

# **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**

Peggy O'Neal, Chair, and

Jeroen Weimar, Chief Executive Officer, Victoria 2026.

**The CHAIR:** Thank you for appearing today. Before we start, 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. Transcripts will ultimately be made public and posted on the committee's website.

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

**Peggy O'NEAL:** My name is Peggy O'Neal, and I am the Chair of the organising committee of the 2026 Commonwealth Games.

**Jeroen WEIMAR:** And my name is Jeroen Weimar. I am the Chief Executive Officer of Victoria 2026, the Commonwealth Games organising committee.

**The CHAIR:** Thank you. If the committee would briefly introduce themselves – I am David Limbrick, the Member for South-East Metro and Chair of the committee.

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

**David DAVIS:** David Davis.

**Joe McCracken:** Joe McCracken, Western Victoria Region.

**Michael GALEA:** Hello. Michael Galea, South-Eastern Metropolitan Region.

**Tom McINTOSH:** Tom McIntosh, Eastern Victoria.

**Sarah MANSFIELD:** Sarah Mansfield, Western Victoria Region.

**The CHAIR:** And I believe we have Ms Ermacora on the line. I apologise – we cannot see your face because there is a slide up, but I believe you are still there too, participating online.

**Jacinta ERMACORA:** Yes, I am here. Hello.

**The CHAIR:** Thank you. We welcome your opening comments and ask that they be kept to around 10 minutes to ensure that we have time for questions, please.

**Visual presentation.**

**Peggy O'NEAL:** Thank you. I would like to start by acknowledging the traditional owners of the land on which we meet, the Wurundjeri people of the Kulin nation, and pay my respects to elders past and present.

A bit of background: the organising committee was established as a company in September 2022, and its role was to deliver the Victoria 2026 Commonwealth Games to the scope agreed by the Commonwealth Games Federation, Commonwealth Games Australia and the Victorian government, as outlined in their host contract. When the organising committee was established it inherited a series of significant decisions, including the date, which was the shortest lead-in time ever; the program, including a record number of sports, with host cities and most venues locked in; the model – multiple cities, separated by long distances, requiring a unique operational design; and a budget of \$2.6 billion. The organising committee's job was to deliver the project within these

parameters, and the first priority was to recruit a highly competent team. The first was the board, which I led from inception and which consisted of eminent Victorians across business, sport and project management. It was made up of five independent members plus three nominated by the government, two representing the Commonwealth Games Federation and two representing Commonwealth Games Australia. The executive team also had extensive games experience alongside transport, logistics and sport. Fourteen senior staff from the commercial arm of the Commonwealth Games Federation were also embedded in the OC, working alongside and drawing from other sports and events. Our CEO, Jeroen Weimar, will now discuss the work that they did.

**Jeroen WEIMAR:** Thank you, Peggy. As Peggy said, this was a highly experienced team. We had 82 staff plus 14 secondees from Commonwealth Games Federation Partnerships by the time we got to the middle of July, and together with that team we built a bespoke operating model for these very unique games, the first time any major multigame sporting event has tried to operate across five different venues and locations.

The next slide please. At its heart, the work of the team was building a comprehensive step-by-step games delivery plan, covering 79 different functional areas, 194 different projects and almost 8000 individual steps, milestones and activities, and I share this because this was the bones of our blueprint. This is how we were going to bring these games to life, recognising that we only had one path to successful delivery, given the very short timescale. When the organising committee started work on 7 September of last year, we had 1287 days to the opening ceremony, by far the shortest time, when the majority games have around seven years between award and execution.

Obviously the committee will be interested in funding. Our share of the original \$2.6 billion budget was \$1.315 billion in expenditure and \$1.047 billion in net public sector funding. Through our work, particularly in building the games delivery plan, it became clear by the middle of February that this would not be enough to deliver the games as agreed in the host contract, noting that by the time the OC started work on 7 September, the host contract was already locked down with sports and venues and all the key decisions had already been made. What drove these costs were having not one but five host cities, requiring significant duplication of infrastructure and services; the use of smaller, regional cities, which meant less existing infrastructure and service capacity, including things like labour force, accommodation and hospitality options; significant transport and security costs arising from such a large geographical footprint; and the sheer scale of the sporting and cultural program agreed to in the host contract. As Peggy has said, the time frame – 1287 days, just over 3½ years – meant that we had very little room for planning, for consultation and for contingency, which of course added to significant cost risks, as I think the committee has heard earlier today.

We were very clear at the outset of the work of the organising committee that we needed a robust, detailed, three-year budget for the whole three-year funding cycle to ensure that there could be no uncertainty in the commitments that we made early on in the program and that we had a successful path to final delivery. We built that budget and presented it to our board and then the Office of the Commonwealth Games on 22 February, requesting the net public sector funding requirement then of \$1.768 billion, a \$722 million increase, for consideration as part of the normal Victorian state budget process. We then went through, slightly on the outside as an agency, a three-month budget consultation process – a lot of testing of those budget numbers and a lot of scrutiny around those numbers – and we finally submitted a budget in early May to the OCG with a net public sector funding requirement of \$1.626 billion, a \$579 million increase on the original budget. I am sure we can talk through the reasons for those variations. All those iterations of course went through our board and our audit and risk committee.

The focus for the organising committee, particularly when we got to June, was to ensure that we had clarity in a decision on the scope and the budget. The scope was locked down in the host contract. The budget needed to be decided upon before we went too far down the procurement process, incurring significant onward costs as we went through each day and week. Of course that clarity was given to us on 17 July in the evening, when the government confirmed the games were being cancelled, before the announcement on the 18th. On 18 July the minister wrote to our Chair. I joined the press conference and then went to Geelong to thank a very hardworking and devastated team of people who had been working very hard on the games, as had many other people across the OCG and many partner organisations and communities across Victoria. We immediately suspended work on 18 July and of course have been going through the winding down process. I can confirm the vast majority of our staff have now been made redundant. There are a handful of us left as we do the final close-out of the organisation. Peggy.

**Peggy O'NEAL:** In the end, we believe that the organising committee completed what was its most important duty, which was building an achievable plan for delivering the games and then seeing what kind of budget was necessary to do that. Subsequently the government determined that the costs were too high and chose to cancel the event, but we believe the timing was critical. The organising committee had spent only about 2 per cent of its forecast budget for the games at the time of cancellation. If the decision to cancel a games, for example, had been made six months later, we would have committed almost an additional \$200 million. We were confident that we could deliver a successful games, but the costs of delivering those games would have far exceeded the estimates made during the bid, so we understand the government's decision and we respect it. Thank you.

**The CHAIR:** Thank you very much for your introduction. We were speaking earlier today about projects – you can change the scope or the time or the cost. It seems that you were given this and by the time we had got to June, the scope was locked in and the time was always locked in, so the only factor that you had to change anything was throwing more money at it. Is that a fair assessment? The advice that you provided to the government was that we needed more money, right?

**Peggy O'NEAL:** Given the parameters of the host contract, it could not be delivered to the extent contemplated with the budget that had originally been given, so we went about determining how much additional funding we would need to deliver those games – our part of those games.

**The CHAIR:** Part of the complexity, as you have alluded to and many other witnesses have alluded to, is around this decentralised model amongst many regional cities. Has there ever been a Commonwealth Games or similar event that has done something like this? Is there a precedent anywhere?

**Jeroen WEIMAR:** Not really, Mr Limbrick. The last experience of course was in Birmingham where there were three sub-villages accommodated in university accommodation – they had some problems in building their athletes villages given the short time frame they were under with COVID. Some of their venues were reasonably well spread out across the West Midlands. I was fortunate enough to go and see those games in operation.

The difference of our model is that we were talking about venues that were 1 to 2 hours or 1 to 3 hours away from Melbourne, but also of course the range of differences from Latrobe all the way through to Geelong, to Ballarat and to Bendigo. No-one has ever attempted a games across that scale while still presenting a single games concept. What would have been particularly challenging about these games – a lot of our work around the plan revolved around how we would manage the athletes and the teams in that kind of environment. The athletes would be brigaded in four separate villages. If you were arriving as Team Wales, you would be arriving at Melbourne Airport and then breaking your team into four components depending on sport, moving them to four different villages and then having to support those teams in four quite different locations. What that meant for the organising committee, but also for the individual teams, was a significant duplication of costs. We would have had to have four or five uniform and accreditation centres. We needed five volunteer centres to manage the volunteering process. We needed additional resources to support the teams and country delegations. None of that is impossible, and we had a plan to deliver that, but that sheer duplication does introduce additional cost.

The other significant cost driver was, well, two things: the inflationary environment we have been living in over the last three or four years, which I think has caught everybody unawares; and secondly of course as you get closer to that very short time line, the increasing cost escalation in those particular industries. We had to work very closely with the events industry, recognising that the events industry was also rebounding after COVID. It is a very busy program across Victoria; you know, Melbourne and Victoria remain very successful event destinations. We were having to thread the needle between events like the Australian Open, the grand prix and the start of the AFL season, and all of that was putting significant pressure on resources available in the state and therefore cost.

**The CHAIR:** I imagine it must have become apparent fairly early that the original numbers put forward in the business case were unrealistic. At what point did you realise that there was absolutely no way that you could deliver it on those sorts of numbers and you would need to rethink how was done? We have already heard that the business case was just not going to cut it.

**Peggy O'NEAL:** We did not see the business case, so we were operating from a –

**The CHAIR:** But they must have given an original budget.

**Peggy O'NEAL:** We had an original number, but what made up that business case, we had not reviewed. But you are right, and what I mentioned before is we thought the first thing we needed to do was to come up with a plan that we could execute and, given the parameters, what kind of resources we were going to need. We started preparing that right after the new year, and by February it was apparent that we were going to need more money to deliver to the host contract. We were putting our numbers together in the usual kind of way for budget submission for May, so we were going through that usual process of testing what was going to be required and submitting them to the department.

**The CHAIR:** The quite detailed analysis you had done in the delivery, that was sort of the first time when that sort of thinking had actually gone into, 'All right, well, what's actually required here to deliver this and how much money is it going to cost?' When was that reported to the government? Was that February when it was reported to the government that, 'Hey, this is going to cost a lot more money?'

**Jeroen WEIMAR:** That is right. Again, it is part of the normal budget process. Maybe take a step back. The work we did really from the back end of last year, November, December, working with CGF and working with CGA was how do we make this model work? We have never had a Commonwealth Games where teams have been asked to operate across four cities that are so far apart from each other. How do we actually operationalise that and still run a 12-day competition program that looks integrated and coherent, and how does that work from a spectator point of view and a media point of view? We had a reasonable level of fidelity around how we wanted our operating model to work by January, February, and then we costed that. That went to OCG on 22 February, so that was the bureaucratic answer I guess in terms of their advice. We would assume that they would then have passed that on to government in their own advice to government.

**The CHAIR:** If we had gone ahead, if the government had made a different decision – we have heard that the government had three options basically: wind it up or scale it back. But it sounds like by the end of June the scope of what was going to happen was fairly much locked in. Is that fair?

**Peggy O'NEAL:** Under the host contract our job was to implement what was required there. If there were conversations about changing the scope, we were not necessarily part of those. But it was also getting pretty late in the piece to start changing lots of things because we were having to get on with working with OCG on construction, putting together arts festivals as well as all the sporting events. The sporting organisations around the world were wondering what it was going to look like for them, and there was a bit of a job to sell what Victoria was going to put on. So it was getting later and later and the short time frame really started to come into play.

**Jeroen WEIMAR:** I think just to add to that, Chair, the scope, as you say, was already controlled. There was an agreement between CGF, CGA and the Victorian government, so no one party could unilaterally say, 'We're going to reduce the scope, and we're going to change what is offered.' That was a contractual commitment that was made.

**The CHAIR:** We have already heard that they could have done things in different locations, for example. Apparently, there was some discussion about maybe having some things in Melbourne and not in a regional area and that sort of thing.

**Jeroen WEIMAR:** But that would have required agreement again because it was embedded in the host contract. The host contract included not just the sports but also the venues that they had agreed on by the time that we got to the action on 7 September last year. It would always have required the three partners to come to an agreement around 'We need to make these changes' and 'What do those changes look like?'

From our point of view, we were a delivery agency working to their agreement. What we were very clear on with them was time was ticking. We were already out in the market with our major procurements. We announced our entire procurement pipeline in March of this year. We did not have a day to lose. Although we were quite comfortable with a confidence and a transparent budget discussion process in February, March, April, by the time we got to June, we were starting to get quite concerned about needing clarity of decisions around scope and budget.

**The CHAIR:** One of the things that you mentioned in the introduction – it is easy to understand construction costs, you know, they have got competing things and why that might hyperinflate, but security has been brought up a number of times. The estimates required for security in the initial budget were wildly different to what ended up being the case. Shouldn't that have been able to be predicted? Security, surely, is far easier to predict than construction costs, for example.

**Jeroen WEIMAR:** With respect, I was not part of the bid process, so I am not quite sure what considerations or what pressure or brief those teams were working under. I think you have had evidence earlier today that has spoken to some of that work and some of the gaps that have since emerged. The security costs were primarily a factor for VicPol and also for them to organise around the state's security and the approach they wanted to take.

**The CHAIR:** Were there federal police involved as well, like for protection of VIPs and stuff like that?

**Jeroen WEIMAR:** Possibly.

**Peggy O'NEAL:** Border patrol.

**The CHAIR:** Yes, right.

**Jeroen WEIMAR:** Yes, border patrol. There would have been a role for the AFP as well, but these are all matters that VicPol took on. The approach to the Comm Games was a series of organisations running within their accountability. Our role was to run the games program – to run the sporting program and the cultural program, to bring the teams over and to host them and to run the competitions. The role of VicPol was to provide a separate operational plan for the security of the games, working with their federal colleagues, and then to provide their own budget submission around how that was going to work. Whilst we worked closely with VicPol around how we would manage within venue security, as we do at the moment with the MCG and working with VicPol, VicPol provided that wider security umbrella. I would suggest you would need to speak to them about the costs and whether that was accurately reflected in the bid stage.

**The CHAIR:** I think we probably shall do that if they appear. Mr McCracken.

**Joe McCracken:** Thank you. Are you happy if I call you by your first names, is that okay?

**Peggy O'NEAL:** Yes, please.

**Jeroen WEIMAR:** Very much so.

**Joe McCracken:** Thank you. My first question is to you, Peggy. I mean, we have seen it in the media today as well. There are extracts of a letter that I think you might have sent to then –

**Peggy O'NEAL:** Yes, I have heard that. I did not know.

**Joe McCracken:** No, I just saw it before as well. I think it was dated 4 April or thereabouts.

**Peggy O'NEAL:** Yes.

**Joe McCracken:** Are you happy to provide that to the committee, that letter?

**Peggy O'NEAL:** Well, I do not know what is in the press, but I would have to check that because I do not know what official channels there might be. But otherwise, yes, I would be happy to provide it.

**Joe McCracken:** Okay.

**Peggy O'NEAL:** There is nothing that we are not going to talk about, I think, that is in that letter. The actual physical letter itself is part of the records of the company, but I am happy to provide it if that is possible.

**Joe McCracken:** Yes, if you are happy to provide it, even electronic – whatever is easiest for you – that is great.

**Peggy O'NEAL:** Okay.

**Joe McCracken:** Were there a number of reasons that prompted you to write that letter to the then minister?

**Peggy O'Neal:** As we have mentioned, from February we understood about the costs, and there had been a series of meetings with Jeroen and our finance people and OCG and all of that. The board of the organising committee had also seen it and was aware of it. We just wanted to be clear with the minister about what we were planning to do, what our next steps were. We were getting ready to launch our procurement process; we needed some clarity about budget. At that time we were still thinking it was going through the normal government budget process. It was something for the record – that, you know, we had our conversations. In fact what was included in that letter were the same things that went into the 27 February last budget submission. So it was more something for the record. It was not demanding anything, except to say, 'This is what we're about to do next and time is of the essence, and so we hope to get an answer very soon.'

**Joe McCracken:** Do you have a copy of the, what did you say, 27 February budget submission?

**Peggy O'Neal:** That went to our board.

**Joe McCracken:** Are you able to provide us with that as well? Because I know what –

**Peggy O'Neal:** It is just our slice of what the overall budget would have been.

**Joe McCracken:** Yes, that is okay.

**Peggy O'Neal:** But it is at the bottom of the letter, so if I can release the letter, it is there.

**Joe McCracken:** Yes, absolutely. That would be good, just to get that.

**Peggy O'Neal:** And I just wanted to also identify what was the OC's part of the budget, as opposed to the OCG bigger part of the budget. So it was a clarifying kind of letter, it was not –

**Joe McCracken:** As you say, for the record.

**Peggy O'Neal:** For the record, yes.

**Joe McCracken:** Yes, that is okay. So 4 April: you have sent that letter off for the record. Before that were there any sort of initial discussions with the minister's office or any of the departments to raise those concerns, perhaps in a more informal way as opposed to putting it in a written format such as a letter?

**Peggy O'Neal:** Yes, there had been a number of informal conversations. Jeroen might want to take it from there, because management was meeting regularly as all of this was being put together, and it was very much on the front of everybody's mind about what was going to happen. So Jeroen, do you want to provide any of the detail?

**Jeroen Weimar:** Thank you, Peggy. Mr McCracken, we had a very regular daily engagement between ourselves and Allen Garner and DJSIR in terms of –

**Joe McCracken:** Daily, was it?

**Jeroen Weimar:** Yes, daily. The office of –

**Joe McCracken:** Okay.

**Peggy O'Neal:** It was moving quickly.

**Joe McCracken:** Yes, I bet it was.

**Jeroen Weimar:** I mean, it is an important thing. The offices of Victoria 2026 were based in Geelong, but we had a small presence here in Melbourne next to the OCG office and we were on the same floor. Our teams worked in a very integrated manner, so we had teams working together on individual site visits and on how we were going to integrate temporary overlay with permanent infrastructure. So this was literally day-to-day working between the teams. Allen and I worked very closely on understanding our cost pressures, our cost

plans. There were options we explored around do we do more permanent infrastructure, less temporary overlay or more temporary overlay, less permanent to find ways of ultimately reducing the cost and improving the overall outcomes. So those conversations took place, and I think as you have heard evidence before, there were certainly regular, I would say, briefing meetings for both ministers, certainly from my recollection in March and April and May and June, dealing with the general matter of the Commonwealth Games. Whether we were talking about our procurement pipeline and the preparations around how that was going to work and various stakeholder meetings – we held a series of regional engagement forums, again in about March–April time – ministers were appropriately briefed on those things. Clearly individual parts of the budget would have been a factor of some of those conversations, but my experience in those meetings was that there was a budget process in the state government departments and DTF and DPC dealt with that. As an agency, we were sort of half a step away from that, and that was fine. We had plenty of other work to do. We kind of left them to it.

**Joe McCracken:** Yes, okay. I am just trying to understand: when did the messages, informal or in whatever form they might have been, the alarm bells go off in thinking, ‘Oh, maybe we need to look at things here and maybe think about them?’ I know 4 April is a formalised letter, but when were the messages going to it could have been the minister or DJSIR, whichever it was, to say, ‘Things are probably looking a little bit shaky here’ –

**Michael Galea:** Chair, a point of order. Sorry, I think this is again going to executive privilege, specifically in relation to questions around conversations with ministers.

**David Davis:** That does not make it executive privilege. I have been a minister. It does not mean executive privilege.

**Joe McCracken:** It is not privilege at all.

**The Chair:** Thank you, Mr Galea. Yes, I do not feel that members of the committee should be deciding what is and is not subject to privilege. That is up to the witnesses to decide in the way they give evidence. Thank you.

**Jeroen Weimar:** Thank you, Chair. I think if I can maybe just interpret the question, Mr McCracken. There is a fairly normal, in my experience, state budget process that happens through particularly February, March and April of every financial year. We expected there to be, and there was – mainly through Treasury colleagues and through departmental colleagues – robust testing and conversation around the assumptions and the numbers that we were putting forward and the extensive games delivery plan that I have spoken to. So all that was being discussed between my team and officials within DJSIR and Treasury, and I think that is quite appropriate.

**Joe McCracken:** How many times after the 4 April letter were there meetings with the ministers? And it could have been either minister – it could be legacy, it could be delivery. Were there regular meetings after that to talk about actions that might have come from that letter or concerns or those sorts of things?

**Peggy O’Neal:** There were regular meetings, not so much with me – being Chair of the board, you are a bit removed – but Jeroen had regular scheduled weekly meetings in addition to the daily catch-ups. But at the same time as this was going on, there was no indication that this was not being considered seriously and fully with the budget. I do not think there was any panic about what was happening – it was a big number and it had changed – but we also did not have oversight of everything else that was going on as well. So there were constant conversations, just in the sense of decisions having to be made, and my board wanted to be as sure as possible that we sort of de-risked it as much as we could. We did not want to go out and procure services when we were not sure that we had the money that we needed or all the money that we needed to follow through on those contracts.

**Joe McCracken:** I know in question time last week the now Premier was asked about the letter, and she said that she did not respond to it. Did you guys make any other formal representations after the 4 April letter?

**Peggy O’Neal:** I did not. I had a meeting with the now Premier and we talked about when a decision was going to be made, but I did not really expect a reply to the letter in that kind of way. It was something for the record. With informal conversations I thought was probably the place that we would get some more

information, because once there was a decision made, that would have come through formally. But until then it was informal – that was the way that I regarded it.

**Joe McCracken:** But you did not get any formal acknowledgement or a response, so nothing like that from –

**Peggy O'NEAL:** No formal acknowledgement.

**Joe McCracken:** Okay.

**David Davis:** When was that?

**Joe McCracken:** When was the meeting that you just referred to?

**Peggy O'NEAL:** In June.

**Joe McCracken:** June. Okay.

**Peggy O'NEAL:** Yes. Sometime later – 19 June. I remember because the next day we had a board meeting in Ballarat, because the board moved around the state to see various sites. On 20 June we were meeting in Ballarat, and I saw her the day before.

**Joe McCracken:** It is a good spot to meet.

**Peggy O'NEAL:** It was a lovely spot to be. We had a great time.

**Joe McCracken:** I live in Ballarat.

**Peggy O'NEAL:** We looked at possible sites. We got a tour around, met the local council. We had done the same thing in Bendigo last year. We had gone through Geelong again. So we were still looking at sites and proceeding as if everything was going ahead.

**The Chair:** Thank you, Mr McCracken. I will hand over to Mr Galea.

**Michael Galea:** Thank you, Chair. Thank you both for joining us today. Both of you in your opening statements made mention of the fact that this is the shortest lead-in time to a games I think ever, and obviously there were a number of factors in terms of other games and what the CGF was able to achieve with other host cities that led to that. Could you just briefly outline the process that led to Victoria and the CGF entering those initial discussions?

**Peggy O'NEAL:** I am not aware of the background.

**Jeroen Weimar:** Yes. I can talk to the generality of how the games operate, but I do not have any specific detail around how the Victorian discussions took place. I think you might have had evidence on that earlier today from the department. Certainly, having looked back at the almost 100-year history of the Commonwealth Games, the vast majority over the last 20 or 30 years of game cities have around seven years from the point of the award of the host city to the actual opening ceremony. The only other city that had anything less than that was Birmingham, which came forward by four years but that still had a five-year period from the award to the opening ceremony. So that length of time is important because it gives you time to really nut out your scope and to really start to do the planning properly, and it gives you swing space for optioneering in case things go wrong and you want to do something different.

What I think we experienced on these games is two things. One is that in most games awards processes there is a competition process, and I was peripherally involved in the London Olympics, both at the bidding stage and the delivery stage. There was an extensive and long and thorough bidding process between competitor cities, which also forces those who want to be the host to really work through what the operating model is going to be and to ultimately test your costs and your delivery model. I think from the relatively brief period that Victoria had to explore its relationship with CGF that might have been more difficult this time around. I was not there; I do not know. Exactly what we experienced from the point of picking up the games, as I said, with 3½ years or so to deliver, is that you are already well into your mainstream delivery phase. You have already started to get

into locking down your contracts, trying to work with local communities around making sure the venues are ready, significant construction work required on the athletes villages – something in the OCG framework – but also we have to fit the temporary overlay around all the permanent infrastructure. That all takes a fair amount of planning and work.

As things started to get more complex and as the costs started to become clearer, what you lose is the ability to say, ‘Well, can we pivot to somewhere else?’ because you just do not have time left to say, ‘Can we move the velodrome to somewhere else? Can we move this venue to somewhere else?’ because you cannot keep making restarts on the program that is already under time constraints. So the path becomes ever steeper, the path becomes ever harder to achieve and the ability to fundamentally reorganise the program becomes harder. I think that would have been a challenge when the cost pressures became real and when the parties started talking behind the scenes. It would have been I think quite hard for the parties to agree to an alternative program within a time frame that the organising committee could still deliver to.

**Michael GALEA:** Rather than being three years away, we were seven years away. Would that be right? Hypothetically.

**Jeroen WEIMAR:** Yes, sure. A lot of the cost challenges that we see in front of us are taking into account inflation that had already occurred between now and particularly the Gold Coast, because a lot of the numbers in the original assumptions clearly appear to be based on the top-down assessment for Gold Coast, but also recognising sector cost inflation over the next three years because the events industry and because the nature of what we are trying to do in accommodation and transport were very, very tight and as you get closer those costs just get tighter.

**Michael GALEA:** Would you agree with Mr Garner, who earlier today told us – I think he used the term ‘levers’ – that if you have got that one locked in, which is the time frame, with the other ones that becomes increasingly harder and harder?

**Jeroen WEIMAR:** That is right.

**Michael GALEA:** Cool. I was interested that you said the selection process – comparing it to other Olympic events. I know that the CGF has struggled to get a partner for the games in a number of successive years now and it is not just this one, it is not the previous one, it is not the one after. I was quite interested that you said that the selection process is sort of basically a practical test for the model of the work to be done. Taking a step back, do you see that as a systemic issue for the Commonwealth Games if they are unable to achieve that on a regular basis?

**Jeroen WEIMAR:** Probably I should say that I am not really well placed to comment and advise on that. I can only base our experience on what we experienced here in Victoria. Ultimately, the host contract that the organising committee picked up on 7 September was deliverable, but it was complex and it was costly, and it was costly because of the fundamental structure of the approach that was taken and the time frame that was left to deliver it within.

**Michael GALEA:** Yes. I am noting your comments on the delivery model there with the multiple sites. Is it fair to characterise your comments as saying the longer the lead-in time, the more options we would have had and there would have been potentially a different outcome?

**Jeroen WEIMAR:** Sure. Absolutely. I think that is absolutely right. It is hard to test the counterfactual, but I think had we been here seven years, six years out and we had a properly built-up budget in the way that we did for this particular set of games, you would have more options to play with in terms of what other things you could possibly do to make a difference to those costs. But that option was not available to us because the train was already well and truly down the track. We had to keep going in order to make these games deliverable, and I think the committee recognises how confronting it is for both the CGF and for CGA and for the Victorian government to be put in a position where you are saying, ‘Well, this is what we would like to do but the actual costs that are coming out are far greater’ and we cannot press pause. We cannot just say, ‘Can we go offline for six months and have a rethink?’ That luxury was not afforded to any of us.

**Michael GALEA:** Yes. I guess dovetailing with that point, Ms O’Neal, you talked about that 2 per cent of the costs had already been incurred, but if it was another six months \$200 million in additional costs would

have been sunk basically. Can you outline the steps that got to the point of being able to provide that advice this year and then what sort of work would have been underway in that next six months had your work proceeded?

**Peggy O'NEAL:** Well, the detail was put together by finance, which is Jeroen rather than the board. But we were on the verge of the major procurement program launching, including broadcast partners and those sorts of things so we would have had money expended there. Also, the construction projects would have had to have been well underway by then. So it was a number of things. We were just getting on with it and the next six months was going to be a very big chunk of what needed to be spent to provide the foundation for everything to be delivered on time, so that is why it was becoming more and more time critical. If we were not really well on the way by the end of 2023, then there was no chance we were going to be able to make it in the next two years. The \$200 million was a collection of a number of things, but for example, we were just about to take a lease on another building in Geelong to house another 100 staff that were going to be employed. Those things. It was just hitting that tipping point where it was either full steam ahead and all the costs that would have been incurred along with that, or we were not going to be able to have any chance to deliver if we did not get going.

**Jeroen WEIMAR:** If I may add, some examples, Mr Galea, to conclude, by next month we would have had the festival production company for the opening ceremony and closing ceremony. They would have been appointed. The host broadcaster would have been appointed. We would have recruited a further 100 staff or so in the next three or four months. The agreements with the councils would have had to have been in place. The overlay procurement would have started. The accessibility work would have started. The cleaning, catering and procurement would have started. These were all lined up, partially in flight, and decisions were due in October, November, December, January. They would have required significant commercial commitments for us to have made. In all good faith, we could not have made those without a clear budget decision having been reached for the whole three years of the program.

**Michael GALEA:** Sure. Just to pick you up there, I know this will be of interest to a few of us on the committee, I think broadcasting you mentioned – you both mentioned. Had that process started at all or was that in train?

**Jeroen WEIMAR:** There were two aspects in train. We were in the market for a host broadcaster. The way that the broadcasting for the games works typically or in recent years is that the organising committee appoints a broadcaster, which essentially provides all the camera content, all the digital content for the entire games so across 25 different venues, across 12 days of sport. So every single sport, every single competition gets broadcast, gets captured and then gets put onto various platforms, obviously TV but streaming and other channels as well. We pay for that. That is an expense because you have to free up that infrastructure, put all those cables in, create a high-quality digital broadcast environment at 25 different venues. Then separately, broadcasting rights are essentially competed for by the broadcasters, particularly in the Australian market and the UK market. Those negotiations were dealt with by the Commonwealth Games Federation Partnership, so essentially the commercial arm of the Commonwealth Games Federation. They essentially negotiate those rights and generate the revenue, and they form part of the revenue stream for the organising committee.

**Michael GALEA:** Thank you. My time is up. Thank you both. Thank you, Chair.

**The CHAIR:** Thank you, Mr Galea. Mr Davis.

**David DAVIS:** Jeroen and Peggy, thank you for your evidence. The letter that went across seemed to request, as I understand it, \$729 million more, and some of the itemised material there seems to be just about \$108 million or \$109 million short of the total – the itemised material that we see publicly – so I am in a sense requesting the fill-in of those holes.

**Jeroen WEIMAR:** Sure.

**David DAVIS:** The second thing I would say is on 2 May there was a budget update to the board, with a budget of \$1.777 billion. Was that the same as the submission in February?

**Jeroen WEIMAR:** Pretty much, Mr Davis. I apologise; I did not bring my glasses so I cannot quite see all the other numbers, but I will give it a go. The increase – the \$1.768 billion – that we submitted on 22 February, my belief is, is an increase of \$722 million, but I will take on notice any countback on those numbers.

**David DAVIS:** Any little wedge that is not accounted for.

**Jeroen WEIMAR:** Yes. We will go through them carefully to make sure we have got them right, but I thought we had. We then submitted an updated budget to our board in early May, 2 May, of \$1777 million. That was an increase of \$9 million. That was primarily some minor inflationary adjustments, a few nips and tucks. As I indicated earlier, we went through what I would regard as the usual scrutiny process – from OCG, from the department, from Treasury colleagues – and that knocked a few numbers off here and there. If I can – sorry, Mr Davis – just to complete the story, because it might avoid confusion later, we then submitted a final submission later in May of \$1626 million, and that reflected essentially some mitigations on cost that we had been asked to consider, which we did, and a further \$50 million cost pressure that we accepted to take across the whole category. That reduced our requirement to \$579 million as a delta, which I think the organising committee recognised at all times. That was a significant challenge for government as a funding party in all this. It is not a small amount of money, and we were very alive to the realities of those costs.

**David DAVIS:** Thank you. That is actually helpful. It is obviously a moving and iterative process. On 19 August the government then released a new set of estimates, which came out at \$3.187 billion for general operations, transport – there are some things that are not in your budget; I get that.

**Jeroen WEIMAR:** Yes.

**David DAVIS:** But it seems to me that the general operations bit was up a lot. How do you compare those items with the OC's robust budget, based on what seems to me meticulous work over quite a number of months, with the issues around this large number?

**Jeroen WEIMAR:** I have not got the numbers in front of me, Mr Davis, but I am broadly familiar with the document you referred to. Can you just help me? The \$3.1 billion, is that the total number for operating or the increase?

**David DAVIS:** It was general operations, 1.44; total temporary overlay, 499; transport and police – that is not yours, I get – contingency, 450; and then it comes to 3.187.

**Peggy O'NEAL:** The board has not seen that.

**Jeroen WEIMAR:** Yes. We did not. Those numbers were not part of our calculations as we went along this process and recognised – they were released a bit later. My understanding is that clearly government was looking at costs across a number of other categories. They had us. Our scope I think was very clear as a partnership.

**David DAVIS:** It seems to me the scope for you went up in these documents too.

**Jeroen WEIMAR:** Yes, the scope was –

**David DAVIS:** Or the numbers went up.

**Jeroen WEIMAR:** I think the scope, in terms of what we were asked to do, did not change significantly from 7 September to July, for want of a better expression, but the costs for doing so increased by \$579 million, so we increased that public sector requirement of \$1.626 billion. I guess the short answer to your question would be, of the \$3.1 billion that you referred to, \$1.6 billion of that would be the OC's costs – that is, our operating costs – but I am not familiar with how those numbers were presented and pulled from all the different sources.

**David DAVIS:** It might help us if there was some reconciliation of those, because we cannot easily –

**Jeroen WEIMAR:** I get that. I think that document came out of DPC –

**David DAVIS:** I get that.

**Jeroen WEIMAR:** and I would suggest we ask them for that document.

**David DAVIS:** And reconcile against your earlier document.

**Jeroen WEIMAR:** And the OC – while we are here we are very happy to obviously work with the department and other agencies to help reconcile those numbers.

**David DAVIS:** Yes. There was your most pessimistic budget at \$1.802 billion. Is that right?

**Jeroen WEIMAR:** Yes, that is right. I think this is where we might get a bit mixed between the net public sector requirement and the overall gross expenditure. When I talk about our numbers, \$1.047 billion was the budget at the start, and \$1.626 billion was at the end. That is the net public funding requirement. We did have some revenue lines in our budget to achieve – around ticketing income, sponsorship, broadcast income. I am quoting net numbers to keep it simpler for this conversation.

**David DAVIS:** Okay. When did you first brief Geelong council about the preparations for the games?

**Jeroen WEIMAR:** Gosh, it is a good question. We had obviously very regular conversations going back to September with their officials. There was a change of CEO, but we established in September a monthly meeting with council CEOs and council officials, traditional owners and other key local delivery partners – so OCG, OC and ourselves – in each of these five games cities to work together on the integration of the program and all the things that would need to come together. So my first answer would be certainly from September onwards, at the start of our life, we started working very closely with councils. That is also why we moved our office down to Geelong – to really ensure we were embedded with as many of the local agencies as we could be. In terms of the briefings to members or to elected representatives, I believe there was a meeting in the last quarter of last year, and certainly in June–July of this year I had a meeting with council members.

**David DAVIS:** Just moving to Geelong, you have obviously got redundancy costs now, which you have referred to.

**Jeroen WEIMAR:** Yes.

**David DAVIS:** We would appreciate any information on those costs too, but on notice.

**Jeroen WEIMAR:** Yes.

**David DAVIS:** The other point that has become clear as the day has progressed is that there were bureaucrats at several levels briefing into the department regularly, and now we understand from you that you were on the same floor and that you were briefing almost daily on arrangements and weekly or maybe fortnightly to ministers.

**Jeroen WEIMAR:** Yes.

**David DAVIS:** It does not seem in this circumstance that it is plausible that ministers did not know about the massive cost blowout.

**Jeroen WEIMAR:** I think, Mr Davis, you would probably want to discuss that with ministers, in terms of what they saw and what they knew. I think what I would say is that certainly from early March I was in regular and appropriate briefings with both ministers – along with Allen Garner and along with the Secretary of DJSIR – talking about the program as a whole. And sure, costs were part of that program, but the budget issues were being left to the central agencies and the department to work through and to grind through, as normally happens I think in government. The ministerial discussions were more around, ‘What are the key issues of the day that we’re trying to resolve?’ But of course I think as a program we were aware in certainly March–April that the budget was a thing that had to be landed.

**David DAVIS:** Yes, and that it was not going to be within the parameters. Then when did you first become aware that the games were going to be cancelled?

**Jeroen WEIMAR:** I was advised late on the evening of 17 July at about 6.00 pm, 6.30 pm. I was called to be advised that the cabinet had met and made the decision and that there would be a meeting with CGF later that night, given the time difference with the UK.

**David DAVIS:** Ms O’Neal, Peggy, on the 19th in Ballarat when you met with the minister, did she talk about legal issues and the employment of legal operatives?

**Peggy O'NEAL:** No. On 19 June I met with the minister here. The board then went to Ballarat the next day and had a meeting there. On 19 June we had a catch-up – 'How's it going?' sort of thing. It was along the lines of, 'We need some budget certainty' and saying 'We're meeting with council in Ballarat tomorrow. I'm sure that we'd like to be able to give them a good' –

**David DAVIS:** An update and some direction.

**Peggy O'NEAL:** You know, to say, 'We're enthusiastic, and it's going on because everybody's wanting to get behind this project.' I think we were all attracted to – the regional aspect of it was very important to the whole design.

**David DAVIS:** But you had no idea –

**Peggy O'NEAL:** I had no idea.

**David DAVIS:** and it was not conveyed to you or the board –

**Peggy O'NEAL:** No.

**David DAVIS:** that legal eagles had been hired over here to investigate options for either killing the games or running them to some other very different format?

**Peggy O'NEAL:** No. In that private meeting she did not mention anything like that to me at all.

**The CHAIR:** Thank you, Mr Davis. Mr McIntosh.

**Tom McINTOSH:** Thank you both for your time and the submission you have put forward. I am just reading through your submission and looking at the sporting federation requirements, the sports codes, accommodation, transport, temporary construction, tech and broadcast, managing venues and ceremonies. I am noting things here like the King's baton relay. We are talking 15,000 volunteers, having to sell a million tickets, 7000 athletes, 5000 direct support staff and 2000 game dignitaries. As we see challenges for 2030 and indeed 2026, do you think some of these requirements on cities or host states are compounding the effect of why we are seeing 2030 not having a host and so on?

**Peggy O'NEAL:** Well, I think there is complexity in putting on one of these events, and when you get in it you realise. There was the multiplier effect of having it across the entire state and having four different venues, but I am sure that, as we know, every major event, especially an international major event, is expensive to put on and takes a lot of effort and willingness, not only on the part of paid staff but volunteers and the government as well. So I think everyone who is involved with national, state or local government would think very long and hard before they would take on something like this. It does not mean that it is not attractive. We were up against a very short time period, so I think that was one difference. But I think all of those are factors.

**Tom McINTOSH:** Yes. There is additional complexity. The other question I just want to ask is – you have talked about the time frames of work and the staff that came on and whatnot. I just want to touch on the regional package that will flow from this and any of the work that Victoria 2026 has done that will flow into that work.

**Peggy O'NEAL:** That is really for the minister for games legacy, and we were not involved with that. That was to be a different group of people. But of course, as things were designed, it was in mind that they were to be used again to the extent possible, so that planning was going on. Jeroen, do you have any more detail about that?

**Jeroen WEIMAR:** Yes. I think somewhat, Mr McIntosh, this partly goes back to the whole design of the governance that Peggy spoke to briefly at the beginning and I think that you have had evidence on earlier today. There is a reason for all of these games having two entities that come together to make this happen. One, the Office of the Commonwealth Games was all about the permanent legacy, so what the long-term buildings and infrastructure are that we leave behind and how we deliver real long-term legacy for communities out of it. That was the brief that Allen Garner and his team had to focus upon. And the job of the organising committee was to provide 12 days of sport and festivals and to provide the sparkles and the razzmatazz, essentially, for the 12 days of sport – to bring the athletes here, to run the competition, to run it to international standards, to

provide the broadcasting and to put all the 186,000 temporary seats in. That was the work that we did. So when the government made the decision on 17, 18 July to stop the games, the job of the organising committee stopped at that time. We literally stopped work on the morning of 18 July. Yes, we wound off our files, we closed off our order books, we had a lot of contractors to see out the door and we had some work to do, but actually there is no ongoing role if you are not organising the 12-day event. But it does mean that the legacy work that was contained within the OCG – the ongoing community stadia upgrades and the new facilities down at Armstrong Creek et cetera and all of that work – has carried on, is my understanding, and I think it is now sitting within DJSIR.

**Tom McINTOSH:** Hence why you have been able to contain – yes.

**Jeroen WEIMAR:** Yes. To some extent we have contained the impact. The close-down impact is primarily contained within the organising committee, and that is why the majority of the 82 staff that we had on the books on 18 July have now been made redundant, and we are finishing off that process this month.

**Tom McINTOSH:** Thank you. That is all for me. Thanks, Chair.

**The CHAIR:** Thank you. I will go now to Dr Mansfield.

**Sarah MANSFIELD:** Thank you. Thank you both for appearing today. I am aware, Mr Weimar, that you appeared at PAEC earlier this year alongside then Minister Allan and presented some evidence. What was your role at PAEC? I mean, it did not appear that panel members were able to directly ask you questions.

**Jeroen WEIMAR:** Yes. I was there as the CEO of the organising committee. The purpose of me being there – I think I answered one or two questions – was to answer any questions on the work of the organising committee. Clearly at that time – and we would have expected it to continue – there was a fair amount of interest in what the organising committee was doing, how it was working and how the program on the ground was being delivered. I think it was my job to be ready to answer any questions on that program.

**Sarah MANSFIELD:** As people would be aware, no concerns at that point regarding the costs were aired during those PAEC hearings. In responding to those questions, did you feel you could have addressed or aired some of those cost concerns in that context?

**Jeroen WEIMAR:** I do not recall any questions being put to me around the cost of the games and how they were being run. I have not checked the record recently, but that is not my recollection of the nature of the conversations that we were having at PAEC. It was around how the program was going at that point in time, and until 17 July the program was on track. We had a program to deliver the games to the specification agreed to in the host contract, but we recognised that there was a significant additional funding requirement for the OC part of the program. Mr Davis has gone to how there were other components of the program that clearly the government was having to address as well. But ultimately we were a delivery agency charged with one job only, which was to bring these games to life and to be very clear about the cost of doing so, and that is what we did.

**Sarah MANSFIELD:** Okay. Your entity was established in September last year. You had prepared a report by February outlining concerns about the budget. That is a fairly short period of time to come to that conclusion. When the board was first established, at what point did you realise that you needed to reassess those costs?

**Peggy O'NEAL:** Well, as part of the budget planning for the next year, it was in the normal course of events. We wanted to know how we were going to be able to execute the operating plan and whether more money was needed, because there was the opportunity to go back to government as part of the state budget and ask for what we thought we needed. So in February it was still just part of our normal planning process. Like I say, we continued to carry out our job until we were told to stop. I suppose until then I did not see any reason to panic or be alarmed, even though it was a big number and the government was taking its time in thinking about how to manage that. In February the board heard from the great finance team that Jeroen had put together that we were not going to be able to deliver to the level that we wanted. Part of it was: 'Well, do you want a base level? Do you want something that really showcases Victoria?' There are lots of things that you can do, but under the host contract the standard was very, very high, and we thought that was the appropriate thing. Not that we were going to gold plate everything, but we wanted to have something that made us all proud, and that

was what we were looking to do. It was going to be a fantastic event, but like with many things, if you do not have the money, you do not have the money. We knew we needed more money. We went through normal channels; it was raised and we waited for responses as those things developed.

**Sarah MANSFIELD:** Okay. So no-one on the board had concerns at the time, when you were first established as an entity. You just started going through your normal processes and went, ‘Well, we’ll prepare our budget for the following year.’

**Peggy O’NEAL:** Yes, we had a budget when we first started in September, and then, you will remember, there was an election, so it was caretaker. So we continued to work on the budget and costs and what you need. That was all part of coming up with a plan to deliver the games: how many people are you going to need, what does this actually mean and how do we put some real numbers around this? And so that was just a part of that – developing and continuing to develop and refine what we were asked to do and what it was going to cost. So it was January, and then February was when the audit committee of the board got a briefing on, ‘This is what the numbers look like; it looks pretty big, but we’ll go through the process and see what happens.’

**Sarah MANSFIELD:** So as you were going through that process, was there previously any sort of similarly robust assessment of the potential cost that had been undertaken?

**Peggy O’NEAL:** No. We were not part of the bid, so it was just given to us as a board, as a separate company – that ‘This is what we’ve allowed, and this is what the bid was based on.’ And then, like I say, Jeroen’s great finance team went to work on ‘What does this mean?’ and ‘What can we do for that amount’ and ‘We can’t deliver everything that we need to’, because it was starting to become real.

**Sarah MANSFIELD:** So it would be fair to say that your entity really undertook the detailed costing work and it was the first sort of detailed costing that had been done.

**Jeroen WEIMAR:** That is right.

**Peggy O’NEAL:** Yes, because we had real sites to look at. We started putting numbers around how many people, how we were going to get all kinds of things that had to come together in a real-world situation, and until then it had been I guess somewhat theoretical.

**Sarah MANSFIELD:** And you mentioned before that you went through your usual process of testing some of that information and those numbers. What do you mean by that? What is your normal process of testing?

**Peggy O’NEAL:** Well, from a board standpoint as opposed to a management standpoint, it came to the audit committee. We inquire about the assumptions, about what the numbers actually mean, about whether it is one year or three years – what does that look like? Sometimes we ask for more detail on things, and if the assumptions are not agreed with, go back. And then the committee, when it was satisfied, came up to the board for information and ‘This is what it looks like’, and the board could test all of that again. So that is the process it went through. The audit committee usually got the first look at any of the budget items and worked very closely with the chief financial officer.

**Sarah MANSFIELD:** Okay. I am just trying to understand the governance arrangements around the games, because I think we have heard from a number of different entities, and I guess I am still trying to get clear in my head – I understand there were a lot of partnerships and a lot of close working relationships – who was reporting to who and ultimately who was making the decisions.

**Peggy O’NEAL:** Well, we were a company and had the normal sort of reporting, where there is the chair of the board and the committee is underneath that. We had one shareholder, and that was the Treasurer, and other than that, we operated as a normal company would. And our mission and our constitution and what we were incorporated to do was to deliver the games in accordance with the house contract. There were other things you talked about – the departments and the OCG and all of that. Those were just additional inputs, but we did not report to them and they did not report to us. It was all through the department, it is my understanding.

**The CHAIR:** Okay. Thank you, Dr Mansfield. I will now go to Ms Ermacora.

**Jacinta ERMACORA:** Thank you, and thanks for the work that you have done as well. You mentioned a bespoke model of delivery and a highly experienced team, the unusual shortness of the time line – usually it is

seven years – and the five host cities and that they were smaller cities than, say, an international capital city like Melbourne, with all that infrastructure. So I just wonder, with procurement in those five cities were you kind of building up an approach that was unique to each city or were you expecting to get, for instance, tender responses from five different cities, perhaps businesses that were going to be given an opportunity?

**Jeroen WEIMAR:** If I may, Ms Ermacora, that is a good question. We approached procurement really across the whole program, so we estimated that there would be around 1200 individual contracts being awarded over the three years of the games, with a total value of around \$800 million just for the organising committee. That is for things like uniforms, cabling – I have talked about host broadcasting systems – catering, cleaning, transport, IT, a whole range of different headings and provisions. And we were working very closely with both the Victorian Chamber of Commerce but also individual chambers of commerce within particularly the five games cities and the broader events and festivals industry around how we could maximise the participation of smaller firms, either smaller regional firms or Aboriginal-owned businesses, in that procurement process – so a lot of work with organisations like Kinaway, like the Industry Capability Network, and local chambers.

A lot of the sessions that we ran, particularly over that March, April, May period, were around giving people visibility around a three-year procurement pipeline. Because one of the things that we were very conscious of was that (a) these were potentially quite large contracts, that we had very little time to work with and that quite a few organisations find it sometimes hard to work on that scale. So we wanted to give them as much notice as possible about when we would go to market over the next three years and to give smaller businesses a chance to partner with larger businesses around being part of that supply chain and part of our delivery partners, really. So yes, there was a lot of diligent work in those regional communities and a lot of support from councils and other local players to really maximise the impact of the procurements that we were aiming to do.

**Jacinta ERMACORA:** Thank you. So in that regard, whilst you might not have been responsible for the legacy in terms of infrastructure, part of the legacy for regional communities that the games were being held in was the local content, Aboriginal and so on.

**Jeroen WEIMAR:** Yes, that is right. I think when we had the first regional engagement forums in October, November last year that was very much the tone of the conversation – around how, particularly during the preparation and procurement phase of the games, we could start to involve local businesses and local interests. And then again, when we went out to the regional engagement forums in March, April, it was a very similar narrative around, ‘This is what our pipeline looks like; these are the lots we are going to be issuing.’ We recognised in the conversation we had earlier that the host broadcaster contract was always likely going to be three or four very large organisations with a lot of depth of experience in broadcasting live sporting events. That is not something we would expect a smaller organisation to have a crack at. But equally there were lots of those lots around uniforms, around catering, around cleaning, around waste management, where we would have hoped to see and encouraged smaller businesses to come forward.

But what businesses tell us all the time is, ‘Please let us know when you’re going out; please give us as much time and information as possible.’ And we spent a lot of time and some resources with organisations like Kinaway, like the local chambers and like ICN, whose job it is really to assemble those supply chains and to give people as much of a chance as possible. And I think the feedback we were getting from communities in Ballarat and the other four cities was not just excitement about the games being there but about a chance to step up the tourism offer, step up the hospitality offer, step up the accommodation offer. I mean, it was not going to be a single solution, but it was part of a broader step-up of capacity in regional Victoria.

**Jacinta ERMACORA:** Fantastic. The other one you mentioned was the inflationary trend that was going on in the last 12 months. I wondered if that is roughly the same dynamic that a lot of ordinary mums and dads experienced in their home-building, for example. I know with inflation, building inflation post COVID and a shortage of materials and so on, that the cost of building a house – some people that were sort of halfway through that design process ended up experiencing \$300,000 more on top of their home and pulled out as a result, sold their land and bought something else. So it is almost like a familiar story.

**Jeroen WEIMAR:** Yes, I think that is right. You heard from Allen Garner earlier, who was closer obviously particularly to the construction challenges and some of the pressures in that sector. But we saw some of the trends in the early engagement we did with suppliers. We were out in the market working with a number of suppliers in April and May and June, asking about their workforce capacity and where they would draw

workforce from for things like planning and catering and how they organised that. We talked to accommodation providers. We spoke to accommodation providers last year and of course in the first half of this year around again what do those cost structures look like. We could see in some of those sectors – particularly given that March 2026 would have been in the middle of a fairly busy event season anyway, particularly in Melbourne, but also it is a busy time of year. It is the back end of the summer. You have got Easter around the corner. Some of the accommodation providers and some of the other industries were actually working at a fairly high stretch. So whilst this was a welcome addition and injection, the cost will follow because it will just lead to further cost increases.

**Jacinta ERMACORA:** Yes. Very good. Just that \$2.6 billion envelope – the difficulty to rescope it. I think you have pretty much said why it was so difficult to rescope.

**Jeroen WEIMAR:** Yes. If I could maybe just close out the story: the \$2.6 billion, which I started the conversation with – the split – is the original budget, primarily between the OC and the OCG. Mr Davis, this probably goes to some of your questions as well around the aggregate budget. Certainly I think our board were always quite clear around what was happening to the OC component of that budget. What happened to the \$1.3 billion is that came under cost pressure and the \$579 million of additional costs that we could see coming through our activity streams. I think the OCG had a broadly similar experience in their cost basis. We were quite visible around how both those bid parties were seeing aggregate inflation of costs in terms of the program, both determined really by the host contract in terms of that is the scope that we were working to. With three years to go it was hard to see radical changes to scope being achievable at such short notice.

**Jacinta ERMACORA:** Thank you very much, Chair. That is all my questions.

**The CHAIR:** Okay. Thank you, Ms Ermacora. We have got a little bit of time left.

**Melina BATH:** Excuse me, I have not had a turn yet.

**The CHAIR:** Sorry.

**Melina BATH:** I know I am down the end here but –

**The CHAIR:** I was going to you.

**Melina BATH:** I am raring to go. Thanks, Chair.

**The CHAIR:** Ms Bath.

**Melina BATH:** Thank you very much for your very detailed and honest appraisal of the OC and its goings-on. I am interested: the \$1.777 billion that you put forward in your budget submission – I am just asking you to reflect on that you are very confident that you could have delivered your mandate, your requirements, your games delivery plan, with that additional funding?

**Jeroen WEIMAR:** Yes, noting that we reduced it to \$1.626 billion in May. But, yes, that was the –

**Melina BATH:** Because the government had asked you to pull in your waist belt.

**Jeroen WEIMAR:** That is right. Peggy can speak for the board, but absolutely. We started off this whole program in September of last year and needed to have a delivery plan for the whole period and a budget for the whole period so we could be absolutely confident that we could deliver it. What we were not prepared to do was to walk into a situation where you incrementally discover emerging costs and you are reporting back every six months, because that is one way in which –

**Melina BATH:** You had been forensic in the analysis and you were confident that you could deliver it under that particular games delivery plan. Ms O’Neal, in relation to the meetings, in April you sent the letter to Minister Allan – I will call her Minister Allan at the moment – and then you met on 19 June. We know that in a period of time the Andrews government had hired lawyers to engage the possible extraction from the games. Did Minister Allan inform you of that at any time?

**Peggy O’NEAL:** No.

**Melina BATH:** That is fine. And then the budget has come through in May and your budget bid – there were no funds there. There was nothing in the pot of gold for you to help that. What was your discussion back to Minister Allan? Because really you have put a forensically detailed analysis here: ‘We can deliver this.’ It has not been delivered. What did you say to Minister Allan in relation to what you would have to do?

**Peggy O’NEAL:** Well, outside of that, and Jeroen is better placed because these were informal conversations, we were told – it is sort of hearsay but you could say what actually happened in your conversation that you then related to me as the Chair of the board.

**Jeroen WEIMAR:** Thank you, Peggy. We were advised, I was advised, in I think late April by OCG and by government that the OC and the OCG, or the Commonwealth Games, budget would be determined in June. It was not going to be in the state budget announcement: ‘Don’t hold out for that. We will determine this by the end of June.’ That was the revised date that we were working to.

**Melina BATH:** So you were still hopeful that it could have been in the –

**Jeroen WEIMAR:** We were aware at the time, Ms Bath, that obviously there were ongoing discussions around what else could we do and what are the options we have. Officials were having those debates; I regard that as quite appropriate. But certainly by the time, as Peggy has said, we were getting to the middle of June – 19 June – we were getting concerned. There was another board meeting on the 20th and getting to the end of the financial year –

**Melina BATH:** Nothing to tell.

**Jeroen WEIMAR:** Yes. We were starting to get concerned about deliverability because we needed to release all these procurements and we needed the confidence of the money in order to do so.

**Melina BATH:** Thank you. In relation to Minister Allan in PAEC and answering some questions, she is on the record as saying in the PAEC hearings that the games were making ‘tremendous progress’. I am quoting her:

... we can do this. We know we can do this ... There is huge energy, excitement and effort.

You were in that meeting at the time.

**Jeroen WEIMAR:** That is right.

**Melina BATH:** Did that give you a level of uncomfortableness? Excitement is one thing, but good governance from the minister who is delivering this – there was no indication from Minister Allan that there was a significant gap for you from your budget that needed to be addressed.

**Jeroen WEIMAR:** No. At that point in time we were transparent as an OC about the cost challenges that we had. We been talking about them constructively with the OCG and with departments and we were under a clear understanding that the budget would be resolved by the end of June. I had no reasons to have any lack of confidence around that.

**Melina BATH:** Yes. It seems interesting that the minister would not present any level of that fact, but I will let that sit as it is. It is interesting that you said you had daily meetings with the then CEO of the OCG, Mr Garner, and that there is a huge interdependence between operations and infrastructure. At our hearing earlier today I felt that there was a cloud over his understanding about any budgetary imposts and increases from his department. We questioned him about an increase, and there was just no level there – he could not speak to any of the increases in that infrastructure.

**Jeroen WEIMAR:** I have to say I think Allen and the OCG have been fantastic colleagues to work with and very, very professional and very effective. I think the challenge for the OCG was as great as ours in terms of delivering the scale of infrastructure in a very short time period et cetera. I think what I would also say is I think the OCG and my experience of Allen was they were very clear and crisp about their own cost challenges and quite forensic, and sometimes uncomfortably so, as colleagues are, about my cost challenges within the OC, and we had some robust and professional debates about that, as you would expect. But I think both of us saw eye to eye on the interdependencies of our cost structures and what those cost structures were, and I think also

just particularly for Allen I would recognise that it is very hard to prepare adequately for these kinds of discussions and briefings when you do not have the benefit of active live supports –

**Melina BATH:** When you have got the blinkers on.

**Jeroen WEIMAR:** in behind you. Allen's team has been decommissioned, and it is hard to prepare for these things when you do not have all the data.

**Melina BATH:** When he has not been given all the information.

**Jeroen WEIMAR:** That is right.

**Melina BATH:** In terms of the regional forums, we have heard Minister Shing in our upper house spruik them – in a nice context – and they certainly are positive propaganda, if I can be straightforward about that. What I am interested in is as the local government entity, they are often asked to put in significant investment, whether it be in kind, whether it be staff or whether it be an actual funding increase. I want to understand, if you can give us a picture – whether it be now or some notes that you took at the time – what some of the significant concerns were. You might want to go region by region – Latrobe Valley and Ballarat et cetera – about the risks for them, about those cost burdens. At the end of the day they were going to going to (a) host and (b) wear some of the burden, but (c) our people were going to have an outcome. I would just like you to share with this committee some of those parameters that they raised with you.

**Jeroen WEIMAR:** Absolutely – maybe generically, and then I am happy to go around the map. I think for all the host cities their political leadership and the CEOs of those councils were exceptionally positive and constructive all the way through. They were excited about the games; they saw the commercial and the tourism and economic benefits for their communities and the general uplift that the games would have brought. I think without fail all five of those cities were strong and active partners and wanted to lead and wanted to own as much of the delivery as they possibly could themselves. Secondly, I think all of them recognised the very real challenges of literally tens of thousands of people coming into their communities for days on end. The Comm Games is not a one-off event, it is something which happens for 12 days. On the peak day, I think Sunday 22 March 2026, we would have had a quarter of a million people actively on the same day going across all those five communities moving around. I think all of those leaders saw the real challenge of having that many people moving around, working in and trying to do things in their community. There were some genuine challenges in that space. Thirdly, I think they were obviously a bit concerned about the money. I mean, who wouldn't be? Both the cost of new infrastructure, particularly the legacy infrastructure, which although –

**Melina BATH:** It has a consequence.

**Jeroen WEIMAR:** Yes, it has a consequence. There is the scope of what upgrades you are going to do at Mars Stadium and what that looks like. And then ultimately, are we going to just do it for the Comm Games? How much do we rip out of it afterwards?

**Melina BATH:** Is it going to be moved?

**Jeroen WEIMAR:** Is it going to be moved? How much of it stays in legacy mode, and then who is going to pay to maintain it? I am not an expert on local government finance, but I understood from the CEOs the very real debates around 'We'd like to have as much infrastructure built as possible and somebody has to pay for it, but then we're a bit worried about how we maintain it at that level.' I think those were genuine and constructive conversations. What we did was build, as I said earlier, those monthly conversations with the CEOs for each hub with traditional owners and other key partners. We also had a regular conversation with Allen Garner, me and the CEOs around how we were doing across the program.

In terms of site by site, I think in Latrobe they were very keen to make sure that the upgrade happened on the soccer stadium at Morwell, and they were very focused on their delivery around that. The GRIS stadium was pretty straightforward. I think there were some genuine concerns around the village, the location of the village and how that would work, and I am not that close to that.

In Shepparton it was all positive. They were added fairly late into the program with the BMX track and the road time trial. But again, there was a genuine sense of a very positive and constructive approach saying, 'How do we make the most of this, and how do we become part of this whole Comm Games piece?'

**Melina BATH:** In terms of Shepparton, can you just define – it might be later – the date that they were added in and what the rationale was behind adding them in?

**Jeroen WEIMAR:** They were added in just before the OC started. I think 6 September was the decision date for all the phase 2 sports. The decision –

**Peggy O'NEAL:** We can come back on that.

**Jeroen WEIMAR:** We can come back to that, yes.

**Melina BATH:** That is right. Thank you. That is good.

**Jeroen WEIMAR:** Bendigo, again, was all very positive. There was obviously a large number of venues to manage between the Bendigo stadium, the use of the showgrounds site and the opportunities around the lawn bowls sites – there were a number of pieces around that. But again, it was a very constructive and positive council very focused on uplifting its tourism presence. In Ballarat all the discussions were around Mars Stadium and the significant upgrade around the permanent capacity of Mars Stadium and how that was going to work. And Geelong – there were some complex political discussions, I think, by my understanding, between the council leadership and government around who was going to pay for what around some of the permanent venues.

**Melina BATH:** Yes. Thank you. And my last question – I have got more, but I will see how I go, Chair.

**The CHAIR:** You do not have much time.

**Melina BATH:** The OC inherited a series of significant decisions, which is in your submission. Apart from seeking an increase in the budget, did you try to persuade or change any of those inherited parameters? You have said you needed to expand the budget but then you were asked to contract it. Did you seek to have any of those changes?

**David DAVIS:** Bring it back to Melbourne, for example.

**Melina BATH:** Bring back to Melbourne. You had already set the Sheppartons of the world and the Bendigos of the world by the time you came into being, so they were on the part. But did you try and evolve the games?

**Peggy O'NEAL:** Just in general, that was not our role because we were not a party to the contract, and that had to be done. We were there as the implementation arm, and it was for the parties to the contract – the three – to decide if they wanted to amend any of the things that were in the host contract. So we did not see it as our role. I was not privy to any conversations around that.

**Melina BATH:** And I guess the last one, in relation to the –

**The CHAIR:** Ms Bath, your time has expired already.

**Melina BATH:** Yes. Take it on notice, please. With the local government, if there is a table of their concerns maybe that you could prepare for us – the various locations and what the local government raised as issues. It would be helpful, I think, for this, particularly when we are speaking to them as well. Thank you, Chair.

**The CHAIR:** Thank you, Ms Bath. Yes, if you might take that on notice.

**Jeroen WEIMAR:** Yes.

**The CHAIR:** I believe Mr McCracken had another question. We have got a few minutes left.

**Joe McCracken:** Yes, thank you. I just want to get your sense. Obviously, the cancellation of the Commonwealth Games has had a very serious, significant and probably widespread tourism impact across the state – a negative impact. I guess for Victoria as a destination for major events, that reputation has been smashed. Do you think this is recoverable, at least maybe in the short term? I come from Ballarat. It is a tourism town known for gold, Sovereign Hill and all those sorts of things. Locals are telling me they are not feeling very good about it. What are your thoughts in terms of the state's reputation and recovering from this pretty bad position?

**Peggy O'NEAL:** I would have to say that I do not think I am in a position to talk about what has happened with the state's reputation, if anything. I do not have any independent knowledge of that. I am sure there are anecdotes, and some people are quite disappointed, I would have thought. But I would think that people who deal with tourism would be better placed to talk about it than me.

**Joe McCracken:** Have you had any discussions with anyone to do with this? I get a heap of it from local councils, who have been extremely disappointed. I know you have had a lot of discussions with them as well. Have you had feedback on those sorts of things?

**Peggy O'NEAL:** No, I have not. The board has not.

**The CHAIR:** Okay. Mr Galea, I believe you have one more question, and then we will have to close on that.

**Michael GALEA:** Thank you, Chair. I think we heard some contradictory evidence to that statement by Mr McCracken today, but I will leave that for another witness. Just quickly, you did mention the close-down – that you are nearly at that end point. Is there a set date at which you are planning to cease operations?

**Jeroen WEIMAR:** We are expecting to cease operations at the end of this month, and then there will be some administrative functions to be handled, which will be handled by the department.

**Michael GALEA:** By DJSIR?

**Jeroen WEIMAR:** That is right.

**Peggy O'NEAL:** And we are having an audit committee meeting tomorrow to do the financials – to finish that – and then a board meeting the following week to tidy up whatever needs to be done, which we presume will be fairly short.

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

**The CHAIR:** Okay. Thank you very much for appearing today. You will receive a copy of the transcript for review in about a week, before it is published on the website. I will call today's hearings closed. Thank you very much.

**Committee adjourned.**