

# Appendix A:

## Submissions and comments

We have consulted with DJSIR, DPC, DTF, DTP, Development Victoria, Visit Victoria, the Organising Committee and the City of Ballarat, City of Greater Bendigo, City of Greater Geelong, Greater Shepparton City Council and Latrobe City Council, and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

The submissions and comments provided are not subject to audit nor the evidentiary standards required to reach an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

### Responses received

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Department of Jobs, Skills, Industry and Regions

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Ref: CSEC-2-24-23330

Mr Andrew Greaves  
Auditor General  
Victorian Auditor General's Office  
Level 31, 35 Collins Street  
MELBOURNE VICTORIA 3000

By email: [REDACTED]; [REDACTED]

Dear Mr Greaves

***Proposed Performance Audit Report: Withdrawal from Commonwealth Games 2026***

Thank you for your letter of 23 February 2024 inviting the Department of Jobs, Skills, Industry and Regions (the department) to provide a response to the proposed performance audit report on the withdrawal from the Commonwealth Games 2026 (proposed report).

From late 2021, the department understood the government was primarily interested in hosting the 2026 Commonwealth Games due to the legacy benefits it could create for regional Victoria. This established the policy parameters in developing the business case.

As the report acknowledges, the business case was developed under significant time and confidentiality constraints. The department worked diligently to complete the business case, working within the authorising environment at the time.

The department maintains the business case was prepared based on an established methodology for economic impact and cost benefit assessment, aligned with the Games Value Framework used for previous Commonwealth Games, and assessment of large sporting events.

Importantly, the business case identified assumptions, limitations and risks, including that further assessment of cost estimates would be required following the finalisation of the sports program and venues. Given these significant limitations, the department considered that the presentation of the benefit cost ratio as a range was not unreasonable at that time.

The department accepts the multi-regional-city delivery model proved more costly than initially anticipated and acknowledges that with more time and the ability to consult more widely, the business case could have included more detailed cost estimates.

Consistent with the need identified in the business case, from late 2022 to early 2023, following the government's decisions on the sports program and venues during 2022, the department undertook a detailed budget analysis to determine the revised Games budget requirements. As the requirements and specifications were clarified and costed, increases in forecasted operating and infrastructure costs were identified.



While this budget analysis was being undertaken, the department and its delivery partners continued to work diligently to prepare for the Games in 2026. Pressure on delivery timelines increased the potential for cost escalation risks given the immovable Games delivery date.

During the period from May to June 2023, as the proposed report notes, it also became clear other cost risks were emerging, beyond what had been initially provisioned for.

The department advised the government of these risks but did not attribute a likelihood of them occurring, nor were they intended to be added together. These risks were intended to serve as potential worst-case scenarios.

The proposed report acknowledges there was ongoing engagement between the department and central agencies. While the department acknowledges Games-related engagement could have been more effective at some points, the department believes the engagement and information sharing was better overall than characterised by the report, noting that all departments were working to compressed timelines.

The proposed report also suggests the department should have acted on and incorporated the advice of central agencies in a more fulsome manner. In some instances, this was because of compressed timeframes, but it is also important to recognise the differing roles and responsibilities of line departments and central agencies and the role ministers have – as decision makers – in determining the content of their submissions.

Despite the delineation in responsibilities and accountabilities, departments work together to advise on and support the effective delivery of the government's agenda. As the Secretary of the Department of Jobs, Skills, Industry and Regions, I expect the department to collaborate openly and constructively with all other departments.

To this end, as a standard practice, the department seeks to share draft submissions and associated information with central agencies as soon as it is able.

The department acknowledges the important role and need for the public service to provide frank and fulsome advice to ministers, and it seeks to do this consistently.

I thank the Victorian Auditor-General's Office for the quality of engagement with the department during this Audit. The report raises a number of important matters which we note and will inform the department's future actions. The department is committed to continuous improvement.

Finally, and importantly, I wish to acknowledge all staff in the department and delivery partner agencies who worked on the Games from late 2021 until cancellation. These staff members worked with dedication, including in increasingly difficult circumstances in 2023.

Thank you again for the opportunity to comment on the proposed report.

Yours sincerely



**Tim Ada**  
Secretary

8/3/2024



Department of  
Premier and Cabinet

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Mr Andrew Greaves  
Auditor-General  
Victorian Auditor-General's Office  
Level 31, 35 Collins St  
MELBOURNE VIC 3000

BSEC-240200855

Dear Mr Greaves

Thank you for your letter dated 23 February 2024 enclosing VAGO's proposed performance audit report into the Withdrawal from the 2026 Commonwealth Games. A joint Department of Premier and Cabinet (DPC) and Department of Treasury and Finance (DTF) response to the report's two recommendations is at Attachment A.

DPC and DTF consider the report provides a reasonable summation of the total costs incurred by the State but disagrees with some of VAGO's description and findings regarding the circumstances that led to the decision to host the Games and later cancel them. We are particularly concerned there is a disconnect between the evidence cited, the report's narrative and its key findings, and the framing of its recommendations.

Specifically:

- DPC and DTF faithfully supported delivery of the Government's public commitments while providing frank, impartial and timely advice as required under the *Public Administration Act 2004 (the Act)*.
- At all times DPC and DTF complied with their obligations under the Act and the VPS Code of Conduct.
- DPC and DTF do not support Recommendation 1 as we are strongly of the view that the advice given by DPC and DTF to Government on the Games was comprehensive, frank, impartial and timely, and met the standards required under the *Public Administration Act 2004*.
- At no point prior to receiving updated costs and risks in mid-2023 did DPC and DTF consider it likely that the Government would reach the point where cancellation was recommended.
- All agencies were continuing to work diligently to ensure the Games could be delivered and to fully understand the overall costs and risks right up to the time that a decision by the Government was made to withdraw from hosting the Games.
- DPC and DTF advised the Government against continuing to proceed with the Games at the point in July 2023 when it became clear that the costs had increased significantly, and that the investment in the Games was no longer in the best interests of the State.
- The basis of this position was the costings and risks presented to Government, which DPC and DTF considered represented an upper bound estimate of the potential costs of the Games.

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address.



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We have provided more detail on these issues below.

**Recommendation 1**

Consistent with our comments below on the key findings, DPC and DTF do not support this recommendation. We note that VAGO's comprehensive audit, with the benefit of complete access to all relevant documents, has not identified any failures of process internal to DPC and DTF requiring remediation, nor recommendations or suggestions for how processes could be improved. We note that there is also a Select Committee Inquiry into the 2026 Commonwealth Games Bid underway which may also set out recommendations for Government on these matters.

As stated previously, DPC and DTF consider the advice provided to Government was comprehensive, frank, timely and impartial, and was clear about the risks and financial impact of hosting the Games. Even in hindsight, both DPC and DTF stand by the advice that was provided regarding the decision to host the games given all of the known circumstances in the first half of 2022. As such, we do not believe there is sufficient reason to undertake a further review of public sector guidance as proposed in this recommendation as the advice would have been the same.

**Recommendation 2**

DPC and DTF support this recommendation in part as there are existing protocols in place for reviewing these documents that we consider are adequate.

DPC and DTF understand that the Victorian Public Sector Commission (VPSC) does not have a strict schedule of when it reviews all of its guidance, but reviews materials when it becomes aware of any relevant change that will have an impact on particular guidance. The Cabinet Handbook is reviewed at the start of the term of each Government, including in the event of a returning government. A dedicated review of the Handbook in light of the withdrawal from the Commonwealth Games will not be undertaken, for reasons provided above in response to Recommendation 1.

We are confident that, should any relevant and actionable findings be proposed in the future (e.g. via the Select Committee Inquiry into the 2026 Commonwealth Games Bid), the above processes are appropriately equipped to incorporate these.

DPC and DTF are both driven by an ethos of continuous improvement, and we are confident that ordinary work to ensure the guiding documents remain up-to-date is an appropriate avenue to incorporate any changes that may be necessary.



### Key Finding 3

The report makes a number of claims about the manner in which DPC and DTF (and other departments) conducted themselves during the planning for the delivery of the 2026 Commonwealth Games.

DPC and DTF worked diligently throughout 2022 and 2023 to fulfill their duties in overseeing the planning for and delivery of the Games. At all times DPC and DTF complied with their obligations under the *Public Administration Act 2004* and VPS Code of Conduct. DPC and DTF provided frank, impartial and timely advice, despite the many challenges presented by limited or incomplete information and short lead times.

We disagree with the suggestion that DPC and DTF failed to provide frank and fearless advice to government on the decision to host the Games and to sign the host contract. Our departments have provided ample evidence that, based on the information available at the time, we supported signing the host contract, while making it clear that assumptions around expenditure and revenue would need to be market tested and an updated budget considered after further planning was undertaken. Every major event at this scale comes with these risks as evidenced by Queensland's previous hosting of the Commonwealth Games and indeed their challenges related to the 2032 Summer Olympics.

In our view, the claim that *'despite consistently raising risks, DTF and DPC did not advise the government that hosting the Games might be unfeasible until June and July 2023'* is also misplaced. It was implicit in the risks raised by DPC and DTF that, if they eventuated, the Games might not be able to be delivered within the approved funding envelope. Crucially though, no decision was necessary until the revised Games budget came forward for formal approval in July 2023. At this point, DPC and DTF advised the Government that it no longer supported hosting the Games on the basis that the significant increase in costs meant that the investment could no longer be justified.

### Key Finding 4

DPC and DTF disagree that the \$6.865 billion cost estimate was 'likely overstated'. No party can definitively provide an accurate total cost for the Games given the risks that were still emerging and largely untested at the time the revised budget was considered.

The \$6.865 billion figure was published, consistent with the advice of DPC and DTF provided to the Premier and Treasurer prior to the decision to cancel the Games. In providing this advice, DPC and DTF did not present the figure as a 'closest estimate', but as an upper limit in the event all known and costed risks transpired. The published figures should be treated in the same way.

As this was an upper bound estimate, even at the lower figure, DPC and DTF note the cost would have well exceeded the anticipated economic benefits of \$3 billion and would have raised concerns about the feasibility of hosting the Games.

Finally, in the paragraph titled *Settlement with Commonwealth Games parties* the report states that DPC achieved a 'quick settlement that resolved the state's liabilities from deciding to withdraw' in the face of numerous and substantial litigation risks. DPC and DTF consider that the decision to withdraw and the settlement amount, although significant, were made in the best interests of the State. Yours sincerely



**Jeremi Moule**  
Secretary, DPC



**Chris Barrett**  
Secretary, DTF

8 / 3 / 2024

cc



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Department of Premier and Cabinet and Department of Treasury and Finance action plan to address recommendations from  
*Withdrawal from the Commonwealth Games 2026*

No.	VAGO recommendation	Acceptance	Agreed management actions	Target completion date
1	Work with the Victorian Public Sector Commission to conduct a review into why the public sector's advice to the government on the 2026 Commonwealth Games did not always meet the standards required by the <i>Public Administration Act 2004</i> and key guidance documents. This should include identifying what changes are needed, including behavioural, to enable the public sector to make sure this is not repeated in similar circumstances in the future (see Chapter 3).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	N/A	N/A
2	As part of this review: comprehensively analyse all key documents that provide guidance to the public sector on giving frank, full and timely advice to the government, and identify any gaps or potential barriers update documents to close any gaps and remove barriers ensure that changes are communicated extensively to inform the broader public sector of its obligations (see Chapter 3). Key documents include but are not limited to the:	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> In part <input type="checkbox"/> In principle	<ul style="list-style-type: none"> <li>- The Government regularly reviews materials that provide advice and guidance to the public sector in relation to the provision of giving frank, full and timely advice to the government.</li> <li>- The public service will continue to undertake these reviews as part of its normal processes.</li> </ul>	Ongoing

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<p><i>Cabinet Handbook</i>  <i>Secretaries guide for informing and advising ministers</i>  <i>Investment Lifecycle and High Value High Risk Guidelines.</i></p>			
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## Department of Transport and Planning

GPO Box 2392  
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-24-842

Mr Andrew Greaves  
Auditor-General of Victoria  
Victorian Auditor-General's Office  
Level 31, 35 Collins Street  
MELBOURNE VIC 3000

Dear Mr Greaves

### **Victorian Auditor-General's Office - Withdrawal from the Commonwealth Games 2026 - Proposed report**

Thank you for your letter of 23 February 2024 enclosing the proposed report for the *Withdrawal from the Commonwealth Games 2026* performance audit (the Report).

The Department of Transport and Planning acknowledges the conclusions of the Report and the need to ensure that the public service works together to provide frank, full and timely advice.

Thank you for the opportunity to comment on the Report.

Yours sincerely



Paul Younis  
Secretary  
Department of Transport and Planning

7 March 2024



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Date: 4 March 2024  
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Victorian Auditor-General  
Level 31, 35 Collins Street  
Melbourne Victoria 3000  
Australia

**RE: VAGO Audit into the Withdrawal of the Commonwealth Games 2026**

Dear Auditor-General,

Thank you for providing the City of Ballarat with the opportunity to participate in the VAGO audit into the Withdrawal of the Commonwealth Games 2026.

In April 2022, Ballarat was announced as one of four regional hubs to host the Victoria 2026 Commonwealth Games (the Games). Our city was to host athletics, marathon and boxing events.

The announcement was welcomed by Council and residents as a great opportunity for Ballarat. Council was disappointed to hear of the cancellation on 18 July 2023.

Despite the cancellation Ballarat is set to benefit from one of the biggest investments by any government in our city – resulting in a generational investment into sporting and transport infrastructure.

**Investment in Legacy Infrastructure**

The number of hours spent in good faith on Games' planning was considered an investment in ensuring an enduring infrastructure legacy for Ballarat.

Council is committed to working with the Victorian Government to deliver the sporting and community infrastructure previously committed.

Specifically:

- Ballarat Railway Station - upgrades to make the station fully DDA compliant, including passenger lifts on both platforms and a connecting pedestrian overpass
- Eureka Stadium - 5,000 new permanent seats
- Eureka Stadium - new athletics track adjacent to the stadium
- Miners Rest - new community sports facility
- Ballarat Sports and Events Centre - accessibility works, upgrades to the show court.

Legacy infrastructure was, and still is, a critical priority for Council.

**Saleyards/athletes village site**

Council continues to work with Development Victoria to ensure base infrastructure works at the old saleyards site are delivered.

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Delivery of a precinct plan for the saleyards site and surrounds remains a high priority for Council.

**Funding**

The City of Ballarat continues to work to access all available Commonwealth Games-related legacy funding and looks forward to attracting our fair share of the available funding as one of the regional hubs.

**\$1 billion Regional Housing Fund - social and affordable housing**

Ballarat is experiencing significant housing pressure; however, it has significant potential for social and affordable infill housing opportunities.

Ballarat wants funding support so it can be an integral part of easing the housing crisis.

Thank you again for the opportunity to submit to the Auditor-General through a written statement.

Yours sincerely,



Cr Des Hudson OAM  
Mayor  
City of Ballarat

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6 March 2024

Andrew Greaves  
Auditor-General  
Victorian Auditor-General's Office  
Level 31/35 Collins Street  
Melbourne VIC 3000  
[Redacted]

Dear Mr Greaves

**Proposed Performance Audit Report: Withdrawal from the Commonwealth Games 2026.**

I refer to your letter dated 23 February, 2024, regarding the above and provide this letter as the City of Greater Bendigo's formal response to the report.

The City appreciated the opportunity to be involved in the audit. The proposed report accurately reflects the role of Local Government in the Games. Whilst proud to be selected as a Host City for the Games, the City of Greater Bendigo did not have a role in the bidding for the 2026 Commonwealth Games or the decision to withdraw from the 2026 Commonwealth Games.

The costs incurred by the City of Greater Bendigo during the Games preparation were employee costs which were largely attributed to time involved in contributing to the scopes for the facility upgrades that were being planned to host the sports.

As part of the announcement to withdraw from the Games, the Victorian State Government announced that these community and events facility upgrades projects will be funded and proceed. This announcement was welcomed by the City and our community. The City staff time incurred in contributing to the development of the project scopes is a valuable investment and will lead to improved project outcomes that represent the needs of our community and the venue operators.

Yours sincerely



Andrew Cooney  
**Chief Executive Officer**

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**Response provided by the former CEO of the Victoria 2026 Organising Committee also known as Victoria 2026 Pty Ltd**

Andrew Greaves  
Auditor-General  
VAGO  
35 Collins Street  
Melbourne VIC3000

31 January 2024

Dear Mr Greaves

**Re: Provisional Draft VAGO report “Withdrawal from 2026 Commonwealth Games”**

As the former CEO of Victoria 2026 Pty Ltd (also known as the “Organising Committee”) I would like to thank you for VAGO’s engagement audit into the withdrawal from the 2026 Commonwealth Games.

Thank you for the opportunity to review a redacted version of your provisional draft report. I have made a few minor comments relating to the use of terminology but in all material aspects, the parts of the report that I have seen are factually correct.

I would like to underscore that the Organising Committee was established in September 2022 and within five months had:

- built the team to deliver the 2026 Commonwealth Games;
- created the detailed operational plan for the Games; and
- delivered a detailed four year operating budget for the Games.

As Peggy O’Neal (the former Chair of the Organising Committee) and I made clear to the Victorian Upper House Select Committee into the 2026 Commonwealth Games, the Organising Committee delivered its comprehensive budget assessment in February 2023. This budget was submitted to the Audit and Risk Committee of the Organising Committee Board on 15 February 2023 and to the full Board on 27 February 2023. The Board included representatives from the Commonwealth Games Federation and Commonwealth Games Australia.

The Organising Committee also submitted this budget requirement to the Office of the Commonwealth Games on 22 February 2023.



**Response provided by the former CEO of the Victoria 2026 Organising Committee also known as Victoria 2026 Pty Ltd – *continued***

Between March and July 2023, the Organising Committee Board and staff worked constructively and transparently with Government officials to explore a range of options for the delivery of the 2026 Commonwealth Games.

Thank you again for the opportunity to review the draft report.

Yours sincerely



Jeroen Weimar  
Former CEO, Victoria 2026  
Melbourne