

Bracks declined an invitation to appear, that report also considered the practice in the 2002 inquiry by the Senate Select Committee on a Certain Maritime Incident.

You may produce this letter to the Select Committee if you wish, I consent to its production.

Yours sincerely



Jaclyn Symes MLC
Attorney-General
Leader of the Government in the Legislative Council

16 / 10 / 2023

Encl. Letter Premier to Select Committee dated 7 October 2023

Appendix C

Attorney-General's letter to Ministerial advisors



Jaclyn Symes MP

Attorney General
Minister for Emergency Services

121 Exhibition Street
Melbourne Victoria 3000
Telephone: +61 3 8684 1111

[REDACTED]

By email: [REDACTED]

Dear [REDACTED]

On 2 August 2023, the Legislative Council established a Select Committee to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build. I understand that you have received a request to appear before the Select Committee at a hearing scheduled on 5 December 2023.

The Select Committee is inquiring into matters relating to your time as a Ministerial officer of the former Premier, the Hon Daniel Andrews, who was also a Member of the Victorian Legislative Assembly. As you are likely aware, the former Premier was accountable and responsible to the Legislative Assembly, the Lower House of Parliament, for the performance of functions while he held those roles. By extension, any information you may hold, relating to the matters that are subject to the Committee's inquiry, was gained by you in your role as a former Ministerial officer of a member of the Legislative Assembly.

It is established principle that the independence of the Houses of Parliament means that a committee of one House cannot claim authority over a member of the other House, and further, members of the other House hold immunities based on that independence. That immunity extends to Ministerial officers of members of the other House, including a former Ministerial officer of a former Member. The immunity must apply to any matter about which a Ministerial officer of a member could be questioned, including information gained by the officer in the officer's role. If this were not the case, the immunity would be incomplete. It is the Government's view that former Ministerial officers of members are able to rely on that immunity in the face of any request by a committee of the other House to appear as a witness or to produce documents.

Further, there is a long-standing convention, known as the McMullan principle, that Ministerial advisers are not liable to be called to give evidence before parliamentary committees. It is also the Government's view that former Ministerial officers of members of Parliament can take account of that constitutional convention in the context of any request to appear as a witness or to produce documents by a committee.

I advise that the Premier has written to the Select Committee to convey the Victorian Government's claim that information in certain classes, about which witnesses may be asked to give evidence, is protected from disclosure by Executive privilege, and that the Select Committee is without power to compel the disclosure of information in those classes. A copy of that letter is enclosed.

You may produce this letter to the Select Committee if you wish.

Yours sincerely



Jaclyn Symes MP
Attorney-General
Minister for Emergency Services

01 / 11 / 2023

Encl. Letter Premier to Select Committee dated 7 October 2023



Jaclyn Symes MP

Attorney General
Minister for Emergency Services

121 Exhibition Street
Melbourne Victoria 3000
Telephone: +61 3 8684 1111

[REDACTED]
By email: [REDACTED]

Dear [REDACTED]

On 2 August 2023, the Legislative Council established a Select Committee to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build. I understand that you have received a request to appear before the Select Committee at a hearing scheduled on 5 December 2023.

The Select Committee is inquiring into matters relating to your time as a Ministerial officer of the former Premier, the Hon Daniel Andrews, who was also a Member of the Victorian Legislative Assembly. As you are likely aware, the former Premier was accountable and responsible to the Legislative Assembly, the Lower House of Parliament, for the performance of functions while he held those roles. By extension, any information you may hold, relating to the matters that are subject to the Committee's inquiry, was gained by you in your role as a former Ministerial officer of a member of the Legislative Assembly.

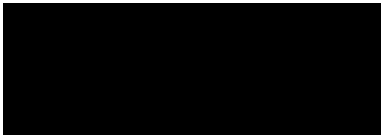
It is established principle that the independence of the Houses of Parliament means that a committee of one House cannot claim authority over a member of the other House, and further, members of the other House hold immunities based on that independence. That immunity extends to Ministerial officers of members of the other House, including a former Ministerial officer of a former Member. The immunity must apply to any matter about which a Ministerial officer of a member could be questioned, including information gained by the officer in the officer's role. If this were not the case, the immunity would be incomplete. It is the Government's view that former Ministerial officers of members are able to rely on that immunity in the face of any request by a committee of the other House to appear as a witness or to produce documents.

Further, there is a long-standing convention, known as the McMullan principle, that Ministerial advisers are not liable to be called to give evidence before parliamentary committees. It is also the Government's view that former Ministerial officers of members of Parliament can take account of that constitutional convention in the context of any request to appear as a witness or to produce documents by a committee.

I advise that the Premier has written to the Select Committee to convey the Victorian Government's claim that information in certain classes, about which witnesses may be asked to give evidence, is protected from disclosure by Executive privilege, and that the Select Committee is without power to compel the disclosure of information in those classes. A copy of that letter is enclosed.

You may produce this letter to the Select Committee if you wish.

Yours sincerely



Jaclyn Symes MP
Attorney-General
Minister for Emergency Services

01 / 11 / 2023

Encl. Letter Premier to Select Committee dated 7 October 2023

Appendix D

Table of questions on notice, summons, information requests and executive privilege claims

Table of Questions on Notice, Summons, information requests and executive privilege claims

Questions on Notice until 5 December 2023										
Hearing Date	Witness	Qty	Questions on Notice				Published	Comments	Claims of executive privilege	
			Sent	Due	Received	Published				
09/10/2023	Department of Jobs, Skills, Industry and Regions, Tim Ada	24	13/10/2023	27/10/2023	27/10/2023	3/11/2023		Q.1.2 in relation to providing details of payments to third parties on the basis that the third parties believed it would be confidential. Q.6 On the provision of minutes and attachments of the Commonwealth Games Interdepartmental Committee. On the basis it would directly or indirectly reveal the deliberative processes of cabinet or executive government. The Department states this includes senior departmental officials. Q.7 in relation to the Department's briefing to Minister Allan on the 12 June Cabinet Submission for an increased games budget after some cost reduction measures had been taken. Claim is on the basis it would reveal cabinet deliberations and breach the trust between ministers and public servants. Q.9 As above. Q.15 in relation to advice the Department provided about the business case for the Games. On the basis it would directly or indirectly reveal processes of cabinet, executive government or jeopardise the relationship of trust between Ministers and public officials. Q.16 in relation to 10 briefings between March and June 2023 which include information on revised budgets and fiscal risks in relation to the Games. On the basis it would directly or indirectly reveal processes of cabinet, executive government or jeopardise the relationship of trust between Ministers and public officials. Additional Question 6 - in relation to the June Cabinet Submission outlined in Q7. Additional Question 8 - in relation to the Commonwealth Games interdepartmental committee outlines in Q6.		
09/10/2023	Department of Jobs, Skills, Industry and Regions, Peter Betson	1	13/10/2023	27/10/2023	27/10/2023	3/11/2023		As above.		
09/10/2023	Office of the Commonwealth Games, Allen Garner	11	13/10/2023	17/11/2023	16/11/2023	7/12/2023	Questions on notice re-directed to DJISIR and answered.			
09/10/2023	Department of Premier and Cabinet, Jeremy Moule	7	13/10/2023	27/10/2023	27/10/2023	3/11/2023				
09/10/2023	Victoria 2026, Peggy O'Neal AO	7	13/10/2023	27/10/2023	26/10/2023	27/10/2023				
09/10/2023	Victoria 2026, Jeroen Weimar	3	13/10/2023	27/10/2023	26/10/2023	27/10/2023				
13/10/2023	Department of Treasury and Finance, David Martine	10	30/10/2023	13/11/2023	25/01/2024	5/02/2024			Q.7 a claim on the advice provided in relation to the initial cabinet submission for the approval of the Games, on the basis it formed part of cabinet deliberations.	
13/10/2023	Environment Protection Authority, Lee Miezis	6	30/10/2023	13/11/2023						
13/10/2023	Department of Families Fairness and Housing, Peta McCammon	8	30/10/2023	13/11/2023	14/11/2023	6/12/2023				
13/10/2023	Homes Victoria, Simon Newport	7	30/10/2023	13/11/2023	14/11/2023	6/12/2023				
23/10/2023	Commonwealth Games Australia, Craig Phillips	4	01/11/2023	15/11/2023	23/11/2023	7/12/2023				
23/10/2023	Volleyball Victoria, Cort Wilder	2	01/11/2023	15/11/2023	2/11/2023	2/11/2023				
23/10/2023	Swimming Victoria, Jason Helweg	5	01/11/2023	15/11/2023	27/02/2024	27/02/2024				
26/10/2023	Hon. Shaun Leane MLC	2	10/11/2023		17/11/2023	6/12/2023	Questions regarding dates for meetings and briefings re-directed to DJISIR			
26/10/2023	Hon. Harriet Shing MLC	5	10/11/2023	24/11/2023	21/12/2023	16/01/2024	Not received			
05/12/2023	Ernst & Young, Dean Yates	6	08/12/2023	22/12/2023	22/12/2023	16/01/2024	One re-direction to DJISIR regarding the scope of the business case			
05/12/2023	DHW Ludus, Dale Wood	2	08/12/2023	22/12/2023	15/12/2023	16/01/2024				
05/12/2023	Athletics Australia, Jane Flemming	4	08/12/2023	22/12/2023			Not received			

05/12/2023	VicSport, Lisa Hasker	1	08/12/2023	22/12/2023	8/12/2023	22/12/2023	0.4 A claim in relation to the advice the Department gave to the minister on the business case ahead of the cabinet approval of the initial funding of the games. On the basis it would reveal cabinet deliberations.
05/12/2023	Department of Jobs, Skills, Industry and Regions, Tim Ada	4	08/12/2023	22/12/2023	29/01/2024	5/02/2024	

Summons Documents							
Summons date	Department	date documents due	date documents received	no. of documents received	executive privilege claims y/n	date table with information about executive privilege claims and reasons requested	Comments
8/11/2023	Department of Premier and Cabinet	30/11/2023	30/11/2023	9 (6 on 30/11/23 and 3 on 8/3/24)	y	8/12/2023	3 briefing notes and table containing information about claims of executive privilege provided on 8/3/24.
8/11/2023	Department of Treasury and Finance	30/11/2023	25/01/2024	18 (9 on 25/1/23 and 9 on 25/3/23)	y	25/01/2024	Additional documents provided 25/3/24 - 6 briefing notes and 3 extra pieces of correspondence. Executive privilege table still to be provided.
8/11/2023	Department of Jobs, Skills, Industry and Regions	30/11/2023	5/12/2023	204 y		8/12/2023	Executive privilege information not yet received

Other information requests							
date requestsd	Department/agency	date due	date received	document description	executive privilege claim y/h	comments	
6/02/2024	Department of Jobs, Skills, Industry and Regions	13/03/2024	13/03/2024	Documents provided to the Department by KPMG arising from their contracts	y	Two of the three contracts produced a report: 'Economic analysis of international multisport events' and 'Specialist professional services on Commonwealth Games commercial and finance support'. The reports many involve claims of executive privilege and are being considered by the government.	
14/02/2024	Department of Jobs, Skills, Industry and Regions	21/02/2024	22/02/2024	The scope of the EY business case	n	the briefs may concern matters considered executive privilege. The application of executive privilege is being considered by the Government.	
26/02/2023	Department of Jobs, Skills, Industry and Regions	6/03/2024	6/03/2024	briefing papers outlined in FOI documents	y		

Appendix E

Premier's letter on executive privileges



Hon Jacinta Allan MP

Premier of Victoria

1 Treasury Place
Melbourne, Victoria 3002 Australia
Telephone: +61 3 9651 5000

Mr David Limbrick
Chair
Select Committee on the 2026 Commonwealth Games Bid
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

BMIN-231000372

7 / 10 / 2023

By email: commonwealthgames@parliament.vic.gov.au

Dear Mr Limbrick

Inquiry into the 2026 Commonwealth Games Bid

I note that on 2 August 2023 the Legislative Council established a Select Committee to inquire into, consider and report on the 2026 Commonwealth Games and the progress of the regional infrastructure build (Select Committee). The Select Committee has the power to call persons to give evidence, and I note that a number of witnesses have been summonsed to give evidence at public hearings of the Select Committee.

I refer to correspondence to the Legislative Council from previous Attorneys-General dated 14 April 2015 and 29 April 2016 (reiterated on 20 February 2019) outlining the principles and application of executive privilege.

Consistent with the long-standing approach to executive privilege described in that previous correspondence, I am writing to advise that, subject to any Ministerial approval otherwise, the Victorian Government claims that information in the following classes about which any persons may be asked to give evidence is protected from disclosure by executive privilege, namely evidence that would:

- reveal, directly or indirectly, the deliberative processes of Cabinet
- reveal high-level confidential deliberative processes of the Executive Government, or otherwise genuinely jeopardise the necessary relationship of trust and confidence between a Minister and public officials
- reveal information obtained by the Executive Government on the basis that it would be kept confidential, including because the documents are subject to statutory confidentiality provisions that apply to Parliament
- reveal confidential legal advice to the Executive Government
- otherwise jeopardise the public interest on an established basis, in particular where disclosure would:
 - prejudice national security or public safety
 - prejudice law enforcement investigations
 - materially damage the State's financial or commercial interests (such as ongoing tender processes, or changes in taxation policy)
 - prejudice intergovernmental and diplomatic relations
 - prejudice legal proceedings.

The witnesses, and any other persons connected with the State who have been invited or summonsed to give evidence before the Select Committee will be informed of the Victorian Government's view that the Select Committee has no power to compel the disclosure of information in the classes described above. They will also be provided with a copy of this letter.

Further, I refer the Select Committee to the *Guidelines for appearing before and producing documents to Victorian Inquiries* which provide guidance to all government bodies in respect to an inquiry undertaken by a Victorian Parliamentary Committee. I am aware that the Select Committee is not bound by those Guidelines, however employees of the Victorian public sector are.

Finally, the principles of executive privilege are consistent with the *Code of Conduct for Victorian Public Sector Employees* (the Code), which is binding on Victorian public sector employees under the *Public Administration Act 2004*. The Code provides that Victorian public sector employees must conduct themselves in an apolitical manner and gives guidance to public sector employees about the provision of information to parliamentarians and to parliamentary committees. The Code states that information sought should be provided unless the relevant Minister certifies that disclosure would be prejudicial to the public interest, that is, makes a claim of executive privilege. For the avoidance of doubt, for the purposes of the Code, I certify that disclosure of the information in the classes above would be prejudicial to the public interest, unless Ministerial approval to disclose the information has been given. Further, I note that the Code provides that because public sector employees may appear before a parliamentary committee as a representative of a Minister, they are not expected to answer questions:

- seeking their personal views on government policy;
- seeking details of matters considered in relation to a ministerial or government decision or possible decision, unless those details have already been made public or the giving of evidence on them has been approved; and
- that would require a personal judgement on the policies or policy options of the Victorian or other governments.

I would ask that the Committee in the course of its Inquiry afford appropriate respect toward Victorian public sector employees who are bound by the obligations I have described, and about which they have no discretion.

Yours sincerely



Hon Jacinta Allan MP
Member for Bendigo East
Premier

Appendix F
Minister Pakula 2015
executive privileges letter

F



Attorney-General

Level 26
121 Exhibition Street
Melbourne Victoria 3000
GPO Box 123
Melbourne Victoria 3001
Telephone: (03) 8684 1111
Facsimile: (03) 8684 1100
DX 210022

Our ref: D15/47181

Mr Andrew Young
Acting Clerk of the Legislative Council
Parliament House
EAST MELBOURNE VIC 3002

Dear Mr Young

Production of documents – Cranbourne Pakenham Rail Corridor Project

I refer to the Legislative Council's resolution of 25 February 2015 seeking the production of certain documents in relation to the Cranbourne Pakenham Rail Corridor Project.

There are long-established principles governing the release of Government documents to a House of Parliament. Similar principles apply in Victoria, the Commonwealth and other jurisdictions whose powers are based on historical transfer from the United Kingdom. Central to these principles is the protection of the public interest.

Pursuant to section 19(1) of the *Constitution Act 1975*, the powers of the Legislative Council to call for the production of documents are determined by reference to those powers held by the United Kingdom House of Commons in 1855 (subject to any inconsistent Act).

In 1855, the House of Commons' power to call for the production of documents was subject to clearly established exceptions. One of those exceptions was Crown privilege (now known as executive privilege). If the Government asserted that documents were the subject of executive privilege, this was a sufficient reason for refusing production to the House of Commons.

Accordingly, section 19(1) of the *Constitution Act 1975* provides that this exception represents a limit on the Legislative Council's power to call for the production of documents and that it is for the Executive Government to determine the application of the privilege to documents subject to a call for production.

In considering a claim of executive privilege, the Government must assess whether release of the information in question would be prejudicial to the public interest. In doing so, the Government considers whether disclosure would:

- reveal, directly or indirectly, the deliberative processes of Cabinet;

- reveal high-level confidential deliberative processes of the Executive Government, or otherwise genuinely jeopardise the necessary relationship of trust and confidence between a Minister and public officials;
- reveal information obtained by the Executive Government on the basis that it would be kept confidential, including because the documents are subject to statutory confidentiality provisions that apply to Parliament;
- reveal confidential legal advice to the Executive Government;
- otherwise jeopardise the public interest on an established basis, in particular where disclosure would:
 - prejudice national security or public safety;
 - prejudice law enforcement investigations;
 - materially damage the State's financial or commercial interests (such as ongoing tender processes, or changes in taxation policy);
 - prejudice intergovernmental and diplomatic relations; or
 - prejudice legal proceedings.

These principles are consistent with the obligations imposed on the public sector under the *Code of Conduct for Victorian Public Sector Employees* (which is binding under the *Public Administration Act 2004*).

These principles exist to protect the Westminster system, including the confidentiality of the Cabinet process and the proper functioning of the public service, as well as to protect the interests of the State more broadly, including the integrity of its dealings with the private sector. They are not an unfettered power granted to the Executive Government – they are recognised, appropriate and limited exceptions to Parliament's ability to obtain documents.

The Executive Government has now assessed the documents sought by the Council against the factors listed above. The Government has determined that the release of one of the documents would be prejudicial to the public interest, as it would reveal the deliberative processes of Cabinet. Accordingly, the Government, on behalf of the Crown, makes a claim of executive privilege in relation to the document described, and on the ground set out, in the attached schedule.

The remaining documents sought by the Council's resolution have been produced by the Government. One of the documents contains the names of individuals, which have been excluded in the interests of personal privacy.

I have informed the Secretary of the Department of Premier and Cabinet of the Government's position in relation to executive privilege.

Yours sincerely



THE HON MARTIN PAKULA MP
Attorney-General

cc: *Gavin Jennings MLC, Special Minister of State, Leader of the Government in the Legislative Council*
Mr Chris Eccles, Secretary to the Department of Premier and Cabinet

Appendix G

Department of Premier and Cabinet, Department of Treasury and Finance, and Department of Jobs, Skills, Industry and Regions request for executive privileges table



Select Committee on the 2026 Commonwealth Games Bid

Jeremi Moule
Secretary
Department of Premier and Cabinet

Via email to jeremi.moule@dpc.vic.gov.au

Dear Mr Moule

Thank you for providing documents to the Committee in accordance with the summons for papers and documents of 8 November 2023.

In your correspondence regarding the documents, you stated that the Department had regard for the application of executive privilege to documents that may be responsive to the summons. It was further stated that any documents held by the Department that are within the scope of the summons and which the Government determined were subject to a claim of executive privilege were not produced.

The Committee requests that you provide it with information regarding any documents within the scope of the summons which the Government determined should be subject to a claim of executive privilege. The information should include a table that details the following:

- The document name or title
- The date of creation
- The date of completion/signoff
- A description of the document content
- The reason executive privilege is being claimed.

Thank you again for the Department's assistance with the inquiry.

Kind regards



David Limbrick MLC
Chair, Select Committee on the 2026 Commonwealth Games Bid



Select Committee on the 2026 Commonwealth Games Bid

Chris Barrett
Secretary
Department of Treasury and Finance

Via email to: kirsty.ha@dtf.vic.gov.au A/g Manager and Principal Legal Adviser

Dear Mr Barrett

Thank you for providing documents to the Committee in accordance with the summons for papers and documents of 8 November 2023.

In your covering letter as part of the response you said the Department is having regard to the application of executive privilege to documents that may be responsive to the Summons. You also noted that the assessment process for these documents is ongoing.

The Committee requests that when the Department has finished considering the application of executive privilege to documents within the scope of the summons, that you provide it with the following information:

- For any documents which the Government determined should be subject to a claim of executive privilege, please provide a table with the following details:
 - The document name or title
 - The date of creation
 - The date of completion/signoff
 - A description of the document content
 - The reason executive privilege is being claimed.

Thank you again for the Department's assistance with the inquiry.

Kind regards



David Limbrick MLC
Chair, Select Committee on the 2026 Commonwealth Games Bid



Select Committee on the 2026 Commonwealth Games Bid

Tim Ada
Secretary
Department of Jobs, Skills, Industry and Regions

Via email to tim.ada@ecodev.vic.gov.au

Dear Mr Ada

Thank you for providing documents to the Committee in accordance with the summons for papers and documents of 8 November 2023, and for providing evidence to the Committee at the public hearing on 5 December.

During the hearing, you said that the Government considered the application of executive privilege in relation to the summons.

The Committee requests that you provide it with information regarding any documents that were within the scope of the summons which the Government determined should be subject to a claim of executive privilege. The information should include a table that details the following:

- The document name or title
- The date of creation
- The date of completion/signoff
- A description of the document content
- The reason executive privilege is being claimed.

Thank you again for the Department's assistance with the inquiry.

Kind regards



David Limbrick MLC
Chair, Select Committee on the 2026 Commonwealth Games Bid

Appendix H

Figure 3.1: A timeline of key events in relation to the 2026 Commonwealth Games

Date	Event
2017–2022	Durban loses rights to host the 2022 Commonwealth Games. Birmingham, which were to host the 2026 Games have their Games rescheduled to 2022.
March 2021	Visit Victoria becomes aware of the potential opportunity to host the 2026 Games. ¹
29 June 2021	Visit Victoria appoints a consultant to conduct a scoping review to assess the potential to host the Games in regional Victoria. ²
12 October 2021	First conversation between Visit Victoria and the Office of the Minister for Tourism, Sport and Major Events, followed by briefings to the Minister. ³
October and November 2021	Visit Victoria consults with the Government and The Department of Jobs, Skills, Industry and Regions (DJSIR) on the potential opportunity to host the Games. ⁴
15 December 2021	Ernst and Young (EY) was engaged to assist DJSIR in developing a business case for the Commonwealth Games. ⁵ According to EY, on this date, the Victorian Government signed a Memorandum of Understanding with the Commonwealth Games Federation and Commonwealth Games Australia to undertake an exclusive evaluation and due diligence process for Victoria to host the 2026 Games. ⁶
21 December 2021	Visit Victoria, the Commonwealth Games Federation and Commonwealth Games Australia sign a letter of agreement establishing a six-week exclusive negotiating window for the state to evaluate the opportunity to host the Games. This is later extended until 15 February 2022. ⁷
20 January 2022	The Department of Treasury and Finance (DTF) receive a first of the draft business case from EY. ⁸
25 January 2022	DTF receive a second draft of the business case with cost estimates. ⁹
28 January 2022	EY provides an interim version of the business case to DJSIR.
31 January 2022	<ul style="list-style-type: none"> DTF provided advice to the Government on hosting the Commonwealth Games based on a cabinet submission which included the draft business case.¹⁰ According to EY, the Memorandum of Understanding period to undertake an exclusive evaluation and due diligence process end.¹¹
1 February 2022	The first exclusive negotiating window between Visit Victoria and the Commonwealth Games Federation expires. ¹²
Mid-February 2022	The Department of Premier and Cabinet sign a head of agreement with the Commonwealth Games Federation. ¹³
15 February 2022	The six weeks of exclusive negotiations between the Government and the Commonwealth Games Federation expire. From this point, the primary negotiator was the State Government. No longer Visit Victoria. ¹⁴
3 March 2022	Department of Families Fairness and Housing provides advice on preliminary costing for the villages. ¹⁵

Date	Event
7 March 2022	DTF received a subsequent draft submission, which included a top-down budget costing based on the 2018 Gold Coast event but escalated for inflation and to account for some of the estimated extra costs of the regional multi-hub delivery model for Victoria 2026. ¹⁶
9 March 2022	EY submitted the final version of the business case to the Government. ¹⁷
10 March 2022	The Government approves a budget of \$2.6 billion for the hosting of the 2026 Commonwealth Games. ¹⁸
12 April 2022	The Government publicly announced that regional Victoria will host the 2026 Commonwealth Games. ¹⁹
May 2022	An interdepartmental committee is established to assist with the organisation of the Games, co-chaired by the secretaries of DPC and DJPR. ²⁰
7 September 2022	Victoria 2026 is established to deliver the Games. This is the organising committee with the role of delivering the Victoria 2026 Commonwealth Games to the scope agreed by the Commonwealth Games Federation, Commonwealth Games Australia and the Victorian Government. ²¹
14 December 2022	The Hon Harriet Shing MLC is appointed Minister for the Commonwealth Games Legacy. ²²
22 February 2023	<ul style="list-style-type: none"> After carrying out a review of the operational requirements to deliver the Games, Victoria 2026 presented an updated budget to the Office of the Commonwealth Games for approval. The budget submission requested a \$722 million increase for operational funding. Victoria 2026 assumed the Office of the Commonwealth Games would have passed on information about the increased budget projections in their advice to the Government.
Early March 2023	<ul style="list-style-type: none"> DJSIR briefs the Minister for Commonwealth Games Delivery, the Hon Jacinta Allan on revised budget requirements to deliver the Games.²³ Jeroen Weimer started regular briefings with both the Minister for Commonwealth Games Delivery and the Minister for Commonwealth Games Legacy, the former CEO of the Office of Commonwealth Games Alan Garner, and DJSIR Secretary Tim Ada.²⁴
4 April 2023	A letter from Peggy O'Neal, Chair of Victoria 2026, is sent to the Minister for Commonwealth Games Delivery raising concern over the need to confirm the budget for the Games so that the organisation could continue with its delivery functions. ²⁵
5 April 2023	A cabinet submission is brought forward which seeks approval of a revised budget for the Games of \$4.5 billion. ²⁶
Mid-April 2023	The Government formally considered the new cost estimates and the budget estimate of \$4.5 billion was not approved. DJSIR and Victoria 2026 were asked to assess where cost savings could be achieved and lodge a new submission with a reduced budget. ²⁷
Between April and June 2023	DJSIR and Victoria 2026 reassessed the cost and reduced the budget from \$4.5 billion to \$4.2 billion. ²⁸
12 June 2023	The Department's revised budget submission was provided to the Minister for the Commonwealth Games Delivery. ²⁹
13 June 2023	The Hon Jacinta Allan MP, Minister for the Commonwealth Games Delivery gave evidence to the Inquiry into the 2023-24 Budget Estimates. ³⁰
13 June 2023	<ul style="list-style-type: none"> DTF advised the Department of Premier and Cabinet that they will not support the latest Games cabinet submission as drafted, given the increasing costs to \$4.2 billion from the original budget along with additional costs for policing and transport.³¹ DPC Secretary advises the Premier that DPC and DTF would brief against the new estimate due to be considered by the cabinet in mid-June because estimated costs were 'close to 5 billion' and there was a 'very high probability' that the costs could blow out to \$7 billion.³²

Date	Event
14 June 2023	<ul style="list-style-type: none"> DTF prepared advice to the Government on the cabinet submission made by the Office of the Commonwealth Games but submission was not formally considered at the time.³³ DPC Secretary has a further discussion with the Premier on the future of the Games, and a decision is made to engage lawyers to explore the possibility of exiting the contract to host the Games.³⁴
27 June 2023	Arnold Bloch Leibler (law firm) engagement letter (accepting the job). ³⁵
Early July 2023	DTF is provided with an updated draft submission from the Office of the Commonwealth Games at DJSIR, which included over \$2 billion in costed risks in addition to the proposed budget of \$4.2 billion plus additional policing and transport costs. ³⁶
14 July 2023	<ul style="list-style-type: none"> The Government formally considered the funding bid from the Office of the Commonwealth Games and Victoria 2026. DPC and DTF briefed against the submission.³⁷ The decision to cancel the Games was discussed at Expenditure Review Committee (ERC).³⁸
17 July 2023	Cabinet makes the final decision to withdraw from the Commonwealth Games. ³⁹
18 July 2023	<ul style="list-style-type: none"> DJSIR Secretary Tim Ada spoke to the DPC Secretary before calling the CEO of CGA.⁴⁰ Press conference announcing the cancellation of the Games.⁴¹ Minister for the Commonwealth Games Delivery wrote to the Chair of Victoria 2026 to confirm the cancellation of the Games.⁴² The Government announces a \$2 billion regional package, equal to the original amount budgeted for the Games that will be spent on sporting infrastructure, regional development, and housing in regional Victoria.⁴³
17–18 August 2023	The parties—State Government, Commonwealth Games Federation Partnerships (CGFP) and Commonwealth Games Australia (CGA)—met in Sydney for mediation discussions. ⁴⁴
19 August 2023	Premier announced the mediation outcome of \$ 380 million in compensation to the CGF. ⁴⁵

- 1 Tim Ada, Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 2.
- 2 Brendan McClements, response to questions on notice, p. 1.
- 3 Brendan McClements, Visit Victoria public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 8.
- 4 Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 2.
- 5 Dean Yates, Partner Ernst and Young, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 2.
- 6 Regional Victoria - Commonwealth Games 2026 Business Case, the Department of Jobs, Skills, Industry and Regions, p. 10.
- 7 Brendan McClements, Visit Victoria public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.
- 8 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 9 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 10 Submission made by DJSIR on behalf of the Office of the Commonwealth Games.
- 11 Regional Victoria - Commonwealth Games 2026 Business Case, the Department of Jobs, Skills, Industry and Regions, p. 10.
- 12 The date was six weeks after the period of exclusive engagement began on 21 December 2021.
- 13 Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence* p. 47.
- 14 Brendan McClements, Visit Victoria public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 1.
- 15 Peta McCammon, Secretary Department of Families, Fairness and Housing, public hearing, Melbourne 13 October 2023, *Transcript of evidence*, p. 62.
- 16 A draft cabinet submission from DJSIR on behalf of OCG - David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.

Appendix H Figure 3.1: A timeline of key events in relation to the 2026 Commonwealth Games

- 17 Leigh Waker, EY Oceania Risk Management and Independence Leader, public hearing, Melbourne, 5 December 2023, *Transcript of evidence*, p. 16.
- 18 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 19 Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.
- 20 Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.
- 21 Jeroen Weimer, CEO Victoria 2026, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, p. 68.
- 22 Hon Harriet Shing, former Minister for Commonwealth Games Legacy, public hearing, Melbourne 26 October 2023, *Transcript of evidence*, p. 19.
- 23 Tim Ada, Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.
- 24 Jeroen Weimer, CEO Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 68.
- 25 Peggy O'Neal, Chair Victoria 2026, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 71.
- 26 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 27 Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 3.
- 28 Tim Ada, Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 2023, *Transcript of evidence*, p. 3.
- 29 Tim Ada, response to questions on notice, p. 6.
- 30 Inquiry into the 2023–24 budget estimates, 2023, <<https://www.parliament.vic.gov.au/get-involved/inquiries/BE2023-24/hearings>> accessed 26 March 2024.
- 31 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 32 Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence* p. 48.
- 33 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 34 Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, Melbourne, 9 October 2023, *Transcript of evidence* p. 48.
- 35 Jeremi Moule, response to questions on notice, p. 12.
- 36 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 37 Jeremi Moule, Secretary, Department of Premier and Cabinet, public hearing, 9 October 2023, *Transcript of evidence* p. 49.
- 38 David Martine, Secretary Department Treasury and Finance, public hearing, Melbourne, 13 October 2023, *Transcript of evidence*, p. 23.
- 39 Tim Ada, Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 4.
- 40 Tim Ada, Tim Ada, Secretary of the Department of Jobs, Skills, Industry and Regions, public hearing, Melbourne, 9 October 2023, *Transcript of evidence*, p. 4.
- 41 Commonwealth Games Costs Too High At Over \$6 Billion, 2023, <<https://www.premier.vic.gov.au/commonwealth-games-costs-too-high-over-6-billion>> accessed 26 March 2024.
- 42 Jeroen Weimer, CEO Victoria 2026, public hearing, 9 October Melbourne, 2023, *Transcript of evidence*, p. 67.
- 43 Commonwealth Games Costs Too High At Over \$6 Billion, 2023, <<https://www.premier.vic.gov.au/commonwealth-games-costs-too-high-over-6-billion>> accessed 26 March 2024.
- 44 Victoria reaches \$380 million Commonwealth Games compensation settlement after pulling out as 2026 host, 2023, <<https://www.abc.net.au/news/2023-08-19/victoria-commonwealth-games-compensation-settlement/102750854>> accessed 26 March 2024.
- 45 Victorian government hired lawyers weeks before Commonwealth Games cancellation, 2023, <<https://www.theguardian.com/australia-news/2023/oct/04/commonwealth-games-cancellation-2026-victoria-government-hired-lawyers#:~:text=Documents%20reveal%20law%20firm%20Arnold,%242.6bn%20to%20%247bn.>> accessed 26 March 2024.

Appendix I

Department of Jobs, Skills,
Industry and Regions letter
on Ernst and Young (EY)
business case



Department of Jobs, Skills, Industry and Regions

GPO Box 4509
Melbourne, Victoria 3001 Australia
Telephone: +61 3 9651 9999

Ref: CSEC-2-24-23230

David Limbrick MLC
Chair, Select Committee on the 2026 Commonwealth Games Bid

By email: commonwealthgames@parliament.vic.gov.au

Dear Mr Limbrick

SCOPE OF WORKS FOR THE 2026 COMMONWEALTH GAMES BUSINESS CASE

Thank you for your letter of 14 February 2024 regarding the Select Committee Question on Notice seeking the scope of work provided to Ernst and Young (EY) for the Regional Victoria - Commonwealth Games 2026 Business Case (Business Case).

I understand the former Department of Jobs, Precincts and Regions (former department) engaged in discussions with EY to refine and confirm the scope of works to support the development of a business case for government's consideration.

The scope of works was settled between the former department and EY through consultation. EY confirmed the scope of works through their letter of engagement to the department on 24 December 2021.

In summary, the scope of works identified as required under EY's engagement to develop the Business Case included:

- Audit of venues/sporting infrastructure, accommodation and transport and assessment of necessary upgrades
- Assessment of Commonwealth Games requirements and sports program including local government event capability
- Economic analysis, benefit evaluation and cost benefit analysis; and
- Assessment of the rights model, operating model and post games legacy.

We hope this information assists the Committee.

If you require further information, please contact Leonie Hatch, A/Executive Director, Commonwealth Games Transition on leonie.hatch@ecodev.vic.gov.au

Yours sincerely


Tim Ada
Secretary

22/2/2024

Extracts of proceedings

Extracts of proceedings Legislative Council Standing Order 23.20(5) requires the Committee to include in its report all divisions on a question relating to the adoption of the draft report. All Members have a deliberative vote. In the event of an equality of votes, the Chair also has a casting vote.

The Committee divided on the following questions during consideration of this report. Questions agreed to without division are not recorded in these extracts.

Committee Meeting – 8 April 2024

Mr Galea moved, that in Chapter 2, Section 2.3.3, in the paragraph commencing ‘The Government’s position...’, the words ‘a misuse of the principle’ be omitted and replaced with the word ‘contestable’.

The question was put.

The Committee divided.

Ayes 4	Noes 5
Jacinta Ermacora	Melina Bath
Michael Galea	Hon David Davis
Dr Sarah Mansfield	David Limbrick
Tom McIntosh	Joe McCracken
	Rikkie-Lee Tyrrell

Question negatived.

Mr Galea moved, that in Chapter 2, Section 2.3.3, in the paragraph commencing ‘The Government’s position...’, the following words be omitted: ‘If the matter were considered under an Egan v Chadwick framework, whereby only cabinet documents were exempt, the Government’s claim would be even less acceptable.’

The question was put.

The Committee divided.

Ayes 3	Noes 6
Jacinta Ermacora	Melina Bath
Michael Galea	Hon David Davis
Tom McIntosh	David Limbrick
	Dr Sarah Mansfield
	Joe McCracken
	Rikkie-Lee Tyrrell

Question negated.

Mr Galea moved, that in Chapter 3, Section 3.3, in the paragraph commencing ‘The Committee does not suggest...’, the following words be omitted: ‘The Committee does not suggest that either Minister deliberately misled parliament. However,’ and replaced with the word ‘The’.

The question was put.

The Committee divided.

Ayes 4	Noes 5
Jacinta Ermacora	Melina Bath
Michael Galea	Hon David Davis
Dr Sarah Mansfield	David Limbrick
Tom McIntosh	Joe McCracken
	Rikkie-Lee Tyrrell

Question negated.

Mr Galea moved, that in Chapter 3, Section 3.7, in the finding commencing ‘Despite knowing of the projected...’, the following words be inserted at the end of the finding: ‘in keeping with their potential obligations under the Victorian Ministerial Code of Conduct and the Victorian Cabinet Handbook.’

The question was put.

The Committee divided.

Ayes 3	Noes 6
Jacinta Ermacora	Melina Bath
Michael Galea	Hon David Davis
Tom McIntosh	David Limbrick
	Dr Sarah Mansfield
	Joe McCracken
	Rikkie-Lee Tyrrell

Question negated.

Mr McCracken moved, that in Chapter 4, Section 4.4, the following new finding be inserted: ‘There is cautious optimism that the Government’s committed \$1 billion social and affordable housing package could relieve some housing stress and homelessness, it is also noted that the 1,300 houses committed to under the program will not be enough to meet current demand, let alone future demand.’

The question was put.

The Committee divided.

Ayes 3	Noes 6
Melina Bath	Jacinta Ermacora
Hon David Davis	Michael Galea
Joe McCracken	David Limbrick
	Dr Sarah Mansfield
	Tom McIntosh
	Rikkie-Lee Tyrrell

Question negated.

Mr Galea moved, that in Chapter 4, the following words be inserted at the end of Section 4.5: ‘The Committee notes that other international sporting events, including the forthcoming Global Football Week (visiting English Premier League football clubs) have been secured in the wake of the Games cancellation.’

The question was put.

The Committee divided.

Ayes 3	Noes 6
Jacinta Ermacora	Melina Bath
Michael Galea	Hon David Davis
Tom McIntosh	David Limbrick
	Dr Sarah Mansfield
	Joe McCracken
	Rikkie-Lee Tyrrell

Question negatived.

Mr Davis moved, that the following transcript extract of evidence received from Visit Victoria be inserted in at the end of Section 4.5:

Brendan McCLEMENTS: Well, in developing the destination marketing campaign, the approvals process requires a process that goes through ministerial offices. So for the campaign I mentioned, ‘A Games like no other in a place like no other’ –

David DAVIS: Always done indirectly – is that what you are saying?

Brendan McCLEMENTS: We dealt with Minister Allan’s staff on the way through around that campaign, specifically on that campaign.

David DAVIS: So I would seek from you a list of every occasion that you communicated to Minister Allan’s office and the details of that communication.

Brendan McCLEMENTS: Understood.

David DAVIS: I might come to a point here. The Australian Olympic Committee called the cancellation a blow to their ambitions for athletes. Commonwealth Games Australia said:

The Victorian government ... has jeopardised Melbourne and Victoria’s standing as a sporting capital of the world.

...

I would be ... careful if I was an international sporting body, coming and doing business in this state in the future.

John Coates said this is a terrible embarrassment to Australian sport. Bruce McAvaney said it is an embarrassment. VCCI's Paul Guerra said:

Globally, we're not in good shape ... We now have a government that has a reputation for ripping up billion-dollar contracts.

John Wylie, former chair of the sports commission, said:

These sorts of things are really damaging to the reputation of Victoria as a reliable counter-party on the world stage.

...

It's a really poor development for Victoria, driven by political expediency.

...

It's doing irreparable damage ...

Tim Piper from Ai said:

The decision reinforces the perception and reality that Victoria is an increasingly difficult place to do business.

Mr McClements, the cancellation has actually damaged Victoria's reputation, hasn't it, really?

Brendan McCLEMENTS: I refer to my earlier answer. From my perspective, day in, day out dealing with rights holders, there was no impediment to Victoria pursuing it. What we have delivered since the decision on the games was announced on 18 July, if anything, has increased the interest in people coming to Melbourne and Victoria.

David DAVIS: And the security of them signing contracts?

Brendan McCLEMENTS: It has not been an issue.

David DAVIS: That is different from what I heard overseas, I might say. Following the cancellation did your office receive any similar comments to these sorts of concerns? I note Visit Victoria spent \$6575 on analysis of social media coverage to identify key themes following the cancellation. Can you provide the committee with a copy of that report?

Brendan McCLEMENTS: I am happy to take that under advisement, yes.

David DAVIS: Yes. Was that also provided to the minister?

Brendan McCLEMENTS: No.

David DAVIS: Or her office?

Brendan McCLEMENTS: No.

The question was put.

The Committee divided.

Ayes 3	Noes 6
Melina Bath	Jacinta Ermacora
Hon David Davis	Michael Galea
Joe McCracken	David Limbrick
	Dr Sarah Mansfield
	Tom McIntosh
	Rikkie-Lee Tyrrell

Question negatived.