

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 1

Inquiry into Olympic Ticketing

At Sydney on Monday, 15 November 1999

The Committee met at 10.00 a.m.

PRESENT

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

The Hon. Patricia Forsythe
The Hon. J. R. Johnson
The Hon. A. B. Kelly
The Hon. C. J. S. Lynn
The Hon. D. F. Moppett
The Hon. P. T. Primrose
The Hon. Dr P. Wong

CHAIR: I welcome the media and members of the public to this hearing of General Purpose Standing Committee No. 1—the inquiry into Olympic ticketing. I advise that, under Standing Order 252 of the Legislative Council, evidence given before the Committee and any documents presented to the Committee that have not yet been tabled in Parliament may not, except with the permission of the Committee, be disclosed by any member of such Committee or by any other person. Copies of guidelines governing the broadcast of the proceedings are available from the Committee staff.

GARY MICHAEL MOORE, Manager, Council of Social Service of New South Wales, 66 Albion Street, Surry Hills,

AMANDA JANE CORNWALL, Policy Officer, Public Interest Advocacy Centre, Level 1, 46 York Street, Sydney,

GREGORY JOHN KIRK, Principal Solicitor, Public Interest Advocacy Centre, Level 1, 46 York Street, Sydney, affirmed and examined:

CHAIR: In what capacity are you appearing before the Committee?

Mr G. MOORE: As Director of the Council of Social Service of New South Wales [NCOSS] and as a member of the Olympic Social Impacts Advisory Committee [SIAC].

CHAIR: Mr Moore, did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr G. MOORE: Yes, I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr G. MOORE: Yes, I am.

CHAIR: Ms Cornwall, in what capacity are you appearing before the Committee?

Ms CORNWALL: As a Policy Officer at the Public Interest Advocacy Centre and as a member of the Social Impacts Advisory Committee to the Olympic Games.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Ms CORNWALL: Yes, I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Ms CORNWALL: Yes.

CHAIR: Mr Kirk, in what capacity are you appearing before the Committee?

Mr KIRK: As Principal Solicitor at the Public Interest Advocacy Centre.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr KIRK: I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr KIRK: I am.

CHAIR: If you consider at any stage during your evidence that, in the public interest, certain evidence or documents that you may wish to present should be heard or seen only by the Committee, the Committee would be willing to accede to your request and resolve into a confidential session in camera. I should warn witnesses that Parliament may override that decision at any time and make your evidence public. Do you wish to make a statement?

Mr G. MOORE: Following discussion by the Olympic Social Impacts Advisory Committee about access and equity issues concerning the Olympics in the second half of 1997, the Olympic Co-ordination Authority [OCA] commissioned consultants to undertake a scoping study entitled "Scoping Study on Access to Attendance at 2000 Olympics Events." The report, which was finalised in March 1998, was provided to the OCA, to the Sydney Organising Committee for the Olympic Games [SOCOG], to the chair of the Social Impacts Advisory Committee, to me and to Ms Cornwall. It was not made available at that time to all SIAC members and it was released publicly only at a much later date. I seek leave of the Committee to table a copy of this report which, as I said earlier, is entitled "Scoping Study on Access to Attendance at 2000 Olympics Events."

CHAIR: That document will be included as part of your evidence.

Mr G. MOORE: I table this report because it lays out a set of recommendations for a ticketing policy which, if it had been followed by SOCOG, would have avoided the deception and unfairness which has characterised SOCOG's management of Olympic ticketing. I would like to highlight a few of the study's findings and recommendations.

The Hon. J. R. JOHNSON: What was that comment?

Mr G. MOORE: I said that, had the recommendations in that study been followed by SOCOG, SOCOG would have avoided the deception and unfairness which has characterised its management of Olympic ticketing.

The Hon. A. B. KELLY: This document which you have just tabled has the word "confidential" all over it. Is that a joke? Does it mean anything?

Mr G. MOORE: No. It was commissioned by OCA and it was made available to SOCOG, OCA and SIAC from December 1997. As I understand it, the document was finally publicly released—

The Hon. A. B. KELLY: So it has been publicly released?

Mr G. MOORE: Yes. I will touch briefly on a couple of points from the study. It states:

As a large number of tickets are to be made available in Sydney the main area of concern is ensuring equitable access to popular events and use of tickets that would otherwise be unused . . . The review highlighted the problem of unused tickets from sources such as NOCs and sponsors and the need to establish an effective ticketing return and cancellation system including issuing reserve vouchers and/or setting up waiting lists for unfilled orders . . . The review suggests that payment systems need to be accessible both in relation to forms of payment and the geographic distribution of booking and payment outlets. The issue of refunds for oversubscribed events needs to be addressed to ensure the long delays for refunds experienced at the Atlantic Games are not repeated in Sydney.

The document, when referring to ticket prices, talked about:

- varying price categories for popular events
- a half-tix system for undersubscribed events which could become available on the day of the event.

The document, when referring to allocation systems, included:

- avoidance of season tickets and ticket packages
- quota systems to ensure regional equity
- issuing reserve lists vouchers or establishing waiting lists for oversubscribed events in conjunction with a well-managed ticket return and cancellation system
- avoidance of "cascading" ballot systems for oversubscribed events.

I will briefly talk about what the document states in relation to increasing access by disadvantaged groups. The study found that a range of population groups could be disadvantaged in attending popular Olympic Games events primarily because of their likely unaffordability. The study proposed that eligibility for special access schemes be defined as any individual or family who receives some form of financial assistance through the Department of Social Security, as it then was, including payments such as the family payment. This approach was proposed because it will assist low to moderate wage families as well as pensioners and beneficiaries. The study finally suggested that in relation to what are called special access programs there should be a quota of concessional tickets for all sessions, including all popular events, targeted group discounts for nominated groups and patron programs.

I make it clear that to NCOSS and to many others there are many more important Olympic social impacts and community legacy issues other than tickets which deserve public attention and media scrutiny. However, because the staging of the Olympics has entailed major New South Wales budgetary commitments for the past six years, and as any SOCOG budget deficit will have to be met mainly by New South Wales citizens, the approach of SOCOG to ticketing deserves the public examination it is receiving. SOCOG should have indicated over 12 months ago when it knew how difficult it would be to meet its revenue projections that it intended to raise as much as possible from the sale of premium packages to prestige events.

It chose not to do so. It chose to convince middle Australia into believing that every Australian had a fair opportunity to purchase tickets to the most popular events. At the same time that Reverend Harry Herbert, Amanda Cornwall and I were discussing cheap tickets for low income people at popular events with Sandy Hollway and the SOCOG board, the premium packages were being put together. The result of our discussions with SOCOG and any consideration that was given to the report which I have just tabled really indicate simply that the results were absolutely marginal—an absolutely token gesture to low income Australians, with only 15,000 D priced tickets at the opening and closing ceremonies and a sprinkling at some athletics and swimming finals.

I conclude by making three other observations. First, I have formally sent a letter to Reverend the Hon. F. J. Nile, as Chair of the Committee, with a range of questions relating to terms of reference (d) (e) and (f) of this inquiry. In relation to announcements last week we would simply like to propose a proportion. We ask the Committee to consider and look at this. I seek leave to table a letter sent to Michael Knight dated 10 November, which includes a proposal that sets at 20 per cent all the premiums—

CHAIR: Do you wish to table any other documents?

Mr G. MOORE: No, that is the only one.

CHAIR: That document will be included as part of your evidence.

Mr G. MOORE: The letter is a proposal to Mr Knight.

CHAIR: Would you describe the letter for the benefit of the Committee?

Mr G. MOORE: The letter, which is dated 10 November, is addressed to the Hon. Michael Knight. The letter, which is from NCOSS, is signed by me.

CHAIR: And that letter relates to the disadvantaged allocation?

Mr G. MOORE: Yes. Essentially, the letter proposes that 20 per cent of premium tickets returned to the pool be made available by way of a ballot through Centrelink for low income people. The next issue I raise is the question of Olympic opportunity tickets, of which 1.5 million were to be made available. We understand that 400,000 of those tickets have already disappeared from the pool. There are a range of questions about why that has occurred and how the allocation will be made. I simply also make the comment that SOCOG has not approached the Olympic Social Impacts Advisory Committee for formal advice or discussion about how to distribute those Olympic opportunity tickets that went out in November 1999.

The final comment I would like to make relates to your term of reference concerning revenues and the budget situation. It does appear to us that the sale of premium package tickets had a lot to do with the problems in meeting other revenue targets in the SOCOG budget. Our suggestion would be that SOCOG, in terms of its budget deficit problems, should be looking in a couple of areas. SOCOG should be looking at renegotiating the \$100 million guarantee to the Australian Olympic Committee, that it takes that out before anyone else at the end of the day. With regard to the Prime Minister's statements over the weekend and this morning about applying the GST to premium priced tickets, perhaps given that the Commonwealth provides far less money to the Olympics than it is taking out through tax revenues, it might be nice if that GST revenue was returned to ensure that New South

Wales taxpayers do not have to meet a deficit.

Another issue would simply be more cost cutting. If SOCOG could easily find \$75 million in its budget six months ago, why could it not be looking at other areas of cost savings? If you did those things, in our view, and did something about returning 20 per cent of the premium packages to low-income people, and delivering on the Olympic opportunity tickets, a little credibility could be returned to this exercise.

Ms CORNWALL: I would like to address some broader issues in opening. The Social Impacts Advisory Committee adopted a set of principles for a people's Olympics over 18 months ago. Those principles were referred to the Minister, Michael Knight, at that time, and we have had no response since. Among those principles is the statement:

to provide a ticketing policy that promotes the widest possible attendance at Games events for all Australians.

There are other principles in there about community participation in the planning and staging of the Games. I wish to table that document for the information of the Committee.

CHAIR: What is the title of the document?

Ms CORNWALL: "Sydney Olympics and Paralympics Principles for a Peoples' Games in 2000".

CHAIR: When was the document produced? I think you said 18 months ago.

Ms CORNWALL: It was agreed at the meeting of the Social Impacts Advisory Committee in February 1998.

CHAIR: The document will be tabled and included as part of your evidence.

Ms CORNWALL: As a little background to the Social Impacts Advisory Committee, we define social impacts to mean changes to people's way of life, their values or culture and the stability or cohesion of the community. Key strategies to improve social wellbeing are targeting resources to meet people's needs in consultation with the community. The experience of the Social Impacts Advisory Committee, in discussions with SOCOG about ticketing policies in particular, would suggest that SOCOG did not regard social impacts as being particularly relevant in its work.

As my colleague Mr Moore has already addressed, the Social Impacts Advisory Committee has experienced considerable dissatisfaction and anger over the way we were treated by SOCOG in discussing ticketing and an accessible ticketing policy. I wish to table another document which is a press release issued on 12 March 1998 stating the views of the committee and entitled "Anger over Olympics ticketing and financing".

CHAIR: The document will be tabled and included as part of your evidence.

Ms CORNWALL: I shall highlight a few sections of Robyn Kennedy's report on ticketing. One section of the report talks about payment methods and highlights the difficulties experienced in Atlanta, when people are entering a ballot and are required to pay for the tickets in advance. In a media interview on ABC radio in November 1998, in which I participated in a discussion

with the Minister, he gave an undertaking that there would be no advance payment for tickets in the ballot. Obviously that did not eventuate.

Another issue that is addressed in Robyn Kennedy's report is that of scalping. She suggests a number of strategies to minimise scalping, particularly having a well-designed program for the resale of tickets when people have purchased tickets and are not able or do not wish to use them. So far there has been no information from SOCOG that it is taking the issues of scalping seriously. Indeed, SOCOG seems to be repeatedly shrugging its shoulders and saying that it is a fact of life and we will just have to accept it.

Another issue central to our concerns is the suggestion made in the report about the targeting of disadvantaged groups, including people on low incomes, young people, people with disabilities, Aboriginal and Torres Strait Islanders, and people of non-English speaking backgrounds. The issue is to ensure that the Australians attending the Games are, as far as possible, representative of the Australian population. This report makes a number of recommendations about how that could be achieved. In particular, I refer you to pages 36 and 37 of the report which specifically discuss the obligations of SOCOG under the Disability Discrimination Act. That is in relation to the physical facilities required, but Ms Kennedy also addresses the issue in the context of the section on communication of ticketing to the general public. I conclude my statement there as my colleague Mr Kirk will be addressing the issue of disabilities in more detail.

CHAIR: We are going to run out of time. Do you have much that you wish to say?

Mr KIRK: Just briefly and addressing only paragraph 1 (d) of the terms of reference. In relation to the issue of access for people with disabilities and the decision making behind it, from our experience in conducting the litigation in the Human Rights and Equal Opportunity Commission involving access to a copy of the ticket book in braille for blind people, there was no evidence that that issue had ever been considered by SOCOG prior to the approach by our client, Mr McGuire, on 30 May this year. Subsequent to that, there was some consideration of it by SOCOG over a period of about seven days but certainly not a detailed assessment and no assessment of the relative level of demand there might be from blind people wanting to access the ticket book that way.

The conduct of the litigation ended up being very much delayed by SOCOG's approach to it. It seems unlikely from our point of view that SOCOG ever thought that it would successfully defend the claim. Despite the fact that there had already been a lot of unsuccessful discussions between the parties, they insisted that there be a conciliation process and the hearing was delayed while that could happen. The approach SOCOG took to the conciliation process was very unconstructive and was never going to lead anywhere but it delayed the hearing. SOCOG then raised jurisdictional issues which seemed to have absolutely no merit at all, suggesting that SOCOG was not a trading corporation.

That again delayed the hearing whilst material was collected. SOCOG then dropped that as an issue when the hearing did come on. At the hearing itself SOCOG produced very little evidence as to its consideration of the issues, its internal thought processes in relation to what it would cost and what the likely demand would be. In the event, even though Mr McGuire was successful in the hearing—it was found to be unlawful discrimination against him, the refusal to supply the ticket book in braille and that in fact the provision of it would not have been terribly expensive for SOCOG—the hearing had been delayed for so long by that stage that it was no longer possible for SOCOG to produce it in time for Mr McGuire to enter the ballot, having had access to the ticketing information.

CHAIR: Do you not think that SOCOG may have thought that the Social Impacts Advisory Committee should have negotiated that provision for braille and so on; that SOCOG looked to the committee to push some of these agenda items, to bring them to its attention? Where was that kind of initiative going to come from?

Ms CORNWALL: The law obliged SOCOG to take note of the Disability Discrimination Act so it should have come from SOCOG. It should also be noted that the Social Impacts Advisory Committee is a committee to the OCA and getting access to SOCOG at any time was rather difficult. Our committee has never seen itself as being in a position to advise SOCOG.

CHAIR: Was there no liaison person on SOCOG that you directly related to?

Mr G. MOORE: Yes, there is a member of the committee who comes from SOCOG. The OCA has another committee called the access committee, which deals specifically with disability issues, both in terms of physical access to facilities, transport and other issues related to attending the Games. I am certainly not aware whether that committee has discussed this issue.

The Hon. C. J. S. LYNN: Mr Moore, I understand that the original allocation of Olympic opportunity tickets was 1.5 million. Is that correct?

Mr G. MOORE: That is right.

The Hon. C. J. S. LYNN: When were you advised that 500,000 tickets had been removed from this package?

Mr G. MOORE: About four weeks ago now. We have never been formally advised. We have sought a formal response. This comes from both media statements and comments by senior members of SOCOG and the Minister.

CHAIR: Is it 500,000? The Hon. C. J. S. Lynn says 500,000 and Mr Moore says 400,000.

Mr G. MOORE: I think it is about 400,000.

The Hon. C. J. S. LYNN: Were tickets to the swimming events contained in the original allocation?

Mr G. MOORE: No. As far as we understand, the Olympic opportunity tickets were in fact aimed at the less popular sports and the less popular sessions, the preliminary sessions. In a sense you could characterise it as an opportunity to try to sell or provide tickets to events that at most Olympics are never sold.

The Hon. C. J. S. LYNN: Do you think you were misled into believing that the poor, the disadvantaged, would get equal access to the popular events?

Mr G. MOORE: No. We certainly put a proposal that we thought, based upon Ms Kennedy's report, SOCOG should have responded to. We were very disappointed about how few cheap-priced tickets to popular events were made available. We have retained that view ever since the decision was originally made. At the moment I believe SOCOG has an opportunity to remedy that if

it so chooses. Now with the Olympic opportunity ticket situation unknown—fairly up in the air and no discussion—we simply hope that even in that area we do not see a repeat performance in terms of a non-delivery of those tickets.

The Hon. C. J. S. LYNN: Is it your belief at the moment that the poor are getting the poor tickets?

Mr G. MOORE: The reality is, yes, if you are a low- income individual or a family person, by and large, yes, you will simply get the tickets to the least popular events, or to the preliminaries full stop. That did not have to be the way it should have been. Ms Kennedy's report indicated an approach to that. We believe had SOCOG looked as these in a genuine manner it could have delivered 10, 15 per cent of all tickets to popular events to low- income people. There are many who say that a D-priced ticket to swimming at \$95 is pretty unaffordable for somebody on social security benefits, anyhow. That is the best we got. But the reality is it is very much a Games for the elite in terms of affordability and cost, by and large. Low income people will not get their access. All I would simply say is that at least at the moment there is some chance, once again, for SOCOG to do something at the eleventh hour.

The Hon. Dr P. WONG: Are you trying to imply that SOCOG has ignored the principles of access equity?

Mr G. MOORE: Yes. The Olympic Charter makes it quite plain that Olympic Games host cities, that the result should be for the benefit of the whole community. In this case, on the ticketing policy, the benefits are not for the whole community.

The Hon. Dr P. WONG: It seems that you are also implying that the lack of consultation is a breach of the undertaking by SOCOG of its own guidelines. Would that be the right?

Ms CORNWALL: I am not aware of any guidelines that SOCOG has about consulting with the community in any shape or form. However, we are certainly disappointed with the role that the Social Impacts Advisory Committee has been able to play. We thought that by being appointed and being brought into existence that we would be listened to. Certainly we do not expect to be followed all the time, but we feel we have been frustrated in that role.

The Hon. Dr P. WONG: If there is that failure, do you think this breakdown in communication or the breaches are at the executive level, SOCOG board level, the ministerial level or the whole lot?

Mr G. MOORE: It is hard to differentiate.

CHAIR: Would you say it could almost be regarded as a bit of window-dressing to give the impression that there was more consultation and involvement?

Mr G. MOORE: It certainly feels like tokenism.

The Hon. J. R. JOHNSON: SOCOG, at the strong urging of the New South Wales Government and Mr Coates, has delivered policies to guarantee access to the Olympics for people from all socioeconomic groups. In your comments you have said that Centrelink should be involved. Do I take it that you believe that only those who receive Commonwealth Government benefits should be the

once to access the Olympics? What about the so-called working poor, those with incomes but battling to keep afloat, how should they access tickets?

Mr G. MOORE: Firstly, no, I do not accept the assumption of your question. The issue is about true equity.

The Hon. J. R. JOHNSON: I am taking you at your word. You made the comment here, as the record will show.

Mr G. MOORE: Yes. True equity would mean that any individual would have an equal opportunity to attend any event—popular or unpopular—at the Olympics. That is not the way that this ticketing regime has worked out. In terms of the proposal we put to Mr Knight last week it simply says that middle income Australians are at least getting some tickets, obviously higher income people are doing pretty well through the premium package arrangements and other arrangements. We are simply seeking that low-income people get their share, not even a fair share, to premium-priced popular events. You can do this through Centrelink and, if you extend it out to those receiving family assistance, family payments, that also includes people who are part-time workers, and people who are part of the working poor.

The Hon. J. R. JOHNSON: Do you know how many so-called "cheapies" there will be?

Mr G. MOORE: In terms of popular events, I am aware that simply there were 15,000 at the opening and closing ceremonies.

The Hon. J. R. JOHNSON: No, how many total "cheapies"?

Mr G. MOORE: And the other popular events I would think there would be no more than about 5,000 D-priced tickets altogether.

The Hon. J. R. JOHNSON: I do not want to know what you think, I want to know what you know. Do you know?

Mr G. MOORE: Okay. The figures I have seen say that D-priced tickets at finals and popular events are no more than about 22,000. That is my understanding. There were supposed to be 1.5 million Olympic opportunity tickets priced between \$10 and \$20 at least popular events. That is the information that we have.

The Hon. J. R. JOHNSON: Where did you get that information from?

Mr G. MOORE: The information was provided by SOCOG on the D-priced events.

The Hon. J. R. JOHNSON: Do you have documentation on that?

Mr G. MOORE: Our committee certainly received that information.

CHAIR: Was it in writing? Mr Johnson asked you whether it was in writing? Do you have a letter or some statement from SOCOG promising those tickets at those prices?

Mr G. MOORE: A detailed chart was made available, attached to a letter from Sandy Holloway to Harry Herbert and myself.

CHAIR: An official communication from SOCOG?

Mr G. MOORE: An official communication. I can make that available to the Committee.

The Hon. A. B. KELLY: You are saying that there were supposed be 1.5 million, but there are only 22,000?

Mr G. MOORE: No. You have to see this as two types of tickets. One, tickets to popular events, and the other, Olympic opportunity tickets, which are to the least popular events. The argument we put is simply that if this is to be a fair ticketing policy equal access for low income people has to be offered to public events rather than just to the least popular events, which nobody ever sells the full tickets to at any Olympics. The problem we have here is that we have 22,000 tickets to the popular events out of, I do not know what the exact total would be, but certainly many hundreds of thousands.

The Hon. A. B. KELLY: What I am getting at is that, adding the two things together, you have left me with the impression that what you are saying is that the original offer was for 1.5 million tickets to popular events and now there are only 22,000. You should have separated them.

Mr G. MOORE: Sorry, okay.

CHAIR: Mr Moore made it clear in the beginning that it was 1.5 million reduced by 400,000, so it is 1.1 million.

The Hon. A. B. KELLY: So there is no commitment to popular events?

Mr G. MOORE: No, I did not say that, either.

The Hon. J. R. JOHNSON: But you keep referring to popular events.

Mr G. MOORE: How can I better describe it? By "popular events" I mean finals, semi-finals, repechage finals, play-offs for third and fourth, opening ceremony and closing ceremony.

The Hon. A. B. KELLY: What was the original commitment for those?

Mr G. MOORE: As I said, 22,000 out of a total of several hundred thousand.

CHAIR: Are you saying that 22,000 is too low?

Mr G. MOORE: Yes, always.

The Hon. A. B. KELLY: You just said that is the result. I asked: What was the original commitment.

Mr G. MOORE: The original commitment?

The Hon. A. B. KELLY: Yes. You are saying the result is 22,000.

Mr G. MOORE: Right.

The Hon. A. B. KELLY: What was the original commitment? Or was there no original commitment?

Mr G. MOORE: There was no original commitment.

CHAIR: It has always been 22,000, though? That is what you are saying.

Mr G. MOORE: Yes, that is right.

CHAIR: It has not been reduced. It was 22,000?

Mr G. MOORE: Yes.

The Hon. PATRICIA FORSYTHE: You have described the ticketing process in terms of deception and unfairness.

Mr G. MOORE: Yes.

The Hon. PATRICIA FORSYTHE: Which suggests that in the beginning there must have been some discussion at a government level or SOCOG level with, say, your committee as to what was an expectation as to what would happen.

Mr G. MOORE: Yes.

The Hon. PATRICIA FORSYTHE: How far has the process varied from what you originally understood to be the system?

Mr MOORE: I guess all we can say is that the recommendations in the Kennedy report that we have tabled were the recommendations adopted by our committee. They were the recommendations taken in discussions with the Chief Executive of SOCOG and the SOCOG board. They were recommendations put to Minister Knight. That was the basis on which our committee proposed, after having been asked for its views.

The Hon. PATRICIA FORSYTHE: Was there an expectation that the committee's report would be taken up?

Mr G. MOORE: From our perspective, yes.

The Hon. PATRICIA FORSYTHE: Based on the Chief Executive, the board, or somebody giving you any advice of that?

Mr G. MOORE: Based upon some favourable discussions back suggesting that these issues were important, seen as important.

The Hon. PATRICIA FORSYTHE: By whom?

Mr G. MOORE: By the CEO of SOCOG and also by the SOCOG representative on the Olympic Social Impacts Advisory Committee.

The Hon. P. T. PRIMROSE: If SOCOG did not have that small premium package where would you have proposed that the funding for the Olympics come from?

Mr MOORE: Can I say that, and we have said this publicly before, if you look at the tax return clawback from Sydney hosting the Olympics, the two economic studies that have been done during the 1990s, it is quite clear that the Commonwealth Government, in our view, takes far more than it gives back. It gets somewhere around about \$2.5 billion over the seven years since 1993—that is the estimate from the two inquiries—and it is paying back about \$500 million.

The Hon. J. R. JOHNSON: Are there any urgings in writing to the Commonwealth to forgo any revenue?

Mr G. MOORE: Yes, 12 months ago both privately and publicly we made those comments that we thought that there should be additional funds provided. If you ask me, one of the sources is exactly that source, which is why I suggested this morning that if the Prime Minister is going to take some millions off the GST applied to the premium packages as they stand those funds impact should be returned, because at the end of the day it is the taxpayers of New South Wales, as you know, where any budget deficit from SOCOG will fall.

CHAIR: If they were returned, they could be earmarked, perhaps, to help in this area of disadvantage.

Mr G. MOORE: That would be the sensible thing to do because you would assume there would be further revenue leakage.

The witnesses withdrew.

CARL GREGORY BUIK, Director, Australian Competition and Consumer Commission, 27 Neumayer Street Page, Australian Capital Territory, sworn and examined:

CHAIR: In what capacity do you appear before the Committee?

Mr BUIK: As the Director, Consumer Protection, Australian Competition and Consumer Commission [ACCC].

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr BUIK: I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr BUIK: I am.

CHAIR: There is provision for you to give evidence in a confidential session or in camera, if you so wish, but I must warn you that Parliament can always override this Committee's decision.

Mr BUIK: Yes. I do not require that.

CHAIR: Do you wish to make any opening statement?

Mr BUIK: No I do not.

The Hon. C. J. S. LYNN: In regard to your inquiry into misleading and deceptive business under sections of the Trade Practices Act, did you find that the Sydney Organising Committee for the Olympics had contravened that Act in your inquiry?

Mr BUIK: When we wrote to SOCOG we raised with it our concerns. On the very limited information we had, we were concerned that there may be breaches of the Trade Practices Act. We did not form a concluded view as to whether that was the case.

The Hon. C. J. S. LYNN: If a large company, with approximately 1,000 employees and a turnover of approximately \$2 billion, were to embark on a marketing program using deceptive advertising techniques to create a false impression about the availability of a product in order to deliberately dupe the public, what action would you take against that company?

Mr BUIK: The usual way we operate is that once we become aware of information that raises a concern, we put that concern to the company because we want to put them on notice that we have that concern, and we generally seek additional information from them.

The Hon. C. J. S. LYNN: SOCOG's General Manager, Commercial and Marketing, Mr Paul Reading, has admitted that he corralled thousands of unsold tickets from the first offer, and stamped various sessions "sold out" in the second-round offer to reserve seats for his \$100 million premier package program. What action would you normally recommend against a general manager of

a large company who admitted, almost boasted, that he had deliberately misled the public?

Mr BUIK: I do not think I am in a position to answer that question because the action that the commission takes depends on all the circumstances of a case.

The Hon. PATRICIA FORSYTHE: What has been the ongoing role of ACCC since its review of the process,? For example, has ACCC taken the opportunity to review the various letters sent out to members of the public?

Mr BUIK: Since the agreement was signed—I think that was on the 28th, the Friday—I have had a number of telephone conversations with Jim Sloman from SOCOG during which we have talked about the progress of meeting the public undertakings that were listed in the press release.

The Hon. PATRICIA FORSYTHE: Did various forms of letters go out to the public? Have you had an opportunity to review those letters? Do you have any concerns?

Mr BUIK: I have not personally looked at those letters, no.

The Hon. PATRICIA FORSYTHE: As I understand it, as a result of the work of the ACCC, Mr David Landa will have an oversight role? What contact has ACCC had with Mr Landa since your report?

Mr BUIK: I have had several conversations with Mr Landa, including one by video conference. My last contact with him was on Friday last.

The Hon. PATRICIA FORSYTHE: Are you happy or confident in the process that is emerging now?

Mr BUIK: We can certainly see that there is some progress being made. On Friday last I spoke to both David Landa and Jim Sloman about the progress of the refunds and I received an assurance from Jim Sloman that SOCOG had met the first of the deadlines in that public undertaking.

The Hon. Dr P. WONG: Have you investigated how the premium tickets were handled?

Mr BUIK: The activities of the ACCC are confined to investigating potential breaches of the Trade Practices Act. The general issue of seat allocation does not, in itself, raise trade practices issues. We were investigating the representations made, and the first release of tickets.

The Hon. Dr P. WONG: When I refer to "premium tickets" I am referring to the way the issue was handled—the tendering process, the amount needed to purchase a ticket and where to inquire. Was the process transparent, logical, fair and would the ordinary consumer be happy with it?

Mr BUIK: Our investigations were focused on potential breaches of the Trade Practices Act. We were not directly concerned with the wider issues that would not raise potential contraventions.

CHAIR: Was this main brochure in your investigations?

Mr BUIK: It was.

CHAIR: What would your main recommendation have been that would have prevented criticism of SOCOG by your committee? What should have been in this order booklet that is not there?

Mr BUIK: As I explained earlier, we have not formed a conclusive view as to whether there was actually a breach. Our concern was that some of the statements, some of the representations in that brochure, did not accord with the facts as we understood them to be. So we were asking SOCOG to explain to us the relationship between the representations made there and the actual facts.

CHAIR: If SOCOG had shown the available ticket quantities, would that have fulfilled your requirements in respect of fair trading?

Mr BUIK: It is difficult to say because when we look at a contravention, it is the overall impression that is created in the mind of the consumer. The overall impression can be created by a combination of both specific representations but also more general representations. Certainly we did focus on some specific representations that were made in that brochure.

The Hon. PATRICIA FORSYTHE: As well as looking at the booklet, did you also take into account television and radio advertising at the time?

Mr BUIK: Yes, we did. Of course, we have been aware of the various issues being raised in the press but it was on the Sunday evening—which would be the 24th—when the news reports were foreshadowing releases of information about there being very few tickets available for certain sessions that we became particularly concerned. It was those concerns that we put to SOCOG.

The Hon P. T. PRIMROSE: Are you taking any action in the courts relating to allegations of breaches of the Trade Practices Act against SOCOG or any of its related identities?

Mr BUIK: No, we are not.

CHAIR: As you said a moment ago, you have not established if there were any breaches?

Mr BUIK: That is correct. Our primary objective was to get a quick, practical solution for consumers, and that is what was achieved, and we have not progressed past that.

The Hon P. T. PRIMROSE: I wish to make it clear that, as I understand it, the ACCC does not establish if there are breaches but it alleges breaches, and then it is up to the courts to decide.

Mr BUIK: Absolutely.

The Hon P. T. PRIMROSE: You are not at the point of even alleging that there have been breaches that you wish to pursue in the court?

Mr BUIK: It is up to a court to determine whether, in fact, there has been a breach of the Trade Practices Act. The commission, in the course of its duties, does form views. We did not get to a point where we had formed a concluded view on the matter.

The Hon. J. R. JOHNSON: All Olympics, for many years, have had these privilege packages for seating. The New South Wales Government entered into an agreement with the Federal Government, and it has been widely known, that there would be no goods and services tax [GST] attached to Olympic tickets. Over the weekend news has broken that the Federal Government will not honour the agreement that it reached that there would be no GST on Olympic tickets. We are now told that there is GST on premium Olympic tickets. Is that a contravention?

Mr BUIK: Government taxation policy is not a matter for the ACCC. The ACCC is confined to the Trade Practices Act. In the context we are talking about here, it is representations made in the course of business rather than government taxation policy.

The Hon. J. R. JOHNSON: Here one Government instrumentality, Treasury, announced by the Prime Minister that it would not honour the agreement it reached that there would be no GST.

Mr BUIK: Government taxation policy is not a matter for the ACCC.

The Hon. J. R. JOHNSON: It is a matter for the electors.

The Hon. Dr P. WONG: Was the ACCC involved in the planning of ticketing? Did SOCOG seek advice from you beforehand?

Mr BUIK: I am not aware that SOCOG had sought any advice from us.

The Hon. Dr P. WONG: Earlier a speaker alleged that in 1988 Minister Knight on ABC television promised that there need be no advance payment for ballot tickets. Were you aware of that?

Mr BUIK: Personally I was not aware of that.

The Hon. Dr P. WONG: If that is true, would that be a breach of promise you would investigate?

Mr BUIK: It is not fair to anyone to give a simple answer to a question like that because it could be very misleading. When we look at representations we do look at the entire circumstances in which the representation has been made.

The Hon. Dr P. WONG: Will you look into the matter?

Mr BUIK: We seriously consider all complaints and inquiries put to us. How much investigation we do depends on whether on the initial information put to us it appears that there is going to be a contravention.

Mr BUIK: I repeat, will you look into the matter?

Mr BUIK: If a complaint is put to us, yes, we certainly will look at it.

CHAIR: Generally, when you were critical of SOCOG did you do a comparison with

the Atlanta Games and so on? Is SOCOG simply following what has been accepted practice in advertising tickets, or is SOCOG unique?

Mr BUIK: No, we did not look at what was accepted practice in Olympics generally. We looked only at Australian law and the application of that in this particular circumstance.

CHAIR: How did you become involved initially? Did you take the initiative or did you have formal complaints?

Mr BUIK: In relation to the particular matter that we negotiated with SOCOG?

CHAIR: Yes.

Mr BUIK: No, that was at our initiative. We have had some complaints—a small number of complaints—about various matter to do with the Olympics. This particular investigation we initiated ourselves on Monday morning following the press releases foreshadowing extra information on ticket allocations.

CHAIR: Is that a common practice of the ACCC to initiate its own investigation?

Mr BUIK: It is more common that we react to complaints, but certainly on many occasions we do initiate investigations ourselves, particularly of matters that are receiving a lot of publicity.

The Hon. C. J. S. LYNN: I am interested in a comment you made earlier about the difference between a view and a concluded view. If you review the press releases that were issued during the build-up to the public offer, it is very clear that it was a deliberate deception of the public. Would that be a concluded view that you would have or just a view?

The Hon. A. B. Kelly: Has he got any other choices?

Mr BUIK: When we raised our concerns with SOCOG our primary goal was to get a quick, practical solution for consumers. That was obtained during that week and so there was no need for us to pursue the matter further. So, we did not form a concluded view.

The Hon. C. J. S. LYNN: That is a concluded view in regard to whether or not it was a deliberate deceptive exercise?

Mr BUIK: Whether or not there was a breach of the Act.

CHAIR: Once SOCOG agreed to initiate the refunds and those policies, that satisfied your concerns?

Mr BUIK: It did, because it was then going to provide a quick and practical solution to consumers, which was our primary goal.

CHAIR: Have you followed up whether the system of refunds has actually worked to the satisfaction of consumers and that they have received the money?

Mr BUIK: I have spoken to Jim Sloman and have received an assurance from him that they have met the first deadline. I have asked for that to be confirmed in writing. I have also spoken to David Landa about the same issue.

The Hon. D. F. MOPPETT: Mr Buik, my colleagues seem to be suggesting that because you did not make a formal allegation that somehow or other attenuates your activity in this regard. Would that be a reasonably normal practice if you are to get such a response out of any organisation, not just SOCOG? If an organisation has responded quickly, you would not feel bound to go ahead with a formal statement of allegation and proceed to court? Would you regard that you have fulfilled your duties by simply negotiating?

Mr BUIK: That is right. We have a range of responses to potential breaches of the Act, and on a number of occasions we have published what our priorities are. One of our major priorities is to get recompense for consumers. We feel if we were to take every matter right through to litigation then we would not achieve the goals that we are set up to achieve. We have a range of responses, and we think that in this circumstance it was an appropriate response.

The Hon. D. F. MOPPETT: Do you consider that litigation would have been counterproductive?

Mr BUIK: We felt that it was unnecessary to take the matter further, given the response of SOCOG to our letter of concern.

The Hon. A. B. KELLY: Are the final rights of the consumer the most paramount issue to the ACCC?

Mr BUIK: It is one of the major concerns, always one of the top priorities for us.

The Hon. A. B. KELLY: If you placed a cap on the profit of companies—for example, if you placed a cap in relation to the natural gas pipeline in country New South Wales, which meant that the pipeline would not go ahead—you probably would not re-evaluate your cap?

Mr BUIK: That is a completely different part of the Act and is outside my area of expertise.

The Hon. A. B. KELLY: That is basically what you are saying.

Mr BUIK: No, my reference here is in relation to part 5, unfair practices, of the Trade Practices Act. In my capacity as Director of Consumer Protection I make those comments restricted to that area of the Act.

The Hon P. T. PRIMROSE: Consumer issues do not come into the rest of the Trade Practices Act?

Mr BUIK: No, that is not the case, but my particular area of expertise and responsibility is consumer protection.

The Hon. A. B. KELLY: Would you make representation to the other sections of the ACCC?

Mr BUIK: From time to time I would.

The Hon. A. B. KELLY: I want to know who to contact this week for Mudgee, Gunnedah, Tamworth and Armidale.

Mr BUIK: Certainly I would not be the correct person to make representations to in that regard, but I can certainly get you the names of the correct persons.

CHAIR: We will get back to the Olympic ticketing issue.

The Hon. Dr P. WONG: Have you received any complaint about premium ticketing?

Mr BUIK: Yes, I believe we have.

The Hon. Dr P. WONG: If the complaints were lack of information, unresponsiveness, unfairness or non-transparency, would you investigate?

Mr BUIK: We would only investigate where the allegation and the information supplied with that allegation suggested that there may be a contravention of the Act. There would be many times when people would complain about things they did not like that would not constitute or even potentially constitute a breach of the Act. We really are confined to the provisions of the Act.

The Hon. Dr P. WONG: Let me ask the question another way. If there is lack of information, unresponsiveness, unfairness and non-transparency, does that contravene the Act?

Mr BUIK: If those features of representations led to people being misled and suffering loss because of acting on that misleading information, yes, potentially it could be a breach of the Act. If, however, those elements you mentioned did not give rise to a misrepresentation and people were not harmed, then, no, it would not.

The Hon. Dr P. WONG: You would not know the answer until you investigated, would you?

Mr BUIK: We form a preliminary view on the information that is provided to us, because unfortunately we simply cannot investigate every complaint that is put to us. We have a process of prioritising. We would use both our general knowledge plus the information that is supplied to us by the complainant to make a preliminary assessment.

The Hon. Dr P. WONG: Would you give a proper answer to the person who writes to you why you did or did not investigate?

Mr BUIK: Yes, most certainly. If complaints are put to us in writing we will respond in writing. Certainly complaints these days come via email, and there is always the telephone. We always respond to all complaints.

CHAIR: Did you ever make a decision regarding the method of selling the tickets, where they were sold through the balloting processes? Did you ever form an opinion whether ticketing should have been first in first served—you buy a ticket, you get a ticket—as against the balloting system adopted by SOCOG, with people sending money in advance and perhaps not getting a ticket,

as many people missed out?

Mr BUIK: Certainly my view is that the form of ticket allocation does not in itself directly raise trade practices issues. No, I have not ever considered that or made any comments on it.

CHAIR: Is it a legitimate method of selling tickets? It does not contravene the Act?

Mr BUIK: It is not a matter that would directly concern us because the method of allocation does not in itself directly raise a trade practices issue.

The Hon. J. R. JOHNSON: In relation to the so-called concern about advance payment tickets, with the membership of clubs and unions, lottery ticket or lotto sales, supermarket shopping, clothing stores or airlines, people are required to pay before they get the goods. What is so different about SOCOG wanting its money beforehand? Surely that is not a breach of the Act?

Mr BUIK: Again, ticket allocation and requirements for payment at different points in themselves do not raise trade practices issues.

CHAIR: Thank you for appearing before the Committee. We appreciate your coming to Sydney today. We thank you for your co-operation and the work of the ACCC. Any questions on notice will have to be forwarded to ACCC through the Committee staff.

(The witnesses withdrew)

ROBERT WILLIAM GARING, Secretary, Tattersall's Club, 78 Glenrock Parade, Koolewong, sworn and examined:

CHAIR: Thank you for appearing before the Committee today, we appreciate your co-operation. In what capacity are you appearing before the Committee?

Mr GARING: As a witness.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr GARING: I did, sir.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr GARING: Yes, sir.

CHAIR: I understand that you wish to make an opening statement and at some point request the Committee to hear evidence in camera.

Mr GARING: Yes.

CHAIR: If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee would be willing to accede to your request and resolve into confidential session in camera. I should warn you that the Parliament may override that decision at any time and make your evidence public.

Mr GARING: Thank you, sir.

CHAIR: Such a decision is unusual, but I must state that the power is available.

The Hon. A. B. KELLY: May I suggest that, if the witness wants his evidence taken in camera, that it occur at 11.25 a.m., because we have a short adjournment at 11.30 a.m.

CHAIR: It is up to the witness to decide at what point he wishes to seek to give evidence in camera. The form of questions may involve the witness answering a question which he thinks should be in confidence. The Committee understands that. It may occur that a question will bring that request on and we may have to defer that question until after any other questions are asked that can be answered in an open session, which is obviously our preference in these hearings. Would you proceed with your opening statement?

Mr GARING: If as a result of the very first part of your terms of reference and the conversation this morning the evidence I give can be kept at a general level without naming names or numbers or going into the privacy of the members of the club, then I am happy to keep it an open session, or ask to keep it an open session. However, if it starts to get down to names, times and dates and any documentation you want tabled—some of the documentation is already labelled "Confidential"—it is up to me to protect the wishes of the person who wrote it.

CHAIR: Are all those documents of the same type? Are there some that can be tabled which are not confidential?

Mr GARING: No, they are really all confidential. Tattersall's involvement in the ticketing availability was made public as a result of part of a newsletter that was released to the press.

The Hon. J. R. JOHNSON: Tattersall's newsletter?

Mr GARING: Yes, sir. It goes back some 2½ years when we realised that during the Olympic Games a lot of the members would either be overseas or at the Olympics and that the club revenue needed protection during at least a month of this time. Tattersall's being the oldest club in Australia and with a very long sporting history, there has been pressure on me, or the administration, firstly, to ensure that we had a lot of Olympic-related hospitality in the club and, secondly, if it were possible, to acquire tickets.

The first part of that was done as a result of two searches that we did, firstly, among non-members. We put it in the hands of commercial organisations looking for functions that were going to be turned on in the club during the Olympic Games. Secondly, we went to the members and asked them if any of them had large hospitality demands during the Olympics.

This is, in fact, what transpired, as a result of which—and it is common knowledge—the club is going to turn on a lot of hospitality, including for the United States of America Olympic Committee, through members of the club who happen to reside overseas. During these conversations with various visitors to the club, we asked about the availability of tickets, knowing that tickets were available via the airlines and with packages all over the world. There are scalpers, it is advertised on the Internet that tickets would become available.

As a service to members we looked for an opportunity to provide tickets. This came about as a result of discussions with one of our overseas members who buys many millions of dollars worth of tickets for packages on sale overseas. I believed, as a result of our discussions with him, that should he fail to sell some of those packages that they would become available locally to our members.

As it transpired, in June this year he suggested that a much better way, rather than waiting until April, May, June of next year, was that we should approach SOCOG directly, as he understood there were going to be some tickets made available at a premium price. We did, and Mr Paul Reading's name is on the public record. He was the one that we contacted. Since our initial discussions with him, a member of his staff—who I do not believe has been named and therefore I will not—has been the day-to-day interface between us and SOCOG.

We have sought a number of tickets on behalf of our members, and specific orders have been taken. Recently other events became available and we have ordered some of those as well. As I understand it, it has now ceased and we are waiting for the final invoice to arrive.

CHAIR: So you have not actually paid for tickets. You wait until the invoice comes in and then you forward the funds for those tickets?

Mr GARING: That is correct

CHAIR: Is there any date for that? Do you expect the invoice tomorrow?

Mr GARING: Yes, we expected it last week.

CHAIR: Is there anything else you wish to say?

Mr GARING: No.

The Hon. C. J. S. LYNN: You mentioned that interest started 2½ years ago. However, the premium tickets were not known of 2½ years ago. You mentioned that there was pressure on you and the club to get tickets to make them available to the Tattersall's club. Where did that pressure come from?

Mr GARING: From members but it was known 2½ years ago. I was a kid in 1956 and there have always been premium tickets available. There were scalpers outside the MCG when I was a child.

The Hon. C. J. S. LYNN: So, are you saying that you were aware that there was a premium ticket package 2½ years ago?

Mr GARING: Yes, and there was at Atlanta. It was common knowledge that there would be a number of tickets sold above face value to various organisations, whether it is the airlines, hotels or whatever, yes.

CHAIR: You assumed that without actually a letter a coming from SOCOG?

Mr GARING: Yes.

CHAIR: SOCOG did not tell you; you just assumed that?

Mr GARING: No. These are discussions between high-level representatives of all sorts of organisations.

The Hon. C. J. S. LYNN: Your club has many wealthy and influential members and two of those members are Mr Graham Richardson and Mr John Coates, two SOCOG board members. Did they have discussions with you as to how you could better access the premium tickets package?

Mr GARING: Absolutely not at any stage.

The Hon. C. J. S. LYNN: Are you aware of them having discussions with any other members of Tattersall's to bring pressure to bear?

Mr GARING: No.

The Hon. J. R. JOHNSON: How many members of Tattersall's are there?

Mr GARING: Over 2,000 and not all are rich and influential.

The Hon. A. B. KELLY: How many of those are members or former members of the State and Federal parliaments?

Mr GARING: Off the top of my head, 50. something like that. It is not a very large number.

The Hon. PATRICIA FORSYTHE: You said that you approached Mr Reading. How did you know that it was Mr Reading that you needed to approach about the issue of tickets?

Mr GARING: His particular name was discussed at a luncheon in the club by an overseas member.

The Hon. C. J. S. LYNN: He has only been in charge for the last month or two. Did that happen in the last month or two?

Mr GARING: No, this happened in June and I think I said exactly that.

The Hon. C. J. S. LYNN: Mr Moore was then the—

Mr GARING: His name was not given to us to be the contact.

The Hon. C. J. S. LYNN: Who gave you that contact?

Mr GARING: One of our overseas members.

The Hon. C. J. S. LYNN: And you cannot reveal the name of that person?

Mr GARING: Not unless we go into camera, no.

The Hon. PATRICIA FORSYTHE: In your statement you said that Tattersall's bought tickets on behalf of specific orders. Does that mean that you were acting on behalf of specific individuals in relation to specific events and specific seats at events?

Mr GARING: Not specific seats, no, classes of seats.

The Hon. PATRICIA FORSYTHE: And you then said that recently other tickets became available. How recently and are you talking now in terms of numbers? Are you looking to allocate those? Have you been offered those tickets by SOCOG or have you sought other tickets?

Mr GARING: No, at each stage that we have had orders from our members, a lot of them say, "Well look, that is all very well, the 15 or 16 little packages that you have got on offer, but what about the closing ceremony?" Just to give you an example. So every time we put in an order we also said, "Well, aren't these other ones going to become available as well?" So, providing a service to members we simply asked for a whole list of other ones.

The Hon. PATRICIA FORSYTHE: So you could go to Mr Reading and say, "I have expressions of interest from members for tickets for the closing ceremony" and he could say to you they were going to be available or not available?

Mr GARING: Correct, yes.

CHAIR: Just to clarify a point, you mentioned Mr Reading's appointment. I thought it was a longer period than the two months you just indicated?

The Hon. C. J. S. LYNN: I understand Mr Moore left in August and Mr Reading actually took over Mr Moore's job. It may well have been that he took over before he left and that is why he left, but we will clarify that later,

CHAIR: We need to just clarify that because I was of the impression it was a longer period.

Mr GARING: The specific meeting was July 13.

The Hon. PATRICIA FORSYTHE: You get requests from members for specific events, a specific class of tickets for events and an exchange then goes on by telephone or in writing with Mr Reading.

Mr GARING: By fax, but to a member of his staff.

The Hon. PATRICIA FORSYTHE: And I presume you would maintain a file on all of your exchange with SOCOG?

Mr GARING: Yes. There is not a great deal of correspondence because the original offers are encapsulated in only a couple of written correspondence. There were quite a few phone calls to tailor make what we wanted and as we got orders, we put them up by fax, yes.

The Hon. PATRICIA FORSYTHE: Are you aware of any policy? You were not aware or there was no policy?

Mr GARING: No, we are not aware of any policy at all.

CHAIR: Were you the person who dealt with Mr Reading personally?

Mr GARING: No, it was the marketing manager of the Tattersall's club.

The Hon. C. J. S. LYNN: Would you make available to the Committee all records such as faxes, memos, emails, minutes in regard to the premium tickets package?

Mr GARING: Yes, if we can keep it confidential. I have brought all of the ones that came from them but I have only brought a sample of the ones that we sent them.

The Hon. C. J. S. LYNN: We would like to review all of the records that you have got.

The Hon. A. B. KELLY: You are not actually a member the Committee so you cannot ask for documents. You had better ask one of your colleagues to do that.

The Hon. P. T. PRIMROSE: Maybe your two colleagues have different views.

The Hon. PATRICIA FORSYTHE: Mr Chairman, I request that the documents be made available to the Committee.

CHAIR: It may be best if we can get the documents today.

The Hon. C. J. S. LYNN: How many tickets were eventually procured by Tattersall's?

Mr GARING: Some 400-odd tickets.

The Hon. C. J. S. LYNN: Given Mr Reading's publicly stated objective to get the maximum amount of money possible for the premium tickets packages, were any incentives provided to Tattersall's to purchase more? For example, was a group discount offered to you?

Mr GARING: No, the price was non-negotiable. We were told at the very first meeting that the mark-up would be two or three times the face value of the tickets at least. There was no negotiation available over the price.

The Hon. C. J. S. LYNN: I think there was mention of up to four times?

Mr GARING: Could have been. Finally we got the demand in writing and there was a considerable mark-up.

The Hon. PATRICIA FORSYTHE: Can you clarify what you mean by the statement that recently other tickets became available?

Mr GARING: Right at the start the closing ceremony, to give you the example I stuck to, was not offered in the first lot of packages that we negotiated with SOCOG but it has become available since then.

The Hon. PATRICIA FORSYTHE: Can you tell me specifically when?

Mr GARING: Certainly within the last three weeks.

The Hon. PATRICIA FORSYTHE: Since the first round offer to the public was made available?

Mr GARING: Yes.

The Hon. PATRICIA FORSYTHE: In the last three weeks?

Mr GARING: Yes, I would believe around about the beginning of November.

The Hon. PATRICIA FORSYTHE: You have identified, for example, the closing ceremony. Could you identify what would be regarded as premium events that might also have become available—swimming, athletics, the opening ceremony?

Mr GARING: Women's 200 butterfly swimming final, the athletics finals 100, 200 and 400, equestrian jumping, gymnastics.

CHAIR: Does your question relate to the last three weeks?

The Hon. PATRICIA FORSYTHE: In the last three weeks, all of those in the last three weeks?

Mr GARING: Yes.

The Hon. Dr P. WONG: When you purchased the tickets from Mr Paul Reading, was that through negotiations or did he tell you that "This is a fixed price full stop. Take it or leave it."

Mr GARING: Yes, that it would be a fixed price, take it or leave it.

The Hon. Dr P. WONG: The Committee asked you how many packages of tickets you have purchased.

Mr GARING: I answered that. It is over 400.

The Hon. Dr P. WONG: A, B and C or including D and E seats?

Mr GARING: No, the premium tickets are A-class tickets.

CHAIR: And was it three times the face value or four times the face value?

Mr GARING: It varies. I am not aware of the face value of any of the tickets in my head but it is of that order.

CHAIR: Four times?

Mr GARING: Yes, and if you subpoena these documents, then obviously you will have exact information, but I do not know the face value off the top of my head.

The Hon. A. B. KELLY: Roughly speaking, if there is \$100 million worth of premium tickets available, from the figures you have said—two, three, four times the face value—that would mean that the face value of those tickets would be of the order of \$25 million to \$30 million?

Mr GARING: Not of ours.

The Hon. A. B. KELLY: No, I am talking about based on what you have purchased. Obviously you would not have bought the whole \$100 million worth?

Mr GARING: No, that is a fair division.

The Hon. A. B. KELLY: Somewhere around \$25 million and \$30 million would be the face value?

Mr GARING: Yes.

The Hon. A. B. KELLY: In other words, there is approximately \$70 million profit

included in those premium tickets?

Mr GARING: Yes, less the GST announced this weekend.

The Hon. A. B. KELLY: The Government was hoping to make a \$30 million profit. If it did not have the \$70 million, it would make a \$40 million loss and that would come out of the State budgets of hospitals, police, education?

Mr GARING: Yes.

CHAIR: We will get the information when we see the correspondence. I asked the question because Mr Reading was not so much saying the deal is four times the face value; you were actually being offered a certain amount per ticket?

Mr GARING: Yes.

CHAIR: Mr Reading may be following some formula which could vary maybe three times the value for some and maybe four times or more than four times?

Mr GARING: Yes, depending on how popular. He is presumably a marketing man and he is even able to mark up the very popular ones more than three or four times.

CHAIR: So you do not see the face value of the tickets, you only see what he wants you to pay for them?

Mr GARING: Correct.

The Hon. Dr P. WONG: So I presume he gave a list of prices to you that you could subscribe to?

Mr GARING: There was no maximum or minimum number given originally in the tickets in terms of the numbers that were available.

The Hon. Dr P. WONG: Not numbers, I am talking about pricing. For example, it may have said for swimming, A class, that was the price and that is the price listing you have?

Mr GARING: That is it. "If you want the tickets that is what you pay."

The Hon. Dr P. WONG: Is it possible for you to supply that document to the Committee?

Mr GARING: The document simply says, "This is what is on offer and these are the prices."

The Hon. Dr P. WONG: The word "on-sell" has been mentioned, and that the Tattersall's club on-sell, implying it is making a profit out of that, although it may not be. Could you clarify to the Committee whether Tattersall's is doing a service for its members or is trying to reap a big profit out of this?

Mr GARING: No. We are supplying the tickets on to members with only a consideration for our portion of GST and to cover the incentives that we gave our members. It is common knowledge that if a member introduced a new member during this period, we would give them a discount on what we paid for the tickets, so I can assure you that there is no big profit at all.

The Hon. C. J. S. LYNN: Was Tattersall's told not to talk about the deal, to keep quiet about it? Was there a confidential clause in your arrangements with SOCOG?

Mr GARING: We have put it in our newsletter but Tattersall's is a private club and to answer your question fairly, no, there was not, but all of their correspondence is headed "confidential".

The Hon. C. J. S. LYNN: Since the public disclosure, has there been any pressure put on you or your club to keep quiet about it and not to comment on it?

Mr GARING: No, we decided that it was not our problem and that we would keep quiet about it. That was an internal management decision. After finding the centre pages of that newsletter leaked to the press, we certainly did not want to talk about it anymore. It is not our fault that we have been smart enough to go to the right place to get a service done for our members.

CHAIR: Would you say that the confidential factor in the correspondence is that you may be actually getting a certain price for the tickets which could be even lower than another organisation that Mr Reading is dealing with, and that it was not so much a matter of keeping this a secret but that it was more a question of competition and trying to get a better price?

Mr GARING: Could be.

The Hon. A. B. KELLY: If he is a good marketing man that would probably be the case.

CHAIR: I am saying that could be the reason for the confidentiality?

Mr GARING: Yes, it could be.

CHAIR: And it is not that some kind of evil deal is being done but it is just a business approach?

Mr GARING: I do not know.

The Hon. PATRICIA FORSYTHE: You said that recently some more tickets became available. Has there been any change in policy in the last three weeks? Is there any suggestion that the tickets are drying up?

Mr GARING: Well, they have dried up. They have now dried up. That is why I said right at the start that we expected the invoice, the final invoice, for all our ticket purchases to be with us last week.

The Hon. PATRICIA FORSYTHE: Can you indicate how many tickets in total Tattersall's might have had access to?

Mr GARING: I just did. It was over 400, but the exact number I do not know, I am sorry.

The Hon. C. J. S. LYNN: Commander, this morning we had Mr Gary Moore, the director of the Council of Social Services, before the Committee. We discovered that approximately 400,000 tickets were taken off the poor or low income earners. Obviously, a lot of those have been made available to clubs such as Tattersall's. What is your view—

CHAIR: We do not know that for a fact.

The Hon. J. R. Johnson: That is pure supposition.

The Hon. C. J. S. LYNN: I think it is a fair assumption to make. What is your feeling about low income earners obviously missing out on an opportunity to go to the Olympics with the disappearance of these tickets and a transfer of them to people who are in a much better position to pay.

Mr GARING: I am sorry, I do not agree with you, I am afraid. These tickets were made available before there was any discussion of transfer from the struggletown group to others. As I said to you, I believe that this has been common knowledge. It was done in Atlanta and it has been common knowledge for a long time. Where they came out of, we have absolutely no idea at all.

CHAIR: We will have to question SOCOG on that to establish that because the impression is that they have gone to the public offer—to increase the public offer. That is the impression from the statements that have been made – that it was not the premium package. We will need a motion from the Committee to accept those confidential documents containing correspondence and so on.

The Hon. J. R. JOHNSON: Commander, you realise that if you submit those documents, they will be confidential to this Committee but that can be overridden by the Parliament, and the Parliament can make them available.

Mr GARING: I understand that.

CHAIR: It would be very unusual.

Mr GARING: But I do ask that if I provide to you copies of what I have brought with me now that they remain confidential to the Committee, not to the press and for general discussion.

The Hon. J. R. Johnson: You are missing the point. That can be overridden.

Mr GARING: Yes, I understand that.

CHAIR: And the documents in the main are correspondence about the ticketing arrangement?

Mr GARING: They are just that correspondence, yes.

CHAIR: That will be included on a confidential basis as part of your evidence.

The Hon. PATRICIA FORSYTHE: May I just ask Mr Garing why they need to be confidential?

Mr GARING: I do not know. It is headed "Confidential Communication", and I expected that SOCOG did not want them released, as I have just asked for—not to the press and not to other people.

CHAIR: The point I made earlier is that we understand that Mr Reading was offering tickets at different prices to different groups. I think that is the reason for the confidentiality, not to conceal the contents.

The Hon. PATRICIA FORSYTHE: I presume, though, that should SOCOG take the view that they would now be happy to have them made publicly available, Tattersall's would have no objection?

Mr GARING: None at all. The rules are that if somebody makes them confidential, you seek their approval and then they become public documents.

CHAIR: You are protecting SOCOG.

Mr GARING: I am protecting the person who provided these.

CHAIR: There was the possibility that we would be in camera, but apparently there is no question that would require it now.

(The witness withdrew)

(Short adjournment)

JOHN LAURENCE MOORE, Chief Executive, Former Group Manager — Marketing and Image—Sydney Organising Committee for the Olympic Games, 21 Alexander Parade, Roseville, New South Wales.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr J. MOORE: I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr J. MOORE: I am.

CHAIR: Do you want to make a brief statement?

Mr J. MOORE: Yes, if I can. Really, just for some clarification and a framework for this Committee—I was the group general manager for Marketing and Image of the Olympic Games up until the month of September of this year. My responsibilities were the marketing of the Olympic Games, the sponsorship program and the revenue generating from those programs, image and identity, the consumer products program, the Olympics stores, the torch relay program, and the cultural program.

I did those duties until 23 September this year. I joined SOCOG approximately 4½ years before that in May 1995. I would just like to make a few clarification statements and then take questions as you would wish. The ticketing program was a very critical and important program for SOCOG, as you would know. It broke into three sections, if you like. There were many, many, many months of policy and distribution development by a team that was headed by a gentleman whose name was Phil Tully. His business background was with Arthur Andersen. He was engaged and one of his main tasks was to create the policy in conjunction with the board, which meant how many tickets, what was the distribution going to be like, and that is how we ended up with a policy approved by the board of 3.5 million tickets to the public with 1.5 million tickets for what we will call the social equity tickets, subsequently renamed the Olympics opportunity tickets. Seven hundred and fifty thousand of those were to go to schoolchildren and 750,000 to the underprivileged.

That policy was adopted by the board. That was really the first section of the formal ticketing program. The second stage of that program was then my responsibility—and I took it as an important responsibility—to create a marketing and communications plan that would be built off that policy. We did that with the internal expertise—my team, marketing, communications, community relations, and many of the internal departments—and external advice from some public relations consultants and also our advertising agency, George Patterson Bates. We put together a very very strategic marketing program and that was presented to the board. It was adopted, I believe—if my dates are correct—sometime in August 1998.

That was enthusiastically adopted by the board and it built off the platform of the 3.5 million tickets plus 1.5 million tickets. Several months before that, there had been another budget review. Because tens of millions of dollars were needed to fill the gap in the budget for SOCOG, ticketing prices were reviewed once more and the final ticketing prices, I think, were engaged. At that

stage, clearly, we had a formal policy for a ticketing program—a marketing strategy ready to go forward. The implementation stage, however, I was not responsible for. I would like to explain a little bit of that for the members.

The decision by the chief executive, Sandy Hollway, to appoint Paul Reading as head of the ticketing program came within six to eight weeks of us having presented formal marketing plans to the board which was signed off. The reason for this, we were told, was twofold: Sandy Hollway believed that there needed to be a dedicated, 24-hour a day ticket marketing team that would handle the ticketing program because it was a massive program. Sandy had experienced some success by doing that for the torch relay where a group of people were put together as an blitz of people working on the project. It was his intention to do that for sales and marketing of the ticketing.

My reaction clearly was one that I expected to be involved from a marketing specialist point of view, but Paul Reading was assigned to marketing responsibility—sales and operations—of the ticketing program. In some difficult discussions between Paul Reading, myself and Sandy, I eventually said that I would live with that decision as long as I was asked for guidance and advice on the ticketing program from a marketer's perspective. We moved forward on that and it quickly became a very difficult process for me because my advice sometimes was not taken or I ended up with a clash on the way that the ticketing was actually moving forward. The two clear problems that arose for me came from the marketing of the tickets to non-Olympic sponsor corporations and some of the marketing that I would expect our partners to have been involved in. I will clarify that in a minute.

I would just now like to quickly address the informal ticketing program, which was really the premium tickets. It is worth my helping out with two minutes of framework on this. It clearly goes back to a decision that was made very early in the life of the Olympic Games which was the stadium program where SOCOG sold tens of millions of dollars of tickets to the underwriters in the float of the stadium. Most of you would remember that the float of the stadium included the tickets and packaging for the stadium membership called the Gold Pass. Those programs were, depending on who you talked to, either unsuccessful or moderately successful; but of the 34,000 packages that were put together by the stadium and released by the organising committee to the stadium and the underwriters, only 10,000 or so of those were sold. I am not sure of the exact numbers, but there were many, many thousands of tickets and packages that were left under sold after that first initial float program.

That was of concern to SOCOG, particularly to me as head of marketing, because those tickets were likely, if the underwriters had retained those tickets, to end up in competitive ticketing and marketing and sales program against our public program conducted by SOCOG. We worked very hard—this was myself and Paul Reading and other members of SOCOG—to work with the underwriters to help them dispose of those tickets. So the underwriters now have hundreds of thousands of tickets in their hands and they go out with a two-tier program in 1998. The first part was to go to the public in, really, the secondary level program, offering those tickets—really, premium tickets if you like—for the stadium packages in half packages. The public was asked, "Would you like to buy a half ticket—to the front end of the Olympic stadium program, or the back end of the Olympic stadium program?" So these premium tickets were in fact already in the market from the underwriters.

The second part of their program was to go to our sponsors, our corporations—the 70 or 80 companies that were part of the Olympic sponsor ship program—and ask them to bid on these tickets. Why would a sponsor pay for the tickets? Because they would be looking to upgrade some of their tickets, remembering that their allocations were A, B and C level tickets. They were saying, "Well, I might be able to get all A tickets if I pay the incremental costs for some of these tickets from the

underwriters.

Through that process we moved more of those tickets. However, I believe there were still close to 10,000 packages left with the underwriters. Mr Reading and I presented to the board that SOCOG should purchase these tickets back from the underwriters. I am giving you all this reasoning because this is where the pool of premium tickets was continuing through the marketplace. So we bought back these tickets and it is in the public knowledge that they were \$5,200 per package. I think there were around about 10,000 of these left.

The Hon. A. B. KELLY: Tickets or packages?

Mr J. MOORE: Packages, of which there were 19 sessions. So 10,000 times 19 A class tickets for the stadium.

The Hon. A. B. KELLY: That represents 190,000.

Mr J. MOORE: Yes. There was large amount of tickets. Those tickets were bought back by SOCOG and they were in the hands of Mr Reading because he was in charge of the ticketing program by then. The other key issue that members should understand is that we had sold those tickets to the underwriters at, I believe, less than \$2,000 because we did not know the price of the tickets four years ago when we sold those tickets, so we put an estimated value on them for the sale. When we bought them back, clearly, we had paid over \$3,000 more than we had sold them for. So sitting in the SOCOG inventory were now very good tickets, but really at a liability to SOCOG and, as the financial people would say, burning a hole in our pockets because we had paid so much to buy these tickets back, even though it was the most essential thing to do to keep them off the market.

SOCOG had been working on its formal ticketing program very diligently, highly structured and highly involved by policy from all kinds of people, whether it was members of the board, consultants or whatever. So the program was well-structured. But sitting underneath this was this informal program which had been stadium-related, and then thousands of tickets sitting in the hands of Mr Reading. I would suggest to you that that informal selling process just continued and that there was no policy or procedures set about how we should sell those tickets. The packages that had been sold to the public, the half packages, really pretty much continued into an informal, unmarketed process. But clearly, people who knew about it called and placed an order. So that process continued. I think Mr Reading will always be complimented for his capitalist instincts in raising revenue for SOCOG.

I think the value of those tickets and other assets became very obvious to SOCOG. The golden goose suddenly appeared, if you like, from the value of these tickets. That process continued. Where I am totally in the dark, or with little knowledge, is how those tickets became blended with other tickets, like swimming tickets and other sporting tickets, because there had clearly been a lot of due diligence put on SOCOG for its public ticketing program. The first indication of the blending of those tickets came to the notice of the sponsors who called me saying, "John, SOCOG has just mailed to gold pass members and to us, because we bought some of the packages, an offer of tickets beyond stadium tickets." So in the mail appearing to sponsors and gold pass members was, magically, tickets to events other than the stadium tickets that they had already bought. Now that is where the blending of the process and the blurring I suppose of the formal and the informal ticketing program happened.

As I have said, my concerns were twofold, still as the head of marketing, although not

in charge of the ticketing program. First, the companies that had been supporting us, to the tune at that stage of about \$700 million in marketing fees to SOCOG, were suddenly calling us and saying, "We are hearing that our competitors are getting hold of these tickets", which was very disturbing to me because I and my team had made significant assurances to sponsors that we would not ambush them and companies would not get access to tickets. Second—and again I suppose I felt disempowered in the process—Visa, Ansett, United Parcel Service and other companies, that I thought would be vital and excellent potential marketing partners for the public ticketing program, were calling me and saying, "We have just been told there is no interest in us helping the ticketing program of SOCOG", which was something I was very disturbed about because in my view we had a moral obligation to involve the sponsors. Finally, I wanted to give you some framework to help you to understand the formal and informal process, and also to clarify for the record that my involvement in the ticketing program, which really was from an accountability point of view, ceased after the presentation of the major marketing and communication strategy to the board.

The Hon. PATRICIA FORSYTHE: You made reference in your statement to concerns that you and sponsors expressed about this marketing policy, or what was appearing in relation to tickets. Last week I asked a question of one of the witnesses, Mr Reading, about whether sponsors were consulted if there was a company that might have been in direct competition. Mr Reading said:

There was an isolated number of instances where competitive companies have come along. We have referred them to our sponsor and only when we have received approval in writing from that sponsor will we deal with the competitor to that sponsor.

Basically, that is in relation to some of those premium tickets. Would you agree with that statement?

Mr J. MOORE: I think that is essentially correct. We did have a policy that, if a competitive company had expressed interest in the tickets, we would approach the sponsor to see whether that was something that SOCOG would be allowed to do. I think the difficulty for the sponsors was that we were not sure, even in the gold pass membership, whether companies had asked individuals to purchase those tickets. So there was never a total mechanism where we could say that a competitor of one of our sponsors never got tickets. So there was a sense of, even if we asked, they were not sure.

CHAIR: Just to clarify that point, you mentioned earlier that the problem seemed to have started when the original offer for Olympic club gold passes failed. Is there any simple reason for that? Everybody wanted tickets. What was wrong with the marketing process then?

Mr J. MOORE: The stadium conducted our marketing program, which was at the end of 1997 and the beginning of 1998, which was four years away from the Olympic Games. If that program was done six months ago it would have been far more successful. You would have to ask the stadium why it was unsuccessful. It was not a SOCOG marketing program. It was either too early or the prospectus was difficult to understand. There were no hirers of the stadium at that stage. Nobody knew who was going to be playing football or whatever at the stadium. It was a prospectus with no features of the product.

The Hon. C. J. S. LYNN: In your opening statement you mentioned that one of your tasks in your role with SOCOG was to protect the image and identity of SOCOG and the Olympics.

What is your view now on the image and the identity of SOCOG, as result of this fiasco?

The Hon. J. R. JOHNSON: Of what relevance is that?

The Hon. C. J. S. LYNN: It is very important.

The Hon. J. R. JOHNSON: To whom?

The Hon. C. J. S. LYNN: It is important to the public. We are talking about the restoration of public confidence in the Games. If the Games have a tarnished image it means that there is no public confidence in them.

Mr J. MOORE: I am happy to answer the question because image and identity in my involvement were actually more in a graphic design role—in creating the image of the logo, the mascots and those areas. When it comes to the communication and the public image, I was partially responsible for the image, as being part of the executive team, but that would have rested far more with the chief executive, the head of communications and so on.

The Hon. C. J. S. LYNN: I am interested in your comments on policy. On 30 March 1997 the then new chief executive officer of SOCOG produced an integrated game plan, which he said addressed the most important issues surrounding the Olympics, and ticketing was obviously one of those issues. You said in your statement that a detailed policy was developed for marketing or for ticketing overall?

Mr J. MOORE: Correct.

The Hon. C. J. S. LYNN: Are you aware that, at our last hearing, the Minister advised this Committee that there was no policy for ticketing?

Mr J. MOORE: I would have thought that he was referring to the premium ticketing, not to the total ticketing program. I would be very surprised if that was the whole ticketing program.

The Hon. C. J. S. LYNN: In regard to the marketing of premium tickets are you surprised that a policy was not developed for premium tickets? Is there any excuse as to why there was no policy?

Mr J. MOORE: The policies of the premium ticketing that were discussed in detail were linked to sports passes, which I think this group would understand were in-line tickets of every basketball game. Those were fully discussed in board meetings and they were clearly part of the strategy. The volume of them and the amount of money raised I think were probably the questions. People did not fully understand all the detail that was being developed. But, as I said, the informal part of the premium tickets that had all come back was that there was an acceptance that those were almost distressed stock and a liability of SOCOG and that they were being sold.

The Hon. P. T. PRIMROSE: When did you first realise that you were going to struggle to reach your sponsorship target? Was that before the public ballot?

Mr J. MOORE: I think really since 1998 the sponsorship budget had always been a very aggressive budget. We had many discussions over that two-year period leading up to when I left

about the fact that our budgets were always going to be aggressive. Clearly, in many discussions with the chief executive and the board we had always said that there was going to be possibly a shortfall on the budget.

The Hon. P. T. PRIMROSE: So at the time of your departure, roughly how much money would you estimate was still required to be raised through sponsorship?

Mr J. MOORE: If I remember correctly, about \$150 million was still to be raised, with about \$30 million in the final stages of negotiation.

The Hon. PATRICIA FORSYTHE: You referred to the stadium package as having been blended with other tickets.

Mr J. MOORE: Yes.

The Hon. PATRICIA FORSYTHE: Where did the other tickets come from?

Mr J. MOORE: I do not know where those tickets came from. I have no idea where those tickets came from.

CHAIR: You gave the impression that people were surprised when, suddenly, stadium tickets were being added to without them actually being asked for.

Mr J. MOORE: Because the sponsors bought many of the stadium packages they received a mailing saying, "Would you like to add—

The Hon. PATRICIA FORSYTHE: What was the date when those tickets were added?

Mr J. MOORE: I am not sure of the date. I think it would have been before the public ballot. But there was nothing secretive about it. It is just that I did not know about it. Clearly, that was the public package.

The Hon. J. R. JOHNSON: I take it that SOCOG's plan to sell premium packages and market corporate suites, et cetera, was a good plan to achieve its revenue targets? Were any other realistic options open to SOCOG?

Mr J. MOORE: I think the revenue raising to get to the \$2.5 billion that SOCOG needs and needed for the Games was always going to be a huge ask for an 18 million or 19 million population country like Australia. The selling of assets and tickets and hospitality and transport had probably been discussed many times and was always going to be an option for the organising committee. I think there was an extensive piece of work done in the last couple of months before I left which was to try to identify where we had perhaps missed opportunities. That is what an organising committee keeps doing: it looks for continued opportunity.

The Hon. J. R. JOHNSON: What did you come up with?

Mr J. MOORE: The sponsorship market was clearly reducing in its opportunity to deliver another \$100 million.

CHAIR: You mentioned the arrangement Mr Hollway made in appointing Mr Reading to be in charge of the ticketing program.

Mr J. MOORE: Yes.

CHAIR: I may have misread you but you implied that this was something that you were not happy with because it took away your responsibility in handling the tickets.

Mr J. MOORE: It was twofold. First, everybody had to agree with the strategy that we needed a full-time marketing team and it was not going to be two or three people; this was going to be a very extensive team. So we all agreed with Sandy on that. It was always going to be a difficult position when a head of marketing and a head of ticket marketing were being asked to agree on everything that happened. It was to prove that we would not agree on a lot of things.

CHAIR: Was it suggested at one stage that you remain in charge of overall marketing and Mr Reading would be a departmental person, so to speak, under your authority?

Mr J. MOORE: No, there was no real line of authority to me. Paul Reading was responsible to Sandy Hollway and it was an unofficial line for advice and guidance.

CHAIR: For efficiency, would you have preferred to be the person in charge of all marketing and Mr Reading in charge of ticket marketing under your overall direction?

Mr J. MOORE: That would have been a logical process, but I was also—Sandy was right in saying, "We still have \$200 million or \$300 million to raise. John, please keep your eyes only on that target because that is the most critical thing you have to do in your job." It was a balance of priorities between the revenue raising and what is a huge program, to do the ticket marketing. I thought the team did a spectacular job in the way that it went about putting that program in place. I think it was the informal premium tickets that seem to have caused the tremors in the marketplace.

CHAIR: That factor, that organisation, did not lead to your resignation from that position?

Mr J. MOORE: No. There was lots of tension and we dealt with that. No, I received an offer that I could not refuse.

The Hon. PATRICIA FORSYTHE: Earlier this year we had some advertisements featuring Mark Taylor.

Mr J. MOORE: Yes.

The Hon. PATRICIA FORSYTHE: In one advertisement Mark Taylor said that there were over 5 million tickets available and he talked about people having an equal chance to get the tickets they wanted. Where would the figure of 5 million have come from? Would you have had an involvement in that advertising campaign?

Mr J. MOORE: The advertising campaign in its early stages, as I said, was approved by the board. I had a responsibility, with many of my colleagues. The 5 million in the advertising would have been referring to the 3.5 million plus the 1.5 million.

The Hon. PATRICIA FORSYTHE: Was the issue of the 500,000 contingency tickets ever raised with you or discussed with you? Was the concept ever put to you?

Mr J. MOORE: No, and it was not my responsibility. I had plenty to do with all the other things I was doing so, no, we did not really discuss that.

The Hon. PATRICIA FORSYTHE: Did it come as a surprise to you then when the evidence came out that there were these so-called 500,000 contingency tickets?

Mr J. MOORE: Yes. I suppose I was surprised but I did not know the detail of it. Yes, I was surprised, but we had diligently put together a communications plan that I thought was delivering what it said it was delivering—the 3.5 million plus the 1.5 million. The early question that had come up about the 1.5 million tickets, we made a recommendation to the board that those not go to the marketplace until probably early 2000 in order to keep clear the major public program and the Olympic tickets. I know that there was certainly discussion about premium tickets. There was plenty of discussion in our team as to whether they should be spoken about, and I think there was consensus that they should be declared to the public but probably marketed after the major public ballot.

The Hon. Dr P. WONG: I notice that SOCOG's 1998 report referred to 3.5 million tickets and it mentioned contingency tickets. In your impression was the 3.5 million including the contingency tickets?

Mr J. MOORE: I would have to answer that I am not sure because I was not dealing with a lot of that detail. I was not aware of that.

The Hon. Dr P. WONG: When did you resign from SOCOG?

Mr J. MOORE: In September this year.

The Hon. Dr P. WONG: When did Paul Reading take over the ticketing operation part of it?

Mr J. MOORE: As I mentioned, I think Paul was given the authority post-August 1998 which was when we presented to the board and got the full sign off and then after subsequent discussions that a special team should be set up. So it would have been within a couple of months of that.

The Hon. Dr P. WONG: When were you aware of this blend of tickets? When did that start to occur?

Mr J. MOORE: As I said, it came from when the sponsors were calling me saying they were surprised to see this.

The Hon. Dr P. WONG: When was that?

Mr J. MOORE: I think it would have been a couple of months before the public ballot.

The Hon. Dr P. WONG: Could this part of the extra tickets come out of the

contingency tickets?

Mr J. MOORE: I am sorry, could you say that again?

The Hon. Dr P. WONG: You told the Committee that you did not know where the extra tickets came from. Could they be part of the contingency tickets?

Mr J. MOORE: It could have but as I said I was not really involved in the concept of the contingency tickets. If it was stated in the minutes then they were there, but I am not sure.

CHAIR: Are you willing to take questions on notice if we conclude this segment?

Mr J. MOORE: Certainly.

(The witness withdrew)

DAVID ALEXANDER HOLLWAY, Chief Executive Officer, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, Jones Street, Ultimo, and

PAUL GEORGE READING, Group General Manager, Commercial and Marketing, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, Jones Street, Ultimo, on former oath:

CHAIR: I understand that you do not wish to make an opening statement on this occasion.

Mr HOLLWAY: No, I do not. If I could make one comment, however. I hope there will be an opportunity to discuss briefly the seriousness of SOCOG in addressing the social justice and social equity aspects of ticketing. I presume that may come up in questions.

Mr READING: It is worth pointing out that today is exactly 10 months before the opening ceremony. As we talk in SOCOG, 44 Mondays to go.

The Hon. C. J. S. LYNN: Mr Hollway, who took the decision—

The Hon. J. R. JOHNSON: Excuse me, Mr Chairman. Since we started this morning members on that side have been called first every time. A non-member of the Committee has dominated the Committee. Surely members of the Committee are entitled to ask questions.

The Hon. C. J. S. LYNN: Do you have a question you wish to ask?

The Hon. J. R. JOHNSON: We have plenty of questions we want to ask.

CHAIR: I understand that the Opposition has asked the Hon. C. J. S. Lynn to be their leading questioner.

The Hon P. T. PRIMROSE: That is their problem, if the Opposition cannot trust the members of the Committee.

CHAIR: We will start with the Hon. J. R. Johnson.

The Hon. J. R. JOHNSON: Mr Reading, who will pay the GST on premium tickets that the Federal Liberal Country Party has now imposed on SOCOG on the purchase of SOCOG tickets? If SOCOG, what impact will the Federal Government's GST decision on premium tickets have on SOCOG's bottom line?

Mr READING: I guess there are a number of answers to this. Clearly, those 54,000 tickets that we have currently sold with a retail value of somewhere in the vicinity of \$35 million, GST of 10 per cent of that clearly cannot be recovered. That is approximately \$3.5 million. Ultimately that will come out of the pockets of the taxpayers of New South Wales. In terms of moving forward to the other 200,000 tickets that have been set aside for the asset/hospitality program, it is very difficult to answer.

In terms of the exact revenue those tickets will produce, I do not know the answer. They are part of a revenue program that is envisaged will produce \$60 million. Clearly, all the \$60

million is not tickets and therefore, that decision will not have the effect in terms of simply being able to say 10 per cent of \$60 million. It is worth noting, however, that when SOCOG is able to pass on the GST to end users it will endeavour to do so. Logic, however, says that at the end of the day that is revenue that in one form or another SOCOG will forego and, therefore, by definition the taxpayers of New South Wales.

The Hon. J. R. JOHNSON: Would you expect Professor Fels to again be knocking on your door saying that the advertised prices or the prices that have already been indicated do not include GST and will now include GST? Do you expect any difficulties there?

Mr READING: It is very hard to know the answer to that with the ACCC but I suspect not, and the reason I suspect not is that there is no set price, if you like, on these tickets going forward. It really is what is the best price that can be negotiated in the marketplace.

CHAIR: To clarify a point, we heard earlier that Tattersalls Club had not yet been invoiced, so SOCOG has to pay the GST. Is it possible to pass on the GST to the Tattersalls Club and so on?

Mr READING: We will certainly try, but I think the commercial reality is that once you have struck a commercial deal the fact that you have not raised an invoice is perhaps not all that important because the commercial deal itself has already been done. Obviously I would love to try to suggest to Tattersalls that it pay an extra 10 per cent. How successful I am, we will have to wait and see.

The Hon. PATRICIA FORSYTHE: In relation to the GST, either to Mr Hollway or to Mr Reading, when the negotiations took place with the Federal Government over the GST, was the Federal Government made aware of the pricing differentials in the ticketing policy?

Mr READING: The short answer is I do not know. I think it is fair to say that the Federal Government has been involved with the Games for some time. It is fair to say that the Federal Government has had a briefing from SOCOG in terms of SOCOG's budget and the implications of things that SOCOG was doing. To answer your question specifically, did the Federal Government know that we were selling premium tickets, I cannot clearly say yes or no. I do not know.

CHAIR: Was the agreement not to have GST on face value tickets?

Mr READING: I am unaware of the specifics of the agreement. My understanding was that the GST would apply to tickets. However, the Federal Government would, in some form or another, reimburse SOCOG or perhaps more correctly take SOCOG's GST back to itself.

Mr HOLLWAY: We understood the arrangement to be that tickets would be GST free.

The Hon. J. R. JOHNSON: And they ratted on the deal.

Mr HOLLWAY: I cannot speak for how the Federal Government viewed that, whether it had implicitly in mind face value tickets only or all tickets.

CHAIR: It is not in writing to you.

Mr HOLLWAY: At this stage of our research we do not know, but our view was that it was on all tickets.

The Hon. J. R. JOHNSON: You did not get a never, never, never guarantee not to go back on its word.

CHAIR: There was no written agreement with the Federal Government making clear to you what that GST exemption would mean.

Mr HOLLWAY: I think, subject to correction from Mr Reading, the agreement we had was that tickets would be GST free.

Mr READING: Certainly that is my understanding.

The Hon. P. T. PRIMROSE: In your briefings to the Commonwealth Government I presume that there was some form of revenue projection that indicated, by definition, if anyone did a simple calculation you have to sell premium tickets.

Mr READING: My difficulty with that was that whilst there were obviously revenue projections given to the Federal Government I do not know, because I was not at the briefing, whether the level of detail went down to the various breakdown of revenue parts or just in general.

The Hon. C. J. S. LYNN: Who took the decision to make the special block of 497,990 tickets available only to the wealthy, yourself, Paul Reading, Graham Richardson, the SOCOG board or somebody else? Did the SOCOG board, chaired by the Olympics Minister, Michael Knight, approve the allocation of 497,990 tickets to premium packages?

Mr HOLLWAY: I do not believe it was the board that allocated or decided to allocate the 497,000, nor was it me. I think the decision was probably made within the overall ticketing program, but Paul Reading should comment on that, too.

The Hon. C. J. S. LYNN: Can I ask Mr Reading who made the decision?

Mr READING: I think what needs to be understood is that, like you, I have seen and read a few things in the last two or three days, which are perhaps somewhat confusing. I think it is clear to say that in March 1999 an allocation or a quota of tickets was set aside ranging from C-class tickets through to get A-class tickets for a wide number of sessions. I should be very clear here, this was done by the ticketing department, which I head up. The understanding I certainly had of that was that this was, if you like, a pool of tickets from which the premium packages could be drawn to ensure that we achieved our budget of \$35 million plus change. If the question is in my wildest dreams did I ever think I was going to use 497,000-odd tickets, answer clearly no. Question, though, which tickets would I need to use, I did not know because we were building packages to the requirements of those customers. It so happened, of the 497,000-odd tickets only 54,000 were used to achieve the budgeted number and, as you are aware, many of those have now been put back to the public.

The Hon. PATRICIA FORSYTHE: I would like clarification.

Mr READING: Certainly.

The Hon. PATRICIA FORSYTHE: Who actually made this decision about this approximately half a million tickets to come out of the public float?

Mr READING: There was no decision to take them out of the public float; they were never in the public float to start with.

The Hon. PATRICIA FORSYTHE: They were never in the public float to start with?

Mr READING: Correct. There were 464,000 tickets, approximately, that came out of a variety of categories that were not for the public. As I have said, this was established in March of this year. On top of that there were a further 33,000-odd tickets that were left over or, more appropriately, transferred from the Stadium Gold and Stadium Australia packages that I know you have heard some about this morning.

The Hon. PATRICIA FORSYTHE: You were formerly a consultant to SOCOG. You are now an employee?

Mr READING: Correct.

The Hon. PATRICIA FORSYTHE: Did your contract of consultancy, then your contract of employment, contain any incentive payment or commission on sales, or are you just paid a flat salary?

Mr READING: Whilst I was a consultant I was paid a daily rate. Now that I am an employee I am paid an annual rate. Sadly, there is no incentive in there.

The Hon. J. R. JOHNSON: You are in charge of the Finance Division of SOCOG. I understand that under the Commonwealth-State Memorandum of Understanding for the Olympic Games SOCOG had to provide regular budget updates to the Federal Government. Is this correct? If so, did the information contain revenue projections on premium packages? Can you therefore confirm that the Federal Government knew that premium packages were always part of SOCOG's budget?

Mr READING: Unfortunately, I cannot confirm that one way or the other off the top of my head, but I am happy to find out and provide formal advice. I am unaware of the details of what was actually provided to the Federal Government. I do know that my General Manager of Finance went to Canberra and briefed the Federal Government, but I am unable to tell you at this stage what that briefing was in detail.

CHAIR: Were there regular visits to Canberra, say, once a month?

Mr READING: No. I think it is fair to say that to the best of my knowledge Canberra has been briefed, I suspect, no more than three times or within that order.

The Hon. PATRICIA FORSYTHE: If I could return to some of your evidence from last week?

Mr READING: Sure.

The Hon. PATRICIA FORSYTHE: And, in particular, I am interested in what you

described as the 2,475 tickets that had been taken out of the premium tickets and were allocated for seats traditionally reserved for the major sponsors, the IOC and the broadcasters. Can you elaborate a little bit further in relation to those 2,475 tickets? Is that an allocation for a small group of clients or one client? How is it meant to apply?

Mr READING: The 2,475, whatever that number is, were tickets that were part of the 54,000-odd tickets that had been sold as premiums. The identity of that buyer, as you would understand from previous meetings, is confidential. However, I am quite happy to say that that was a quota that was part of a far larger quota supplied to an offshore agent who has traditionally dealt in this area of tickets in previous Olympics. If I may just clarify, no decision has yet been made as to whether those 2,475 seats will have any special treatment or not.

The Hon. PATRICIA FORSYTHE: I will continue in relation to that. You have referred to them as a being seats traditionally reserved for sponsors, the IOC and broadcasters. Are we talking about a block of tickets for, say, a specific event, say, the swimming? Is that was this group of tickets is about?

Mr READING: I would, if I may, refer to some notes to ensure that I am entirely consistent with what I have spoken to earlier on this matter, if I may. One moment, please. This answer is an answer I gave to a press conference held on, I think from memory, 25 October. My answer to that was that included in the 2,435 tickets there was a maximum of 75 tickets in any one of 33 sessions.

The Hon. PATRICIA FORSYTHE: It is a small block of tickets. You described it as 4.5 per cent of the premium tickets. What special treatment has this agent received? Why has this agent received this block of tickets?

Mr READING: As I said earlier, he has received no special treatment as yet, other than the fact that he has been asked to be considered, if it is possible, when SOCOG does its seating plan whether 2,475 of those tickets could, perhaps, have a different arrangement than some of the other tickets he has.

CHAIR: Basically these offshore people are making an offer to you to buy tickets in certain circumstances.

The Hon. PATRICIA FORSYTHE: Are they offering you a higher rate?

Mr READING: No.

The Hon. PATRICIA FORSYTHE: Are they offering to pay you any money?

Mr READING: No. I think I am, or at least I am trying, to indicate to you that this is a small block of a much larger order in our contract with this particular agent. It is a request from him to us. It is our call at the end what we do on this. That decision has not yet been made.

The Hon. PATRICIA FORSYTHE: You have a contract with an offshore agent who is specifically seeking a block of 75 tickets for 30 sessions?

Mr READING: Up to 75 tickets for 33 sessions.

The Hon. PATRICIA FORSYTHE: This is particular to say swimming, or is it a range of events?

Mr READING: It is a range of sessions. I do not, and I cannot, tell you off the top of my head—but I am happy to take the question on notice—which sessions they are.

The Hon. PATRICIA FORSYTHE: You keep going back to your files. Will you table your files?

Mr READING: Do I have a choice?

The Hon. PATRICIA FORSYTHE: No.

CHAIR: In the file you obviously have records?

Mr READING: Correct.

CHAIR: Or interviews you have been doing and so on?

Mr READING: No. These files are simply files that I have used in terms of speaking notes to ensure that my recollection is correct and to ensure that what I tell this Committee is entirely accurate.

The Hon. PATRICIA FORSYTHE: It would certainly help our understanding of this whole process if we could have access to that material. I have to say that I am not doubting any words you have said, but I do not understand this particular arrangement with this particular offshore agent.

Mr READING: This file will not help you.

The Hon. PATRICIA FORSYTHE: Could I ask that the files be tabled?

Mr READING: I should say, Mr Chairman, I am not part of the political process. I do not understand my rights in this matter, and I would seek legal advice.

CHAIR: I understand that you have been collating that material in the file for your personal use?

Mr READING: Correct.

CHAIR: I think it is best if we can ask for specific material. If you want material relating to that offshore offer, that is something specific.

Mr READING: I would refer the Chairman and other members of this Committee to the opening remarks of Minister Knight of last Monday. Clearly, I am in an invidious position. I have to protect the confidentiality of some of this information, which, I think for commercial reasons, is vital. I clearly have some discomfort about tabling documents that may well become public. I am happy to table documents provided, and I am not sure that this Committee can, the Committee can guarantee the confidentiality of them.

The Hon. PATRICIA FORSYTHE: If you have an arrangement with an offshore agent, how can you guarantee that he does not on sell to some organisation or individual who will be in direct competition with some of your sponsors, given that you say they will be in seats traditionally reserved for major sponsors?

Mr READING: I think the point is worth noting, and this is the point we have with all of the premium tickets, that SOCOG reserves the right of final approval for end users. You should also understand that SOCOG does not hand over delivery of these tickets until August 2000, so that between now and then, or from whenever we are paid until then, SOCOG holds both the money and the tickets. At any stage during that period of time if SOCOG were to find that these agents have been touting tickets to people to whom they are explicitly not allowed to do so, SOCOG would have no difficulty in both withholding the tickets and keeping the money, and we have made that very clear.

The Hon. PATRICIA FORSYTHE: So you have a written policy?

Mr READING: Sorry?

The Hon. PATRICIA FORSYTHE: You have a written policy about who they could sell to?

Mr READING: We have, in the individual contracts between the purchasers of premium tickets, an understanding, in some cases written, particularly where there are contractual documents, that said that they are not allowed, amongst other things, to do anything that would either undermine sponsors or in anyway damage the commercial interests of our sponsors.

The Hon. Dr P. WONG: I am not clear from the last answer whether you do or do not have a written policy.

Mr READING: On which issue?

The Hon. Dr P. WONG: On the general premium packages.

Mr READING: There is, as I said to this Committee last week, no written policy in terms of premium packages other than two. One is not to ambush sponsors and two is to maximise revenue.

The Hon. Dr P. WONG: If there is no policy, is it transparent to the public. If not you could sell it to someone for \$1,000 and another person for \$500. How do I know what your policy is? Is that fair?

Mr READING: My job is to maximise revenue, and on premium packages where we are dealing in most cases with individuals who are, and I use these words in the loosest sense, sophisticated or corporate firms that deal in the commercial world. They come to the bargaining table as equally armed as I am. They have an opportunity to take some tickets or to walk away.

The Hon. Dr P. WONG: My job is to ensure integrity and transparency.

Mr READING: We have different jobs.

The Hon. Dr P. WONG: Yes, I understand that. I hope that transparency and integrity is also the job of SOCOG.

Mr READING: I am sure it is the job of SOCOG and the SOCOG board, correct.

Mr HOLLWAY: May I comment in relation to your question, Mr Wong. Chairman?

CHAIR: Yes.

Mr HOLLWAY: I think a significant distinction is to be drawn between transparency of the program and how the program is conducted. Let me try to explain. As Michael Knight said when he was making his opening statement before the Committee—and certainly he has said and I have said—at least with the benefit of hindsight we wish we had made public that we do have a premium program. I would have been very happy to make public that the underlying policy propositions of that program were maximisation of revenue, consistent with protection of sponsor interests, and legality and all the rest. That is the transparency issue.

It would have been good if we had announced the policy. However, once having had a policy where one will sell at a premium, I think a very strong argument could be made that the precise terms and conditions, and especially the price that one buyer is prepared to pay, should be kept confidential between the purchaser and SOCOG. It is a legitimate thing for us to wish to deal with potential purchasers separately; not necessarily to put a single, simple price out in the market, but to customise the deals according to both the individual purchaser's needs, and the revenue that we believe can be extracted in negotiation. These are separate things. Transparency, yes, certainly but should the market be one in which perfect information flows, or one in which we have separate negotiations? I would say it is a strong case in this instance for an imperfect market.

The Hon. Dr P. WONG: I do agree with most of what you said, however, I think it is good commercial practice, even good management, for there to be a framework, a guideline. I am not at all saying fixed pricing. Mr Reading's answer indicated there were no guidelines or framework. I do not find that acceptable.

Mr HOLLWAY: We may differ about the extent to which a policy needs to be both defined in detail and documented in order for it to be a policy. I would not want it thought that Mr Reading and his staff were simply able to sell in a vacuum. We were exceedingly interested in these two very important issues which should not be regarded as being unimportant in our minds. We were extremely interested, first of all, in how the program was going in terms of raising revenue and, I believe I am correct in saying, those revenue raisings were regularly reported to the relevant boards of SOCOG.

This was not trivial. It was not undocumented. It was tracked, it was monitored and it was done properly. Secondly, we were all exceedingly interested in the issue of whether the premium sales would cause problems for our sponsors. This again was not a trivial matter. It might not have been written down in vast detail in a policy document but it certainly was in our minds and in our practice, a matter of serious policy consideration and a serious policy parameter.

CHAIR: Everyone understood there was a policy that was involved in this ticketing arrangement?

Mr HOLLWAY: I believe that is so.

The Hon. Dr P. WONG: Does that mean the end justifies the means?

Mr READING: I am not sure I understand your question.

The Hon. A. B. KELLY: Can you explain how rule 66 of the Olympic charter impacts on the allocation of tickets?

Mr READING: Very imperfectly, but it goes something like this. When you win the chance to host an Olympic Games there are a number of requirements set down either in the host city contract or other contractual arrangements which say that a large number of tickets are set aside for what is euphemistically called the Olympic family—for example, international federations, the IOC, some types of press, some types of broadcasters. These tickets are provided free of charge and therefore by definition are needed to be taken out before there are any tickets that can go on sale either for sponsors or to members of the public. I cannot give you a legal definition of rule 66 but that is the practicality of what it means.

The Hon. A. B. KELLY: You mentioned the press and the media, I presume that is television as well? Can you explain how that affects ticket availability, given the vast number of tickets that they have got?

Mr READING: The press—I use that word to mean both the print media and television—take up seats, if you like, in three separate ways. They are allocated seats in terms of the press being there to ensure that they report the Games to the world because, as we all understand, these are international Games. We have athletes from 200 countries attending. But as well as reporting the Games, they also need space for television cameras, press benches and camera positions.

That space, by definition, takes up seats. For example, off the top of my head, an average press bench takes away about eight seats. They are referred to as seat kills which simply means space that otherwise could have had seats in it which we could have sold are taken up by either non-paying members or equipment, tables, benches, cameras and that type of thing.

The Hon. A. B. KELLY: There will not be 1.2 million media personalities sitting there watching the Games?

Mr READING: No.

CHAIR: I have been sent an advertising brochure from Western States Ticket Service sporting events and entertainment guide. It has a section for Sydney international sports games September 15 to October 1. It is advertising tickets for the opening ceremony September 15, 6.00 p.m., category A \$US2,450, category D, \$US1,250, and the same for the closing ceremony. It says at the bottom "Western States Ticket Service will be able to provide tickets for all events." Is that an area where you had to supply tickets to various international organisations such as the United States of America? Is it possible this could be a premium ticket arrangement that has come directly from you?

Mr READING: We made the point earlier that I get into a very difficult situation here in that I end up playing a game of 20 questions if I am not careful—if I confirm or I do not confirm. All I would say to you is this is not a name that I recognise. This may well—I stress "may well"—have

come from tickets that are allocated to people such as national Olympic committees or others, but it is not a name that I recognise, to the best of my knowledge.

CHAIR: The point I was making is that some of these documents that appear need not be premium tickets because of the allocation right across the world to various national bodies.

Mr READING: Correct. The Games have a past history of tickets ending up perhaps in hands other than where they originally started off in.

The Hon. PATRICIA FORSYTHE: Do you know for whom the offshore agent is purchasing this specific block of 75 tickets for 33 sessions? Do you know for what sports and for what sessions?

Mr READING: Let me say that, firstly, we have not agreed to do this. Secondly, I do not know the name of what I would call the end user, but I would know the name of the end user before providing any tickets. Thirdly, I do not know off the top of my head—I could certainly make inquiries—whether we are at a stage where we have actually got down to specifying those sessions. I can only guess that we do know because I can tell you that there are 33 sessions, but I do not know off the top of my head.

CHAIR: To be fair to both of you there was criticism, as you mentioned earlier, by the Social Impacts Advisory Committee about your handling of the social equity tickets and so on. Would you like to comment? I assume you are aware of the statements that were made?

Mr HOLLWAY: I would like to comment, if I may. I shall try to do so quite briefly. I want to address two aspects—process and substance. So far as the process is concerned, I would like to make clear to the Committee that we did indeed take very seriously the obligation to fashion a ticketing policy that would have a strong element of social justice to it. To that end we took seriously all the consultations that we were able to undertake in the time available, including with the Social Impacts Advisory Committee.

Early in 1998 consideration was given to a wide range of social impact issues. There were consultations with Harry Herbert and the Social Impacts Advisory Committee and others. Indeed, a range of issues was addressed by me personally, I want to say, and they were issues connected with whether one could find a criterion, or a set of criteria, based upon existing social service benefits which would permit us then to target the allocation of tickets to particular individuals in need.

Considerable discussions were held both within SOCOG and outside about that issue, including that I sought some advice from expert officers in the Commonwealth Government Department of Social Security. This I use as an example. We were not frivolous about this; we were not treating this as trivial. There was serious consideration to issues such as could we target to such individuals in a feasible and logical way? Such issues were discussed. I presented on them and they were discussed in the SOCOG board and by the board in a serious fashion of serious issues.

On 20 May 1998 there was a joint meeting of the ticketing and the finance committees of the SOCOG board. At that meeting a letter was tabled from Reverend Harry Herbert of 23 April 1998 and it was noted that the matters in that letter were being addressed and indeed in the consultant's report. Harry Herbert, Gary Moore, Amanda Cornwall attended part of that committee meeting. Issues were discussed about whether we could, for example, or should permit the cascading of ticket

applications down into the D tickets or whether we should preserve those against cascading so they would be available for the relatively disadvantaged in society.

These issues then tracked on through the meetings of the board and so on. This was also through a period in which the Olympic opportunity ticket \$10 to \$19 tickets was being fashioned as well. My first point on process is that these were issues taken seriously, I can assure you. On substance, I make this point. We released a document on 25 October this year as part of the general, some might say belated, exposure of information about ticketing in its detail.

I understand, and I have had brief time to refresh my memory, that that showed that tickets were available in the D-class category in the following sports and disciplines: athletics, diving, swimming, synchronised swimming, water polo, intermediate and finals, opening ceremony and closing ceremony. The total number of D tickets in these sports and disciplines is, in fact, 194,160. The fact that there are fewer tickets to high-demand sessions—which I think is a notable issue that has come up—which are defined as semi-finals and preliminaries and the like is, of course, due to the fact that there are far fewer finals and there are far fewer opening and closing ceremonies than there are preliminaries in the Olympic Games.

Nor are these dud tickets to dud events. If you go to a preliminary of the track and field and you see Michael Johnson running the 400 metres in the preliminary, believe me you are watching a great runner. There has been mention here of something like 20,000 tickets. In fact, we are talking about D tickets totalling 194,160. That does not mean—I want to make the additional point—that the above seven disciplines in sports, the ones I have mentioned, are the only ones for which cheap tickets are available. I am not yet even talking opportunity tickets.

For example, in football, which is a sport and discipline I have not mentioned, we do not have D seats. But let me note that a C seat is \$19. Another example is that baseball has only A seats but these are only \$19 and volleyball has B seats which are also \$19. I will not continue to elaborate, Chairman, because I think my point is probably clear enough. I certainly do wish to assert that both the board and the management of SOCOG, both in process and in substance, took exceedingly seriously the issues of social impact and the availability and affordability of tickets to the public, including the less advantaged in society—over and above the extraordinary initiative of the Olympic opportunity tickets, which will also be made available to the schools, the children and others.

I am reminded by Mr Reading that another extremely innovative piece of policy is that every one of the tickets I have mentioned, including the ones as low as \$10, contain free transport on the Olympic transport net, so I simply wish to assert strongly that this is a policy which is replete with features that have a very strong social justice and social equity component—to be sure not all the features that many in the community organisations would ideally have liked, but it is a very serious effort to address those matters.

The Hon. A. B. KELLY: Was that transport component a common thing with previous Olympics?

Mr HOLLWAY: I do not know the answer to that but I will take it on notice. However, I think it is innovative for Sydney. I cannot say it has not happened elsewhere.

CHAIR: I wish to clarify a practical point. The social impact advisory committee witnesses used this kind of language: that there are 1.5 million opportunity tickets and 400,000 have

disappeared.

Mr HOLLWAY: Yes. Again, take issue with the description of the situation. I believe it is more accurate—it is not just that I prefer to put it this way but it is more analytically accurate—to say that we have located so far in our configuration of the venues and our understanding of where people can be, one million Olympic opportunity tickets. SOCOG has made it clear it recently that we are going to try to get to 1.4 million.

The difference between the 1.4 million and the 1.5 million is accounted for by the fact that a policy decision has been taken that we will not ticket, even with opportunity tickets, Centennial Park for the road cycling, so that is less 100,000. On the other hand, that is going to be free. Every effort is being made to locate Olympic opportunity tickets to bring us back up towards about 1.5 million number. So far we have one million locked away.

The Hon. PATRICIA FORSYTHE: I formally move that Mr Reading's file notes be tabled.

CHAIR: I raised this earlier because the Committee should ask for a detailed document. Originally this arose from the reference made to a particular item and whether it is possible for that item to be tabled.

The Hon. A. B. KELLY: When you asked for it before, he asked if he could take advice. You are trying to bully him.

The Hon. PATRICIA FORSYTHE: I formally move that we as a Committee request it.

The Hon. A. B. KELLY: I am not prepared to vote for that.

Mr READING: I think there is an obvious practical difficulty for a witness such as I, who is not part of that political process. I can sit here and say, "I do not remember", or "I do not recall", which is not helpful to anybody or I can sit here and genuinely try to assist this Committee by referring to some notes. A very clear question is that if that is going to prejudice my ability, I think the answer is self-evident.

CHAIR: I was trying to split this into two questions. One was whether there was a specific document that we were referring to earlier that you could table.

Mr READING: Yes, I can table that.

CHAIR: Obviously, we do not know what is in that file. The file may have some matters of personal comment and privacy not relevant even to the Committee. It is not appropriate to simply to ask for the entire file that the witness has in front of him because it could have details about his wife, family or some travel arrangements. If you could provide the initial document and then the question of the entire file will be discussed by the Committee in a special session on its own.

(The witnesses stood down)

(Luncheon adjournment)

DAVID ALEXANDER HOLLWAY, Chief Executive Officer, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, 235 Jones Street, Ultimo, on former oath, and

JOHN MICHAEL BOSILJEVAC, Program Manager, Ticket Operations, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, 235 Jones Street, Ultimo, sworn and examined:

CHAIR: Mr Bosiljevac, thank you for appearing before the Committee, we appreciate your co-operation. In what capacity are you appearing before the Committee?

Mr BOSILJEVAC: I am appearing to answer questions in relation to the ticketing process.

CHAIR: Did you receive a summons issued under my hand in accordance with the Parliamentary Evidence Act 1901?

Mr BOSILJEVAC: Yes, I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr BOSILJEVAC: Yes, I am.

CHAIR: Do you wish to make an opening statement?

Mr BOSILJEVAC: No, I do not.

CHAIR: For the benefit of the members, would you explain briefly your experience in this area. Were you were involved in the Atlanta Games?

Mr BOSILJEVAC: I was. My experience goes back to the late 1980s working in Europe and England on sporting events. I was then contracted to work for the 1994 World Cup in Los Angeles, and I worked for the organising committee there for approximately two years. I was headhunted from the World Cup and moved straight to Atlanta. I worked for the Atlanta Committee for the Olympic Games [ACOG], for just on two years as well after the completion of the World Cup. In all areas I was involved in ticketing operations, the running of the computer systems and all the support for the sale initiatives that were carried on.

CHAIR: How long have you been involved with Sydney Organising Committee for the Olympic Games [SOCOG] in the position you now hold?

Mr BOSILJEVAC: I finished with ACOG in late October, had three days off and arrived in Sydney in late October 1996. I have been with SOCOG since October 1996.

The Hon. J. R. JOHNSON: Could you tell us how the ticketing program in Australia compares with the ticketing program in Atlanta, particularly in regards to access? Do you regard it as a fair system? How does our pricing compare to past Olympics? Has there been an Olympic opportunity program in other Games? If so, is it hard to administer?

Mr BOSILJEVAC: In past Games there has been a focus, I think, to cater the ticketing program based on the particular environment that it is in. This is the first time in a long time in Olympic history where the summer games of the Olympics have actually been held in two English speaking countries back-to-back—the United States of America and now here.

The great dissimilarity between what happened at Atlanta and what happened in Sydney is that Atlanta was following Barcelona, and Barcelona was a very different environment. There were substantially a much greater number of tickets. Barcelona had 4.2 million tickets, Atlanta had 12.2 million—almost a three-fold increase.

Barcelona's main focus was not, as Atlanta's was, to sell tickets, but more importantly to, in effect, resurrect Barcelona as a city in Europe. Its principal focus was very different to what Atlanta had. [William Porter] Billy Payne in Atlanta had a ticketing and marketing program that was focused on the basis that they had to pay their own way with sponsors. So everything was being funded by the private sector. There was no government involvement, which hurt the games in Atlanta and ACOG, because the Government was not there. There was a much greater degree of determination to ensure that it had enough money to bring the games about.

Did Atlanta and ACOG have a policy of looking at the social elements of ticketing? I think the simple answer and the most correct answer is no, they did not, simply because they were very much focused on bringing in enough money just to host the Games. They did not have an ability to look at those kinds of things. I do not believe there was a focus on that anyway. Your next question was: Has there been an Olympic opportunity or an equivalent to an Olympic opportunity offered in previous Games? I think the correct answer is that I certainly do not have enough knowledge of the previous Games. I can only tell you that ACOG certainly did not do that. It did look at it very much from a commercial perspective and that is how it attacked it.

The Hon. C. J. S. LYNN: What instructions did you receive from Mr Reading about premium tickets?

Mr BOSILJEVAC: The instructions I received were to create a bucket of tickets that were going to be used in a premium ticketing campaign.

The Hon. C. J. S. LYNN: The half a million tickets that disappeared, was that the bucket that turned up?

Mr BOSILJEVAC: I do not think it is a disappearance. More importantly, there was a creation of a bucket for each of the groups: broadcasters, the national Olympic committees [NOCs], the federations. It just represented another bucket that was there.

The Hon. C. J. S. LYNN: Did you ever participate in meetings with Mr Richardson about premium tickets?

Mr BOSILJEVAC: May I ask a question? Do you mean outside the subcommittee?

The Hon. C. J. S. LYNN: At any time in the subcommittee or in any other way?

Mr BOSILJEVAC: Can I honestly say I am not sure? There were certainly discussions along the way that I was part of, but specifically about premium tickets I would have to check for you,

I do not know. To the best of my recollection I do not believe so, but I can certainly go and check for you.

The Hon. C. J. S. LYNN: Would you have a record of those conversations?

Mr BOSILJEVAC: I can go back through the subcommittee minutes, but I do not really recollect that I ever talked about premium tickets in that way with Mr Richardson, or was party to those.

CHAIR: Did you attend all the meetings of the subcommittee?

Mr BOSILJEVAC: Yes, since the inception of the subcommittee. My focus has really be on the operational side. When we went to the subcommittee it was a discussion on operational elements. Then there were further discussions.

The Hon. C. J. S. LYNN: I understand that the ticketing subcommittee only met about five times over a two-year period. If you are having discussions, you would have had many opportunities to discuss the issue.

The Hon. J. R. JOHNSON: The witness has told you that he will consult his records.

Mr BOSILJEVAC: I certainly attended the subcommittee meetings on those issues. To the best of my recollection I can say that I cannot remember a time there was a discussion on premiums. I can certainly go and check for you.

CHAIR: You are not involved in discussions on pricing and that sort of issue because of your role as ticket operations manager?

Mr BOSILJEVAC: Do you mean in the sense of the pricing of tickets?

CHAIR: The cost of tickets and so on.

Mr BOSILJEVAC: I did work very extensively with Phil Tully in the pricing of the tickets. We used the systems and the spreadsheets up to the May 1998 presentation to the board and finally to the International Olympic Committee [IOC]. I did work very extensively with Phil on that.

The Hon. C. J. S. LYNN: Did you ever discuss with Mr Knight or Mr Hollway why the half a million tickets were taken from the public float?

Mr BOSILJEVAC: No, I did not discuss that with either Mr Knight or Mr Hollway.

The Hon. C. J. S. LYNN: Do you know where they went to? Did you create that bucket out of that half a million tickets?

Mr BOSILJEVAC: I was requested to create a bucket of tickets for the premium packages in the ticketing system. That is what I was asked to do.

The Hon. C. J. S. LYNN: Where did you get that bucket from?

Mr BOSILJEVAC: The total inventory represents total inventory within the system. It represented a bucket like the sponsor bucket. They were estimates at that time. It was purely an estimate of tickets that were available for those buckets.

The Hon. C. J. S. LYNN: How do you explain the disappearance of that half a million tickets?

The Hon. A. B. Kelly: A lot of those questions were answered the first time—

The Hon. J. R. Johnson: That's eight questions.

The Hon. A. B. Kelly: —when you were not here.

The Hon. C. J. S. LYNN: We have not got the answer yet.

The Hon. J. R. Johnson: Mr Chairman, please!

The Hon. P. T. Primrose: Can't members of the Committee get a go?

The Hon. C. J. S. LYNN: Yes, indeed. You had a full go the last time. I did not get a question at the last session.

The Hon. J. R. Johnson: But we are members of the Committee. You are an interloper.

The Hon. D. F. Moppett: There is no distinction.

The Hon. P. T. Primrose: Yes, there is. We would actually like to ask some questions.

The Hon. C. J. S. LYNN: Feel free.

The Hon. A. B. Kelly: I am afraid we do not trust you two to ask those questions.

The Hon. C. J. S. LYNN: Feel free.

The Hon. J. R. Johnson: That's eight questions.

The Hon. C. J. S. Lynn: Oh, come on!

The Hon. D. F. Moppett: Short, brief questions.

The Hon. J. R. Johnson: They have had eight questions.

The Hon. C. J. S. LYNN: One of the answers to your previous questions went for about 10 minutes. We have covered this in five.

The Hon. A. B. Kelly: All those questions were asked on the first day when you were not here.

The Hon. C. J. S. LYNN: Are you worried the public might find out something?

The Hon. J. R. Johnson: Not in the slightest.

The Hon. C. J. S. Lynn: You are acting like it.

The Hon. J. R. Johnson: We did not come here to hear you.

CHAIR: Can we proceed with the questions?

The Hon. P. T. PRIMROSE: How do our prices compare to past Olympics? Has there ever been an Olympic opportunity program in other Olympic Games? Is it hard to administer such a program?

Mr BOSILJEVAC: How do our prices compare? I think it is true to say that our prices are catering to the environment. Atlanta set their prices at a price that they felt the American public would accept. Equally, We have set our prices comparable, obviously, to the only thing we can do—and that was the Atlanta summer games—and also comparable very much to the economic conditions of the country. I can only comment that Atlanta certainly did never attempt any kind of Olympic opportunity or social program for its tickets. I think many reasons exist for that. The first is that their focus was not to do that. They wanted to bring their Games home within budget; secondly, I suspect they felt they really had a difficult task to bring a program that would be accepted well, administered well and easily communicated to people. It is a very difficult task to come up with the mix of tickets that you want and a mechanism for distributing those tickets to groups and to the social parts of the economy that you want to try to get to.

CHAIR: Looking at that comparison, would there be any simple way of explaining it to say that our tickets were, say, 50 per cent of the Atlanta rates?

The Hon. A. B. KELLY: Are ours dearer or cheaper?

CHAIR: Just in general terms. Perhaps it may be the same.

Mr BOSILJEVAC: It is difficult because of exchange rates and comparisons. Some of our tickets are less expensive for some sports; others by consequence are more, and our ceremonies are slightly more than the Atlanta comparison. That is, I think, to do with catering to how our sports fit into this country. It is very difficult to do a comparison and say that one is more, but certainly some sports are more expensive than others for which we have much much lower prices.

The Hon. A. B. KELLY: Did you recommend against publicly releasing the session by session details of the public ballot ?

Mr BOSILJEVAC: Yes, I did.

The Hon. A. B. KELLY: Why?

Mr BOSILJEVAC: The answer is that it just brings to play a great deal of understanding that is very difficult for the ordinary man on the street to understand. You bring into play why venues are changing and why, for example, do you have rule 66? What is rule 66? The IOC looks

at rule 66 and it is constantly evolving.

I suppose the bottom line is that it involves such a lot of communication and knowledge in order to understand how certain things turn out the way they are. It also involves understanding the commitments that the organisation had at the time it signed the host city contract. It is very difficult to communicate that—respectfully—to the outside world in a snapshot and expect people to understand it. For that reason I felt that it was in some ways misinterpreted or looked on harshly, or in some way it looked as though we were not doing the best we could do. They were the reasons. I think that, fundamentally, there was going to be a negativity to it which was going to cause quite a deal of consternation, which proved to be quite true.

The Hon. A. B. KELLY: Do you know whether other Olympics have released those?

Mr BOSILJEVAC: To the best of my knowledge, I do not think there is any sporting event anywhere in the world of any calibre that has ever released the numbers for the reasons that there are commitments that those organisations enter into that are sometimes very difficult to reconcile and understand.

The Hon. A. B. KELLY: Was that part of maximising the money you could make?

Mr BOSILJEVAC: I think it is a number of factors. I think it is a maximisation of revenue, but also the commitments that are entered into have sponsorship, and for other reasons which bring the event with it. Without a commitment and without that sponsorship, or without that support, the event may not happen. For that reason, it is sometimes difficult to reconcile that to an ordinary individual off the street.

The Hon. Dr P. WONG: To start with, you were told to create a bucket of about half one million tickets; is that right?

Mr BOSILJEVAC: Yes, I was asked to create a bucket.

The Hon. Dr P. WONG: You delivered that promise—that command?

Mr BOSILJEVAC: Yes, I was asked to create a bucket.

The Hon. Dr P. WONG: Did you deliver that promise, or that command?

Mr BOSILJEVAC: Yes, I followed that instruction.

The Hon. Dr P. WONG: Did you submit a list to Paul Reading? How you did it?

Mr BOSILJEVAC: Did I submit a list to Paul Reading?

The Hon. Dr P. WONG: How you did it? Where they had come from. Where did they come from?

Mr BOSILJEVAC: I did not submit a list to Paul Reading of where they came from. I just created a list as requested for him, yes.

The Hon. Dr P. WONG: You know the famous pie chart by now from 1998?

Mr BOSILJEVAC: Yes.

The Hon. Dr P. WONG: From where on the pie chart did you create that half a million tickets?

Mr BOSILJEVAC: It was part of the overall number. It was tickets that came out from the non-domestic groups. In other words, it came from the total inventory that was there, so it had an effect, obviously, on the groups that make up that pie chart.

The Hon. Dr P. WONG: The greatest bulk of the bucket, where did it come from?

Mr BOSILJEVAC: The greatest?

The Hon. Dr P. WONG: The bulk of the half a million tickets. Where did that come from?

Mr BOSILJEVAC: It came from the total inventory.

The Hon. Dr P. WONG: Yes, but the total inventory is in the pie chart. Which part of it?

CHAIR: Public availability?

The Hon. D. F. MOPPETT: Was it off the press allocation or the IOC allocation?

Mr BOSILJEVAC: I am sorry. It had an effect across all the groups. By definition, it had to have.

The Hon. Dr P. WONG: So all of them?

Mr BOSILJEVAC: Right.

The Hon. Dr P. WONG: So all of them?

Mr BOSILJEVAC: Right. It had to have an effect.

The Hon. Dr P. WONG: So everyone had given up a certain proportion in order to fit into the half a million tickets?

Mr BOSILJEVAC: It is not that simple. The estimates back in 1998 were based purely on estimates.

The Hon. Dr P. WONG: I know that. From the estimates, you are taking out a certain proportion from each to create half a million tickets?

Mr BOSILJEVAC: No. Remember it was a total number at that point.

The Hon. Dr P. WONG: For everyone?

Mr BOSILJEVAC: It was just created as a bucket.

The Hon. Dr P. WONG: But still you cannot pull a rabbit out of a hat. It has to come from somewhere

Mr BOSILJEVAC: Right.

CHAIR: But the Olympic allocation for different nationals, you could not take them from the broadcast and media allocations, could you?

Mr BOSILJEVAC: Yes, because they were all fluctuating. It was purely an estimate. We had no idea at that early stage where different pressures were going to be, so it was an estimate across all the groups. It was an available bucket that people were able to utilise.

The Hon. Dr P. WONG: I agree with that. However, you must come from the total pool of tickets. You must have come out from a total pool of tickets from which you pulled out half a million?

Mr BOSILJEVAC: Yes, that is correct.

The Hon. Dr P. WONG: How many free tickets have been given out?

Mr BOSILJEVAC: How many free tickets?

The Hon. Dr P. WONG: Yes.

Mr BOSILJEVAC: Two the best of my recollection, there are no free tickets except for the space that is provided under rule 66, it that is worked were referring to.

The Hon. Dr P. WONG: The newspaper reported local government or State Government. I suppose it would include the Premier, rightfully, or the Prime Minister receiving free or complimentary tickets?

Mr BOSILJEVAC: Sandy just mentioned to me that it may be accreditation. There are no tickets associated with an accreditation. Indeed, some accreditation groups require a ticket with their accreditation to go in. By virtue of their accreditation, they do not require a ticket.

The Hon. PATRICIA FORSYTHE: You referred earlier to having a role in the operational process. Does that involve the establishment of computer programs for the selling of tickets?

Mr BOSILJEVAC: Yes.

The Hon. PATRICIA FORSYTHE: Earlier today, we heard about what were described as the formal ticketing and the informal ticketing arrangements—the formal ticketing, for

example, being the allocation to the public, the public ballots, and the informal being, for example, the premium tickets and the way in which they were sold. Would you have set out a computer program for the allocation of the informal tickets?

Mr BOSILJEVAC: I think the best way I can answer that is that irrespective of the methodology by which a ticket is sold, it obviously has to be billed to an account for a particular individual. It must be billed into the ticketing system. The overall system captures—think of it as a large database—every seat in the ticket inventory—and, at the end of the day, all those seats are allocated to a particular account or to a customer. As an example, all the sponsor tickets, all the groups that are billed, they will all have accounts on the ticketing system.. There are 320,000 accounts in the public part that represent public accounts on the ticket system, so Mr and Mrs Smith have their account on the ticket system. All the premium tickets or the two premium tickets that are sold will also have an account on the system because that is the only way that I can print at tickets—off the ticketing system.

The Hon. PATRICIA FORSYTHE: We understood originally from evidence last week that it was intended that there would be 3½ million tickets available for the public floats and that came back down to a figure closer to 3 million or 3.1 million. At what point would you have shifted that almost half a million tickets and dealt with them separately in terms of a computer program?

Mr BOSILJEVAC: They are not dealt with separately as part of a computer program. They are part of the overall inventory that represented tickets in certain buckets. By definition, at the time of the allocation, we were able to allocate because of the issues of contingency and not having finalised all of the venues. We were as a point where we were not as capable of having the number of tickets that we required in order to go out simply because we had venues that were not close to completion. The ticket system is one where there is still a large amount of work to be done to determine what the final capacity was. At the time the allocation came, there was a pool of tickets of approximately 3.1 million that were able to be allocated to the public. As we move forward and as there is finalisation of venues and we get to finalisation and rationalisation of all accounts on the system, we will be returning back into the pool of tickets that have to this point not been allocated.

The Hon. PATRICIA FORSYTHE: So were these contingency tickets ever accounted for in public floats or in the public allocation?

Mr BOSILJEVAC: The contingency is either totally usable, depending upon a venue, or totally unusable, if you believe that you cannot achieve that number. For example, the venue may not be built. Is it accountable for the public that any remaining tickets will eventually flow back into the public domain? That is the essence of ticketing as you move forward.

The Hon. J. R. JOHNSON: Could you tell the Committee of the forgone returns in dollar terms as a result of the Olympic opportunity tickets program because of the low cost of those tickets under that program, and for the provision of other services?

Mr BOSILJEVAC: Off the top of my head, I am sorry. I can take that question on notice and go and have a look. But there was obviously an opportunity cost in developing the pricing policy. Tickets in excess of the \$19 or \$20 mark were brought back down to bring in some Olympic opportunity tickets. There was obviously an ability by SOCOG to have a D-price ticket that was more than \$105 if we so chose, but we chose \$105 as the price for the ceremonies. There were certainly some calculations done in early 1998 to try to quantify what it would cost to bring those kinds of tickets

into play. But it is very much a moving calculation, if you know what I mean, because it depends on the rate at which you want to set the tickets and how many tickets you had then, versus what you have today. So there was definitely an opportunity cost to provide those tickets.

CHAIR: Could it have been \$5 million, as a rough estimate, to indicate that it was a large amount? It would have been a large amount.

Mr BOSILJEVAC: It would certainly be a substantial amount of money.

The Hon. J. R. JOHNSON: If it was \$1 million the tickets are subsidised by more than \$5 each, are not they?

Mr BOSILJEVAC: Yes, that is right.

The Hon. Dr P. WONG: I accept your hypothesis or your comment that, at that time, if the figure was more, there was no firm figure. Is that right? There was no firm figure at that time. You did not know exactly whether the 9.3 million tickets were exactly 9.3 million tickets. The figure was not fixed at that time?

Mr BOSILJEVAC: At which time?

The Hon. Dr P. WONG: When you were talking about ticketing, I kept asking you about the pie chart, or from where you drew your half a million tickets. You said to me then that it was because that was the total inventory and, therefore, you could not quantify exactly where the tickets came from. Is that right?

Mr BOSILJEVAC: In August 1998 we had a quota—what we believed to be 9.6 million tickets in total. That was the total inventory. There was no finalisation of rule 66 or the other numbers, so it was a pool of tickets that were made as estimates for the buckets.

The Hon. Dr P. WONG: As a result I presume that you could not deliver 3.5 million tickets. Yet you are telling the Committee that you created half a million tickets at the same time. How do you reconcile those two facts?

Mr BOSILJEVAC: I am sorry. I do not really understand the question. I will attempt to answer it is this way.

The Hon. Dr P. WONG: Let me rephrase my question, which was very simple. You are telling the public now that you have 3.05 or 3.08 million tickets available for the public?

Mr BOSILJEVAC: Yes.

The Hon. Dr P. WONG: Because the actual ticket numbers may have decreased. Yet at the same time you are saying that you have created half a million tickets at the instruction of Mr Paul Reading.

Mr BOSILJEVAC: Yes.

The Hon. Dr P. WONG: How can you reduce the number of public tickets to 3.08

million and, at the same time, create half a million tickets?

Mr BOSILJEVAC: In all cases the allocation of tickets at that early point affected all the groups. Remember that the sponsorship original estimates were much higher. There was to be a much greater number of sponsorships. So all the groups, including national Olympic committees and federations, have reduced their allocations, and they have all been affected by the creation of the bucket.

The Hon. Dr P. WONG: Would it not be better, if you are to keep a promise to the public, to tell Mr Paul Reading that you could not deliver that half a million tickets, and you could then keep your promise by delivering 3.5 million tickets to the public?

Mr BOSILJEVAC: If we had had a greater finalisation to venues and other issues there would have been a much better opportunity to deliver a larger number of tickets. But because we went to the public at that time, that was the available pool of tickets that we could allocate. Within those original pie charts there was, although it was not displayed, certainly a contingency that we had to have in order to get to a point where we were realistic. You cannot, as an example, oversell a venue. You cannot overbook a seat, for example, on something like a plane, because there is only one opening ceremony. You can only sell the opening ceremony once. So at the time that we went to the public we had an available pool of approximately 3.1 million tickets.

The Hon. C. J. S. LYNN: How were accounts or customers selected for premium tickets?

Mr BOSILJEVAC: I am sorry, I do not know. I have not been involved in the premium ticketing. My only role is that, once an account is concluded, they pass it down to operations and we build that account in the ticket system at the end of the day to be able to print the ticket. So it is really a function of building the account in the ticket system, whatever tickets they are.

The Hon. C. J. S. LYNN: How many tickets were available for the premium ticket package?

Mr BOSILJEVAC: Basically, the pool of tickets that were created. They were out negotiating the deal or the account and then, at the end of the day, they passed that finalised account down to us to build.

The Hon. C. J. S. LYNN: How many were available? In one instance we heard that there were 200,000. Then somebody said that we needed 55,000 to test the market. Then we heard this morning that there were only 54,000 and it had been shut. How many premium ticket packages are there?

Mr BOSILJEVAC: They have committed a certain number but I stand to be corrected by Sandy because I do not have the numbers in front of me. I reiterate that I have had no physical involvement in the selling or the marketing of those tickets. Ultimately, I am only the builder of the account at the end of the day.

The Hon. C. J. S. LYNN: Do you not have a bucket which has premium tickets and there are so many tickets in that bucket? Have you not created that bucket?

Mr BOSILJEVAC: We created that bucket and, out of that bucket, they built the tickets that they needed. Then, at the end of the day, they gave that account to us and we built the account in the ticket system.

The Hon. C. J. S. LYNN: So you cannot tell me how many they built?

Mr BOSILJEVAC: I cannot.

The Hon. A. B. KELLY: It was 464,546 tickets. We were given that figure last week.

The Hon. C. J. S. LYNN: Was that the number of premium tickets?

The Hon. A. B. KELLY: Those were the premium packages. We were given the total last week.

The Hon. C. J. S. LYNN: A number of figures have been bandied around.

Mr HOLLWAY: The letter that I sent to the Committee on 21 October sets out the derivation of the premium bucket, in a sense. But, in essence, just quickly, 10,895 stadium packages were purchased for 196,101 tickets. Of those, 49,050 were sold to the public as stadium packages; 33,444 were allocated to the premium program; 36,000 were transferred to the public offer; and the remainder that were unsold were 77,000. Then 464,546 were allocated, to give a total premium ticket availability of 497,990. That was the availability if we wanted to draw on the entire bucket. But the amount sold was 54,803. That, in part, accounts for the capacity. We subsequently have turned back over half a million tickets recently to the public pool.

The Hon. J. R. JOHNSON: Compared to previous Olympic Games, how would you describe the success of the SOCOG ticketing program so far? Given the size of the Australian population compared, for example, with that of the United States of America, what challenges faced SOCOG's ticketing program?

Mr BOSILJEVAC: The simple answer is that the ticketing program that has been conducted has been a phenomenal success. If you compared per capita populations between Australia and the United States, we have done, just in the public mail-order campaign, around an eighteen-fold increase on what Atlanta did. Atlanta was able only to capture approximately 311,000 accounts out of a population of 260 million. Australia, with a population of around 17 million, has achieved a number of accounts—approximately 320,000. So in sheer numbers, it is greater. In comparison to population, it is phenomenal. It has been a program of great support by the public across the board and a much greater return than has ever been seen in the Olympic environment.

The Hon. J. R. JOHNSON: It is more than a 2,000 per cent difference.

Mr BOSILJEVAC: Yes.

The Hon. D. F. MOPPETT: Surely it relates to the number of seats available and not to the population?

Mr BOSILJEVAC: But they had more seats.

The Hon. A. B. KELLY: Atlanta had more seats than Australia. It had 12 million seats, so that is 25 per cent more.

Mr BOSILJEVAC: It had 12.2 million seats.

The Hon. D. F. MOPPETT: But the whole of the United States could not have turned up.

Mr BOSILJEVAC: No, that is true. But it is also true that, in a smaller population, you probably have, respectfully, less of a propensity or economic means to go to the Games. You would assume that, in the United States, which has a huge population, that a proportionately larger number of more affluent people would like to attend the Games. It is a great support. A lot of doubters said that we would not sell, but the support for the Games has been phenomenal.

CHAIR: That is the point of the inquiry. Because of the advertising approach, people gained the impression that they were going to get tickets to the opening ceremony, to the finals and so on. People responded with a false hope. That was a disappointment to many people.

Mr BOSILJEVAC: A substantial number of seats have been made available to the public. Certainly, at the ceremonies, 10,000 D-price tickets have been provided to the public. That was not present in Atlanta. There were no D-price tickets available to the public. The quotas in the early days in Atlanta were substantially less for the public. A large number of seats have been provided for certain key sports and events, which was not true in Atlanta. So there is a support. No Games in the history of the Olympics has ever been sold out. The same was true in Atlanta. Baseball and football were very much undersubscribed at the end of the day. No Games have been completely sold out. Many thousands of tickets are available to be purchased for a wide variety of sports.

The Hon. A. B. KELLY: You have been involved in a few Olympic Games. Is it your view that Atlanta broke even?

Mr BOSILJEVAC: I think the final report stated that it came very close to breaking even. Another school of thought said that it did not come close to breaking even. I think it is a very difficult exercise. Atlanta had a very difficult exercise because it was funding the Games itself. Certain things were paid and other things were not paid. So how you do your final accounting, I think, is the question.

The Hon. A. B. KELLY: At the previous Games I believe that huge losses were incurred. I think the loss at Montreal was \$1 billion. When sponsorship fell away due to the IOC's well-publicised difficulties, did ticketing staff feel that it was up to them to try to balance the budget so that the deficit did not come out of New South Wales hospitals and education?

Mr BOSILJEVAC: I think that the organisation as a whole was very much committed to making the Games work. Where the ticketing had the specific objective of balancing the budget, I think that is probably too long a bow to draw. We were certainly doing the best we could to maximise sales and to bring in ticket sales. That would help to sell tickets and the organisation and it would also generate revenue. But we are committed—we have always been very committed—to selling as many tickets as we can because it is important for the organisation.

CHAIR: Mr Hollway, you were going to make a statement about questions that have

been placed on notice.

Mr HOLLWAY: A letter has been written from the Minister's office to the director of this Committee noting that, unlike in a budget or estimates committee where the questions are all directed to the Minister, in the case of this Committee the appropriate course is for the questions to be directed to individual persons. That letter notes that only two questions are directly for the Minister and one other deals with the Olympic Co-ordination Authority for which he is responsible, so he has answered those three.

That leaves the question of what we do with the remainder. Rather than the Committee having to decide who is the right person to answer a question, the suggestion I was going to make was that if you like I will do a job lot for you. There will be different people in SOCOG with different responsibilities who will have to provide the answers, but I can pull that together and send the answers to you in one go, if that is useful.

CHAIR: And that would be by Wednesday, was it?

Mr HOLLWAY: I would get these to you by mid-morning tomorrow. We have done a lot of work on them, of course.

The Hon. PATRICIA FORSYTHE: Some of the questions we asked flowed from the evidence last week. I would prefer that we had a go at asking the people to whom we directed our questions. Obviously as chief executive you may ultimately seek to answer some of them but guide them in their answers, no doubt. We cannot be held responsible for what has happened behind the scenes. I think it is more appropriate that they be directed at specific people.

CHAIR: Mr Hollway is agreeing to allocate the questions to those individuals in most cases.

The Hon. PATRICIA FORSYTHE: I interpreted that we were going to get them back in the name of Mr Hollway.

Mr HOLLWAY: You were going to get them back sort of anonymously. I would just send them back as the answers to the questions. In fact, it is probably a distinction without a difference because I think 90 per cent of them are directed at Mr Reading, with advice from staff members for whom he has responsibility. There are some I think appropriately directed to me and in my name, for example, a question in relation to one of the audit matters. I genuinely do not think you need to worry on that score. But if the Committee would prefer, please identify who you think they should go to and, equally, I will expedite the process, whichever way you want to do it.

CHAIR: I think it is best if we get the answers back from you as quickly as possible and members can then ask a further question of a particular individual.

The Hon. PATRICIA FORSYTHE: I specifically put my questions in to specific individuals last week. I would like my questions to be directed specifically to the individuals I asked.

CHAIR: Do you know the questions from the Hon. Patricia Forsythe?

Mr HOLLWAY: Absolutely. When members directed them specifically to an individual who is a witness, we will make sure they are answered in that name.

(The witnesses withdrew)

DAVID ALEXANDER HOLLWAY, Chief Executive Officer, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, 235 Jones Street, Ultimo, and

JOHN MICHAEL BOSILJEVAC, Program Manager, Ticket Operations, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, 235 Jones Street, Ultimo, on former oath, and

KRIS ALAN DONALDSON, General Manager, Asset Sales, Sydney Organising Committee for the Olympic Games, SOCOG Headquarters, 235 Jones Street, Ultimo, sworn and examined:

CHAIR: In what capacity are you appearing before the Committee?

Mr DONALDSON: In my capacity as general manager of asset sales.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr DONALDSON: Yes I did.

CHAIR: Are you conversant with the terms of reference of this inquiry?

Mr DONALDSON: I am.

CHAIR: If you consider at any stage during your evidence that in the public interest certain evidence or documents should be seen or heard only by the Committee, the Committee would be willing to accede to your request and resolve into a confidential session. However, I should warn you that the Parliament may override that decision at any time and make your evidence public.

Mr DONALDSON: Thank you.

The Hon. C. J. S. LYNN: Mr Bosiljevac, were you ever employed or did you work as a consultant for a company known as Weldon Williams and Link Corporation?

Mr BOSILJEVAC: No, I have never been employed as a consultant and I have never worked for Weldon Williams and Link.

The Hon. J. R. JOHNSON: Mr Donaldson, is it true that SOCOG is facing a potential sponsorship shortfall? If so, what role will the sale of combined hospitality and premium-priced tickets have in alleviating the potential shortfall?

CHAIR: Could you state the yes again, because you said it very quickly?

Mr DONALDSON: Yes. I apologise for that. It is true that we are facing a sponsorship shortfall. We are still working diligently to maximise the sponsorship, but at the same time we have been developing this asset sales program which will play a significant role in helping us reach our targeted budget.

CHAIR: What is the asset sales program?

Mr DONALDSON: It is probably important to get the nomenclature right. In essence, what we are doing is focusing on hospitality as the core product and then building around that, hospitality meaning some place where you can take someone and entertain them, for instance, a room. It has been in the press about corporate suites and various other rooms. The room is a very important part of it. It is around that that you build ticketing and in some cases transport and in other cases accommodation. It becomes a complete package.

That is very different, and I needed to explain that when you talk about premium packages, particularly when you are talking about what Paul Reading has been doing in the past several months, the premium packages focused simply on tickets. What we are talking here is a complete package—and I apologise for the terminology; it is getting a bit mixed up. If we can use the term "Olympic hospitality packaging" from now on it is probably the best way to go forward.

The Hon. A. B. KELLY: With that potential shortfall in sponsorship, what other options did SOCOG have? Were you aware of that shortfall before the public ticket ballot?

Mr DONALDSON: We have been aware of difficulties in the sponsorship market for some time now, so the answer to that is absolutely yes, we were aware of the difficulties in the market prior to the public ballot. I guess the other question is how many other options we have or whether we have to raise the revenue. All I can tell you is very few, and we have been working for some time on finding the correct ways to maximise the revenue in a number of areas but, most importantly, in ways that protect our sponsors, rather than, as Paul Reading previously mentioned, ambushing them. That has been critical and top of mind for us as we went forward developing these programs.

CHAIR: When you said "hospitality package" does that mean that someone could have access to a room for one day, or would that person have access to a room for the whole Olympic Games? Does it depend on what they want and what you charge them? Is it flexible?

Mr DONALDSON: That is absolutely right. It is that flexible because, as we speak, we are currently in the process of finalising those products. We have not finalised those yet.

CHAIR: So it is almost renting and leasing space for a short time?

Mr DONALDSON: That is right, and the way we need to do it is to have enough flexibility but to have enough understanding of what assets we have and what inventory we have so that we know—I guess I cannot say exactly but we have a pretty good idea of what that will lead us to down the track, because we are talking about some serious budget considerations.

The Hon. PATRICIA FORSYTHE: Mr Donaldson, do you have a policy in place that guides these hospitality or premium packages?

CHAIR: They are hospitality packages.

The Hon. PATRICIA FORSYTHE: I am well aware of what they are.

CHAIR: You said both "hospitality" and "premium".

The Hon. PATRICIA FORSYTHE: I referred to them as a package. The emphasis was on the word "package", not "premium".

Mr DONALDSON: I understood the question. We are taking what has always been a policy through the ticketing program—that is, no on-sell policy and protection of sponsor rights—and we are actually building on that policy. So the policy gets even more robust as we move forward. I would like to say that we already have a draft policy in place and we are now just going to the point of trying to finalise that, and we are doing that with the aid of some sponsor input as well.

The Hon. PATRICIA FORSYTHE: What is the process for the approval of that policy? Who do you report to? For example, does the ticketing committee have a role in it, or do you go to the board?

Mr DONALDSON: My direct report is to Paul Reading and then Paul clearly decides from a management point of view what issues go before the ticketing subcommittee and what issues go before the board. I am guided by Paul.

The Hon. J. R. JOHNSON: What other options did SOCOG have in meeting this sponsorship shortfall?

Mr DONALDSON: Very few, besides some of the programs that we began looking at in the middle of this year, which included the program that I currently head.

The Hon. Dr P. WONG: I have a question for Mr Bosiljevac. I gather from your answer that the ticketing problem is not something new. It is not something that has never happened before, it is a continuing process. Is it true that, for example, the ticketing problem of how to accommodate the premium packages is a continual process? It is not the case that there was no problem before the cut-off day and suddenly there was a problem?

Mr BOSILJEVAC: If I can answer your question this way, the ability to create buckets of tickets for each group and the management of that across the entire ticketing process from the time you start until the time you finalise the venues is an ongoing management thing. It is certainly no different to any other event, of course. It is the same issues all the way through.

The Hon. Dr P. WONG: I know but you are answering me particularly on the premium packages. I am asking you a general question. Were the ticketing procedures and the complexities and the problems associated with them continual from the beginning of SOCOG until now or did the problems suddenly arise?

Mr BOSILJEVAC: I am not sure I understand how you perceive that the premium—

The Hon. Dr P. WONG: I am not asking you that; I am asking a general question.

Mr BOSILJEVAC: I think I can answer it this way. It is just another element of the ticketing process. It is no more or less complex than any other group of the public. Ultimately, they all have to be built on the ticketing system, so it is no more or less, if that is the correct answer.

The Hon. Dr P. WONG: Therefore the whole executive and the SOCOG board are responsible for ticketing as a whole.

Mr BOSILJEVAC: Yes, as a program, they are responsible.

The Hon. PATRICIA FORSYTHE: In relation to the packages, will purchasers of the packages be required to sign any sort of confidentiality clauses? Will they be allowed to talk about the purchase of their package?

Mr DONALDSON: At this stage we have not sold any of these packages yet, the ones I am talking about.

The Hon. PATRICIA FORSYTHE: In your discussions with potential buyers is that one of the issues raised?

Mr DONALDSON: No. I guess I do not want that to get confused with any other confidentiality in terms of commercial in confidence, but we currently do not have anything in place that limits their ability to discuss it. However—and I think I understand the essence of the question—in no way are any of these companies or individuals allowed to promote themselves as being associated with the Games. That is a very strict, firm policy that we have across all of our products and it is important. I think that is where your question was headed. It is important that no entity, whether individual or corporate, has the ability to promote its association with the Games or utilise any of the assets it has in any commercial way.

The Hon. PATRICIA FORSYTHE: How are you seeking prospective buyers of these packages?

Mr DONALDSON: In many instances some of the publicity we have received over the past few weeks has caused the calls to come to us. We are currently putting those in an area and we are saying that once we finalise the products we will discuss them with you. Following the finalisation of our products and our programs, we plan to make it public and to have it available not only domestically but also internationally.

CHAIR: Do you have a price list or some sort of cut off?

Mr DONALDSON: Yes, in some instances. I think you described it really well: there will be a smorgasbord of ways to develop the program. The issue for us is how we manage that inventory and how we communicate that.

CHAIR: Does that include hotel accommodation?

Mr DONALDSON: It may, in some instances.

CHAIR: Or will you sell it to a travel agent who, in turn—?

Mr DONALDSON: No.

CHAIR: You may do the whole lot?

Mr DONALDSON: Yes. We are currently looking at doing the entire thing. It may, in some instances, include accommodation. However, as you know, accommodation is incredibly scarce in this city. Therefore we will utilise that resource very sparingly.

The Hon. J. R. JOHNSON: If SOCOG had sold all the sponsorship that was possible, how many seats would have been available to the general public? A lot less than there is now?

Mr DONALDSON: Sorry, could you rephrase that?

The Hon. J. R. JOHNSON: If your sponsorship program worked to the extent that you were knocking back further sponsorship, how many fewer tickets would have been available to the general public?

Mr DONALDSON: All I can tell you is that the original allocation that we put against sponsorship, the total number of tickets was not exceeded. As a matter of fact we have used, up to this point, fewer in the sponsorship area for sponsorship. Therefore all I can tell you is that we actually never got to that point where the public allocation was affected by the sponsor quota.

The Hon. J. R. JOHNSON: I am asking you if you had got to that point—?

Mr DONALDSON: If we had got to our total sponsorship budget—

The Hon. J. R. JOHNSON: Your maximum sponsorship?

Mr DONALDSON: We had the tickets allocated for that sponsorship. In what was the, to use John's term, sponsor bucket there would have been enough tickets in that bucket to take care of that sponsorship.

The Hon. A. B. KELLY: On 26 August 1998 you originally had 1,350,000 allocated for global and Australian sponsors, and on 31 August a year later it was 715,000. I think that is what Mr Johnson is getting at.

Mr DONALDSON: I am not intimate with the numbers. I would have to lean on my colleague.

The Hon. A. B. KELLY: What he is saying is that if you had used the full \$1.35 million you would have had half a million fewer tickets available to the general public.

Mr DONALDSON: I am really in an area that is not my general area.

Mr HOLLWAY: Those are the correct figures if they are taken off the documents that were put out in the public domain when that press conference was held.

The Hon. A. B. KELLY: At that particular time?

Mr HOLLWAY: Yes.

The Hon. A. B. KELLY: I realise they keep changing because of what the media want and all sorts of things.

Mr HOLLWAY: That is correct.

The Hon. PATRICIA FORSYTHE: Are premium tickets an integral part of hospitality packages?

Mr DONALDSON: Let me just ask you a question to be able to answer that. Are you saying that any of the premium tickets that were set aside for what Mr Reading was doing?

Mr HOLLWAY: If I may, I think the question may be whether it is an essential part of your hospitality program that the ticket component would be priced above face value. Is that it?

The Hon. PATRICIA FORSYTHE: Yes, that is it.

Mr DONALDSON: All I would like to say is that the ticket part of the package is absolutely essential, number one. And, number two, that the ticket price itself is part of the entire package, so there are not components that are being sold separately. Actually it is being sold as one solution for whomever. So it is quite a bit different to the program where only tickets were sold at a certain level beyond face value. We are actually adding a couple of different layers, and it is difficult to extract the value of each of those layers and say, "That is the value that we are placing on these tickets." Does that help?

The Hon. PATRICIA FORSYTHE: Yes. You referred to international tickets, the international marketing of these packages. What is the policy to ensure that people who purchase these overseas do not have a relationship with a company that may be in conflict or in competition with one of your sponsors?

Mr DONALDSON: Previous to what Mr Reading mentioned, and that is the end-user policy, that is exactly what we will be using. We will ask, "What is the relationship with the end user?" Therefore because the delivery of the tickets will be at such a point where we have enough time to determine that then we have the ability to react to it, meaning that we will build into the policy that if we find out that those tickets are being used for a reason or given to a source that we have not confirmed, we have the ability to withdraw those tickets.

The Hon. PATRICIA FORSYTHE: Have you kept records on the premium deals? What records do you keep?

Mr BOSILJEVAC: The Operations area has the records for building the accounts and ticket system, so we are given enough information to build the accounts and ticket system.

CHAIR: That is just technical information. You do not deal with the actual customer?

Mr BOSILJEVAC: No, I am given a number of sheets of paper with the final arrangements to do with ticketing.

CHAIR: When it is confirmed it goes into the computer?

Mr BOSILJEVAC: Yes, and it is used to create the account on the ticket system. That is correct.

The Hon. PATRICIA FORSYTHE: Can I continue the process that I started earlier, would we be able to have those records tabled?

CHAIR: We do not know whether they are records that can be communicated. These are the final confirmed premium sales that would come from Mr Reading's to your operations office?

The Hon. PATRICIA FORSYTHE: I thought it was more than that.

CHAIR: Back to whom, the people or the companies who bought the tickets?

Mr HOLLWAY: I would have thought so. I would have thought those records would show how many tickets need to be opened in what name of an account so that Mr Bosiljevac can identify that account and make sure that his overall inventory of tickets reflects it and he knows that there are a certain number of tickets to go to a certain company or individual. I think we are into that issue.

The Hon. Dr P. WONG: Is it possible for you to supply information without identifying the name of the person or the company, as a compromise?

CHAIR: Mr Reading could do that, if it were agreed. Mr Reading would have the same information, would he not, because he gave it to you?

Mr BOSILJEVAC: That is correct, yes.

CHAIR: I am wondering whether it would be better to deal with Mr Reading. He will be here in a moment and you will be able to ask him that question, whether he could provide the information without a company name being shown. This is not a technician area, you might say, the operations area.

The Hon. D. F. MOPPETT: That list will be forthcoming eventually, anyway, will it not? Once the auditors have audited that list, will it be made available?

CHAIR: We are awaiting a process and we will have to wait to see. It is not confirmed. We do have a problem, but we need to move on to the next stage of the inquiry of the Committee.

Mr HOLLWAY: It is not for me to speak, in a sense, for the Minister, but I mention that he made a statement about the provision of names at the very outset of the Committee's work. I think that statement stands so far as Michael Knight is concerned. I think that the question would essentially be about modalities rather than a change to his statement. I think that is his position as set out in that statement at the beginning.

The Hon. PATRICIA FORSYTHE: I am seeking more than names. I am more interested in the process, that is why I asked about files. To help our understanding it seems to me that it is not just a question of who might have access, but the process that has been worked out. That is what the question was about that I asked about the files that were kept. I did not reduce it to a list of names. I asked for something far more detailed.

Mr HOLLWAY: I am not sure, but I would have thought we could take a stab at answering that in the sense that the process would be one in which Paul Reading and his staff who work directly on premium package sales, which is not Mr Bosiljevac, he is not as it were cutting the deals, within the parameters we had discussed earlier would undertake and conclude a deal which, once concluded, would need to be conveyed to Mr Bosiljevac in terms of how many tickets, of what type,

for what session, on what day and the individual or company to get those tickets. I would have thought he simply enters that in his ongoing computer program for the monitoring of the overall disposition of tickets, and that is it. In its macrosense I think the process is as simple as that.

The Hon. PATRICIA FORSYTHE: How many premium tickets have been assigned in relation to the hospitality packages?

Mr DONALDSON: Some 200,000 have been allocated. I think that has previously been made public knowledge.

Mr HOLLWAY: I am sorry, I do not want to interrupt the questioning, but we need some flexibility to shift that 200,000 at the margin between pure hospitality revenue generating on the one hand and sponsorship on the other. If we found that we could reap some more sponsorships and get the job done that way, we would use that. I was almost going to say it is a bucket, but I know it is not appreciated terminology. This, at least, is a small pale that should apply to both programs to a degree, but 200,000 would probably be used there.

The witnesses withdrew.

GRAHAM RICHARDSON, SOCOG Board Member and Chairman, SOCOG Board Ticketing Subcommittee,

SANDY HOLLWAY, Chief Executive Officer SOCOG, and

PAUL READING, Group General Manager - Commercial and Marketing, SOCOG, on previous oath:

Mr READING: I have a document I was asked to distribute before the break. I wonder if I may distribute that in whatever is the appropriate way.

CHAIR: What is the heading of the document?

Mr READING: There is no heading, but it relates to the famous 2,475 tickets.

The Hon. PATRICIA FORSYTHE: Mr Reading, for your benefit I will indicate the motion that I will move later in a deliberative session which relates to your documents:

1 .
That there be produced to this committee without publication or public access, all files, notes, documents in written and electronic form held by Paul Reading relating to:

(a)
Premium tickets policy

(b)
Premium ticketing the sales

2 .
That any personal or family notes may be first deleted.

3 .
That any reference to the price or prices paid may be first deleted and.

4 .
That Ms Anna McNicol be appointed by the committee to oversight any deletion of any material in Clauses 2. and 3.

Mr READING: I am sorry, I would like clarification. I did not hear you say, I may have misheard you, whether you wanted the names or not.

The Hon. PATRICIA FORSYTHE: You may choose to respond later.

CHAIR: You have asked to delete in that motion certain things, but you did not say delete names.

The Hon. J. R. JOHNSON: Mrs Forsythe has not moved that yet.

CHAIR: No, that is correct. She is just giving notice.

The Hon. PATRICIA FORSYTHE: I was just giving notice said that Mr Reading understood what it was I would be seeking.

CHAIR: As Mrs Forsythe raised it when you were here earlier you are now clearer about what she is seeking; all of us are because it is the first time we have heard it.

That will be discussed at a Committee meeting where it may or may not be agreed to or it may be amended or changed. You were asking that question to clarify what was asked and whether that included the deletion of names?

Mr READING: Correct.

CHAIR: We would assume it would involve the deletion of names. Is that what you were saying?

Mr READING: Yes.

CHAIR: Based on what you said earlier, Mr Hollway?

Mr HOLLWAY: Sorry?

CHAIR: If we agreed to go ahead with that, the documents would not include the names of the purchasers of the premium packages.

Mr HOLLWAY: I am sorry that I missed it. Could we perhaps come back to that when I have seen the text and got the context?

CHAIR: Yes. To get your advice may assist our Committee in discussing it in our own committee meeting.

The Hon. A. B. KELLY: I have only become aware of the issue of the GST over the weekend. Is this not effectively charging the people of New South Wales the GST? My understanding is that you have an arrangement with the New South Wales Government that you will return something in the order of \$30 million so you have said that you will not have a loss from the Olympics on the basis of not paying any GST. If you have to pay about \$12 million you have got two choices; you have either got to raise it by more premium ticket sales, sponsorship or some such thing or otherwise you will be \$12 million short. If you are \$12 million short the New South Wales Government will have to find that money out of some health budget or some such. Do you have a comment?

Mr HOLLWAY: I guess the argument can be made that one could preserve a \$30 million profit to the taxpayer by cutting the project. You can preserve the \$30 million that way, but I suppose the response to that would be, yes, but if you were able to do that and still deliver an excellent Olympic Games you could have done that anyway. As Mr Reading correctly said this morning, it is one way or another an unavoidable consequence that the return to the taxpayer would be lower because of some such impost than it would otherwise be—whether that be some \$30 million or something higher.

The Hon. A. B. KELLY: Are you aware of the documents that were mentioned this morning by a representative of NCOSS? KPMG, I think he told me, in 1996 or it might have been 1993; and also the University of Tasmania and the New South Wales Treasury document that suggested that there would be something like \$2.5 million return to the Federal Government over the period of the Games?

Mr HOLLWAY: Yes, those are a couple of the most definitive reports on the overall

economic impact of the Games, and I think they do include those numbers.

The Hon. A. B. KELLY: Can the Committee get copies of those reports?

Mr HOLLWAY: Yes, they are publicly available reports. There are three major studies, from memory, into the overall economic impact of the Games. I am not sure from recollection whether all of them go to the tax-take to the Federal Government or the State, but we can certainly get those documents for you.

CHAIR: Obviously there will be a problem with the GST for those premium packages that you have sold and finalised the deals. Would it be possible for the next batch to have simply as it is done with bed tax to be a plus GST?

The Hon. A. B. KELLY: I do not think we did it with bed tax.

CHAIR: No, I am saying the same principle. You disassociate yourself from the GST. It is not your fault that the Federal Government has imposed it and you have no option but to pass it on to the purchaser.

Mr READING: My experience in the commercial world tells me that there is a maximum price someone is going to pay. The person paying the price does not really care what you call the price, it is just \$X he or she will pay. The short answer is, whatever we pay and add on the GST is going to be a reduction of what SOCOG keeps.

The Hon. J. R. JOHNSON: The moral of the story is, if you negotiate with the Federal Government take witnesses.

The Hon. C. J. S. LYNN: Mr Richardson, you were reported as saying that as a SOCOG director you do not stand on corners selling tickets, you only set policy. Would you advise this Committee, and table the documents, in regard to the policy you set on the premium ticket package?

Mr RICHARDSON: I meant to infer that the ticketing committee sets policy and in that respect, Mr Lynn, the ticketing committee had discussed, as I mentioned at the Committee previously, cascading and how that might work. We have gone up and down that option several times, and in the end that came out in the public document. We had discussed dates and times, methods of distribution—that also came out in the public document. When it came to premium packages, as I explained last time, there had been a reference at the board to premium packages so Mr Reading had set aside some tickets and had begun to sell them, as I understand it, 54,000 of them had been sold.

We knew that there would be a much larger exercise to come. I had always anticipated that a policy would be set for that. In fact, as I recall, the board minutes which I do not have to table, but I think there was a reference to the fact that it was going to come back to the board at a later date. Mr Hollway might be able to confirm that for me. I am pretty sure that is in the minutes. So I always assumed we would do it. We are in fact, now that that large ticketing market exercise is going out to the public, has been almost completed in the first and second phases, we are sitting down. We have already had some discussions about how we might approach the 200,000 tickets available in asset sales.

The Hon. C. J. S. LYNN: Mr Richardson, it was put to us today that there was both an overt and a covert ticketing operation. As chair of the ticketing sub-committee were you aware of

both these operations?

Mr RICHARDSON: I have never said there was an overt or covert operation.

The Hon P. T. PRIMROSE: I do not think those words were used actually.

The Hon. C. J. S. LYNN: Formal and informal is a politically correct way of putting it.

Mr RICHARDSON: I have not heard the proceedings, I do not know what was said. I can only, Mr Lynn, repeat what I said at the last Committee meeting. I was aware that premium tickets, boxes, sports passes and Stadium Golds were being sold. There were reports given to the board on this from time to time—I think monthly, but if one or two months slipped without one, that is possible, I cannot swear to it being every month—but certainly the dollar value of how Mr Reading was dealing with these was included in reports to the board. All the board members had the same idea that I had.

The Hon. C. J. S. LYNN: It was through the former marketing manager, Mr Moore, who referred to the covert operation and basically he referred to it as a golden goose.

The Hon. A. B. KELLY: I do not think he referred to it as a covert operation, and the transcript will show that he did not say those words.

The Hon. C. J. S. LYNN: Who was making the decisions on the golden goose? Was that an operation being conducted down in the SOCOG basement or was the ticketing sub-committee and the board fully informed of and aware of?

CHAIR: The Hon. C. J. S. Lynn has a military background so he uses a lot of military terms.

Mr RICHARDSON: I do not have a military background, I have a different sort of background. I do not think I have really got much to add to what I said last time, and to what I said a few moments ago. There is no policy laid down at the ticketing committee or the board other than the fact that we were going to have a crack at selling some premium tickets, remembering that we did not know what the market would bear. My impression was that Mr Reading and his team would go out and try to sell some to find out what the market would bear so that we could come back and have a look at it later.

If I can add to it because I do not agree with something that Mr Donaldson said, it is simply a matter of opinion which would have to be resolved by the board. The ticketing committee has had a preliminary discussion—I do not think that I should not reveal this—on this matter of the 200,000 asset sales tickets. Our view is that we ought not to set a price for them. Mr Donaldson was saying that he thought that there should. Our view is that we should set a minimum price, given that I think the average of premium tickets so far is 2.9 times the face value of the tickets.

We think that the way this should be handled is that a minimum price of three times should be set and, if Mr Reading can, with some extremely keen sponsors and the like, sell it for five or six times then terrific, we will not be standing in his way. As a committee we do not want to do that. As I said, it is a preliminary discussion. We have not finalised a policy on how we think the 200,000

should go forward but when we do that will certainly be a part of it.

CHAIR: It seems possible for the hospitality packages to almost be auctioned where you could say what you are doing and people would make offers and you would accept the highest offer. Is that a technical possibility?

Mr READING: I did not realise the question was to me.

CHAIR: If you had a minimum price but you said that particular package of rooms and entertainment areas and so on, that a couple of companies would look at it and make a bid and from your point of view you say so you were open to offers. Is that a possibility?

Mr READING: That is right with a couple of qualifications. One is what I talked about earlier, the terms of the protection of the sponsors and also the sensitivities of some of the national Olympic committees in terms of dealing within their specific territories. This Committee may recall the second or last time I was here, I spoke about the fact that SOCOG was only authorised to sell tickets within the territory of Australia without the permission of the national Olympic committee into whose territory it is selling. With those two qualifications, that is correct.

CHAIR: Companies within Australia.

The Hon. PATRICIA FORSYTHE: Mr Richardson, if it is a question of starting with a particular minimum face value and then looking at what the market would bear, isn't that official scalping?

Mr RICHARDSON: I would not have thought so. Official scalping is when somebody can race out and buy hundreds of tickets and operate to sell at a personal profit. What this is is raising money for the New South Wales taxpayers that they do not have to put in themselves later. Premium ticket packages are not simply a feature of this Olympic Games, they have been features of other Olympic Games. I think the Greeks confirm they will certainly be a feature of the Athens Olympic Games next time, and whoever gets it after that will do it as well. So it is not a matter of talking about official scalping. We are given the charter under the Act actually of maximising the returns of the New South Wales taxpayers. I think that is our job and it cannot be done, in my view, adequately unless you have some premium tickets.

The Hon. PATRICIA FORSYTHE: This morning we heard evidence that suggested that up to three weeks ago there were premium tickets still becoming available to organisations. You have referred to what the market would bear. It would seem that there is a strong market for these tickets. At what point does SOCOG have an obligation to the public to reveal the nature of the policy and the nature of what it is doing? At what point did SOCOG intend to come clean about these premium tickets?

Mr RICHARDSON: I think I have already answered this, and I would not want to try your patience by repeating myself too much, but it seems to me we set out to find out what the market would bear. The lesson is that the market will be bear more and more the closer you get. It is certainly the case now that we have received more for the premium ticket packages sold than we dreamed possible when we first discussed it. I am delighted by that fact, but I do not think that anyone would have thought that you could get \$4,000 for an opening ceremony ticket to the Games when we first discussed this, which is more than a year ago, certainly sometime last year.

But we are able in these premium packages to get that sort of price. I think that over the course of the next 12 months we will get even more as people get closer to the day and get more and more anxious for their particular event. I think we should be setting a minimum price and a policy to go with it. I had always believed that there would be, after this initial—I think the word that I keep hearing at the moment is bucket, which is interesting—bucket of tickets had been sold that there was a much bigger bucket of tickets to be sold which you could not do without a public marketing campaign. I have always envisaged that we would be setting some sort of policy, as I said, my memory of it is that the board minute reflects that. We are doing now what we said we would do.

The Hon. PATRICIA FORSYTHE: If you go back to the advertising campaign, for example, the Mark Taylor advertisements when he said that there would be more than 5 million tickets available, 70 per cent of which would cost under \$60 and "We want to give an equal chance of getting the tickets we want". How accurate was that advertisement? Given what you have said about what the market would bear, quite clearly you have discovered the market would bear a lot more as time has gone on. How can you assure the public of Australia that the sort of information that was coming out in those ads bears the reality with the actual ticketing policy of SOCOG?

Mr RICHARDSON: I am not sure that that is the total responsibility of the ticketing committee but I will answer the question as a board member. It seems to me that there was a mistake in using the five million figure. That is the first mistake because it was decided to pull the 1.5 million opportunity tickets out of this ballot on the basis that it would make it harder to sell more expensive tickets if you were selling \$1.5 million worth of \$10 to \$20 tickets at the same time. That is my memory of events.

Obviously that was not reflected in what Mark Taylor and I think Sandy Hollway had to say at the time, and that is wrong. I regard that not as a devious plot but as a stuff-up and they happen from time to time in life. It simply should have been made clear that the 1.5 million tickets will be coming, they will be sold to the public, they will be marketed through schools, pensioner groups and the like. That will happen next year, so it is not something that we are keeping back. That they were not in that ballot has not been made clear and that was a mistake. The second mistake that we made was that the 3.5 became 3.1. I was not aware of that nor was the board until late October. I think that is unfortunate because we made that promise. If I could use a John Howard line, I regard that as a core promise.

The Hon. J. R. JOHNSON: God!

Mr RICHARDSON: I did not think you would take that name in vain.

The Hon. J. R. JOHNSON: I will rephrase that.

Mr RICHARDSON: I think that was a real problem. I think that is breaking a promise and that is the part of this exercise that I am particularly sorry for. I think we should have done better than that. We have made up for it. We have put 500,000 back into the same people so that is actually 3.6. We have actually done better than our promise but I am annoyed about that. The fact that we have, however, identified and put back in the 500,000 tickets ought to give people an inkling of how seriously we take the job. I hope that goes some of the way—I would not pretend that it would go all of the way—to restoring public confidence.

I think we can demonstrate with the way that the 1.5 million tickets will go back in and

with the way other tickets go back in. When I say "other tickets", I refer to tickets that are returned from sponsors and NOCs, which will occur over time—and, of course, contingency tickets. I hear a lot of talk at the committee about 9¼ and 9.6. No-one really knows how many tickets there are going to be yet and no-one is going to know for quite some time. I do not know exactly, but I will not be surprised if the final number of available tickets is not known until about June. We will be putting tickets back in the whole time and we will be able to demonstrate that very publicly. I have no doubt that as a result of this Committee and the media coverage that this has gotten back that every single thing we do will be under intense scrutiny. In any event, I think we will be racing out to put our hands up to make it public in the first instance, not the second or the third. I think we will be able to demonstrate over time that we are doing the right thing.

CHAIR: And we are helping you to sell tickets too, are we not?

Mr RICHARDSON: That is right.

The Hon. PATRICIA FORSYTHE: Has anybody put their hand up to take responsibility for the 3.5 million tickets that became 3.1 million tickets?

Mr RICHARDSON: I think there is an independent audit into this that I understand reports next week. I will be interested to see what they find. I have an appointment with them tomorrow and I am apparently required for 1½ hours to give them some assistance, which I shall endeavour to do. I know that other board members and staff have been interviewed and they will have an opinion. At the ticketing committee, we were going to hold our own inquiry. We agreed not to when it was clear that your Committee was going to inquire and it was clear that there was also an independent team that the Minister had put on the job, so we pulled out of it. I will wait until I see that report, but as a board, when the crunch comes, Michael Knight has already said that he as chairman accepts that responsibility. The board has to accept the responsibility even if the board did not know. The buck has to stop at the board, I think. As to why it did not know means that there are some procedural difficulties within the organisation and we have to sort those out. I am sure that we will.

CHAIR: I just wish to clarify a practical point to bring us up to date regarding the ACCC requirement that there had to be refunds. Perhaps Mr Hollway could bring the Committee up to date. Have all refund letters with cheques or Visa card credits now been sent to all those who missed tickets in the first round?

Mr HOLLWAY: There were the following commitments in the agreement with the ACCC. The first was that people who requested a refund of the remaining balance after the first public ballot, that those refunds be processed and dispatched by 2 November 1999 for approximately 90 per cent of them and the balance of them either the remaining five working days provided we have adequate information from the applicant, and I understand that that has been done.

The first deadline that was set with the ACCC agreement has been met. Then there are other commitments, for example, people who chose additional tickets in the second round and have credit remaining. Those ones have to be processed and dispatched by 30 November and so on. Those deadlines I will not bore you with because they have not come up yet, but the answer is, yes, we have achieved the first deadline, I understand.

CHAIR: Where do the other folk stand who ordered tickets and programs and who received no tickets but finished up with a program in the first ballot?

Mr HOLLWAY: Could you repeat that?

CHAIR: The people who finished up with a souvenir program and nothing else, apparently they are to get a refund. I know it is only a small amount.

Mr HOLLWAY: That is correct. People who wound up with only the souvenir program get a refund. I would need to be reminded of where we are up to with those refunds.

Mr READING: Mr Holloway talked about 90 per cent; 92.5 per cent actually was achieved by that deadline and I am advised that the remainder have gone as well. To the best of my knowledge anybody who had asked for a complete refund by 22 October, I think from memory, they have gone.

CHAIR: What is the timetable for the next offer to go out to the public? We have had two, when will the third offer go out?

Mr HOLLWAY: I have three others, which may be the answer. There are the people who chose additional tickets in the second round but still have a balance of credit remaining, in other words they did not want everything back. They bought some new tickets but they still have a balance on which they want a refund.

CHAIR: This is the second round?

Mr HOLLWAY: Yes.

CHAIR: So some people did get tickets already in the second round. They are the ones you were doing in the ballot?

Mr HOLLWAY: No. I am referring here to people who had a credit balance remaining after the ballot and decided that they wanted to use that for some new tickets but also they wanted some money back, as opposed to those who wanted all their money back.

CHAIR: But they have not got the tickets yet?

Mr HOLLWAY: Correct.

CHAIR: They are getting the refund of the surplus amount?

Mr HOLLWAY: Correct, and that is to be 30 November 1999. There is then the category of people—

CHAIR: What was the timetable for those tickets that might be supplied? I know you delayed it because of the change of policy of "first in, first served", to have another ballot. Has that timetable been finalised yet?

Mr HOLLWAY: Mr Reading might have more precision on this than me, but what I have been saying is that people should know what tickets they got in the second go around certainly by the time we hit Christmas. We should have clarity about that.

Mr READING: There are a number of different deadlines. Perhaps I can just talk to a couple which I think answers your point. People who chose additional tickets in the second round and have a credit remaining will get their credit back by 30 November. People who requested a refund on the second alternative choice of tickets will get it back by 15 December and people who have made no request for refund but we currently hold a credit balance for will have that back by 15 December as well. In terms of those people who applied for tickets in the second round it is most likely—and we do not have a time for that—they will be done somewhere between the end of November and 15 December is my best estimate.

The Hon. C. J. S. LYNN: My question is to either Mr Reading or Mr Richardson and is in regard to what I describe as the restoration of public confidence in this whole issue. It surrounds the identity of the companies who purchased premium tickets packages up to date. In my experience in organising international sporting events there were a couple of formulas. One was that if sponsors put money into an event they were advised by their marketers for every \$1 they put into a sponsorship package to spend \$1 promoting their own involvement in the game. The other formula was if you did not deliver to them or you were not able to leverage their investment by at least three to five times, that sponsor simply will not come back.

The Sydney Olympic 2000 Games is the biggest sports marketing event in the world and I would suggest that sponsors would kill to be involved in this event and to be associated with it because of the goodwill that comes out of it. The fact that sponsors have invested up to \$50 million is testimony to that fact. We do not want to know how much these premium tickets were purchased for but at our last meeting they were referred to as quasi-sponsors. You have told us that there was protection in that they were not sold to the competitors of sponsors. Given that we do not want to know how much they spent, why would sponsors want their names kept secret and not want their names to be publicly known and associated with the greatest sporting event in the world?

Mr RICHARDSON: They are not sponsors.

CHAIR: These are the premium tickets purchasers.

The Hon. C. J. S. LYNN: You are going to be associated with the Olympic Games and I would suggest that the tickets they purchased are not going to be given to the St Vincent de Paul Society or to the Sydney City Mission. These tickets are to get an advantage, a benefit by association with this event. Why would a company, a quasi-sponsor or a purchaser through a company, charity or organisation want to keep their involvement secret?

Mr READING: Maybe I could answer that. I think with due respect that you are perhaps coming at this from the wrong end. SOCOG is the one that will not let those purchasers of premium tickets talk about them because if they do, they are getting the same association with the Games as a sponsor is. We will not let that happen.

CHAIR: That was part of the deal.

Mr READING: Absolutely.

CHAIR: They were not to use that to try to claim that they were in some way a sponsor?

Mr READING: That is right. The very point that Mr Lynn is making, the wrong way if you like, is exactly what we are saying. Unless you are a sponsor you cannot announce or claim any associations with the Olympic Games. We are not keen to make the names public because that is exactly what we are stopping them from doing.

CHAIR: You are seeking to protect the sponsors who contributed \$50 million and other large sums?

Mr READING: Absolutely. I think I have said to this Committee now three or four times that one of the major criteria was that we had to protect our sponsors and ensure they were not ambushed. This is just another form of that.

The Hon. J. R. JOHNSON: I have no difficulty with fact. Let me give you a small example. There are numerous wine and spirit shops around. They get an allocation of one case or two cases of Grange Hermitage per year. If they sell it to one of their customers they have upset 500 others. If they sell a bottle to each of their customers, if they get two cases they have made 12 friends and 488 enemies, so they ring me up and ask me if I want to buy the lot and I can keep my mouth shut.

The Hon. C. J. S. LYNN: You have used up about three questions allocations in that answer.

The Hon. J. R. JOHNSON: It was not an answer. I was enlightening you, and that is usually difficult.

Mr READING: I am happy to be a recipient of a bottle of Grange, Mr Johnson, if you have a spare.

The Hon. J. R. JOHNSON: I will sell you one in the next raffle.

CHAIR: We will not go into any further detail on that.

The Hon. D. F. MOPPETT: I will address my question to Mr Hollway. I have been listening patiently over a couple of days and I heard your officers describe a formal process and then what might be described as an entrepreneurial informal process which incorporates, firstly, we heard about the premium tickets and now today we have heard about the hospitality package. With all the confusion that has been about, that really instigated this inquiry, would you not agree that fortuitously this has added to your marketing strength.

People have been led to believe that the supply of tickets has all gone. First of all, 5 million tickets were going out to the public. With all sorts of recalculations, suddenly more tickets come on to the market and are available through these informal ways. Would that not improve your marketing arm, with people thinking there will be mysterious extra allocations of tickets available only at the last minute? I reject the idea that it is official scalping; that is going too far.

However, is it not fortuitous that it works in the direction of raising the price as you go along? The public perception is that most of the tickets are exhausted, and then you say, "But we have found another 30,000", "But we have found another 100,000". If you were marketing and you did not have public responsibilities you would think you were really coming home with a wet sail. My question is directed to Mr Hollway as a broad responsibility for what many people see as a major breach in

public confidence in what SOCOG has been doing.

Mr HOLLWAY: I think that there was always a tension for us in trying to devise an appropriate marketing strategy between two imperatives. On the one hand, we needed to try to encourage people to purchase Olympic tickets earlier and we needed to have an understanding that we would have some chance of a revenue coming in, because it is such an important revenue earner to us. At the same time, we needed to be honest about the fact that no Olympic Games has ever been sold out and there would be further tickets coming on down the track. I think we sought to do both those things.

Thus, for example, we were honest—and by honest I mean open—about the fact that there would be 1.5 million Olympic opportunity tickets coming down the track at \$10 to \$19, despite the fact that at one point there was an argument in the organisation that this knowledge of another 1.5 million tickets becoming available might undercut the earlier efforts we were making to sell. Similarly, now we are seeking to be very straightforward with people and say that in every Olympic Games there will be returns from sponsors and National Olympic Committees. We hope that there will be a return from the contingency that will bring other tickets on board. Therefore, these opportunities will exist down the track.

However, at the same time we must find ways of encouraging people to continue their interest in buying. I actually instinctively would take a different position, a diametrically different position from the one you have described. I think that the more one must emphasise that there will be tickets coming on, and the more one must emphasise that right down to the time of the Games people will be able to go to a box office and get into some sport, the harder it is to market now. This has nothing to do with honesty or dishonesty vis-a-vis the public. This simply has to do with the buyer's psychology, especially in circumstances in which we have been a year to 18 months out from the event.

I will try to truncate this answer, but I want to make this final point. We had no idea how the marketing would go with the public. This has never been done before, we had no idea whatsoever. We knew that we had many millions of tickets. I said 3.5 million, 5 million, whatever, but we had many millions of tickets to sell 18 months out from the event through a mail order process in a country that is not used to mail order purchasing. That was against the background of a stadium float which had flopped and other indications, and in a context in which, I can tell the Committee, probably my single greatest concern about the Games is the financing.

If I had another couple of hundred million dollars in cash and we get fine weather we will take this thing apart, but we must earn the money. So it was in that context we went into it. I am very, very sorry—I have stated this before—I am very sorry at any erosion in public confidence. We must build that back. But we are not on some slick marketing ploy here now. I think we are putting the emphasis very heavily now on transparency, almost whatever the cost, if I can put it that way. That gives a broad indication of my attitude.

The Hon. PATRICIA FORSYTHE: Mr Hollway, who took the decision to take the half a million contingency tickets out of the public ballot process?

Mr HOLLWAY: I know what you are asking. I think that the audit inquiry that is being done internally will track all of that and we will find out.

The Hon. PATRICIA FORSYTHE: Does that mean you do not know at this stage or that you are not prepared to answer me?

Mr HOLLWAY: No, I do not know. I want to see who took what decisions when. I know it was not something I decided to sit there and do one day with or without advice, to take half a million tickets. I think we have already said it was done within the ticketing arena within SOCOG. I would like to have chapter and verse before blasting into an answer here because it is an important matter to do with internal communication within the ticketing operation.

CHAIR: Mr Hollway, you just mentioned transparency. It has now been advised that any extra sales, such as the hospitality packages and premium tickets, would somehow be available to any interested Australian, company, organisation or club. Is that part of your thinking? The suspicion that some Committee members obviously have is that it is being done on an old boy network or through some other way. Is it possible to open that up in a transparent way?

Mr HOLLWAY: My view would be an unequivocal yes. In fact, it is the case that when we belatedly revealed the premium ticket program we did publicly say that there was a contact in SOCOG, people who are interested could be in touch with us and so on. I think exactly the same philosophy should apply to Kris Donaldson's hospitality packages. That is not to give people the wrong idea that they could simply come in and buy, because in many cases we are talking about large amounts of money and cumulatively very big hospitality programs. I do not want to mislead the public into thinking it is individual small packages. But appropriately announced certainly, and it should be widely disseminated. I cannot see that it would be other than in my interest to widely disseminate it. That would be my view.

The Hon. C. J. S. LYNN: My question is to Mr Reading. It was reported in the *Australian* that you told independent supervisors of the random ballot that there was no need to inform the board that only 3.1 million tickets had been included in the public ballot. Is that true?

Mr READING: I assume you are talking about a meeting that took place between myself and the auditors on 6 September this year?

The Hon. C. J. S. LYNN: Yes.

Mr READING: I would make the point that 6 September was some six days after the ballot had been completed. I also make the point that it was some four days after I told the President of SOCOG, who was the chairman of the board. I am not quite sure where the question is leading. I would make one further point, if I may. Every letter written by the auditor was tabled at the audit meeting, on which at least four board members sit.

The Hon. C. J. S. LYNN: According to that report, you advised the ballot auditors that it was never required by SOCOG that board directors sign off on the final ticket allocation. Who advised you that it was not required for SOCOG board directors to sign off on this final ticket allocation?

Mr READING: The great danger with reports, with respect, is that they are not always right. What is important to understand is that—if you bear with me one moment while I refer to the document you are talking about. This is a document faxed to me by the auditors on 29 October, six to seven weeks after this meeting took place. It was not a minute of the meeting; they were some notes taken by one of the auditors present. The same day in the same meeting with the same auditors I signed the engagement letter. I will quote the appropriate bullet point, which clearly said:

The original quota of tickets allocated to the general public—

the quota—

is to be signed off by the board of directors.

I could hardly at one half of the meeting say the board is not going to sign it off, and then at the same meeting sign a document which says the board is going to sign off. Quite frankly, bearing in mind the terms of the agreement, which is dated 22 July, it is very clear that the auditors thought they had an obligation to have it signed off by the board. They should have ensured that it did not proceed without being signed off by the board. It is no point coming to me six days after the event and saying, "We have a problem". That is like naming the winner of the Melbourne Cup on Wednesday—interesting but not a hell of a lot of use.

The Hon. C. J. S. LYNN: Did you say the board did sign off on the premium ticket package?

Mr READING: Sorry, clarification—we are not talking about premium packages. I thought your question related to the public ballot.

The Hon. C. J. S. LYNN: Yes, sorry.

Mr READING: The board did not sign off.

The Hon. C. J. S. LYNN: Did you ever provide a verbal brief to the board regarding the public ballot?

Mr READING: I provided many verbal briefs, written briefs and presentations—and when I say "I", I use the word in terms of the ticketing department—to various meetings of the board, the sports commission, the ticketing subcommittee at times probably going from, I suspect, as early as February 1999 through to, I guess, May 1999.

The Hon. C. J. S. LYNN: Did you ever advise them that only 3.08 million tickets were to be included in the public ballot?

Mr READING: I did not. As I indicated to this Committee when I was here a week ago, the first I knew that there were only 3.08 million was on 2 September 1999.

The Hon. Dr P. WONG: Referring to Saturday's *Sydney Morning Herald*, Valerie Lawson complained that by 5.00 p.m. on 12 November she still had not received a reply. Perhaps Mr Hollway you would look at that.

Mr HOLLWAY: May I just say, Mr Wong, I am sure we are looking into it. That is point number one. Point number two is, in all seriousness, one of the silver linings that will come out of the ticketing cloud will be a recognition that in SOCOG we can probably use a more focused capability for customer service and consumer protection. There is already the commitment to a set of principles to govern consumer relations and consumer servicing. We already have Mr Landa on board in relation to complaints handling. I had already set up a mechanism earlier for that, but I think we will now grow that. We will have a capacity to look into these things more effectively in the future. That

said, I do not know the history of this particular case.

Mr RICHARDSON: Could I add to the answer?

CHAIR: Yes, Mr Richardson.

Mr RICHARDSON: I think it became pretty clear when we sent to those who applied in the first ballot the information on how well they did or did not do, they would have signed off and sent back to us. It is pretty clear that there were some serious delays in the mail. Some of them can be put down to SOCOG, because some people do not address their mail properly. They want to live in a better sounding suburb even when they do not. So it is a deliberate mistake to try to appease themselves.

In other cases, they just make mistakes in terms of postcodes or whatever, so you get a certain number of mistakes. It is also clear to me that there was a lot more to it than that and I think there were some serious problems with the mail on that occasion. We will never know how many, but I remember complaining that if it was the case that only 1500 people did not get their returns on time, I must have known nearly all of them. It was simply not credible for Australia Post to claim that they had all gone out properly. I do not think we will ever know how many or exactly what went wrong, but I suppose you could use a number of reasons, such as Telstra II and such as the referendum, and then there is this enormous bulk mail that SOCOG was hitting the system with and the system could not properly cope.

I have no doubt that when you send a great huge bulk mail, something goes wrong and some people miss out. I was actually in Melbourne on Saturday morning and I went to Griffith, so I do not actually know about this case. But I do not doubt that we will find a lot of it and I also do not doubt that when we have found them, we will not necessarily identify who is at fault. When you send out hundreds of thousands of letters, you have no doubt that some never make it. I know that there will be more like Valerie Lawson. I think that she will have a lot of mates. All we can do is continue to check with the mailing house.

My understanding is that that is being done all of the time, and we check with our own systems which we have really worked hard on over the course of the last month to make sure that we minimise any areas that we can. But it will still be the case that some people will miss out, and I just do not know what we can do about it.

Mr READING: I might add, Mr Chairman, that, irrespective of whether Mr Richardson knows all of the 1,500 people or not, even if it was twice that many—3,000 people—that is still less than 1 per cent of the number we have mailed out.

CHAIR: I just thought that it might help, because you have certain dates that you are working through and the public do not actually know what the dates are, although they may be referred to in a newspaper story. It would pay you to have a reasonably large advertisement in the major newspapers saying that you have conducted a mailing and if someone has not received notification within ten days, ring a customer service number. It may help to build a better rapport with the public, which I think you need.

The Hon. Dr P. WONG: Mr Chair, the allegation was made—perhaps it was totally wrong and I am not saying that it is right—that that person did try to contact SOCOG including Mr

Reading on several occasions and, apparently, they got no satisfaction. Again, I am not emphasising that it is the fault of SOCOG.

CHAIR: It would clear up the whole system of who to ring. It is no good for the general public to be trying to contact Mr Reading or Mr Richardson.

The Hon. D. F. MOPPETT: Mr Richardson, we have got a picture from various officers that Mr Reading had occasion to go out with those premium package tickets into the market and to sell them at best. Do you know that commercial term?

Mr RICHARDSON: Yes.

The Hon. D. F. MOPPETT: As the market develops as we get closer to the Olympic Games actually being staged, will that continue to be his instruction—to sell at best? In other words, if he perceives the market to be tightening, he could set a higher price. Would that be condoned by the board, or is it now regarded as just a set price for premium tickets?

The Hon. A. B. Kelly: It depends whether he has to find the extra \$12 million or not.

Mr RICHARDSON: This will have to be discussed by the board. The ticketing committee will, over the course of the next month, make a recommendation through the board for a detailed policy. I have already indicated to you that our view on this, after one preliminary discussion, is that we should not set a price for Mr Reading. We should set a minimum price so that he does have, if you like, a benchmark, but where it is possible to sell above the benchmark, we will be encouraging him to so do.

The Hon. A. B. KELLY: There is no chance of that minimum being leaked to board, is there?

Mr RICHARDSON: I just told everybody what the minimum is. As Sandy said, the transparency in this organisation is like no other operation we have ever seen. We may as well just tell you now and, provided the board agrees with us—and I would be surprised if they do not—that will be the kind of instruction that will need to be given.

The Hon. D. F. MOPPETT: But there is no likelihood of an upper limit? In other words, it is totally a private negotiation between someone ringing up and his perception of how sharp the supply and demand intersection is becoming.

Mr RICHARDSON: I do not want to set an upper limit. The ticketing committee members are John Coates and Donald McDonald, with whom I have had this discussion. John Valder who is overseas does not want to set an upper limit, and I think that that is what we will recommend to the board. It will be up to the board, obviously, to make their own decision. I cannot guarantee that they would disagree with this although I will be disappointed if they do disagree because I believe it is not a bad idea and it will maximise the returns. After the GST, we have even more urgency in maximising those returns.

The Hon. D. F. MOPPETT: You do not see anything unsavoury about that?

Mr RICHARDSON: No, I do not see anything unsavoury about it.

(Short adjournment)

The Hon. PATRICIA FORSYTHE: Mr Hollway, I want to follow up an answer to a question asked earlier of Mr Richardson. We were talking about the Mark Taylor advertisements. He said that it was a mistake that he was selling or undertaking a promotion of the 5 million. Whose responsibility is it for signing off on the copy on the ads? It seems to me there is clearly a policy about promoting the public of Australia. Where is the line of decision-making in relation to all of that?

Mr HOLLWAY: I think the sign-off on the copy of the ads, subject to any correction that Mr Reading might like to give me about the levels at which this was done, it really would have been in the integrated marketing team that we established through that period. So what you are talking about is program manager level—the ticket marketing program manager level.

The Hon. PATRICIA FORSYTHE: Would they have advised you of what was proposed?

Mr HOLLWAY: It is likely that they would have. I cannot recall whether I did or did not have a discussion with them about the specifics of the Mark Taylor ads. I certainly was obviously well aware that Mark Taylor was involved and had a number of get-togethers with him.

The Hon. PATRICIA FORSYTHE: Would the board have also been given some briefing about the nature of the advertising policy?

Mr HOLLWAY: Yes, I think the board was probably briefed on the nature of the advertising policy, but probably on one of two occasions on the way through, they might have been shown some rough cuts, for example, of some of the television advertising—that sort of thing. But I do not recall the board ever being asked to sign off on, for example, on some copy. I agree with what Mr Richardson said in relation to the 5 million. I think his description was correct.

The Hon. PATRICIA FORSYTHE: But the group of people who had responsibility for that copy—

Mr HOLLWAY: Sure.

The Hon. PATRICIA FORSYTHE: —that included anybody who might have had some involvement in the decision-making about the numbers of tickets.

Mr HOLLWAY: I do not want to prejudge what might come out in this internal audit.

The Hon. PATRICIA FORSYTHE: We are a separate inquiry.

Mr HOLLWAY: I did not mean to imply differently. It was just a preface to going on to say that, you know, it might turn out one of the lessons that has to be learned is that there is some discontinuity between the number-crunching being done by the operational side and the marketing, copy, writing, advertising drive being organised by the marketing side. That may turn out to be part of the explanation for the discrepancy. We will see.

CHAIR: I just want to clarify one of the issues that has concerned me. And I will declare that I have an interest in this. I ordered tickets myself for the Gold Medal soccer, particularly

for my sons who are all mad on soccer. I am concerned about the policy within the SOCOG or the ticketing area. When I got the letter back—I still do not have a refund or anything else—but the letter that came back offered me the Greco-Roman wrestling tickets. I was wondering what the connection is between soccer and Greco-Roman wrestling at the policy level. Were you picking up the really hard to sell tickets and trying to feed those into the customers as a sales policy?

The Hon. J. R. JOHNSON: They thought you might enjoy it!

The Hon. Dr P. WONG: That is right. We need that education.

CHAIR: That was the purpose of it then?

Mr HOLLWAY: I know the answer but I will let Mr Reading give it.

Mr READING: I think the good thing that it shows is that even the Chairman of this Committee does not get preferential treatment. You missed out on your ticket. In terms of the alternative choices that were provided, they were, I think, built around two expectations. One was a time factor—for example, if you had applied for a ticket for a Wednesday morning and you missed out on your choice, we tried to provide you with another ticket for the same morning on the basis that you may have applied for that because it was the only day you had available. Second, for example, you had applied for—obviously in your case that was not true—and if you had applied for sport A we have tried to provide you with sport B which is a similar type of sport to the first sport. I cannot off the top of my head even imagine the connection between soccer and wrestling.

CHAIR: You do not know whether there was a policy to actually try to feed in—

Mr READING: Let me be very clear. There was no policy to try to feed in hard to sell tickets.

CHAIR: Who actually made the decision, then—the computer?

Mr READING: We had a random choice computer based around the two factors I spoke about, which was both time and similarity of sport.

The Hon. Dr P. WONG: I have a question for Mr Graham Richardson. Earlier you did say that the ticket sales committee set the policy through which there came the public document. Is that right?

Mr RICHARDSON: The framework for the public document, yes. I think we set most of that, although a large chunk of it went to a meeting of the board itself. I am just trying to remember it. Maybe Mr Hollway can help me. I am pretty sure that the actual presentation that went up about the booklet went to the board, I think, and not to the ticketing committee. That having been said, we certainly looked at the main issues in ticketing, yes.

The Hon. Dr P. WONG: So that was your policy?

Mr RICHARDSON: In relation to the public offer that we are talking about, yes.

The Hon. Dr P. WONG: In allocating premium tickets would you discuss issues with

the senior executive before submitting them to the board?

Mr RICHARDSON: Some of the stuff was submitted to the board, not through the committee. When the committee meets it meets with Mr Reading, Mr Bosiljevac and sometimes a cast of thousands, but it certainly meets with quite a few of the SOCOG staff.

The Hon. Dr P. WONG: I will ask the same question. Would the senior executive be aware of the policy strategy before it goes to the board?

Mr RICHARDSON: Yes.

The Hon. Dr P. WONG: When the Minister called the inquiry were you aware of it?

Mr HOLLWAY: I was informed about it, I think almost straightaway.

The Hon. Dr P. WONG: The Minister said to the press that you were out of contact.

Mr HOLLWAY: Yes, I was out of contact.

The Hon. Dr P. WONG: Yet Mr Sloman could find you. Could you explain that?

Mr HOLLWAY: No, only because I was calling in.

The Hon. Dr P. WONG: I fail to understand, as verified by Mr Graham Richardson, why the decision making of the ticketing strategy, including the premium package, was discussed with the senior executive and then, somehow or other, it was endorsed by the board, approved by the board or discussed by the board. The Minister then appointed Mr Jim Sloman as one of the two people responsible for the inquiry. I find that difficult to understand.

Mr HOLLWAY: May I try to explain the thinking as I understand it? I think I have a good understanding of it. The decision was taken that we should have this internal inquiry into who had done what on the paper trail and the numbers and so on in relation to ticketing. The point was that, because Mr Reading was in charge of ticketing, the inquiry had better not report to him and, because Mr Reading reports to me in relation to ticketing and there might be issues about what the chief executive knew and when, he had better not report to me. However, it did need some oversight. My deputy, Jim Sloman, has not been involved in ticketing now for probably 1½ years, one way or another—certainly not substantially during this period—so it was decided that, within SOCOG, he should be the person in the two-man team oversighting this inquiry. It really was to make sure that the inquiry was aside from anybody, including me, whose actions may be caught up.

The Hon. Dr P. WONG: I make the comment that the senior management team, including Mr Sloman, would have been involved with the ticketing strategy. Therefore, it might be inappropriate, in such circumstances, to appoint him as one of the two persons to direct this inquiry.

CHAIR: I do not think that he will be directing it, but we would have to ask that question of the Minister.

Mr RICHARDSON: When I said a cast of thousands, often people on the staff come to ticketing committees that I do not even know. But I know Jim Sloman well; I have known him for

years. I do not recall him at a ticketing committee meeting. I did not want to infer that I was discussing it with everybody in the senior management team. If one looks at the row of senior officers, one sees that Mr Moore attended some of the meetings, as I recall, and Mr Reading did, but Hugh Watson did not. I do not think that Sandy came to a ticketing committee that I can remember either. So not every member of the senior executive team came to those meetings, and I do not think Mr Sloman ever did.

The Hon. P. T. PRIMROSE: From the various questions it could be inferred that you are either a master of mnemonics, with a phenomenal memory, and you do not keep files, or it could be inferred that you are someone who needs to record your birthdays and the birthdays of other people in your personal records. I presume that the reality is somewhere between the two. Can you give us some idea of the record keeping that you and others maintained?

Mr READING: I do not claim to be a master of a word that I cannot even pronounce. Let me put it this way. When I went back and read the transcript and I was asked to sign off on the transcript, it became clear that there was some confusion about the record keeping. If you look at the transcript you will see that I made a point in direct answer to a question which asked, "Did you keep files" or, more appropriately, "Do you have files?" I think my answer was along the lines of, "No, I myself do not keep files, but the files are kept by members of my staff who followed up on the inquiries, effectively did the deal, and then the lawyers wrote the contracts." So I would not like an impression to be given that there were no files on these deals. What in fact happened is that there are files. Each individual premium ticket deal has files. Each of those files is currently either being gone through at the moment or still sitting with the independent inquiry. SOCOG's legal division also has contract files and, in some cases, specific contracts. So let us be clear. There are files. Do I hold them personally? No. Do I have lots of written records about them? No. But do they exist? Absolutely.

CHAIR: So in a sense you really mean that your office has files?

Mr READING: Perhaps I answered the question in that way because, in a sense, the question that was asked was whether I kept files. Perhaps I took that too literally to mean that I, as a person, as opposed to I, as part of the ticketing team.

The Hon. C. J. S. LYNN: Exactly how many tickets originally slated for the public ballot went on to be sold as premium tickets?

Mr READING: To the best of my knowledge, none, provided you draw the distinction between those tickets that were part of the stadium packages that SOCOG bought back. You may or may not recall that, in June last year, we told the public, via a press release, that we would sell these tickets to members of the public or to other associated people.

The Hon. C. J. S. LYNN: Have any major charities purchased premium ticket packages?

Mr READING: To the best of my knowledge, no.

The Hon. C. J. S. LYNN: In regard to clubs and organisations, this morning we heard that it had been known around Tattersalls for about 2½ years, and that its members wished to go through the process of getting access to the premium ticket packages. Were premium ticket packages offered to any clubs in western Sydney, for example, the Blacktown Workers Club or the Campbelltown Catholic Club? There are a lot of wealthy clubs and wealthy people in western Sydney. Did they have

an equal opportunity along the lines of the Tattersalls' club members?

Mr READING: You are putting me in a difficult position. In order for me to be able to answer your question you are getting me to a stage where I have to say yes or no to your question as to whether or not a number of people bought tickets. Let me try to answer your question without specifically being forced to identify them. I said when I was here last Monday that SOCOG, with the exception of going out to those people who had bought stadium gold packages, did not go out and market the tickets. People came to us. The answer to your question as to whether or not the Blacktown Workers Club came to see me is no. Did I go to see them? No, just like I did not go and see any other clubs.

CHAIR: It does not mean that they did not buy tickets. That is the point that you are making.

Mr READING: I am not commenting one way or the other.

CHAIR: There was no fee. You did not go to Tattersalls either; Tattersalls came to you.

Mr READING: Tattersalls came to me, that is correct.

The Hon. C. J. S. LYNN: Could you advise the Committee, without naming individuals, whether any individuals purchased more than 10 premium tickets?

Mr READING: The answer to that is yes.

The Hon. C. J. S. LYNN: More than 50?

Mr READING: If you bear with me a moment I will endeavour to refresh my memory.

CHAIR: So you are asking whether people purchased tickets with a personal cheque?

The Hon. C. J. S. LYNN: I am asking whether individuals purchased more than 10 tickets.

The Hon. A. B. KELLY: As opposed to what was said earlier today?

The Hon. C. J. S. LYNN: Yes.

Mr RICHARDSON: While Mr Reading is doing that, may I add to an answer I gave last week. I said that the only bit of negotiation I had done for SOCOG was with the gold packages from Stadium Australia. In fact, I did negotiate with the States on the football, in Brisbane, the Australian Capital Territory, Melbourne and South Australia quite some months in 1996 and 1997. That had just escaped my memory. So for clarification purposes I did that bit of negotiation.

CHAIR: You said "with the States". Which States do you mean—the States of the United States of America or other States?

Mr RICHARDSON: No. Queensland, the Australian Capital Territory, Victoria and

South Australia are all venues for the football during the course of the Games and I led the negotiating team with the States for quite some months. As I said, I think it was in 1996 and 1997. That had just escaped me.

CHAIR: To tie up venues and ticketing arrangements.

Mr RICHARDSON: We had to come to a lot of arrangement with them about who would share profits from sponsors at all those places who would get boxes and all the rest of it.

CHAIR: But you were not selling tickets.

Mr RICHARDSON: No, I did not sell tickets. We had quite some time, because there was a difference between us when it began. We had to narrow that difference over the course of time and we succeeded with three of the States. We just had a problem with Victoria which took a little longer to resolve, but we did in the end.

Mr READING: One individual bought 55 tickets. Another husband and wife team bought 66 tickets. To the best of my knowledge they are the only individuals who bought tickets in excess of 50.

The Hon. A. B. KELLY: What tickets have been allocated to the Federal Government, and were they allocated before the decision on the GST?

Mr READING: My recollection is, and I am sorry about time, but I suspect that it was some 12 months ago as part of the deal between the State Government of New South Wales and the Federal Government—in this case the State Government acting on behalf of SOCOG. An arrangement was made where the Federal Government would provide moneys in the order of \$32 million, \$34 million to pay for services that SOCOG would purchase from the Federal Government. As part of the quid pro quo from that, tickets to the value, I think from memory, of somewhere in the vicinity of \$800,000 were purchased by the Federal Government.

The Hon. A. B. KELLY: To be used for?

Mr READING: I do not know.

The Hon. A. B. KELLY: It was obviously before the GST decision.

Mr READING: Yes.

The Hon. C. J. S. LYNN: Can I just finalise that question on the tickets? Mr Reading, what was the maximum number of tickets that any individual purchased?

Mr READING: I think I have just answered that.

The Hon. C. J. S. LYNN: It was 65, was it?

Mr READING: Sixty six was the husband and wife, so potentially maybe 33 each; the other one was 55.

The Hon. PATRICIA FORSYTHE: I have two questions that are quite separate. The first one is to Mr Hollway. After the Mark Taylor advertisements went to air, given that you have said there were two separate groups within SOCOG, paths not crossing, one dealing with copy on advertisements, one dealing with ticketing, did the light dawn on anybody in SOCOG that the information that was out in the public arena was in fact accurate?

Mr HOLLWAY: I am not sure. Certainly I know that as I went around the country encouraging people to buy the tickets, I was speaking everywhere on the basis of 3.5 million, knowing that 1.5 million opportunity tickets would be coming down the track. That was certainly reflected in both the standard speech, if you like, done for me—although I elaborate on that quite considerably but not on the figures—and in the material that was prepared for the tour I did around.

Certainly I must say in terms of my own efforts I was off pushing 3.5 million and 1.5 million on the basis of advice coming up from within the organisation which, being so self-evidently clear, I never would have thought I needed to double check. So perhaps I should have been watching also the Mark Taylor advertisements and noting the inconsistency, but I did not. I was off marketing, and I do not know whether others did or not.

The Hon. PATRICIA FORSYTHE: This morning we received some documents given in confidence to the Committee so I cannot allow you to see them, but they are from Tattersalls. It is an exchange of information between SOCOG and Tattersalls about their premium tickets. I asked of the representative of Tattersalls why they would be confidential and he said because it was confidential between SOCOG and Tattersalls. He said he would have no objection, if SOCOG had no objection, to them being made public. Would SOCOG have an objection to these documents, which include a letter of 3 November with some details of the 13 July fax and 19 August in relation to the packages offered to Tattersalls, to these being made public?

Mr HOLLWAY: It rather might depend on such factors as whether the price Mr Reading got is in there.

The Hon. PATRICIA FORSYTHE: Yes it is.

Mr HOLLWAY: Seriously, it might—

CHAIR: We would need to give you the letters because you do not know what was given to us by Tattersalls.

Mr HOLLWAY: It is the mirror image of the Committee's legitimate interest in knowing what can be made public. From a SOCOG point of view I would need to understand those letters confidentially in order to be able to give you a sensible answer.

CHAIR: Apparently we would have to make a motion on them before we can hand them to you. So it is a bit difficult for me to give you a blanket yes until you know what is in them.

The Hon. J. R. JOHNSON: But they are SOCOG letters, are they not?

The Hon. A. B. KELLY: Not only.

The Hon. PATRICIA FORSYTHE: Yes, but the answer from Tattersalls this morning

was that while they were happy to hand them to the Committee, as far as they were concerned, they could only be made public if SOCOG agreed. I am asking whether SOCOG would agree.

The Hon. J. R. JOHNSON: I am just thinking that if you gave Mr Hollway the dates and perhaps wrote down any references—it may be on the tickets—I do not think you would be breaching confidentiality.

CHAIR: They are not just SOCOG documents, I have just been reminded. I think the most accurate way is at some point, if you insist on that, you would have to see the stack and tell us whether they can all be released or partially, in your opinion.

The Hon. PATRICIA FORSYTHE: I could indicate that they are all an exchange of communication between SOCOG and Tattersalls.

CHAIR: We understand that, but SOCOG cannot release Tattersalls letters. We will have to have a motion on that.

Mr HOLLWAY: Sure. My position would be that if Tattersalls is so relaxed about making the documents public, Tattersalls ought to be feeling relaxed about making the documents available to me in confidence so that I can have a look and see whether I am prepared to make them public.

CHAIR: Our Committee will discuss it and you can assume that if we do vote for that to happen, then it will happen. I cannot just give them to you over the table now.

Mr HOLLWAY: I understand.

The Hon. C. J. S. LYNN: My question is to Mr Reading and is in regard to the protection of official sponsors to the Games. If a major legal firm or major accounting firm was to purchase a block of tickets, what checks would you run on them to ensure that they did not flow on to people who may well be competitors' sponsors? Have any large legal or accounting firm purchased tickets under this package?

Mr READING: Let me answer the second part of your question first. One of our sponsors is Arthur Andersen. Therefore, by definition, we will not sell premium packages to other chartered accountant firms. That is the first part of the second part of your question. The second part of the second part of your question is: Has a law firm bought tickets from SOCOG? The answer is yes. Going back to the first part of your question, what guidelines would we put on them, the same guidelines that we have put on anybody else who purchased tickets: first, you cannot do anything to associate yourself with the Games and, second, you cannot ambush sponsors.

The Hon. C. J. S. LYNN: Are you in a position to name that firm?

Mr READING: I am in a position to know the name. I am not, however, about to name them.

The Hon. C. J. S. LYNN: Is the legal firm Gilbert and Tobin?

Mr READING: I do not know how I can answer the question in another way, with

respect. I have already said that I am not prepared to name them.

CHAIR: If Mr Reading made the rule it is not to affect the sponsorship programs. It is not to cover up anything within SOCOG. His point is that it would compromise sponsors if these other people got some publicity that they were getting special arrangements for tickets. That is how I understand it.

The Hon. A. B. KELLY: Earlier in relation to a question from the Hon. C. J. S. Lynn as to whether various people knew and when the Committee knew of the reduction of 3.5 million to 3.1 million tickets and whether it was authorised by the SOCOG Committee, he said the audit committee knew about it. Who is on the audit committee who knew about it?

Mr READING: No. Let me be very clear about what I said. It was my answer in connection with a suggestion, perhaps that I was suggesting that the board should not know about this. My answer was that any letters written by the auditors would be tabled at an audit committee. I was not suggesting for one moment that the audit committee at that stage did know the answer; I am just saying that the paper could end up there.

The Hon. A. B. KELLY: I took it to mean that you were saying that the audit committee did know.

Mr READING: No, the audit committee did not know, but would have known and certainly would know by now. In terms of who is on the audit committee, the chairman is Nick Greiner. Other members of the audit committee are Donald McDonald, Craig McLatchey in his capacity as a director of SOCOG—I am sorry, I have forgotten the name of the other member.

The Hon. C. J. S. LYNN: My question is to Mr Richardson. Do you have any association with any individual, company, organisation or association which purchased tickets under the premium ticket program? If so, did you declare that interest, and if you did do you have copies of that declaration or some other record such as minutes of a meeting containing an acknowledgment of the declaration?

Mr RICHARDSON: I answered, I think, in response to you last week, Mr Lynn, and I think Mr Reading actually made the comment that he thought I referred six to 10 people on. I personally believe it is at the lower end of that reference number. I have already said, I think here and certainly publicly, that among those were people I knew and among them were people I did not know who had come up and approached me. So I just stick to that answer.

The Hon. C. J. S. LYNN: I am not talking about the people you referred; I am talking about any other organisation or individual.

Mr RICHARDSON: I do not know who is on the list.

The Hon. A. B. KELLY: There are 3.5 million people.

The Hon. C. J. S. LYNN: No, I am talking about the premium ticket packages.

Mr RICHARDSON: I did not know a law firm had bought tickets until I was just told. I am sure I will know some people. I must—I know a lot of people.

CHAIR: You have not seen the premium list?

Mr RICHARDSON: I have not been through the premium list. It is in Mr Reading's file. It is not in any file that I have.

CHAIR: So there is very limited exposure even within your own structure?

Mr RICHARDSON: I would rather not go through it, frankly, because if it leaks I do not want to be the one accused of leaking it. So I am staying right away from Mr Reading's file; he can keep it in his folder.

The Hon. C. J. S. LYNN: Mr Richardson, have you done any overseas or interstate travel at SOCOG's cost? If so, did this incorporate your role as ticketing committee chairman?

Mr RICHARDSON: No, I have never been anywhere as ticketing committee chairman. I went to Washington last year to address a sports travel conference. I went to Amsterdam in March in my role as mayor to talk to the heads of the European NOCs; 48 of them were there that weekend. Interstate travel—I have been asked by SOCOG to make a number of speeches. I know at Adelaide and Brisbane at the big Olympic nights I was asked to speak for SOCOG.

We had very big dinners—a thousand people in Brisbane and I think about 600 in Adelaide. I certainly went to those. There may have been other occasions. I cannot specifically recall them all. They are the four that spring to mind. No, I did one in Melbourne. I made a speech in Melbourne, that is right, so there is another one. There could be a couple of others; I am not going to swear that that is it.

The Hon. C. J. S. LYNN: I was more concerned with the overseas ones. Whilst you were overseas, because this is such a large and complex organisation—the ticketing, I am talking about—that you did not take time out with any organisation over there to discuss any particular aspect of it.

Mr RICHARDSON: In fact on both occasions I think I was in Washington for 2½ days. I flew over and flew back. I was on the ground in Amsterdam for 36 hours. I was not in a fit state to talk to anybody about anything on those occasions. I am afraid the jet lag was killing me. I was in and out very quickly. I am not certain why I was nominated as the person to go to Washington by SOCOG.

The Hon. A. B. KELLY: Because no-one else wanted a 36-hour trip.

Mr RICHARDSON: I am not the only mug prepared to go, but it is probably just profile in the mayor's job. Certainly I do not think it was ever referred to as anything to do with the ticketing committee that I can recall.

CHAIR: You have had more publicity with the mayor's position for the Olympics.

Mr RICHARDSON: I have had publicity about a lot of things.

The Hon. C. J. S. LYNN: My question is to Mr Hollway. Who is printing the Olympic ticketing program?

Mr HOLLWAY: The program?

The Hon. C. J. S. LYNN: Yes. Which company has the contract?

Mr HOLLWAY: For printing the actual tickets or the program?

The Hon. C. J. S. LYNN: Both.

Mr HOLLWAY: I would take it on notice.

The Hon. J. R. JOHNSON: Does the computer not spill out the tickets?

Mr HOLLWAY: No. The computer program gives you who is meant to get what tickets, but the actual production of the tickets is another matter.

The Hon. D. F. MOPPETT: Mr Gary Moore was here earlier today, and he was adamant that 400,000 tickets had been taken from the Olympic Opportunity program. Later one of your officers, Mr Bosiljevac, talked about creating a bucket of 400,000 tickets. Is there any connection between the two?

Mr HOLLWAY: No, absolutely not. The reason we have not yet achieved the target of 1.5 million— now to be 1.4 because Centennial Park is free—tickets for Opportunity is not to do with taking any tickets away for the premium program. There are some very specific reasons for the difficulty of finding the extra 400,000 opportunity tickets at this stage. They have almost entirely to do with fewer seats being available in some venues, and the shift of sports between venues, than we expected at the time. But, as I say, we are still looking for the extra 400,000 by building more opportunities into, say, canoeing, rowing and so on. But it is to do with venue configuration almost entirely, not to do with any leakage from that program into the premiums, no.

The witnesses withdrew.

MICHAEL KNIGHT, Minister for the Olympics and President of the Sydney Organising Committee for the Olympic Games:

CHAIR: We thank you for your attendance and the co-operation we have had from your staff during the day. You have made yourself available for this final hour for the Committee to ask questions. Do you wish to make any comment or statement?

Mr KNIGHT: No. I am here at the request of the Committee. I understand the Committee wanted me to appear alone at this period, without staff, so I am here.

The Hon. A. B. KELLY: When did you know about the total number of tickets set aside for the premium packages, and when you found out about it what did you do about it?

Mr KNIGHT: I cannot give you an exact date, I can give you an approximate time. I knew about the number of tickets that had been corralled for various purposes a few days, or a day or two, before the SOCOG board meeting on 21 October. I had had some discussions with Sandy Hollway about the need to put some very precise material before the board at that meeting on the 21st to do with all of the various premium programs, programs where the tickets were being sold above face value. He or Paul Reading would have shown me a document a couple of days, or a day, before that meeting, which was the basis of the document taken to that meeting. At that meeting we took 524,000 tickets and put them back in the public ballot.

The Hon. A. B. KELLY: That was on 21 October?

Mr KNIGHT: In October, yes.

The Hon. A. B. KELLY: I may have misheard Mr Reading this morning, but I was under the impression that he said he made the decision in March to set aside tickets.

Mr KNIGHT: He may well have made that decision in March, but it was not communicated to me.

Mr KNIGHT: You asked me when did I know how many tickets had been corralled or quarantined for the various premium products. The first time I knew anything like the exact number was in the days immediately before the meeting of 21 October, because I had asked the Chief Executive to prepare something for that meeting, so I saw it a day or two before. I cannot give you the exact date, but it was some time in that week before the meeting on the Thursday. That is the first time.

On Thursday the board resolved unanimously—or by consensus, because there are very few votes at the SOCOG board—to take approximately 520,000 seats and add them to the public offering. I announced last Thursday that the exact figure was a little over 524,000, and I announced at that time exactly session by session where those seats, category by category, would be.

CHAIR: I would like to clarify a procedural matter. If the SOCOG board met every month who reported to the board? I know you are the President, but did Mr Reading report to the board each month, or did Mr Hollway report on behalf of all the staff, or did various members come forward to give reports?

Mr KNIGHT: Let me explain the structure of the SOCOG board meeting. The board deals with apologies, quorum, and minutes of the previous meeting—I might get this slightly out of order, but I can certainly elaborate for you later or in writing; this is the gist of the way the meetings work. Then there is an action list of matters that have arisen out of the previous meeting and what needs to be done with those; a brief report from the President; a more extensive report from the chief executive, which is a written report that is supplemented by verbal information; then we go, in the current format, to matters for decision.

A range of matters are put up by various members of the staff that require a board decision. We then go to reports from committees—committees like the Sports Commission, the Ticketing Subcommittee on the occasions when it has met, the Torch Relay Committee, the Marketing Committee and so on, and the Cultural Commission. That is not the full list. Towards the end of the business paper and near to the end of the meeting there are a series of staff reports, but the staff reports are all for noting.

The reports come from a wide range of divisions, but they are just for noting. Once upon a time they used to include matters for decision, but some time ago I made certain that the staff were advised that matters for decision should come as matters clearly for decision and not be buried in other documentation. Then there are matters for information more broadly: sometimes Olympic reports from the IOC or the AOC. In terms of staff reporting, I guess they report to the board in a number of ways—the chief executive quite formally.

Senior staff now sit in on the SOCOG board meetings and if we get into discussion on an item that pertains to their area, and they have some information, they will jump up and verbally seek the call to supplement. Sometimes there are also formal presentations, so in the course of the board meeting another item would be presentations on specific matters. For example, on one occasion at least, probably on several, there would have been formal presentations on ticketing matters, and Paul Reading and others would have been involved in that. Does that help you?

CHAIR: I was wondering whether, in those take-note reports, Mr Reading would have presented information that you were not aware of until October. Is it possible that it could have been one of those reports?

Mr KNIGHT: I cannot say with absolute certainty that there was not something in one of those reports that I have missed and not recollected, although I have had some of my staff look through the minutes and related documents to see if there is something, but they have not found anything yet. But the ultimate arbiter of what is there and what is not, of course, will be the Shirbin O'Connor review, and I will await their report.

The Hon. C. J. S. LYNN: We spoke early today about the companies that have purchased premium ticket packages. They were referred to, I think in the last session, as quasi-sponsors.

Mr KNIGHT: By whom?

The Hon. C. J. S. LYNN: I forget. It may have been Mr Reading. I am not quite sure who mentioned the term, but it was either Mr Reading or Mr Richardson perhaps.

Mr KNIGHT: It was not you?

The Hon. C. J. S. LYNN: No. However, we would like to know, in the interests of restoration of public confidence over this issue and in the interests of transparency, why the names of those companies—not the amounts they paid for the tickets, just the names—cannot be made public?

Mr KNIGHT: There is a very good reason for that. I note that you spoke on a radio program at one stage, and purported to be speaking on behalf of the Committee. You did not actually say that you are not a member of the Committee, but you spoke about the need to protect sponsors. Of course, one of the things we need to do to protect our sponsors is not to allow other people to get quasi-marketing rights by virtue of being named as being associated with the Olympic Games.

The last thing our sponsors would want, and the last thing we would want to do, is to allow someone who has not paid for a sponsorship, who has paid for a premium a package, to get publicity that would give an Olympic association to the business. That would be very detrimental to the sponsors.

The Hon. C. J. S. LYNN: Surely it could be written into a premium ticket contract that they do not exploit it at all. However, I do not see that simply having their name appear on a list would be a promotion in any way at all.

Mr KNIGHT: We have a free and open media in this country, and you cannot control the manner in which the media would publicise such a company. That would be completely inimical to the sort of thing you are talking about.

CHAIR: Refer, for example, to what happened to Tattersall's.

Mr KNIGHT: Tattersall's has had a huge amount of publicity, has it not?

CHAIR: That is right, and that could happen to each one of them.

Mr KNIGHT: It has had a huge amount of publicity, and is mentioned again and again. The last thing I would want to see is a business that has not fronted up to SOCOG with the millions, or tens of millions, of dollars necessary to become a sponsor to go out and tout that, or to see it being touted by others in that way.

The Hon. PATRICIA FORSYTHE: This morning we heard evidence from Mr Moore that suggested there was a formal and an informal ticketing process, and he said that over time in relation to the premium tickets the value of those tickets and other assets became very obvious to SOCOG. The golden goose suddenly appeared. When he talks about it becoming very obvious to SOCOG, last week information given to us was that the board was getting bottom-line information about dollars. Did it become obvious to the board that in relation to ticketing a golden goose had been discovered?

Mr KNIGHT: I presume you are talking about John Moore rather than Gary Moore?

The Hon. PATRICIA FORSYTHE: John Moore, sorry.

Mr KNIGHT: There has been a tendency for some years for staff or, in his case, ex-staff, to use SOCOG as a synonym for the SOCOG staff, and if John was saying that this became apparent to SOCOG he may well have meant to the SOCOG staff. What certainly became apparent to

the staff over a period of time was that two things were happening. One, the value of tickets generally was rising, and we have seen an exercise over a couple of years whereby ticket prices moved steadily upwards before the formal approval by the IOC.

Certainly we have all seen the prices that Mr Reading has obtained from premium packages far exceed what was obtained by the underwriters for the Stadium Gold float; indeed what was obtained by the underwriters in the Stadium Gold buyback, the Olympic component buyback by SOCOG. We have seen that and we have also seen an increasing difficulty in meeting the ever-rising sponsorship targets. I think it would be fair to say that a lot of the staff began to see tickets as a way to make up the revenue shortfall that was likely not to be made in sponsorship.

The Hon. PATRICIA FORSYTHE: Did the board see the revenue rising and, if so, did the board interpret that as being because the price of tickets was rising or because there were more tickets being offered at a higher value?

Mr KNIGHT: I cannot speak for the entire board. I can certainly say that I was aware, as I think all board members should have been, that there was a figure of approximately \$35 million that was the target for the premium package item in the budget and that that had grown from a lower figure when premium packages were first mooted to the \$35 million figure. If you asked me why did I think it was growing, I would have thought it was growing for the reasons that you have talked about—that the premiums that were attaching to tickets were getting higher.

The Hon. PATRICIA FORSYTHE: But not that there were more tickets available in the bucket, as we keep referring to it?

Mr KNIGHT: Not that I am aware.

CHAIR: I was, and still am, a supporter of a Government Minister being the President of SOCOG, because of the problems that Atlanta had—and we have heard from one of your staff about those problems again today. In retrospect, in view of the criticism you are receiving and the controversy, do you still feel that was a good policy from the point of view of the questions involving you and the Government by being so closely related?

Mr KNIGHT: Absolutely, it was the right policy. I think a very good example of the difference that this would make in the current climate is that when Billy Payne was the President of the Atlanta Committee for the Games [ACOG], he was not standing up in Parliament and taking the questions. Billy Payne was not standing up at press conferences. He did not have a level of public accountability that is expected of a Government Minister. Indeed, in the case of ACOG it could basically ignore the public and the political process.

Having said that, it is still a unique arrangement that, unlike the Olympic Co-ordination Authority and ORTA, I do not have direct ministerial control. I do not have powers of direction, and so I am accountable publicly for a process that I do not have complete control over. So it is not a perfect arrangement, but it is certainly, in my view, a much better arrangement than was the case in Atlanta.

CHAIR: Are you still happy with it in view of the criticism and controversy?

Mr KNIGHT: You learn to take the bad times along with the good times.

The Hon P. T. PRIMROSE: I follow on from the point that was made by Hon. A. B. Kelly. Mr Reading said this morning that he made the decision to set aside 800,000 or so tickets. Then Mr John Bosiljevac said that he had never talked to Sandy Hollway or you about the reduction of tickets in the public ballot. Does it make you feel vindicated that you and the SOCOG board did not know about the number of premium tickets taken out, nor that the public ballot tickets were reduced to 3.1 million tickets?

Mr KNIGHT: Well, I would not use the words that you have used. This is not about vindication or self-vindication. I have said repeatedly, as have other members of the board, that there were certain matters that they were not made aware of until after they had been done, including the number of tickets in the public offering, including the number of tickets taken out. It is interesting to see that a range of SOCOG staff on oath and in evidence confirm that what we have said is, in fact, the truth. But I would not see it as a vindication.

The Hon. PATRICIA FORSYTHE: Are the Olympic tickets being printed in Australia?

Mr KNIGHT: I am sorry, I honestly do not know the answer to that question because they are not to be printed for some time. They do not get printed until much closer. I think they are being printed in Australia but, without the advantage of the minutes, the research or the staff, I cannot tell you absolutely.

The Hon. PATRICIA FORSYTHE: Will you take that question on notice?

Mr KNIGHT: I am happy to take it on notice.

CHAIR: It will obviously be a huge printing order, so there must be some discussion at the SOCOG board, of tenders, or which tender to accept?

Mr KNIGHT: Sure.

CHAIR: It has not happened yet I assume—

The Hon. J. R. JOHNSON: Yes, but they may have to go in a particular type of dispenser, and they are only manufactured, say, in New Zealand.

Mr KNIGHT: Yes, there is an answer, but I am sorry I just do not know it. I notice that you leaned across to the shadow minister. Perhaps he is able to assist you with an answer.

The Hon. PATRICIA FORSYTHE: No, that is another issue.

Mr KNIGHT: Perhaps he would like to come and give evidence.

The Hon. A. B. KELLY: You have already asked Sandy Hollway to take it on notice.

CHAIR: About the ticket printing?

The Hon. A. B. KELLY: Yes, that was the last question.

Mr KNIGHT: I am sorry, has Mr Hollway taken that question on notice?

The Hon. A. B. KELLY: Yes.

The Hon. PATRICIA FORSYTHE: Has he taken it on notice?

The Hon. A. B. KELLY: You asked him to, and he said he would.

The Hon. PATRICIA FORSYTHE: I did not ask the question earlier.

The Hon. A. B. KELLY: Somebody did, and of none of the three witnesses knew, and said they would take the question on notice and get back to you.

Mr KNIGHT: With respect, if it is a factual question, it should only go to one.

CHAIR: We will leave it to you again and you can follow it up.

Mr KNIGHT: I am happy to do that.

The Hon. J. R. JOHNSON: Minister, when did you first learn there were only 3.1 million tickets in the first public ballot?

Mr KNIGHT: I think I answered in my opening statement last Monday that I received a memo on 3 September from Paul Reading after the ballot had been conducted, which gave a figure of roughly three million, plus roughly half a million in contingency, and that was after the ballot had been conducted. That was the first time I was told that there were roughly three million in the public offering. As you will recall I said on that occasion words to the effect that I queried Mr Reading about that and he indicated, he was quite adamant, I think was the word I used, that he had always seen the 3.5 million as including the contingency.

The Hon. C. J. S. LYNN: In statements you made previously to the Committee you referred to assurances about the propriety of ticketing practices. In your role both as the person responsible to the public of New South Wales for the propriety and sound management of the Games, and as President—I suppose, in your marketing or business role, which it is quite clear from this issue is in fundamental conflict—on the one hand you tout for business on behalf of SOCOG and you were involved in negotiations even if only peripherally, and then on the other hand you are required to protect the public interest. Does this ticketing fiasco clearly indicate the importance and possibility of both these roles being undertaken satisfactorily?

Mr KNIGHT: I am sorry, the Hon. C. J. S. Lynn began this question with a statement that he claims came from my address to the Committee. I would be grateful if he could point out where I said that. His question seems to be predicated on the statement. I am just not sure that I made the statement he attributes to me in my opening address in my remarks last week. If I have, I will certainly answer the question. Could he draw my attention to exactly where these words are used?

The Hon. A. B. KELLY: While he is locating those words, given the recent decision of the Federal Government, can the Minister confirm that in 1995 KPMG undertook a study? We were

told this morning it was about a \$2.5 billion tax return to the Federal Government. It appears that because of the holding of the Olympic Games, there will be an additional \$2.5 billion to the Federal Government. Therefore, is the Federal Government already making a huge tax windfall out of hosting the Olympic Games? Is that still an appropriate amount?

Mr KNIGHT: You create a great difficulty for me by referring to the original KPMG study. I subsequently had a later study done by Arthur Andersen so we could give credit to our sponsors rather than promoting a competitor, although the Arthur Anderson study did not deal with the Federal tax issue. From memory, it is something like \$1.9 million that the Federal Government receives in tax revenue—

The Hon. A. B. KELLY: That is from the Arthur Andersen study?

Mr KNIGHT: No, from the earlier study, because Arthur Andersens dealt with broader economic impacts, not the Federal tax take.

The Hon. A. B. KELLY: \$1.9 billion?

Mr KNIGHT: Something like that, yes.

The Hon. A. B. KELLY: Can we get a copy of that?

Mr KNIGHT: Sure.

CHAIR: Would you put that on notice?

Mr KNIGHT: In terms of whether the Federal Government still gets a lot of money out of tax, yes. Most of the taxation revenue that comes as a result of the Olympic Games goes to the Federal Government. The increases in economic activity that lead to very substantial increases in income tax, company tax and so on go to the Federal Government. So although the Federal Government is very much a junior contributor in terms of what it puts financially into the Games, the bulk of the taxation windfall that comes out of the Games goes to the Federal Government—many times over what the State gets.

The Hon P. T. PRIMROSE: What seems to me to be—I know you cannot use these terms—a payback by the Federal Government, the announcement in relation to the GST—

The Hon. A. B. KELLY: John Faulkner used those words as well.

The Hon P. T. PRIMROSE: Obviously we were thinking alike in these terms because the community sees this very much as a payback falling on New South Wales taxpayers. Will you comment on that renegeing?

The Hon. D. F. MOPPETT: Mr Chair, we have had some questions about Federal tax and GST, and I wonder whether these fit into our terms of reference?

The Hon P. T. PRIMROSE: Absolutely.

The Hon. A. B. KELLY: Second last term of reference—shortfall \$12 million.

CHAIR: It may affect opportunity tickets and other things.

The Hon. A. B. KELLY: It will affect the return to the Government, the shortfall in the budget. The second last item on the terms of reference.

CHAIR: It also links with tickets.

The Hon P. T. PRIMROSE: Absolutely. I accept your ruling. I know Mr Reading made that comment about the new GST liability. In reality it seems to me that Prime Minister John Howard has reneged and has imposed a new tax on New South Wales taxpayers effectively. Will you comment on that?

Mr KNIGHT: I find the Prime Minister a little hard to follow on these matters. I mean, for approximately two years he was insistent that he open the Olympic Games, and last week he changed his mind about that. For approximately a year he has been insistent that there would be no GST liability on SOCOG, and again he has apparently changed his mind on that. If I can take the Committee back a step to where the arguments about the GST came from. They come from the original days of the bid, when there was a commitment given by the then Keating Government, on behalf of the nation, that should Sydney win the Olympic Games, be successful with the bid, there would be no sales tax liability falling on the organising committee; there would be an exemption from sales tax.

We took the view very strongly last year during negotiations, in the face of the GST, that if there was to be no sales tax liability—indeed no other taxes that were falling on the organisation like corporate tax or income tax on the organisation itself, as distinct from the individuals that work there—and if the tax mix changed by the abolition of wholesale sales tax and the introduction of the GST, then to carry forward the spirit of the commitment that SOCOG had been operating on we should be GST free. I thought that the Federal Government had accepted that argument and we had certainly received a letter from the Prime Minister towards the end of last year that gave us that impression, but apparently he takes a different view now.

CHAIR: In view of the Prime Minister now withdrawing from the original arrangement that he was going to open the Games, do you see it as an advantage now that he will not open the Games—apparently it will be the Governor-General or it could even be the Queen? I suppose that would be an advantage to the Games in publicity, in perhaps attracting ticket sales?

Mr KNIGHT: I would have thought the more closely associated the Prime Minister was with the Games the more likely he would be to be helpful to the Games.

The Hon. A. B. KELLY: Following on from that discussion about those tickets, in your discussion with the Federal Government in negotiating the MOU—memorandum of understanding—I presume that is the letter you referred to?

Mr KNIGHT: Yes.

The Hon. A. B. KELLY: Did the Federal Government put any qualification on the GST exemption on Olympic tickets? Did it infer that it only applied to the face value of the tickets or to certain categories, or was it a blanket exemption?

Mr KNIGHT: My understanding is that it was a blanket exemption. Certainly I am not aware of any caveats that were attached to it because we will also be looking for exemptions on a whole range of other matters where the GST could fall in addition to tickets. It was pretty much by various mechanisms a blanket exemption to put us pretty much in the same position as we would have been with wholesale sales tax and other tax exemptions.

The Hon. A. B. KELLY: I hate to criticise a namesake, but this morning the Federal Minister, Jackie Kelly, perhaps lied on radio when she said that there was always the feeling that if there was some inordinate premium to be made, GST would be paid on it. Do you say that is incorrect?

Mr KNIGHT: I cannot say what was in Jackie Kelly's or her Federal colleagues' minds, but it was certainly a view that was never shared with us.

The Hon. D. F. MOPPETT: This has become a big point today. I would like you to be quite clear about this. In discussing the possibility, if you did, with the Government that there would be a premium package, did you indicate that that would be at a fixed face value or would the Federal Government have been aware that these tickets would basically be scalped for whatever price it could get for them—three, four, five, 10 times their face value—which perhaps puts a different line on whether GST would or would not be appropriate?

Mr KNIGHT: I did not conduct the negotiations with the Federal Government. That was done by David Richmond, the head of OCA, and by some SOCOG staff, so I was not a party to those direct negotiations. I was a party to some of the public discussions that went on between representatives of the Federal Government, representatives of SOCOG and the New South Wales Government, pressing very strongly the fact that we should have been effectively tax exempt, whatever the tax system was, so I would take that attitude whether there were premiums or not. Because if you are not tax exempt, that actually means that the Federal Government gets a double dip; it gets all of the additional income tax and other revenues that are created by the Games and then also dip in with some specific taxes on the organising committee, which leaves you and me the prospect of cutting the quality of the Games, or trying to pass that liability, on to the New South Wales taxpayers who have already contributed far more than the Federal Government.

CHAIR: There is also the income from the GST from all the people sharing and attending the Games.

Mr KNIGHT: Yes. The exemption that we had on GST and taxes were exemptions for the organising committee, not for the visitors. For example, if Juan Antonio Samaranch or anybody else from the IOC or athletes go and eat in a restaurant in Sydney during the Games period they will pay GST.

The Hon. D. F. MOPPETT: But they will not be paying the bed tax that you had planned for?

Mr KNIGHT: That is a very complicated argument, a very complicated issue.

The Hon. P. T. PRIMROSE: Just finishing up on the issue of the Federal Government and its tax hike as announced, has the Federal Government made any offers to SOCOG, say, to help provide more affordable tickets to other Australians like handing back some of the tickets or has it just sent them effectively a GST bill?

Mr KNIGHT: I think the latter is the case. The Federal Government has bought a part of the MOU process at face value for about \$1 million and a bit, maybe \$1.8 million—I can give you the exact figure later —of tickets and suites. They have bought a suite in the stadium and I think from memory also a suite in the Superdome, but I will have to check that. It is something in that vicinity. No, they have not offered those tickets back. In fairness to them, I think they have bought the tickets for a proper process. They have bought the tickets to use in their attempts to leverage business for the nation and I think they have some proper reasons for buying those tickets, and that is why we agreed to sell them. But, no, they have not offered them back.

CHAIR: Are you having any discussions with the Victorian Premier? Apparently he announced that he is going to return tickets that had been ordered by the previous Premier, when I assumed it was a legitimate purpose for the State Government to purchase?

Mr KNIGHT: I saw that in the paper. I am not across the details of the numbers and the arrangements. If the tickets are bought, it was not by the same sort of arrangement as the MOU, government to government effectively, under which the Federal Government bought.

CHAIR: The State Government has a different arrangement. It would be treated simply as a customer?

Mr KNIGHT: Pretty much, although at one stage Sandy Hollway and Paul Reading approached me saying they were interested in seeing if they could sell corporate boxes to other States and I said, "Well, given that the SOCOG policy is that you don't sell a corporate box to a competitor of a sponsor without the sponsor's agreement, I think you ought to treat the Premier and the Treasurer as underwriters, like megasponsors, and you ought to go and see the Premier and the Treasurer before you make contacts with the other States," and I understand they did that.

The Hon. J. R. JOHNSON: In regard to the Federal Government's \$800,000 purchase, would you be in breach of the taxation laws by not charging them the GST?

Mr KNIGHT: I do not think so. The difficulty in that is that the way in which the Prime Minister was effectively exempting SOCOG from the GST was by way of letter, and I guess that he could vary the terms of the letter.

The Hon. D. F. MOPPETT: Throughout this inquiry we seem to be drawn into looking at aggregate numbers, the change from 3.5 million to 3.1 million tickets and that there are 1.5 million tickets. It seems to me that most of the public anguish was when they actually found out that what was balloted for was the quality of the tickets. It is said that 3.1 is roughly one-third of the total number of tickets, or 40 per cent or whatever turned out to be the total number of tickets, when people actually found out what the chances were of getting a seat to the opening ceremony, for instance, they found it was much, much lower than that, although I believe that press reports were a little bit exaggerated. Would you not agree that this still remains the greatest area of rancour out in the public, that despite all the manoeuvring around and talking about other tickets would be supplied, it seems that the ballot system really disposed of an awful lot of tickets that would have been very hard to sell if it was just at a box office and back somehow or other access to the really popular events has been a lot less than the public expected?

Mr KNIGHT: I think you are correct in saying that there are a lot of disappointed people who were unsuccessful in the ballot arrangements for some of the most sought after tickets. That

is clearly the case. I am not sure how you link that to an argument, as you appear to be doing, that the ballot system was a way to get rid of tickets that were less attractive because the ballots happened for the sessions and categories and events that were oversubscribed. The largest level of oversubscription, interestingly, was for the category D seats at the opening ceremony where there were well known to be—that was the one figure that had been quite public—10,000 and I think it was something in the order of over 160,000 applications for those. The only fair way that you could do that process is by ballot. You could not do that by first come, first served.

The Hon. D. F. MOPPETT: No, but then people would then be offered tickets and in all this belief that that was their opportunity, they were then in a way coaxed into taking the second or third offers that were made to them, which were not certainly tickets under any great pressure.

Mr KNIGHT: If you picture in your mind the application form, which had many lines vertically, on each of the lines you had an option to put a first alternative going across horizontally, and a second alternative. There was no obligation to put a first alternative or a second alternative. You were given that option if you missed out on the first thing that you were seeking on that line, so there was no obligation to put a fall-back position in. It was completely optional. A lot of people did not put in fall backs.

Similarly, in the second round, which some people refer to as a continuation of the first round because it is only to those who applied in the first round, that is being allocated at the moment, people who were unsuccessful and had credited balances or people who were successful and got everything they wanted and did not have a credit balance had the option to put in for all tickets amongst those that were available, but there was no compulsion on them to do that. I am very pleased that a lot of them did, but there was no compulsion.

The Hon. Dr P. WONG: I think when Mr Moppett mentioned the quality of the tickets, such as in the diving men's final, there were 16 A-class tickets among 1,000. I think you are implying then, if that is the case, that in the second round you are trying to rectify this situation?

Mr KNIGHT: Last Thursday I announced, as I had foreshadowed to this Committee, that the board would make a decision on the advice of the ticketing committee about exactly which tickets would go back into the public offering from the approximately 520,000 that the board on 21 October had taken back from the staff to add to the public, which of course now means that the public offering is approximately 3.6 million. Not only did I announce that last Thursday, but we released at that time publicly documents prepared by the staff showing how many tickets were in each of the events in each of the sessions in each of the categories and that has now been added to the public offering in two ways: firstly, for an event that was not sold out or not marked sold out in the brochure, then those tickets are just simply added to the pool that people are now seeking in the second round.

In the case of the events that were marked sold out that we have now added extra tickets to, we have discovered that the way in which the ranking was done for the ballots was not the equivalent of electronically drawing a series of the names out of a hat, as I mistakenly thought it was, but it involves everyone in the ballot being given a random number in sequence so that it means that you actually know who is the first reserve, the second reserve, the third reserve and so on. What SOCOG will now be doing will be writing to those people and saying, "Look, you put in for the basketball final category A. You have missed out, you got nothing to the basketball final. You are next in line. We do have some new tickets available. You have first right of refusal." That will be done for those people.

The Hon. Dr P. WONG: Earlier Graham Richardson was asked about premium packages and hospitality packages in the future. He mentioned that there would be a minimum value, minimum cost but no maximum where the sky is the limit. They are my words, not his words. What is your philosophy on this matter? Would it again lead to confusion and loss of confidence and that the sky can be the limit?

Mr KNIGHT: It is a difficult area and it will be discussed at a board meeting when a formal recommendation comes from the ticketing committee. I have been a bit preoccupied with other matters so I have not given this a lot of thought. I think you would certainly need to protect SOCOG's revenue and have a minimum price. Whether you make that the maximum price or whether you allow some flexibility, particularly as demand may increase over time, is a difficult issue. It may well be resolved for us by the pressures that the Federal Government puts on wanting to take more and more money out of SOCOG and the GST means that we have to chase every possible cent that we can.

The Hon. Dr P. WONG: But now that there is a golden goose, is it likely now much easier to reach the \$35 million?

Mr KNIGHT: My recollection is that evidence was given to this Committee a week ago that the premium packages had reached the \$35 million approximate target before that and that what we are now looking at something in the vicinity of \$60 million from a range of tickets and that assets is like hospitality, accommodation, corporate boxes and so on.

The SOCOG board capped the number of tickets that the staff can use for that process to 50,000 for new sponsorships and 200,000 for this range of other assets, with some possibility of moving between the two. If Paul Reading and the staff are capped at 250,000 tickets and are not going to get any more tickets, and they suddenly have to raise not \$60 million as a result of the Federal Government's recent decision, as stated in the Prime Minister's letter, but \$72 million, they may need to be looking to increase prices over time in that area because they are not going to get any more tickets.

The Hon. Dr P. WONG: In view of Prime Minister Howard's letter—not that I am agreeing with him—he may think that the New South Wales Government is making more money and, therefore, it is proper for the Federal Government to share part of the profits.

Mr KNIGHT: I do not think that we are making that degree of profit. As I indicated in response to an earlier question, the Federal Government gets the massive windfall in taxation. I am not going to turn this into a State versus Federal issue. However, people should be aware of just how little a financial contribution the Federal Government makes. The Federal Government's contribution to SOCOG is in the vicinity of \$32 million that it is handing over. The difference is the tickets and the corporate suite that it receives. Its contribution is something like \$30 million, to buy back from the Federal Government services that we think it ought to be providing to an Olympic Games for free.

It is really money the Federal Government gives to the New South Wales Government to give to SOCOG to buy services back from the Federal Government at prices set by the Federal Government. It may be that on the open market those services would cost less, but the only appropriate place to buy them is the Federal Government, and it values them at that sum of money. It is a big ring-a-rosy to get the money back to it. In addition, when Paul Keating was Prime Minister he made a commitment, at the time Nick Greiner was Premier, a bipartisan approach, to contribute \$150 million towards the building of the aquatic and athletics centres. That amount was paid over. During the period of the Carr Government, Paul Keating also committed \$25 million, as I recall, to assist in the move of

the showground from the old site at Paddington to Homebush Bay. In terms of direct assistance from the Federal Government that is basically it.

CHAIR: Pro rata is it possible to compare the assistance with the 1956 Melbourne Olympic Games? Has anyone ever done a comparison?

Mr KNIGHT: It is very hard to compare Games. The Melbourne Games, terrific though they were—and I rely on others to tell me that because I was only four years old at the time—and as important as they were to Australia and to the history of the Olympic movement, they were a very tiny Games by comparison. The Paralympics, a very important event that takes place in Sydney roughly two weeks after the Olympic Games, has more athletes, more foreign media, more countries participating and almost certainly a bigger budget than the Melbourne 1956 Olympics. Those Olympics are not just quantitatively but qualitatively different from an Olympic Games is today.

CHAIR: I was thinking about the Federal assistance that was given in 1956. If it were \$50 million, what that would mean today?

Mr KNIGHT: I am not sure.

CHAIR: In the second form, not the original form, I think there was a section which said that if people did not get tickets they could get a refund or donate their money to SOCOG. Did anyone do that and, if so, how much?

Mr KNIGHT: I cannot tell you that.

CHAIR: Or did people write rude words on the form?

Mr KNIGHT: We had a fair bit of discussion about that at the board. There was a fairly strong view amongst the board that that was not an appropriate thing to put. The staff indicated quite strongly that people could quite easily end up with very small amounts of money. Someone might put in \$1,000 and over a period of time end up with a credit balance of \$11.50 or \$11.00. In those circumstances a person might be happy to tick that the rest can go to SOCOG or the Australian Olympic team. That is the genesis of that.

CHAIR: You have not received a cheque for \$10 million or \$50 million?

Mr KNIGHT: Nobody expected significant sums of money. It was more a housekeeping convenience than anything else.

The Hon. C. J. S. LYNN: Given that when people get tickets for the Olympics through their companies they will talk and boast about it, do you think it is a realistic expectation that the names of the companies will stay secret? If it is not a realistic expectation, when they do become public, people are going to ask how they got the tickets, about the negotiations and what they paid. That will mean that the ticketing fiasco will continue. Would it not be better to kill it off by naming the companies and putting them in the public arena?

Mr KNIGHT: I believe they will remain secret. One of the reasons I believe they will remain secret is when I come to an arrangement with the Chair of the Committee for members, and I stress members of this Committee, to view those names, I believe that the members of this Committee

are people of integrity who will keep the confidence.

The Hon. C. J. S. LYNN: I am not talking about members of this Committee, I am talking about people in Tattersall's Club having a beer at the club and saying, "My company got it", then someone tells someone else and it becomes public knowledge.

The Hon. J. R. JOHNSON: It then becomes rumour.

The Hon. C. J. S. LYNN: The media can go to a company and ask, "Did you get it or not?". We are talking about the restoration of public confidence. Do you want to dribble on to a death by a thousand cuts or do you want to kill it and move on?

CHAIR: The Hon. J. R. Johnson wishes to ask a question.

The Hon. J. R. JOHNSON: Minister, if SOCOG is stuck with a \$10 million-plus bill from the Federal Government for the GST component of ticketing, what measures will you as Minister put in place to protect the taxpayers of New South Wales from this unexpected imposition?

Mr KNIGHT: There are basically three options if you get an unexpected bill of about \$10 million. The first is to cut your services, cut your expenditure to match that. The second option would be to find a way to raise \$10 million additionally, a very difficult exercise but one that we may have to set Paul Reading forth on. The third option is to reduce the return to the New South Wales taxpayers. To do that we would require the approval of the Treasurer. I would not imagine that would be a very easy thing to get.

The Hon. J. R. JOHNSON: I would send him a note, I would not confront him.

CHAIR: It seems strange to me that the Prime Minister wrote a letter to you. That may be normal procedure.

Mr KNIGHT: He wrote to the Premier and sent a copy to me.

CHAIR: What was the involvement of the Federal Treasurer, who normally handles these matters?

Mr KNIGHT: Good question. It did not come from the Federal Treasurer.

CHAIR: Would you expect a tax matter to normally come from the Federal Treasurer?

Mr KNIGHT: Normally you would.

CHAIR: It was a unilateral decision.

The Hon. PATRICIA FORSYTHE: Yesterday in the *Sun-Herald* Mr Alex Mitchell, journalist, proposed 12 questions which he said should be answered. It is my intention to place those 12 questions on notice to you. In view of the confusion that has arisen today where only some of our questions have been answered and your view was that they should be directed to other people, is there any reason why I should not expect to have these answered by you?

Mr KNIGHT: Can I clarify this? Any question that is placed on notice by a member of this Committee for me to answer will get an answer. The confusion that arose was that there were a number of questions which were apparently sent only to me, which clearly related to other witnesses. I answered those that were unambiguously for me. My chief of staff wrote to the director of your Committee indicating that if any of the others were meant for me they would be answered, but since some of them referred quite specifically to other people maybe they should be directed to them. I am interested in your view. Was it your intention that all of those previous questions, including ones you asked about Mr Hollway and Mr Reading, were to be directed to me?

The Hon. PATRICIA FORSYTHE: No, it was not.

Mr KNIGHT: It sounds like I was not confused and you were not confused.

The Hon. PATRICIA FORSYTHE: In relation to these 12 questions—

Mr KNIGHT: If you are putting 12 questions to me on behalf of Alex Mitchell—

The Hon. PATRICIA FORSYTHE: No, they are on my own behalf, but they are interesting questions.

Mr KNIGHT: —and if they are appropriate to be directed to me, then I will give you appropriate answers.

The Hon. C. J. S. LYNN: Minister, it was recorded that premium tickets were sold to TNT which, I understand, is a direct competitor to the global sponsor United Parcel Service.

Mr KNIGHT: Where was that recorded?

The Hon. C. J. S. LYNN: It was in a newspaper report over the weekend.

Mr KNIGHT: It must be true if it was in a newspaper.

The Hon. C. J. S. LYNN: It was recorded that that happened. If you are not aware of it you would not know who made the decision. I understand that tickets were bought back from that.

Mr KNIGHT: I am not aware of the matter you are talking about.

The Hon. C. J. S. LYNN: Can you with the systems you have in the premium ticket package give an ironclad guarantee that tickets for the premium ticket package will not find their way to sponsors' competitors?

Mr KNIGHT: I think you have spoken to Mr Reading and Mr Hollway in evidence on two occasions. My understanding is that they have told you what the principles are. I would hope that those principles are followed.

CHAIR: There are no more questions. The Committee thanks you for your attendance and for your co-operation personally and that of your staff. All the best for the Olympic Games.

(The witness withdrew)

(The Committee adjourned at 5.58 p.m.)