

GENERAL PURPOSE STANDING COMMITTEE No. 1

Friday 15 October 1999

Examination of proposed expenditure for the portfolio area

OLYMPICS

The Committee met at 10.15 a.m.

MEMBERS

Reverend the Hon. F. J. Nile (Chair)

The Hon. P. J. Breen
The Hon. R. T. M. Bull
The Hon. Jan Burnswoods
The Hon. D. T. Harwin

The Hon. J. R. Johnson
The Hon. A. B. Kelly
The Hon. P. T. Primrose
The Hon. H. S. Tsang

PRESENT

The Hon. M. S. Knight, *Minister for the Olympics*

Olympic Co-ordination Authority
Mr D. Richmond, *Director-General*

Sydney Organising Committee for the Olympic Games
Mr S. Hollway, *Chief Executive*

Olympic Roads and Transport Authority
Mr R. Christie, *Chief Executive Officer*

Darling Harbour Authority
Mr A. Marsh, *Chief Executive*

Minister's Staff
Ms A. Milne, *Policy Adviser*

CHAIR: I declare this meeting of General Purpose Standing Committee No. 1 open. At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio area of the Olympics. Before questions commence some procedural matters need to be dealt with. Members of the media should be aware that Standing Order 252 of the Legislative Council states that any evidence given before this Committee and any documents presented to the Committee which have not yet been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by any member of such Committee or by any other person.

Accordingly, the Committee has resolved in this regard to authorise the media to broadcast sound and video excerpts of its public proceedings held today. The Committee's resolution conforms with the guidelines governing the broadcast of proceedings adopted by the Legislative Council on 11 October 1994. The attendant on duty has copies of these guidelines. I emphasise that only members of the Committee and the witnesses before it may be filmed or recorded. People in the public gallery are not considered to be part of the proceedings and, therefore, may not be included in sound and video broadcasts.

In reporting the proceedings of this Committee, as with reporting the proceedings of both Houses of Parliament, the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee. While there has been provision in previous years' budget estimates resolutions for members of a Committee and substitute members to refer directly to their own staff at any time, there is no such provision in the current resolution. Members and their staff are therefore advised that any messages should be delivered through the attendant on duty or the Committee clerks.

For the benefit of members of the Committee and Hansard, I ask departmental officials to identify themselves by name, position, department or agency before answering each question. The agreed allocation of time is 30 minutes for the Opposition, 15 minutes for the Hon. P. J. Breen and 15 minutes for the Chair. Minister, do you wish to make a brief statement?

Mr KNIGHT: First, I thank the Committee for its indulgence in scheduling the hearing for a time when I was back in the country. I had some Olympic business that prevented me attending on previous occasions. Second, I apologise profusely for being late this morning. Sometimes when one is seeing a specialist the appointment goes a little over time. I do not expect the indulgence to extend to the softness of the questioning.

CHAIR: Do you wish to make a brief statement about the Olympics?

Mr KNIGHT: No.

The Hon. D. T. HARWIN: The 1999-2000 State budget shows that substantial Olympic-related expenditure is being footed by departments other than the Minister's portfolio agencies. Are you able to give a figure for the real cost of the Games, including the figures for those other agencies?

Mr KNIGHT: We have taken a very hard attitude towards other agencies that have sought funding for what they have termed "Olympic-related purposes". Without denigrating the other agencies, I think it is fair to say that there is a tendency from time to time for agencies to think that if they put the "O" word in front of a pet project it might have a better chance of getting up through the budget committee or the Government process. In a joint procedure involving Treasury and the Olympic Co-ordination Authority [OCA] we have taken a very hard look at the sorts of things people have sought in terms of other expenditure for the Olympics. There is now, as published in the budget, a figure for other services of \$433.2 million. That has been put out in some of the global budget figures we released at the time of the budget.

The Hon. D. T. HARWIN: Does that \$433.2 million include the cost of security for the Olympics?

Mr KNIGHT: Yes, it does.

The Hon. D. T. HARWIN: As bodies like the Olympic Co-ordination Authority are responsible for the delivery of new sporting and recreational facilities and venues at Homebush Bay, why is the figure of \$1.1 million to prepare the State Sports Centre for the 2000 Olympic Games included as an OCA allocation as opposed to being included in the sport and recreation portfolio?

Mr KNIGHT: Which reference are you talking about? We are happy to answer your question but it would help if you could indicate where that is included in the budget papers.

The Hon. D. T. HARWIN: The \$1.1 million for the State Sports Centre is included in the allocation to the Minister for Sport and Recreation. As that allocation clearly relates to the delivery of a new sporting and recreational facility and venue at Homebush Bay, which is the OCA's charter, why is it not included in the OCA budget figures rather than under sport and recreation?

Mr KNIGHT: For the very simple reason that the State Sports Centre falls within the portfolio of the Minister for Sport and Recreation. There are a number of historical anomalies. Basically, to put a crude assessment on it, all the new stuff at Olympic Park since the formation of the OCA, since the change of government in 1995, are OCA matters and the OCA has built them. The State Sports Centre, which predates even the last Government—it goes back to the Wran period—has historically been within the portfolio of the Minister for Sport and Recreation. As I understand it, there is funding of \$1.1 million for airconditioning and

repainting of the centre. That is part of the long-term asset plan and long-term capital upgrade.

The Hon. D. T. HARWIN: I am simply trying to reconcile the approach taken to the way the budget is compiled. For example, why is the admittedly small allocation of \$275,000 to New South Wales Fire Brigades for Olympic-related works at Homebush, which presumably are post 1995, listed separately? Why is that not included in the allocation to the OCA?

The Hon P. T. Primrose: Point of order: We are quizzing the Minister about the Olympics budget as presented in the budget papers, not how the budget is framed. This Committee quizzed the Treasurer about a number of matters; that would have been the appropriate time to ask questions about the framing of the budget. Equally, I could ask the Minister why issues relating to the construction of hospitals are not covered by his portfolio. It is not his responsibility to answer questions about how the budget is framed. It has been acknowledged that those matters appear in the budget. Questions relating to those matters should be properly answered by those Ministers under whose portfolios they appear in the budget papers, not the Minister for the Olympics.

The Hon. R. T. M. Bull: To the point of order: I do not think the Minister is having any trouble answering these questions, and I do not think he needs the support and defence of the Hon. P. T. Primrose.

The Hon P. T. Primrose: That is hardly an answer.

The Hon. R. T. M. Bull: Clearly, the Minister is quite comfortable sorting out where these appropriations should lie.

The Hon P. T. Primrose: Further to the point of order: It is not appropriate for the Minister for the Olympics to be answering questions about the portfolio areas of other Ministers.

CHAIR: I understand that. The Minister can simply say that something is not part of his portfolio.

Mr KNIGHT: The Hon. P. T. Primrose's point is correct, and I hope that the Committee does not spend two hours asking me questions about the portfolios of other Ministers. Too often the Olympics are accused of trying to rule the world without wanting to take responsibility for other Ministers' portfolios. I suppose the confusion arises because there are basically three conceptual sorts of items. The first are items within the OCA budget which are to do with the Olympics. The second are items within other Ministers' budgets which are included in a global Olympic cost. I understand that the small amount of money allocated for the

Fire Brigades comes from that \$433.2 million we talked about earlier as being costs for other departments that are considered to be Olympic-related costs. The third are costs of other Government departments that are not Olympic-related costs, although some people may see them in that light. As the Hon. P. T. Primrose indicated, I cannot answer in detail questions about the portfolios of other Ministers.

The Hon. D. T. HARWIN: I understand that. I simply wanted to get behind the philosophy of the way the budget was presented, which I think I can quite properly put to the Minister for the Olympics.

Mr KNIGHT: To further confuse the issue, let me say that there are a number of matters in the OCA budget which, on a strict interpretation—indeed, on the interpretation of the Auditor-General—are not Olympic costs. We have included in global figures the full cost of the construction of the new showground at Homebush Bay although the Auditor-General in previous documents and published reports does not consider that to be an Olympic cost because it is a new showground cost. There is a fairly arbitrary question involved: Do we include the stadium as an Olympic cost because it will clearly be used for the Olympics, or do we try to apportion the stadium costs because it will be used for decades for rugby league, rugby union, soccer, Australian football, perhaps one-day cricket and so on. It is a fairly arbitrary assessment.

The Hon. R. T. M. BULL: Minister, could you outline to the Committee the arrangement with Tattersalls Club regarding the allocation of tickets?

Mr KNIGHT: I will deal with the conceptual issue and then I will get Sandy Hollway to give you information about specific matters. There is an obvious dilemma in Olympic ticketing generally. On the one hand, do we provide tickets as cheaply as possible to the whole community? We could certainly do that; we could make tickets to everything \$5 and make them available to the entire community. The downside of doing that is that instead of returning a \$30 million surplus to the taxpayers, the taxpayers will have to kick in hundreds and hundreds of millions of dollars to subsidise the people who went to the events.

At the other extreme, we could get every Olympic ticket sold to the highest bidder and make lots of money. We could probably make \$100 million in ticket sales if we just milked the rich all round the world. No average Australian citizens would get to the Games but a terrific profit would be returned. They are the two polarities. We have to try to find a balance between making tickets available at an affordable level to the average Australian but also raising sufficient revenue so that we do not end up with the taxpayers having to subsidise the tickets.

What SOCOG has done—in my view, prudently—in that process is introduce a series of cross-subsidies. For example, if you look at the tickets to the opening ceremony, the dearest class A tickets to the opening ceremony are considerably more expensive than were the A class tickets in Atlanta. However, the cheapest tickets for the opening ceremony—and we have 10,000 category D tickets—are considerably cheaper than the cheapest tickets to Atlanta's opening ceremony. There is effectively a cross-subsidisation.

As part of that cross-subsidisation process, SOCOG has also taken a number of premium packages and sold them at premium prices that are way above—in the case to which you have referred, 300 per cent—the face value of the tickets. That is not a one-off special deal for Tattersalls. From the very beginning there had been a number of tickets quarantined precisely for that purpose—to milk the rich, to put it crudely—to help subsidise the rest of the community and obviate the need for taxpayers as a group to subsidise them. That is the general background. I will ask Mr Hollway to elaborate on these specific matters of the deal which involve the Tattersalls Club.

Mr HOLLWAY: As a matter of fact, I believe at this time that the deal has been negotiated with Tattersalls. I am not sure that it has actually been signed. I just make that formal point.

CHAIR: So you do not have the money yet?

Mr HOLLWAY: I do not have the money yet.

Mr KNIGHT: It is a generic problem.

Mr HOLLWAY: The deal with Tattersalls would involve the provision to them at prices considerably above face value—in other words, at premium prices—of a range of tickets. These tickets for Tattersalls would be drawn out of a pool of tickets that are separate from the tickets that were, and are, available to the Australian public. They are drawn from tickets which we purchased back from Stadium Australia. The Committee may recall that some of the stadium gold packages—indeed, many—were not sold. SOCOG took a decision perhaps a year or eighteen months ago that we should acquire those tickets—rather than simply let them go into the market and potentially undercut sponsors—as well as tickets which were not taken up by overseas buyers and other constituent groups such as sponsors.

The tickets were in addition to the public allocation and, as I say, they were priced at a significant mark up on face value, as the information in the press shows. If I may say so, that is part of a program, the rationale for which the Minister and the president of SOCOG have described. It is designed to yield \$35.3 million, which we are seeking through that mechanism compared to a target of

approximately \$215 million for which we are striving from the public tickets offering.

The Hon. R. T. M. BULL: How many tickets are available through these gold packages?

Mr HOLLWAY: If I may, I would like to stand subject to correction on this, but I would be happy to consider providing the information later and check on it.

CHAIR: The question can be taken on notice if you wish to table factual, detailed material later.

Mr HOLLWAY: I think so, yes. When I say consider, I am not trying to be difficult in relation to that, either. There are a number of other areas in which, in all prudence, I must consider the commercial sense of releasing prices and value because we are seeking to do these premium deals case by case, person by person or group by group. A knowledge of how much is there can affect the premiums we are trying to exact. That is my only caveat. That being said, my recollection is that we purchased back some 10,500 stadium packages a year or 18 months ago. When that is multiplied by 18 sessions, that is quite a large number of stadium tickets.

I think it would be true to say that there would be something in the order of 60,000 tickets from other sporting events that will be taken to leaven that stadium pot. Therefore that will be available to us to sell at premium prices as a package for individual customers and that would be roughly the overall total. I might add, in relation to the question about the relativity of that to the public tickets offering, that, of course, it is a rather trivial though valuable number of tickets compared with the five million tickets on offer to the Australian public.

The Hon. R. T. M. BULL: Are those premium tickets available at any other venues?

Mr HOLLWAY: One could secure a premium package to a range of venues, not just the stadium, if the package had the leavening of tickets from other sports which we have taken for that purpose.

The Hon. R. T. M. BULL: I understand—or it has been alleged—that some of the national Olympic committees are not using all of their allocations and are actually on-selling some of those tickets. Is this something upon which you can give us some information?

Mr KNIGHT: The background to this is that SOCOG is obliged to sell tickets to a number of groups outside Australia, such as international federations, national Olympic committees—of which there are nearly 200 around the world in addition to Australia—and also international sponsors. We are contractually obliged to do that as part of the deal of getting the Olympic Games. Indeed, if Atlanta did not have the same deal, then the Australian Olympic

Committee would not have had any tickets and no Australians would have been able to go to Atlanta; similarly, no Australians would have been able to go to Barcelona, and none would be able to get to Athens. That is the process. Generally, those national Olympic committees do not resell the tickets overseas. For example, the American Olympic committee would not just set up a counter in its head office in Colorado Springs and sell the tickets over the counter. They tend to use some for athletes' families and put together packages of travel, accommodation and the tickets, and they use an agent for that. That is the norm. That is generally how national Olympic committees operate.

There are suspicions that a couple of national Olympic committees, which I obviously would hesitate to name, have a tendency not to have those tickets end up in packages in the country but to have them sold off to other brokers. There are suspicions that that happens from time to time. In a perverse sense it results in more tickets getting back into the hands of Australians if the tickets are sold by scalpers back to Australians at the time of the event. It is not a procedure we encourage but it is virtually impossible to stop. How can the Athens Olympic Committee police what the Australia Olympic Committee does with the allocation it is contractually obliged to buy? Not that I would suggest that John Coates and the Australian Olympic Committee would ever do anything improper—far from it—but that is the procedure.

The Hon. R. T. M. BULL: Minister, can you assure the Committee that the system of the ballot for tickets is fair and that mums and dads and families out there will get a proper deal, especially in the second round of first come, first served?

Mr KNIGHT: Arthur Andersen, a very reputable accounting firm, audited the first ballot procedure and has given public and private assurances that it was scrupulously fair. That is how the procedure worked. Every session of every sport was treated separately. All of the people who sought a category B ticket to a preliminary event either got it or, if the event was oversubscribed, there was effectively a random draw as to who got the tickets. The same process applied to category A seats in the stadium, category D seats in the stadium, category D seats in the swimming and so on. So I think we can be as sure as anyone can be that the procedure was scrupulously fair.

You have raised the question of the second offering to people who had put in for the first application. In that process staff came to the SOCOG board and put forward a procedure, which the board accepted, for a staggered mail out: people in the country and in far-flung States would get theirs earlier, timed in such a way that the returns from people in Glen Innes, if the applications were filled out as soon as they got them, would come back at the same time as those from people in Balmain, Grafton, Gosford or wherever. That was the theory. Indeed, as part of that process to try to get greater equity across the system, we decided not to

use the Internet. There is no secret that the implementation of that process has been less than perfect. Whether the fault lies with SOCOG, the mailing house, Australia Post or the form filling out of some of the people is a matter we are trying to determine.

But it does not matter where the blame falls, the idea of having everyone with an equal chance to return forms at the same time in the first-in-first-served process clearly has not been carried through. The question is: Where do we go from there? We have sought advice from a top QC—or SC in the new republican language—on whether we must proceed to open those returns in the order in which they came in or whether, because the fairness of the process has been compromised for the reasons we talked about, we can go to a random draw from all the people that returned by a certain date. A first year law student can tell you that if you shift from the advertised terms of the offer you are in breach. The question that you go to a top flight Queen's Counsel to find an answer to is: What are the implications of that breach? Can you act in a way that is better for the public interest in terms of fairness to remedy an unfair and unintended consequence? That is what we are awaiting advice on.

The Hon. R. T. M. BULL: So you will be making a decision based on that advice?

Mr KNIGHT: Very much so.

The Hon. D. T. HARWIN: Minister, will you provide the Committee with the name of the Senior Counsel who is providing that advice?

Mr KNIGHT: No, I decline to do that. Obviously, we will provide that advice and the name of the Senior Counsel or Queens Counsel after the advice has been given. There will be no hesitancy to do that. We have declined to provide it publicly to the press, as we have been repeatedly asked, because we want this person to be working as expeditiously as possible on the advice and not trying to deal with press inquiries in the meantime.

The Hon. D. T. HARWIN: I want to go back to the quantification that Mr Hollway gave earlier of the gold tickets to make absolutely certain that I have it correct. Ten and a half thousand stadium packages were purchased back by SOCOG as the basis for these gold ticket packages, by 18 sessions, which gives about 190,000 tickets, plus 60,000 tickets to leaven the package. So in total we are talking about approximately 250,000 tickets, are we?

Mr HOLLWAY: Yes, subject to my checking and correcting if that is wrong, as I said.

The Hon. D. T. HARWIN: I understand that. So essentially we are looking at about 5 per cent of the total number of tickets.

Mr HOLLWAY: Yes. Our total number of tickets for sale

within Australia and internationally would be approximately nine million but about five of those—

The Hon. D. T. HARWIN: Five per cent of those available in Australia.

Mr HOLLWAY: Yes. I will not complicate it further.

The Hon. D. T. HARWIN: If you want to give a fuller answer please do.

Mr HOLLWAY: I was simply going to add that when I speak of approximately five million tickets being available in public ticket offers in Australia in fact the number of tickets available to Australians would be above that because Australians benefit from the gold passes already sold. They benefit from tickets allocated to sponsors which then find their way to sponsors' staff or corporate clients and so on. So the number for Australians, while around five million, taken in total would be above that.

The Hon. D. T. HARWIN: I want to finish with a question about the tickets set aside for low-income earners. As I recall there are about 30,000.

Mr KNIGHT: No, 1½ million.

The Hon. D. T. HARWIN: Could you detail where the allocation is up to?

Mr KNIGHT: I spoke to the Committee earlier about the philosophy behind the ticket allocation. As part of making the expensive tickets more expensive and the affordable tickets more affordable we also recognised that there were a significant number of Australians from low-income households and that if the tickets were cheaper it would be of enormous benefit to them. While it is effectively impossible to give a \$10 ticket to the opening ceremony or the swimming finals, we wanted every Australian to have the opportunity to share in some of the experience of the Games, to share the spirit, to share the excitement. We deliberately constructed as part of our overall ticket proposal 1½ million tickets in the \$10 to \$19 price range.

Every ticket includes the full public transport component. We deliberately constructed it in that way. Those tickets are distributed essentially in three ways and that will be done early next year. Firstly, through schools we will target schoolchildren. Secondly, through a range of community and welfare organisations we will target people on low incomes that those organisations have a relationship with. Thirdly, because we do not want to make these tickets off limits to anyone who has no children of school age or has no relationship with community or welfare organisations, there will be a capacity for people to access directly the three groups. Sandy Hollway can elaborate on the mechanics.

Mr HOLLWAY: Briefly, this is a very interesting and important question of policy and program design which we are

still working through. Perhaps the most important thing is to indicate one or two of the policy and program design challenges. For example, we wish to provide 750,000 tickets to school kids. I am interested in learning from the people who run the schools, as opposed to people who provide Olympic tickets, how the principals would best go about managing within their schools the tickets offered to them. We need to consider issues such as whether we provide a wide menu and range of tickets, which would then require the principal to perhaps go to the parents, the kids, the school community and say, "Let's all get together and figure out what we would like to have." That strikes me as a very laborious process. Another option is whether we do some prepackaging to simplify the process at the school end. That is one issue.

It is hoped that the other tickets will find their way to the more disadvantaged in society. The interesting questions involve the extent to which tickets can be allocated through community organisations and, if so, to which ones, and how can we pick up the wider community who may not be associated with social welfare or other organisations. This will be a complex task and I would like to have a policy and a program design announced, if possible, by year's end. I would like to catch the new school year in 2000 in the early stages, and I believe that the design of the program very much needs to be done in consultation with community groups, school principals, the education authorities, et cetera.

Mr KNIGHT: I will make two general points about that. Firstly, this is the first time any organising committee in history has done anything of this nature. This is very much an Australian "fair go" concept that is being implemented. Secondly, the administrative costs of selling and distributing these tickets will probably effectively make a loss. It takes as much effort and administrative expense to sell a \$10 ticket as it does to sell a \$1,382 ticket, but that is precisely the reason we are into the cross-subsidy that we talked about earlier.

The Hon. P. J. BREEN: Minister, I was one of the fortunate people to obtain tickets in the first allocation. Beforehand I had asked all the members of my family who was interested. No-one was. But now that the gun has been fired and tickets are available, everyone wants tickets. Will the people who have not applied be given another opportunity to obtain tickets?

Mr KNIGHT: I will ask Sandy Hollway to elaborate on the detail, but as I said repeatedly—and as Sandy, the principal ticket spokesman, said many times and as Mark Taylor, who fronted the campaign, said many times—the first-round offering is the best, and inevitably a number of sessions would sell out during the first-round offering so people should put in for them or risk missing the boat. That is exactly what happened. The second-round offering—and currently there is a question of terminology here—was to people like yourself who applied in the first round and sent

their money. They have been given priority in the first pick of what is left. There will be subsequent offerings. That will be by either a second round, if what is occurring now is the conclusion of the first round, or a third round, if different terminology is used, as well as a box office procedure, an Internet procedure and a whole range of procedures leading up to the Games.

No Olympic Games in history has been a 100 per cent sell-out with every ticket to every event in every session being absolutely sold out. If people want to get to something, to be part of the Games, they will be able to do that. Obviously, the events that are in highest demand sell out quicker and quicker. Attending any Olympic event is desirable, as anyone who has been lucky enough to attend an Olympic Games would agree. There are no bad events; it is a fabulous experience. But, clearly, the longer people delay applying for tickets the more likely they are to miss out, because a range of events may be sold out. I ask Sandy Hollway to detail the process.

Mr HOLLWAY: I would not want to come across as a crass salesman, but if your family calls 136363 and registers we would be happy to send them a book the next time round. In November we will make available to anyone who wants it, and widely available throughout Australia, yet another ticket book which will at that time contain information on all the tickets then remaining. The tickets will be available not only to people who have ordered before, that is in the present round, but to anyone, including members of your family, who did not order them before. They will be given complete information about what is available, the prices, order forms, and so on.

The Hon. P. J. BREEN: Will there be a publicity campaign along similar lines?

Mr KNIGHT: Absolutely.

Mr HOLLWAY: Very much so. I was not being facetious when I mentioned 136363. We have a system whereby if someone wants to preregister to get that book and did not order before, they can do that now. That offer will run through November. Between December and about February our ticket operations team will be fully involved virtually day and night in taking all the orders received to that point and trying to allocate them into actual places in the stadiums—in other words, not only in price categories, but places. The ticket allocation process in its detail will start. By about February we will be in a position to go to the next stage, which is live sales. To date we have taken orders by people filling in forms, but live sales will be by telephone, and the Internet. By mid-year there will be physical walk-in box offices which people can go to. They are the stages of the ticket process ahead.

The Hon. P. J. BREEN: I turn now to the effect of the Olympics on low-income housing. I must confess that I am not familiar enough with the budget papers to know whether this

is covered, but I understand that I can go outside the ambit of the budget papers. Whilst I appreciate that rents have increased across the board in Sydney as a result of the present housing boom, Minister, do you know whether there are figures available to determine the effect of the Olympics on low-income housing?

Mr KNIGHT: That is not a matter within my portfolio; it is handled primarily within the portfolio of John Watkins, the Minister for Fair Trading, who has carriage of the broader issue of rents and housing. There is also an overlap with Andrew Refshauge's portfolio. Monitoring goes on within this process. From time to time a range of organisations, such as Rent Watch, argue that increases in rent in particular areas are due to the Olympics. The research provided through John Watkins and independent consultants tends to suggest that that is not the case. However, the matter is beyond my portfolio.

CHAIR: You said a moment ago that you are seeking legal advice on the second round ticket allocation. Does that mean that your committee has already decided that it wants to go to a new system?

Mr KNIGHT: No, the board has not made a decision. SOCOG is a unique organisation, and the board will make the decision. The board will meet next Thursday; it will be a regular meeting of the board. We would anticipate no later than next Thursday having the advice from counsel and being able to make a decision. The point I was making to you is that I do not think there is any doubt that if we were to move from first come, first served, as advertised, as SOCOG's legal staff advised Sandy Hollway last week, we would be in breach of the conditions of the offer. The question is: What are the consequences and ramifications of making a breach of that nature? Is it possible to shift to a random selection for greater fairness? That is what we were trying to achieve initially with the first come, first served.

It is a matter of: Is that permissible, how would that run and can that be done? If the Queen's Counsel, Senior Counsel, or whoever, advises that it is possible to do that, it will be a policy determination for the board to decide whether to do that. There has been no pre-decision as to whether to do that. The legal implications of making the change are complex, if the board decides to make the change. We are being very prudent to ascertain those legal implications before making a decision about whether or not to make a change. The board may decide to make a change or it may decide not to make a change. The decision will be made on the combination of that legal advice and the board's position.

CHAIR: So the board would like to still have the first-past-the-post system, if possible?

Mr KNIGHT: I cannot speak for the board. No decision has been made. Obviously, I have a personal view. Chris Hartcher, the shadow minister, has publicly articulated his

view. I know the views of some other board members. We will try to operate on the SOCOG board on a consensus, and we will try to reach a consensus based on what the board thinks about which is fairest and the legal advice.

CHAIR: I think Mr Hollway made reference to the fact that people who ordered tickets in the first round are getting the first opportunity to order second round tickets. Should not the people who missed out on tickets be given the first opportunity to order tickets in the second round—not those who already have tickets and would like to order additional tickets? Is it possible to have a system whereby the people who missed out altogether—that is, thousands of people—could be given some priority?

Mr KNIGHT: It sounds terrific, in theory. However, in practice it is extremely difficult and may create a different level of unfairness. For example, if people put in for four category A tickets to the opening ceremony and sent in nearly \$3,000, and that is all they asked for, but they did not fill in any of the alternatives—people were allowed a first alternative and a second alternative—and they missed out, under the system you postulate they would get first crack at anything that is left. An average citizen who put in for six different events, all of which cost \$50 or less, and got one \$19 ticket to the baseball would therefore not be able to access anything in the second round until the very affluent person who had only bid high for one thing had a go. So it creates a different form of anomaly, aside from the administrative difficulties and aside from the fact that that really would be yet another departure from the advertised conditions. While I appreciate the spirit of what you are saying, it could turn into a more unfair system.

CHAIR: I suppose I am leaning towards the original system you had of giving first choice to those who got their orders in quickly. If you go back to the computerised random selection process, you could still finish up with people who are very keen to attend the Games missing out absolutely again.

Mr KNIGHT: The problem is that the position the board accepted and decided upon—that is first in, best-dressed—on a staggered mailing system targeting two specific areas should have produced a fair return. That is clearly what we wanted to do. The problem we have now is that, unambiguously, it has not produced a completely fair return. It is a matter of which imperfection do we go with? The perfect solution was the one that was planned—except it did not work, so it is somewhat less than perfect.

CHAIR: There have been media reports that some of the 1.5 million low-priced tickets have accidentally been sold. Is there any truth in that?

Mr KNIGHT: I will ask Mr Hollway to answer that question.

Mr HOLLWAY: Yes, a relatively small number of tickets—about 30,000—were in the pool of the 1.5 million \$10 to \$19 tickets that we were talking about earlier that were inadvertently allocated in the public offer. That occurred because when the total vast ticket database was filleted, as the saying goes, for what should be left in the public offer the filleting did not take out some of those tickets in four sports: baseball, hockey, equestrian and judo. So, yes, it is correct that in this huge operation there were some 30,000 tickets that found their way into allocation in that round, whereas they should have been retained for next year's offering.

CHAIR: Minister, with regard to the dramatic impact of the blackout on the central business district this week, I think someone said—it may have been you—"We are not worried. We have precautions for the Olympic Games. This will not affect us." What precautions do you have for a blackout of, say, the Olympic Park area? What emergency equipment do you have available to operate in the event of a blackout?

Mr KNIGHT: I did not say that, Mr Chairman. I am always worried—and it is better that we are. I will ask Mr Richmond to speak about matters that affect the sites—that is, Darling Harbour, Olympic Park, and perhaps even the outlying areas. Mr Hollway may wish to elaborate on some of the SOCOG contingency plans over and above the Olympic Coordination Authority.

Mr RICHMOND: The basic strategy for the Olympic Park site has been to provide back-up support in the major facilities so that they have a back-up generator capacity. But, more significantly than that, the EnergyAustralia-OCA joint arrangement for the site has been to significantly upgrade the power substation which has been specially built for the Olympics so that it has a capacity to deal with, first of all, the very large level of generation of electricity that will be required for the Games and, secondly, to bring in a reserve power station capacity should there be a problem at the site.

That infrastructure has now been completely placed into the site, and we will be progressively reviewing all risks associated with any element of the infrastructure. That is an ongoing process. There is a very high degree of confidence that we have covered all those issues in relation to the Homebush Bay site. In relation to the central business district, in recent times and over the period of planning we have asked EnergyAustralia to make sure there is adequate backup capacity in the CBD, and that is something they are working through at the moment. No-one is totally and completely immune from things going wrong, but the investment of infrastructure and the audits of equipment and procedures are at a level that has never been undertaken before in this country, or probably in any other place in the world. We are confident but we would be foolhardy to say it

is impossible for something to go wrong.

The final phase of all that, of course, is the development of contingency plans. Each agency in the Olympics has an obligation to produce contingency plans for breakdowns in infrastructure and emergency events. There is a very extensive planning process, starting at the operational level with what SOCOG does within a venue, what the Australian Olympic Committee is doing in providing support services to the venue and what the Olympic Roads and Transport Authority and its service providers are doing with transport, working right up to serious emergency procedures involving the police. There is a very thorough and complex process of development of contingency plans, and that is well advanced. Only this week there was a major workshop dealing with the "what ifs" on the Homebush Bay site and the major venues.

CHAIR: One of the reports about the blackout indicated there had been an explosion—at Stanmore, I understand. I know you cannot give details of security plans, but that could mean further complications. Security does not mean just searching people entering the site but security of all the facilities that support the Olympic Games.

Mr KNIGHT: Yes. Security is a very broad issue. As I have indicated on previous occasions, I am hesitant to talk about security. The more one talks about it the less secular the plans are. But I can assure you that Commander McKinnon and, above him, Commissioner Ryan have a very vigorous and broadly-based concept of the security needs.

CHAIR: I know you have to allocate certain surplus funds at the end of the Olympic Games to the international committee, to the Australian committee and to the State Government. Are you on target with those amounts and, in round terms, what are those amounts that you are hoping to provide?

Mr KNIGHT: The original bid and the original host city contract provided that any surplus would be distributed 10 per cent to the International Olympic Committee, 10 per cent to the Australian Olympic Committee and 80 per cent—I am paraphrasing here—to the betterment of sport in the host country. The deal that was done by the Fahey Government, John Coates and the AOC was that that 80 per cent would go into a foundation. Subsequently we were able to negotiate a variation of those contracts so that the foundation for the benefit of future athletes will get a guaranteed sum of money. That is already factored in and is deducted off gross television rights and paid direct to the AOC.

The international committee's share of the profits was bought out for a very modest sum of about \$11.5 million, I think—somewhere in that range. I could give you the exact figure later if you need it; I do not have it off the top of

my head. That was at the time we were fighting with the Federal Government and it was taking away our tax exemption. By buying out the IOC we were able to get to a position where the instrumentality became effectively a government trading enterprise and had its tax-exempt status restored. That is why the IOC agreed to an unprecedented buyout. All that is left is a situation where any operating surplus goes to taxpayers. No profit goes to other organisation other than the New South Wales Government and the taxpayers.

The budget approved by the board, by me wearing my other hat as the Minister for the Olympics and, very importantly in this regard, by the Treasurer is based and predicated on a \$30 million surplus—a modest surplus. In a budget of \$2.55 billion it is not a big profit. We would make a lot more profit if we shortened the 100 metres to 90 metres and changed the way we sold tickets, as I indicated earlier, but that is a modest operating surplus. The organisation is on track to do that. Indeed, earlier in the year when SOCOG revised downward the sponsorship targets as a result of writing off as impossible the securing of new sponsors during the worst of the IOC crisis—we wrote off \$50 million—the organisation then took \$50 million in expenditure cuts rather than try to take it out of the \$30 million surplus.

I have just been handed a note. I was close, the figure to the IOC is \$11.1 million. By the way, I reached an agreement with President Samaranch that all of that \$11.1 million would be reinvested back into sport in the Oceania region. It will not go into the pocket of the IOC. It will come back and be invested in sport and in athletes in the Oceania region, which includes Australia but especially the Pacific nations to our near north.

CHAIR: You are still confident you will meet that target of \$30 million?

Mr KNIGHT: Yes, I am confident. It might be a bit more or a bit less, but when the final accounts come in after the event we have predicated \$30 million, and I think Sandy Hollway would be the first to vouch for the fact that I have been somewhat obsessive with the SOCOG staff about driving towards that process.

The Hon. R. T. M. BULL: Minister, in the budget \$31.2 million is set aside for the purchase of 10,000 radio handsets for the Olympic radio network. When the purchase of these radios was made, was compatibility with the existing government radio network considered?

Mr KNIGHT: Yes. In fact, it was a long argument and a difficult process during which, with some reluctance, our sponsor Samsung came to an arrangement—and I pay tribute to Samsung for coming to the arrangement—to use a particular form of handset that would best fit in with the digital upgrade plans for the government radio network. It was not the preferred option of Samsung under the SOCOG sponsorship but the company agreed to do that because this would leave

the taxpayers of New South Wales with a fabulous legacy of the cheap allocation of handsets used at the Olympic Games to help in the upgrade of the government radio network. It was a very important legacy deal that effectively saves the taxpayers tens of millions of dollars and moves us from analogue to digital.

The Hon. R. T. M. BULL: Will these be available to emergency services after the Games?

Mr KNIGHT: Yes. Mr Richmond can give you a better breakdown on where they will go but they are basically going to a range of government instrumentalities.

The Hon. R. T. M. BULL: Could you give us a progress report on Ryde pool? Is the water polo and synchronised swimming still to take place there? Is private enterprise involved and, if so, when?

Mr KNIGHT: I will get Mr Richmond to give you the precise details, but basically Ryde pool is on track. I think it should be finished around April next year.

Mr RICHMOND: That is correct.

Mr KNIGHT: It will be a terrific legacy for the community and for water polo. Unless I am mistaken, and I would be happy for Mr Hollway to correct me, I do not think synchronised swimming will take place at Ryde; I think it is only preliminary water polo. The reason we needed Ryde and the reason it will come on track later than our other facilities is that it is an additional facility over and above what was promised in the bid, and it grows out of an arrangement we were able to negotiate with FINA, the swimming federation, and the IOC to add women's water polo to the Olympic program for the first time. Australian women have a very good medal chance. Bringing women's water polo into the Olympic Games for the first time necessitated a second indoor high-quality pool. By getting women's water polo in, we now have women competing for the first time in every team sport and discipline at the Olympics, with one slight exception—there are no women in the baseball competition. However, there are no men in the softball competition! It is an almost analogous situation. For the first time in the history of the Games, women will compete in virtually every event. Mr Richmond will give you specifics if you need more detail.

Mr RICHMOND: The Minister is correct. Construction should be finished by April next year. There has been some confusion in the public mind, perhaps because of a decision by the Ryde pool action group to have the council's local environmental plan [LED] declared invalid. Indeed, that plan was declared invalid after the matter went to court. That action was taken as a result of joint agreement between Ryde council and the local action group, on the basis that council would then go through a revised process to reinstate the plan.

That has occurred and the plan has been gazetted. That has cleared the way in regard to any further issues relating to the site. It is important to understand that at no stage was there any challenge to stage one of the development, which is the Olympic works—the project is in two stages. There has never been a dispute about the Olympic works but there has been quite a bit of local controversy about the second stage and the local environmental plan was the second stage. That has now been resolved and the LED is back on foot. Irrespective of that, we have pushed forward with the construction, it is on target and it will be finished next year.

The Hon. R. T. M. BULL: The Minister referred earlier to women's involvement in the Olympics, but is he aware that no females are among the six starters available for the Olympics?

Mr KNIGHT: The gunfirsers. The actual field of play during the Olympic Games is controlled by the federation. Once a swimmer steps onto the pool deck or an athlete steps onto the track, the conduct of the sport is essentially the responsibility of the federation. I am not aware of what you have said, but that would be primarily a matter to do with my good friend Dr Nebiolo and the International Amateur Athletics Federation.

The Hon. D. T. HARWIN: I refer to the ceremonial planting of olive trees at which the Mayor of Olympia was in attendance. Were the olive trees dug up and removed after the ceremony?

Mr KNIGHT: I am sorry, you have us at a disadvantage. We do not know what you are talking about.

The Hon. D. T. HARWIN: Was there a ceremonial planting of olive trees, at which the Mayor of Olympia was present? Was there such an event?

Mr KNIGHT: One olive tree was planted which was a gift from Greece. Lex Marinos and I were involved in that planting on Kronos Hill. To the best of my knowledge it is still there. My staff tell me that Minister Scully may have done something while he was acting for me while Mr Richmond and I were both overseas. Let me take the question on notice. I am fairly sure that my tree is still there.

The Hon. D. T. HARWIN: I want to know whether the olive trees were dug up and removed after the ceremony, at which it appears that Minister Scully was present. Were the trees hired and, if so, from whom?

Mr KNIGHT: I am happy to take the questions on notice.

The Hon. R. T. M. BULL: I return to a question I asked earlier about premium tickets. You indicated that premium tickets were available at other venues. Could you elaborate a little on that because I understood that the gold packages

were available only from within Stadium Australia?

Mr HOLLWAY: That is correct. The gold packages were available only from Stadium Australia and they were available only for events in the stadium. The point I was making was that we took a selection of tickets, which would constitute the 60,000 I mentioned, for other sports in other venues in order to add to that mix and to then be able to tailor packages for particular customers.

The Hon. R. T. M. BULL: Is that roughly the same percentage? We talked about 5 per cent of Stadium Australia tickets.

Mr HOLLWAY: The point that was being made was that if you took the 10,500 by 18 sessions for the stadium and added roughly 16,000, you would get a number which, put against the total of tickets for Australia, was about 5 per cent.

The Hon. R. T. M. BULL: At these other venues?

Mr HOLLWAY: I do not have a proportion in my head, but I would be happy to take that question on notice.

The Hon. R. T. M. BULL: I am talking about a premium event like swimming, where obviously premium packages would be available. Would it be fair to say that there would be more premium tickets for a venue like swimming rather than softball, or something like that?

Mr HOLLWAY: I do not know, but that may be the case. The inclusion of some swimming tickets within a premium package would obviously be a significant selling point with some customers. I am sorry, I do not have the numbers.

The Hon. R. T. M. BULL: What types of organisations, apart from Tattersalls Club, are being offered these premium packages?

Mr HOLLWAY: Companies and individuals.

The Hon. R. T. M. BULL: Has this been advertised? How are you accessing this market?

Mr HOLLWAY: It relates to inquiries and referrals rather than an advertised process. We approached stadium gold members to offer them two other packages, which were purely stadium and split up according to opening ceremony and half the events, or half the events and closing ceremony. That offer was made to the already existing population of stadium pass holders. The packages I am talking about, though, are largely being marketed on inquiry and referral.

The Hon. R. T. M. BULL: What will happen to those packages of tickets that have not been sold? Will they be available to the general public through another round?

Mr HOLLWAY: Two things would happen. First, we could put them back into the pot for the general public, which obviously would have some advantages. Second, I would lose

some part of the almost essential \$35 million in revenue that I need if I am to bring this project in at no cost—indeed as a surplus from the taxpayers' point of view. By definition, I will always, in the public ticket offering, be selling at face value and not higher. It is an absolutely crucial distinction that this is a small part of the total ticket pool, generating very high multiples and premiums. It is essential to get the overall ticket revenue that we are chasing, which is a very challenging target.

The Hon. R. T. M. BULL: Has any other group of tickets been held back from either public offering or these premium packages that will be coming on stream sometime between now and next year?

Mr HOLLWAY: I will answer that question in two parts. First, in addition to public ticket offerings and in addition to the premiums we have described we, of course, have obligations to athletes, international sporting federations, officials and the IOC, which is about 5 per cent of the \$9 million I mentioned. Ticket sales are to be handled internationally through the national Olympic committee of each country and their territory, which represents about 8 per cent of the pie, or 750,000 tickets. Approximately 12 per cent of the pie goes to press and broadcasters, 4 per cent to global sponsors, and 11 per cent to Australian sponsors. We are obliged to offer that whole menu of tickets.

The second point I want to make is that some of those tickets may come back to us, especially from sponsors. Tens of thousands, rather than hundreds of thousands, of tickets will probably be returned by sponsors who considered in the first instance that they might like to buy them but do not now wish to buy them. It will be a significant question down the track whether those tens of thousands of tickets are put back into the public pot or used in other ways, for example, to generate high multiple, high value premium packages. That is purely a policy decision that the board would need to take at the time.

The Hon. R. T. M. BULL: The public might expect that between now and September next year extra tickets will be released?

Mr HOLLWAY: The answer is yes, in two senses. I am trying to be as informative as possible. Yes in the sense that tickets may come back to us—tickets that would have been with a sponsor but may now be in the public offerings—depending upon what the board decides to do with those tickets. Most certainly yes in the sense that we will be selling tickets in very substantial numbers from now right through to the Olympic Games—through the second ticket offering and the one we discussed earlier to the wider public who have not yet bought; in February and March, through the Internet and call centre; and ultimately through walk-in box offices where people can buy tickets as

they do for normal events. It is an almost seamless process through those stages.

The Hon. R. T. M. BULL: I understand that Mr Richardson is the chairman of the SOCOG ticketing committee?

Mr KNIGHT: Correct.

The Hon. R. T. M. BULL: Does he play an active role in policy setting for ticket allocation?

Mr KNIGHT: Of course, as do the other members of the ticketing committee: John Valder, John Coates and Donald McDonald. The four on the ticketing committee, chaired by Mr Richardson, are all active in the process, and final decisions are made by the board.

The Hon. D. T. HARWIN: Is the Olympics Co-ordination Authority the servicing agency for your ministerial office?

Mr KNIGHT: Yes.

The Hon. D. T. HARWIN: Therefore, are your office costs and travel expenses met from the OCA budget?

Mr KNIGHT: Some of them.

The Hon. D. T. HARWIN: In July 1998 you took a study tour which lasted about four to five weeks.

Mr KNIGHT: No, I took a study tour which lasted 21 days, as provided in the ministerial code.

The Hon. D. T. HARWIN: Were you absent from Australia for longer than the 21 days?

Mr KNIGHT: No.

The Hon. D. T. HARWIN: Why was Lake Powell included in your ministerial itinerary?

Mr KNIGHT: There is a very simple reason. That was done at no additional cost to taxpayers. In fact, the cost to the taxpayers was reduced because I stayed in Lake Powell rather than in Salt Lake City.

The Hon. D. T. HARWIN: Was the program of official business you were conducting while you were in Lake Powell organised by the SLOC?

Mr KNIGHT: Let me make it clear: I was in Lake Powell on a weekend. I was there with a number of SLOC personnel, the IOC marketing director and others. A little bit of business was done as well.

The Hon. D. T. HARWIN: There was an element of official business?

Mr KNIGHT: Yes. I think that even the Hon. D. T. Harwin would accept that I would be allowed a weekend off when travelling, but there was a bit of work done as well. It was primarily a matter of the Utah people wanting to show off their national park in the hope that I would go away with a good impression and say nice things about it, which I am happy to do because it was unique. In the same way, organisations have taken George Souris, the Hon. J. M. Samios, Barry O'Farrell and others to places in the hope that they would say nice things about their countries, and no doubt they will.

The Hon. D. T. HARWIN: Did the committee meet the cost of your accommodation at Lake Powell, and has the value been conceded?

Mr KNIGHT: No.

The Hon. D. T. HARWIN: The committee did not meet it; the OCA met it?

Mr KNIGHT: Yes. The cost of the accommodation at Lake Powell was less than the accommodation in Salt Lake City. When the OCA met the accommodation costs for Salt Lake City, it actually made a saving on meeting the costs of accommodation in Lake Powell for some nights.

The Hon. D. T. HARWIN: Did the OCA pay for the trip at the time, or did you receive a refund?

Mr KNIGHT: If you have read the newspapers of some months ago you will know that the SLOC initially paid and then billed the OCA, and I paid any personal components to the OCA. Somewhat belatedly, the OCA remitted the money to the SLOC.

The Hon. D. T. HARWIN: When did OCA pay?

Mr KNIGHT: I cannot tell you off the top of my head. I can take the question on notice or you could look it up in the media clippings in the Parliamentary Library.

The Hon. R. T. M. BULL: I want to return to the Olympic opportunity tickets. How many of the 1.5 million tickets will be offered through welfare agencies to low-income earners? Has that scheme been established?

Mr KNIGHT: Sandy might be able to give you a better indication. He talked about how many tickets would be allocated to schools.

Mr HOLLWAY: The target of 1.5 million was broken up into two sub-targets: 750,000 for schools and 750,000 for others—half and half. However, as I said earlier, a very tough and important program design question is how many of the tickets available for the less well off in society are

actually delivered through community organisations. That is a much tougher exercise than delivering tickets intended for schoolchildren through schools.

It may be preferable to take the component of tickets at \$10 to \$19 intended not for children but for the less well off in society, offer them generally, and then inform community groups that that is a particularly beneficial offering for them. The community groups can self-select how much they need, rather than try to establish an elaborate supply process to allocate tickets through them. That would be my disposition.

The Hon. R. T. M. BULL: For which events are the opportunity tickets likely to be allocated? Would there be any tickets for the opening and closing ceremonies?

Mr KNIGHT: I indicated to you earlier that they are not available for the opening and closing ceremonies. They cover a wide range of sports. Mr Hollway may be able to give you the full list. Off the top of my head I can tell you that they include equestrian, for which Australia is the reigning gold medallist back-to-back in the three-day event. They include rowing—a sport in which in the last world championships Australia and Germany were the two leading nations, and we will win a considerable number of medals. They cover a wide range of sports.

Mr HOLLWAY: I add a slight caveat because, with the best will in the world, the identification of where these opportunity tickets are and so on can vary according to final decisions about venue configuration and so on. The list we are working on at present is archery, athletics, baseball at North Ryde, baseball at Sydney Olympic Park, canoe, kayak, mountain bike, road race, equestrian, football in all States, gymnastics podium training, handball, hockey, judo, modern pentathlon, rowing, swimming training, softball, tennis, shooting, triathlon, volley ball and water polo.

The Hon. R. T. M. BULL: How critical is the sale of premium tickets in the overall ticketing budget?

Mr KNIGHT: With respect, both Mr Hollway and I have answered that question earlier and have indicated that is precisely why the premium category exists.

The Hon. R. T. M. BULL: Can the Minister list the companies other than Tattersalls, which has been mentioned in the press, that were offered premium ticket packages?

Mr KNIGHT: I cannot because I do not actually physically sell the tickets. Mr Hollway may be able to give you some indication, although I suspect it goes further down the line to Paul Reading, who is out of the country at the moment, and others in ticketing. There are also some commercial confidences, for obvious reasons, while negotiations are going on.

Mr HOLLWAY: I agree exactly with that answer.

CHAIR: Could that question be put on notice?

The Hon. R. T. M. BULL: At the conclusion of the sale of those packages does the public have a right to know which companies they are? In a way they are partial sponsors.

Mr KNIGHT: No, they are not partial sponsors. They get no marketing rights whatsoever.

The Hon. R. T. M. BULL: Not marketing rights, but they are sponsoring the Games through paying a lot more than the average—

Mr KNIGHT: At the conclusion I would not have a problem telling you how many were sold and for how much. Today I would be reticent to say that we will publicly name everyone who buys a premium ticket, that we will out you if you are a rich person, because that may have a negative impact on the selling process.

The Hon. R. T. M. BULL: About three or four years ago when most of the projects were initially let to tender and so on, we talked about figures for the construction budget. I understand from the Minister's comments in the media and also in Parliament that the budget has overrun quite considerably from those earlier figures. Can the Minister give the Committee a final figure for construction venues in the OCA budget? How much has it overrun from the earlier expectations?

Mr KNIGHT: I wish to make a very clear distinction between an overrun of the OCA budget to which you are referring and a changed costing of the construction from what was in the bid. They are two very different things and should not be mixed up. Some years ago after Mr Richmond came in as the Director-General of the Olympic Co-ordination Authority we did a full scoping of the extent and cost of the facilities that had to be built. That cost was considerably above the bid budget. We revealed that.

At the time I was careful not to take the cheap shot and say that the previous Government had been errant in constructing the costings because I do not believe it had been. That would have been an easy shot to take. Some people on the other side of politics could not resist the cheap shot and said that there had been a blow-out under the Labor Government, but I do not believe it was errant. It was doing the best it could do at the time of the bid, working on concepts and costing concepts, whereas Mr Richmond and the OCA in the subsequent years were able to cost actual plans, drawings and tenders. They were able to do the realistic work.

It was the difference in the process which led to a substantial increase of several hundred million dollars and so on. Since then the movements in the OCA capital budget have been very small and are usually attributable to either

cost escalation in the building price index from year to year or in some variations to projects such as the addition of the second water polo venue. The movements are quite small. To give you an indication, if one looks at this year's budget the net construction costs over the period are \$1.658 million. Last year it was \$1.641 million. The increase of \$17 million is due to the normal escalation of the building program to 1999-2000 values. We are on time and on budget, as the Premier has been correctly quoted as saying.

The Hon. R. T. M. BULL: What are the total costs now?

Mr KNIGHT: The total cost of construction is the figure I gave you. That is the gross cost less some contributions by the private sector, some contributions by SOCOG to the building program as per the bid arrangement and some not large but significant contributions from the Commonwealth Government. That is the net cost and that is the change. Included in that is the showground. Even though the Auditor-General does not class that as an Olympic project we have put it in as an OCA project.

The Hon. P. J. BREEN: Minister, are you in a position to comment on the environmental aspects of the site? From my point of view the transformation of Homebush Bay is quite profound. Has the project satisfied the requirements of organisations such as Greenpeace?

Mr KNIGHT: I will make a few general points about the environment. At the time of the bid Sydney promised a range of environmental initiatives. These now effectively have the force of law. The environmental guidelines for the summer Games, through planning instruments, ended up effectively having the force of law. It is not a matter of whether you want to follow them; you must follow them. I am very happy to follow them but it is mandated and laid down and if we do not meet them we face a range of trouble other than simply bad publicity.

We have been very conscious of the environment for lots of reasons. It is fair to say that the work done by the OCA and a bit done by its predecessors in the previous Government in the rehabilitation of Olympic Park at Homebush Bay is a landmark in Olympic work and in modern urban rehabilitation of a degraded site. We did not start with a greenfields site there. If it was a greenfields site it would have gone to prestige housing many decades ago. We started with a very degraded site—abattoir, brick works, rubbish dump and so on—and it has now been turned into a pristine green site.

While I always hesitate to say how good the Sydney Games will be—I am certainly not going around promising the best Games in history—the one thing I can say objectively is that the environmental work done by the OCA and SOCOG will be light years ahead of what has gone on before and will be incredibly difficult for successors in future Games to match. We have an up-and-down relationship with Greenpeace

and other environment groups. Just as sponsors associate their cause and pay a lot of money to the Olympic Games and the Olympic movement, so do a number of people seek to increase the public awareness of their issues by an association with the Games. Environmental groups have clearly done that.

Greenpeace generally gives us praise and some credit for what has happened, but it is always trying to raise the bar a bit higher. For example, it has said very nice things about the environmental clean-up of Homebush Bay. It has said very nice things, both domestically and internationally, about what has been done with solar energy. The village at Newington is the largest solar-powered suburb in the world. Greenpeace has been critical in two respects in particular of areas in which Greenpeace internationally is running a campaign against PVC, CFSCs, HCFSCs, FCs and so on in air conditioning systems. There are two ways of looking at it. Some people say, "If Greenpeace is giving you 7 out of 10, why are you not getting 10 out of 10?" The other response is, "You are pretty good if Greenpeace has you at 7 out of 10", given its agenda of always trying to push the boundary out—which is what I would do if I were a member of Greenpeace.

The Hon. P. J. BREEN: I note that the Government gives you 8 out of 10, which is pretty good.

Mr KNIGHT: We get a very high ranking from the Earth Council. The independent international evaluation by Morris Strong, the founder of the Earth Summit and head of the Earth Council which annually evaluates us, has given us very high marks. No-one is perfect, and we certainly have not been, but we have broken new ground.

Reverend the Hon. F. J. NILE: There has been a lot of controversy regarding the Bondi site for beach volleyball. There have been protests and even some suggestion of legal challenges. What is the current situation?

Mr KNIGHT: The Olympic Co-ordination Authority has a legal arrangement with Waverley Council to proceed with the construction of the temporary beach volleyball facility at Bondi, and that is what we are planning to do. That is what we are obliged to do. Tickets have been sold for that event. Although some people in the Bondi community have been critical, it is interesting to note from the first-round ticket sales and the Bondi postcode that the second-highest ranked sport in terms of number of sales was beach volleyball. A lot of people in Bondi would be very disappointed if we did not press on.

Reverend the Hon. F. J. NILE: You have made some adjustments to the plan to lower the height of the stand?

Mr KNIGHT: Yes. Mr Richmond can give you some of the details on the changes that were made.

Mr RICHMOND: As part of a process of consultation,

which goes on with all our projects, we have adjusted the design of the facility. It has not become much smaller because we are building a fairly substantial structure to contain 10,000 seats, all of which I am sure will be full at Games time. The main changes have been to eliminate any physical connection between the temporary stadium and the pavilion. That was a major concern for the community and it has been eliminated. An access way has been eliminated. Generally we have tried to refine the design. Even though it is a larger building, it is less chunky than previously.

We have also refined some of the structural engineering to simplify the construction on the beach. We have reduced the time in which we will undertake building work on the beach. We are doing more and more of the work off site; it is being fabricated off site in factories. The other important thing we have done in relation to the agreement with the council is to enter into an agreement to spend \$1 million on the upgrading of the pavilion, which is in need of significant upgrading, particularly to provide access for people with disabilities through the installation of lifts and ramps, and also to provide some other upgrading. That has been part of the negotiation to deal with some of the local issues.

Reverend the Hon. F. J. NILE: There has been some criticism by other sections of the media, not News Limited, that because News Limited is a sponsor of the Olympic Games it has access to Olympic scoops that the general media does not get. Is there any truth in that? Or is it policy that you give News Limited first bite at news stories?

Mr KNIGHT: I will answer that in two parts. News Limited, Channel 7, Radio 2UE and Fairfax all have different sponsorship arrangements for the Games. Some matters that are deemed promotional are classed as part of the promotional sponsorship to which the sponsor is given preferential access. Everyone has equal access to other matters that are deemed to be news, with a small "n". There is always disputation as to what is news and what is promotion. It is not surprising that Channel 7, Radio 2UE, Fairfax and News Limited have a stronger view of what is promotion if it affected them, and perhaps a slightly more small "I" liberal view of what is news if it is in somebody else's sponsorship category.

We get a little bit of argy-bargy about those things but without News Limited's sponsorship of the Torch Relay it would have cost us a lot more money to promote those things—gather the applications for the Torch Relay and put out the information about Olympic tickets, the booklet and so on, which has been so successful. Similarly, without the arrangements with Fairfax we would not have been able to promote the volunteer program as extensively without paying money, nor would we be able to do what we are doing today with the terrific Olympic Hearts program, of which Fairfax is a sponsor. It cuts both ways.

Reverend the Hon. F. J. NILE: News Limited pays you for mailing out of the order books?

Mr KNIGHT: I do not go into the details of the contributions of each sponsor, but we get significant financial contributions, often value in kind, from all of our media partners.

Reverend the Hon. F. J. NILE: I refer to Budget Paper No. 3, Volume 2, page 15-3, which states:

OCA will complete its transition from being a construction agency to being an owner and operator of venues and facilities . . . post the year 2000 Games.

Does your authority have an ongoing life, or will it become privatised at some stage? What is the conclusion?

Mr KNIGHT: Although we have tried very hard to organise end users and people who are responsible for the ongoing operation and maintenance of the individual venues—forexample, the Royal Agricultural Society operated the showground for many years, the Superdome Consortium runs the Superdome, Stadium Australia runs the Stadium and so on—we still have to organise the ongoing end use for a few facilities. The equestrian facility is a good example. There is the question of who operates the public domain at Olympic Park, the Boulevard, the big public areas, Millennium parkland and so on. We are talking about approximately 440 hectares of parkland. There needs to be some determination whether post-Olympic Games there is a sign of OCA or a daughter of OCA; bits go off to other authorities; or the responsibilities are carved out between a range of existing authorities. Those matters need to be sorted out and will be sorted out after the Games. At the moment we have so much on the plate that it is an issue we can leave for the future. But there is no question that it will need to be sorted out in 2001.

Reverend the Hon. F. J. NILE: I refer to page 15-4 of the same budget paper which refers to the provision of bus services for patrons; page 15-8 which relates to provision of funding support to Bus 2000 Pty Ltd; and page 15-24, Olympic Sponsor bus network. Has your organisation set up Bus 2000 Pty Ltd? Is it an independent company? Do you have subsidiaries or are you now a bus operator?

Mr KNIGHT: As you would be aware, the Government, with the support of the Parliament, created the Olympic Roads and Transport Authority [ORTA] to co-ordinate all of the ground transport at the time of the Games. Ron Christie, the former chief executive of the Roads and Traffic Authority [RTA], the former chief executive of Public Works and a senior officer in State Rail, has kindly agreed for a period to act as chief executive of ORTA part-time as well as continue with his RTA responsibilities. Earlier this year he came across full-time and is now running the organisation totally in the lead-up to the Games and will co-ordinate transport at the Olympics and the Paralympics.

As part of that process we need a huge number of buses—something like 3,350 buses—to run the regional bus networks, to transport the athletes, to run the shuttle buses back and forth from transport nodes such as Penrith station to the rowing and canoeing centre and from other stations to venues such as equestrian and shooting and the velodrome. The question is how one obtains that many buses. Mr Christie quite cleverly—I hope he does not mind me saying that—came up with an arrangement with the industry to get the Bus and Coach Association to form Bus 2000 whereby it becomes the body that contracts with ORTA and also helps corral the individual companies into that arrangement. It makes it much easier for us because we do not have to go out company to company. There is still a lot of work to be done. I will get Mr Christie to elaborate on the mechanics.

Mr CHRISTIE: The difference between these Games and previous Games is that we are using all professional bus drivers. That means dealing with a myriad of companies, from a small company with two or three buses to a very large company in the city. We have encouraged the Bus and Coach Association to form a separate company, Bus 2000, which will undertake to provide us with the required number of buses to a certain standard of condition, a certain size bus, and also the drivers to go with them. The arrangement is that not only will it provide the buses and the drivers, it will roster the drivers for us.

As part of that arrangement though, ORTA will decide where the buses run and when they run, and schedule them. Amongst that 3,300 or so buses we have a number for spectators and a number for the various categories of the Olympic movement, so it is important that we deal with one group in the bus industry which is obliged to seek buses throughout New South Wales and, if necessary, go interstate to make sure that it gets the required number of buses. It is not confined to just Bus and Coach Association members but is required to go to all bus operators and seek expressions as to whether they can provide buses and drivers during that period next year.

CHAIR: Minister, some accusations have been made that the hotels which were part of an agreement with the Olympic authorities to have reasonable rates broke that agreement. They made a statement that they did not break the agreement. What is the final report on that?

Mr KNIGHT: At the time of the bid the peak bodies provided their signatures on an agreement. We are talking about the relevant hotel and motel

associations—I am not sure of their formal titles. Those peak bodies formed an agreement with the previous Government at the time of the bid giving certain guarantees about room rates. However, at the time of some disputation between the current Government and those organisations and their members over the bed tax, they made it very clear that all bets were off, and that although they had signed agreements, the agreements bound the peak bodies but did not bind the individual members.

We worked through the bed tax issue and we got a very good outcome, both in terms of the bed tax and many of their members signing up with SOCOG at agreed prices. The problem seems to be some rogue operators who are not part of the deal with SOCOG and who are out there price gouging. The peak bodies say, "We cannot force them to act responsibly." When people raise the question "What about the memorandum of understanding that you signed at the time of the bid," they say, "Well, it is not binding on our members." I have to say that they are correct because we found that out a couple of years ago when we went through the bed tax issue with them.

There is a temptation for individual hotels and motels to try to make a killing over the three-week period. That is a very silly thing in terms of the long-term benefits to the tourism industry. If they do take the money and run, they will do damage to their long-term prospects and to the image of the industry. The irony is that some people might pay more for a two-star motel 50 kilometres from the city that is unregulated than they would be paying for a four-star or five-star hotel room in the central business district as part of the regulated arrangements. That is the difficulty. It would be fair to say that peak tourism bodies and both the peak hotel and motel industry bodies are not happy about it either.

CHAIR: Are there any further questions?

The Hon. P. T. PRIMROSE: We are satisfied. We are convinced.

CHAIR: I should just give a pat on the back. Apparently you are selling to Athens, the next Olympic site, your manual on how to organise the Olympics. Are you getting some income from that?

Mr KNIGHT: Cheap at twice the price.

The Committee proceeded to deliberate.