

TRANSCRIPT

SELECT COMMITTEE ON THE 2026 COMMONWEALTH GAMES BID

Inquiry into the 2026 Commonwealth Games Bid

Melbourne – Monday 9 October 2023

MEMBERS

David Limbrick – Chair

Joe McCracken – Deputy Chair

Melina Bath

David Davis

Jacinta Ermacora

Michael Galea

Sarah Mansfield

Tom McIntosh

Rikkie-Lee Tyrrell

WITNESSES

Jeremi Moule, Secretary, and

Jason Loos, Deputy Secretary, Economic Policy and State Productivity, Department of Premier and Cabinet.

The CHAIR: Thank you for appearing today. All evidence taken is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. You are protected against any action for what you say during this hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing, and transcripts will ultimately be made public and posted on the committee's website.

For the Hansard record, could you please state your name and the organisation you are appearing on behalf of.

Jeremi MOULE: Thank you. Jeremi Moule, Secretary, Department of Premier and Cabinet.

Jason LOOS: Jason Loos, Deputy Secretary of Department of Premier and Cabinet.

The CHAIR: Thank you for appearing today. I will just briefly introduce the committee members. I am David Limbrick, the Chair and Member for South-East Metro.

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

David DAVIS: David Davis.

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

Joe McCRACKEN: Joe McCracken, Western Victoria.

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

Tom McINTOSH: Tom McIntosh, Eastern Victoria Region.

Sarah MANSFIELD: Sarah Mansfield, Western Victoria Region.

Jacinta ERMACORA: Hi Jeremi. Jacinta Ermacora here from Western Victoria Region.

The CHAIR: Thank you. We will welcome you to make your opening comments and ask that they be kept to a maximum of 10 minutes, which I am informed you have done well.

Jeremi MOULE: I am going to try. Thank you, Chair, and good afternoon, everyone. I make the following opening remarks in the hope that they will assist the committee in understanding the sequence of government decision-making and the role of DPC and the public service in this matter. I have of course obligations as a public servant to respect executive privilege in regard to some matters, and this will no doubt influence the way in which I am able to answer some questions here today. However, in order to provide you with the following summary and to assist you as much as I am able to, I will, with the government's permission, speak to some matters that may otherwise have been subject to executive privilege.

The following work was undertaken by the public service. The government entered into a period of exclusive engagement with the Commonwealth Games Federation and associated parties in late 2021 and signed a heads of agreement in February 2022 regarding the hosting of the 2026 Commonwealth Games. The conventional lead-in time for hosting the Commonwealth Games had been at least six years. By the time Victoria was formally announced as the next host, it was less than four years away. The shorter than usual time frame was one of the factors that influenced the ultimate outcome. The proposal was for a multicity, regional only Victorian games. While this was a new concept, it was supported by the CGF. A desktop exercise was used to provide cost indications for the delivery of the model, including possible locations for events and villages. This

has been referred to as the business case. But it was understood by all parties that throughout 2022 the Victorian government would need to make a series of decisions about scope, locations and other matters. While the bid document provided guidance, the games were never going to be a mirror image of those materials.

From the outset the driving impetus of the state and the CGF parties were different, but for so long as they overlapped it was a solid partnership. The state wanted to deliver an event that would provide significant legacy outcomes in regional Victoria, such as sports infrastructure and housing, as well as some here-and-now benefits, such as economic activity and tourism. The government was adamant from the outset, and remained so, that it had no interest in and there was no benefit for the state to hosting events in Melbourne. The games presented as an opportunity to achieve legacy outcomes in regional Victoria, and while acknowledging the significance of the games, the event itself was not the primary motivating factor. The CGF's mission is of course to deliver the games for its athletes, officials and member nations. While it supports legacy outcomes that benefit the host, it is understandably not their primary objective. While the cost-benefit ratio was always going to be marginal, given the opportunity to make such a significant investment in regional Victoria, as long as it was close to 1 it was going to be a viable proposition. However, as the costs increased the benefit did not, and while alternative models such as hosting events in Melbourne may have been marginally less expensive, they significantly eroded the cost-benefit and legacy outcomes, legacy in regional Victoria being the primary objective of the government.

Throughout 2022 government decisions were made about scope and locations, aligned with the obligations and requirements of the host contract and the CGF. With the establishment of the Office of Commonwealth Games, or OCG, and the Victoria 2026 entity, detailed work was commenced to fully cost and prepare implementation plans for the event. This work started in late 2022 and continued into 2023.

By April 2023, following extensive design and market consultation processes, it was emerging that costs were shaping up to be significantly higher than expected. The estimate of gross cost at this time exceeded \$4.5 billion, not including transport and policing costs nor having fully costed other risks. The OCG and Victoria 2026 were asked to report back to government in June with options to reduce costs and maintain legacy outcomes within the \$2.6 billion net state budget envelope, or approximately \$3.6 billion in gross costs. This work was tracking towards a likely meeting in mid-June. This was a critical juncture because, although there had been considerable effort expended and some sunk costs, no major infrastructure contracts had been signed as the expanded budget requests had not been considered by government. My department was aware that the estimated cost from the OCG and Victoria 2026 as well as other costs, such as transport and policing, were close to \$5 billion, without including risk factors and other pressures.

DPC subsequently received further analysis from OCG and Vic 26 that included cost implications if the risks materialised. Essentially if the risks were weighted at 50 per cent, the costs would likely reach or exceed \$6 billion. If they were weighted at 100 per cent, the cost would be closer to \$7 billion. Independently both DPC and the Department of Treasury and Finance formed the view that there was a very high probability that the risks would be realised; in fact DTF formed the view that it was prudent to rate them all at 100 per cent. On that basis, on 13 June I advised the Premier that although the submission was still in draft, it was likely that DPC would brief against it and that DTF would also do likewise. This led to a delay in consideration of the submission, which otherwise would have occurred that week.

On 14 June I had a further discussion with the Premier at which we agreed that all options in relation to the games needed to be on the table. Further work was undertaken, primarily by the OCG and Vic 26, to advise the government what its full range of options were, including reshaping the regional games, conducting a hybrid regional-Melbourne games or hosting the games in Melbourne. Some of these matters had been considered earlier in the year as cost pressures were emerging. DPC engaged an external law firm with relevant expertise to advise on what options might exist to withdraw from hosting the games. This option had never before been considered or discussed, and when I commenced those discussions it was purely on the basis that everything needed to be on the table.

Throughout the second half of June options for reshaping the games and advice regarding withdrawal options, including the possibility of a regional package, were taking shape. On 30 June I asked Global Victoria's UK office to arrange a meeting with the CEO and president of the CGF in London. At that time no decisions had been made, but it was clear that the government would need to make a significant decision regarding the games

to either materially reshape it in a way that would require renegotiation of the host contract or to cancel its hosting commitment. The meeting was set for 17 July.

Over the first two weeks of July the advice on alternative options was nearing completion. It was the advice of Vic 26 that any changes to host events in Melbourne would have marginal impact on overall costs, particularly given that it was less than three years away and would further degrade the legacy outcomes. DPC agreed with that view. Additionally, significantly descoping the event would have degraded legacy outcomes and presented the likelihood of delivering a substandard event. Also a viable negotiating strategy to withdraw from the games was emerging.

On Friday 14 July the government formally considered the funding bid from OCG and Victoria 2026, which DPC and DTF had costed at between \$6 billion and \$7 billion after risk adjustment. DPC and DTF briefed against the submission, and it was not supported by government.

On Saturday 15 July the government formally considered a submission on a strategy to withdraw from hosting the games. I left for London on Saturday after attending that meeting. On Monday 17 July cabinet was briefed and endorsed the withdrawal strategy. Following the cabinet meeting, I was authorised to advise the CGF that it was no longer in the best interests of Victorian taxpayers to host the games, and as such the government had resolved not to host the games in 2026. The meeting took place at 3:30 pm on Monday London time or 12:30 am here on Tuesday. The Premier announced the decision at approximately 12:30 am London time or 9:30 am here on Tuesday.

Throughout the course of that week discussions focused on understanding each other's positions and that the state was seeking to reach a commercial settlement. All discussions were held on a without-prejudice and reservations-of-rights basis. At the end of the week parties agreed to undertake mediation in Australia in mid-August. I left London in the evening on Friday 21 July. On 17 and 18 August the parties met in Sydney for mediation discussions. The outcome was finalised at about 11:30 pm on Friday 18 August and announced by the Premier in the morning, on Saturday 19 August.

In closing, I wish to specifically address item (d) in the committee's terms of reference; that is, and I quote:

the potential of undue influence by the executive on the independence of the public service ...

The first point I wish to make is that the public service is not independent of the government of the day. It works for the government by providing advice and implementing decisions. It has never been a feature of the Westminster system to regard the public service as independent. Sir Jack Jungwirth was the inaugural secretary of Victoria's newly established Department of Premier in 1936 and served in that role for 23 years. He is described in the history books as being an outstanding administrator, firm in his advice to 13 premiers and 23 ministers. Sir Jack defined his role as 'supplying political masters with information and advice on which to base policy, accepting the policy when made and working to implement it'.

This is consistent with the role of the public service today. The public service is, however, apolitical and impartial and must adhere to the values in the *Public Administration Act 2004* and the VPS code of conduct. I want to be clear that at no time was I subject to, nor did I observe, circumstances that would offend the VPS code of conduct in relation to matters to do with the Commonwealth Games. Specifically on the issue of cancellation, it was the advice of my department, provided by me personally to the Premier, that gave the government cause to reconsider the delivery of the games and in fact whether to host them at all.

The CHAIR: Thank you, Mr Moule. I will start with a couple of questions. On this time line, there is sort of another part of the time line. My understanding is that back in 2018 we made a decision to not bid for the games. Can you speak a bit about what happened back in 2018?

Jeremi MOULE: Mr Limbrick, that was before I was in this role. I am actually not aware of that.

The CHAIR: Right. With regard to the costs, we have spoken a fair bit already today about infrastructure costs and this sort of thing, but one of the significant cost increases that you mentioned before was policing. Could you explain a bit why that increased so much above our estimates, because it is quite different to infrastructure costs where we get competition for labour and resources in construction. Policing is quite different.

Jeremi MOULE: Yes. My remarks will similarly apply to the transport issue as well, which was the other of the two significant items. In large part the policing model could not be established until decisions were made throughout 2022 about the locations of the games and the nature of the venues that would be used, including the accommodation that would be provided for athletes and officials. So the model needed to be built over time as those decisions were made by government, and it was not until probably the third quarter or later in 2022 that the delivery model had firmed up and those decisions had been finalised by government, and therefore police were then in a position to, in a meaningful and more accurate way, estimate what their costs might have been.

The CHAIR: These would be additional costs on top of their normal operating budgets?

Jeremi MOULE: That is correct. There were some, I will say, security provisions within the calculations of – I am not sure whether it would have been Vic 26 or OCG, but there was a small amount of security provisions that were more sort of in-venue, private security.

The CHAIR: Right.

Jeremi MOULE: But in terms of what would have been required of Victoria Police, they had not been separately funded to do that, and the significance of the event would have meant that there would have been an impost on them well above normal allocations.

The CHAIR: Which could not have been predicated in the original estimate?

Jeremi MOULE: The business case, you are referring to?

The CHAIR: Yes.

Jeremi MOULE: I think at the business case stage they were translating costs that had been incurred, in a Commonwealth Games context, in the Gold Coast, and the model was a new endeavour being undertaken by us in consultation with CGF. I do not think they ever represented what would have been a realistic delivery. And then also, throughout 2022, multiple decisions were required of government about where events would be hosted and the nature of the venues in which they would be hosted, and that then allowed the police to build out the model that would have been required for the services that they would have needed to deliver to the games.

The CHAIR: We have heard a lot of evidence already about using the Gold Coast as a baseline. It looks like, from what I am seeing so far, many of those things are simply not comparable. In your view, was it a mistake to use that as a baseline comparison?

Jeremi MOULE: I think there were two major inputs into the original business case, one being what was learned and known about 2018 on the Gold Coast. The other was the financial metrics that the CGF and their associated parties provided, again based on the experience of perhaps delivering a more centralised and conventional model for the Commonwealth Games up until that point. I think, as others have acknowledged, including Premier Andrews, the business case was a constrained piece of work done at that point in time. As my opening remarks went to, it was never how the games were going to be delivered. Everyone knew that there was a sequence of decision-making that would be required throughout 2022. It was a document that could demonstrate a way in which you might deliver a regional games.

The CHAIR: Thank you. One of the things that I have been exploring a bit today with regard to the business case is the benefits side of things. We have been speaking a lot about the costs, and we can explain maybe why the costs blew out, but on the benefits side of things there are some things in there that seemed odd to me. For example, earlier today we were speaking about avoided health costs. Apparently EY did some estimates on apparent savings to the health budget through people getting excited about sport or something like that, and that was going to save us, like, a quarter of a billion dollars or something like this. Then that was peer reviewed by another consultancy group. In hindsight, do you think that these sorts of benefits were realistic in the end?

Jeremi MOULE: I will perhaps speak generically in answering that question. For many major sporting events that cities around the globe would seek to attract there are formulas that have been developed to apply to those in relation to benefits that might be achieved from a social perspective, health being one of those. If you motivate a certain number of people to take up activity in a way that they might not have been motivated to do otherwise, there are future avoided health costs. They are formulas that exist and are used conventionally in the

preparation of business cases. I do not think that a formula any different to what would conventionally be used was applied here, to the best of my knowledge. It is a convention that is applied to business case development, particularly when you are talking about a major sporting event.

The CHAIR: You spoke earlier about having this cost benefit – ideally you wanted it higher than one –

Jeremi MOULE: Yes.

The CHAIR: But one is sort of like a break-even over the long term. But it looks like a lot of the information that was going into that calculation – which ultimately led to the decision to go ahead with the Commonwealth Games, and then subsequently to abandon that – a lot of the data going into that was very flaky, in terms of the costs side of things, and on the benefits side of things it also seems it was fairly uncertain as well, doesn't it? Do you think that one of the recommendations of this inquiry might be to review how we come up with these business cases to make very important decisions like this?

Jeremi MOULE: I would not venture into suggesting what the outcomes of the committee should be, but certainly –

The CHAIR: Do you think that that process is sufficient for executive decision-making?

Jeremi MOULE: For the development of business cases there are global methodologies for how you calculate various benefits that are not physical infrastructure but can sometimes be more tangibly estimated, and certainly a big part of what was projected for the Commonwealth Games here in Victoria was physical infrastructure remaining in the regions. But as to those more social-benefit calculations that are made, again, they are models that are used globally to calculate the predicted benefits for the hosting of such events in any city or state.

The CHAIR: Thank you. But if those projected benefits were actually going to be taken seriously, then wouldn't the government be looking at reducing expenditure, or at least reducing increasing expenditure on the health budget, for example, if you had confidence in that? Was there any work done to try and look at, 'Okay, well, if we're going to get these benefits, maybe we can reduce the health expenditure,' for example?

Jeremi MOULE: In the health context specifically, Chair, I think the avoided costs would probably be met by demand in the future. I am not sure that you would apply \$200 million less funding over a 10-year period because of benefits that might be achieved from the Commonwealth Games, but what it might well do is displace the need for any individual to – if they become more active, they are less likely to become dependent on health services in the future. I think that any displacement of people for that reason would be pretty quickly met by other demand.

The CHAIR: How was that going to be measured? We are claiming as part of the business case that there were going to be some sort of benefits, but I do not see how those benefits were ever going to be measured – like I was saying, 'There's going to be a quarter of a billion dollars of savings' or 'health benefits' – I did not see how that was ever going to be measured. Even with the infrastructure rollout that we are having now, do we have confidence that those benefits are actually going to be realised and measured?

Jeremi MOULE: I am not sure that you can translate all of the benefits that were identified in terms of the Commonwealth Games proposal into what will be the government's decisions around the \$2 billion regional fund that it has announced for starters. Secondly, I do not purport to be an expert on the modelling of these things. I am not sure, Jason, if you have got – no.

The CHAIR: Maybe it is a question for the consulting companies.

Jeremi MOULE: It probably is because that methodology they could explain in more detail to you – firstly, how it is constructed, and then how they apply it.

The CHAIR: Thank you. I believe I am out of time, and I shall hand over to Mr McCracken.

Joe McCracken: Thank you. Are you fine if I refer to you by your first names? Is that all right?

Jeremi MOULE: Please do. That is fine.

Joe McCracken: Jeremi and Jason, thank you. I had a look at the survey that was provided. Question 12 was about contractors. For legal services regarding withdrawal from the 2026 Commonwealth Games, you guys employed Arnold Bloch Leibler to the tune of \$1.265 million or thereabouts. You have got the start date as June 2023. Can you be more specific, because I note the end date is very specific?

Jeremi Moule: Yes. The conversation that I alluded to in my opening remarks which was the 14th of – sorry, the 5th –

Joe McCracken: The 5th?

Jeremi Moule: Sorry, this is by the time lines here. Yes, on 14 June I called ABL. At that point, you might consider that to be the engagement. We had not done the paperwork yet, but the point at which you start to talk to a lawyer about the matters that you would like them to consider –

Joe McCracken: So that was when they were sort of sounded out.

Jeremi Moule: That is right. The matter was put to them as to the advice that the state would be seeking from them. That is a date at which I would indicate to you was the official engagement of them. I could give you a later date that was the point at which we formally contracted them, but when you are engaging with a lawyer, the first time that you speak to them you have essentially brought them on board.

Joe McCracken: That is fine. What was the thinking behind choosing this particular firm?

Jeremi Moule: We, as the government, were familiar with their expertise, particularly in relation to highly technical commercial contracts and the ability to understand what your options might be in regard to those contracts.

Joe McCracken: Was that decision made by one of you two, or was it made by another person?

Jeremi Moule: It was a decision made by me.

Joe McCracken: Okay. So you made the decision to employ them. Okay. Was there any sort of preliminary work done within DPC in preparation for external engagements such as this – in-house legal, for example? Was that –

Jeremi Moule: On the specific matter?

Joe McCracken: On this specific matter of cancelling the Commonwealth Games.

Jeremi Moule: No. As indicated in my time line, really from the point that I briefed the Premier on 13 June, which was to say what our briefing position was likely to be in relation to the submission that was to have been considered at some point in that week, that discussion the following day was then ‘We need to make sure we know what all of our options are,’ so all of the delivery options, as well as, for the first time, a contemplation of, in a contractual sense, ‘Are there exit options and if so what are they or how might you exit the games?’ From the outset it was a task in making sure we understood what all our options were at that point, and we had never contemplated the notion of not delivering the games in its entirety prior to that. It was knowing that, one, there was a great urgency to the matter, and I think you have heard evidence this morning that we were on a pathway of delivery. We needed that advice to be provided in a very timely way. We also needed to be certain that the capabilities of those that we were engaging to do that work were familiar to the government, in that we knew that they had done similar work previously.

Joe McCracken: Just to make it crystal clear, there was no in-house legal work that was done. There was just a view that you needed to engage ABL because of the deteriorating situation, I guess, with the costings of the Commonwealth Games and looking at all options. Is that fair to say?

Jeremi Moule: We have in-house general counsel in DPC. They were not engaged. This is a pretty highly specialised area of commercial law.

Joe McCracken: Okay. So they were not engaged. That is good.

Jeremi MOULE: That is right. It was a direct engagement of a private firm in order to assess the contract and provide advice. Have I answered your question? I am trying to be clear.

Joe McCRACKEN: I think you have answered it. So in-house counsel was not consulted.

Jeremi MOULE: No. Not before I spoke to ABL.

Joe McCRACKEN: The engagement happened with ABL, and then in-house counsel was brought in.

Jeremi MOULE: Yes.

Joe McCRACKEN: Okay, and that was on 14 June, as you said. When did you decide that a legal firm needed to be engaged as opposed to in-house counsel?

Jeremi MOULE: That was a decision that I made in that 24-hour period. I could not point to exactly what hour of day, but it was the highly technical nature of the contract and also the likelihood that if there were a mechanism by which you could exit the contract that that would then require a level of commercial negotiation in order to deliver that. It was not an area of expertise that was retained within the Department of Premier and Cabinet.

Joe McCRACKEN: Are you able to provide us with the letter of engagement and those sorts of documents that you would have had to go through to have those initial discussions and also the actual letter? Can you provide those documents?

Jeremi MOULE: There are procurement documents. If the committee is requesting those, I can assess. Yes.

Joe McCRACKEN: Yes. That would be good. I had another quick one as well. How long have I got left?

The CHAIR: You have got 2½ minutes.

Joe McCRACKEN: You went overseas, I think, as well, didn't you, for eight days?

Jeremi MOULE: I did. Yes.

Joe McCRACKEN: Did you travel business class or economy?

Jeremi MOULE: Yes, I travelled business class.

Joe McCRACKEN: I see the benefit here for Victoria is:

Personally advise the Commonwealth Games Federation of the Victorian Government's decision to withdraw from hosting the 2026 Commonwealth Games.

Why did you decide to go over there, as opposed to using Zoom or Teams or something like that?

Jeremi MOULE: Mr McCracken, I think you would appreciate the significance –

Joe McCRACKEN: It was \$22,000.

Jeremi MOULE: Absolutely. I think you would appreciate the significance of the news that I was going to be delivering, which was either a very significant reshaping of the games or putting the view that the state was going to withdraw from hosting the Commonwealth Games. I think out of due respect to the Commonwealth Games Federation, it was appropriate that someone senior on behalf of the Victorian government travelled to tell them that face to face, and for that reason, I travelled to London. In addition, at the first meeting with them, and given the significance of the information that we had shared with them, the offer was that I would be staying in London until Friday to meet with them as frequently as they might have wanted to meet over the course of that week, which did turn out to be each day, in order to understand each other's positions in relation to the news that we had delivered to them when I arrived.

Joe McCRACKEN: So when did you first find out that the games were being cancelled and that you had to go over there to deliver that news? When did you first find that out?

Jeremi MOULE: If I take you back to the sequence that was in my opening remarks, at a point in time it was clear that the government was going to need to make a significant decision. One was to significantly reshape the games in a way that would mean that there would need to be a renegotiation of the host contract –

Joe McCracken: What was that point in time, though, if I can ask you? I am trying to pinpoint when it was that you had an understanding that there needed to be a ‘reshaping’ in your words.

Jeremi MOULE: On 30 June I asked Global Victoria’s UK office to reach out to the Commonwealth Games Federation to seek a meeting for me with the president and the CEO of the Commonwealth Games Federation. At that point that meeting was set for 17 July, which was the meeting that I attended. So that would tell you that at the end of June –

Joe McCracken: 30 June. Okay.

Jeremi MOULE: it was clear that in all likelihood there would be a significant decision that would need to be conveyed to them. Although I should say, and it was not in my opening remarks, the government may have resolved to fund the games for the cost that was being put to them at that time. They might have decided to spend the \$6 billion or \$7 billion. That decision had not yet been made either, but in terms of the spectrum of –

Joe McCracken: To your knowledge, it had not been made.

Jeremi MOULE: No. It had not been made. Those decisions are made by government in cabinet or committees, and it had not been made. There was a spectrum of pay for the games at the full tote that had been put to government for consideration or cancel the games, but everything in between was on the table from the period of time that I advised the Premier of our briefing position on 13 June through until the point that decisions were made.

Joe McCracken: At least we can have on the record 30 June was when you had an idea that things were not going as they had originally been planned.

Jeremi MOULE: It was likely.

Joe McCracken: Which was last financial year. Okay.

Jeremi MOULE: I could always have cancelled the flights, but at that point it was considered prudent to book a time with the Commonwealth Games Federation.

Joe McCracken: I am out of time. Thanks.

The CHAIR: Thank you, Mr McCracken. I shall go to Mr Galea.

Michael GALEA: Thank you, Chair. Thank you both for joining us this afternoon. Mr Moule, in your opening statement you referred to the general nature of the advice that DPC provided, especially noting I think 13 June but in and around the June time of this year. Department of Premier and Cabinet of course being quite a unique if not the most unique government department, could you expand on the relationship that you have particularly with regard to other government departments and how they operate in contrast with DPC?

Jeremi MOULE: Yes, sure. The primary role of DPC is to provide advice to the Premier of the day in regard to all matters. That process and that responsibility involves assessing submissions being brought, for example, by ministers – often drafted by their departments – for consideration by cabinet or committees. We would then assess those and provide our advice to the Premier in relation to those matters. It is a pretty conventional role of a DPC that you might see anywhere in Australia.

Michael GALEA: Thank you. Obviously, we know that DJSIR had the predominant role in leading the Commonwealth Games. Could you clarify and just elaborate on what your role as the Department of Premier and Cabinet was exactly?

Jeremi MOULE: In regard to the Commonwealth Games it was very conventional in the way that I have just described to you, so there were entities tasked with the delivery of government decisions in relation to the Commonwealth Games. They periodically required cabinet or cabinet committee approval for aspects of their

work, whether that was funding decisions or other decisions. As that work was being completed and readied for consideration by government, DPC would be involved at that point. We would review the materials as provided to us and make some inquiries if we thought that was necessary but certainly form a view about those things and then provide that advice to the Premier.

Michael GALEA: Thank you. We have also heard, including from DJSIR this morning, about the organisational set-up, and I know you referenced those other agencies before. Could I clarify we are talking about the Office of the Commonwealth Games and Victoria 2026? I assume they are the two.

Jeremi MOULE: Yes.

Michael GALEA: Did the governance structures or the organisational structure in place for these games have any role in leading to the cost blowouts that were seen?

Jeremi MOULE: I think that the governance structures that were in place were, again, fairly conventional, actually not too dissimilar to what existed when Victoria last hosted the Commonwealth Games. There were responsibilities for the department, be that DJPR or DJSIR as it transitioned names, and also for an organising committee, which is a group that is made up of the Commonwealth Games partners as well as representatives of the state and some independent members as well, so in that sense it was quite a conventional governance model for the delivery of the games. I am not sure that any other model of governance would necessarily have prevented the ultimate decision and certainly what transpired in terms of cost escalation that led to that decision being made by government.

Michael GALEA: Sure, thank you. We did hear from Mr Garner this morning about some of the other things that did contribute to that, so that is good to know. In terms of this governance structure, to the best of your knowledge – I know you mentioned Melbourne 2006 – was it a similar approach to that taken by, for example, Gold Coast 2018 or Birmingham 2022?

Jeremi MOULE: There are aspects of hosting the Commonwealth Games and in fact most major sporting events where contractually there are obligations to set up certain entities. Certainly having an organising committee, which we had called Victoria 2026, is one of those obligations in regard to the Commonwealth Games. They may differ slightly in form from games to games, but in large part they were fairly conventional. For example, in 2006 there was a Minister for Commonwealth Games, which at that time was Justin Madden. There was the Melbourne 2006 Commonwealth Games Corporation, whose tagline was M2006, and that board was chaired by Ron Walker in terms of the organising committee. So it was a similar structure, and although we did have some insight into what happened on the Gold Coast, I would imagine that other Commonwealth Games have similar governance arrangements in place as well.

Michael GALEA: Sure, thank you. I would just like to pick up on Mr McCracken's last question then. He asked around 30 June whether you were aware. I understand that you were not aware. No decision had been made – is that correct – as to whether to cancel the Commonwealth Games?

Jeremi MOULE: At 30 June, yes, absolutely not. At that point we had not yet even received back solid advice – the matter was still being considered – as to whether or not there was a viable option for exiting the games, and as I indicated in my opening statement, over the first week of July those things started to become clearer to us – that there was at least a viable pathway there that government could consider alongside the other options as to what to do in relation to the Commonwealth Games.

Michael GALEA: I note that you went to the UK on or around 15 July. Is that correct?

Jeremi MOULE: Yes. I left on a Saturday, and it was 15 July here. I arrived early on Sunday morning in the UK.

Michael GALEA: Yes, sure. You were then, whilst you were over there, advised that on 17 July the cabinet had made a decision to withdraw. Is that correct?

Jeremi MOULE: That is right. Although the matter had been considered on the Saturday by a cabinet committee, the matter needed to be agreed at cabinet, so I did not receive my authorisation to deliver my

message to the Commonwealth Games Federation until after the cabinet meeting that was held in Melbourne on the Monday.

Michael GALEA: Please correct me if I am wrong, but irrespective of that, whichever outcome was taken, whichever decision, it was going to be a significant thing which would have warranted you needing to be there in either eventuality, whether it had been cancelled or not. Is that correct?

Jeremi MOULE: Yes. Again, if it was one of the two options, a major reshaping or certainly the decision to withdraw, my personal and professional view is that if there was an opportunity to be able to tell people that face to face, that was much preferable to doing it on the phone or on a video call. To that end it was my task to go there and deliver the decision that the government made.

Michael GALEA: I am running out of time here, but you said that there were meetings practically every day that obviously necessitated you being there to have those engagements.

Jeremi MOULE: Yes. We made it clear at the time that the objective of the government was to try to seek a commercial settlement to the decision that had been made. Discussions were had over the course of the week in terms of putting each other's positions and understanding each other's positions, and they went all the way through until Friday. Then I left London on Friday evening, 21 July.

Michael GALEA: Sure. Thank you. Thank you, Chair.

The CHAIR: Thank you. I shall pass to Mr Davis.

David DAVIS: Mr Moule, thank you for your evidence. There are a few points. I just want to start with this time line that you have got here. There is a lot on it, but there is a lot that is not on it: 30 June is not on it; 4 April, when the letter from Peggy O'Neal came, is not on it; the fortnightly, we now know, meetings with the minister for the Commonwealth Games and the Minister for Commonwealth Games Legacy and parts of her department and agencies are not on it. In light of what we have established about those perhaps 20-odd meetings that occurred between her and various bureaucrats to tease out the details, did you have weekly, monthly or fortnightly meetings with the Premier on the matter of the Commonwealth Games? What was the structure of those regular briefings all the way through?

Jeremi MOULE: Mr Davis, firstly, in relation to the document that I have circulated today, it is a time line to help navigate my opening statement. It references points that I made in my opening statement, so it is to assist the committee in reflecting back on my own –

David DAVIS: Even 30 June is not on it; I am just making the point.

Jeremi MOULE: It is. That was part of my opening statement. What was your question? Did it go to my meetings with the Premier about the Commonwealth Games?

David DAVIS: Yes. How often, and were the Commonwealth Games discussed through all that period?

Jeremi MOULE: The key points at which decisions were required, particularly of cabinet or committees, would necessitate what is a very conventional engagement with the Premier or his office in terms of the preparation of DPC's advice, based on the information that was coming to us or the submissions either in draft or in final form that were being provided to us by the department that was responsible for the delivery of the Commonwealth Games.

David DAVIS: I would ask you if you could update that time line with meetings with the Premier that discussed the Commonwealth Games; that would be my first request. It would be helpful for the committee to know when the Premier knew various items and when briefings were held for him on these matters. If it was just before a cabinet meeting or a subcommittee meeting, nonetheless a briefing was provided by your department to him on these matters. Then I look at 30 June. You say no decision was made. You booked a flight. You had not received solid advice. There was perhaps a viable option for exiting. You were saying here it was not established that there was a viable option – until what date? I get the impression from what you were saying there is when you made the booking you had established that one viable option – not the only one – was exit.

Jeremi MOULE: At the time that I made the booking I was aware of two things – well, there were three things. The first was that work was being done on whether or not there was a viable option, a negotiating strategy or an option within the host agreement, for exiting the games. That advice had not landed yet, but I was aware that that work was being done, obviously.

David DAVIS: But you said just a moment ago – to be clear – that when you made the booking you had established, not that it would be taken, but that there was a viable option to exit.

Jeremi MOULE: I think in answer to Mr McCracken's question I said at the point at which I left we did not yet have that advice but it was being worked on, and clearly I knew that. So it was a –

David DAVIS: I understood that was in relation to 30 June.

Jeremi MOULE: I thought that was what you were asking me.

David DAVIS: Yes, I am just – 30 June is when you made the booking to go, and then you were not sure what you were going to be discussing when you got there, but it was a serious matter.

Jeremi MOULE: On 30 June I asked Global Victoria to seek a meeting for me – so it was not booking flights on the day – with the Commonwealth Games Federation CEO. That meeting was then set for 17 July. At the point at which I asked for the meeting to be lined up there were a couple of things; one, you could always cancel the meeting, but given we were wanting to make sure that we had something in place, it was prudent to set a date for the meeting to take place. At the point at which I sought that meeting it was becoming clearer that the government was likely to make a significant decision in relation to the games. That was either going to be, although we did not have the complete advice yet, a cancellation decision or a reshaping decision, or the government could have decided to fund it at the amounts that were being put to it.

David DAVIS: Correct.

Jeremi MOULE: They were the three primary options.

David DAVIS: But you told us just a moment ago that by 30 June it had become clear that there was viable option and exiting advice, that exiting was a viable option that had been established, but obviously not that the government would take that course. I want to know how you established that that was a viable option.

Jeremi MOULE: At 30 June, given that two weeks earlier I had engaged a law firm to commence the work, I had periodic engagement with them over that two-week period, it was –

David DAVIS: Which firm?

Jeremi MOULE: ABL.

David DAVIS: It was ABL at that point, was it?

Jeremi MOULE: Yes. They were working on that advice, but it was not yet clear that there was a sound option by which you might exit. Certainly nothing at that point had been put to government for consideration. I knew the work was being done. It was not clear to me which direction the government was likely to head –

David DAVIS: No, I get that.

Jeremi MOULE: but the work was being finalised.

David DAVIS: But you knew one option at that point, 30 June, was an exit.

Jeremi MOULE: From 14 June, when I spoke to the Premier and it was clear that every option needed to be on the table – and the spectrum was from funding the games fully as proposed to it through to exit – we needed to understand what all of the options were in order to provide advice to the government about what it might consider then to do in making a decision in July.

David DAVIS: And the O'Neal letter – which I understand now is public; I see it out on the wires – lays out a series of serious financial problems and a request for information, and certainly the submission we have got

from that committee backs up that position. What action did you take – or did you not see that letter? Did you see the Victoria 2026 letter?

Jeremi MOULE: This is correspondence from the –

Melina BATH: The OC.

David DAVIS: The OC, the organising committee.

Jeremi MOULE: So from Peggy O’Neal to the then Minister Allan?

David DAVIS: Yes.

Jeremi MOULE: That would not have come to us at that time. We might have seen it subsequently, but it was certainly not –

David DAVIS: So she sat on that letter is what you are saying and did not share it across to DPC?

Jeremi MOULE: That is not what I am saying at all. Correspondence that comes into a minister is not routinely shared with the Department of Premier and Cabinet; that is just not a thing. So to infer that someone deliberately did not share it with us I think is a wrong characterisation of that. I do not know what happened to that letter. It was not addressed to me or our department.

David DAVIS: When did you first become aware of that letter? What date?

Jeremi MOULE: I am not even sure I would have a record that would tell me that, but it was not contemporary to the letter having been written. It was in recent weeks perhaps.

David DAVIS: Extraordinary.

Jeremi MOULE: I do not think that is extraordinary, Mr Davis. I think that is actually very conventional, that a minister would receive correspondence from one of his or her entities and not necessarily provide that to DPC. I know this is a significant issue in terms of it being the Commonwealth Games and the decisions that were made, but that is actually quite conventional.

The CHAIR: We have run out of time, Mr Davis. I would like to now hand to Mr McIntosh.

Tom McINTOSH: Thank you, Chair, and thank you to you both for attending today and for that detailed presentation and also the detail outlined on the time line – it is almost two years there, so that is very helpful. I just want to follow on from Mr McCracken’s comments with regard to the \$1.3 million that was submitted by yourselves with the questionnaire for the associated legal costs. Do you think that was a reasonable level of cost to incur, given what needed to be assessed?

Jeremi MOULE: Given the significance of the decision that was ultimately made and certainly what was on the table, I think they were asked to provide advice on whether there was a negotiating strategy or a pathway for the government to exit the hosting of the Commonwealth Games – a significant thing. The significance of that advice, the work that was required to understand, as best we could, the implications of making such a decision, that was always going to require a lot of time and effort by whoever we engaged. I am not suggesting that \$1.3 million is an insignificant amount of money, but in the context of a \$6 billion or \$7 billion delivery of the Commonwealth Games – that is the context in which the work was commissioned. In that context it is a reasonable commercial legal fee. I should say that those costs that were billed by ABL in particular, which is the larger part of the two pieces that are in our questionnaire, were both for services across ABL and the work that they did, but also some guidance, opinions and advice were sought through them by some of the Australia’s leading barristers to make sure that we had the best advice that we could. That included Mr Bret Walker AO SC, who actually appeared on behalf of the state at the mediation; sports expert Mr David Grace KC; Mr Shane Doyle KC and Mr Kenneth Hayne AC KC. Given that the issue that we were confronting would likely or could likely have had implications in relation to UK law and the Court of Arbitration for Sport, which is a Swiss-based entity, there was also engagement for advice from law firms in both the UK and Switzerland, again to understand that if the government took that decision, what the possible implications were. I believe we furnished the government with a very comprehensive piece of legal advice that was costly in that it cost in the

order of \$1.2 million. But in the context of the decisions that were needing to be made, I think that it was a worthwhile investment.

Tom McINTOSH: I think, given some of the questioning around it earlier, perhaps it would be beneficial for everyone on the committee for you just to talk through the sorts of circumstances where you would look for this level of expertise – other examples where that would occur.

Jeremi MOULE: This is a situation in which you have a commercial agreement in place between two fairly significant parties, being the state of Victoria and the Commonwealth Games Federation, and their associated entities for the delivery of a significant event. You have one party that decides that they want to withdraw from that. The commercial negotiations in relation to that exit are complex, and as such required the best legal advice that we could commission to provide advice to the government about, one, could you make that decision. If so, what might you hope to achieve but also what are the significant risks that might be associated with making a decision of that nature as well. I think it was incumbent upon us to make sure that we furnished the government with the best legal advice that we could before it made any decision in that regard.

Tom McINTOSH: I just want to move to – we had some conversations earlier focusing on the regional aspect of the games. We had Tim Ada and Peter Betson from the Department of Jobs, Skills, Industry and Regions. I just wanted to have a bit of a talk about DPC's view of the regional focus – I did discuss earlier having grown up in the regions and having worked in the regions myself and now representing the regions, particularly South Gippsland and East Gippsland – and a discussion about the regional package. Ms Ermacora talked earlier about one door closing and two doors opening with whether it is tourism, whether it is housing, whether it is the sports and related benefits of that sports infrastructure being in place for communities and health and the things that we discussed earlier and, importantly, the jobs for regional people in the regions that are going to flow out of this package. Can you just talk a bit about how this work is progressing, how it is flowing on and just a bit about how you see that transition of work occurring?

Jeremi MOULE: Sure. As I said in my opening remarks, perhaps the most significant driver for the government deciding to pursue the hosting of the Commonwealth Games was the delivery of legacy benefits in regional Victoria, largely infrastructure, that being sporting and housing infrastructure, although other economic activity and tourism benefits as well. They remained front of mind for the government throughout, and then in fact when the advice was being prepared in terms of one of the options being to withdraw from hosting the games, one of the questions we asked ourselves and that the government was minded towards as well was 'What does that mean for those legacy things that we were otherwise hoping might have been delivered through the Commonwealth Games?' To that end, the package that the government announced was brought together, so about \$2 billion. There is now a process, which we can go into further detail about, about sort of finalising those arrangements. It is being led by Mr Ada's department in conjunction with others, and there is engagement happening at the moment across parts of regional Victoria in terms of delivering the programs that the government has committed to as part of that \$2 billion package.

Tom McINTOSH: I note I am getting close to the end of my time, Chair, so I will leave it there. Thank you.

The CHAIR: Thank you. I shall now go to Ms Tyrrell.

Rikkie-Lee TYRRELL: Thank you. Who made the decision to force regional council CEOs to sign non-disclosure agreements before the state government would engage with them on planning for the Commonwealth Games?

Jeremi MOULE: Ms Tyrrell, at what point in time are you talking about?

Rikkie-Lee TYRRELL: Before you were dealing with the CEOs of the regional councils, whose decision was it for them to sign non-disclosure agreements?

Jeremi MOULE: The reason I asked my question is that very early on, so particularly in sort of late 2021 and into early 2022, as part of the exclusive negotiating period with the Commonwealth Games Federation and prior to the signing of the contract, there were some confidentiality and exclusivity provisions within the agreement to be negotiating there, so at that point the state and others that the state might have brought in were confined by those things. In terms of anything after that, with the engagement with local government, that is not a matter that DPC was involved in. That was more of a delivery matter I assume that you are referring to.

Rikkie-Lee TYRRELL: Okay. Thank you. Also, according to the evidence supplied to the committee from the departmental questionnaire that we handed out, DPC took the lead on the cancellation and the negotiations related to the termination of the 2026 Commonwealth Games. When did the DPC take the lead on the potential cancellation? Sorry if you have already said this before, but I am just making sure that I have got it down.

Jeremi MOULE: So when did DPC take the lead on the cancellation work?

Rikkie-Lee TYRRELL: Yes.

Jeremi MOULE: The point at which I had a discussion with then Premier Andrews about the need for every option to be on the table – fully funding through to exiting and any rejigging of the games in between – and then following that discussion I commissioned some external legal advice. That was the first time, to my knowledge and to our knowledge, that anyone had even mentioned the notion of exiting the games, and the point at which I was asked to seek the advice it was purely on the basis of understanding what all of the options were so we, DPC, could provide that advice to government. We led from the outset through until the conclusion – I was at the mediation discussions in Sydney when the matter was concluded with the Commonwealth Games Federation and their parties.

Rikkie-Lee TYRRELL: Okay. So it was you that made the decision, rather than the DJSIR, to lead on the cancellation?

Jeremi MOULE: Yes. It was a matter that I discussed with the Premier in terms of making sure that we had a full end-to-end understanding of what all of our options were. To that end, DPC and DPC only was involved in the engagement of external legal advice on the matter of whether or not there was a viable option and negotiating strategy to exit the hosting agreement.

Rikkie-Lee TYRRELL: Okay. Thank you.

The CHAIR: Thank you, Ms Tyrrell. I shall now hand to Ms Ermacora.

Jacinta ERMACORA: Thanks, Chair. Thank you very much for your very clear presentation. Apologies for my croaky voice. I wanted to ask about major events, and I do not want to put anything in your mouth. We held one only a week ago. I am trying to think of who won, but it was a pretty big event at the MCG. With the cancellation of the games, do you have any kind of reading on the reputation of the state in terms of attracting major events?

Jeremi MOULE: Thank you. People would be aware that Victoria, Melbourne in particular, has a very strong reputation within Australia, within our region and globally for the delivery of significant major events. I think that that is a very sophisticated global market and one that can very easily comprehend the specific circumstances that might have led to where we found ourselves in relation to the Commonwealth Games. The advice that I have is that there has been no discernible difference in terms of the discussions that are being had by, primarily, Visit Victoria, which leads the state's acquisition of significant events, in terms of the things that are in the pipeline and entities that might be engaging with the state of Victoria about the possibility of Victoria hosting significant events into the future. Of course there have been significant events held over the course of this calendar year. I think you were referencing the AFL Grand Final. I mean, there were subsequently matches of 95,000 people or more. It was quite extraordinary. Obviously we were a partner in the hosting of the Women's World Cup. We had the Bledisloe Cup earlier this year. We have got the stalwart events, being the Australian Open, the Formula One Grand Prix and the superbikes. As I said, there is a sophisticated global market for these events. I think that they could quite easily discern the significant challenges and specific challenges that emerged in relation to the Commonwealth Games and separate them out from what is quite an extraordinary track record with the state of Victoria delivering globally significant sporting events. The advice to me is that they have not seen any discernible change of posture from those that are engaging with the state on the forward pipeline of events to be hosted here.

Jacinta ERMACORA: Thank you. Have you heard or are you aware of any discourse around the Commonwealth Games in general and its historic and perhaps declining relevance as an event in global athletics and generally – sporting-wise?

Jeremi MOULE: Look, I am not sure that I would put it in those terms. But the nature of the Commonwealth Games event – it is at a different scale, but the most similar event is of course the Olympics – and the complexity of delivery is at a whole other level compared to even some of the most significant global events, such as World Cup football, whether its men’s or women’s, which tend to make use of specific and existing facilities. If we think about the hosting of the Women’s World Cup this year, we were able to use the rectangular stadium. It had some minor refurbishment, but otherwise it was the delivery of that event. It was done in partnership with other cities across Australia and in New Zealand. I mean, the Commonwealth Games is unique in that it has got so many sports and events and an extraordinarily large contingent of people that need to be housed and moved around. There is no doubt that in recent times Durban was chosen as the host city. They were then unable to fulfil that hosting, and Birmingham was brought forward. We were then asked to do 2026, and we have not been able to deliver that. It is not without its challenges. I am not sure whether that is an issue of relevance, but there is something about the delivery of the model that is difficult. The Commonwealth Games Federation is no doubt in the process of trying to work out who might be able to host the 2026 games. I am not aware of any progress or where they might be up to on that. Certainly they are also in the market looking for a host for the 2030 games, which in fact will be the centenary of the Commonwealth Games.

Jacinta ERMACORA: Yes, I think it is worth reflecting, and it has some potential relevance in this space. One of the primary benefits of hosting the games was a hoped-for surge in tourism, and that was expected to happen in Victoria. Does DPC think that there has been any impact on tourism associated with the loss of the economic activity?

Jeremi MOULE: Certainly our view of that is that it is more of a projection question than a here-and-now question. Obviously, there was ambition around the hosting of the games and what that might deliver in terms of domestic and overseas tourism with people who might have wanted to attend games events in regional Victoria. Then in addition to that, the exposure of the state and its regional locations, where those events were to be held, might have prompted people to travel in the future. So it is more of a forward-looking question. The government is certainly aware that the cancellation of the games will mean that the things that were hoped for in terms of a tourism bump in relation to the Commonwealth Games in 2026 will hopefully be in part addressed by elements of the regional package that is going to tourism, infrastructure and attraction with the \$2 billion fund that the government has announced. So I think that there is an effort by the government to try to ameliorate the tourism impacts of not having the games. But of course these were all projections based on people who might have come to Victoria in 2026 as well as those who might have followed because they had seen a location or heard about the state as a result of broadcasting the games into other nations.

Jacinta ERMACORA: Thank you. David, how am I going with time? I am not in the room; I cannot see.

The CHAIR: Fifty seconds.

Jacinta ERMACORA: I think I will leave it at that for now.

The CHAIR: Okay. Thank you. I will go to Ms Bath.

Melina BATH: Thank you, Chair, and thank you, gentlemen, for being here with us today. Time lines are important, and getting structures in place is important for us to understand. The DPC questionnaire reveals that there was to be a new Commonwealth Games subcommittee in cabinet and some funding for that. Correct?

Jeremi MOULE: Are you referring to the staff that were –

Melina BATH: There were some additional costs for a new Commonwealth Games subcommittee of cabinet.

Jeremi MOULE: Not specifically. The volume of work in relation to the Commonwealth Games, both DPC assessing material being brought forward to cabinet or committees as well as some other oversighting roles, meant that we sought from government funding for some additional staff, in the order of half a million dollars a year, which went to about two and a half FTE VPS staff and half an executive’s worth of effort for DPC to be able to deliver on its obligations in supporting the government in relation to the Commonwealth Games. Now, part of that would have been the advice that was needed for consideration and decision-making by cabinet or committees.

Melina BATH: Right. It was for DPC staff and Department of Treasury and Finance staff, so there were two lots of funds requested by the Treasurer?

Jeremi MOULE: I am familiar with what was provided to DPC, which was in the order of \$500,000 a year.

Melina BATH: Sure. And that was in which budget – or was it an extension of forwarding on from this coming year's budget?

Jeremi MOULE: The first year's allocation, which was 2022–23, was a Treasurer's advance. It was provided to the department in that form, and then it was additional funding provided into the DPC budget as a decision in the normal budget process for 2023–24 for three years.

Melina BATH: So when did that person or those persons begin operation?

Jeremi MOULE: We had staff come on in the second half of 2022.

Melina BATH: Okay.

Jeremi MOULE: The funding was made available to us through a Treasurer's advance for the 2022–23 financial year in the first instance. We recruited into those roles, and we had staff with us in the second half of 2022.

Melina BATH: And so did they work on actually assessing the cost overruns and the cost blowouts? Were they part of that deliberation, when you provided to the Premier around the risk that you were not going to be able to meet that \$2.6 billion? Were they part of all of that? Was that in their remit?

Jeremi MOULE: Yes. As normal DPC staff, once they were with us their role was focused on matters to do with the Commonwealth Games, in particular as decisions for government but particularly cabinet or committee decisions were required. As that material was made available to us by departments, then their job, as it is for most of our shadowing functions, was to assess that material and provide DPC's advice through me to the Premier.

Melina BATH: Thank you. In the departmental questionnaire of the DPC it looks at a new Commonwealth Games committee of cabinet. As far as I can see, there is an establishment of that.

Jeremi MOULE: Ms Bath, do you have a page number for the questionnaire, sorry?

Melina BATH: Hang on a minute. Let me come offline, and then I will come back online when I have got that. It is in there somewhere – I have read it.

Jeremi MOULE: Certainly in that section it says:

Additional funding was required for sufficient resourcing to work on 2026 Commonwealth Games and associated Cabinet, governance, delivery planning and ... control processes.

Once the staff were on board, it was quite a conventional process providing briefings on material that was going to cabinet or a committee. It is not costs associated with the operation of a cabinet committee.

Melina BATH: Okay. That is fine. You mentioned at the start of your presentation about a cost–benefit analysis. I am interested: at the initial outset, can you provide what the worst case scenario of the cost–benefit analysis was and a best case scenario?

Jeremi MOULE: I think that material is contained within the business case, which is publicly available, Ms Bath.

Melina BATH: But my understanding was that the worst case scenario was around 0.7 –

David DAVIS: This is the initial business case.

Melina BATH: That is right, of the initial business case – it was around 0.7. I am just interested to follow your train of thought when you said that anything below 1 is of a dubious nature for governments to follow up. There is a significant risk involved when it is less than 1, and it is my understanding that actually 0.7 is the

worst case scenario. What would make a government decide to continue on with something when there is a significantly less than one cost–benefit ratio?

Jeremi MOULE: The range, as I understand it – I am just referencing the business case here – was between 0.7 and 1.2. This is not a measure of risk in the way that you are putting the question.

Melina BATH: Well, it is outcomes based.

Jeremi MOULE: It is a measure of outcome.

Melina BATH: So clearly there is a danger of it having a negative outcome for the population of Victoria.

Jeremi MOULE: It is not a negative outcome. It is value for money on investment, really. The point that I made in my opening remarks was that –

David DAVIS: It is less than.

Jeremi MOULE: Sorry, Mr Davis?

David DAVIS: It is actually less than one. You are putting more in and getting less back.

Jeremi MOULE: Yes, that is right. It is a measure of the value of the investment.

David DAVIS: Spending more than you are getting back.

Jeremi MOULE: That is right.

Melina BATH: In layman's terms it could be seen as a poor investment.

Jeremi MOULE: The words that I used in my opening statement that you have referred to were that the cost–benefit ratio was always going to be marginal. I think people understood that from the outset. But given the opportunity to make such a significant investment in regional Victoria, as long as it was close to 1 it was likely going to be a viable proposition. I think it is commonly accepted that infrastructure investments in a metropolitan setting yield a much higher cost–benefit analysis than they do in regional Victoria, but that does not necessarily mean you should not make those investments.

Melina BATH: Nor would I argue against that as a member whose electorate is in Eastern Victoria Region. But clearly at the end of the day not only has this not been built – and the infrastructure is not there, and the opportunity, and there has been loss in terms of tourism outcomes. I mean, small business and tourism ventures now cannot realise the opportunity of the Commonwealth Games because they do not exist, whereas they may have already – and I sure we will hear from them – have put in substantial investment. So their cost–benefit analysis, their forward planning, is also in the negative.

The CHAIR: Ms Bath, I think you just ran out of time. Maybe we can come back to that if we have a little bit of time left. Dr Mansfield.

Sarah MANSFIELD: Thank you. And thank you for your statement and the information you have provided. I am just wondering: did DPC provide evidence at PAEC specifically with regard to the Commonwealth Games either this year or in the 2022–23 PAEC hearings?

Jeremi MOULE: I was with the Premier at both of those hearings. I do not recall him being asked a question about the Commonwealth Games, but I would need to check Hansard.

Sarah MANSFIELD: Okay. I think there were some parts of PAEC that were dedicated to looking at the Comm Games or at least speaking to ministers who were involved in that. DPC were not involved with that?

Jeremi MOULE: No.

Sarah MANSFIELD: Okay. What was DPC's role in the original decision to host the games?

Jeremi MOULE: The proposal was brought forward to government for consideration by what was then DJPR but also in conjunction with Visit Victoria, which is one of its entities, in a very conventional way. That submission came forward. We obviously had a copy of that. We provided our views on that to the Premier, and then it was considered by government – so conventional.

Sarah MANSFIELD: What were those views?

Jeremi MOULE: Specifically?

Sarah MANSFIELD: Yes.

Jeremi MOULE: The specific nature of the advice that we provided would be subject to a claim of executive privilege. But I can say that having had cause to review all of our material over the past couple of years, both in preparation for these proceedings but also because the Victorian Auditor-General is working through these matters as well, I am confident that DPC's advice was a fair and reasonable assessment of the risks and opportunities in order to support the government to make a decision.

Sarah MANSFIELD: So presumably you saw that business case that had been prepared related to the games.

Jeremi MOULE: Yes, we did.

Sarah MANSFIELD: It has been well aired in this hearing and outside of it and in the business case itself that there were limitations and risks, particularly in terms of there being a number of gaps in the information that was used to form that business case. I guess – did DPC have any concerns about the business case?

Jeremi MOULE: Again, I am confident, having reviewed the material in recent times, that the advice provided by DPC was a fair and reasonable assessment of both the risks, including the constraints of the business case, but also at that point, based on the information that we had, the opportunity that the hosting of the Commonwealth Games, particularly in regional Victoria, presented for the government.

Sarah MANSFIELD: Okay. You mentioned that a big driver for the basis of the government's decision was largely around an opportunity to deliver infrastructure to regional Victoria. I guess I am curious about why the government needed the Commonwealth Games to do that.

Jeremi MOULE: It is probably a question best directed to the government of the day. But certainly in the way that we viewed it, some of the benefits of hosting significant sporting events are intangibles. The Commonwealth Games presented as a good opportunity to do that. The state had obviously successfully delivered one in 2006, so it was not an unreasonable thing – the ambition was sound – to contemplate the opportunity to host the games, with the delivery of legacy infrastructure in particular but also activity in regional Victoria, in a way that had not been conceived of before because these things have traditionally been in major cities.

Sarah MANSFIELD: So the intangible benefits were a significant part of the decision.

Jeremi MOULE: I use the word 'intangible'. I am thinking of the here-and-now economic activity that that stimulates, the tourism, both in that time and following, so things that are not the physical infrastructure, which is what your question was going to.

Sarah MANSFIELD: There have been a number of studies now, particularly related to Olympics but also similar big sporting events, that show that a lot of those stated benefits are questionable at best and probably largely overstated. There have not been any studies showing that there are real benefits; there was no long-term benefit to tourism post the Sydney Olympics. There are no long-term job benefits in studies that have been done of some of these Olympics. Were you aware of some of that evidence that exists around that? It is something that has been talked about more and more I think as countries question whether it is worth hosting these games.

Jeremi MOULE: I may not be familiar with the precise things that you are referencing, but this does go to one of the reasons why the government was never minded to consider hosting these games in Melbourne. Melbourne did not need to host the Commonwealth Games for legacy benefits. It has a globally significant

infrastructure in order to deliver sporting events. If you were to host the Commonwealth Games in Victoria in the future – if we go back a couple of years, the thinking was that if we were to do that and the opportunity was available because the Commonwealth Games Federation was in the market for someone to host, then a proposition to host it in regional Victoria, which would be very different to how it had been delivered before, may well be able to yield benefits in a regional context that a city like Melbourne actually does not need. It is still attractive to host a major event, but you do not actually need the investment in the infrastructure in the way that you might have been able to deliver in regional Victoria.

Sarah MANSFIELD: We are still relying on some of those, again, intangible benefits that might flow from the investment in infrastructure in regional Victoria.

Jeremi MOULE: That is fair.

Sarah MANSFIELD: Okay. You were speaking before about your role in the cancellation process. You said there was a spectrum of options that became apparent after the legal advice that was sought, which was either to significantly change the parameters of the games, potentially fully fund it or cancel it. Did DPC have a preferred option or recommendation based on the options that were available?

Jeremi MOULE: No, I think – not I think; I know what we put to government was the best advice in terms of the implications of any of those decisions. That advice was most significantly recognised when the government considered on 14 July the bid to fund the games at potentially \$6 billion or \$7 billion when we had applied the risk parameters, as I have indicated. So at that 50 per cent risk realisation it would have been close to \$6 billion, and at 100 per cent it would have been closer to \$7 billion. Certainly we had a very specific view at that point that that was too much and that was too great a cost to be incurred. Specifically in the advice that was provided to the Premier for that submission, we pointed out that emerging delivery risks and large cost escalations meant that the announced Commonwealth Games may no longer be feasible. We provided that advice in strong terms. In terms of a preferred strategy from that, that was an open question for government as to what steps it took next. It could have funded the games, it could have decided to completely reshape the way the games were to be delivered or we also had done the work to put in front of them the option of an exit strategy.

Sarah MANSFIELD: That is my time.

The CHAIR: Thank you, Dr Mansfield. I think Mr McIntosh had one quick question, apparently.

Tom McINTOSH: Yes. I just want to touch on something. As I said before, growing up in the 1990s it felt like regional Victoria was in terminal decline, so I do not underestimate the value of government showing a commitment to regional people to invest. I just wanted to pick up on Ms Bath's comments before about the concern with the government investing in regional Victoria and the opportunity and investment missed. I just think it is important to acknowledge that the work that is going on – I just want to confirm – will see that investment in regional Victoria and spread around regional Victoria, won't it? That is the ongoing work of that investment, that \$2 billion regional package, yes?

Jeremi MOULE: Yes. I think that was the way in which Ms Bath's question was going to shape up before she ran out of time. The government was very conscious that if it undertook the pathway of exiting from the games, there would be implications particularly around legacy and other benefits that it had committed to regional Victorians as part of hosting the games. To that end, it has developed the \$2 billion regional investment package that in large part but differently goes to housing, sporting infrastructure, tourism infrastructure and attraction. The government decided to cancel the games but also now to make an investment in regional Victoria to deliver on what might otherwise have been some of those legacy benefits.

Tom McINTOSH: So that investment is not lost, some of it is different in nature.

Jeremi MOULE: That is right. The government made a subsequent decision to not host the games but instead invest \$2 billion into regional Victoria both in and beyond the locations where the games were to have been held.

Tom McINTOSH: Thank you.