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Summary

In April 2022, the Australian state of Victoria was confirmed to be the host of the Commonwealth Games 2026. The proposal placed a strategic emphasis on leveraging legacy to benefit local communities, particularly through the provision of affordable and social housing and sporting facilities in regional Victoria. The Games were to take place across five regional cities to showcase Victoria globally, while generating economic growth for the regional economies, creating local jobs and boosting inclusion and participation of regional communities. However, in July 2023, the Premier of Victoria announced the cancellation of the Games, primarily justified by the increase in the initial cost of running the event. This conceptual case study provides an analysis of the factors that influenced the cancellation and identifies several significant challenges that contributed to that outcome, including lack of infrastructure, logistical complexities, and budgetary constraints, as well as the intricate dynamics among these aspects. It also discusses the potential opportunities and challenges for the state of Victoria and its brand as a host of sporting events.

The value and interest of the case study

This case study delves into the complexities of hosting a sports mega-event, especially one that aspired to be innovative but fell short in addressing crucial aspects during its conception and planning. Applying the Ritchie and Crouch (2003) Conceptual Model of Destination Competitiveness, this case study demonstrates the interplay between a destination's competitiveness and sustainability in the context of mega-events planning. By examining some key factors from this framework, we pinpoint the shortcomings that led to the cancellation of the mega-event. This study prompts inquiries into the challenges and benefits of hosting such large-scale events.

Context

Hosting mega-events is a potentially strategic way to stimulate economic growth given their potential to attract significant visitation to the host regions, which in turn can generate substantial economic impacts in the host community through visitor spending and employment opportunities (Allen et al., 2022; Li, 2013). However, the planning and organising of mega-events is inherently complex, involving a myriad of logistical, infrastructural, financial, political, and socio-cultural considerations. These challenges often intersect and amplify each other. Some of the factors complicating the planning and implementation of mega-events include inadequate infrastructure, logistical complexities, budgetary constraints, limited time for implementation, political instability, public

opposition, and unforeseen external events (Di Vita & Wilson, 2021; Lauermaun & Vogelpohl, 2017; Moore et al., 2017).

As elected host of the Commonwealth Games 2026, the Victorian government expected to deliver an innovative model in their proposal that originally included hosting the events across three of the state's largest regional cities, namely Geelong, Ballarat and Bendigo. Later, two other cities, Shepparton and Gippsland, were added (Commonwealth Games, 2023). Other key components of this multi-regional-hub plan were the use of existing sports infrastructure and venues, as well as the opportunity to improve transport and housing infrastructure in the proposed regional cities. The government's vision for the Games was to share the benefits related to the Games and their legacies across the state of Victoria.

In July 2023, the Victorian Premier announced the cancellation of the Commonwealth Games, citing the main reason as financial, with a cost increase from the initial projection of A\$2.6 billion to A\$6 billion. This raises important questions: Does the cancellation of the Commonwealth Games 2026 suggest that hosting such events is becoming more difficult to justify financially? Do the costs outweigh the benefits of hosting such a mega-event? This case study applies Ritchie and Crouch's (2003) model of Destination Competitiveness and Sustainability as a comprehensive framework to guide the examination of the factors that catalysed the cancellation of the Victorian Commonwealth Games 2026. It also includes a discussion addressing the decision to breach the contract of hosting the Games in Victoria.

The Complexities of Destination Planning for Mega-Events

The cancellation of mega-events has garnered scholarly and societal attention due to the severe socio-economic consequences for the host destinations and the multifaceted challenges and factors that contribute to such outcomes (e.g., Flyvbjerg, 2021; Jones et al., 2022; Peric & Vitezic, 2019). The case of the Victorian Commonwealth Games 2026 is particularly complex, with the government acknowledging that the planned multi-hub regional model was going to require substantially more resources and funds to implement compared to traditional models of running the Games in major cities (Victorian Government, 2023). In light of this, we must consider, could the Commonwealth Games organisers have done more to assess the feasibility of the bid before committing to it?

Amidst the challenges posed by this resource-intensive approach, the decision to cancel the Victorian Commonwealth Games 2026 ultimately hinged on a myriad of economic, political and logistical considerations. One model that provides a holistic approach to assessing such considerations is the Destination Competitiveness and Sustainability framework proposed by Ritchie and Crouch (2003). Specifically, the model is used to

evaluate a destination's capacity to attract visitors and generate economic benefits while maintaining a sustainable balance between environmental, socio-cultural, and economic considerations and consequences. This makes it a suitable lens to adopt in the context of this case study. While the model provides a comprehensive framework for understanding destination competitiveness and sustainability, its direct application to dissect the intricacies of a cancelled mega-event is scarce in the current literature, revealing scope for further research. The model also accounts for external forces, and competitive and comparative advantages of a destination, which will not be examined within the scope of this case study.

[Insert Figure 1]

CAPTION: Figure 1 Ritchie and Crouch Conceptual Model of Destination Competitiveness

ALT TEXT: Image shows the framework of destination competitiveness and sustainability, it has five levels of factors starting from the bottom: Supporting factors and resources; Core resources and attractors; Destination management; Destination policy, planning and development; and, Qualifying and amplifying determinants. The framework also includes the Competitive (Micro) environment and the Global (Macro) environment. The Destination Competitiveness and Sustainability also includes details of the Comparative Advantages and the Competitive Advantages.

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The Destination Competitiveness and Sustainability framework (Figure 1) has as its centre the destination's *Core Resources and Attractions*—natural, cultural, and built assets that attract visitors. While the success of a destination relies on these factors, *Supporting Factors and Resources* provide a foundation for the development of a destination. These factors include accessibility, infrastructure quality, human capital, entrepreneurship, political will, and hospitality, which play pivotal roles in shaping a destination's overall success.

The lack of adequate infrastructure is a fundamental issue that affects a destination's development and sustainability when hosting a mega-event, reflecting the crucial role of infrastructure in facilitating the smooth execution of a mega-event. In recent years, the organisation of mega-events has moved away from infrastructure-heavy approaches to ones emphasising reuse, adaptation and sustainability, rather than the construction of new venues (Jones, 2020; Ponzini et al., 2020). In line with this, the original plan to host the

Commonwealth Games 2026 aimed to control the costs by making use of existing sports venues and infrastructure (Le Grand & Hatch, 2023). Victoria's plan of hosting the Games involved the distribution of events across regional hubs, which would have created advantages in terms of efficiency, manageability of contingencies, and reduction of the level of socio-economic and spatial uncertainty while spreading the potential benefits around the state. It is suggested that such a model can serve as a strategic advantage in the planning and implementation of mega-events (e.g., Di Vita & Wilson, 2021). However, as more sports were included in the Games, the venue plan underwent significant modifications, leading to the requirement of extensive capital works and the construction of additional temporary facilities at additional expense. Therefore, the aspect that could have facilitated the successful implementation of the event had turned into one of the greatest challenges for the state and event planners. Could a more thorough assessment of potential challenges in the initial planning phase have prevented the financial strain that led to cancellation?

Another *Supporting factor* that could have played an important role in the cancellation of the games was political will, as local politics were distorted in the planning decisions related to this event (Le Gran & Hatch, 2023). The original bid documents did not estimate the costs of government services such as police requirements to ensure safety or the logistics involved in the movement of athletes and the general public between the regional hubs (Le Gran & Baum, 2023). Furthermore, while the bid to host the Games was initiated by the Victorian government, it lacked additional funding from the federal government (Yerushalmy, 2023).

Other critical considerations that may have determined the outcome of the planned Victorian Games are integrated within the strategic framework for *Destination Policy, Planning, and Development* guiding a destination's growth with specific economic, social, and societal objectives. This framework requires consensus among stakeholders on the scope of governance, influenced by the destination's unique philosophy. A clear vision of the destination's future, grounded in a thorough assessment of its attributes and competitive position, is essential. Accordingly, the *Destination Management* aspect of the model involves the daily implementation of the established policy and planning framework for destination development. It aims to enhance core attractions, improve supporting factors, and adapt to external influences. This includes various actionable activities such as destination marketing, enhancing the visitor experiences and fostering a holistic management approach, as well as logistical considerations in terms of financial and human resource needs and managing visitor impacts. The successful hosting of a mega-event relies heavily on effective logistics management to handle the intricate web of activities, movements and actors involved in the event. In this case study, the multi-hub concept was likely going to present a logistical challenge for event organisers, employees, athletes and attendees. The Victorian government estimated that 400,000 visitors would come to

Victoria for the event, with authorities urging spectators not to travel between regional cities in a single day due to accommodation and transport issues (Matson, 2023). In an effort to minimise some of the logistical challenges, the government and Games officials discussed the construction of new regional railway stations to cater for the anticipated increase in visitors (Le Grand & Hatch, 2023). This shows that inadequate current *Supporting Factors and Resources* in Victoria's regions, such as event venues, accommodation, and transportation, would have hindered the destination's ability to successfully manage and accommodate the anticipated influx of visitors. The absence of suitable facilities such as accommodation could in turn have compromised the visitor experience and affected event logistics. Moreover, a lack of comprehensive planning and collaboration among event organisers, local authorities, and other relevant parties could have exacerbated logistical difficulties, making it impractical to adequately address the anticipated complexities of the event.

The group of *Qualifying and Amplifying Determinants*, often termed situational conditioners, moderate or magnify competitiveness by interacting with the other determinants. They include location advantages, interdependencies between destinations, safety and security, awareness and image, cost/value factors influenced by various economic structures, and a destination's carrying capacity. These factors can impose limits on a destination's potential, shape visitor choices, and affect the overall destination's growth and development. The *Qualifying and Amplifying Determinants* are interconnected with the three levels discussed in this section thus far. Our analysis shows that their combined impact led to a tipping point where the viability of holding the Games in Victoria became questionable. As previously discussed, several qualifying and amplifying factors had converged to create an environment that was unfeasible for the mega-event organisers and participants, leading to the cancellation of the Games. These include the relatively low carrying capacity and logistical challenges associated with the planned location of the Games, conflicting political will, limited transportation infrastructure and the cost/value perception of holding the Games in Victoria. Moreover, this mega-event required careful coordination and collaboration between multiple regional destinations, with potential issues arising from these interdependencies—such as conflicting interests, lack of efficient communication, and inability to ensure a seamless experience. These determinants could have further affected the overall success of the event. Arguably, the balance was tipped towards negative outcomes. Therefore, the cancellation of the Games could be seen as a decision to prevent potential losses and negative impacts on all stakeholders involved. This prompts us to ask, was the cancellation a failure not only of the Games but also of regional actors involved in the planning and execution? Should mega-events like the Commonwealth Games be scaled back in terms of size and scope to mitigate financial risks?

What is next for Victoria?

One of the key arguments of the Victorian government during the announcement of the Commonwealth Games' cancellation was opportunity cost. Since capital investment for mega-events is drawn from government funding, this money can be spent in other areas, such as improvement in the healthcare and education sectors where the host population may benefit more (Wan & Song, 2019). In effect, investment commitments to social and affordable housing and improvement of infrastructure planned to expand Victoria's carrying capacity and visitor experience during the Games are still on the agenda of the current government (Anderson, 2023).

Prior to the COVID-19 pandemic, events had been a significant driver of the Victorian visitor economy (City of Melbourne, 2020) with Victoria being recognised as a global sporting events capital for Australia (VTIC, 2021). As the state of Victoria emerges from the crisis, enhancing "Victoria's reputation as Australia's events capital and global events state" has been prioritised among the key recovery strategies (Visit Victoria, 2021, p. 11). Nevertheless, the cancellation of the 2026 Commonwealth Games has sparked several criticisms across media channels as well as disappointment from industry bodies, such as Victoria Tourism Industry Council (VTIC), given its potential damage to Victoria's global sporting brand reputation (The Age, 2023; VTIC, 2023), which the state and industry have invested 30 years building. Looking ahead, we ponder how can Victoria sustain its reputation and competitiveness as an events destination after the Commonwealth Games' cancellation?

Existing research has emphasised a strong reputation as one of the key success factors in bidding to host a mega or major sports event such as the Olympics and the Commonwealth Games (Geoff, 2008; Westerbeek et al., 2002). Nicolas et al. (2012) suggest that country/destination image is an important factor in the bidding competition. Thus, the cancellation of the 2026 Commonwealth Games by the Victorian Government may affect Victoria's future competitiveness when bidding on another mega or major sports event. However, the state already hosts other sporting games, such as the Australian Football League, soccer A-league, rugby, cricket and Formula 1, that will not be affected by the cancellation. Furthermore, Melbourne has recently experienced tremendous success in co-hosting the 2023 FIFA Women's World Cup. This mega-event generated an AUD 7.6 billion boost to the Australian economy. Over 1.5 million tickets were sold, with Football Australia celebrating hosting the most successful FIFA Women's World Cup ever (Football Australia, 2023). Although data on the specific economic impact of the event for each state is not yet available at the time of writing, undoubtedly, the success of the 2023 FIFA Women's World Cup in Australia as a whole and in Melbourne, in particular, has been a significant boost to the destination's reputation. Yet, whether such success can compensate for the

Commonwealth Games cancellation requires empirical assessment when relevant data are available.

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