

# CORRECTED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2003–04 budget estimates

Melbourne – 19 June 2003

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

Mr G. K. Rich-Phillips

Ms G. D. Romanes

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

#### Staff

Executive Officer: Ms M. Cornwell

#### Witnesses

Mr J. Madden, Minister for Commonwealth Games;

Mr T. Healy, Acting Secretary, Department for Victorian Communities; and

Ms M. Sussex, Executive Director, and

Ms B. Glyn, Chief Finance Officer, Office of Commonwealth Games Coordination.

**The CHAIR** — Welcome to the second session of this morning's hearings. I welcome the Honourable Justin Madden, Minister for Commonwealth Games, Mr Healy, Ms Sussex and Ms Glyn. I call on the minister to give a brief presentation on the more complex financial and performance information relating to the Commonwealth Games portfolio. Minister, you have 10 minutes. I understand there will be a sound-and-light show as part of the presentation, so long as it is kept to 10 minutes and you quickly refer to the overheads.

**Mr MADDEN** — We have a reasonable degree of time in relation to the Commonwealth Games with, no doubt, a lot of issues to be covered. Each committee member has a presentation handout that I will refer to immediately after a presentation I would like to show the committee. It is a video, with a sound-and-light show. I understand it is quite loud.

**Mr FORWOOD** — We have seen it. I do not know that the committee requires you to do that, but if you want to do it. I think it will just extend the time of the hearing.

**Mr MADDEN** — It only lasts for 4 minutes. I am sure we will go over time by 4 minutes, anyway. I think a number of opposition committee members may have seen it. Our caucus members have not had an opportunity to see it yet, and this is a nice opportunity to see it. It is relevant in promoting the Commonwealth Games.

**Video shown.**

**Mr MADDEN** — I will race through the overheads quickly because time is limited.

**Overheads shown.**

**Mr MADDEN** — You will appreciate the way in which the Melbourne 2006 Commonwealth Games organisation has been established. Melbourne 2006 Commonwealth Games Pty Ltd as well as the Office of Commonwealth Games Coordination (OCGC) was established recently following the introduction of a bill into Parliament to adapt those arrangements so that the organising committee is a statutory authority.

To give a bit of a games overview, the overhead has figures in relation to statistics. I will not dwell on those, but what is particularly significant about the figures is the 15 000 volunteers. Given the video presentation you have just seen, when you think of 15 000 volunteers it helps crystallise the fact that the games are more than just sport. Whilst we will talk about many of the measurables and the tangibles today we should not lose sight of many of the intangibles and social outcomes that will be part of the Commonwealth Games delivery and the legacy of the games.

You will appreciate that the Commonwealth Games will be about a third of the size of the Olympic Games and equivalent to about five grand prix events. The British commonwealth comprises about 30 per cent of the world's population. I also remind members that 30 per cent of the population have a connection to the English language because of links to the commonwealth. In terms of marketing this country and this state that is also quite an asset in terms of the target audience the games will reach.

Our goals in particular include enhancing our reputation as a place to live, to work and do business; creating economic, social and environmental benefits and positive legacies for all Victorians; promoting participation in sport in Victoria; and supporting the role of the commonwealth. The responsibilities that are specific to Melbourne 2006 are: promotion of the games, the sports programs, the ceremonies, the ticketing, obligations under the respective federations, sponsorship and broadcasting arrangements. The Office of Commonwealth Games Coordination will focus on the vision, the policy advice, the financial and governance management, the infrastructure in particular, and public domain services.

There is a list of venues in the handouts and across two slides now being shown. I will not go into details of those as you can read them. Many of those are being finalised now, but there are still a few to be determined. They are listed on the slides, but we are confident they will be finalised before too long in relation to the ticketing and the modelling that needs to be done to work out the best fit, the best mode and the most appropriate location. In terms of the whole-of-games budget, we have made announcements in relation to that. You will appreciate that the government had capped its contribution to the games in terms of the operating budget, which is in the order of \$474 million. I say that because we also see the asset investment program at \$223 million. The combined contribution of the state government to the games is \$697 million. We believe that will deliver an event well above and beyond expectations and well and truly bigger, brighter and better than the Manchester Games delivered. Thank you.

**The CHAIR** — I refer you to page 257 of budget paper 2 and the asset investment initiative. You have outlined in your overhead presentation a number of major infrastructure projects that will provide long-lasting and significant benefits for Victorians as part of the preparations for the games. Can you outline the progress of the major Commonwealth Games infrastructure projects, in particular the Melbourne Cricket Ground redevelopment, the Melbourne Sports and Aquatic Centre stage 2 development, the State Lawn Bowls Centre development in Northcote and the games village development in Parkville?

**Mr MADDEN** — In terms of the delivery of the games, the most critical issues are the delivery of venues. I am pleased to advise the committee that significant progress has been made in all areas of those developments. Members of the committee would appreciate that the works at the MCG are well and truly under way. I reinforce to the committee that the development of the MCG will be particularly significant not only for the Commonwealth Games but well into the future in terms of positioning Victoria and its sports and event culture, thereby well and truly giving it a leading edge in relation to other venues and other events capitals around the world.

The excavation for works for stages 1 and 2 have been completed. The ground slabs are well advanced and forming up the basement levels for B1 and the level one bowl for seating and the level one entrance are proceeding. The first of the major milestones for the project will be the installation of seating on the level one bowl that will ensure that the stadium will have a capacity of 80 000 for the 2003 AFL grand final. We have given undertakings that the capacity will not fall below 80 000 at each of the grand final dates. That is critical and we are extremely confident that that will take place. The recent advice from the MCG and the builder is that the installation of those seats is on target and should be completed well before the grand final. We are working to make sure that the progress is maintained. We are confident that the project works for the completion of the MCG redevelopment are on track and will be completed in time for the Commonwealth Games.

In terms of the Melbourne Sports and Aquatic Centre stage 2 development, members of the committee may not fully appreciate that as part of the games we have to have a second pool. That will be the competition pool: the existing pool will form the warm-up pool for the athletes. As part of that delivery we will see 3000 seats added to the new pool facility as part of permanent seating arrangements with the capacity for 7000 seats for the games in a temporary overlay mode. That will also allow us to present opportunities for other international swimming events at that venue well beyond the games, where we need capacities over and above 3000 seats. It is anticipated that a building contractor will be appointed in late November with the construction commencing in December. While this schedule is a little bit later than initially identified in the 2002–03 budget papers, we are confident that what has been included in the venue and what has been omitted through the public consultation process will ensure that the facility is one of greater community benefit and will have the resounding support and usage not only of the greater Victorian community but more specifically of the local community. We have worked closely with the City of Port Phillip to have it feel confident that this facility will work particularly well for its local community as well as being a state centre.

The commencement of construction has been part and parcel of ensuring that we have a design which is appropriate for all those communities who have been included in the stakeholder consultation and to make sure that we have included the relevant items that will form part of the final scope and design of the project. Expressions of interest for the project closed on 16 June, I understand, and the next step in the process is to release the request for tender to the short-listed building contractors. The stage two development of MSAC is on budget and is on target to be completed in the second quarter of 2005.

In terms of the games village the government has finalised the selection of the Village Park Consortium in October 2002. A heads of agreement was signed shortly after and the government intends to finalise the details of the project delivery agreement in August. Members of this committee would appreciate that there is a planning panel equivalent under way which is addressing issues relevant to local communities and local stakeholders. I would expect some recommendations to come from that process and once I have made determinations in relation to that then we will be able to finalise the details of the project delivery agreement.

The key advantage of the Village Park Consortium proposal was that the games village would accommodate a village in mostly modified houses, townhouses and temporary house extensions. This is a model very similar to the one delivered for the Sydney Olympics which was very successful not only for its games — and will be successful for our games — but also gives us the opportunity to have long-lasting benefits in terms of a benchmark suburb which will come out of the development. The strategy of the Village Park Consortium, I am advised, will allow for a much shorter construction period than previously anticipated, so we will save construction time by doing the work at the front end. Since October last year this has allowed the consortium to undertake considerable design and development to refine elements of the project. I understand it has refined some of those for consideration by the

advisory panel or committee — I mentioned the Games Village Planning Advisory Committee — and the general public. The result is that the general public will be able to comment on the more detailed proposal than was the case when the project was selected, so there is more detail for people to look at and gain a more detailed understanding of the project. While it has been delayed by a couple of months, this will not impact on the village delivery and the Village Park Consortium will deliver the village by November 2005 in time for the games, as has been previously planned.

The planning advisory committee or panel was established in February 2003 to conduct a comprehensive program of community consultation on the games village development. Public hearings and written submissions to the advisory committee have recently concluded and I understand the advisory committee report will be delivered by the end of this month with advice on environmental design, transport planning and heritage issues relating to the games village development.

In terms of the State Lawn Bowls Centre and training velodrome, for those of the committee who are not fully or entirely aware, that centre is being constructed at the John Cain Reserve in Northcote. This project is being delivered in partnership with the City of Darebin. The works on the State Lawn Bowls Centre and the training velodrome are expected to be completed in the first quarter of 2004 which is a little bit later than initially identified in the 2002–03 budget papers, but this has been due to the project requiring re-scoping after tender submissions received by the City of Darebin — because we are in partnership with it in terms of the delivery — with a project cost well above the quantity surveyor's estimates.

The City of Darebin advised that the major factor in the project cost increase was primarily due to some of the building cost escalation at the time. The project has been slightly rescope, but it retains all the significant elements — the core requirements — and it is well and truly under way. So what we have seen in terms of all the projects and what is taking place is substantial front-end work to ensure that we are not riding roughshod over the community that will be part and parcel of being involved in the use of those facilities beyond the games, and that the facilities complement not only the games operation but also are strategic in terms of usage, feasibility and viability well into the future.

One of the most significant elements of sporting infrastructure in this state, which should not be lost on this committee, is that as opposed to other parts of the world where sporting venues often need substantial subsidies in terms of their operation we, through respective governments and the outstanding work of Sport and Recreation Victoria and the industry per se, have a very full understanding of what makes facilities viable long term — after the initial capital contribution or commitment — and we have seen those facilities operate well and truly successfully into the future. That will be the case for the Melbourne Cricket Ground, the Melbourne Sports and Aquatic Centre and the State Lawn Bowls Centre. That is very important in terms of the contrast to other places where we have seen large events delivered and we have seen the legacy in terms of the infrastructure after that event not operating in a successful or viable manner.

**Mr FORWOOD** — Are you talking about Homebush?

**Mr MADDEN** — I am talking about most Olympic cities, and those Olympic cities end up with substantial facilities which have been highly successful for the games but which often are underused when it comes to respective stakeholders and sporting organisations. So we are very confident not only of the delivery but that the long-term operation of these facilities will ensure that we have not only state-of-the-art but entirely viable facilities well into the future.

**Mr RICH-PHILLIPS** — Page 401 of BP3 lists the Olympic Park training velodrome project and, as you have highlighted yourself this morning, it was scheduled for completion in June 2003, and that has now slipped by about nine months. The next page of the budget papers shows the stage 2 construction at MSAC, which was targeted to be commenced in February 2003. When the budget papers were prepared you said that the commencement would be in the first quarter of 2003–04. This morning you have told us that has now slipped to December 2003, so it is roughly 10 months behind schedule.

Further down that same page, regarding the athletes village, the target for commencement of construction was February 2003, now it is looking like, according to this and your commentary earlier, it is going to be about eight months behind schedule in terms of getting that project up and running. Yet at the same time this morning, Melbourne 2006 issued a press release, and in that press release the chairman of the Commonwealth Games, Ron Walker, is quoted:

Mr Walker added that the plans for the games were on target across all program areas.

And it goes on to quote you:

Mr Madden confirmed the upgrade and construction facilities were on track for completion in 2005.

Why have you put your name to such a misleading and deceptive press release when your own budget papers show that at least three of these major projects are behind your own schedules?

**Mr MADDEN** — You would appreciate from the remarks I have already made that as opposed to major projects that may have been delivered under the Kennett government, where the scaffolding was the prime objective so that the kudos was derived to the government for delivering these projects, we are making sure that we get these projects right from the outset and that the community consultation does not ride roughshod over the community. We are also making sure that these facilities have their business plans absolutely finetuned to make sure they are viable well into the future. We are confident we will deliver these on time and on budget. But what you have to bear in mind, Mr Rich-Phillips, is that unlike the Kennett government in relation to Federation Square, unlike the Kennett government in relation to the privatisation of public transport, unlike the Kennett government and its delivery of the Seal Rocks development, we will scrutinise the contracts, obligations and commitments by the government.

**Mr RICH-PHILLIPS** — Do you stand by this press release? The press release you issued this morning saying these are on track — —

**Mr MADDEN** — I am telling you — —

**The CHAIR** — Just a minute.

**Mr RICH-PHILLIPS** — The budget papers are saying they are six months behind schedule.

**Mr MADDEN** — If you will allow me to respond to the first question I am happy to respond to any subsequent questions. But unlike the Kennett government, we will make sure that our business planning, our contract management and our stakeholder consultation are managed in a way that will deliver exceptional outcomes rather than being landed with the likes of a Federation Square, the likes of a public transport debacle, the likes of privatisation of the electricity industry.

**Mr RICH-PHILLIPS** — This morning you issued a press release. Both you and Mr Walker have said in this press release that these projects are on target. Now your own budget papers and your own presentation this morning suggests they are behind target. MSAC redevelopment is behind target, the village commencement is behind target.

**Mr MADDEN** — Is this a question, Mr Rich-Phillips?

**Mr RICH-PHILLIPS** — The velodrome is behind target, and you are issuing a press release that they are on target.

**The CHAIR** — The question is?

**Mr RICH-PHILLIPS** — So I am asking you how you reconcile this statement you issued this morning saying they are on target when clearly your own budget papers show they are not?

**The CHAIR** — Thank you for that explanation and question. Minister, can you answer that?

**Mr MADDEN** — I am happy to answer that. You appreciate that the games will be on in March 2006 — and all those projects will be delivered in time and on time for the Commonwealth Games.

**Mr FORWOOD** — ‘Trust me’, the minister says.

**Mr MADDEN** — Hence the press release. If you are not confident in the words of chairman, then I think you also take that up with the chairman, but — —

**Mr RICH-PHILLIPS** — You and the chairman said the same thing.

**Mr MADDEN** — You would appreciate that the chairman, Ron Walker, and I have the responsibility for these games, and the games will be delivered on time and on budget. I would suggest to the opposition is that it get

behind the games, support the games, and support the games in relation to its federal colleagues to make sure that we see — —

**Mr RICH-PHILLIPS** — Minister, that is the least of your worries.

**The CHAIR** — Thank you very much. Mr Merlino.

**Mr RICH-PHILLIPS** — You are six months behind on three major projects, and you are trying to tell people these projects are on track. You are misleading and deceiving the Victorian public.

**The CHAIR** — Mr Merlino.

**Mr MERLINO** — I refer you to page 258 of budget paper 2 and also your reference to the athletes village in an earlier question. Opponents to the athletes village site in Parkville have claimed that alternative housing for Commonwealth Games athletes would be cheaper. What alternatives did the government evaluate and why were they rejected?

**Mr FORWOOD** — And will you make the documents available for the committee?

**The CHAIR** — Supplementaries can come later.

**Mr MADDEN** — This is quite a significant question because there has been a degree of misinformation floating around out there in the media in relation to alternative options for the village development.

**Mr FORWOOD** — You are talking about Ken Davidson, are you not?

**The CHAIR** — Excuse me!

**Mr MADDEN** — Members of the committee would appreciate that the nominated site for the games village was originally as part of the bid document nominated as the Parkville site, and in coming into government we were eager to ensure that that was the most appropriate site. We did substantial work to ensure that that was confirmed and qualified, and we looked at a number of alternatives as part of the options that were worth considering. So in parallel with the tender process for the games development a review took place of alternate options. That was undertaken to provide benchmarks against which tenders could be assessed, and these alternate options included the possible refurbishment of public housing estates, either in Carlton or North Richmond; that was one consideration. The other consideration was a temporary village, complete with temporary village. Another alternative was the use of cruise ships at Station Pier. The other alternative was the use of university accommodation.

In June 2002 the use of cruise ships and university accommodation were considered not feasible and were ruled out for the following reasons: as to the cruise ships at Station Pier at Port Melbourne there was limited availability of vessels of sufficient size to accommodate 6000 athletes and team officials. The unforeseen unavailability of the one or more of the ships for one reason or another could seriously jeopardise the ability of Melbourne to host the games. In addition the cost was greater than other options, but most significantly there was no legacy.

In terms of the university accommodation, no university in the Melbourne region currently has sufficient on-site accommodation to meet 6000 beds. To allow for fit-out and retrofitting the university accommodation would be required from early February to late April 2006. You would appreciate that this is the peak period for student usage.

In October 2002 the two remaining alternative options were reviewed at the same time as deliberations on the results of the tender process took place. It found that in terms of public housing refurbishment, of the two most feasible public housing options the Carlton high-rise estate was considered not large enough to accommodate the games village. The proposal would have required a significant building program that would have presented serious building and planning risks. As for the North Richmond estate which was considered, although it was considered large enough to accommodate a games village, it would also encounter building and planning risks. The fundamental reason for rejecting these options was the significant social and community impact of relocating up to 900 families for up to three years. The refurbishment of public housing accommodation for use as a village would have cost in the order of \$220 million to \$235 million.

In terms of the temporary village, this option involved the use of parkland to locate an entirely temporary village. The cost of this proposal was in the order of two to three times the cost of the current Parkville option with negligible legacy value. The end cost of the Village Park Consortium Parkville development is \$85.4 million less



whatever the state retains in public assets. Therefore the government's contribution to the games village is actually less than \$35 million, because there will be in excess of \$50 million in enduring public assets retained in public ownership following the games.

It was determined very early in the tender process that the Jolimont option, which has sometimes been espoused, would have been almost impossible to deliver before the games. Grocon acknowledged in an *Age* article on 10 April 2003 that the \$40 million bid did not include social housing, which would have more than doubled this amount. This was without even considering the cost of disruptions to the private rail operators, the cost of environmental initiatives and the future development value of the Jolimont rail yards between Federation Square and Richmond station.

It was important for me today to give you that information and also put that on record because there has been misinformation out there in relation to what the options for the village were and the work that had been done by government to fully qualify why Parkville was not only the original option but the final option in relation to the village for the games.

**Mr FORWOOD** — Could you make the analysis available to the committee?

**Mr MADDEN** — I am happy to seek to have that made available, bearing in mind that there may be some commercial information in there that as part of the submissions may well have been commercially in confidence. I cannot tell you whether it is or it is not, but bearing that in mind there may be some commercial property that some of those prospective tenderers may have wished to remain their personal property.

**Mr RICH-PHILLIPS** — I would like to ask you about the economic benefit coming from the Commonwealth Games. I state at this point that the Liberal Party is fully supportive of the Commonwealth Games. As you would appreciate, it was the Liberal Party that secured the Commonwealth Games for Melbourne. We look forward to their successful delivery and their professional and cost-effective delivery. In terms of the economic benefit of the games, in March you released a press statement jointly with the Premier where you indicated that the economic benefit ratio from Manchester was roughly 2 to 1 — there was \$2 in benefit for every \$1 spent in delivering that project. You also indicated that with respect to the Sydney Olympics the benefit-cost ratio was around 2½ to 1 with \$16 billion in economic benefit for an investment of \$6.5 billion. On Tuesday of this week the Minister for Tourism said on 3AW that the expected economic benefit from the Commonwealth Games was \$700 million. On the same day, I think, in the newspaper the Minister for Major Projects, Peter Batchelor, gave a figure of \$800 million. Both those figures — \$700 million and \$800 million — are less than what the government has said the cost of the games will be at \$1.1 billion. That would suggest, if those figures are accurate, that you are spending \$1.1 billion to get back a benefit of \$800 million which does not make a great deal of sense. Do you have an alternative figure for the economic benefit of the games than those advanced by your two ministerial colleagues?

**Mr MADDEN** — Thank you very much. I can say that I think those were particular to their respective portfolios, not the all encompassing figure my understanding might be in relation to those figures.

In terms of the economic benefits and legacies, Melbourne and regional and rural Victoria will see a broad range of economic benefits and legacies of the Commonwealth Games. We have seen in Manchester that there were substantial benefits derived from those games. We have also seen in Sydney substantial benefits through the creation of new business investment, convention business, opportunities for hosting international events, new employment, skills development and tourism. You would appreciate from the presentation previously that the focus is on showcasing Victoria and Australia to the world, particularly to the English-speaking world which puts us in a very good position.

To make some comparative analysis to other events, a report of the Sydney 2000 games by Pricewaterhousecoopers indicated that there was in the order of \$3 billion in business outcomes, including \$600 million in new business investment; \$288 million in new business under the state government's Australian technology showcase initiative; and almost \$2 billion in post-games infrastructure developments. A report on the Manchester 2002 games by Cambridge Policy Consultants estimated that 16 000 jobs over 10 years would be created by the games, and in the order of 12 000 of those were in and around the local community. The consultants found that £46 million additional expenditure will take place in Manchester, a basis for £22 million in business opportunities. In addition Manchester expects an additional 300 000 visitors in the future. Public investment in the games and regeneration infrastructure of around £640 million and £315 million in net additional public sector investment were all part of the outcomes.

We are expecting benefits of up to \$2 billion to be generated through the Melbourne Commonwealth Games experience. As part of the games legacy program, the Office of Commonwealth Games Coordination is developing an industry-business benefit strategy to secure similar benefits and promote the use of local industries for the supply of goods and services for the games. Substantial benefit will be derived through long-lasting physical assets and venue upgrades, as I mentioned in answer to previous questions. Substantial benefit will be derived through long-lasting physical assets in addition to the venues upgrades and also the lasting benefits of upskilling the respective sports and the sector generally.

The strategy will focus on promoting longer-term investment opportunities and showcasing Victoria's innovation capacities in target sectors, assisting key sectors to capitalise on customer and tourism demand presented by the games, and communicating opportunities and improving awareness of the impact on businesses. We have committed, as a government, \$1.5 million over three years to maximise the benefit of the Commonwealth Games to Victorian manufacturers through a targeted industry participation program. The strategy will also identify opportunities to promote indigenous businesses and indigenous tourism experiences.

A key outcome of the Commonwealth Games legacy programs will be to maximise the short and long-term benefits to employment and training from the games. That was very successful in Manchester and we anticipate the upskilling of many to become volunteers will assist in terms of training and employment opportunities beyond the games for those personnel who take part in either tasks associated with the games or volunteer opportunities.

The games will generate jobs and provide opportunities for people and organisations to gain new experience from games-related infrastructure, development operations, and also in industries such as tourism, hospitality, sport and recreation, and security. Further training opportunities will be provided through the games volunteers program. Participating in this program will not only give individual Victorians accredited training and new skills to enhance opportunities for obtaining employment in the future — but the key to that is also instilling a sense of pride and community and belonging through the volunteer base, and also re-invigorating the notion of volunteerism across the community. We know the public more often than not are finding themselves time challenged; hence there is a wane in terms of public commitment to volunteerism, and that presents challenges to the broader community. We believe the recruitment of 15 000 volunteers and associated other volunteer commitments in and around the games is a key opportunity to promote and reaffirm the role of and the need for volunteers in the broader community.

They are the significant tangibles, but as well the outcomes are that there will be significant intangibles, and the presentation of the video suggested that. We are eager to see those forthcoming from the games and are working well and truly to make sure that that is the case.

**Mr RICH-PHILLIPS** — Minister, can you provide a breakdown of that \$2 billion, in terms of a dollar breakdown of where those individual benefits are expected to accrue? Secondly, who prepared that economic assessment? Was that done externally or done internally in the department?

**Mr MADDEN** — I understand that there is further cost-benefit analysis being undertaken at the moment, and that is also being associated to the development of the budget for the Commonwealth Games. You will appreciate that the initial bid under the Kennett government was on a smaller scale, in a sense, for what was anticipated to be the games, and hence the games is being scaled up on the back of Manchester and on the back of Sydney. As part of that we are undertaking further work in terms of the economic outcomes, but have some fairly strong strategic work to do in that area. Those figures are basically based on the Manchester and Sydney experience of their respective games, but we will be doing further ongoing work in those areas.

**Mr RICH-PHILLIPS** — 'We' being the office, or are you engaging an external consultant to do it?

**Mr MADDEN** — It will be developed through the Office of Commonwealth Games Coordination in conjunction with Melbourne 2006. What form that takes will be determined in terms of the sort of expertise that is forthcoming.

**Mr RICH-PHILLIPS** — When will that be done?

**Mr MADDEN** — I understand it is being instigated at this current time to ensure that we focus greater opportunities to secure additional and value-added economic benefit to what we have already planned.

**Mr RICH-PHILLIPS** — Those figures you quoted — —

**The CHAIR** — Thank you.



**Mr RICH-PHILLIPS** — Or the figures that the Minister for Tourism and the Minister for Major Projects quoted — \$700 million and \$800 million respectively — if, as you suggested, that refers to their portfolio areas, that would be a large part of — —

**Mr MADDEN** — I would suspect that would be the way in which those figures were used.

**Mr RICH-PHILLIPS** — That is \$1.5 billion there, which leaves only \$500 million for the aspects — —

**Mr MADDEN** — As I said, I would suspect that they relate either directly or indirectly to the portfolios in one form or another. If there is further information available in relation to those figures, I am happy to provide you with that.

**Mr DONNELLAN** — Some urban infrastructure projects were announced as part of the Commonwealth Games budget in this year's 2003–04 budget papers. What are these projects, and why were they included in the Commonwealth Games budget?

**Mr MADDEN** — Thank you very much, Mr Donnellan. As well as the sporting infrastructure upgrades and delivery, it is worth bearing in mind that one of the major components of the games will be the public domain. The public domain for the games relates very much to the public areas — those outside the venues. We saw the likes in Sydney with the success of its common domain, which was that area — almost a promenade — through the centre of the venues at Homebush there. Manchester had a number of outside venues to bring its community together, but not a hard-and-fast common domain.

The great thing about having our venues located closely to the alongside the city and alongside the Yarra River is that there is a great opportunity to focus urban infrastructure works in and around the common domain and those facilities. So in terms of the games delivery, we will have a number of the events up at the Melbourne Exhibition Centre, up there opposite the World Trade Centre. M2006 established its offices at the World Trade Centre site recently. That is at one end of the river, and we will see venues alongside the river, whether it be at the Melbourne Olympic Park precinct or whether it be at the MCG. Linking that together to present a common domain is very important in terms of a focus and the cultural activities that will take place in and around the venues, and they will take place on both sides of the river. It will really give a focus to the event.

As part of that, in May this year I announced plans to build a bridge between the MCG and Melbourne Park and Birrarung Marr, the new park down there beside Federation Square. That will run over the Jolimont rail yards. The cost of that is \$27.8 million. This will, in a sense, link the whole precinct and really bring together the prospect of the common domain. That is a key element of the games infrastructure and will be absolutely crucial in reducing travel times for pedestrians between venues.

The government's support for key sporting infrastructures, such as the MCG and the Melbourne Sports and Aquatic Centre redevelopments, and infrastructure that supports these venues are a continuation of the strategy for ongoing improvement of the sporting precinct and sporting event infrastructure, so this urban infrastructure will add value to the sports infrastructure. We need to make these facilities more accessible to the public, and by making it easier for the public to get to these events people will attend these events more regularly. This helps Melbourne fill its stadiums more regularly and thus attract the types of events we need to secure and retain our position as sporting capital of Australia. Access to and between our main stadia in the Yarra precinct beyond the games is also a key focus of the development of the Yarra plan coming out of the Department of Infrastructure in 2001–02. The only existing 1-metre pathway between Birrarung Marr and the MCG which took people on the south side of the rail corridor is obviously inadequate to accommodate the huge volumes of pedestrian movements expected during the games. Studies have shown that during the Commonwealth Games this precinct is likely to cope within the order of 350 000 people a day moving in between venues, and this is getting close to the size of the crowds we saw in Sydney Olympic park during the 2000 Olympics.

The bridge will stretch from Birrarung Marr across Batman Avenue, the City Link component, to a landing with access to Melbourne Park, and then across the rail corridor to Yarra Park to the west of the MCG. It will be about 350 metres long — about as far as one of your drives, Bill — including a 250 metre by 12 metre-wide section which will feature across the rail corridor. It will also play a major role in crowd movement from the games cultural program, which will be held mainly in and around Birrarung Marr, Federation Square and the domain and further down the Yarra River. So we will have this fantastic focus, particularly between Federation Square and the MCG. It will also play a major role in crowd management for the games cultural program. The bridge replaces the congested and circular-like route with a direct and open route reducing waiting times, which can be sometimes

hours in and around those peak events. This will become the main pedestrian thoroughfare and create a direct link between the river and those major facilities.

**The CHAIR** — Thank you, Minister.

**Mr MADDEN** — Thank you, Chair.

**The CHAIR** — I am just worried; it looks like there is another page there.

**Mr MADDEN** — I will not go into greater detail. That is the most significant. But the other one is minor works to Jolimont railway station in the order of \$1.3 million. That is significant in terms of the transport opportunities. The other is the Yarra precinct lighting upgrade to make that area and environs more secure in and around games time. What we will see is the community feeling far more confident in moving around that precinct; it will link them. What we will see is not only outstanding and substantial outcomes in relation to sporting infrastructure, but also re-enhancing the liveability of Melbourne and the place to be for events by having substantial urban infrastructure related to the games that will last as a legacy well beyond the games.

**The CHAIR** — In relation to the bridge, the pathway, I presume it will be totally accessible for its entirety; is that correct?

**Mr MADDEN** — Yes, very much so. I am happy to go into further detail in relation to the accessibility at the games, but it will be well and truly accessible. We have seen much of the infrastructure works in and around Birrarung Marr made accessible, and that is also a key priority in terms of the bridge: to make sure it continues not only the themes of accessibility in and around the games venues, but also to those surrounding precincts as part of the urban infrastructure works that will take place.

**Mr RICH-PHILLIPS** — With respect to the pedestrian bridge, why is that appropriated through the Department of Infrastructure and not through your department? What is the methodology that sees some of these Commonwealth Games projects with DOI and some of them, such as the village project, appropriated through your area?

**Mr MADDEN** — I am advised that it is appropriated to the ultimate owner of that facility, so at the end of the day DOI will own it in a form, or determine its ownership from the department's point of view.

**Mr BAXTER** — I want to go back to Mr Rich-Phillips's first question about time lines. I have to confess to having precious little interest in sport, but I do have great pride in Australia's reputation to deliver things and be a well-organised society, and I do not want to suffer the embarrassment of not having things ready by the games. I heard your assurance that these things will be delivered on time and on budget. My builder told me that, and the house is now running well behind time and well over budget. What steps have been taken in the department to ensure that there are no more lags and that we do not lose any more time? Have you put in place some additional checks and balances, for want of a better word, to ensure that we stick to the timetable from now on?

**Mr MADDEN** — There are a number of ways in which the project delivery, the building works, will be managed in terms of timeframes. There are critical time lines in relation to all the projects; there are critical benchmarks. They are well and truly in place, and the contract arrangements in relation to those projects ensure that the contractors themselves must deliver to those benchmarks.

If at any stage, for one reason or another, those contractors might lag behind those who are delivering the project in relation to the likes of the Melbourne Cricket Ground, the Melbourne Cricket Club and the MCG Trust have ensured that the obligations of the builders in this instance have cure plans to make sure that they catch up at any stage if there are issues where there may be a slight lag for one reason or another; hence there are also very significant financial penalties for the contractors not fulfilling their obligations, if that occurred, and liquidated damages. So the likes of any contractor on any of these projects have very strict and stringent requirements to ensure they deliver accordingly to their programs, that they have the appropriate cure plans if there is slippage, but also there are significant financial penalties if they do not reach critical benchmarks.

Those benchmarks put enormous pressure on the contractors accordingly to ensure that they come up with the goods or they have to deliver over and above that, beyond those benchmarks, either in terms of additional manpower, longer hours or more resources. No doubt there is a significant cost to the contractor just in that alone, over and above any potential liquidated damages that are associated with the contractor in relation to any delays.

**Mr BAXTER** — Presumably all those aspects, as good as they are, were in place at the beginning of their contracts. We are now slipping. Has any additional action been taken to make sure there is someone sitting on them all the time?

**Mr MADDEN** — I would like to clarify your comment, Mr Baxter. They are not slipping. These projects will be delivered on time and on budget. I will reinforce that. These projects will be delivered in time for the games.

**Mr RICH-PHILLIPS** — The budget papers show they are behind.

**Mr MADDEN** — You can see the likes of the projects of the Kennett government that I outlined, where it rushed into contracts, and look what it did to public transport, Federation Square and Seal Rocks.

**Mr FORWOOD** — I raise a point of order.

**The CHAIR** — I accept what you are going to say. So in terms of Mr Baxter's comments, his supplementary question was in relation to what mechanisms are in place.

**Mr BAXTER** — The minister is now contending with me on what the budget papers say.

**Mr MADDEN** — I believe I have answered that supplementary question from Mr Baxter. I am happy to continue to answer further questions, but I would expect that a supplementary question is a question, with a question mark at the end, rather than a rhetorical statement for the member to put on record.

**Mr BAXTER** — I did ask a question. I asked you had anything been put in place, and you then started to contest my assumption.

**Mr DONNELLAN** — It has been answered.

**Mr BAXTER** — I am happy to take rulings from the Chair, I am not going to take them from Mr Donnellan.

**Mr FORWOOD** — According to the way these three projects are proceeding, you would be able to know where they should be up to at this time next year. What I want to ask now is for you, confidentially if you like, to advise the committee where you think these projects will be in June 2004, and we will ask you the same question at that time and see whether or not you have met the benchmarks that you say will be on time. At the moment what we are getting from you is 'Trust me, we'll do it on time'. So let us get the benchmarks on those three projects, we will put them in an envelope with the Chair, we will open them here next time and we will see where we are up to then.

**Mr MADDEN** — Mr Forwood would appreciate that these projects will be well and truly being constructed at this time next year. We will have all those projects under way next year, Mr Forwood.

**Mr FORWOOD** — That is what you said six months ago.

**The CHAIR** — Mr Clark has a supplementary question in relation to Mr Baxter's issue on timing, timeliness and mechanisms for ensuring infrastructure is on time and on budget.

**Mr CLARK** — In response to Mr Baxter you outlined a number of mechanisms you had in place to put pressure on builders to complete on time and cure plans et cetera. My question relates to the industrial relations risks of completing the project. As you know, in Victoria we have — —

**The CHAIR** — That is not really a supplementary.

**Mr CLARK** — Yes, it is. Let me make the point — —

**The CHAIR** — Can you explain how it is a supplementary?

**Mr CLARK** — I will explain. The minister said that he had contractual arrangements with builders to ensure that they delivered on their contracts. The unions and the industrial relations situation are one of the major risks that we face in this state. The Electrical Trades Union has black bans on Parkville at the moment. What arrangements are in place to ensure that the industrial relations risks and the threat of union disruption to the games is properly managed?

**The CHAIR** — Strictly speaking that is not a supplementary. It can be asked in terms of your next question.

**Mr CLARK** — Mr Baxter's question was about how the risks were going to be managed. The minister said the builders were going to be managed through the contracts. I am saying there are industrial relations risks. How are you going to ensure that you finish on track given the industrial relations risks that are present in the state?

**The CHAIR** — In relation to that particular question, it is connected, but it is not on the same issue of timeliness and mechanisms that were to be put in place internally by the minister within his department to ensure that time lines that were outlined in media releases and in budget papers were met in terms of internal mechanisms put in place within his department. I am happy to have that question asked next — —

**Mr CLARK** — Let me make the question specific. What internal arrangements within the department have you got to manage industrial relations risks such as the ETU black ban at Parkville?

**The CHAIR** — In relation to time lines?

**Mr CLARK** — In relation to time lines.

**Mr MADDEN** — I welcome the member's question. In relation to industrial issues, Industrial Relations Victoria is working with the Office of Commonwealth Games Coordination and other stakeholders to pursue a comprehensive industrial relations strategy for the Melbourne 2006 Commonwealth Games. The strategy aims to actively contribute to the preparations for the 2006 games and the delivery of the event by anticipating any likely industrial issues and by establishing processes to manage these effectively and efficiently. The approach has two components. A strategy for the 2006 building and construction program and a distinctive games service delivery strategy.

The 2006 building and construction strategy provides an industrial relations framework that will directly support the on-time and on-budget objectives of the building and construction program. The cornerstone of this is a memorandum of understanding recently agreed with the Victorian building industry unions. I reinforce that the contract to Grocon is responsible for negotiating the industrial arrangements for the Melbourne Cricket Ground redevelopment. Grocon and the Construction, Forestry, Mining and Energy Union have recently finalised an enterprise bargaining agreement. Grocon and the unions are seeking to negotiate an additional agreement specifically for the MCG project.

In relation to the athletes village development, Australand Holdings will have the responsibility for any arrangements that need to be made with the building and construction unions. Darebin City Council is responsible for the delivery of the lawn bowls, the training velodrome and the soccer centre in Northcote. The project includes four bowling greens, the multi-pitch soccer venue and a cycling training velodrome. It is their project, but the state government has provided some funding towards it. John Holland Construction will have the responsibility for any industrial arrangements that need to be made with the building and construction unions. The state government does not have a direct role in these negotiations. These discussions are solely between the developers and the unions.

Construction of the games village site is expected to commence later this year with completion in 2005. Consultations have been planned with the Victorian service industry sector unions involved in the delivery of the games. This will identify service delivery issues and establish a process for working through relevant industrial issues. Consistent with government policy, Industrial Relations Victoria is pursuing a cooperative approach to industrial relations that will value and encourage the views of employers, employees and their unions.

**The CHAIR** — My question goes to the government saying that these games will be accessible and inclusive. Could you outline the steps that are being taken to enhance disability access, both for participants and spectators during the Commonwealth Games? I also ask you to make reference to the very successful elite athletes within the disability component of the games.

**Mr MADDEN** — I know you have a specific interest in this. It is certainly one of the critical issues in terms of differentiating this event from many other events that are often held around the world. The Commonwealth Games is the only international multisports event that integrates events for elite athletes with disabilities. The spirit of inclusion will be mirrored in every aspect of the hosting of our event, whether it is on the field of play, in the games village or in the opportunities for the community to attend and become involved in the Commonwealth Games activity. High benchmarks have been set by the conduct of the 2000 Sydney Olympic and Paralympic Games and the success of the Manchester Commonwealth Games.

The Manchester games were not labelled as but became known as the inclusive games due to the high profile and the successful inclusion of people with disabilities across every aspect of the event. It was subtly but superbly done, from the wheelchair-accessible medal podiums to people with disabilities taking on challenging and front-of-house employment and volunteer roles. The great thing about the Manchester games was the community celebration and involvement of people of all ages, shapes, sizes and abilities, and we look forward to having that reflected and furthered with the delivery of the Melbourne 2006 games. We are committed to furthering that legacy.

The disability community in Melbourne sees the Commonwealth Games as a landmark opportunity, and it has been very involved in consultation, discussions and negotiation for the advancement and inclusion of people with disabilities in sporting and community life. The critical issue that gives it a profile, probably more than some of the other elements, is the elite athlete with a disability program. In Manchester we saw for the first time an international multisports event incorporate events for elite athletes with a disability into the main sports program and also into the medal tally, which is very important. It was warmly received and thoroughly enjoyed by the spectators. So it was not only the participants, but the spectators who embraced it as well. We are committed to staging an elite athletes with a disability program comparable both in scale and scope and we would like to see it pass those benchmarks.

The program has been thoroughly researched and developed and it requires many considerations, appreciating the diversity across the 72 commonwealth nations. Some countries have a strong culture of elite athlete with a disability sporting program, but others do not, so trying to find the right avenue so that all nations feel they have the opportunity to have elite athletes with a disability included in the program requires a fair amount of work, consultation and consideration. We are also keen to see that one of the outcomes is supporting the movement towards integrating events for elite athletes with disabilities into the mainstream sporting associations, so that we get these groups to work together rather than, as often can be the case, sporting organisations being a little too territorial for our liking.

In terms of the games village, it should be appreciated that that is a critical part of the athletes' Commonwealth Games experience. We are committed to providing access at the games village for people with disabilities so that there is no separation and the athletes with disabilities will be housed with their respective teams. Sometimes in events of this nature where you have elite athletes with a disability you might have one team in one form of housing and the athletes with a disability in another form of housing, and that does not enhance the experience of games village life. All the public and communal areas within the village and within individual houses will be accessible. After the games we will have apartments and houses that will be if not completely accessible then adaptable to set new benchmarks in residential developments.

In terms of opportunities for people with disabilities to attend and be involved in games activities, our message is that people with disabilities are well and truly welcome as athletes, spectators, volunteers and representatives, either media representatives or VIPs and the like. Access for people with disabilities is a key consideration in terms of the infrastructure projects, which I mentioned before, particularly the sporting infrastructure projects, the likes of the Melbourne Cricket Ground and the Melbourne Sports and Aquatic Centre redevelopment. We will be auditing all those venues and ensuring a good level of access is provided, and that games volunteers will receive specific training to provide appropriate assistance for people with disabilities. We will also be supplementing transport by providing an accessible shuttle bus service for people with limited mobility to get to and from games venues and around games precincts, and people with disabilities will be directly involved in the planning.

It is a great opportunity for us to reinforce that message, enhance it, develop it, and leave a lasting significant, cultural and social legacy over and above that of sport in terms of the dynamics of making this state a better place to be.

**The CHAIR** — In view of the previous question being an alert that you will be asked the question next year, I alert you that I will be asking you a similar question next year.

**Mr RICH-PHILLIPS** — Minister, earlier you mentioned the blow-out in the Commonwealth Games budget, and it is now a matter of public record that that budget has now doubled from what was projected in the bid document to a total of \$1.1 billion. You made the curious comment in reflecting on Manchester that the government had decided to increase the scale of the Commonwealth Games vis-a-vis what had been planned in the bid document in 1999. That is curious because in March of this year when you and the Premier jointly announced the budget there was no mention of increasing the scale of the Commonwealth Games. In fact the variation in budget was attributed by the Premier as 'the increase in the operating costs from the original bid reflected CPI increases, a changed security environment and licence fees that were not included in the original bid'.



As far as that last point goes, while the licence fees were not published in the original bid they were certainly estimated, and that estimation was \$60 million. If they were included in the public bid document, the operating cost for the bid would have been \$370 million versus what now looks like an operating budget of \$877 million. Firstly, can you break down the CPI increases, the change in security, and where you have increased the scale of the Commonwealth Games, and what is the cost of that increase in the scale?

**Mr MADDEN** — I welcome that question. In terms of the Commonwealth Games budget, you would appreciate that when the bidding for the event took place the scale of these events, particularly the Commonwealth Games, was significantly different. At the time we had seen the likes of games coming out of not only Kuala Lumpur, which was large in terms of Commonwealth Games events, but also Victoria in Canada. I understand that the initial proposal and feasibility for the games was done very early, many years ago in terms of bidding for the games, and that the Victoria, Canada, model was considered part and parcel of what might be the scale of magnitude of the games. That was many years ago and you would appreciate in terms of these events that the scale, magnitude, security issues, overlay requirements, broadcast arrangements, have all increased in terms of their quality and benchmarking across the course of time.

What we now see is these multidisciplinary events which are held not only at a significant cost, but also they are of significant value when you appreciate that we will be able to broadcast this event to in the order of 1.7 million people across the English-speaking world. That would not have been possible 10, 15 or 20 years ago in terms of these events.

**Mr RICH-PHILLIPS** — We are not paying for the broadcast; the licence fees are.

**Mr MADDEN** — You would appreciate, Mr Rich-Phillips, the rollout of these events is significantly different. In terms of the budget — and I am happy to speak to that — we announced that budget on 12 March and that also considered many issues, but some of those were to do with the scale and magnitude of Manchester's success. They went for much smaller venues and hence a smaller overlay, and much of it was a temporary overlay in terms of the venues.

We have significant costs associated with upgrading, operating and ensuring that we can resource the huge crowd numbers that we are anticipating and expecting, whether it be in the common domain and the management of that, appreciating that Manchester had very little common domain, and the associated works with that, and the associated cultural events and the overlay. So there are many issues associated with the scale, magnitude and operation of the venues that come with having a bigger event — bigger numbers, bigger venues and bigger turnover.

As the Premier and I mentioned at that announcement, the state will contribute \$474 million towards the operating budget for the games and \$223 million towards capital investments. I have already outlined some of those significant capital investments, particularly the urban infrastructure works. They are quite significant and they have contributed to additional costs associated with the finalisation of that budget — appreciating, Mr Rich-Phillips, as you will, that the announcement of our budget was the first announcement of a budget. There had been no budget prior to that. There was an indicative figure. We spent a significant period of time working through where the costs were and bringing all those costs in line with the budget.

As I mentioned earlier, often budgets for events of this nature can leave off the government services and just roll them into government service provision rather than actually cost those into the event delivery. We have included some of the significant costs associated with police and transport costs and some of the changes in the security environment. The traffic and transport costs are adjusted to take account of the franchise arrangement, which was not in place at the time of the bid. There are CPI increases over the eight years and, as I mentioned previously, an increase in the infrastructure spend. As a government we have committed \$223 million towards the capital projects for the Commonwealth Games; \$56 million of that has been detailed in the budget.

We are confident that because we have put in substantial work in terms of the scoping, the consideration of increasing all those elements, whether they be government services or others, and the CPI over the course of the eight years leading up to the games, that we have covered off all the areas where expenditure will be incurred and are confident that there is no black hole. These black holes are only formed if you do not cost these things in. This is the first time we have presented a budget based on substantial work, also ensuring that government services, government infrastructure delivery, is part and parcel of the overall budget cost of the games.

**Mr RICH-PHILLIPS** — Minister, you have not addressed the variation between the estimated budget in the bid and the budget that you and the Premier announced earlier this year. I find it curious that you talk about



increasing the scale because that was not mentioned at all when you and the Premier made that announcement. You spoke about CPI increases, the change in the security environment and licence fees. As I said, although the licence fees were not published in the bid document they were estimated at \$60 million. Government services, which you spoke about, were estimated at the time of the bid at \$160 million. The bid document provided a breakdown of the estimated operating budget into executive management, ceremonies, human resources, finance and administration, sports and venues et cetera. There was a detailed estimation of what the Commonwealth Games were going to cost, published in that bid document. All we have received from the government is a headline figure of the total cost, no explanation other than CPI as to where the change in cost has occurred, and the vague comments that you have made about increasing the scale. Are you looking at more athletes?

**The CHAIR** — Can we go back to — —

**Mr RICH-PHILLIPS** — Is there a sizeable increase in the program? Can you break down the difference between the bid budget and the budget that you announced in March so we can actually see the variances from what was published and what is now your estimate?

**The CHAIR** — And the three components you are concerned about are CPI, security and the — —

**Mr RICH-PHILLIPS** — And the difference.

**The CHAIR** — Is that information available? Do you happen to have that with you?

**Mr MADDEN** — I am happy to answer that. You also have to appreciate when I say ‘scope’ of the project that there are things that we have brought into this budget that were not there: the licensing fees but also the social housing as part of the village and the environmental initiatives. They are scoping issues which were not part of the original proposal. Scope for security, the size of those venues and the security associated with those venues — all those things. I am happy to present details of that and provide you with more information.

**The CHAIR** — Thank you.

**Mr RICH-PHILLIPS** — In terms of the event, what are we getting in terms of the size of the event? It is still a 4500-athlete event.

**The CHAIR** — Mr Rich-Phillips, he is happy to take that on notice.

**Mr MADDEN** — I am happy to give you a lot more detail on that, if you like. Can I just reinforce most of that is associated with key additional elements, as I have mentioned: some of the infrastructure works, whether they be the village, urban infrastructure or additional games overlay, and some of the security elements or government services. Scoping those issues, I am happy to provide you with a more detailed breakdown of those figures if you wish.

**The CHAIR** — On the breakdown of the bid in relation to increases in CPI, security and increase of scale, is there a supplementary on those?

**Mr FORWOOD** — A quick supplementary: the government has capped its expenditure at \$1.1 billion and it is looking to make up the difference with revenue. If the revenue falls short, when will you know that you have to start cutting the scale of the games back?

**The CHAIR** — That is not a supplementary.

**Mr MADDEN** — Can I just qualify your remarks, Mr Forwood. The games will cost the government not the figure you announced then. There is a degree of exaggeration there in terms of what it will cost government.

**Mr FORWOOD** — It is \$1.1 billion: \$697 million, \$403 million — do the sum.

**Mr MADDEN** — Again, the cost to government, as I have mentioned previously, is \$474 million in terms of operating costs and \$223 million in terms of infrastructure upgrade. To bring together the operational cost of the games, the overall event delivery cost which Melbourne 2006 are responsible for, the critical elements that they will bring to the event are the revenue streams. These revenue streams are through marketing, licensing, sponsorship, ticket sales, television rights and contributions from commonwealth and local governments. Most of those are being negotiated currently. They are well and truly under way. We have costed those rather conservatively so that we are confident that we are able to achieve those.

You would appreciate, as you mentioned, Mr Forwood, that we have capped the state's contribution \$474 million. Currently there is work under way in relation to if revenues were to fall short — we have budgeted very conservatively — that Melbourne 2006 will potentially be required to scale back elements. They are currently considering that in relation to delivery of the games and we will be working with them to ensure that should that be the case it is entirely logical. I understand the Prime Minister is unveiling a 1000-day-out clock in Canberra. I have been out early this morning with the chairman, Ron Walker, unveiling the 1000-day clock in a number of venues. Given the level of support and anticipated commitment from the federal government, very positive signs in relation to corporate sponsorship and the sizeable venues that we have — the revenue generated from ticketing alone will be relatively substantial, over and above the revenues that were achieved in Manchester because we have those bigger venues. As well as that there is a significant amount of modelling being done at the moment with Melbourne 2006 as to what is the best fit of those venues, the best model to come up with and the best packaging arrangement. Given all those circumstances we are confident that the capped commitment of the state government to the operating costs of the games will be manageable and we will see a tremendous games delivered on time and on budget.

**Mr RICH-PHILLIPS** — Could I just ask you for clarification — —

**The CHAIR** — No, I have been extremely lenient in terms of ambit there. Mr Merlino.

**Mr MERLINO** — Minister, I refer you to page 94 of budget paper 2. It states:

The games village will be one of Victoria's greenest large-scale inner urban residential developments, through the application of the principles of sustainable development and environmentally responsive planning and design.

Can you inform the committee as to what environmental initiatives are being planned at the athletes village and how they are funded?

**Mr MADDEN** — The games village is probably the single most significant component in terms of lasting benefits to the community over and above sporting benefits coming out of the games. We are very confident that the village will be an outstanding development and benchmark many initiatives, whether they be environmental, social or urban design elements.

In terms of environmental initiatives, when we embarked on the tender process for the village central to our aims was to develop one of the greenest inner urban developments of its type. The environmental initiatives for the village fall into two categories basically — best practice standards that go beyond the current statutory requirements relating to environmental performance for these types of developments and a range of innovative environmental initiatives with the aim of creating benchmarks for future environmental and progressive housing development projects. A figure of \$15.6 million has been allocated to these environmental innovative initiatives and the developer will fund the best practice standards as part of their offer on the village. The innovative environmental initiatives will be funded through, as I said, that \$15.6 million which has been quarantined within the commercial arrangements with the developer.

The program of the environmental initiatives will be determined following full consideration of advice from the Commonwealth Games environmental advisory committee, which has been completed, and the games village planning advisory committee. I am awaiting their recommendations to consider them alongside what I have also received in relation to the games environmental advisory committee.

We anticipate that following on from that, the direction we have taken is well and truly a very positive one with support from the stakeholders out in the community. Some of the key measures we are looking at will include responsible water usage measures, such as roof-water collection for flushing toilets; solar hot water to all houses on the site, and recycling of grey water and surface run-off for retention for the significant trees and vegetation on the site, with approximately 4 hectares of new parkland, five-star energy rating in all houses including energy and water efficient fittings and features, with the target we have set of diverting 95 per cent of construction and demolition waste from landfill; and the use of environmentally preferable materials such as plantation timbers and environmentally friendly operational practices.

The government is providing a \$5 million contribution to be made towards the City of Melbourne's proposed regional wetlands development in Royal Park. Those wetlands are proposed to be developed as part of the City of Melbourne's Royal Park master plan. Actually it is quite considerable because of the significant work done over many years by the City of Melbourne with the local community and organisations such as the zoo, the Environment Protection Authority and Melbourne Water in putting together a wetlands plan for that area.

Currently we are in discussions in relation to the wetlands project with the City of Melbourne, the zoo, the EPA, Melbourne Water and the community. We are confident that the scheme for the village plus a range of water-related environmental initiatives could be significantly enhanced if we could link those to the planned wetlands. That is part and parcel of the environmental initiatives associated with the village. That also complements the broader environmental strategy which has come out of recommendations from the environmental planning advisory panel which was established under the games legislation.

**The CHAIR** — Mr Forwood has a supplementary question and I have a further supplementary question after that.

**Mr FORWOOD** — In the letter published in today's *Age* besides your own letter defending the games village, the claim was made that 1600 or 1300 mature trees will be cut down on the site to accommodate the village. Do you dispute that figure?

**Mr MADDEN** — In terms of works to take place on the site, we have had a substantial amount of work done in terms of mapping the trees, locating them, auditing them in the sense of their health and viability, and their significance. The developers have done that.

We have also overlaid that with an independent assessment in relation to the trees on the site. Whilst I cannot give you the figures at this point in time I am happy to provide you with figures as to any of those specific issues in relation to trees, but we are confident that working with the developer the siting of the development will retain as many trees as possible, particularly the significant ones, the ones that are either substantial in terms of maturity or significant in terms of the environment, bearing in mind that some are not in necessarily good health — some of the smaller trees — and there is a substantial amount of work done in that area.

I understand Tree Logic Pty Ltd, an organisation of arborists often used by the City of Melbourne and others, undertook a survey of existing trees on the site and made a series of recommendations on which trees are suitable for retention. Tree Logic concluded that the retention value of the majority of trees on the site was negligible. However, there are pockets of vegetation that provided more interest and appeal than the wider tree population. The findings recommend that of the 951 trees assessed on the site, 36 are significant, 254 could be retained, 3 can be transplanted and 658 trees should be removed because 547 were poor, 105 are woody weeds and 6 are easily replaceable. There are a number of larger shrubs — —

**Mr FORWOOD** — It is a public document? Thank you.

**Mr MADDEN** — I understand it is, and I am happy to provide it.

**Mr FORWOOD** — Excellent, rather than your reading it in detail.

**Mr MADDEN** — But bearing in mind that an additional report was conducted by Galbraith and Associates. That was recently commissioned as a peer review of Tree Logic. We have an alternative view of what is and what is not acceptable, but also Village Park Consortium proposed that 750 trees will be planted to replace any that are removed. I am also awaiting recommendations from the games village planning advisory committee, which is expected at the end of June, which will also comment on those issues.

**The CHAIR** — My supplementary question was in relation to the environment and green cycling. You or the developer may have engaged consultants on walking or cycling tracks, given its proximity to cycle paths around there. I would be appreciate a copy of any work that has been done in that regard. If it has not I would be interested in, for example, Bicycle Victoria's comments on the site and the use of existing cycle tracks and expanding them around that area.

**Mr FORWOOD** — What has that to do with the portfolio?

**The CHAIR** — It is green, we are talking about green; just like trees are part of the green approach, so too is cycling part of the green approach.

**Mr RICH-PHILLIPS** — Minister, I would like to ask you about the corporate governance of Melbourne 2006 Commonwealth Games Pty Ltd, but before I do that I would like clarification on the budget operating figure of \$474 million. Does that include operational expenditure incurred prior to that announcement, that the funding went to Melbourne 2006?

**Mr MADDEN** — I understand it does, yes.

**Mr RICH-PHILLIPS** — The company Melbourne 2006 Commonwealth Games Pty Ltd is a proprietary limited company and is beyond the scope of freedom of information and beyond our reach in that sense. It has a board and, as you know, the shareholder is the Premier. What mechanism do you as the responsible minister for the Commonwealth Games have in place to oversight that company?

I understand there has been a representative of the Department of Premier and Cabinet on the board of that company. It was Greg Hynes for a while, then Yehudi Bacher and then Grant Hehir — and I do not know if Grant is still there. I am advised he has gone to the education department. In the last couple of years there has been a lot of churn among the departmental representatives on the board, with no continuity, and that person is from the Department of Premier and Cabinet, not from your department. What governance oversight do you have there? Do you have somebody from your office, perhaps Ms Sussex, attending board meetings? Do you receive board papers? What is the process?.

**Mr MADDEN** — There are a range of issues, and I am happy to answer all of them. As you mentioned, the original organisation was established as a company separate from government with the previous Premier and now the current Premier as the single shareholder in that company. While that was appropriate at the time, it was not necessarily a direct mechanism that has been the traditional model or the model for reporting to government. Up to this time we have had a number of representatives on the subcommittees or attendances at meetings. We have had representatives from the Premier's department, and on most occasions I attend those board meetings, not as a board member but to oversight the operations of that board and also to give indications of the government's views on issues, rather than protracting issues with the need to make contact with government.

That has worked relatively well to this point, but appreciating that that structure is probably not entirely appropriate as we progress into the next phase of the games development, we have introduced into Parliament the Commonwealth Games Arrangements (Governance) Bill, and that focuses on a more traditional model, establishing Melbourne 2006 as a statutory authority. It has been done through collaboration and negotiation with the current board for a number of reasons: so that the board can feel the comfort of government having an overarching authority over it, but also to guarantee the degree of personal risk that might be brought to the table in relation to associated matters in and around the games.

This will probably allow for a more comprehensive means of reporting to government and also, if need be, to have government give any direction or support back to Melbourne 2006. I know the chairman is pleased with the new structure that will come forward from the bill once it has progressed, and so are the board members. The government is very pleased with the structure as well. The ACGA and the CGF have also been very complimentary in bringing that to bear.

It has required a substantial amount of hard work in a short time, and as the minister I am very appreciative that the CGF and the ACGA have worked tirelessly in conjunction with the government to bring that to fruition. Many of the staff within my department and many of the personnel within Melbourne 2006 and the respective organisations have put in enormous hours to bring that to fruition, so it is nice to be able to place on record my appreciation of their substantial hard work and their efforts and goodwill in bringing that together.

To get back to the question, it will allow for a more structured system of reporting to and from government in relation to the delivery of the games, and it will also allow for a greater degree of transparency so that the public can feel comfort in that as well as in relation to freedom of information requests and also the manner in which the Auditor-General will have the ability — although he has reported on Melbourne 2006 — to report on that more substantially on that basis.

**Mr RICH-PHILLIPS** — Did you attend the board meeting when the decision was taken not to renew the contract of Leighton Wood as chief executive?

**Mr MADDEN** — I was in attendance at that meeting, yes.

**Mr RICH-PHILLIPS** — What is the basis of the \$480 000 payout to Mr Wood?

**The CHAIR** — The question related to governance. That can be your follow-up question next time. Mr Donnellan?

**Mr RICH-PHILLIPS** — That relates to governance. There was a lump sum of \$500 000 paid out to a departing executive. If that does not relate to governance, I do not know what does.

**The CHAIR** — You asked what — —

**Mr RICH-PHILLIPS** — The minister says he has a role in that.

**The CHAIR** — Mr Donnellan.

**Mr RICH-PHILLIPS** — Chair, this is ridiculous.

**Mr DONNELLAN** — The budget statement says that Victorians will benefit from new and improved sporting facilities and infrastructure upgrades. What new and improved facilities and infrastructure upgrades are occurring in regional Victoria, and how will regional Victoria benefit from the games? What proportion of the games capital and recurrent expenditure is occurring outside the metropolitan area? The last of that can be taken on notice if it is not available.

**Mr MADDEN** — Thank you very much for that question. You will appreciate that in the lead-up to the games we are eager to see the participation of regional Victorians so that it is not considered as an event for Melbourne alone. It is important that we bring on board all of Victoria and make this an event for all Victorians, as indicated in the original presentation and video. In particular we are eager to reinforce those themes and that perception in rural and regional Victoria, and as part of that we are eager to see benefits delivered in and around the Commonwealth Games.

There are significant benefits, and as part of the games events will be held in and around rural and regional Victoria, including a number of the basketball preliminary rounds being held in key regional centres. We will see mountain bike riding and the establishment of a state mountain bike facility. Full bore shooting and clay target shooting will take place in regional locations, with the full bore shooting already indicated as taking place at the Wellsford Forest shooting range in Bendigo. There is an opportunity for pre-games training as well. As part of the commitment to assist local regional communities to upgrade facilities, we made substantial financial contributions to facilities in and around Ballarat, Bendigo, Traralgon and Geelong to ensure they are delivered.

In terms of the potential for basketball to be held in key regional areas, \$1 million in funding went to the City of Greater Geelong some time ago to assist it to purchase the Geelong arena, because without that there was the potential for that facility to no longer continue to operate as a sports facility. It was important to secure that not only for the immediate future but also as part of the longer term future of sport in the Geelong region. We recently provided \$2 million through the Community Facilities Funding program to the Bendigo basketball stadium for significant redevelopment works.

We have also made a commitment of \$3 million to provide a state mountain bike facility in time for the games. While no site has been identified to stage the event at this time, we are doing substantial work on that and we are currently going through an assessment process to identify the preferred location. As well as that we are also contributing \$800 000 to other facility upgrades, including some support for facilities at Ballarat and Traralgon.

So there are some significant infrastructure legacies as well as the social legacies that we will see coming out of the games, and we are very excited about the prospect of pre-games training in and around the regions. I understand the Scottish team spent some time in Bendigo recently, and we are anticipating some positive announcements from teams located in rural and regional areas for pre-games training prior to the games. As well as that, other related activities will focus on rural and regional Victoria, such as the Queen's baton relay, and I know Bill Baxter will appreciate that that relay is one where a message from the Queen is in the baton and it passes through the community — —

**Mr BAXTER** — We would all appreciate that, not just me.

**Mr MADDEN** — It will have an opportunity to pass through Bill's seat, and — —

**The CHAIR** — Are you going to run?

**Mr BAXTER** — Jasper will no doubt run.

**Mr MADDEN** — No doubt this committee will appreciate the significance of it. There is an opportunity for cultural and arts festivals associated with the games. So there are plenty of opportunities for rural and regional Victoria. We are excited by that prospect, and I think it will also help reinforce the inclusiveness of the games. We talked about disability and about many of the other themes and issues, but the opportunity to make it inclusive in



terms of all Victoria is very much a strong theme of the games, and we are very confident that that will be great for Victoria.

**Mr BAXTER** — In terms of the village construction, was it always envisaged that customary planning arrangements would be suspended to 2011, or did that extension come about as part of the negotiations to get Australand to the barrier?

**Mr MADDEN** — That is an interesting remark, Mr Baxter. The critical issue there is that there is the element that needs to be established for the games, and the games only, but in terms of the site, which is a fairly substantial one, there are also critical elements that will need to be delivered as an ongoing part of that development. We expect that the vast majority of that development will well and truly be completed before 2011, and my understanding is that the developer would anticipate that as well, but it was determined that it would be appropriate to have a degree of flexibility in that time frame so that the rollout of the development can be spread over a longer time if need be. That has basically been determined on the complementary elements to the development — the extensive public housing, which is a component of that — but it is also very much associated with establishing more than just the games village, that it is a long-term development. In a sense the whole development is not necessarily required for the games, but part of that will be part and parcel of the development beyond the games.

There is a temporary overlay in terms of the houses that are built and the development for the village. What we saw in Sydney, whether you had the semi-detached houses or the detached houses or units, was that you need a period of time immediately after the games for a retrofit. What we had in Sydney and what we have in Melbourne is a model where you might have a four-bedroom or three-bedroom unit, you might have two living areas, a garage, a kitchen, a formal dining room or some sort of combination of all those elements, and to get the maximum benefit out of the building which is there, the kitchen is not fitted, the laundry is not fitted. That is all done after the games. But those rooms in one form or another are used as bedrooms, so at the end of the day you will have the four bedrooms, the kitchen, the laundry, a couple of living areas or the dining area used as bedrooms, and the garage fitted out as a bedroom. As well as that, there will be temporary elements plugged into the back of the dwellings, which was the case in Sydney, where you have an additional bathroom and toilet and maybe an additional bedroom plugged into the back of it, so at the end of the day each of these units might be in the order of a 10-bedroom or 12-bedroom facility — just one residence.

**Mr BAXTER** — But it will not take five years to revert them to standard housing?

**Mr MADDEN** — No, it will not, but you will have an interim period immediately after the games where you have to retrofit that, redo that, and also to continue the development. So the site has been offered as a development site for the village, but a key component is to deliver a suburb beyond the village. That has always been part of the consideration, but the amendment to the legislation was qualifying that to extend that over a longer time frame. My understanding is that that was not directly pertinent to any negotiation; it was more a flexibility in terms of the rollout of the village.

**The CHAIR** — Can I take you to BP2, page 257, where reference is made to the state mountain bike facility development: ‘an international standard mountain bike course with appropriate amenities is to be constructed. This will take pressure off high value conservation areas in several metropolitan parks’. Do I take it from that that we are going to have this facility built in Melbourne? Could you give us some explanation of how this facility will be developed?

**Mr MADDEN** — Thanks very much, Chair. The state mountain bike course is another key facility development in relation to the Commonwealth Games. The Melbourne 2006 games organising committee has included a cross-country mountain biking event for both men and women as part of its sport program, and that has been particularly successful in recent years in these sorts of events. An independent preliminary assessment study was commissioned by Sport and Recreation Victoria to identify the venues to conduct mountain bike events.

The study has considered sites in terms of hosting the 2006 mountain bike event for the games and also the potential to provide a legacy of a state mountain bike venue for Victorians. It has to be appreciated that the degree of enthusiasm and the numbers of participants in mountain biking have risen in recent years, and that puts significant pressure on some of the terrain and parkland which people choose to use for mountain biking, so to have a state mountain bike facility will take pressure off many of those existing areas, those parks.

We are currently reviewing Lysterfield Lake park as a possible site to develop a state mountain biking facility, and the review is considering a number of factors such as the course design and construction, overlay requirements for



the games and elements of the development that can be established as part of a permanent facility, but you would not necessarily need all of it to be permanent. An element of that, and most critical, is the environmental management and business issues. A final decision on the actual site, whilst it is yet to be made, will require endorsement by the government in 2006 and the Commonwealth Games federation, following confirmation of the site's suitability. We are committed to a detailed consultation process in relation to this, and the selection of the mountain bike venue would only take place with key stakeholders and interested parties being part of the consultation process.

The final site selection will be made in consultation with government, Parks Victoria, state and national cycling bodies and relevant councils and other key stakeholders. It is a significant facility. It requires significant management long term, but it has not only sporting legacies but also environmental legacies by taking the pressure off some of the existing mountain bike usage in Parks Victoria's properties.

**The CHAIR** — Fantastic.

**Mr FORWOOD** — You would be aware, of course, that chapter 8 of budget paper 2 is the statement of risks for the government, and in particular on page 161 it deals with the unquantifiable contingent liabilities of the Commonwealth Games in relation to the MCG redevelopment in particular. At the top of page 162 it talks about compensation payable to the AFL in relation to two dot points. One is in relation to the calendar for the football games in 2006, and it says:

All compensation claims will be calculated in accordance with an agreed compensation formula.

The next dot point talks about not meeting the 80 000 that you touched on earlier.

So from that, obviously the agreed compensation formula is already in place. I wondered if you could make that available to the committee. The question is: if we have an agreed formula, then we would know that it will be within parameters, that if there is a shortfall of 5000 seats, it is going to cost this, and if there is a shortfall of 2000 or 10 000, it will cost that. From the point of view of the budget, this is shown as unquantifiable. I put it to you that it is possible, given you have an agreed formula, to quantify the extent of the contingent liability to the state.

**Mr MADDEN** — Thank you very much. There are obviously some significant issues there in relation to compensation for those liabilities. The negotiations in relation to getting the MCG redevelopment built, or getting it to the building stage, required a fairly substantial commitment from relevant stakeholders. What we have seen is the Australian Football League has a commitment to a \$150 million funding contribution towards the MCG redevelopment over a 30-year time frame. That is fairly significant from its point of view.

As part of the negotiations to secure the AFL's commitment, the AFL sought compensation for lost profits during the redevelopment and following the Commonwealth Games. The temporary athletics track to be laid at the MCG for the 2006 Commonwealth Games and removed immediately after the games in late March 2006 will mean that it could take some weeks before the surface is ready for AFL matches in 2006. That is obviously an issue that is relevant to the AFL and relevant for us in terms of the risks associated with the repatriation of the MCG in that particular year.

You would also appreciate that the redevelopment of the MCG will reduce the capacity of the MCG for the 2003, 2004 and 2005 AFL seasons with capacity at the 2003 and 2004 grand finals planned for 80 000 spectators. I have also mentioned the key benchmarks for the associated contractors to ensure that they deliver a capacity at those times and the contingent liabilities that are part of their delivery. That is one of the key deliverables that they must deliver on.

When it is completed the MCG will have an increased capacity of 100 000 spectators with state-of-the-art facilities. An offer has been made to the AFL for compensation for lost seating at the grand finals in 2003, 2004 and 2005. In addition, compensation has been offered for matches affected in the 2006 AFL season. All compensation claims will be calculated in accordance with an agreed compensation formula, but the amount of compensation cannot be reliably estimated at this time. I say that because we will have to see what AFL attendances are like in the years leading up to 2006 and how they are comparable to 2006.

There are measures in place as part of the formula, but it also relates to the AFL's own performance in relation to crowd estimates at the MCG in the years leading up to 2006. We will not necessarily determine what the attendances are in those years, given that the AFL is in control of its fixture schedule and the potential numbers that

will turn up for those events at the MCG in the years leading up to 2006. That is part of the measure, I understand, of any compensation formula in the 2006 year.

**Mr FORWOOD** — The formula has been agreed. Can you make it available to the committee?

**Mr MADDEN** — I can seek to look at that, Bill. I cannot give you any guarantees at the moment because I would have to check to see whether that is going to prejudice any negotiations in relation to the outcomes of that compensation. It will require a degree of negotiation in relation to what they believe is the figure that is part of the formula and what we believe is part of the formula, but I also have to refer back to see if there are any confidentiality issues associated with the AFL in relation to that. I am not trying to stop you; there is nothing to hide here, it is fairly obvious. Can I reinforce that the critical measure of the compensation in the 2006 year relates to —

**Mr FORWOOD** — Whether or not you are ready for Anzac Day.

**Mr MADDEN** — No, it is not so much that, it is the turnout of their crowds in the first quarter of their seasons in 2003, 2004 and 2005 and how that compares to what would be anticipated on that formula in 2006.

**Mr DONNELLAN** — Don't go to the footy if you want to help the state.

**Mr FORWOOD** — Get the numbers down! However, I think this is a significant issue, as I think you acknowledged yourself. I would be interested in having a look at the formula if that were possible. I suspect that this is an issue that we should keep an eye on.

**Mr MADDEN** — Probably the most critical date in this formula is the Anzac Day game in 2006. That has been considered as part of the assessment of the delivery of the track in terms of what is taking place now at the MCG.

**Mr FORWOOD** — Collingwood will have won two premierships by then.

**Mr MADDEN** — And your health will improve, Bill.

**The CHAIR** — If I were confident I would make some comment about the Demons.

**Mr MERLINO** — I refer you to page 257 of budget paper 2. You have outlined a number of new facilities in preparation for the Commonwealth Games and the upgrade of the MCG. The government has also announced a number of other upgrades to various sporting facilities. Could you outline what other state sporting facilities will benefit from preparations being implemented for the 2006 games?

**Mr MADDEN** — Thank you very much, Mr Merlino. There are a number of upgrades. I have probably mentioned the vast majority of those in relation to the regional venues that are being upgraded in terms of Ballarat, Bendigo, Traralgon and Geelong, but there are some I suppose you would describe as minor upgrades to a number of facilities as part of the games.

What we will see as part of that, as well as the mountain biking facility, is that the State Netball and Hockey Centre will receive an \$800 000 grant to enable it to provide two new hockey pitches in time for the games. The government announced a \$2.7 million upgrade to the Olympic Park track as part of the Commonwealth Games budget, appreciating that the Olympic Park track will be used as a warm-up facility for the athletes. This is also a key part of the legacy in relation to those venues. Basically we have some upgrades to some of those facilities.

As well as that, we have works on the athletes track at the Melbourne Cricket Ground that we discussed — the inclusion and removal of that. It is hoped that when that track is removed where possible it will be reused at some location beyond the games. As mentioned, there is the state mountain bike facility. We have some fairly significant works taking place across the state and regionally with upgrades and key infrastructure works. There will be some substantial outcomes well beyond the games as part of those infrastructure legacies. That will place us well into the future not only in terms of sport but also major events.

One of the underestimated elements of the games is that they will assist with reinvestment in sport in this state. In 1956, at the time of the Olympics, there was substantial investment in sports facilities in and around the Melbourne Olympic Park precinct. They have been upgraded over time and enhanced and more have been added, but this can be seen as an opportunity to reinvest in many of the key state sporting facilities and bring those forward to see

tremendous long-term benefits and outcomes for the state in terms of the infrastructure — urban and sporting — and outstanding legacies for sports in their own rights.

**Mr RICH-PHILLIPS** — I would like to go back to the Commonwealth Games village at Royal Park and the issue of social housing. You have said that this is one of the legacy benefits that will accrue to the state after the games have concluded. The government has said it is committing \$35 million to social housing. The budget papers allocate \$9 million in the 2003–04 year and a further \$9 million in 2004–05, but beyond that there is no funding allocation. There is no funding allocated in the out years 2005–06 and no funding allocated in 2006–07. Firstly, when is the rest of that social housing — the other \$17 million — going to be delivered in terms of budgeting? When is it actually going to be completed in terms of the project? Secondly, going back to your earlier comment about these items being listed where their ownership will ultimately end up, why is that with the Commonwealth Games for ownership?

**Mr MADDEN** — Can you just say that last statement again? I missed the last comment.

**Mr RICH-PHILLIPS** — You said earlier, in reference to the pedestrian bridge, that it was in infrastructure because it will be owned by Infrastructure. Why will the Commonwealth Games be owning the social housing?

**Mr MADDEN** — Yes. At this point in time it is, because it is responsible for the vast majority of the delivery of the housing. In terms of much of the work related to the bridge infrastructure, which will sit with the Department of Infrastructure, it will be part and parcel, or key, in terms of the responsibility of having it delivered. We will take responsibility for it, but it will maintain ownership of it. Issues in relation to the social housing have been negotiated within government departments as to how, beyond the games, they will be transferred to other government departments. But also a key consideration in the framework of that are the recommendations that will come from the advisory panel in relation to the public housing component of the village. The advisory panel is hearing issues, or has just about finished, or has finished.

**Mr RICH-PHILLIPS** — Are they on schedule? Can they give you the report tomorrow?

**Mr MADDEN** — I would expect that — by the end of June, when the report comes to me — a significant component of that will relate to social housing. Once I have that and have had advice from the department and considered that accordingly I will be able to pursue that issue further, as to how the rollout, or the rollback to government in terms of the ownership of the public housing, sits within the ministry for housing and how that transfer takes place, given the arrangements that will form part and parcel of the advisory panel's recommendations.

**Mr RICH-PHILLIPS** — Does that impact upon the remaining funding for that social housing?

**Mr MADDEN** — I do not — —

**Mr RICH-PHILLIPS** — Or there will be no funding for the next two years, or subsequent two years?

**Mr MADDEN** — I do not believe so; I am happy to take advice on that.

**Mr RICH-PHILLIPS** — When do you expect that — —

**Mr MADDEN** — I am happy to take advice on that and give you further detail on that. As I mentioned in the committee stage of the Commonwealth Games Arrangements (Amendment) Bill debate, in terms of the figures, I think there was somewhere in the order of a \$17 million less amount in terms of the overall cost of the village. That will appear in the budget out years. I would anticipate that that will form part of the budget in out years in relation to the Commonwealth Games. But if it is not part of the Commonwealth Games, given whatever the transition formula post the Commonwealth Games comes to be, that could well be transferred across to the Office of Housing, if need be. At this point in time that has not been determined, given the delivery mechanism of the public housing component, but we expect to have that clarified post the advisory panel's recommendations. I am happy to provide that to you as a briefing, or in any of these forums, at a later date as that information is determined and comes to hand.

**Mr RICH-PHILLIPS** — You said in the committee stage that the funding would occur beyond the forward estimates. I assume from that you mean from 2008, which is beyond the current — —

**Mr MADDEN** — Yes, I understand that to be the case, yes. The additional element — —

**Mr RICH-PHILLIPS** — The additional was \$17 million?

**Mr MADDEN** — It was \$17 million.

**Mr CLARK** — As a supplementary to that, what proportion of the total amount of social housing do you expect to be able to achieve with the \$18 million that is in the forward estimates period?

**Mr MADDEN** — Can I ask you to repeat the question?

**Mr CLARK** — What proportion of the total amount of social housing that you are aiming to achieve, after the \$35 million, do you expect to be able to achieve with the \$18 million that is in the budget in the forward estimates period?

**Mr RICH-PHILLIPS** — How many of the 200 units?

**Mr MADDEN** — I appreciate your question in relation to the matter.

**The CHAIR** — You can get back to us on that, if you wish to.

**Mr RICH-PHILLIPS** — You must have some idea.

**Mr MADDEN** — I understand that will be determined on the basis of the recommendations of the advisory panel; I would not want to pre-empt any outcomes based on its recommendations. As that information comes to hand I am happy to provide that to you, or to give you a briefing in further detail in relation to those matters.

**The CHAIR** — Thank you very much, Minister. That concludes the consideration of the budget estimates for the portfolios of sport and recreation and Commonwealth Games. I thank not only the minister but also departmental officers for their attendance today and their significant work beforehand. It has been a very useful session. There are a couple of issues that we will be following up by way of correspondence, some of which you would be aware of because you have taken them on notice, others of which will be sent to you later.

**Mr MADDEN** — Thank you very much, Chair. Can I again thank the committee members who are still here, even though we have lost a few along the way. I look forward to coming back to a Public Accounts and Estimates Committee hearing again in future years to further update you on progress, particularly of the Commonwealth Games.

**The CHAIR** — Thank you.

**Mr RICH-PHILLIPS** — I am sure we will have an opportunity before then.

**Witnesses withdrew.**