

VICTORIA 2026

2 October 2023

Dear Chair,

Thank you for the opportunity to contribute to the Inquiry into the 2026 Commonwealth Games Bid on behalf of Victoria 2026 Pty Ltd, known as the Victoria 2026 Organising Committee (the **OC**).

The OC was established on 7 September 2022 as a proprietary limited company with the Treasurer of Victoria as its sole shareholder. The role of the OC was to deliver the Victoria 2026 Commonwealth Games (the **Games**) to the scope agreed by the original three signatories to the Host Contract:

- the Commonwealth Games Federation (**CGF**)
- Commonwealth Games Australia Limited (**CGA**)
- the Victorian Government.

Two entities were established to coordinate and deliver the Games:

- the Office of the Commonwealth Games (**OCG**) within the then-Department of Jobs, Precincts and Regions. It had responsibility for coordinating permanent infrastructure for Games venues and villages, and Games legacy; and
- the OC, governed by a Board made up of five independent members, three members nominated by the Victorian Government, two members representing the CGF and two further members representing the CGA. The OC had responsibility for delivering the sporting and cultural program between 17 and 29 March 2026.

Under the Host Contract, the OC's remit included:

- delivering what sporting federations required to run their events, in compliance with their sporting codes, including the field of play, sports equipment and medical services
- providing accommodation, transport, catering and support services for athletes, officials, workers, Games dignitaries, broadcasters and sponsors
- constructing temporary venues, additional temporary capacity and required services to existing venues
- managing all venues during the Games period including catering, cleaning and waste management
- delivering the technology and broadcast services required for a global television event
- producing an opening and closing ceremony and a statewide festival program
- organising the King's Baton Relay around the Commonwealth
- recruiting, training and supporting around 15,000 volunteers
- selling approximately 1 million tickets and generating commercial revenue

Games context

With 20 sports over 12 competition days, the Games would have encompassed:

- more than 7,000 athletes and officials from 74 Commonwealth nations
- more than 5,000 direct support staff
- up to 2,000 Games dignitaries and associated personnel
- a workforce of 40,000 across the supply chain
- around 15,000 volunteers
- a spectator audience of over 1 million at sporting events
- an audience of over 1 million at festival events

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The Games were the first to be:

- based in multiple cities with four separate athletes' villages
- hosted in smaller cities, relative to other recent Commonwealth Games
- delivered without a lengthy, detailed and competitive bidding process, and
- delivered in such a truncated timeframe.

The OC inherited a series of significant decisions:

- the date – the shortest lead-in time ever, compared to seven years for Gold Coast 2018.
- the program – 20 sports, 9 para sports and 24 disciplines, with host cities and most venues locked in.
- the model – world-class competition sports and public festivals held across multiple regional cities, producing a single Commonwealth Games across five centres separated by long distances and requiring a unique operational design for athletes, teams, media, dignitaries and spectators.
- the budget of \$2.6 billion, shared between the OC and OCG.

These parameters had been agreed by the CGF, CGA and the Victorian Government in the Host Contract. The OC's remit was to deliver the project within these parameters.

Games delivery

The OC's priority was to recruit a highly competent and experienced team.

- The OC Board consisted of eminent Victorians across business, sport and project management as well as the Presidents and CEOs of both the CGF and CGA.
- The executive team had extensive Commonwealth Games experience alongside transport, logistics and sporting expertise.
- As part of the Host Contract, 14 senior staff from Commonwealth Games Federation Partnerships (the commercial arm of the CGF) were embedded in the OC alongside other staff drawn from Australian and international sporting and events backgrounds.

This team delivered a bespoke operating model for the Games. This involved:

- Building a comprehensive, step-by-step Games Delivery Plan across 79 functional areas, encompassing 194 individual projects, with 7,920 individual steps, milestones and activities
- Developing practical and detailed logistics for managing multiple Games villages, decentralised venues, transport, security, accommodation, technology and other shared support services
- Undertaking in-depth engagement with sporting teams from 74 Commonwealth nations to ensure the operating model would enable their athletes to perform at their best
- Engaging with the five Traditional Owner groups and other Victorian First Nations communities to understand and explore how to host these Games on Country
- Working closely with five local Councils to ensure maximum local involvement in the planning, implementation and delivery of the Games
- Planning a three-year procurement pipeline of more than 1,200 individual procurements, totalling \$800 million of contracted work.
- Engaging with Victorians at meetings, panels and public events, including representatives from local business, local sporting organisations and community organisations.

Games budget summary

The OC's share of the original \$2.6 billion budget was \$1.315 billion in expenditure and \$1.047 billion in net public sector funding.

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Through the OC's work, it became clear that this budget was insufficient to deliver the Games as agreed in the Host Contract. Key cost drivers included:

- Five separate host cities requiring significant duplication of infrastructure and support services
- Smaller regional cities with less existing infrastructure and service capacity including in accommodation, hospitality and workforce, which required additional investment
- Significant transportation and security costs arising from a large geographical footprint
- The scale of the sporting and cultural program agreed in the Host Contract

Further, the three-year time frame meant less time for planning, consultation and contingency which resulted in significant cost risks against an immovable deadline.

The OC Board determined that a robust and detailed budget was necessary for the entire three-year funding cycle, ensuring that there would be no progressive re-budgeting or continual re-assessment of budget requirements.

The OC's final budget submission to the OCG included a net public sector funding request of \$1.626 billion, with expenditure of \$1.802 billion.

Victorian State Budget submission process

From November 2022 to January 2023, while building the Games Delivery Plan, the OC worked collaboratively with all parties to build a robust budget for the Games for consideration ahead of the 2023/24 Victorian State Budget.

On 15 February 2023, the OC presented its cost plans to the Board's Audit and Risk Committee. This plan set out the terms of the budget submission, which requested net public sector funding of \$1.768 billion. This represented a net public sector funding increase of \$722 million on the original OC budget of \$1.047 billion.

On 22 February, the OC formally handed its budget submission to the OCG.

On 27 February, the OC presented its budget submission to the Board, noting the risks associated if the request was not successful.

On 4 April, the Chair of the OC wrote to the then Deputy Premier, Minister Allen, highlighting the critical timelines for decision making.

In April, the OC was requested by OCG to propose mitigations that could reduce the cost of delivering the Games.

On 28 April, an updated budget submission of \$1.777 billion was presented to the Board's Audit and Risk Committee, with separate potential cost mitigations amounting to \$124.8 million in savings.

On 2 May, this budget was presented to the full Board.

This is a high-level summary of the OC's formal actions during this period. These actions were underpinned by many meetings that are usual in the State Budget submission process, including representations by the OC CEO to the OCG and the relevant Department about the critical timelines for the program and the need for budget clarity as soon as possible.

Suspension of work

On 17 July, the Victorian Government verbally confirmed to the OC CEO that the Games were being cancelled.

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On 18 July, the Minister advised the OC Chair in writing that the Games were cancelled. The Chair and CEO released a written statement the same day and the CEO attended and spoke at a Victorian Government press conference in Melbourne. The OC has made no further public remarks.

Following the announcement, the OC took immediate steps to suspend its work and permanently wind down its operations, as quickly and appropriately as possible in the circumstances.

The OC had a workforce of over 100, plus hundreds of suppliers and multiple offices. Steps to wind down the OC included:

- the termination of more than 80 employment contracts
- provision of support services to staff directly
- the close out of all ongoing and in-progress contracts and active procurements
- the exiting of purchase orders
- the assignment of trademarks, brand and other assets
- data and knowledge capture and transfer
- annual reporting obligations to the Victorian Government and under the Corporations Act
- vacating office spaces and exiting leases
- management of hardware, furniture and merchandise
- overseeing the handling of risk, security, insurance, governance and audit processes
- the close of all outstanding financial and legal matters

Conclusion

The OC acquitted its first and most important duty: building an achievable plan for delivering the Games in accordance with the Host Contract and providing a robust budget for doing so. That budget spanned the life of the Games, based on months of meticulous work developing the Games Delivery Plan.

The OC's role was not to change the model but to plan and deliver the model, and to provide the decision-makers with information at every step. Based on this information, the Victorian Government determined that costs were too high and elected to cancel the event before the more costs were incurred.

The timing was critical. From its establishment to the end, the OC will have spent only about two per cent of its forecast budget for the Games. If the decision to cancel the Games was made six months later, the OC would have committed over \$200 million.

The OC is confident that its plan would have delivered a successful Games that lived up to the ambitions of regional communities, First Nations people, athletes, sports fans and more. However, the actual costs of delivering the Games would have far exceeded the estimates made during the bid. The OC understands why the Victorian Government decided to cancel the Games, and it respects that decision.

Jeroen Weimar and Peggy O'Neal AO

2 October 2023