

Response to the General Purpose Standing Committee No.1 - Report on Inquiry into Olympic Ticketing

On 2 December 1999 the Report of the General Purpose Standing Committee No 1 – Inquiry into Olympic Ticketing was released.

In accordance with Recommendation 8 of the Report, I am pleased to provide information on the progress made in relation to the implementation of the recommendations contained in the Report.

Before dealing with the other 7 specific recommendations of the Report of the Standing Committee, there are several general matters concerning Olympic Ticketing that I should bring to the attention of Members of the Legislative Council.

In my opinion we made a fundamental error in adopting the “Atlanta model” of Olympic Ticketing. From that fateful decision several years ago inevitably flowed many of the difficulties SOCOG faced in ticketing. With the benefit of hindsight the “Atlanta model” where members of the public had to send in their money in order to go in a computerised draw for tickets, where they did not know what their chances were in that draw at the time they sent their money and which had a complicated “cascading” allocation procedure was the wrong system to adopt. Many of SOCOG’s public ticket controversies and matters we have been justly criticised for were inherent in that flawed system.

These inevitable consequences of following the “Atlanta model” were compounded by further mistakes we made such as not publicising the premium ticket program; improper behaviour by individual SOCOG staff (such as the removing of around half a million tickets from the public ballot without reference to the Board); and the sort of management failures exposed by both the Nile Committee and the Shirbin/O’Connor Independent Review.

Ironically, the SOCOG Board adopted the “Atlanta model” not simply because it was the most recent precedent but also in a deliberate attempt to try and have the fairest system possible.

The intention was to give every member of the public who wanted to buy Olympic tickets an equal chance by way of a ballot rather than allocate according to who queued up first or got through first on the telephone.

In the last few months much has been done to overcome SOCOG’s ticketing failures. This has coincided with greater integration of the three core Olympic agencies: OCA, SOCOG, ORTA which now operate under the umbrella of Sydney 2000.

Changes have been made at both the policy and the personnel level. At the policy level, all future ticket sales will be on a first come first served basis with staged public releases of tickets to different events. This system itself is not perfect but it is the one that Australians are most familiar with. It is the way in which most Australians buy tickets to rock concerts, the theatre and many sporting events.

There will no longer be any premium ticket scheme which is not generally available to the public. Subject to IOC approval there will be "super tickets" sales involving a minority of high demand tickets (not exceeding a total of 200,000) being sold at set prices above the original face value. However, any such scheme will be open to the general public (with appropriate conditions to protect the rights of our sponsors) at clearly publicised fixed prices.

In the case of personnel, there have been very significant additions and equally significant departures. Ultimately it is the SOCOG Board, myself included, which must accept responsibility for the mistakes of the past. Similarly it is also the SOCOG Board which must act to remedy those problems and take all possible steps to see they are not repeated.

On 29 November 1999 Michael Eyers joined SOCOG as a new Deputy CEO with responsibility for ticketing, sponsorship, licensing, legal, finance, communication and technology. His appointment mirrors the previous appointment of Jim Sloman as Deputy CEO and Chief Operating Officer in the service delivery areas of SOCOG.

At the same time Alan Marsh was seconded from the position of CEO of the Darling Harbour Authority to a new position of General Manager Ticketing.

Several individuals have left during this period. The work of Michael Eyers, Alan Marsh and the many existing competent and dedicated people in SOCOG ticketing in recent months has been outstanding. They have solved many problems, including some no one knew about until they uncovered them. While it would be silly to claim that SOCOG will not have further ticketing problems in the future, this team gives us a realistic capacity to solve those problems.

The Report of the SOCOG Ticketing Adjudicator, former NSW Ombudsman David Landa is instructive. Much of this report is scathing of SOCOG's consumer relations at the time he was appointed on 5 November 1999 and for a considerable period afterward. However, by 1 February 2000 he concludes that:

"it must be conceded that the clear need to comply with acceptable practice has been heeded. There is in place in the organisation, a customer satisfaction unit that is focussed on fulfilling its refund obligation and this is achieved for the greater part with success....

.... Significantly, SOCOG has in place a mechanism that should be capable of effectively reacting to such issues in the event that they should occur in the future."

Regrettably, the consequences of the decision years ago to adopt the "Atlanta model" are, in some areas, ongoing. For example, the adoption of the Atlanta system of souvenir tickets has two unintended consequences. Because large souvenir tickets do not fit into the existing ticket turnstile machines, they are not bar coded. In effect they are not able to be cancelled or replaced like a normal thermal ticket posted out by a company like Ticketek or Ticket Master.

Consequently, they have to be treated with much greater security. The first consequence of this is that a firm is needed to operate a sophisticated process with high levels of security to not merely print tickets but assemble all of the various tickets each individual has bought to a mixture of different sessions of different sports into the one package.

This problem dramatically narrows the field who can tender. It is much smaller than the field would otherwise be for printing tickets.

The second consequence is that these individual packages must be delivered to each ticket holder with a high level of care and security. They cannot be simply mailed or left on a doorstep. SOCOG has entered into a special arrangement with Australia's leading courier company TNT to home deliver each package at a particular time advised in advance on a Sunday. The magnitude, sensitivity and potential for errors in this complex process should not be underestimated. It is a major challenge for both TNT and Sydney 2000.

An indication of how seriously we are taking this issue is that Sydney 2000 has hired John Purdie-Smith who managed, on the Government's behalf, the successful hail damage repair program. He will manage our part of the ticket delivery contract. He is working closely with the SOCOG ticket team, the American company which has the contract to print and assemble the ticket packages, and the experienced and highly reputable senior executives TNT has committed to this task.

Regarding the specific recommendations of the Nile Committee I offer the following responses:

Recommendation One

The Standing Committee recommends that the SOCOG Board review the structure and charter of its Ticketing Sub-Committee, with a view to ensuring an appropriate mechanism, such as the reconstitution of the Sub-Committee as a fully fledged Standing Committee, is put in place to ensure future ticketing processes are appropriately oversighted by the SOCOG Board and to ensure there are no perceived conflicts of interest by Members of the Ticketing Committee.

Prior to the presentation of the Report of the General Purpose Standing Committee No.1 on their Inquiry into Olympic Ticketing, I announced on November 22, 1999, a range of measures which had been approved by the SOCOG Board to address the issues which had arisen throughout the course of the Inquiry (See Attachment 1).

The implementation of recommendations of the Governance Sub-Committee's review of Corporate Governance issues has redefined the relation between Sub-Committees and the Board.

In particular, the Corporate Governance Sub-Committee recommended that SOCOG Board Sub-Committees continue only as advisory committees and that formal decisions on matters considered by Sub-Committees should be taken by the full SOCOG Board, the Games Co-ordination Group if appropriate, or management.

Recommendation Two

The Standing Committee recommends that, in the interests of restoring public and sponsor confidence, SOCOG should consider making public the list of the 645 purchasers of premium tickets who purchased these tickets by way of the offer made to Stadium Package holders, bearing in mind SOCOG's commitments to the purchasers of these tickets.

Recommendation Three

The Standing Committee recommends that, in the interests of restoring public and sponsor confidence, SOCOG should consider making public the list of all 41 purchasers of tailored premium packages, bearing in mind its commitments to the purchasers of these tickets.

After careful consideration the Board resolved to maintain the privacy of both lists of purchasers. In doing so the Board was mindful of the unanimous recommendation of the Standing Committee that any consideration to reveal the names should involve "bearing in mind its commitments to the purchasers of these tickets." In many cases explicit commitments to privacy were given and in all other cases there was at least an implicit commitment to privacy. Certainly the purchasers can justifiably claim that they expected their privacy not to be deliberately infringed by SOCOG.

It should be noted that the Shadow Minister, Chris Hartcher supported the release of all the names referred to in resolutions 2 and 3.

Recommendation Four

The Standing Committee recommends that the SOCOG Board formulate and sign off on a publicly available, comprehensive ticketing policy. This policy should cover all aspects of ticketing policy, including guidelines for the sale of tickets at a premium price, whether these tickets are sold as discreet items or as part of a wider hospitality package.

On November 11 last year, the SOCOG Board agreed to the Ticketing sub-committee's recommendation to announce the return of 524,000 tickets from the premium ticket program to the general pool of public tickets (See Attachment 2).

The appointment of Michael Eyers as the Deputy CEO of SOCOG and of Alan Marsh, on secondment from the Darling Harbour Authority, as the General Manager of Ticketing led to a complete review of all ticketing processes in SOCOG.

On 17 March 2000, SOCOG announced details of the next round of Australian public ticket sales (See Attachment 3).

This announcement included details of more than 2.4 million tickets which will be made available to the Australian public from mid April. This announcement follows an exhaustive ticket inventory stock take process which was undertaken following the tabling of the Report last December. As a result of this process, thousands of tickets were made available to sessions which had previously been considered "sold out".

The SOCOG ticket inventory also includes more than 360,000 tickets held in contingency, some of which are expected, ultimately, to be released for sale to the public.

The March 17 announcement also made public SOCOG's new "Superticket program". The "Premium ticket program" of last year featured negotiated sales. The new program will be different: availability and prices of Supertickets will be made public and Supertickets will be made available to everyone. The conditions of Superticket sales will be made fully public and will be subject to normal ticket conditions including restrictions on use for commercial hospitality by non-sponsors.

Recommendation Five

The Standing Committee recommends that SOCOG place a high priority on achieving a quota of 1.4 million Olympic Opportunity tickets.

Following the restructure of SOCOG's senior Management in November last year, the new SOCOG ticketing management team undertook a full inventory stock take of tickets as well as a joint OCA/SOCOG scoping of all venues.

Numerous errors were discovered in figures provided by previous SOCOG staff and made public on the assumption they were correct. For example, this exercise resulted in a number of additional tickets being made available to various sessions which had previously been listed as "sold out" (see Attachment 3).

However, the rigorous analysis undertaken by the new management team found there were far fewer Olympic Opportunity tickets than previously claimed. It is important to stress that as part of this review no tickets previously earmarked for Olympic Opportunity were transferred to the general ticket inventory. Indeed every identified \$10-19 ticket is part of the Olympic Opportunity inventory and no ticket previously identified in that category has been revalued to a higher price.

Unfortunately, the number of Olympic Opportunity tickets at this point in time numbers only 735,000.

On February 28, SOCOG announced the details of the \$10 and \$19 Olympic Opportunity tickets available to all primary, secondary, private and public schools around Australia.

Schools are expected to have completed their applications for Olympic Opportunity tickets by April 14, 2000. So far orders received from schools fall well short of the number of available opportunities.

Recommendation Six

The Standing Committee recommends that SOCOG's publicly available, comprehensive ticketing policy include details of the mechanism to distribute Olympic Opportunity tickets. Further, that this policy include a mechanism to ensure access to these tickets by children in disadvantaged schools.

The distribution mechanism adopted for Olympic Opportunity tickets as set out above should, subject to participation by the school's own teachers and administrators ensure access to these tickets by children in all schools in Australia.

Recommendation Seven

The Standing Committee recommends that SOCOG produce a Braille version of the Souvenir Program.

A Braille version of the Souvenir Program will be produced

Clearly mistakes have been made in SOCOG's ticketing program. The General Purpose Standing Committee No 1 of the Legislative Council played a significant role in helping the Sydney 2000 team resolve these problems. Among other things the report of the Standing Committee, and the Shirbin/O'Connor Independent Review Team, that I commissioned in conjunction with the Hon Fred Nile, provided the catalyst for necessary organisational change. Hopefully the responses set out above to the Standing Committee report will reassure Members of the Legislative Council that effective change has been made, problems have been faced up to and appropriate remedies put in place.

MICHAEL KNIGHT
Minister for the Olympics

4 April 2000