



Select Committee on the 2026 Commonwealth Games Bid

Hearing Date: 13 October 2023

Questions taken on notice

Directed to: Department of Treasury and

Finance Received Date: 25 January 2024

1. **Joe McCracken, page 26**

Question Asked to David Martine:

Can you provide a list of the times that you did brief the Treasurer or the Deputy Treasurer during that period of time?

Response: As noted at the hearing, the Secretary generally meets with the Treasurer daily to discuss priorities and relevant issues across government.

Until the announcement of the cancellation of the Commonwealth Games, this included discussions on the progress of Games delivery and relevant risks. Oral briefings are also provided to the Treasurer and Assistant Treasurer in advance of Cabinet and Committee meetings, including the Expenditure Review Committee.

Formal written briefs on the Commonwealth Games were provided by DTF to the Treasurer and Assistant Treasurer as follows:

- 14 Ministerial briefs were provided between 14 February 2022 and 19 May 2023;
- 27 written briefs were provided in advance of Commonwealth Games Taskforce/Commonwealth Games Committee meetings scheduled between 6 April 2022 and 18 April 2023; and
- 8 written briefs were provided in advance of ERC meetings scheduled between 31 January 2022 and 14 July 2023.

DTF was not involved in providing advice to the Government on withdrawing from the Commonwealth Games, or negotiation of the settlement deed.

2. **Joe McCracken, page 27**

Question Asked to David Martine:

Are you able to provide the committee with a list of the briefings that you had with the Treasurer regarding the Commonwealth Games?

Response: Refer to the response to question 1.

3. **Joe McCracken, page 27**

Question Asked David Martine:

Joe McCracken: Okay. In addition to formal briefs, did the department provide any information to the Treasurer, Assistant Treasurer or maybe their offices as well? That could have been informally or it could have been via email.

David Martine: I would probably have to take that on notice. It is not unusual on any issue, and the Commonwealth Games is no exception, that we provide our formal briefing in the form of a brief to the Treasurer, or in this case a brief to the expenditure review committee. But it is not unusual in these instances, where there might be follow-up questions from an adviser in the Treasurer's office about a particular matter, that we would respond to them. That might often be via email, or it might be via a discussion that either I or someone else in the department might have with one of the advisers on an issue that they have raised.

Joe McCracken: Are you able to provide us with a copy of those briefings that you have given?

... Thank you. I would appreciate both ERC and other ones as well: any correspondence, emails, that sort of thing – informal, formal.

Response: On 8 November, DTF received a formal request for documents from this Committee. This question will be addressed through the response to that request.

4. **Joe McCracken, page 28**

Question Asked to David Martine:

David Martine: That was me. So it was essentially an IDC of interdepartmental secretaries. It was jointly chaired by the Secretary of DPC and the Secretary of the then Department of Jobs, Precincts and Regions, and I was a member of that committee.

Joe McCracken: And what was the frequency of the meetings? Did they meet weekly, fortnightly, monthly?

...

Joe McCracken: Are you able to provide the committee with a copy of the agendas and minutes taken from those meetings?

Response: The Commonwealth Games IDC generally met approximately once a month. The Department of Premier and Cabinet and Department of

Jobs, Skills, Industry and Regions co-chaired the IDC, and would be best placed to provide advice on agendas, papers and minutes.

5. **Michael Galea, page 29**

Question Asked to David Martine:

Michael GALEA: You also said that the business case took a lot of, for want of a better word, evidence or learnings from the Gold Coast games and added a set amount of inflation and other factors to that, as well as what obviously then needed to be added to make it relevant for a different proposal. In making those decisions and in estimating those inflation figures, how does the department go about the process?

David MARTINE: Well, we were not involved in the actual development of the business case or even shaping the business case. As I indicated earlier, we saw what I would describe as sort of the final draft in late January 2022. We obviously looked at the business case and made an assessment as best we could on the overall costs and the overall benefits, but in terms of the exact variables that the consultants used in terms of adjustment, I would need to go back and have a detailed look at the business case.

Response: DTF was not involved in the development of the January 2022 business case, and the approach taken to develop a modelling approach.

In terms of the parameters used in the final business case, DTF understands that:

- the operational costs were based on the 2018 Gold Coast event, adjusted for inflation (with further variations applied to workforce, security, transport, and certain operational expenses to account for costs of the regional 4-hub model),
- the infrastructure estimates were compiled based on guidance from expert consultants and desktop research, and
- the economic benefits calculated for hosting the Games.

6. **David Davis, page 30**

Question Asked to David Martine:

David DAVIS: ... I just want to pick up something coming out of that evidence there. Late January, on 25 January you got the further draft of the initial business case. Did Treasury support that?

David MARTINE: The business case was considered by government in late January 2022. We provided advice to the relevant cabinet subcommittee at the time.

David DAVIS: And that was to support it or not to support it?

Response: DTF cannot disclose its advice on the business case included in the submission considered by ERC in January 2022 as it formed part of Cabinet deliberations.

7. **David Davis, page 31**

Question Asked to David Martine:

David DAVIS: ... Mr Weimar gave evidence that the OC's final budget was \$1.626 billion in May. Did DTF agree with that budget?

David MARTINE: I would need to double-check. One of the important points to remember, though, is their budget was just a component of the overall, so –

David DAVIS: But that is a key component.

David MARTINE: Yes, so their \$1.6 billion would have been a component of the \$4.5 billion, for example. So the Office of the Commonwealth Games was the part of the public sector responsible for bringing all of the costs together. The organising committee's component – I just cannot honestly remember whether it was \$1.6 billion or not – would have been part of that \$4.5 billion.

David DAVIS: And perhaps when you come back you could tell us whether there was a risk escalation put in that too. That would be helpful.

Response: DTF understands that the Organising Committee's (OC) advice around potential budget requirements was provided in the first instance to the Office of the Commonwealth Games (OCG). DTF provided advice to the Government on resulting submissions to ERC, not the OC's specific input into the process of preparing any relevant submission.

On 19 August 2023, the Government released a document titled *Commonwealth Games 2026 Costings*. This document outlines that a \$450 million operating contingency was included in the July 2023 estimate of the Commonwealth Games Budget. The July 2023 estimate also included significant additional cost pressures that could amount to approximately \$2 billion. The additional cost pressures included but were not limited to: hyper-escalation driven by compressed timelines, regional supply constraints and broader inflationary pressures across the economy, accommodation shortfalls in the regions increasing cost, and major sporting code displacement costs.

8. **Melina Bath, page 37**

Question Asked to David Martine:

Melina BATH: ... I would like to go back to when Mr Davis was talking about

the one-pager provided by the government with a total figure of \$6.865 billion – the government’s final figure. On what date did you – DTF – arrive at this figure? What date was it arrived at, and did you discuss the figures with the Treasurer or Assistant Treasurer?

David MARTINE: If I just refer back to my opening statement, it was early July 2023.

Melina BATH: Could you provide an actual date?

Response: The one-pager released by the Government was derived by combining 3 elements:

- total budget requested (\$4.2 billion)
- latest estimates of police and transport costs (\$0.7 billion)
- costed risks provided by the OCG (\$2.0 billion).

DTF received an estimation of the costed risks outlined above on 5 July 2023 and provided advice ahead of final ERC consideration on 14 July 2023.

9. **Melina Bath, page 38**

Question Asked to David Martine:

David MARTINE: Well, what we have said is that you have got the \$4.2 billion plus the policing and transport. Two billion dollars of risks have been identified and have been costed, and we included that in our advice to government. If we took the view that these costs were not going to eventuate, then we would not have briefed government that way, so clearly, by definition, we are saying that these are real, costed risks that need to be taken into account in making an informed decision.

Melina BATH: And when did you advise the government? Do you know what date you advised the government of exactly what you have just said now?

Response: Refer to question 8 response.

10. **David Davis, page 41-42**

Question Asked to David Martine

David DAVIS: So my question is: do you have another example of where a 100 per cent risk has been counted in these sorts of figures and released in a table?

...

David MARTINE: Their costings up here include the athletes villages et cetera, but what they had identified as part of the \$2 billion was additional accommodation pressures relating to the ability of officials and volunteers et cetera. If you have got a regional model and they are day to day doing the athletics in Ballarat et cetera, they need to be housed somewhere, and the pressure point was becoming quite significant in terms of where they would need to be accommodated, so some accommodation would be required.

David DAVIS: No other project. If you have got one, please come back with an example.

Response: In general, DTF's role when evaluating risks is to assess the quantifiable consequence of risks, and their likelihood. All projects carry a level of risk, which is why contingency provisions are included.

With specific reference to the Commonwealth Games, DTF considered the costed risks to be of significant consequence to merit their inclusion in advice to the Government to ensure it was aware of the total potential cost of the project if those risks were to eventuate.