

Appendix 1 –Submissions

Submissions received

No 1 *People with Disabilities (NSW) Inc*

Phillip French, Executive Officer

21 November 1999

No 2 *Bruce Maguire*

22 November 1999

People the Committee invited submissions from

The Hon Michael Knight MP

Minister for the Olympics and President of SOCOG

Mr John Coates

President

Australian Olympic Committee

Mr Graham Paton

Partner

Arthur Andersen

Dr Jaques Rogge

Chairman

IOC Commission for the Sydney 2000 Olympic Games

Mr Bruce Maguire

Mr Darren Fittler

Advocate, People with Disabilities (NSW) Inc

Appendix 2 – Witnesses

DATE OF APPEARANCE	NAME, POSITION & ORGANISATION REPRESENTING
8 November 1999	<p>The Hon Michael Knight MP Minister for the Olympics & President of SOCOG</p> <p>Mr Sandy Hollway Chief Executive Officer SOCOG</p> <p>The Hon Graham Richardson SOCOG Board Member Chairman, SOCOG Board Ticketing Sub-Committee</p> <p>Mr Paul Reading General Manager - Commercial & Marketing SOCOG</p>
15 November 1999	<p>Mr Gary Moore Director Council of Social Service (NCOSS) & Member of Social Impacts Advisory Committee</p> <p>Ms Amanda Cornwall Senior Policy Officer Public Interest Advocacy Centre (PIAC) & Member of Social Impacts Advisory Committee</p> <p>Mr Greg Kirk Principal Solicitor Public Interest Advocacy Centre (PIAC)</p> <p>Mr Carl Buik Director - Consumer Protection Australian Competition & Consumer Commission</p>

DATE OF APPEARANCE

15 November 1999

NAME, POSITION & ORGANISATION REPRESENTING

Commander Robert Garing
Secretary
Tattersall's Club

Mr John Moore
Former Group Manager – Marketing & Image
SOCOG

Mr Sandy Hollway
Chief Executive Officer
SOCOG

Mr Paul Reading
Group General Manager – Commercial & Marketing
SOCOG

Mr John Bosiljevac
Program Manager – Ticketing Operations
SOCOG

Mr Kris Donaldson
General Manager – Asset Sales
SOCOG

The Hon Graham Richardson
SOCOG Board Member
Chairman, SOCOG Board Ticketing Sub-Committee

The Hon Michael Knight MP
Minister for the Olympics & President of SOCOG

22 November 1999

Mr Rory O'Connor
Partner
Deloitte Touche Tohmatsu

Mr John Shirbin
Partner
Clayton Utz

DATE OF APPEARANCE

23 November 1999

NAME, POSITION & ORGANISATION REPRESENTING

Mr Rory O'Connor

Partner

Deloitte Touche Tohmatsu

Mr John Shirbin

Partner

Clayton Utz

The Hon Michael Knight MP

Minister for the Olympics & President of SOCOG

Appendix 3 – Letter sent from Minister to Chairman, dated 2 November 1999 advising of Independent Review



Minister for the Olympics
President, Sydney Organising Committee for the Olympic Games
Minister responsible for the Paralympics
Minister responsible for Darling Harbour

2 November 1999

The Hon. Reverend Fred Nile MLC
Chair
General Purpose Standing Committee No 1
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Reverend Nile

I'm writing to formally confirm the mechanism we discussed to provide both me as the Minister for the Olympics and your Committee with additional independent information on the SOCOG ticketing process.

The OCA has engaged John Shirbin, Solicitor, Clayton Utz and Rory O'Connor, Auditor, Deloitte Touche Tohmatsu to undertake an audit of the Olympic Ticketing Process to ensure that the Board, the Legislative Council Standing Committee and I have a clear and independent understanding of the processes, the key decisions that were made and clarity as to the manner in which overall numbers available to the public were determined as well as quotas for individual sessions of sporting events. The review will examine SOCOG records and interview key SOCOG personnel and Board Members in this process.

While Clayton Utz and Deloitte Touche Tohmatsu both have on occasions assisted the OCA, they do not work for SOCOG. Both firms assisted in the recent Inquiry into the Sydney Bid and Mr O'Connor has undertaken the role of probity auditor on behalf of the NSW Government in respect of a number of major Olympic construction projects including Stadium Australia.

In conducting their work Mr Shirbin and Mr O'Connor will be responsible to David Richmond, the Director General of the OCA and Jim Sloman, the Deputy Chief Executive Officer and Chief Operating Officer of SOCOG. The OCA were not involved directly in SOCOG's ticketing process. Mr Sloman, as Chief Operating Officer, is responsible for the bulk of SOCOG's operations but his operational responsibilities do not include ticketing. SOCOG's ticketing operation is directly responsible to the Chief Executive Officer, Sandy Hollway, through the Group General Manager – Commercial and Marketing, Paul Reading.

2/

Mr Shirbin and Mr O'Connor will produce a written report which will be made available to your Committee. I expect this report to be completed by 15 November 1999.

Messrs Richmond and Sloman will meet regularly with the Review Team conducting the audit and the Committee may wish to consider nominating an appropriate member of the Parliamentary Staff who is providing support and advice to your Committee to attend the Review Team meetings.

Yours sincerely



MICHAEL KNIGHT
Minister for the Olympics
President of SOCOG

Appendix 4 – Report of Review Team

Independent Review of SOCOG's Ticketing Processes

22 November 1999

CLAYTON UTZ

**Deloitte Touche
Tohmatsu**


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Executive Summary

Sydney is less than one year out from the Games. The Games are an enormous undertaking and Sydney is considered to be well on track to deliver a successful Olympic Games. The marketing of tickets and the ticketing process is in itself a complex exercise. That exercise has been buffeted by international scandals relating to the IOC and relatively unsuccessful previous marketing efforts, for example, the Stadium Australia float and the Olympic Club. The ticketing program is only partly complete. For the Games to be successful, the balance of the ticketing program must be successfully implemented.

On 30 May 1999 SOCOG issued its Official Olympic Games Ticket Book ("Ticket Book") inviting the Australian public to apply for tickets to sessions of the 2000 Olympic Games. The application period closed on 16 July 1999. Successful applicants were selected by ballot which was run on 31 August 1999.

Considerable public controversy followed SOCOG's notifications in October 1999 to successful and unsuccessful ticket applicants. On 25 October 1999 SOCOG released information about the number and mix of tickets in the ballot. There remains widespread public concern that the ballot:

- included less tickets than promised;
- included unacceptably low numbers of tickets for some high demand sessions; and
- was conducted after SOCOG had removed tickets and sold or reserved them for sale at a premium.

The public's faith in SOCOG has been damaged by the controversy.

It was for this reason that on 1 November 1999, John Shirbin, Clayton Utz and Rory O'Connor, Deloitte Touche Tohmatsu were appointed to conduct an independent review of the ticketing process. The appointment was made at the instigation of The Hon Michael Knight (Minister for the Olympics and President of SOCOG) following consultation with Rev Fred Nile (the Chairman of the General Purpose Standing Committee No. 1 of the Legislative Council).

Since becoming aware of these ticketing problems, the Board has:

- added a further 524,451 tickets to the public ticket quota;
- released information regarding the availability and allocation of seats on a session by session basis; and
- through the President, apologised.

The Review confirmed that SOCOG did indeed have less tickets in the public ballot than it had promised. SOCOG had consistently held out to the public that there would be 3.5 million tickets in the public ballot. SOCOG has conceded that there were approximately 3.08 million tickets in the ballot.

There was no minimum session-by-session quota established for the public ballot. This contributed to there being in the public ballot relatively few tickets to certain high demand sessions (for example, diving). These low numbers surprised even SOCOG staff and members of the Board.

The decisions on the total and session-by-session public ballot quotas were made at the middle management level of SOCOG.

The amount of tickets allocated to the public ballot is the balance left after all other ticket quotas have been taken into account, including those mandated by the Olympic Charter and by the Host City Contract and sponsor and other contractual obligations. By definition, tickets already allocated to the premium ticket and other quotas were not available for the public ballot. However, the Review found no evidence of any transfers to the premium ticket quota from the public quota during the public offer and ballot process.

As at the date of the public ballot 643,325 tickets were in the premium quota. The Group General Manager, Ticketing authorised the allocation of 360,000 of those tickets to the premium quota in about March 1999. There is no reliable paper trail that the Review could find confirming the purpose of the allocation of the balance. The Program Manager, Ticket Operations told the Review that they were largely tickets for Sports Passes allocated following the Board meetings of 18 February 1999 and 1 April 1999. On the basis of the Review's work this is a plausible explanation. Unfortunately, due to the state of the records, this explanation is not susceptible to audit. .

The other principal findings of the Review are:

- A. The events which resulted in the ticketing controversy were caused by management failures on the part of SOCOG's senior and middle management and oversight failures on the part of the Board as a whole.
- B. Management has failed in its responsibility to put in place appropriate and adequate controls for the management of one of its primary assets, namely its ticket inventory. In many cases key decisions affecting the public interest, such as the determination of the number and mix of tickets in the ballot, were left to be made by middle management. The Board failed to insist that management provide appropriate reports and information about the ticket inventory so that it would be in a position to properly monitor and guide management.
- C. There is an unacceptable level of knowledge amongst senior management responsible for Ticketing as to the operation of the ticketing system. Regular reports as to the numbers and allocations of tickets amongst the various market segments were never provided to the Board or senior management responsible for ticketing and were never called for. There was no audit trail of changes made to the allocation of tickets.
- D. There was carelessness on the part of management concerning the accuracy of information being given to the public about the numbers of tickets in the public ballot, both in the Ticket Book and in the associated marketing campaign. In relation to the Ticket Book, the Board should have asked for, and obtained, sufficient information to satisfy itself that an appropriate verification process had been managed and signed off.
- E. The primary focus of the Board and management in relation to ticketing has been the need to raise revenue from ticketing sales. This has contributed to a lack of transparency concerning the manner in which tailored premium packages of tickets were offered to individuals and organisations and about the availability of session by session tickets in the public ballot. This has also contributed to management failing to keep the Board fully informed. The Board did not receive information on the extent of the premium packages and the sales strategy adopted by management for the sale of such packages.
- F. The Board has been aware since 1998 that tickets would be sold in tailored packages at a premium. It failed to formulate any policy governing the pricing and marketing of packages even when it knew that they were available for sale.

These findings are discussed more fully in chapters 6 and 7 of this Report.

The Review has also made a number of recommendations about steps to be taken by SOCOG to address these concerns. They are:

- That the Board review the existing Ticketing management structure and make whatever changes are necessary to ensure that appropriate levels of accountability and reporting, both to the Board and to the CEO, are put in place. Unless this is done, the Review is concerned that significant issues will arise in the future.

The CEO, put to the Review that it was important to maintain SOCOG's present management model which involves extensive delegation of responsibility. The Review's findings demonstrate that the model did not work properly in Ticketing. It is the Review's opinion that it was the absence of basic management controls combined with the extensive delegation of responsibility that has led to the issues the subject of this Review. The Board should consider whether the model is appropriate and if so, the framework and checks and balances within which it operates.

- That the Board formulate a comprehensive policy in relation to Ticketing. There remain a number of important ticketing tasks to undertake, not least of which is the allocation of seats to ticket holders within the various price categories in the venues.
- That senior management responsible for Ticketing take steps to ensure that regular and sufficiently detailed reports are given to the Board and that matters requiring policy decisions are submitted to the Board.
- That senior management responsible for Ticketing ensure that basic and appropriate controls are put in place over the ticket inventory. As a minimum the senior management responsible for Ticketing must ensure that:
 - ⇒ the ticketing processes are properly documented;
 - ⇒ a regime of reporting to senior management in a meaningful and timely fashion is implemented; and
 - ⇒ proper internal controls are put in place.
- Senior management responsible for Ticketing should undertake a comprehensive and independent audit of the ticket inventory.

The Review wishes to stress that it has no reason to believe that the inventory has been compromised in any way. However, the almost complete lack of controls means that the usual safeguards are not in place and the ticketing system is vulnerable.

Glossary of Terms

Category, in relation to a ticket, means an “A”, “B”, “C” or “D” price category ticket.

Endorsement Contract means the contract between the State of New South Wales, the Council of the City of Sydney and the Australian Olympic Committee dated 1 May 1991.

Face value in respect of a ticket, means the price approved by the IOC Executive Board on 20 August 1998 and at which that ticket was offered for sale (as an individual ticket) in the Public Ballot.

Host City Contract means the contract entered into by the City of Sydney, the Australian Olympic Committee and the IOC for the Games of the XXVII Olympiad (the Sydney 2000 Games) on 23 September 1993, as varied.

IF means an International Sporting Federation.

NOC means National Olympic Committee.

OCA means the Olympic Co-ordination Authority.

Olympic Family means members staff and guests of the IOC, officials from or representing the 200 NOCs, representatives and guests of the International Sporting Federations, distinguished guests, competing athletes and sporting officials at an Olympic Games.

Olympic Opportunity means tickets to approximately 17 of the 28 sports priced between \$10 and \$19, intended to enhance community access to Games events .

Premium ticket means a ticket (of any category) which is sold or offered for sale by SOCOG at a premium to its face value.

Public ballot means the offer of tickets to the Australian public through the ballot conducted on 31 August 1999.

Public offer means the offer of tickets through the Ticket Book released on 30 May 1999 which closed on 16 July 1999.

Quota means the sum of tickets set aside for an identified market segment, sometimes referred to as a bucket.

Remaining ticket offer means the offer of tickets to members of the Australian public who had already applied for tickets in the Official Olympic Games Ticket Book (released on 30 May 1999) in the Olympic Games Special Release of Remaining Tickets Book (released on XX).

Review means the Review Team.

Rule 66 refers to rule 66 of the Olympic Charter.

Seat kills means a seat which is unavailable for sale because it has an unacceptable line of sight or because the space it would have used is required for another purpose, including broadcast commentary positions or press tables.

SOCOG means the Sydney Organising Committee of the Olympic Games.

SOCOG Act means the Sydney Organising Committee for the Olympic Games Act 1993 (NSW) as amended by the Sydney Organising Committee for the Olympic Games Act 1997 (NSW).

Sports Pass means a package of tickets for all sessions of a particular sport sold at either face value, a discount or a premium.

Ticket Book means the Official Olympic Games Ticket Book released on 30 May 1999.

Ticketing senior management means Paul Reading and Sandy Hollway.

Section Three

Terms of Reference

3.1 Catalyst for the Review

After some weeks of public debate regarding the number of tickets made available to the public through the public ballot and the existence of premium ticket arrangements, the OCA, at the request of the Minister for the Olympics and President of SOCOG, on 1 November 1999 engaged John Shirbin, Solicitor, Clayton Utz and Rory O'Connor, Auditor, Deloitte Touche Tohmatsu to undertake an independent review of the Olympic ticketing process.

In late September this year, SOCOG received a number of Freedom of Information applications from journalists seeking information about the public ballot, including details as to the number of:

- tickets offered or available in total;
- tickets offered or available in each session of each sport;
- applications received for each price category of each session of each sport; and
- tickets sold or allocated in each session of each sport.

After considering these applications, including the commercial sensitivity of the information involved and impact of disclosing it, the Board of SOCOG decided on 21 October 1999 to release the information which had been sought. On 25 October 1999, SOCOG issued a detailed media kit containing a print out showing, for each session of every sport - the gross capacity of the venue, the number of first choice ticket requests for that session, the number of tickets available for allocation to the public and the number of tickets in fact allocated to the public. This media kit also showed that the total number of tickets available for allocation in the public offer had been 3,080,535, not 5 million as was advertised in the Ticket Book.

This media kit also included two papers containing information about the complexities of Olympic ticketing and information about SOCOG's obligations to provide tickets to groups other than the Australian public, for example under the Olympic Charter and contracts. The media kit also provided a breakdown between the number of tickets available in each price category for the public and all other groups for a number of particularly high demand tickets, for example, to the Opening and Closing ceremonies and to preliminary and finals sessions of gymnastics, athletics and swimming.

Particular public controversy has resulted from the disclosure in this media kit of figures showing that for the men's 3 metre springboard gold medal final on 26 September 1999 there were 16 A category, 123 B category, 18 C category and 440 D category tickets available to the public.

The media kit also showed that SOCOG had:

- received first choice applications for a total of 2,586,606 tickets; and
- allocated a total of 1,507,925 of the 3,080,535 tickets.

The decision that this independent Review should be conducted was made after consultation with the Ticketing Sub-Committee of the Board of SOCOG and the Chairman of General Purpose Standing Committee No. 1 of the Legislative Council. The Legislative Council Standing Committee is currently undertaking its own inquiry into Olympic ticketing matters.

3.2 Terms of Reference

The terms of reference for the Review are set out in a letter dated 2 November 1999 from the Minister for the Olympics and President of SOCOG to the Chair of General Purpose Standing Committee No. 1. The purpose of the Review was to provide the Minister, the Board of SOCOG and the Legislative Council Standing Committee with clear and independent information on the ticketing process, including:

- the key decisions that were made;
- the manner in which overall numbers available to the public were determined; and
- how quotas for individual sessions of sporting events were determined.

The Minister asked the Review to appraise him of progress by Monday 8 November 1999 and to provide a written report by Monday 15 November 1999. The Minister subsequently agreed to a one week extension until 22 November 1999.

3.3 Issues for Review

The project plan for the Review, which was presented to the Minister on 8 November 1999, established the following issues to be examined and reported on:

- the number of tickets available to Olympic events in the public ballot process;
- the breakdown of the tickets available on an event by event and day by day basis in the public ballot process;
- issues relevant to the development of a policy for the allocation of tickets to Olympic events, for example, obligations under the Host City Contract and obligations entered into by SOCOG;
- the ticketing policy for the allocation and pricing of tickets to Olympic events which was approved by the Board of SOCOG including any changes approved by the Board;
- the policy for the adoption of pricing structures and the availability of tickets sold at a premium over and above face value;
- the extent to which the ticketing policy (and any guidelines on pricing structures and availability of tickets sold at a premium over and above face value) and any changes to the policy were made public;
- implementation of the ticketing policy;
- the procedures put in place by SOCOG to monitor the allocation and pricing of tickets against the policy, including any requirements of the Board for reporting to it;
- the role of SOCOG's external and internal auditors, internal/external advisers in the ticket allocation process;
- accountability/ responsibility structures established and the reporting thereon to senior executive/ Board;
- the role of the Board and its committees, including the Ticketing Committee, in the development of the ticketing policy and the allocation process;
- the processes followed by SOCOG in the preparation and distribution of ticketing information to the public, in particular, the preparation and distribution of the ticketing ballot brochure; and
- any additional matters which may become relevant during the course of the review.

Conduct of the Review

4.1 Appointment of the Review

John Shirbin, Solicitor, Clayton Utz and Rory O'Connor, Auditor, Deloitte Touche Tohmatsu were appointed on 1 November 1999 to perform the review. Partners and staff of Clayton Utz and Deloitte Touche Tohmatsu assisted the Review.

4.2 Joint Directorate, Independent Observer and Project Executive Officer

A Joint Directorate was established to monitor the progress of the Review. The Joint Directorate was chaired by David Richmond, the Director General of the OCA and Jim Sloman, Deputy Chief Executive Officer of SOCOG.

The Joint Directorate's prime role was to provide quality assurance of the process. The Review met with the Joint Directorate at milestones in the review process and as required by the Joint Directorate.

Anna McNicol, Director, Legislative Council General Purpose Standing Committees attended and participated in the Review's meetings with the Joint Directorate as an independent observer on behalf of General Purpose Standing Committee No. 1.

A Project Executive Officer, David Pettigrew was nominated to liaise with the Review. David Pettigrew is a senior OCA officer. The Project Executive Officer's responsibilities included:

- co-ordination of the Review's activities, including the convening of meetings between the Review and the Joint Directorate;
- providing assistance to the Review in generating any interim reports and final reports;
- liaising with relevant third parties to source information; and
- attending at interviews/meetings as required.

4.3 Methodology

The Review commenced on 2 November 1999 with an original reporting date of 15 November, later extended to 22 November.

It was necessary to plan the process of the Review with some care given the short time frame and the need to examine a considerable volume of SOCOG files as well as interview 22 individuals being SOCOG directors, employees and internal auditors.

A project plan was prepared with a timetable for the Review. In the first week the Review program was established, and initial meetings with the Joint Directorate and Independent Observer were held. Meetings were held with the members of the Ticketing Sub-Committee of the SOCOG Board and then with the Minister/President of SOCOG to obtain an understanding of their concerns relating to ticketing arrangements. One member of the Ticketing Sub-Committee, John Valder, was overseas and he was contacted by telephone.

A meeting was held with the Ticketing Division staff to advise them of the intended Review and to provide them with an opportunity to raise any concerns which they might have. Subsequently, review of relevant SOCOG files and documentation commenced as did interviews with SOCOG directors and employees. An initial meeting with representatives of Arthur Andersen, SOCOG's internal auditors, was held to understand the scope and outcomes of their audit of the ticketing program.

In the second and third weeks, review of SOCOG's files and documentation continued and further interviews with SOCOG directors and staff were held. Letters were despatched to members of the media known to have an interest in Olympic affairs, external advisers to SOCOG and former Board members inviting them to contact the Review if they thought they had relevant information. A meeting was held with members of General Purpose Standing Committee No. 1 of the Legislative Council to enable them to understand the objectives of the Review and to raise issues which they had regarding the ticketing process.

Documentation reviewed included:

- Minutes of Board meetings
- Board meeting papers
- Minutes of Board Committee and Sub-Committee meetings
- Files from Ticket Marketing and Ticket Operations
- Files from the Legal Division
- Relevant media reports
- Internal audit reports and relevant Arthur Andersen files
- Report of proceedings before General Purpose Standing Committee No. 1
- Computer records of ticket quota files
- The official Olympic Games Ticket Book
- Some contractual arrangements relevant to ticketing, including the Host City Contract
- Some reports from SOCOG to the IOC and correspondence between SOCOG and the IOC
- SOCOG annual reports
- The SOCOG Act

In the second week, the Review commenced auditing SOCOG's records of Premium Package ticket commitments/sales by reference to supporting documentation. In the third week, the Review accessed externally held back-up computer files containing records of ticket quota allocations at specified dates. The dates chosen were spaced at intervals of four weeks. The Review then mapped movements in the allocations to the various categories over the dates chosen and sought explanations and documentary support for these movements.

During the course of the Review it was necessary to seek co-operation from many SOCOG staff in terms of both requesting access to their files and records and their being interviewed by the Review team.

To the best of the Review's knowledge, all relevant records and information held within SOCOG were received. However, it is not possible for the Review to be certain of this. To the extent to which there is material the Review has not seen, or material which may reside outside SOCOG's premises, there may be relevant information of which the Review is not aware.

Clearly the terms of reference of the Review did not require a determination as to whether:

- any conduct by SOCOG or any officer or employee of the company amounted to a criminal offence or was in breach of the law; or
- any officers of SOCOG breached their fiduciary duties or terms of employment.

Such a determination was obviously beyond the power of the Review.

In addition, information provided to the Review in interviews should not be taken to be evidence in the sense in which that term is used in legal proceedings or courts. It was not sworn testimony. The factual material contained in this Report has not been tested to the standards which would apply in legal proceedings, nor could its accuracy and correctness be evaluated in the manner which would occur in legal proceedings. Interviews were conducted in a standard fashion. They took place in a room at SOCOG designated for the purpose, unless the person being interviewed was unable to come to SOCOG's offices, in which case the Review went to that person's office or premises. In most cases both John Shirbin and Rory O'Connor were present at the interview. In a small number of cases, due to the number of people to be interviewed in the course of the Review, only one member of the Review, assisted by other partners and/or staff of Clayton Utz and Deloitte attended. The Review undertook detailed preparation before each interview to identify relevant documents and questions for the persons being interviewed. The persons concerned in the relevant events have not, in all cases, had an opportunity to comment on or to rebut the material.

Access to SOCOG's files and records, including confidential documents, was granted without reservation to the Review. In recognition of this access, all members of the Review and those assisting them signed confidentiality agreements which bound them not to disclose information so obtained except in the proper discharge of their duties with respect to the review or unless required to do so by law.

Prior to commencement of work, members of the Review provided declarations as to any perceived or potential conflicts of interest. These declarations were revisited at each meeting with the Joint Directorate and the Independent Observer.

4.4 What the Review did not Cover

The Review did not audit the ticket inventory. Nor did the Review verify the accuracy of information about ticket allocations to the public or any other market segment against inventory records. This task was beyond the resources of the Review. In addition, the audit trail does not exist to enable this to be done.

Ticketing for the 2000 Olympic Games

5.1 Venue Capacities

Ticketing an event like the Olympics is an immensely complex task involving millions of tickets. There are multiple venues at different locations at which sessions may run simultaneously, for a period of just over two weeks. The process involves features such as mail order and balloting which are probably unique. The Olympic ticketing process involves the following:

- determine the overall or gross seating capacity available;
- determine the number of seats lost at each event ("seat kills");
- determine the gross seating capacity to be reserved free of charge for the "Olympic Family", athletes, sporting officials and accredited media (required by Rule 66 of the Olympic Charter);
- determine the gross seating capacity to be reserved for sale to the IOC, International Sporting Federations ("IFs"), National Olympic Committees ("NOCs"), broadcasters and international sponsors and any other persons entitled to purchase tickets under contracts with the Olympic Games Organising Committee ("OCOG");
- identify the various categories of buyers for the remaining seating capacity;
- determine the pricing of tickets and obtain the approval of the IOC Executive Board for a pricing schedule;
- market and sell tickets to the various customer groups identified;
- distribute tickets; and
- manage any re-distribution of tickets made possible by returns from groups such as NOCs, sponsors and IFs.

The ticketing for an Olympic Games must begin before venues have been finished, or in some cases even built. For example, where temporary structures are to be used, they may not in fact be erected until some months or even weeks before the Games begin. It is necessary for the OCOG to estimate each venue's seating capacity and configuration.

Even when the building of a particular venue, for example the main Olympic Stadium, is finished there is still further work to be done to work out how many seats will be available and in what locations. For each venue, an Olympic overlay needs to be prepared. The Olympic overlay is the configuration of the venue for the Olympic event or events which will be held in that venue. If used for more than one sport, a venue may need more than one overlay, for example because the two different sports have different field layouts or score lines. The Olympic overlay also needs to take account of special flags and banners, loudspeakers, scoreboards and commentary positions. For Opening and Closing ceremonies the elements of the staging of the ceremonies must be taken into account.

After identifying each of the venues which will be used and their estimated net capacity, the next step is to organise and finalise (as early as possible) the schedule for each sport - the number of games or sessions and their dates and times. This will usually involve extensive negotiations between the OCOG and each IF. The relevant IF for each sport signs off on the schedule for that sport. There have been changes, after sign off, to some schedules, for example, the athletics schedule.

The final number of tickets available at an Olympic Games cannot be known with certainty until quite close to the Games. Calculations and re-calculations of the numbers of tickets are being undertaken constantly.

Provision has to be made for “seat kills”, seats which cannot be sold because they have poor sight lines or which will be “killed” by media commentary positions and press tables. Each commentary position “kills” approximately 8 seats and each press table “kills” three seats. This provision is the principal element of the contingency. SOCOG currently has approximately 600,000 seats held as contingency. Tickets held in contingency can be released for sale as venue overlays and commentary positions are finalised.

For example, as at August 1998, SOCOG’s best available estimate of the total number of tickets available was 9.6 million. By October 1999, as a result of further development of venues and competition schedules, this had changed to 9.2 million tickets. It is also worth noting that up to 180,000 seats will be temporary.

Detailed seating charts are prepared taking into account seat kills and then loaded into a ticketing system which can then allocate specific seats and track ticket distribution.

5.2 Commitments under Olympic Charter and Contract

(a) Introduction

SOCOG has obligations to provide tickets free of charge to the Olympic Family and the media under the Olympic Charter. It also has obligations to sell tickets pursuant to the Host City Contract and other contractual arrangements it has entered into with:

- The IOC
- The AOC
- International Sporting Federations (IFs)
- National Olympic Committees (NOCs)
- Sponsors
- Broadcasters
- Hotels

These obligations must be satisfied before tickets can be made available to the Australian public. According to the news release issued by SOCOG on 25 October 1999, 3,964,491 of the 9,265,373 total capacity is already committed as a result of SOCOG’s commitments under the Olympic Charter and contracts to the IOC, International Sporting Federations, NOCs, the media (including broadcasters), sponsors, holders of Stadium Australia memberships and Stadium Gold passes, the Olympic Club, hotels and for corporate suites. Of this total, the largest single allocation is 1,225,045 for accredited media and purchase by broadcasters.

(b) Rule 66

Rule 66 of the Olympic Charter and the IOC Entries for Sports Competitions and Accreditation Guide 1995 (“the Accreditation Guide”) which forms Appendix B to the Host City Contract both contain detailed rules concerning accreditation and the provision of reserved seating free of charge to accredited persons. It appears that over time the categories of accredited persons, and therefore the total number of accredited persons, has been gradually increasing overtime.

The IOC is ultimately responsible for determining who is entitled to accreditation and its decisions are final.

Rule 66 also specifies the “free” seats which must be reserved at Olympic events. These seats are free in the sense that no charge is made for them. These seats are therefore not available for sale to sponsors, the public or anybody else. The seats which must be reserved under Rule 66 in the main stadium (in Sydney’s case the Olympic Stadium) are set out in Appendix A.

The accreditation and reserved seating rules contained in Rule 66 of the 23 July 1992 version of the Olympic Charter and in the Accreditation Guide are complex. The interpretation and application of the rules, in order to ascertain how many seats must be reserved for those with accreditation, involves discretionary elements. Rule 66 also takes no account of the capacity of the main stadium or other venues. The same number of tickets potentially has to be reserved at each venue and for each session of each sport. In practice, judgment is required to work out which sessions are likely to have a high attendance by accredited persons and those which are not. In general terms, accredited persons are less likely to attend early morning sessions or preliminary sessions than finals and evening sessions.

Attempts to reduce the number of accredited seats is always resisted as the various groups entitled to accreditation fear that if they reduce their numbers for one Olympics they will be unable to increase them in future years or, if for one event, they will have difficulty in obtaining a seat in a popular event. However, John Bosiljevac, Program Manager Ticketing Operations, told the Review that Ticketing Operations had information about the numbers of accredited seats reserved at the Atlanta Olympics which they have used as a guide or bench mark. The allocations of some accredited groups have been reduced from the number of seats they had in Atlanta after negotiation.

(c) Athletes

Clause 4 of Appendix K to the Host City Contract (Provisions Regarding Olympic Protocol) provides that SOCOG must ensure that there are seats available in the main stadium at the Opening and Closing ceremonies free of charge for accredited athletes, coaches and team officials. SOCOG is also required to allocate “a *reasonable number* of admission tickets free of charge to accredited athletes, coaches and team officials who wish to watch competitions in sports other than their own. Clause 4 also provides that:

“...[S]OCOG acknowledges that, in small venues, the number of seats available to the general public may have to be restricted due to Olympic Family requirements”.

(d) IOC Guests

In addition, clause 5 of Appendix K requires SOCOG to provide to the IOC, at face value, (less any discounts or commissions which may be applicable in the circumstances), “*the tickets required by the IOC for its guests*”. SOCOG is responsible for the management of the distribution of such tickets to the IOC and its guests. No specific limitation is placed on the number of tickets the IOC may purchase under this clause.

(e) Joint Marketing Programme Agreement between SOCOG and AOC - 26 May 1995

Under this agreement, SOCOG agreed that the provision of tickets to the AOC to events at the games is “*important to enable the AOC to maintain its good name and relations with commercial and other supporters of the Olympic Movement*”. SOCOG also acknowledges that the AOC will have an obligation to provide tickets to State and Territory Olympic Councils, Olympic Fundraising Committees, members of present and past Australian Olympic Teams and their families, representatives of the Australian and State Governments and their departments, representatives of the Australian Sports Commission, the Australian Institute of Sport, State Institutes and academies of sport, officials of Australian national federations controlling sports on the Olympic programme and a reasonable number of the guests and friends of the AOC, its Executives and senior officers. According to the news release and media kit issued by SOCOG on 25 October 1999, the AOC has purchased just less than 1% of tickets.

(f) IOC Royalty

Under clause 40(d) of the Host City Contract and clause 11.1 of the Marketing Programme Agreement signed by the IOC, SOCOG and AOC on 10 November 1995, the IOC is entitled to a royalty of five percent of the value of the consideration of all contracts relating to the marketing of the Games, including on revenues for the sale of admission tickets. Under clause 11.5, the IOC is entitled to request its royalty be paid in cash and/or in tickets (at face value price). The royalty payment is due no later than 1 June 2000. If the IOC elects to receive part or all of its IOC royalty in tickets, it is entitled to select "*such cross section of events as it reasonably requires*". The IOC is given first choice of events and seats prior to any sale to the general public or any other third party.

(g) Contracts with NOCs

SOCOG has entered into an agreement with each of the 200 NOCs which governs the purchase of tickets by NOCs. NOCs are entitled to purchase tickets to sell to the residents of their countries. Some NOCs use a sales agent to on-sell the tickets. In those situations, the sales agent is a party to the agreement as well.

Precedent and previous experience are regarded by SOCOG as highly relevant when considering orders for tickets from NOCs. Although each NOC has been permitted to order any number and mix of tickets it likes, provided it complies with a set ratio of high demand and lower demand tickets, SOCOG has assessed orders to see whether the NOC in question is likely to be able to actually pay for the tickets it has ordered. SOCOG has also considered whether an NOC's order has increased from its order for Atlanta (as SOCOG has this information). SOCOG is anxious to prevent NOCs buying tickets to on-sell them at vastly increased prices on the black market.

Clearly dealing with orders for tickets from NOCs involves an element of discretion. Although the agreements also permit SOCOG to cancel an NOC's order if it fails to make a progress payment, the review has been told that this is in fact dealt with on a case by case basis and that NOCs can have their orders cancelled and reinstated. It is also clear that the total number of tickets which will be purchased by NOCs will not be finalised until after January 2000..

(h) International Sporting Federations

SOCOG has also entered into Co-Operative Agreements with most of the 28 IFs. These agreements are all very similar. They require SOCOG to "*make reasonable endeavours to make a limited number of tickets available*" to a Federation for its sport or discipline. These tickets are in addition to those provided under Rule 66 and are used by the IFs for guests and officials not entitled to accreditation and a reserved seat. Some agreements impose a minimum number of tickets which must be provided. The IFs acknowledge that access to tickets is subject to demand and availability.

(i) Sponsors

SOCOG has entered into a hospitality package contract with each of its Team Millennium Sponsors, other sponsors, supporters and providers. Although the contracts with the larger sponsors obviously involve more tickets, most of these contracts follow the same general approach. A sponsor will be entitled to a specified number of tickets to the opening and closing ceremonies and per day for each hotel room made available to it by SOCOG (but paid for by the sponsor). Sponsors purchase their tickets at face value.

(j) Broadcasters

Members of the media with accreditation under the Olympic Charter are entitled to reserved seating free of charge. In addition, SOCOG has entered into agreements with five commercial broadcasters under which those broadcasters may purchase tickets.

(k) Hotels and other Suppliers

SOCOG has obligations to provide hotel accommodation to sponsors, the IOC and other members of the Olympic Family and VIPs. In order to secure rooms at hotels at a capped price to satisfy these obligations, SOCOG has entered into agreements with about 300 hotels which permit those hotels to purchase tickets.

A small number of entities have been provided with tickets or the right to purchase tickets as part of the consideration paid by SOCOG for goods or services provided by those entities.

(l) Suites

Suites have been or will be built in some venues. The purchasers of these suites will be issued with tickets for the numbered seats in their particular suite or suites.

(m) Olympic Club

SOCOG has agreed to provide 72,000 tickets to the Olympic Club established in early 1998. These tickets are being used for weekly ballots of Club members.

(n) Stadium Australia

For events held in the Olympic Stadium, tickets have already been purchased through the Stadium Australia and Stadium Gold offers.

5.3 Public Perception of the Sydney Games

In February 1999, an Independent Examiner was appointed to conduct a review of the processes followed by the Sydney Bid Company in conducting its bid for the Year 2000 Olympic Games. The review was conducted against a background of allegations of improper conduct in respect of Salt Lake City's bid for the 2002 Winter Games.

Whilst the examination concluded that the "Bid Company's corporate governance and professionalism was consistent with that found in a well managed and successful company" it did highlight a number of deficiencies in the IOC bidding Guidelines which could be construed to the benefit of IOC members or their respective NOC's.

The market research available to SOCOG in the period leading up to the release of the Ticket Book on 30 May 1999 suggested that there was still a degree of negativity towards the Games as a result of the allegations which had been raised against IOC members and that people thought ticket prices were high.

5.4 Limited Success of Olympic Products

In 1996 Stadium Australia issued a prospectus offering 34,400 Gold Memberships at \$10,000 each and 600 Platinum Memberships at \$30,000 to the general public.

As part of the membership package, the purchaser was entitled to attend all Olympic events held in the Stadium.

The float closed in March 1997 with 23,618 Gold Packages still unsold. This, as recorded in minutes of meetings of the SOCOG Board, was a matter of significant concern to SOCOG in relation to its revenue projections.

The underwriters subsequently proceeded to market a “de-stapled product” (without ongoing Stadium membership) called Stadium Gold to the market, again with limited success. In June 1998, primarily to protect its sponsors from “ambush marketing” and control its ticket pricing, SOCOG purchased back 10,895 packages at a total price of \$57.2 million.

In February 1998, SOCOG launched the Olympic Club. Club members would be entitled to purchase Olympic products and also have the opportunity to win tickets to Olympic events through a weekly draw. A total of 72,000 tickets were allocated to the Olympic club. The Club did not achieve forecast membership numbers. By the end of December 1998, liabilities exceeded assets and in July 1999 the Club was acquired by SOCOG.

The failure of the Stadium package sales and the disappointing results in relation to the Olympic Club initiative gave rise to further concern for SOCOG that ticket revenue projections would not be achievable.

The above specific reasons for concern were in addition to the general uncertainty about how successful ticket sales would be 18 months out from the Games through an unprecedented process of public offer and mail order.

5.5 Social Equity Issues

Whilst the Board and management were concerned, at an early stage, to ensure that the Games remained accessible to all sections of the Australian public, a number of representations were being made by various welfare and social interest groups to ensure that this occurred. The Olympic Co-ordination Authority had established a Social Impacts Advisory Committee in 1996 chaired by the Reverend Harry Herbert, to articulate relevant social equity concerns, including accessibility of tickets to disadvantaged Australians. A number of the issues were addressed through the Olympic Opportunity Program and the “D” tickets, their protection from cascading in the ballot and the price regime (see section 6.7 below).

5.6 The Budget and Revenue

The original ticketing gross revenue in the Bid Books was \$247 million. The figure included in the Games Budget, developed in 1993, was \$228 million (adjusted for inflation as at 1996), representing 14% of total income of \$1,993 million. In the Project Budget presented to the Finance Committee and the SOCOG Board in February 1997, the gross revenue target from ticket sales had risen to \$497 million. It was noted in the minutes of the Special Board meeting held on 27 June 1998 that the re-forecast gross ticket revenue target had been set at \$601 million, which represents nearly a quarter of SOCOG’s budgeted income. Much of the increase from \$497 million to \$601 million was forecast to come from the sale of special packages, including packages of tickets to be sold at a premium over face value. Since June 1998, the net revenue target for ticket revenue has been revised upwards again to \$607.9 million (Financial Report as at 30 September 1999 provided to the Board on 21 October 1999).

Since 1997, ticketing revenue has become an increasingly important element in assisting SOCOG to meet its revenue targets and thus to meet its expenditure needs. Ticketing revenue issues, rather than ticket allocation issues have been the major focus.

5.7 Roles and Responsibilities

(a) *The Board of Directors*

SOCOG's supreme governance body is the Board of directors. Under the SOCOG Act, SOCOG has the same legal capacity and powers as a company under the Corporations Act. Section 5(1) of the SOCOG Act provides that SOCOG cannot render the State of New South Wales liable for any debts, liabilities or obligations unless otherwise expressly provided for by legislation, or by the Host City Contract, the Endorsement Contract or the Bid Books. Section 9(2) provides that in carrying out its primary objective, which is to stage the Sydney 2000 Games, and in exercising its functions, SOCOG is:

- to act in a financially sound and responsible manner;
- to have regard to the limits of the financial resources available to it and to the State for the purposes of the Games; and
- to use its best endeavours to avoid the creation of debts and liabilities (including those that are, or are likely to become, the responsibility of the State) that will extend or are likely to extend beyond the winding up of SOCOG, which must take place on or before 31 March 2002.

These sections clearly require SOCOG to act in a manner that minimises potential financial risk and exposure to the State of New South Wales. Consecutive State governments since 1993, when Sydney won its bid for the Sydney 2000 Games, have proceeded on the basis that the State must not be left with an outstanding debt at the completion of the Games.

The directors are required to "exercise the degree of care and diligence that a reasonable person in a like position in a corporation would exercise in SOCOG's circumstances" (section 24 of the SOCOG Act). However, instead of being elected by shareholders, the directors are appointed by a range of nominators such as the New South Wales Government, the Commonwealth Government, the IOC and the AOC. The President, who acts as Chairman of the Board, is the Minister for the Olympics.

The SOCOG Act requires, that in exercising its functions, SOCOG take into account, to the fullest extent practicable, the following:

- The Olympic Charter
- The Host City Contract
- Instructions from the IOC (as contemplated by the Host City Contract)
- Representations, warranties and covenants in the Bid Books
- The Endorsement Contract

Quite clearly, therefore, SOCOG has to meet a complex set of financial, political and social objectives, and operate according to a very different set of external constraints and influences than does a private sector business. SOCOG is also an unusual company in that it has been created for the purpose of planning and conducting a single event, or rather a series of related events, on an enormous and international scale. Although there are other companies in the "event" business, none conduct events on the same scale as an Olympic Games.

The Board of a large corporation cannot manage the corporation's day-to-day business. That function must by business necessity be left to management. The Board is entitled to rely on management to do so and to rely on information and advice received from management. However, the Board is required to set policy and to take reasonable steps to place itself in a position to guide and monitor management.

(b) *The Ticketing Sub-Committee*

The Board agreed to the formation of a Ticketing Sub-Committee at its meeting on 28 February 1997. The Committee was to be comprised of Graham Richardson (Chair), John Valder, John Coates and Donald McDonald. Its initial focus, according to the minutes of the meeting, was to be on revenue from ticket pricing and social impact issues, while still achieving budgeted revenue. In early 1998, the Sub-Committee split into two in order to deal with Graham Richardson's conflict of interest as a result of his employment. One, chaired by Donald McDonald, was to focus on the ticketing distribution process. The other, chaired by Graham Richardson, was to investigate pricing and equity issues. In practice, the conflict of interest was managed by Graham Richardson leaving meetings where appropriate.

Whilst other committees or commissions established by the Board (such as Audit and Finance) have been established in terms of a governing charter, no such document exists in regard to the Ticketing Sub-Committee. The Ticketing Sub-Committee did not, unlike most other Board Committees which met monthly, meet on a regular basis and was described to the Review as more of an "ad hoc" committee which met when issues were brought to it by management.

(c) *Management*

The SOCOG Act makes specific allowance for the delegation of functions to the Chief Executive Officer ("CEO"). Reporting to the CEO at 30 June 1999 was a deputy CEO and four Group General Managers, of whom one, Paul Reading, was responsible for a number of divisions including ticketing and legal. This structure was described in the 1999 annual report and is attached in Appendix B.

Within the Ticketing Division, there are three programs, Ticket Marketing, Ticket Packages and Ticketing Operations. The structure of the Ticketing Division is set out in Appendix C. The management structure is such that the chain of command/responsibility from the Board to management is supposed to be exclusively through the CEO, Sandy Hollway. However, in relation to ticketing this structure was not adhered to. On many occasions, reports were made directly to the Board by members of management without first being authorised by the CEO. Of particular importance to this review is the fact that Ticketing Division Reports by Paul Reading fell into this category.

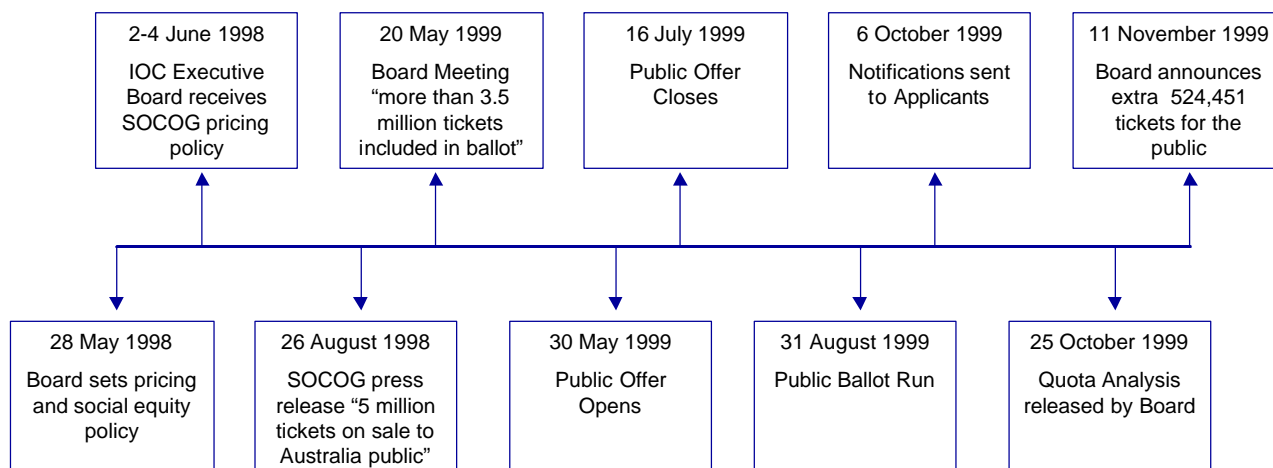
The bypassing of the official structure also worked in the reverse direction. For example, the President has a working involvement with management and has informed the Review of conversations with operational staff in relation to ticketing issues at which the CEO may or may not have been present.

The effect of these practices has been a diffuse delegation of functions and a CEO who cannot have been fully appraised of all matters being reported to his Board. This may explain why he did not have full knowledge of the way in which ticket quotas are allocated.

Section Six

Tickets for the Australian Public

6.1 Timeline



6.2 Introduction

On the night of 31 August 1999, the ballot was run. According to SOCOG's 25 October 1999 press release, the number of tickets in the ballot was 3.08 million. In numerous press releases and statements made by SOCOG prior to 31 August, the public was informed that there would be 3.5 million tickets in the ballot. The Ticket Book referred to 5 million tickets. In their letter addressed to Sandy Hollway dated 1 October 1999, the internal auditors, Arthur Andersen stated that the quota made available during the allocation process was 3.13 million.

A focus of the Review was to ascertain whether there were in fact 3.08 million tickets in the ballot and who knew this and when. A further question was why there were less than 3.5 million tickets in the ballot.

The Review was asked to establish what SOCOG's policy was in relation to tickets for the public, to track any changes to the policy and to match the policy against public statements made by SOCOG and against SOCOG's records.

6.3 Public Quota Policy

Insofar as it can be said that the Board set a policy in relation to ticketing issues generally, that policy was first set at a Special Meeting of the Board of Directors held on 28 May 1998. Subsequent to the 28 May 1998 Board meeting, Board meetings and Ticketing Sub-Committee meetings were held which passed resolutions and discussed matters which had the effect of augmenting the policy determined on 28 May 1998. These further additions to the policy were not codified into a document which captured any overall ticketing policy.

The 28 May 1998 Board Meeting

Phil Tully, at the time General Manager Project Management and Special Tasks, presented on the processes that had been undertaken to determine the appropriate Ticket Pricing Policy. He reported that SOCOG personnel had had meetings over a period of time with overseas and local ticketing experts and ticket prices had been considered both vis a vis Atlanta and local major events. Phil Tully distributed to members of the Board a table showing three suggested Ticketing Revenue Options for SOCOG to take to the IOC Executive Board for approval.

Following the presentation, the Board passed a number of resolutions including the following:

- to endorse the second of the three ticketing revenue options presented to the Board;
- to endorse the policy "Sydney 2000 - An Experience for all Australians" which provided a policy on ticketing and session arrangements for disadvantaged Australians and school children (1,739,580 tickets in total); and
- to approve the development of a system to allow for full cascading in all ticket brackets apart from Category D and Social Equity tickets.

The minutes record that in answer to questions from Board members, Phil Tully advised that it was anticipated that 5.5 million tickets would be sold from a total of 7.4 million.

The "Ticketing Equity and Pricing Policy" papers prepared by Phil Tully and John Bosiljevac for this meeting were substantial.

Document 1 was a ticketing revenue summary showing a total revenue from ticket sales of \$623.6 million (based on the first of the three schedules of prices or revenue options submitted to the Board). The summary is said to have been constructed by multiplying the ticket prices by anticipated seat sales for each class of seat in each session for each sport and allowing for forecast unsold tickets.

Document 6 was a quota analysis by price range and quota groups. The public quota was shown as having the following percentages of the following price range tickets:

Total % tickets in price range	Total	% to public
< \$20	20.63	6.42
\$20 - \$60	48.44	19.66
\$60 - \$100	15.22	7.64
\$100 - \$200	8.94	4.41
\$200 +	6.77	2.33
	<u>100.00</u>	<u>40.46</u>

According to this document, the public would be allocated somewhere between 30% and 50% of all tickets in each price range.

Document 9 was a quota breakout in all groups. This document showed:

Gross number of tickets	9,675,300
Less required for Rule 66	<u>2,234,225</u>
Ticket available for sale	7,441,075
Less expected to be sold to sponsors, IOC, etc	<u>2,416,355</u>
Available for sale to Australian public	5,024,720

Document 12 listed the total number of publicly available tickets via the Ticket Book 5,024,720 tickets (see above). It also listed Olympic Club tickets (72,000), Stadium Gold tickets (640,800) and a number of tickets available through sponsors (estimated 200,000). The total was 5,937,520 or 73.46% of all tickets available for sale to Australians (ie, excluding the Rule 66 tickets) or 61.36% of gross tickets (ie, including Rule 66 tickets). The tickets to be available through the Ticket Book were shown to be 62.17% of tickets available for sale and 51.93% of gross tickets.

Although there was no specific adoption by the Board of a public quota of 5 million tickets or 52% of gross tickets, the Board clearly endorsed the relevant revenue option on the basis of the assumptions set out in the accompanying papers. Members of the Board interviewed by the Review expressed an understanding dating from around this time that there would be 5 million tickets for the Australian public.

The 1998 Annual Report of SOCOG includes the following statement:

During the financial year Ticketing developed quota policies for all market segments and constituent groups, prepared a scope of works for its Core Ticketing System and received tenders for this system. A detailed 2000 Games Ticket Strategy and Pricing Policy was finalised and approved by the SOCOG Board in May 1998. It includes a model, method and detailed policies for ticket production, distribution, pricing and access. The strategy was submitted to the IOC for approval in June 1998.

The June 1998 Presentation of the SOCOG Ticketing Policy to the IOC

In the period 2 to 4 June 1998, SOCOG presented its ticketing policy, including its schedule of proposed ticket prices, to the IOC Executive Board for approval. Under the Olympic Charter, the IOC is required to approve the "system of distribution for admission tickets to all events and the prices thereof". The system and prices must be submitted to the IOC Executive Board no later than 2 years prior to the opening ceremony of the Games (clause 38 of the Host City Contract).

The papers presented to the IOC contained similar statements in relation to tickets for the public as were contained in the papers for the 28 May 1998 Board Meeting.

The IOC notified SOCOG that its pricing policy was accepted by letter from Francois Carrard, Director General of the IOC, to Sandy Hollway dated 20 August 1998.

The 30 July 1998 Board Meeting

The minutes of the Board meeting of 30 July 1998 record that Sandy Hollway updated the Board on discussions with the IOC about SOCOG's ticket prices. The minutes also record that Sandy Hollway highlighted matters to be formally submitted to the Board at a Special Board meeting to be held on 13 August 1998, including that "SOCOG had the discretion to take some 66,000 tickets out of the pool for packaging and consideration was being given to increasing this number".

The 13 August 1998 Board Meeting and August Press Releases

The minutes of the Special Meeting of the Board on 13 August 1998 record that the "overall arrangements for the proposed distribution of tickets were noted." It is not entirely clear from the Board papers what these overall arrangement were.

An attached board paper titled "SOCOG Ticket Distribution Policy" written by Phil Tully states, in the first paragraph, that the content of the document is an outline of when and how tickets to be sold within Australia will be sold, who will be able to purchase them and in what quantities. In relation to "Olympic Opportunity" tickets, the paper states that these will be available in September 1999, after the public ticket offer and will contain approximately 1.5 million tickets, with 750,000 specifically reserved for schools.

There is no record in the minutes of the decision, foreshadowed in the minutes of 30 July 1998, to increase the number of tickets which SOCOG could take out of "the pool" for use in ticket packages.

August 1998 Press Releases

A number of press releases were issued by SOCOG on 26 August 1998. The main theme of the press releases was that there were 5 million tickets on sale to the Australian public, including 1.5 million tickets which would be available to school children and to help people who are financially disadvantaged to attend the Olympic Games. A pie chart which was included in the press material released at this time, showed that the "public ticket offer" would be 52% of all tickets.

18 February 1999 - Board Meeting

The minutes of this board meeting record that the Board was informed by Lisa Hickson, at the time, Project Manager VIK, of a quota issue in relation to Olympic Opportunity tickets. Due to the price range, some entire sports or sessions would be allocated to Olympic Opportunity with the result that tickets for some sessions would not be available in the public ballot. It was recommended that a limited quota of certain Olympic Opportunity tickets be offered through the public ballot and that the decision on the actual number to ensure that equity was maintained be made by monitoring demand as orders were received by SOCOG in August. The Board agreed that the Ticketing Sub-Committee be authorised to sign off on any outstanding matters in order that production and distribution of the Ticket Book could proceed, as well as quota and pricing issues which needed to be finalised before the next Board meeting.

8 March 1999 - Ticketing Sub-Committee Meeting

The minutes record that the Sub-Committee endorsed the inclusion of a limited quota of certain Olympic Opportunity tickets, priced at \$19 and under, in the ballot, the reason being that in some cases the entire sport or entire sessions would not otherwise be represented. The decision as to the exact number to include was left to be made in August after monitoring public orders and further discussions with the Board.

20 May 1999 - Board Meeting

A briefing paper prepared by Lisa Hickson, Program Manager Ticket Marketing, included among the Board papers and provided to Board members at the close of the meeting to assist them in answering media enquiries, stated that the 30 May offer would include the vast majority of the tickets set aside for Australians, more than 3.5 million tickets.

13 August 1999 - Ticketing Sub-Committee

The minutes record that the Sub-Committee discussed Sports Passes for the following purpose:

To approve holding back final tickets (and tickets to all sessions) to certain sports where we believe there will be a high number of unsold seats in earlier sessions. Package these tickets to leverage ticket sales of unpopular sessions.

The Review was concerned, on reading these minutes, that tickets which were, as at 13 August 1999, intended to be included in the ballot were withdrawn from the ballot so they could be sold outside the ballot as part of a Sports Pass package. The Review was informed that the discussion related to the inclusion of tickets in the second round of the public ballot to be packaged with unallocated first round (unpopular) tickets. Graham Richardson told the Review that the source of the finals tickets for the packages were tickets removed from the first ballot. John Bosiljevac told the Review that this was not the case and that he had to take "new" tickets for popular sessions from other quotas (eg, sponsors). The Review has not been able to verify which is correct.

A paper attached to the minutes, and written by Lisa Hickson, concludes that any public relations risk of denying the public individual tickets to a specific session through the public ticket offer and then offering a Sports Pass in Round 2 (which includes such a ticket), is considered low because, with the Sports Passes, SOCOG is simply continuing to offer product which was not sold out.

6.4 The Ticket Inventory

The ticket inventory, in effect, the database of seating capacity and/or tickets, is maintained by John Bosiljevac and his team in Ticket Operations.

John Bosiljevac and several of his team members have prior experience in Olympic ticketing, having been involved with the ticketing for the Atlanta Games. John Bosiljevac also told the Review that he worked on the ticketing for the World Cup in 1994 in Los Angeles.

The computerised ticketing system is relatively complex. It keeps track of 34 venues, 28 sports and more than 640 sessions within those sports. It manages venue changes, seat kills (as press requirements are clarified and made clear), and the receipting of ticket applications and issuance of tickets.

For each venue, there are up to 4 price categories of seating, A, B, C and D. In many cases, the exact capacity of each category is yet to be confirmed. Seating and the issue of tickets are tasks yet to be undertaken.

Space within each venue is reserved by reference to the various market segments which are involved. The establishment of the various market segments within the system and the allocation of space to them is a continuing process.

Each market segment within the system is referred to by Ticket Operations as a bucket - a bucket of space or, later, a bucket of tickets. In simple terms, what one begins with is a big bucket of available tickets. Out of the available bucket is drawn the space or the tickets for each other bucket. A bucket is sometimes referred to as a quota. There is always, right until the end of the process, a contingency bucket which is reserved for sufficient space or tickets to cover contingencies such as venue changes which decrease space and seat kills. The space within the contingency bucket decreases as the information about venues, seat kills and so on becomes more certain.

The Review has been told by John Bosiljevac that the public bucket was not created, ie taken from the available bucket, until shortly before the running of the ballot. This is confirmed by the internal auditors, Arthur Andersen.

The exact number of tickets in the public bucket was not known until immediately before the ballot was actually run. The exact mixture of tickets within the public bucket was similarly not identifiable from the ticketing system until the public bucket was created.

Prior to the Ticket Book being issued, neither the Board nor Ticketing Senior Management requested or was given a detailed breakdown of what tickets were available for the public within each session of each sport and within each price category. With the exception of the 23 August incident (see paragraph 6.6 below), nor did they request such information before the ballot was run.

The Board has never been provided with information, nor has it requested to be provided with information to place it in a position to sufficiently understand the complexities of the ticketing system. The Review is also of the opinion that neither Sandy Hollway nor Paul Reading understand the system sufficiently so as to effectively monitor its operation. The Board, and both Sandy Hollway and Paul Reading were under the impression that there would be 3.5 million tickets to be distributed in the ballot. If tighter monitoring and reporting mechanisms had been in place, they would have realised that this was not necessarily the case.

6.5 The Running of the Ballot

The ballot commenced on the evening of 31 August 1999 and ran until the following morning.

Before the running of the ballot commenced, Arthur Andersen was provided with a file containing the input data, including the public quota. On this file the quota totalled 3,133,198 tickets. Arthur Andersen also ensured that controls were in place which meant that although certain changes could be made to the system during the running of the ballot, all such changes would leave an audit trail. Two changes were made to the quota file during the running of the ballot. One of these changes was made with the knowledge of Arthur Andersen and one was not. The changes were as follows:

- with the knowledge of Arthur Andersen, 13,960 Sports Passes were removed during the running of the ballot. The Review is informed that the Sports Passes were removed necessarily because they were made up of tickets which were also being offered individually as part of the ballot - ie, they represented a duplication of tickets; and
- without the knowledge of Arthur Andersen, 13,272 mountain bike and equestrian tickets were added during the running of the ballot. John Bosiljevac has told the Review that the tickets were "taken" from the Olympic Opportunity quota and added to the public quota because demand for the tickets was "overwhelming". John Bosiljevac informed the Review that he added the tickets because he formed the view, at the time, that the tickets could be made up, in effect by simply creating an additional 13,000 tickets for the event. He said this is possible because the 3-day equestrian and mountain bike events are not ones that involve seating.

Incorrectly included in the quota file were 51,975 Olympic Opportunity tickets for various events which could never have been sold through the ballot process because they were not offered for sale in the Ticket Book. They were intended to be sold at a later time as part of the Olympic Opportunity program. At the request of Michael Knight, Arthur Andersen provided the following reconciliation in a memo to Michael Knight dated 1 November 1999:

Tickets in quota file presented to Arthur Andersen on 31 August 1999	3,133,198
Less Sports Pass duplicate tickets	<u>13,960</u>
	3,119,238
Add Equestrian and mountain bike events' tickets	<u>13,272</u>
	3,132,510
Less Olympic Opportunity Tickets not allocated	<u>51,975</u>
Quota figures used by SOCOG	<u>3,080,535</u>

A further error was discovered in October in relation to 35,234 Olympic Opportunity tickets which also should not have been included in the ballot but were included and, although not included in the Ticket Book, were sold to the public as a result of the cascading down process. These tickets were referred to in the news release issued by SOCOG on 25 October 1999.

A further 47,428 Olympic Opportunity tickets were intentionally included in order that there would be tickets for the range of sessions offered in the Ticket Book. Although the inclusion of such tickets was endorsed by the Ticketing Sub-Committee on 8 March 1999, the number of tickets to be included was left to be determined by John Bosiljevac.

6.6 The Realisation that less than 3.5 million Tickets were Included in the Ballot

On or about 23 August 1999 and 2 September 1999 respectively, two printouts of information from the ticketing database showing the number of applications received were created by John Bosiljevac at the request of Paul Reading. Paul Reading, in turn, had received a request from Michael Knight for these details.

According to John Bosiljevac, the 23 August printout contained a number of errors. The printout shows a "provisional public ticket quota" (including contingency) totalling 3,873,875. At this time, the number of tickets in the public ballot had not been determined and no decision had been made by John Bosiljevac as to how many tickets he would release from contingency and other quota groups to include in the ballot. The Review was told by John Bosiljevac that he was of view at this time that he could, by the time of the ballot, reduce the tickets in the contingency quota to 500,000 and, based on the results of this printout, this meant that there would be approximately 3.3 million tickets in the ballot. John Bosiljevac told the Review that he was unaware of the errors in this report until the accuracy of the report became an issue in the context of the Freedom of Information applications that were made to SOCOG in late September.

John Bosiljevac told the Review that on 30 August 1999 he prepared a printout showing a number of total tickets in the public ballot quota of approximately 2.9 million. He said that he showed it to Paul Reading for the purpose of obtaining authority to run the ballot. Paul Reading says that he has no recollection of this occurring. The review could find no evidence in SOCOG's files of this printout or of John Bosiljevac's seeking Paul Reading's approval to the public ballot quota before commencing the ballot. Given the importance of the figure one would have expected it to have happened. If it did not, responsibility for it not happening lies with Ticketing senior management.

John Bosiljevac told the Review that the 2 September printout was created by him at the request of Paul Reading. Paul Reading had received a request from Michael Knight. Michael Knight had requested the information to assist him with his negotiations with the IOC concerning the changes to the published athletics program. The 2 September printout showed the total number of tickets in the quota as 2,998,561. This figure did not include the Olympic Opportunity tickets numbering 134,637 (35,234 plus 47,428 plus 51,975) which were added to the ballot.

Paul Reading told the Review that this was the first time he realised that the number of tickets in the public ballot was less than 3.5 million and that he reported this fact to Michael Knight in his capacity as President of SOCOG. Paul Reading told the Review that he did not recall reporting the shortfall to Sandy Hollway. Paul Reading also told the Review that at this stage he understood that the quota would not be released publicly.

Michael Knight recalls that Paul Reading drew the shortfall to his attention on 3 September, either in a telephone conversation or in person. Michael Knight told the Review that when he questioned the figures, Paul Reading explained to him that the figure of 3.5 million had always included a contingency which had to be excluded from the ballot. Michael Knight told the Review that his reaction to this was that he felt that the staff of SOCOG had always known about the contingency factor but had led the Board to believe that 3.5 million was a firm number.

Michael Knight told the Review that he discussed the inconsistencies between the information in the 2 September printout and a draft of the second stage Ticket Book with Sandy Hollway by telephone within a few days of him receiving the printout. Michael Knight assumed Sandy Hollway had a copy of the printout. Michael Knight does not recall specifically discussing the shortfall. The inconsistency related to a session marked as “sold out” in the draft second stage Ticket Book.

Sandy Hollway told the Review that he recalls the conversation with Michael Knight about possible inaccuracies in the second stage Ticket Book, realised that Michael Knight had some information that he was comparing the Ticket Book with, but did not see the printout until on or about 12 October 1999. Sandy Hollway told the Review that after his conversation with Michael Knight he told the Ticket Marketing section to make sure the second stage Ticket Book was accurate. Sandy Hollway does not recall discussing the shortfall in the public quota with Michael Knight at this time.

On 6 September 1999, Paul Reading met with Graham Paton and others from Arthur Andersen to discuss the ballot. Arthur Andersen told the Review that they had called the meeting because they were concerned that the public quota for the ballot was only 3.13 million yet the Ticket Book indicated that it should have been 5 million. Arthur Andersen told the Review that at this meeting Paul Reading informed them that the 5 million tickets was never intended to be in the ballot but rather was the total number of tickets expected to be made available to the public.

Sandy Hollway told the Review that he did not become aware that there was a shortfall until a few days before 12 October 1999. He said the Freedom of Information requests by the Sydney Morning Herald and other newspapers had been made and his focus was on the request for a session by session breakdown of information. A few days before 12 October 1999, John O'Neill or Lisa Hickson told him to forget about session by session issues, that the issue was that the total was less than 3.5 million.

John O'Neill and Lisa Hickson both told the Review that they first realised that there was a shortfall on or about 6 October 1999. They were informed of the numbers by Graham Paton at the time of the press release of 6 October 1999 which set out information about the results of the ballot and in which Graham Paton was involved.

It is puzzling that there was no great concern within SOCOG immediately following the discovery of that almost 500,000 ticket shortfall in the public ballot quota. The Review has not been able to determine why. It may have been confusion about whether it was always intended that the contingency be carved out of the public ballot quota. It may have been a confidence that, as venue configuration and seat numbers are finalised in the future, the contingency would be released to the public and that the public would have a total of 5 million tickets. It may have been the Board's decision that the quota information would not be published. Certainly, as it became known that the total and session by session quotas would become public, concern became widespread.

The Review has been told by John Bosiljevac that he has always considered that by the time the Games commence, 5 million tickets will have been made available to the public. He told the Review that this is not only his expectation, but an important driver in terms of his management of the ticketing system. He told the Review that he has been very conscious of limiting Rule 66 and other allocations to the extent possible in order to maximise tickets available for the public. He also told the Review that, in terms of putting tickets aside for the purposes of selling them at a premium, this was only ever done on the basis that the target of 5 million tickets for the public was maintained.

A considerable effort was made to ensure the widest possible uptake of tickets in the ballot. Lisa Hickson, Program Manager, Ticketing told the Review that the primary concern of the Ticket Marketing was to ensure that as many Australians as possible had an opportunity to enjoy the Games and this required a publicity campaign aimed at persuading the public to apply for tickets to sporting events that the public might not otherwise consider.

The Review has no reason to believe that the staff of SOCOG were intentionally withholding from the public tickets which might otherwise be made available. The intention was to derive revenue, but not at the expense of the 5 million public ticket target.

6.7 Olympic Opportunity Tickets

At the 28 May 1998 Board meeting, the Board passed a resolution to endorse "Sydney 2000 - An Experience for all Australians" which provided a policy on ticketing and session arrangements for disadvantaged Australians and school children. There were three parts to the policy that was approved:

- Part 1 - Schools and Welfare Organisations Olympic Experience Tickets, priced between \$10 and \$19 (1 million tickets);
- Part 2 - Australian Individuals Olympic Experience Tickets, priced between \$10 and \$19 (513,620 tickets); and
- Australian Individuals Olympic Experience Tickets priced over \$20 - concessionally discounted (225,960 tickets).

According to the accompanying background paper, the "experience" tickets covered a comprehensive range of events in a variety of locations, some seated tickets and some standing depending on the location.

An attached paper to the minutes of the Special Meeting of the Board on 13 August 1998 titled "SOCOG Ticket Distribution Policy" states in relation to Olympic Opportunity tickets, that these will be available in September 1999, after the public ticket offer and will contain approximately 1.5 million tickets with 750,000 specifically reserved for schools.

A memo dated 3 August 1998 from Phil Tully to Michael Knight, John Coates, Sandy Hollway, Paul Reading and others refers to the potential move of the baseball events from North Sydney to Blacktown and states that this move will reduce the number of tickets available for the social equity program. Options to generate additional seats are discussed in the memo.

From 26 August 1998 onwards, SOCOG continued to state publicly that there would be 1.5 million Olympic Opportunity tickets available a couple of months after the end of round one of the public offer.

In the news release of 25 October 1999 SOCOG detailed the current status of the Olympic Opportunity quota of tickets. Between August 1998 and October 1999, venue changes for rowing, baseball, mountain bike, cycling road race, equestrian, handball, hockey, canoe kayak, softball and volleyball led to a reduction in Olympic Opportunity tickets totalling 682,000 tickets. For example, a decision was made that road cycling at Centennial Park would be free or unticketed. This resulted in a reduction of 103,000 tickets. However, other changes to the venues for football, gymnastics, swimming and the triathlon had resulted in an increase of 183,000 tickets. Accordingly, the net reduction in tickets caused by venue changes was 499,000. According to the press release, 30,000 Olympic Opportunity tickets are being held in contingency and will be released later if possible.

In the news release of 25 October 1999 SOCOG also stated its intention to work on ways of identifying avenues to bring the total number of tickets to be offered back to 1.4 million, which is the original number of 1.5 million, less 100,000 tickets for the road cycling event which is now free.

6.8 The Ticket Book

Introduction

The Ticket Book was released on 30 May 1999 and constituted the first round offer of tickets to the general Australian public. Page 2 of the Ticket Book contained a message or letter from each of Mark Taylor and Sandy Hollway. The message from Mark Taylor stated that *"More than 5 million tickets have been reserved specially for us"*. The message from Sandy Hollway stated that there was a choice of *"5 million tickets, more than 640 sessions of 28 different sports"*.

It is fair to say that from 26 August 1998 onwards, a public perception was created that 3.5 million tickets would be available for purchase by the general Australian public through a Ticket Book to be issued around the middle of 1999 and that that number of tickets had been reserved or set aside by SOCOG.

Preparation of the Ticket Book and Marketing Approach

The preparation of the Ticket Book was co-ordinated or overseen by the division headed by Lisa Hickson, Program Manager Ticketing. Lisa Hickson is responsible to Paul Reading, Group General Manager Commercial. External advice on the Ticket Book was provided by George Patterson Bates. Market research conducted by Woolcott Research was also utilised by SOCOG.

Preparation of the Ticket Book began in late 1998. The Review has been told by Board members, management and staff alike, that SOCOG's focus in relation to the Ticket Book was on maximising its prospects of selling what was perceived to be a very large total number of tickets. There was a degree of concern that SOCOG would not reach the revenue target of \$120 million budgeted for ticket sales through the first offer to the general Australian public, particularly given that more tickets were to be offered than had been offered to the much larger American population for the Atlanta games. A decision was made not to single out less popular sports and/or sessions for promotion, but rather to promote all sports and sessions generally, in order to encourage the public to order tickets across a range of sports.

Market research conducted by Woolcott Research in early 1998 indicated that there was a public perception that the Australian public would not be able to buy tickets, as they were all going overseas to sponsors and other groups. SOCOG was aware that in Atlanta some sessions of some sports were not offered to the public at all, as there were insufficient tickets available after contractual and other commitments had been satisfied. A decision was made to market the first round offer of tickets to the Australian public on the basis that there would be tickets available to all sessions of all sports in a number of price categories. The view was taken that these marketing decisions would give SOCOG the best possible chance of selling as many tickets as possible to the general Australian public.

Verification Process

A first draft of the Ticket Book was prepared by 16 February 1999. It was provided to Paul Brown, SOCOG's Senior Legal Counsel. The first draft of the Ticket Book contained only one message/letter from Sandy Hollway. This message referred to 5 million tickets being available (ie through the Ticket Book). After reviewing the draft, Paul Brown prepared a memo setting out a suggested due diligence verification process for the preparation of the Ticket Book which would involve the Legal Division:

receiving each successive draft of the Ticket Book;

identifying each statement which needed verification and, where possible, the person who should verify the statement;

obtaining documentary evidence to support each such statement or, where the statement was a matter of opinion, a sign off that the statement is a reasonable opinion to hold; and

providing a legal sign off once the statements in the Ticket Book had been verified.

Paul Brown returned the first draft of the Ticket Book to Ticket Marketing with statements of fact requiring verification underlined, including the statement that 5 million tickets were available.

The verification process suggested by the Legal Division was followed in part. However, it did not incorporate a separation of the sign off responsibility for preparing the Ticket Book. Ticket Marketing, not the Legal Division, co-ordinated the provision of drafts of the Ticket Book to the various areas of SOCOG with the responsibility for providing information and obtained sign off from those areas. Some areas received the whole of a draft, others received only those parts which were relevant for the area. This process was followed with the agreement of Legal Division and Paul Reading.

By about 1 March 1999, a decision had been made to include a message/letter from Mark Taylor as a well-known sporting personality in addition to the message from Sandy Hollway. On 2 March 1999, a further draft of page 2 of the Ticket Book was sent to Paul Brown which contained both the message from Sandy Hollway and the new message from Mark Taylor. Both messages now referred to 5 million tickets. The Legal Division assumed that the figure of 5 million tickets had been verified, because it had been underlined in the first draft and now appeared, unchanged, in both messages in the further draft. Accordingly, although the Legal Division suggested some other matters be verified, no further mention was made of the 5 million figure.

A draft of the Ticket Book was provided to Paul Reading and to Sandy Hollway. Sandy Hollway was also sent the text of the two messages on 3 March 1999. Both contained the figure of 5 million. Sandy Hollway and Paul Reading gave their sign off on the Ticket Book on or about 3 March 1999.

Following further proofing, and the making of some minor changes, the Ticket Book was sent to the printer on 15 March 1999. A proof was provided to SOCOG which was checked again by Ticket Operations, Sport, Ticket Marketing, Editorial, a staff member representing the Look of the Games area, the Legal Division, Translations (in relation to the messages in arabic, french etc which appear on page 2), Football, the Sponsor Recognition area, Production and Design, a representative from Paralympics, a representative from the Olympic Arts Festival Area and by George Patterson Bates. Some very minor final lay-out changes were made and the proofs returned to the printer on 25 March 1999 for production.

Availability of Tickets - Understanding of the Board

According to documents provided to the Review by Ticket Marketing, plans were made in early February 1999 to provide the first draft of the Ticket Book to: the Sports Commission on 10 February 1999, the Multicultural Advisory Committee on 10 February 1999, the Cultural Commission on 17 February 1999, the Board on 18 February 1999 and the Ticketing Sub-Committee (a meeting date which was still to be confirmed). A review of the minutes of the Board and the Ticketing Sub-Committee indicates that Ticket Marketing provided presentations in relation to the Ticket Book at the meetings of the Board on 18 February 1999 and at the Ticketing Sub-Committee on 8 March 1999.

The minutes for the Board meeting on 18 February 1999 record that the “*cover design and the layout of the various pages were displayed*”. The minutes of the Ticketing Sub-Committee on 8 March 1999 record that the meeting was told that the Ticket Book contained a message (welcome) by both Sandy Hollway and Mark Taylor. The minutes of the Board meeting on 18 February 1999 record that the Board agreed, at the close of the meeting, that the Ticketing Sub-Committee was authorised to sign off on any outstanding matters in order that production and distribution of the Ticket Book could proceed in a timely manner. The minutes of the meeting of the Ticketing Sub-Committee do not record any approval being given for the Ticket Book.

Individual Board members interviewed by the Review, including members of the Ticketing Sub-Committee, recall seeing either the final version of the Ticket Book or drafts of parts or the whole of the book prior to 30 May 1999. They also understood that a verification process had been undertaken in relation to the Ticket Book although it is not clear whether they assumed that this was primarily the responsibility of Ticket Marketing or the Legal Division. They did not understand that the Board or the Ticketing Sub-Committee was asked to approve the Ticket Book at any time, although they provided their individual views or comments on the look of the Ticket Book. Donald McDonald, for example, informed the Review that he recalls being provided with a draft Ticket Book. His understanding was that Ticket Marketing had primary responsibility for preparing the Ticket Book, but that the Legal Division would have a role in ensuring that the information in the Book was checked. Both Donald McDonald and Graham Richardson expressed the view that the members of the Board were obviously not in a position to check the accuracy of the information in the Ticket Book. Nick Greiner also recalls seeing the Ticket Book at a Board meeting, but does not recall noticing the messages from Sandy Hollway and Mark Taylor. Michael Knight recalls seeing a late draft of the Ticket Book but did not notice the messages.

The Board and the Ticketing Sub-Committee were not provided with, nor did they seek, information as to the number of tickets available to the public in each session or price category. Like Ticket Marketing, the Board and the Ticketing Sub-Committee assumed that a reasonable number of tickets would be available for sale to the public in each session and in each price category. It is unclear how such an assumption could be justified.

Availability of Tickets - Understanding of Ticket Marketing Division

Ticket Marketing assumed from SOCOG's previous public statements that 3.5 million tickets in total would be available for allocation to the general Australian public through the Ticket Book. According to Lisa Hickson, it was simply treated as a “*given*” from August 1998 onwards that SOCOG would have a total of 5 million tickets to sell to the public, 3.5 million of which would be available for the first round offer through the Ticket Book. This was also the view of John O'Neill who understood it to be “*close to a fixed number*”.

There appears to have been a general awareness amongst staff of the Ticket Marketing Division that some sessions of very popular sports would be oversubscribed, for example, swimming finals. Ticket Marketing was also concerned that a perception that tickets were scarce for high demand sports and sessions might lead to a decrease in interest in other events. In the final three weeks before the first round offer closed on 16 July 1999, SOCOG's advertising campaign emphasised the availability of tickets in the \$20 to \$50 price range and that tickets to some events, for example swimming sessions and the Opening Ceremony, were likely to be oversubscribed.

Neither Ticket Marketing nor the Legal Division knew the total number of tickets available for each session of each sport by price category at any time prior to the release of the Ticket Book. However, the Review was told that Ticket Marketing expected that a “reasonable” number of tickets would be available in all sessions and in all price categories. Neither area of SOCOG gave consideration to the prohibitions against bait advertising.

Ticket Marketing staff seem to have understood that SOCOG’s commitments to groups such as sponsors, the Olympic Family and NOCs would have an impact on the number and mix of tickets available for the general Australian public and that the number of tickets available to the public is, in effect, a balancing figure left after other commitments have been satisfied. Ticket Marketing staff did not know that the figure of 3.5 million included any provision for contingency.

Staff in Ticket Marketing told the Review they sought information from Ticket Operations as to the number of tickets available for the public for each session and by price category on a number of occasions between late 1998 and 30 May 1999 for use in its preparation of SOCOG’s marketing campaigns. These requests, the Review was told, were refused by Ticket Operations on the basis that it was too difficult to provide this information, given the fluid nature of SOCOG’s commitments to other groups and venue capacity issues and that Ticket Marketing simply did not need this information. Staff in Ticket Marketing have told the Review that they were assured that there would be lots of tickets for each session.

John O’Neill told the Review that he took steps in February 1999 to obtain information about the number of tickets which would be available for sale to the public for marketing purposes. He was informed by John Bosiljevac that if demand for NOCs and sponsors was as strong as John Bosiljevac anticipated in some sports, then SOCOG’s sales job would not be as difficult as anticipated. John O’Neill asked John Bosiljevac if he had information on paper which would show how many tickets they would need to sell to the public across the various sports. John Bosiljevac told John O’Neill that he did not. Some time shortly after this discussion, John O’Neill suggested that Ticket Operations provide “systematic” information showing the number of tickets to be sold to the public. The Review has been told that John Bosiljevac declined to provide this information to Ticket Marketing.

Lisa Hickson told the Review that Ticket Operations did not query the figure of 5 million in the Ticket Book.

Availability of Tickets - Understanding of Ticket Operations

John Bosiljevac informed the Review that he believes that Ticket Operations was provided with most of the draft versions of the Ticket Book. He acknowledged that Ticket Operations was involved in verifying the information contained in other parts of the Ticket Book besides the messages from Sandy Hollway and Mark Taylor, for example the Index of Sports, the Calendar and the Day-by-Day Program.

John Bosiljevac’s recollection is that Ticket Operations did mention that there would be a problem with making as many as 3.5 million tickets available to “lots of people along the way” during the preparation of the Ticket Book. He specifically recalls querying the figure of 5 million on one of the drafts provided to him. This draft was not amongst those which have been provided to the Review. He also recalls querying the figure verbally with Lisa Hickson and others. His assistant Beverley Klippert told the review that she verbally queried this figure with Ticket Marketing staff. Lisa Hickson told the Review that she has no recollection of this.

When asked why Ticket Operations did not press its objection to the inclusion of the figure of 5 million in the Ticket Book further, John Bosiljevac told the Review that Ticket Operations felt it had very little say in the way the Ticket Book was presented and that he had come to feel “*disenfranchised*”. He told the Review that his suggestions in relation to the way the Ticket Book was presented were consistently disregarded by Ticket Marketing. He acknowledged that he never went to Paul Reading or Sandy Hollway with his concerns about the inclusion of the statement that 5 million tickets would be available for sale through the Ticket Book. John Bosiljevac also acknowledged that he participated in press conferences, public appearances and radio interviews at which he said that the number of tickets available to the public would be 5 million (3.5 million through the first round and 1.5 million Olympic Opportunity tickets later) or was present when these numbers were given by other SOCOG representatives.

Another interviewee described the communication between the Ticket Marketing and Ticket Operations Divisions as “*dysfunctional*” and expressed the view that the absence of a General Manager of Ticketing meant that there was effectively no one to mediate or bridge the gap between these two divisions.

John Bosiljevac told the Review that he was aware, prior to the ballot being conducted on 31 August 1999, of the very small numbers of tickets available for the public in some sessions of popular sports and that, in his experience, “*this will always be the case at an Olympics unless a pre-emptive decision is made to reserve a particular number or percentage of seats for the public*”. He had checked, although he was not requested by anyone in the organisation to do so, that there were some tickets available in each session and in each price category.

John Bosiljevac also told the Review that he was not requested by anyone at SOCOG to provide quota breakdowns showing the number of tickets available for the public at each session and within each price category at any time prior to August 1999, when he was asked to provide this information by Paul Reading. He acknowledged that he would have been reluctant to provide such information given its sensitivity. Lisa Hickson told the Review she requested such information on many occasions.

When did SOCOG become aware that the incorrect figure of 5 million had been included in the Ticket Book?

In about late April or early May 1999, John O'Neill reviewed the plans for SOCOG's media campaign leading up to the release of the Ticket Book on 30 May 1999. He told the Review that it had always been SOCOG's intention to move from a generic message about tickets to a greater focus on the tickets available through the public offer. For example, as the release date for the Ticket Book approached, more emphasis was supposed to be placed on the fact that there were “*millions*” of tickets available. George Patterson Bates had recommended that the simplest possible formulation of SOCOG's message would work best. At this time, he told the Review, he noticed that the figure of 5 million had been used in the Ticket Book. By that time, the Book had been printed, ready for distribution.

John O'Neill told the Review that he went to Paul Brown and Lisa Hickson and raised this error with them. After some discussion, they came to the collective view that the figure of 5 million could give the wrong idea as to the number of tickets available through the Ticket Book, but that it was too late to re-print the Book and that it was probably acceptable in the context of SOCOG's overall sale of tickets to the public, which was planned to be 5 million. Lisa Hickson told the Review that after this discovery, SOCOG emphasised in its press releases that only 3.5 million tickets would be available in the public ballot.

At about this time, John O'Neill and Lisa Hickson sent internal memos and/or e-mail messages requesting SOCOG staff to focus on the message that millions of tickets were available, rather than a specific number, whether 5 million or 3.5 million. Steps were also taken to ensure that the message shifted in SOCOG's media campaign as well. By late April 1999, SOCOG news releases were stating that the Ticket Book would offer Australians millions of tickets across all sports (for example, news release of 10 May 1999), rather than the previous message that 5 million tickets had been set aside (3.5 million plus 1.5 million). The news releases of 30 May 1999 also refer to millions of tickets, although the Briefing Paper prepared by Ticket Marketing in May 1999 and John O'Neill provided to Board members on 20 May 1999 and to the press from 30 May 1999 refers to 3.5 million tickets having been set aside for Australians.

At about this time, John O'Neill also discovered that News Limited was using the figure of 5 million in material it was producing in relation to the Ticket Book and took steps to ensure that it stopped doing so.

6.9 Role of the Internal Auditors

Arthur Andersen were appointed as SOCOG's internal auditors in 1994. Each fiscal year they submit an internal audit plan for the ensuing year to the Audit Committee for their approval. The "Internal Audit Review Protocol" which is attached to the Internal Audit Committee Charter says:

Prior to the commencement of each internal audit review, the scope of the review will be discussed with the relevant program management before agreeing the detail and getting sign off from the appropriate General Manager. The scope document will then form part of the final report.

In July 1998, John Bosiljevac wrote to SOCOG's Risk Management Manager, setting out an overview of the tasks that SOCOG were seeking from Arthur Andersen and saying that Paul Reading had requested them to complete an audit of the SOCOG Ticket System Software.

Over the period July 1998 to July 1999, correspondence and meetings with Arthur Andersen occurred which clarified the scope of the work they were to perform. This dialogue was principally between Arthur Andersen and Paul Reading or John Bosiljevac, although letters were frequently addressed or copied to Sandy Hollway. Also during this period, the minutes of the Audit Committee and the Board papers reflect that they were being kept informed about discussions being held with Arthur Andersen to determine the scope of audit work in relation to the ticketing program.

A draft of Arthur Andersen's job engagement letter dated 5 February 1999 was included in the papers for the Board meeting held on 22 April 1999. The minutes of the Audit Committee meeting held on 7 April 1999 and also enclosed with the 22 April 1999 Board papers include a statement by the Chairman, Nick Greiner, that the Board "were urged to acquaint themselves with this [the job engagement letter] as the integrity of the ticket allocation process would be of vital importance to SOCOG's public image".

The Review was informed that, following discussions with John Bosiljevac and Paul Reading, the job engagement letter was amended and an agreed program dated 22 July 1999 was prepared. The minutes of the Audit Committee meeting held on 19 August 1999 state that the ticketing assurance work had been absorbed into the Internal Audit Plan and this plan was adopted by the Committee.

The first formal acceptance of the revised Ticketing Assurance Program, as set out in Arthur Andersen's job engagement letter of 22 July 1999, was on 6 September 1999 when Paul Reading approved and accepted the terms and conditions of the letter on behalf of SOCOG.

The work to be undertaken by Arthur Andersen covers 9 phases. Phase 6 concerns the domestic allocation phase. The letter sets out the scope of the review of this process in the following terms:

Our review will be limited to providing an opinion ... on the operating effectiveness of the following procedures:

- *The original quota of tickets allocated to the general public ("the Quota") is signed off by the Board of Directors.*

Arthur Andersen did not obtain the board sign off in relation to the quota of tickets. According to an Arthur Andersen e-mail dated 30 August 1999, the sign-off was expected that evening. When a sign-off was not obtained, but after the ballot was run, Arthur Andersen sought a meeting with Paul Reading. That meeting took place on 6 September 1999. At that meeting, Arthur Andersen sought the sign-off to support the file containing the allocations provided to them immediately prior to the running of the ballot.

According to an Arthur Andersen agenda prepared for the purpose of that meeting, their concerns were that no sign off had been given and that the total quota for the public was less than the figure quoted in the brochure of 5 million.

The Review was told by Arthur Andersen that at the meeting on 6 September 1999, Paul Reading informed them that no approval would be obtained from the Board, as the Board was not aware of the ticketing allocations and was not going to be made aware. Arthur Andersen said that the reason given to them by Paul Reading was that the Board "leaked like a sieve" and that the information was too commercially sensitive for them to be trusted with it.

The minutes that Arthur Andersen prepared of the 6 September 1999 meeting state that it was concluded that the reference to the total number of tickets in the quota and a statement that the Board did not sign off on the quota would be included in Arthur Andersen's letter to SOCOG. These statements appear in Arthur Andersen's report of 1 October 1999 addressed to Sandy Hollway.

Arthur Andersen told the Review that the explanation given by Paul Reading and John Bosiljevac at the 6 September 1999 meeting for the discrepancy between the figure in the ballot (3.1 million tickets) and the figure in the Ticket Book (5 million tickets) was that the figure of 5 million tickets was the figure ultimately to be available to the public and was never intended to be the number of tickets available in the ballot. They have told the Review that both Paul Reading and John Bosiljevac stated that the 3.1 million figure was in line with expectations and came as no surprise to them. The minutes of this meeting include a reconciliation of the "starting figure" (9.6 million) and the ballot (3 million) that Paul Reading is said to have provided at the meeting. Arthur Andersen have indicated that this reconciliation satisfied them and consequently, despite also not having received Board sign off on the public quota, they did not report the discrepancy to either the Audit Committee or Sandy Hollway until it was included in their report of 1 October 1999.

6.10 The Additional 524,451 Tickets

On 11 November 1999 the SOCOG Board approved a proposal to make 524,451 tickets available for sale to the public which had previously been committed by SOCOG to proposed sponsorship programmes and premium ticketing. SOCOG also issued a news release on 11 November 1999 containing a list showing the number of new tickets available by session and price category.

Tickets within that total number which were for sessions which had sold out in the public ballot conducted on 31 August 1999 would be allocated amongst those people who applied for tickets in those sessions but missed out. In the public ballot conducted on 31 August 1999, each application for a particular session was assigned a random number. The allocation of these new tickets will be conducted using those random numbers. In other words, these tickets will be allocated in the same order as they would have been had they been made available for allocation on 31 August 1999. SOCOG will be contacting successful applicants to see if they wish to purchase the ticket or tickets.

The balance of tickets, for sessions which were not sold out in the public ballot on 31 August 1999 will be added to the remaining ticket offer which closed on 22 October 1999, but for which SOCOG has not yet conducted a ballot. The Review has not been able to verify the information contained in the news release issued by SOCOG on 11 November 1999.

6.11 Joint Initiative with the ACCC for the Public

On 25 October 1999, the Chairman of the ACCC, Professor Allan Fels wrote to SOCOG expressing concern that SOCOG may have breached sections 52, 56 and 58 of the *Trade Practices Act 1974 (Cth)* ("the TPA"). Section 56 is sometimes referred to as the prohibition against "bait advertising". It provides that a seller must not advertise goods or services at a specified price if the seller is or should have been reasonably aware that it would not be able to supply reasonable quantities at that price for a reasonable period.

The ACCC's specific concerns were that:

- (1) SOCOG had not informed the public that only very limited numbers of seats were available for some events, although people who applied for tickets to those events were required to pay the full cost of the tickets;
- (2) if there were very few tickets in the sessions which were a person's first and second choices, and they only secured their third choice, their first and second choices were not real choices; and
- (3) making positive representations in the Ticket Book that people had an equal chance of getting tickets to sessions had given people the wrong overall impression.

On 29 October 1999, SOCOG and the ACCC agreed that SOCOG would:

- offer a refund or credit to customers who only secured their third choice of a ticket;
- offer a refund to customers who secured no tickets but ordered a \$15 souvenir program;
- establish an independent complaint handling and resolution mechanism to ensure that these refunds or credits proceed smoothly;
- ensure that trained people are available at SOCOG's call centre to handle any enquiries;
- hold off on the next release of tickets;
- develop consumer protection principles in consultation with the ACCC for further ticketing offers and promotional material; and
- establish an independent consumer protection advisory committee to monitor compliance with consumer protection principles and to report to the SOCOG Board on compliance.

6.12 The Whereabouts of the Missing Tickets

The ballot contained 3.08 million tickets. This is 420,000 less than the 3.5 million tickets that SOCOG indicated (in May at the time the Ticket Book was issued) would be included. If the further 82,662 Olympic Opportunity tickets which the Review was told were included in the ballot are taken into account, this means that there were some 500,000 tickets less than the stated 3.5 million.

In its press release dated 25 October 1999, SOCOG said the pie chart which was part of its August 1998 press release did not specify as a separate component the seats that were held in contingency. According to the 25 October 1999 press release, if the number of tickets held in contingency were shown, the number of tickets made available initially through the Public Offer would be around 3.15 million with 0.35 million held in contingency. In other words, the official explanation provided by SOCOG for the shortfall is that the missing tickets, or most of them, are in the contingency quota.

The Review has been told by John Bosiljevac that the contents of the contingency quota as at 31 August 1999 contained approximately 619,000 tickets, more than half of which were category A tickets.

The explanation given by SOCOG therefore, is plausible.

The Review understands that in a ticketing exercise of the size and complexity of the Olympic Games, a contingency is necessary. The Review also accepts that the 9.6 million estimated gross tickets as at May 1998 must have included a contingency. Given the way in which Olympic tickets are allocated to the various market segment quotas (with most if not all having priority over the public quota), contingency will be a factor that impacts more on the public quota than on any other quota.

The Review is not in a position to estimate how many of the approximately 600,000 tickets currently in contingency are likely to be ultimately available for allocation. Nor is the Review in a position to estimate when the tickets are likely to become available.

Insofar as the 25 October 1999 press release suggests that this is the complete explanation as to why there were only 3.08 million tickets in the ballot, the Review does not accept that this is so. It may be, for example that the contingency quota is overly conservative and that many more tickets could have been released from the contingency for the purposes of the ballot. As other parts of this Report indicate, there were no checks or balances in place which would have allowed the contingency set by Ticketing Operations to be tested.

Further, in the Review's opinion, a placement of over 700,000 tickets in the premium quota which John Bosiljevac told the Review occurred in or about March 1999 also had an effect on the public quota. The exact effect on the public quota of the placement of this number of tickets in the premium bucket is something the Review was not able to test in the time frame allowed for the Review. It goes without saying, however, that the placement of so many additional tickets in the premium quota must have had an impact on all other existing or planned quotas including the public quota. The tickets that were placed in the premium quota could have been reserved for the public quota and included in the public ballot.

The Review asked John Bosiljevac whether the tickets allocated to the Premium quota in or about March 1999, contained any tickets that were removed from the public quota. John Bosiljevac told the Review that the tickets were taken from the range of quotas to which tickets had previously been allocated and from the quota of available tickets. As the public quota had not been created at the time the tickets were placed in the premium quota, it could be said that the tickets were not taken from the public quota. John Bosiljevac agreed, however, that the creation of the premium quota must have had an impact on the public quota, or on the tickets that remained available to allocate to the public quota at the time the public quota was created.

Whilst the Review has received explanations from John Bosiljevac as to the source of these tickets, it is not possible to verify this explanation because there is no audit trail.

6.13 Findings

The Review's findings are as follows:

- John Bosiljevac and staff in Ticket Operations determined the total and session by session quotas for the public ballot. It is not clear whether John Bosiljevac sought Paul Reading's approval for the figures prior to the running of the ballot. The decision should have been made at a Board level.
- One of SOCOG's primary assets is its ticket inventory. Despite its importance, reporting to the Board on ticketing was inadequate and the information which was reported was of poor quality and often inaccurate or incomplete. Examples of inaccurate or incomplete information being provided to the Board include the information presented at the Board meeting on 20 May 1999 which stated that more than 3.5 million tickets would be included in the ballot and the failure to keep the Board informed of the number of tickets allocated to the premium quota.
- The ticket inventory is inadequately controlled. Actions taken by Ticket Operations are not scrutinised by senior management. The Ticketing Division lacks checks and balances including appropriate segregation of duties. In these circumstances, decisions about ticket allocations affecting the public interest have been made by middle management. Such decisions should have been made at the level of senior management or the Board. Systems documentation is almost non-existent and there are inadequate means of monitoring performance.
- The Board failed to insist that management to provide appropriate reports about the ticket inventory so that it would be in a position to properly monitor and guide management.
- Ticketing senior management did not understand the detailed mechanics and complexity of the ticket quota allocation system and the potential for the numbers and quality of tickets available to the public to be adversely affected by the allocation of tickets to other quotas.
- A large number of management and staff of SOCOG to whom the Ticket Book was circulated knew that there were not 5 million tickets in the public ballot, yet that figure remained in the Ticket Book, despite it being provided to them in draft for their review. It is difficult to understand how the incorrect figure of 5 million was not noticed by anybody given the extensive checking process undertaken. It is likely that the error in the Ticket Book would have been picked up if the verification process proposed by the Legal Division had been properly followed. There was a lack of understanding by both Ticketing senior management and Ticket Marketing of appropriate processes to ensure the accuracy of the statements in the Ticket Book. Good corporate governance, in the Review's opinion, would have meant treating the Ticket Book like a prospectus. At the time the Ticket Book was distributed, the tickets available for allocation to the public should have been known and any statements made in the Ticket Book assessed for accuracy against the tickets which were available.
- Reporting by John Bosiljevac to Paul Reading and by Paul Reading to Sandy Hollway and the Board as to the allocations of tickets to the public and other quotas and movements between the quotas was almost non-existent. If reports had been required and the contents of such reports scrutinised, the accuracy of information given to the public could have been checked by Ticketing senior management and by the Board. As it was, neither Ticketing senior management nor the Board were in a position to assess the accuracy of such information.

- The Ticketing Sub-Committee of the Board did not meet regularly. It was not a standing committee of the Board; it was an ad hoc committee without a clearly defined role. It did not have sufficient rigour in its processes to compensate for the lack of checks and balances in the Ticketing management structure.
- The Review has received conflicting accounts as to whether Ticket Operations ever communicated its concerns about the 5 million figure in the Ticket Book to any other area of SOCOG. This highlights how the serious communication problems existing between Ticket Marketing and Ticket Operations during the preparation of the Ticket Book contributed to the incorrect figure being printed in the Ticket Book. The poor levels and quality of communication need to be addressed urgently given the significance of the ticketing functions yet to be undertaken and the importance of good communication between the areas for these functions. Ticketing senior management is responsible for the levels and quality of communication and should have addressed these problems before now.
- There is concern on the part of management about the readiness of Board members to keep commercially sensitive information confidential. Insofar as this has led to the deliberate withholding of information from the Board, such conduct is unacceptable. Examples of the withholding of information include the failure on the part of Ticketing senior management to obtain a Board sign-off on the public quota for the ballot and the failure by Paul Reading to inform Sandy Hollway and the Board of the significant number of tickets allocated for tailored premium packages.
- The Review has not discovered any evidence of transfers to the premium ticket quota from the public quota during the period of the public offer and ballot. However, the public quota was created after the premium quota was created and, to the extent that the premium quota drew tickets from the available tickets, this reduced the tickets available for the public quota.
- The internal auditors did not obtain the Board sign-off on the public quota in the ballot as required by their terms of engagement. In the Review's opinion, the internal auditors should have obtained such a sign off prior to the running of the ballot or, failing that, immediately thereafter. On finding no such sign off was forthcoming, they adopted the alternative procedure of including reference to the number of the tickets in the ballot in their report to the Board dated 1 October 1999. After the sign off was refused to them at the meeting with Paul Reading on 6 September 1999, had the internal auditors immediately reported this to the Audit Committee and Sandy Hollway, this would have put the Committee and Sandy Hollway on notice of the lower public ballot quota. The internal auditors were not responsible for ensuring that any particular number or mix of tickets were included in the public ballot. That was the responsibility of Ticketing senior management and the Board.

Premium Tickets

7.1 The Concept

The concept of premium ticketing is that, due to the scarcity of tickets (particularly for high demand sessions), SOCOG is able to sell packages of tickets (which include tickets for high demand sessions) at a premium to the face value of all or some of the individual tickets. SOCOG sold premium tickets in various ways.

7.2 Description of Packages

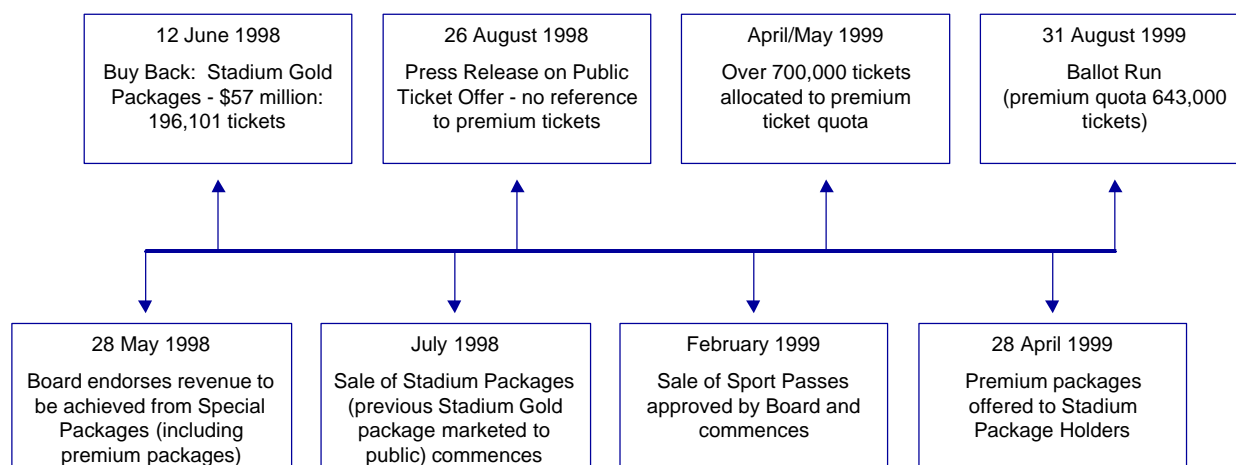
Sports Passes: A Sports Pass (comprising either “A” category or “B” category tickets) entitles the purchaser to attend all sessions of a particular sport, including the finals. The rationale for the premium is that the purchaser is guaranteed access to a seat to every session of the sport. For lower demand sports, the Sports Pass may be sold at the face value of the underlying tickets. The rationale for this is that the guarantee of a seat at the finals is offset by the sale of tickets for the low demand preliminary sessions. Sports Passes were available for all major sports except Artistic Gymnastics and Swimming.

Stadium Packages: A Stadium Package is a package of tickets to sessions at Stadium events. There are 3 types of Stadium Packages: Opening Package (includes tickets to the Opening Ceremony plus the first half of the Stadium events), Closing Package (includes tickets to the Closing Ceremony plus the second half of the Stadium events) and Full Package (combined Opening Package and Closing Package).

Premium Packages: A Premium Package is a package of “A” category tickets to sessions across a range of Stadium and non-Stadium events. Premium Packages have been offered for sale comprising set combinations of tickets formulated by SOCOG and have also been tailored to meet the specific requests of individual purchasers.

Assets Program: The Assets Program (a recent initiative) combines premium tickets with other benefits such as hotel accommodation, car hire and food and beverages.

7.3 Timeline



7.4 Development of the Concept

At the Board meeting on 14 April 1997, the Board discussed the undersubscription of the Stadium Australia float and the shortfall in sales of Stadium packages (which SOCOG would subsequently buy back from Stadium Australia). The Board also considered the possible purchase and repackaging of these tickets as a “premium” product.

At the 16 May 1997 Board meeting, the Board was made aware that the organisers of the Pacific Rim Forum were seeking access to tickets for the Closing Ceremony and a limited number of tickets to other events in the last few days of the Games.

7.5 20 May 1998 Joint Meeting Finance Committee and Ticketing Sub-Committee

On 20 May 1998, a joint meeting of the Finance Committee and Ticketing Sub Committee was convened. A number of papers were presented to the meeting.

The key matters canvassed in relation to premium tickets were:

- A proposed allocation of 800 Sports Passes – 400 made up of “A” category tickets and 400 made up of “B” category tickets. ,
- A package (referred to as “Premium Package Domestic”) consisting of 2 x “A” category tickets across a range of 14 sessions. It was estimated that approximately 400 of these packages could be sold (although only 200 sales were budgeted for, the reduction being based on the poor sales achieved by Stadium Australia).
- A package (referred to as “Premium Package International”) consisting of 2 x “A” category or “B” category tickets across a range of 16 sessions. It is not clear from the papers whether 500 or 1,000 of these packages could be sold.

7.6 28 May 1998 Special Board Meeting

The Board papers for the Special Meeting of the Board held on 28 May 1998 include the papers presented to the joint meeting of the Finance Committee and Ticketing Sub Committee on 20 May 1998.

The Board endorsed various ticketing packages including:

- Sports Passes;
- Premium Packages (Domestic); and
- Premium Packages (International).

The revenue forecast from sales of these packages was:

- Sports Passes \$16.3 million;
- Premium Packages Domestic \$7 million; and
- Premium Packages International \$12.2 million.

In relation to the Board’s consideration at this meeting of ticketing matters other than premium ticket packages, see section 6.3 above.

7.7 IOC Approval

SOCOG's presentation to the IOC in June 1998 included the following details:

- A significant component of revenue to be achieved through special packages including Sports Passes, Premium Package Domestic and Premium Package International.
- One of the diagrams is headed "232,500 tickets or 2.4% of Gross Capacity has been Allocated to Value added Packages - a Similar Amount as Atlanta."

The IOC notified SOCOG that its pricing policy was accepted by a letter from Francois Carrad, Director General of IOC to Sandy Hollway, dated 20 August 1998.

7.8 Stadium Gold Buyback

On 12 June 1998, SOCOG bought back 10,895 Stadium Gold packages comprising 196,101 Olympic Stadium tickets from the underwriters of Stadium Australia for \$57,196,125. These tickets have been accounted for as follows:

- 49,050 tickets sold to the public at a premium as Stadium Packages;
- 33,444 tickets allocated to the Premium Packages program;
- 36,000 tickets transferred in April 1999 to various quotas including the public quota; and
- 77,607 tickets transferred to other quotas including the public quota post the 31 August 1999 ballot.

On 19 June 1998 the Board gave Paul Reading the sole authority to on-sell the Stadium Packages (either in their existing format or in a repackaged form) in both the domestic and international markets. Sales were to be within guidelines specified by the Board and without the need for further approval except where the proposed sale price would be below SOCOG's purchase price of \$5,250, in which case approval would be required either from the CEO and/or President or a Sub Committee of the Board. The minutes set out the following guidelines for the resale of the Stadium Packages:

- no sales to competitors of IOC sponsors or SOCOG sponsors;
- may be sold to offshore competitors provided the Australian sponsors have no international marketing rights. Any offshore sale would be with permission of the appropriate NOC;
- no sales to organisations for use as lottery or other prizes (as this would compete with sponsor programs);
- may be sold to sport brand companies even if that company is a competitor of a sponsor (this is permitted under the IOC Code of Conduct);
- may be sold to professional organisations (eg lawyers and stockbrokers), but not chartered accountants due to the sponsor conflict with Arthur Andersen;
- may be sold to spirit importers but not wine or beer suppliers (subject to confirmation by CUB); and
- may be sold to registered clubs, individuals, NOCs, sponsors and broadcasters.

In terms of pricing, it was noted that SOCOG would be endeavouring to sell the packages at the highest possible price, which could mean that there would be sales at varying prices depending on what any one particular market would stand.

It is noted by the Review that this authority in favour of Paul Reading only relates to the on-selling of Stadium Packages.

7.9 Olympic Agency Staff

On 19 June 1998 the Board also considered the Workforce Ticket Policy as set out in the paper “Sydney 2000 Olympic HQ Workforce Ticket Policy”. The Workforce Ticket Policy contained a recommendation by management that Olympic agency staff be able to purchase Stadium Packages at the SOCOG cost price of \$5,250.

On 30 July 1998 the Board agreed to adopt the Human Resources Committee’s recommendation that eligible Olympic agency staff be entitled to purchase tickets at face value, for a specifically defined period, from the pool of tickets remaining following the public ballot. The Board also agreed that it be left to Sandy Hollway to come back to the Board if he wished to introduce any small ticket incentive/reward program. Concern was expressed by some Board members including the President as to the possible effect on the wider Olympic workforce should the Olympic agency staff be seen to receive preferential treatment in regard to access to tickets before the public ballot.

From approximately May 1999, Paul Reading began selling Stadium Packages to Olympic agency staff for \$5,324 (the face value of the tickets). This was sanctioned by the Board.

7.10 13 August 1998 Special Board Meeting

At the Board Meeting on 30 July 1998, Sandy Hollway highlighted matters to be formally submitted to the Board at a Special Board meeting to be held on 13 August 1998, including that “SOCOG had the discretion to take some 66,000 tickets out of the pool for packaging and consideration was being given to increasing this number”. There is no reference either to the “66,000 tickets” or to SOCOG being given discretion to take tickets from the pool in the Board papers or the minutes of the Special Meeting of the Board held on 13 August 1998. Sandy Hollway was unable to recall whether or not this proceeded but he assumed that it had not.

The minutes of the Special Board meeting on 13 August 1998 provide that “the overall arrangements for the proposed distribution of tickets were noted.” It is not clear what the “overall arrangements” were. An attached Board paper prepared by Phil Tully for presentation to the Board by Paul Reading entitled “SOCOG Ticket Distribution Policy” states the content of the document is an outline of when and how tickets will be sold in Australia, who will be able to purchase them and in what quantities. In relation to premium tickets, the paper states:

If directly asked, SOCOG will reveal Premium Packages, but will only reveal general details - telephone number will be provided should people wish to call for more details.

The paper also provides:

The details of premium ticket packages to be sold in Australia have not been mentioned specifically in this outline as it is expected that these will be purchased via direct sales mechanisms. SOCOG will start selling immediately the IOC approves the pricing schedule. Hopefully most sales will be concluded in 1998. It will, however, be necessary to have an answer prepared should the Media ask questions regarding the detail.

This paper was approved by the Board (subject to further consideration of some matters relating to the inclusion of the Cultural program for the Games).

7.11 August 1998 Press Releases and Memos

A memo from Paul Reading to Michael Knight, John Coates and Graham Richardson dated 5 August 1998 refers to a "Ticketing Briefing 5.8.98" and reads as follows:

As agreed at the meeting we will make the necessary amendments to the draft papers titled "SOCOG Ticket Distribution Policy" and "Social Equity Policy" On the basis of the discussions concerning Ticket Packaging we will proceed to draw the necessary tickets from the public allocation in order to develop the additional packages required to ensure that SOCOG has the best chance of disposing of the Stadium Gold Packages.

A second memo dated 27 August 1998 from Paul Reading to Sandy Hollway refers to an enquiry in relation to ticketing received from the Queensland Minister responsible for Queensland Olympic 2000 Task Force. The memo states that there is no reason why block bookings could not be provided but that unless a multiple on the face value was paid, there would be no reason to do it. The memo states:

...and in fact, this would effectively mean we are once again taking away tickets from the general Australian public..... It seems to me therefore, that the only justification that would be acceptable is that this is, in effect, a premium package deal and therefore financially favourable to SOCOG. This rationale, I believe, would probably work as I would include some Stadium packages into the process. You will recall that Michael Knight and Graham Richardson's views were that if we had to use some Australian public tickets to shift the Stadium packages, that was okay.

The majority of the directors interviewed by the Review said that they understood that non-stadium tickets could be used to "sweeten" the sale of the Stadium Packages. One director said that he assumed that this was what these letters referred to and said this process was intended to involve only a relatively small number of tickets.

It is not clear to the Review whether these proposals were subsequently implemented.

7.12 Marketing Stadium Gold Packages

From about July 1998 Paul Reading began selling the Stadium Packages. SOCOG called them "Stadium Gold" packages. At the meeting of the Finance Committee on 19 August 1998, Paul Reading noted that 105 Stadium Packages had then been sold at an average price of \$6,475. Paul Reading also noted at that meeting that Premium Packages, structured to include ex-Stadium Gold tickets and additional tickets from SOCOG's ticketing program, would attract twice the face value if sold to international and local corporate clients.

By September 1998, negotiations had commenced with the Pacific Rim Forum and Davos World Economic Forum for a large number of Stadium Packages.

7.13 Marketing Sports Passes

The Sports Pass concept, originally considered by the Board in May 1998, was re-visited and re-formulated in early 1999.

At the Board meeting on 18 February 1999, Ticket Marketing did a presentation on Sports Passes and informed the Board that marketing of the passes to sporting clubs and sports enthusiasts had already commenced, and that a quota would be reserved for Sports Passes. The Review has been told that the Passes were marketed prior to the ballot by letters sent to sporting clubs and associations, which were then encouraged to promote them to their members.

The minutes record that part of this quota would be offered prior to the ballot and part would be offered in the public ballot. The Board does not appear to have been informed of the number of tickets reserved for Sports Passes but there was discussion about dividing the quota evenly between sales prior to the ballot and those in the ballot. After discussions, the Board agreed that the number of Passes sold before the ballot would vary depending on popularity, but they should be made available to all (presumably anyone who became aware of them and requested them), not just Sports enthusiasts.

At the Board meeting on 1 April 1999 there was a further presentation on Sports Passes and the Board was informed that quotas for the Passes had been determined after meetings with each of the competition managers.

During the period from February to May 1999 SOCOG marketed Sports Passes directly to Australian sports clubs for on-selling through official National and State Federation newsletters. According to the Board papers for the meeting held in 21 October 1999, during this phase 46,468 tickets were sold, of which 21,986 tickets were sold at a premium.

7.14 Premium Packages

On 8 March 1999 a proposal was put by Ticket Marketing to the Ticketing Sub Committee that Stadium Package holders be offered additional packages which would “top and tail” their existing tickets. It was proposed that eight packages be offered at a premium with the ability to also elect high demand sessions. The Ticketing Sub Committee fully endorsed this concept. The details of the number and mix or quality of tickets which would be involved was not discussed.

The prices contained in the options were determined by Selina Herlihy, the Commercial Manager, Ticket Marketing, through consultation with representatives of Stadium Australia and George Patterson Bates, external advertising advisers to SOCOG. Endorsement of such pricing was not sought by Paul Reading from the Ticketing Sub Committee or from the Board.

On 29 April 1999 SOCOG sent letters to all Stadium Australia members and Stadium Package holders offering a set of packages containing tickets to high demand, non-Stadium events. The offers closed on 14 May 1999. A total of 18,534 tickets were sold.

Around May 1999 SOCOG began selling tailored Premium Packages (containing tickets to Stadium and non-Stadium events) to domestic and international corporations and individuals.

Both Paul Reading and John Bosiljevac stated that around March 1999, 360,000 tickets made up of 600 category “A” tickets for each of the 600 ticketed sessions were allocated to a tailored premium ticket sales program. This allocation occurred at the direction of Paul Reading to facilitate the selling of tailored premium sales packages.

In April 1999 SOCOG commenced a policy of sending a “back up copy” of the ticket database computer file to a third party, Recall, approximately once a month. These copies are held off site by Recall in the event that SOCOG’s ticket database is lost or corrupted.

The Review identified, through the interrogation of the ticket database computer back up files, that as at May 1999 the amount of tickets allocated to the premium ticket quota was 719,367 comprised of 510,310 category “A” tickets, 208,435 category “B” tickets and 622 category “C” tickets and, that as at the date of the ballot on 31 August 1999, the premium quota had reduced to 643,325. A graph representing the movement of the premium ticket quota from May 1999 to November 1999 is included in Appendix D.

John Bosiljevac told the Review that the 719,367 tickets in the Premium quota as at 19 May 1999 included the 360,000 tickets for the tailored premium ticket sales program allocated in accordance with Paul Reading’s direction and a large number of tickets for the sale of Sports Passes.

The tickets for the Sports Passes were allocated to the Premium quota following consultation between Ticket Marketing and Sports Competition Managers and following the Board meetings of 18 February 1999 and 1 April 1999 (see paragraph 7.13).

Schedules sighted by the Review suggest that the number of Sports Pass tickets to be put aside numbered as high as 400,000. However, the Review was unable to determine the number of tickets put aside for this purpose, despite making numerous enquiries of Ticket Operations.

John Bosiljevac was unable to tell the Review how many tickets were put aside for Sports Passes but did tell the Review that he was of the opinion that Sports Passes would not sell and that his recollection is that he put aside fewer tickets than were requested.

The back up tapes show that by 31 August 1999 the number of tickets in the premium quota had reduced to 643,325.

John Bosiljevac told the Review that this movement of approximately 70,000 tickets occurred when he determined that there was little demand for Sports Passes for certain events such as boxing and wrestling. He said these tickets were transferred to the available bucket and most would have been included in the public ballot.

In the absence of inventory reports, neither Ticketing senior management nor the Board were aware of the total amount of tickets allocated to the premium ticket quota at any given time.

7.15 Premium Packages: Referrals

The Review understands that there were a number of sources of referrals of prospective purchasers of tailored Premium Packages, including from some Board members. Prospective purchasers were referred to Paul Reading who would instruct his staff to follow up on the referrals. In some cases Paul Reading would pass a handwritten note with a name and number to the relevant staff. The files of the Selina Herlihy contain several hand written notes/references from/to Paul Reading. Paul Reading told the Review that he did not keep in his files a written record of referrals received by him.

Selina Herlihy also received referrals from other SOCOG staff members and prior purchasers of tailored Premium Packages. The Review understands that it was generally Selina Herlihy who followed up on all referrals. Selina Herlihy told the Review that in some cases the individual or organisation decided not to proceed with the sale due to the high premium that she quoted, in which case the matter did not proceed and no file notes were recorded. She told the Review that if the individual or organisation showed interest, she would proceed to negotiate the deal. Selina Herlihy also told the Review that the only guidelines given to her were that the tickets not go to competitors and that the highest possible premium be sought.

Selina Herlihy would only go to Paul Reading for sign off on the “big” deals and would not otherwise do so unless problems arose.

7.16 Premium Packages: Sales Process

SOCOG received advice from George Patterson Bates and Gavin Anderson & Kortlang that it should not disclose to the public details of particular allocations and pricing. Paul Reading decided not to disclose details of the existence of the Premium Package program to the public for commercial reasons. The Board knew of this decision by Paul Reading and it raised no objection.

Without explicit approval from the Board, Paul Reading assumed the authority to determine how many tickets were sold as Premium Packages, to determine the price and mode of sale of the Premium Packages and to negotiate the sale of Premium Packages. Again, the Board acquiesced. It knew that Paul Reading had assumed this authority and it raised no objection.

There was no definitive policy for the pricing and sale of tailored Premium Packages.

Selina Herlihy told the Review that she aimed to achieve an average markup of at least 2.8 times face value. This was the average multiple required in order to achieve the revenue budget of \$35 million which had been targeted for the Premium Package program. The premium markup negotiated by Selina Herlihy in each deal would depend on the type and combination of tickets, the number of tickets, the purchaser's willingness to purchase the tickets and the market demand for the tickets.

In three of the tailored Premium Package deals, the tickets were sold at face value. In two of these deals, SOCOG was contractually obliged to provide the tickets to the purchaser pursuant to a separate contract under which the purchaser provided services to SOCOG. The third purchaser of a tailored Premium Package at face value is Invest2000.

7.17 Tailored Packages: Analysis

The following is a breakdown as at November 1999 of the types of purchasers of tailored Premium Packages, the number of tickets sold or committed to those purchasers and the range of multiples achieved on the sales.

Type of Purchaser	Number of Purchasers	Number of Tickets	Range of Multiple (Premium)
Agents	7	33,377	2.0 - 6.2
Clubs	1	385	2.94
Companies	19	1,917	0 - 3.77
Government	1	60	2.46
Individuals	13	819	0 - 3.00
TOTAL	41	36,558	0 - 6.20

The "agents" referred to in the above table are called "agents" because the basis of the negotiations with Selina Herlihy has been that some or all of the tickets will be used by persons other than the agent.

There is only one true "agency" arrangement. In that case, the purchaser has a limited authority to sell tickets on SOCOG's behalf. In the other cases, SOCOG sells tickets to the agent for on-selling.

The Review has not disclosed the names of the purchasers referred to in the above table for privacy and SOCOG's commercial reasons.

The highest mark up achieved was a multiple of 6.2 over the face value of the tickets. The average premium was a multiple of 2.6.

7.18 Interaction between Ticket Marketing and Ticketing Operations

The Review noted that the Premium Package files were not adequately maintained. In particular, the details in those files relating to individual sales were neither comprehensive nor systematic.

The Review also noted that the records maintained by Ticket Operations were less than satisfactory relative to the standards maintained in similar private sector operations. In particular, the systems established by Ticket Operations are primarily sales/revenue based rather than inventory based.

Selina Herlihy maintains a spreadsheet of information relating to the balance of tickets remaining in the pool of tickets allocated to the Premium Package program (after deducting tickets actually sold and tickets under negotiation).

If she thought that the quota allocated to the Premium Package program for a particular session would be exceeded, she would seek confirmation from Ticketing Operations that the specific tickets in questions would be available.

At the closing of each sale, Selina Herlihy sent a memo to John Bosiljevac attaching details of the tickets contained in the sale. Ticket Marketing had no further involvement in the sale.

Ticket Operations then removed the tickets from the inventory system and generated an internal report in respect of the sale.

Ticket Operations also generated an invoice, which set out the price of the tickets, and a confirmation, which set out details of the tickets in the sale.

7.19 Diversion of Public Tickets to the Premium “Bucket”

The Review examined the basis for the widely held perception that the shortfall of the allocation of tickets to the public was due to tickets being diverted from the public ballot bucket into a premium bucket prior to or during the course of the ballot run.

This perception has been reinforced by the publication of two memos from Paul Reading to Michael Knight dated 23 August 1999 and 3 September 1999 respectively. The first attached a schedule showing a 3.9 million “provisional ticket quota”. The second attached a schedule showing a total allocation to the public of 2.9 million tickets.

The computer back up files obtained by the Review from storage at Recall provided the Review with information about the ticket inventory at four weekly intervals over the period April to October 1999.

The Review used these records to recreate a summary of SOCOG’s ticket inventory at each of the intervals and was consequently able to track movements in each quota (or bucket) over the period. These movements have been tabulated and graphed and appear in Appendix D.

From these tables and graphs the Review noted:

- The premium ticket “bucket” was loaded with approximately 720,000 tickets prior to 19 May 1999. This declined to approximately 643,000 tickets at the time the ballot was run. There is, therefore, no evidence which the Review has seen which supports the contention that the premium ticket bucket had tickets diverted to it in the weeks immediately preceding the ballot. However, in the Review’s opinion the creation of the premium ticket bucket denied diverted tickets which would have otherwise been available for the public bucket.

- Except for some relatively minor movements, there was no “swapping” of category “B” or lower tickets in the premium ticket bucket for category “A” tickets which would otherwise have been available to the public.
- The public quota was approximately 3.1 million tickets at the time the public ballot was run. Of this quota, 2 million tickets were transferred into the public bucket immediately prior to the ballot run and added to the 1.1 million tickets which had been residing there since before 21 April 1999. The Review was informed by John Bosiljevac that the 1.1 million tickets had originally been allocated to the public bucket purely for system testing purposes and was an arbitrary number.
- There is inadequate documentation recording the basis for transfers between buckets and to support the allocation of 720,000 tickets to the premium ticket bucket.
- There were unacceptable lengthy delays in updating the Ticket Database for known changes to allocations and venues. This required management to amend out of date information received from the Ticket Database when publicising ticket information. The Review found difficulty in following the document trail between the Ticket Database and the publicised information.

7.20 21 October 1999 Board Meeting

On 21 October 1999 the Board made the following decisions:

Sports Passes: agreed that all remaining Sports Passes be offered in the remaining ticket offer and future public ticket rounds. Remaining Sports Passes, if any, will be marketed directly to Sports Federations and other potential customers;

Stadium Packages: noted that this program had effectively ceased with any remaining tickets to be rolled into the Asset Sales Program or the public ballot. The budgeted profit of \$5 million has been achieved;

Premium Packages: noted that this program, in its present form, was effectively finished and the remaining tickets will be going to the Asset Sales Program. The projected revenue from the Premium Packages is \$35 million representing a premium of \$24.2 million;

Asset Sales Program:

- agreed unanimously that SOCOG continue to market a range of premium products, available to anyone. These may include tickets, suites, hospitality, accommodation or other “assets” separately, or mixed, to meet customer needs;
- approved the use of 200,000 tickets for the Asset Sales Program, in addition to the 125,839 tickets already sold;
- agreed that Paul Reading be the current contact for people interested in purchasing premium products, and noted that the marketing of such products may be outsourced in due course following a submission to the Board on the issue;
- agreed that, for both privacy and commercial reasons, the names of purchasers of premium products not be made publicly available;
- noted that approximately 50,000 tickets would remain available for generating sponsorships, and that there may be some movement over time between the sponsorship and premium programs;

- noted that some tickets were likely to become available in the future from NOCs and sponsor returns, and possibly contingency; and it was agreed that all such tickets would go to the public; and
- agreed that the 521,826 tickets (changed subsequently to 524,451) assessed by management now to be available over and above the needs of the premium programs be included in the remaining public ticket offer.

7.21 Findings

- The premium ticket revenue budget was set in June 1998 at \$35.3 million. The average markup achieved on the face value of the tickets varies from sale program to sale program. The highest markup was achieved for tailored Premium Packages where multiples of up to 6.2 times have been negotiated; the average markup is 2.6 times. The revenue has been achieved with limited resources (only one staff member has been involved full-time in the selling of tailored Premium Packages).
- The Review does not consider that a premium ticket program is of itself inappropriate. Indeed, it is a legitimate way for SOCOG to maximise its revenue and reduce its exposure to a shortfall in the funding of the Games, which shortfall would ultimately be borne by the New South Wales public.
- The Board has been aware since 1998, that tickets would be sold in tailored packages at a premium. It failed to formulate any policy given the pricing and marketing of packages even when it knew that they were available for sale.
- The key performance indicator taken into account by the Board and Ticketing senior management in relation to the Premium Package program was revenue.
- Both the Board and Sandy Hollway knew in mid 1999 that the tailored Premium Package program was developing. Neither the Board nor Sandy Hollway sought information regarding the number or type of tickets being sold or committed pursuant to the program.
- Paul Reading reported to Sandy Hollway and to the Board in relation to the revenue aspects of the Premium Package program. Paul Reading decided that he would not report on, nor seek Board approval regarding, the number or type of tickets that were being sold under the tailored Premium Package program.
- The Review considers that the detail of reporting to the Board and to Sandy Hollway in relation to the tailored Premium Package program was inadequate.
- Both the Board and Sandy Hollway knew in mid 1999 that the tailored Premium Package program was developing. Neither the Board or Sandy Hollway sought information regarding the number or type of tickets being sold or committed pursuant to the program.
- Access to tailored Premium Packages was limited to organisations and individuals who became aware of the program through word of mouth. The tailored Premium Package program was not formulated or managed in a way which took proper account of the public interest in having access to tickets.
- Inventory management is critical to SOCOG given that it is seeking to generate in excess of \$600 million through ticket sales. The Review considers that SOCOG's inventory management has been inadequate for the following reasons:

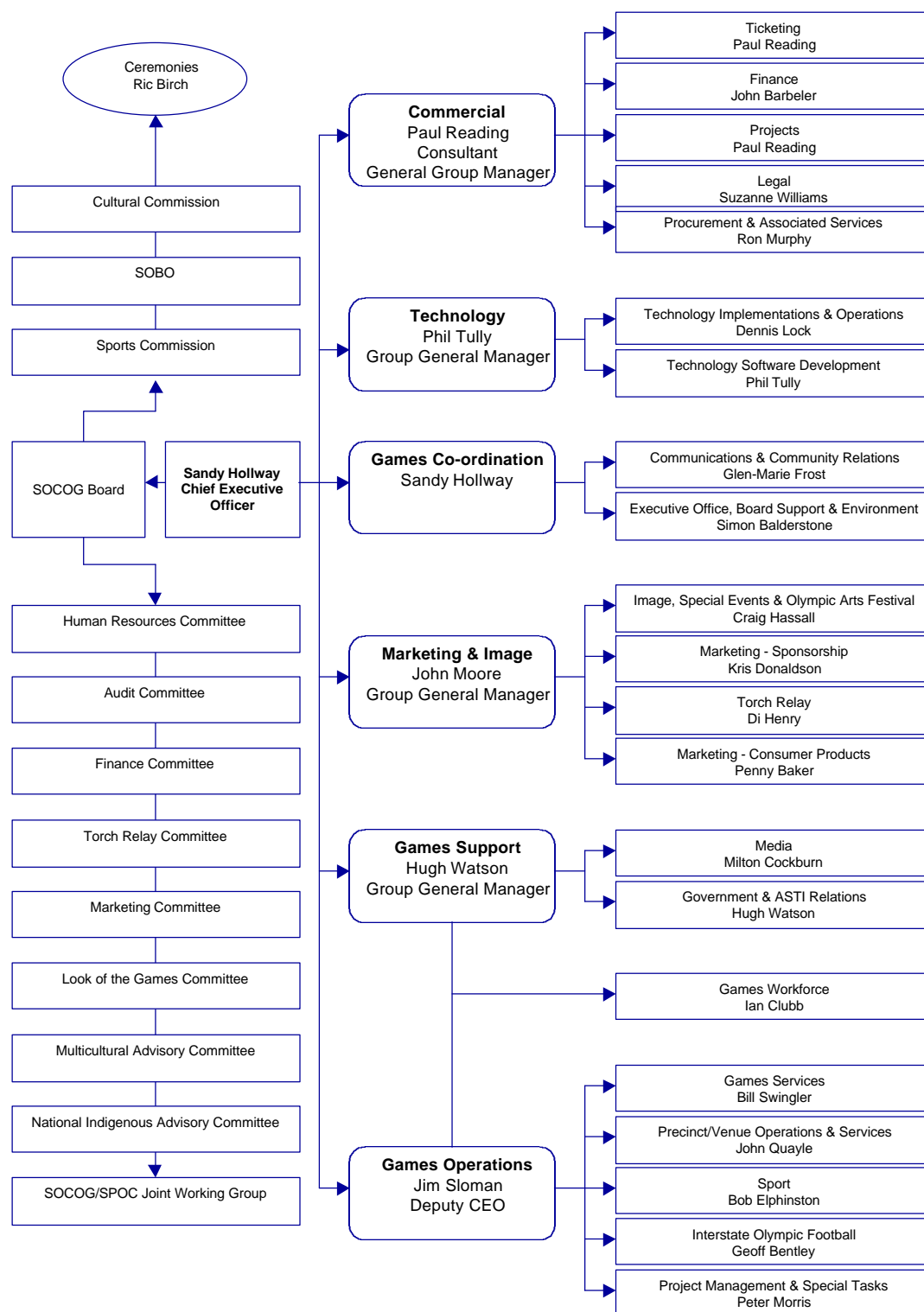
- ⇒ no formal communication or reporting channels were established between Ticket Marketing and Ticket Operations to enable ticket inventory to be determined at any given time;
- ⇒ there has been no periodic reconciliation of the number of tickets sold by Ticket Marketing with the records maintained by Ticket Operations;
- ⇒ there has been no formal requirement that Ticket Marketing or Ticket Operations report to the Group General Manager, Commercial and Marketing regarding inventory; and
- ⇒ no inventory management procedures have been documented.

Rule 66

Under Rule 66, the seats which must be reserved in the main stadium are:

- (1) a box for the sovereign or Head of State and their retinue;
- (2) a stand of honour for each holder of an IOC card;
- (3) an "IF sector" for the Presidents and Secretaries General of the 25 IFs whose sports are on the Olympic programme, plus an accompanying guest for each of them;
- (4) an "NOC sector" for the Presidents and Secretaries General of the 197 NOCs, plus an accompanying guest for each of them;
- (5) Stand B for:
 - the technical delegates of each IF and an accompanying guest for each;
 - the Chef de Mission of each NOC;
 - the members of IOC Commissions who are nominated by the IOC Executive Board and who have taken part in the work of their Commissions since the beginning of the Olympiad (ie since 1996) and who are not present in any other official capacity;
 - members of the IOC staff;
 - 12 additional places allocated to the IOC.
- (6) Stand C for:
 - 12 places for each IF;
 - one transferable pass for every 20 NOC members taking part in the games for use by participating members and their guests;
 - the assistance chef de mission and the Olympic attaché of each participating country;
 - members of the SOCOGs of the future Olympic games (for example, members of the Athens organising committee);
 - anyone honoured by the award of an Olympic Diploma before 1 January 1975 (people who won medals prior to 1 January 1975).
- (7) Stand D for technical officials and members of the various juries other than Presidents, Secretaries General and technical delegates of IFs who are already catered for. If the host country provides the executive officials, 12 places are reserved in stand D for the IFs involved.
- (8) Stand E for:
 - up to 1,000 journalists;
 - up to 150 photographers;
 - up to 150 radio and television commentators.
- (9) Stand F for up to 1,500 team officials and competitors of all sports. This stand must be near any winning post, except for the opening ceremony.
- (10) Stand G for important guests such as members of royal families, diplomatic corps, senior government officials and members of the OCOG.

SOCOG Organisational Chart Per 1998 Annual Report



Note: Structure changed in September 1999 when Paul Reading assumed responsibility for both Commercial and Marketing excluding Legal Services.

Ticketing Division Structure



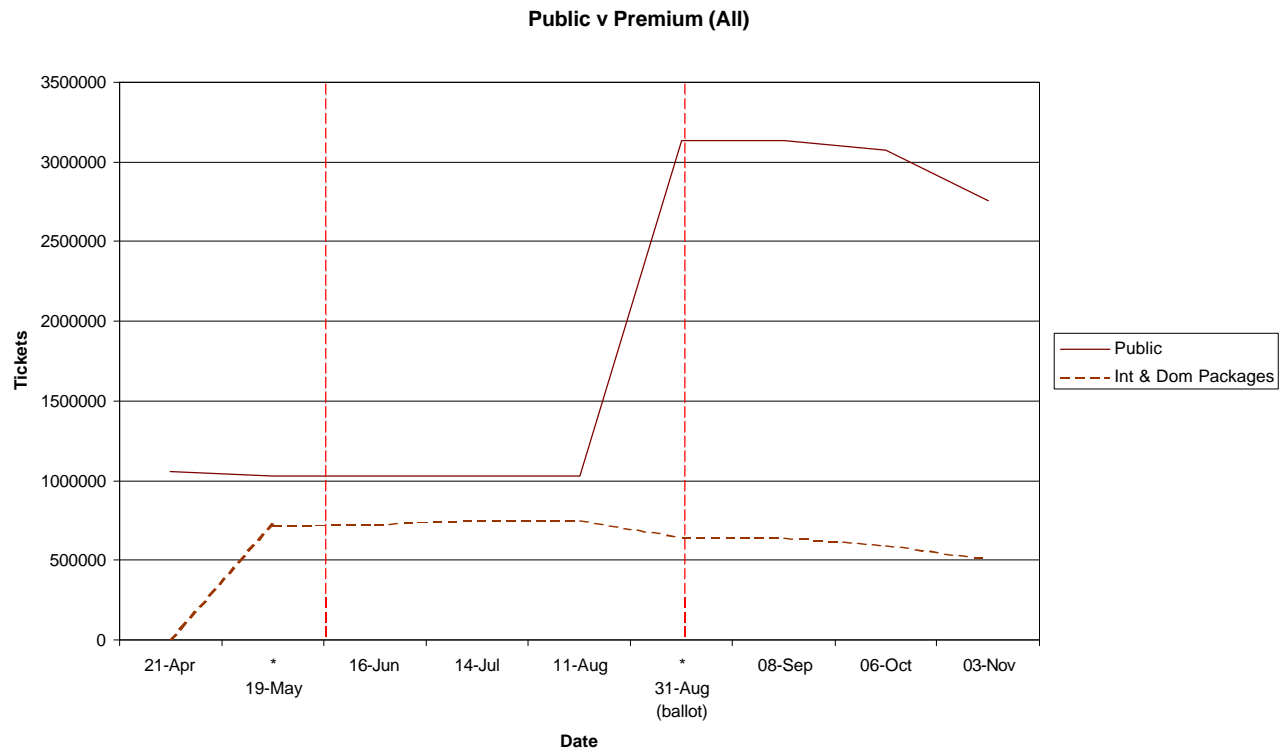
Ticket Allocations Per Ticket Database

Market Segments	Description	Number of Tickets 000s	
		19 May	31 August
1, 2, 3, 4, 8, 9, 10, 14	Sponsors, Media, Olympic family	3,768	3,493
11	AOC and Olympic Club	169	169
12, 7	Olympic Opportunity/Soccer suites/Available ⁽ⁱⁱⁱ⁾	2,380	808
13	Stadium Packages ⁽ⁱ⁾	605	592
6	Contingency	719	601
15	Premium tickets	719	643
5	Public	1,026	3,132
TOTAL		9,386	9,438⁽ⁱⁱ⁾

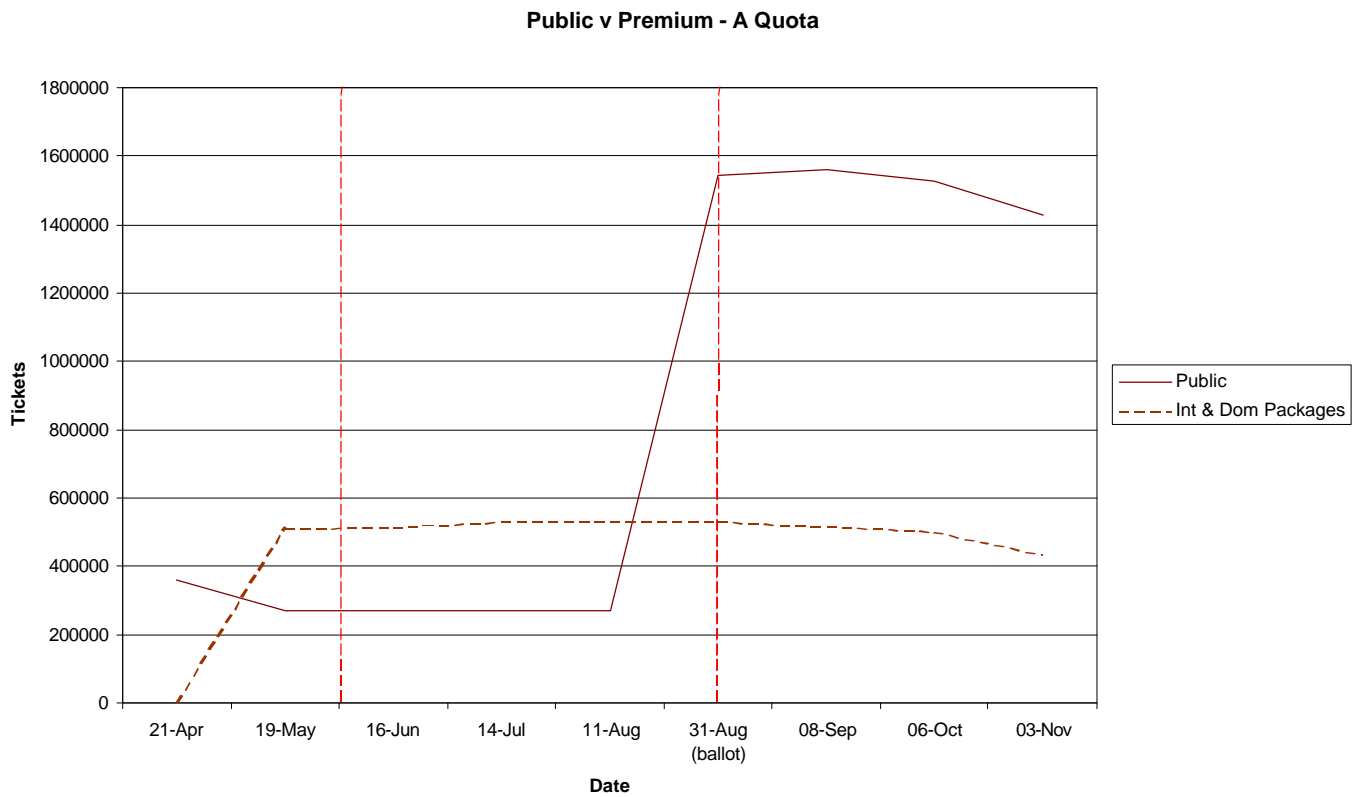
Notes

- (i) This bucket includes:
- Stadium Australia and Stadium Gold packages for which the seats have already been sold.
 - The 196,101 Gold packages bought back from the underwriters.
- (ii) This total exceeds the amount reported in SOCOG's 25 October 1999 press release according to John Bosiljevac because of venue changes not yet recorded on the ticket database.
- (iii) The Review has been told by John Bosiljevac that tickets which are presently held in other buckets will form part of the Olympic Opportunity offering when this is made available next year.

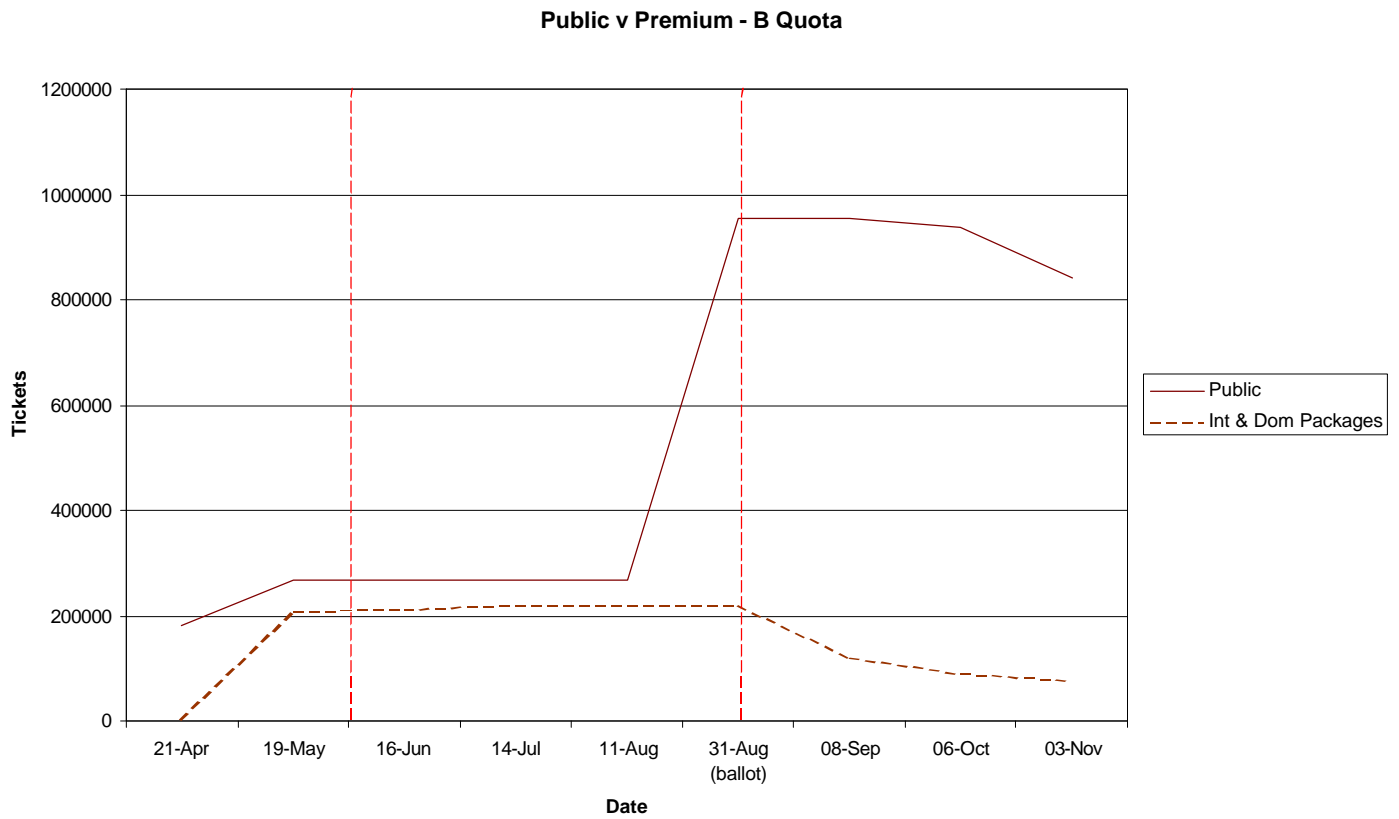
Public v Premium (All)



Public v Premium – A Quota



Public v Premium – B Quota



Interview List

- Sandy Hollway – CEO
- Paul Reading – Group General Manager, Commercial and Marketing
- Phil Tully – Group General Manager, Technology
- Suzanne Williams – General Counsel
- John Bosiljevac – Program Manager, Ticketing Operations
- Lisa Hickson – Program Manager, Ticketing
- Selina Herlihy – Commercial Manager, Ticketing Marketing
- John O'Neill – Manager, Ticketing Communications
- Beverly Klippert – Manager, Ticketing Operations
- Alan Fahrner – System Manager, Ticketing
- Paul Brown – Senior Legal Counsel
- The Hon Michael Knight – Minister for the Olympics, President
- John Valder – Director
- Graham Richardson – Director
- The Hon Nick Greiner – Director
- John Coates – Director
- Donald McDonald – Director
- Phil Thomas (telephone interview) – NSW Assistant Auditor General
- Graham Paton, Partner, Arthur Andersen
- Andrew Little – Partner, Arthur Andersen
- Brian Long (telephone interview) – Partner, Ernst & Young
- Steven Haifami – Recall Total Information Management

Appendix 5 – SOCOG Board Resolutions of 22 November

RESOLUTIONS

1. THAT the Board notes and accepts the criticism in the report of the Independent Review Team that it should have been more pro-active in reviewing the detail of major SOCOG management decisions in the ticketing area.
 2. THAT the Board recognises that serious matters of administration and management procedures and controls in SOCOG need to be addressed immediately. Accordingly the Board:
 - (a) RESOLVES to modify the organisational and reporting responsibilities in line with the structural proposal in the attached diagram.
 - (b) APPROVES the appointment as an additional Deputy CEO, on secondment from OCA, of Mr Michael Eysers and the appointment as General manager Ticketing, on secondment from the Darling harbour Authority, of Mr Alan Marsh.
 - (c) NOTES that both Deputy CEO's will report direct to the CEO, Sandy Hollway, who is responsible for the overall management of the organisation.
 - (d) RESOLVES to delegate to a working party consisting of the President, the Senior Vice-President, the CEO and both Deputy CEOs authority to implement any consequential changes to the organisational structure, subject to ratification by the Board.
 3. In the light of the information and recommendations contained in the report of the Independent Review Team, the Board RESOLVES that a sub-committee of the Board consisting of Donald McDonald (Chair), Craig McLatchey and Nick Greiner (with Mr Eysers to act as secretary) report to the next meeting of the Board on any additional matters the Board should consider to ensure its corporate governance responsibilities continue to be fully met.
 4. The Board also RESOLVES to continue and accelerate the process of review in detail of key management decisions which the Board embarked upon at the 21 October 1999 meeting and REQUIRES that:
 - (a) Management report monthly to the full Board on the state of SOCOG's total ticket inventory.
 - (b) Management report to the full Board at its next ordinary meeting on the number and type of tickets available in the Olympic Opportunity category.
 - (c) No action be taken on the marketing of Olympic Opportunity tickets without prior detailed approval of the Board or as appropriate the Ticketing Sub-Committee.
-

- (d) The next Ticket Brochure include information of each category at each session on the minimum number of tickets available for sale to the public through the Ticket Brochure.
- (e) The next Ticket Brochure be prepared in line with principles agreed with the ACCC and with the level of due diligence appropriate to a prospectus for a public float, to be reviewed by the Independent Consumer Protection Advisory Committee and signed off by the Board before the Ticket Brochure is printed.

Appendix 6 – SOCOG News Release of 22 November

news release



22 NOVEMBER 1999

BOARD ACTS ON TICKETING REVIEW REPORT

Approves Substantial Management Changes

The Board of the Sydney Organising Committee for the Olympic Games (SOCOG) has approved a range of management changes within SOCOG to improve and streamline overall operations.

The Board met at a special meeting this evening to discuss the findings of the independent review team report into SOCOG's ticketing program.

The Minister for the Olympics and SOCOG President, Michael Knight, commissioned the report on November 5.

The report, by John Shirbin, Solicitor, Clayton Utz, and Rory O'Connor, Auditor, Deloitte, Touche Tomatsu, points to a number of serious procedural flaws in SOCOG's ticketing processes and recommends immediate administrative changes.

Mr Knight said the Board had unanimously passed a resolution that noted and accepted the criticism in the report that it should have been more pro-active in reviewing the detail of major SOCOG management decisions in the ticketing area.

Having accepted collective responsibility, the Board also agreed that the review's findings provided the impetus for moving forward, Mr Knight said.

"The review committee report was always meant to clearly identify what had occurred with the ticketing program, including identifying the errors that were made, so the Board could act to improve SOCOG's performance in this and other areas," Mr Knight said.

"The Board has moved swiftly and decisively to introduce a number of procedural and management changes aimed at strengthening the Organising Committee's administration of core programs in the run-up to the Games in September next year.

"The Board accepted a restructure jointly proposed by Sandy Hollway, John Coates and me".

"These changes will ensure improved vigilance, better lines of communication and a greater degree of compliance with reporting standards set by the Board and the Chief Executive".



Mr Knight said, as the new management chart attached shows, Mr Michael Evers, a partner in the Sydney law firm of Atanaskovic Hartnell, will be appointed a Deputy Chief Executive, with responsibility for technology operations, finance, community relations, media, legal services and ticketing.

Mr Evers, on secondment via a contract with the Olympic Coordination Authority, will report to the Chief Executive, Sandy Hollway.

This means there will be two deputies to the Chief Executive Officer: Mr Sloman (who is also Chief Operating Officer) and Mr Evers.

Mr Alan Marsh, Chief Executive Officer of the Darling Harbour Authority, will be seconded to SOCOG for up to six months to oversee ticketing operations, and will report to Mr Evers.

Mr Paul Reading continues as Group General Manager, Commercial and Marketing, but has relinquished his management of ticketing and finance to concentrate on the Marketing and Hospitality programs. He will report to Mr Evers.

"I believe the changes agreed to by the Board means that SOCOG can now go forward in better shape to work towards restoring credibility and regaining the public's trust," Mr Knight said.

Mr Knight said in going forward, the Board had also resolved to establish a new sub-committee, comprising Donald McDonald (Chair), Nick Greiner and Craig McLatchey to consider further corporate governance responsibilities.

The Board also resolved to accelerate the process agreed upon at the 21 October Board meeting for a more proactive role for the whole Board calling for:

- monthly reports by management on total ticket inventory;
- updates on the number and type of tickets available in the Olympic opportunity category;
- the next ticket brochure to include information for each category at each session on the minimum number of tickets available for sale to the public;
- the next ticket brochure to be prepared in line with principles agreed with the ACCC, and carry the level of due diligence appropriate to a prospectus for a public float.

Mr Hollway strongly welcomed the Board's organisation improvements.

"I believe these changes will both tighten and strengthen the organisation's administration and provide added leadership in a number of core programs," Mr Hollway said.

"We were starting to be stretched too thin as the Olympic task has grown".

"I particularly welcome the addition of Michael Eyers and Alan Marsh to the SOCOG team. I have personally worked with both men on Olympic matters and their experience, knowledge and professionalism will be of enormous benefit to SOCOG.

"The priority for SOCOG and staff is to focus on the huge job ahead in getting the Games in top shape for Australia and the world".

"We have learned some telling lessons from the past few months, and need to fully accept those lessons and buckle down to the task even more".

"I, along with all my team, will be working hard to rebuild public confidence in SOCOG," Mr Hollway said.



Media Contact: Milton Cockburn (02) 9297 2711 or (0419) 750 299

Appendix 7 – Key Dates and Events

Information provided in the table below has been sourced from the report of the Review Team, evidence provided to the Standing Committee and other relevant information sources (including SOCOG News Releases).

Date	Event
28 May 1998	Board meets and sets pricing and social equity policy. Board advised that a public quota of 5 million tickets, being 52% of gross tickets, would be made available to Australians through the public ticket book. Board endorses revenue to be achieved from Special Packages (including premium packages).
2-4 June 1998	IOC Executive Board receives SOCOG pricing policy, including details of plans for premium ticket sales.
12 June 1998	SOCOG buy back of Stadium Gold Packages (196,101 tickets at a cost of \$57 million).
19 June 1998	Paul Reading given authority by the Board to on-sell the Stadium Packages either in their existing form or a re-packaged form.
July 1998	Sale of Stadium Packages (previously Stadium Gold package marketed to the public) commences.
30 July 1998	Board meets. CEO indicates that, at the next meeting, a proposal to set 66,000 tickets aside for packaging would be put to the Board.
13 August 1998	Board meets. Ticketing arrangements are discussed, although the Board Minutes are scant on detail. There is no record in the minutes of the Board discussing the proposal foreshadowed at the 30 July meeting. One Board Paper indicated that 1.5 million Opportunity Tickets would be available in September 1999, with 750,000 tickets specifically reserved for schools. Another Board Paper, approved by the Board, entitled "SOCOG Ticket Distribution Policy" contained a proposed outline of when and how tickets will be sold in Australia, who will be able to purchase them and in what quantities. This Board Paper specifically identified the fact it contained no detail about premium packages.
26 August 1998	SOCOG issues press release indicating 5 million tickets would be on sale to the Australian public, representing 52% of all tickets, and including 1.5 million Olympic Opportunity tickets. No reference to premium tickets.
16 February 1999	First draft of ticket book prepared. At around this time, the draft was provided to Paul Brown, SOCOG's Senior Legal Counsel, for comment. Paul Brown returned the draft to Ticket Marketing, setting out a recommended verification process, and highlighting the statements that required verification (including that 5 million tickets were available). Marketing followed part, but not all, of this process. It is apparent that no one checked the statement about 5 million tickets.
18 February 1999	Sale of Sports Passes, approved by the Board, commences.

Date	Event
18 February 1999	Board meets. Board approves the use of some Olympic Opportunity tickets in the public ballot. This decision was based on the fact that the low prices for some sessions would otherwise mean all tickets for that session would be categorised as Olympic Opportunity and there would be none for the general public. Ticketing Sub-Committee given authority to approve details.
8 March 1999	The Ticketing Sub Committee approve a proposal from Ticket Marketing for existing Stadium Package holders to be offered premium packages to high-demand non-stadium events.
March 1999	Under the direction of Paul Reading, 360,000 tickets made up of 600 category A tickets for each of the 600 ticketed sessions were allocated to a tailored premium packages sales program.
April/May 1999	Over 700,000 tickets allocated to premium ticket quota.
29 April 1999	Premium packages offered to Stadium Package Holders, with a closing date of 14 May 1999.
May 1999	SOCOG begin selling tailored premium packages (including both stadium and non-stadium events) to domestic and international corporations and individuals.
late April/ early May 1999	John O'Neill, Lisa Hickson and Paul Brown realise that the ticket offer book states 5 million tickets will be available, but in fact only 3.5 million will be available in the public ballot. They form a view that given it was too late to reprint the book, it was probably acceptable as SOCOG's overall sale of tickets to the public would be 5 million. After this discovery, SOCOG press releases indicated 3.5 million tickets were being offered in the public ballot.
20 May 1999	Board meets. Board Members given briefing paper to assist them in answering media inquiries. Board Papers state "more than 3.5 million tickets included in the public ballot".
30 May 1999	Public offer opens.
16 July 1999	Public offer closes.
30 August	John Bosiljevac and possibly Paul Reading are aware that less than 3.5 million tickets would be available in the public ballot.
31 August 1999	Public ballot run. Premium quota 643,000 tickets.
2 September 1999	Paul Reading and Michael Knight are aware that less than 3.5 million tickets were available in the public ballot.
6 September 1999	Arthur Andersen express concern to Paul Reading that less than 3.5 million tickets were available in the public ballot.
6 October 1999	Notifications sent to applicants. John O'Neill and Lisa Hickson are aware that less than 3.5 million tickets were available in the public ballot.
circa 12 October 1999	Sandy Hollway is aware that less than 3.5 million tickets were available in the public ballot.
25 October 1999	Quota analysis released by Board including information that only 3.08 million tickets were included in the public ballot. The analysis also indicated that there were currently only 1.01 million Olympic Opportunity tickets, but efforts would be made to bring the number back to the original quota of 1.5 million.
11 November 1999	Board announces extra 524,451 tickets for the public.

Appendix 8 – SOCOG News Release of 25 October



Estimated Ticket Allocation by Category

	Aug 26 '98	Aug 31 '99
IOC/Feds/Officials	387,000	438,974
NOCs	675,000	759,481
Press/Broadcasters	1,080,000	1,225,045
Global Sponsors	360,000	243,337
Australian Sponsors	990,000	472,438
Gold Pass/Stadium Gold	650,000	604,800
The Olympic Club	72,000	72,000
Public Ticket Ballot	3,150,000	3,080,535
Olympic Opportunity	1,470,000	1,000,044
Premium Packages		464,546
Public Football Tickets (not in ballot)		136,757
Corporate Suites (not in ballot)		58,143
Hotels (not in ballot)		10,276
Sale of Tickets to Int. Feds		79,997
Contingency	768,000	619,000
TOTAL	9,602,000	9,265,373

*At time of Public
Offer allocation

Appendix 9 – Letter sent from Minister to Chairman, dated 1 December 1999 regarding Premium Packages



Minister for the Olympics
President, Sydney Organising Committee for the Olympic Games
Minister responsible for the Paralympics
Minister responsible for Darling Harbour

1 December 1999

Hon Reverend Fred Nile
Chair
General Purpose Standing Committee No 1
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Reverend Nile

I am writing to you in relation to the sale of premium packages.

SOCOG sold premium packages to buyers in a number of categories:-

- individuals, companies and other entities believed to be purchasing for their own use
clubs
governments
- agents.

The great majority of applicants were in the first category, although more tickets have so far been sold to agents than to all other categories combined.

We continue to oppose the publication of the names of companies or individuals who have purchased premium packages for their own use. The names of people who obtained tickets in response to the public offer will not be published. There is no difference, in terms of the entitlement to privacy, between them and those who bought tickets at a premium.

In this regard I am concerned that certain names have been leaked to the media at a time which coincided with them being made available on a confidential basis to members of your Committee.

While I have no evidence of who provided these names to the media and I have no doubt about your personal integrity in this matter, the fact that this occurred immediately after they were inspected by some members of your Committee raises an obvious concern. The letter sent by John Lehmann of *The Australian* to one person named in which he says that person's name

"was noted on a list held at the offices of Clayton Utz and which has been made available to members of the NSW Upper House to help them in their investigation of SOCOG's handling of the ticket process"

does nothing to obviate that concern.

Level 34
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Australia
Phone: 61 2 9228 4244
Fax: 61 2 9228 4255
E-mail: knight@www.nsw.gov.au



It is an interesting anomaly that this name - a former ALP Member of Parliament who purchased 4 tickets - was given to the media but the name of a former Liberal Member of Parliament who purchased 52 tickets was not. However, I certainly intend to continue to defend the right to privacy of all those who purchased premium packages for their own use rather than as agents for onselling and would hope that all members of your Committee respect their confidentiality.

In relation to the other categories, the only Club is Tattersalls and the only Government is the Office of the Premier of Victoria. The identity of both these purchasers is already public.

There are a total of 33,377 tickets which have been negotiated or are in negotiations for sale to agents. The following list covers all but 2 of those agents. SOCOG staff advise me that while they are confident deals with the other two will be successfully negotiated, those names should not be released until contracts are actually signed.

Name	Number of tickets
Australian Stock Exchange	18
Davos	1,300
CoSport	9,977
Jet Set Sports	9,977
Blazer Consultancy	2,920

SOCOG has no objection to your Committee publishing this information in its report to the Legislative Council which will be publicly available.

Yours sincerely



MICHAEL KNIGHT
Minister for the Olympics

Proceedings of the Committee

Note: At the time the Committee was conducting this inquiry, it was also inquiring into other unrelated matters. Those parts of the Minutes of the Meetings of the Committee which concern the other matters have been deleted from the Minutes appearing below.

Minutes No. 10

Friday, 29 October 1999
At Parliament House at 11.00am

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Moppett
Mr Primrose
Mr Ryan (Forsythe)
Mr Tsang
Dr Wong

2. Apologies

Nil

3. Confirmation of minutes

Resolved, on motion of Mr Moppett, that the minutes of meeting number 9 be confirmed.

4. Correspondence

The Chair tabled two items of correspondence received:

Letter from the Hon Patricia Forsythe MLC to Chair, dated 22 October 1999, requesting that the Hon Graham Richardson, Chair of SOCOG's Ticketing Sub-Committee, be invited to give evidence to the Committee at its hearing on 8 November 1999.

Letter from the Hon Doug Moppett MLC to Chair, dated 26 October 1999, requesting an urgent meeting during the week of 1 to 5 November 1999, to hear evidence from Mr Graham Richardson.

* * * *

6. Olympic Ticketing Reference

The Chair tabled the following reference from the House:

1. That General Purpose Standing Committee No 1 inquire into and report on all matters relating to SOCOG ticketing, and in particular:
 - (a) the allocation of premium ticketing for the Year 2000 Olympic events held by the Sydney Organising Committee for the Olympic Games, that is, tickets not offered to the general public by SOCOG in its July 1999 Public Ticket Offer, but reserved for sale at a premium;
 - (b) all deliberations and minutes of the SOCOG Ticketing Commission relating to all ticket sales and not only premium tickets;
 - (c) the publication of ticket books and information in formats that were accessible for people with disabilities;
 - (d) the decision-making in respect of the Human Rights and Equal Opportunities Commission (HREOC) findings and other obligations to make the Olympic Games accessible to people disabilities;
 - (e) how the numbers of deprived tickets for the socio-economic disadvantaged for sessions at Olympic events were arrived at;
 - (f) the number of sessions for the different sports that opportunity tickets for low income groups will be available, the price of the tickets, and the method of distribution of the tickets;
 - (g) the projected revenue shortfall in the SOCOG budget and the financial contribution that ticket sales make towards these shortfalls;
 - (h) the cost of providing full subtitling of all events telecast
2. That the Committee report by Tuesday 23 November 1999.

The Chair advised Members that Mr Johnson would be representing Mr Tsang for the purposes of the inquiry into Olympic ticketing.

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that in view of the receipt of the Olympic Ticketing reference from the House, the additional Budget Estimates hearing in relation to the Olympics portfolio scheduled for 8 November 1999, be now constituted as an Olympic Ticketing inquiry hearing.

The Committee deliberated.

The Director was instructed to prepare a procedural briefing note detailing the rules governing the operation of the Committee.

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, Mr Sandy Hollway, Chief Executive Officer, SOCOG, Mr Graham Richardson, Chair of SOCOG's Ticketing Committee, Mr Paul Reading, General Manager, Commercial and Marketing and any other officer of SOCOG that the Minister believes should be present, be invited to attend the hearing on 8 November 1999 to give evidence to the Committee.

The Committee deliberated.

Resolved, on motion of Mr Moppett, that given the short-time frame for the inquiry, the Committee not place advertisements calling for public submissions; that Members instead provide the Director with a list of individuals and organisations they wish to be invited to make submissions by 3pm on Wednesday 3 November 1999, these names be circulated to all Committee Members and, if there are no objections, invitations be issued accordingly.

Mr Moppett moved that: Mr Graham Richardson be requested to give evidence to the Committee in relation to the Olympic Ticketing inquiry at a hearing to held on Wednesday 3 November, at a time of mutual convenience to Mr Richardson and Committee Members.

Debate ensued.

Question put.

The Committee divided.

Ayes: Ms Forsythe
Mr Moppett

Nos: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Question resolved in the negative.

The Committee deliberated.

Resolved, on motion of Mr Moppett, that the Committee hold a second hearing in relation to the Olympic Ticketing reference on Monday 15 November 1999 from 10am to 5pm.

* * * *

8. Adjournment

The meeting adjourned at 1.00pm until 5.00pm on 8 November 1999.

Anna McNicol
Director

Minutes No. 11

Monday, 8 November 1999
At Parliament House at 4.30pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Moppett
Mr Primrose
Dr Wong

Mr Lynn (participating)

2. Apologies

Nil

3. Confirmation of minutes

Resolved, on motion of Ms Forsythe, that the minutes of meeting number 10 be confirmed.

4. Correspondence

The Chair tabled nine items of correspondence received:

Letter from the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, to Chair, dated 2 November 1999, relating to the establishment of an independent review team to undertake an audit of the Olympic ticketing process.

Letter from the Revd Hon Fred Nile MLC, Chair of General Purpose Standing Committee No 1, to Director, received 2 November 1999, listing suggested witnesses for the Olympic Ticketing inquiry.

Letter from Mr David Richmond, Director-General, Olympic Co-Ordinating Authority, to Chair, dated 3 November 1999, providing details of scheduled meetings with the independent review team undertaking the audit of the Olympic ticketing process and confirming the Minister's invitation for a member of the parliamentary staff to attend these meetings.

Letter from the Hon Patricia Forsythe MLC, to Chair, dated 3 November 1999, listing suggested witnesses for the Olympic Ticketing inquiry.

Facsimile from Donna White, Executive Officer, Olympic Co-Ordinating Authority, to Director, dated 3 November 1999, providing copies of meeting papers relating to meetings with the independent review team undertaking the audit of the Olympic ticketing process.

Letter from the Hon Michael Gallacher MLC, to Chair, dated 4 November 1999, requesting that the Hon Charlie Lynn MLC be allowed to participate in the asking of questions and hearing of evidence at the Olympic Ticketing inquiry hearing on 8 November 1999.

Letter from the Hon Michael Knight MP, Minister for the Olympics, to Chair, dated 5 November 1999, confirming his intention and that of Messrs Hollway, Richardson and Reading to attend the Olympic Ticketing inquiry hearing on 8 November 1999.

* * * *

5. Olympic Ticketing Reference

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that the Committee hold a short deliberative meeting during the afternoon of Wednesday, 10 November 1999, to decide witnesses for the hearing on Monday, 15 November 1999.

Resolved, on motion of Ms Forsythe, that written questions placed on notice between the conclusion of today's hearing and 2pm on Tuesday, 9 November 1999, are to be forwarded for response by 10am, Monday, 15 November 1999.

Resolved, on motion of Ms Forsythe, that witnesses be requested to respond to any questions taken on notice during today's hearing by 10am, Monday, 15 November 1999.

The media and the public were admitted.

The Hon Michael Knight MP, Minister for the Olympics and President of the Sydney Organising Committee for the Olympic Games (SOCOG), was admitted. Mr Sandy Hollway, Chief Executive Officer, SOCOG, Mr Paul Reading, Group General Manager, Commercial and Marketing, SOCOG, and the Hon Graham Richardson, Chairman of the SOCOG Board's Ticketing Sub-Committee, were admitted and sworn.

The Minister and Messrs Hollway, Reading and Richardson answered questions by Members of the Committee.

The Minister tendered six documents to support his evidence.

Resolved, on motion of Mr Kelly, that the Committee accept the documents.

Mr Reading tendered a document to support his evidence.

Resolved, on motion of Mr Kelly, that the Committee accept the document.

Evidence concluded and the witnesses withdrew.

The Committee deliberated.

Resolved, on motion of Mr Kelly, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the documents accepted by the Committee during today's hearing and the transcript of evidence of today's hearing.

6. Adjournment

The meeting adjourned at 6.40pm until a time when all Members are available to attend during the afternoon of Wednesday, 10 November 1999.

Anna McNicol
Director

Minutes No. 12

Wednesday, 10 November 1999
At Parliament House at 3.30pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Moppett
Dr Wong

2. Apologies

Mr Primrose

3. Confirmation of minutes

Resolved, on motion of Dr Wong, that the minutes of meeting number 11 be confirmed.

4. Correspondence

The Chair tabled three items of correspondence received:

Letter from Mr Len Hubbard, to the Chairman, dated 25 October 1999 relating to the Olympic Ticketing inquiry.

Letter from the Hon Patricia Forsythe MLC, to the Chair, dated 9 November 1999, requesting that the President of the Tattersall's Club of Sydney appear as a witness before the Olympic Ticketing inquiry.

Letter from the Hon Patricia Forsythe MLC, to the Chair, dated 9 November 1999, requesting that Mr John Moore, former marketing manager of SOCOG appear as a witness before the Olympic Ticketing inquiry.

5. Olympic Ticketing Reference

The Committee deliberated.

Resolved, on the motion of Mr Moppett, that the Chairman seek an extension from the House for the reporting date for the inquiry into Olympic Ticketing, until 30 November 1999.

Ms Forsythe advised the Committee that she is a member of the Olympic Club.

Mr Johnson advised the Committee that a member of his immediate family is a member of the Olympic Club.

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, be invited to appear as a witness at the hearing on 15 November 1999, from 5pm to 6pm.

Resolved, on motion of Mr Moppett, that:

1. The following SOCOG personnel be requested to attend to give evidence at the hearing on 15 November 1999, at the times indicated:

Mr Sandy Hollway	Chief Executive Officer	3pm – 5pm
The Hon. Graham Richardson	Board Member and Chair of the Ticketing Subcommittee	3pm – 5pm
Mr Paul Reading	Group General Manger, Commercial and Marketing	3pm – 5pm
Mr John Bosilijevac	Program Manager, Ticketing Operations	2pm – 3pm
Mr Kris Donaldson		2pm – 3pm
Mr Benson		2pm – 3pm

2. The Committee question Messrs Hollway, Richardson and Reading separately during the period from 3pm to 5pm, but all three persons be asked to make themselves available for the entire two hour period, in order that they can be recalled if matters need clarification.
3. The Committee question Messrs Bosilijevac, Donaldson and Benson separately during the period from 2pm to 3pm, but all three persons be asked to make themselves available for the entire hour.
4. The Minister be asked to identify the SOCOG officer who is currently responsible for the operations of the Olympic Club, and the person who was responsible for determining the contents of the ticket brochure (and particularly the absence of information about the number of seats available for each event and session), and that these officers be requested to give evidence between 2pm and 3pm, during which time they will be questioned separately from other witnesses who will also be questioned during that hour.
5. The President of Tattersall's Club of Sydney, and a Tattersall's representative responsible for negotiations with SOCOG about premium tickets, be requested to attend to give evidence at the hearing on 15 November 1999 for half an hour between 10am and 1pm.

6. Revd Harry Herbert, Chair of the Olympics Social Impacts Advisory Committee, Mr Gary Moore, Director, New South Wales Council of Social Services (NCOSS) and Member of the Olympics Social Impacts Advisory Committee, and Ms Amanda Cornwall, Public Interest Advocacy Centre (PIAC) and Member of the Olympics Social Impacts Advisory Committee, be requested to attend to give evidence jointly at the hearing on 15 November 1999 for half an hour between 10am and 1pm.
7. Professor Alan Fells, Australian Competition and Consumer Commission, be requested to attend to give evidence at the hearing on 15 November 1999 for half an hour between 10am and 1pm.
8. Representatives from Olympic sponsors (from VISA, AMP and Westpac) be requested to attend to give evidence at the hearing on 15 November 1999 for half an hour between 10am and 1pm.
9. Mr John Moore, former Group Manager – Marketing & Image at SOCOG, be requested to attend to give evidence at the hearing on 15 November 1999 for half an hour between 10am and 1pm.
10. The Director determine the availability of Dr Jacques Rogge, of the International Olympic Committee, to give evidence at the hearing on 15 November 1999, and if he is available he be requested to attend, but if not, he be invited to make a written submission to the Committee.
11. The Committee Director be delegated responsibility for coordinating the times of appearances of witnesses at the hearing on 15 November 1999, and that the Director distribute a draft schedule of witnesses to Members for their consideration as soon as practicable.

6. Adjournment

The meeting adjourned at 4.03pm until 10am on Friday, 12 November 1999.

Anna McNicol
Director

Minutes No. 13

Friday, 12 November 1999
At Parliament House at 10.00am

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Tsang
Mr Kelly
Mr Moppett
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Confirmation of minutes

Resolved, on motion of Mrs Forsythe, that the minutes of meeting number 12 be confirmed.

* * * *

6. Olympic Ticketing Reference

The Committee deliberated.

Resolved, on the motion of Mr Primrose, that the Committee meet from 2pm to 5pm on Friday 26 November 1999, to deliberate on the Chairman's draft report.

Resolved, on the motion of Ms Forsythe that the following persons appear as witnesses at the Olympic Ticketing inquiry hearing on Monday 15 November 1999, subject to their willingness and availability to appear: Mr Gary Moore (NCOSS), Ms Amanda Cornwall (PIAC), Mr Carl Buik (ACCC), Mr John Fuller (AMP), Commander Robert Garing (Tattersall's Club), a representative from Westpac, Mr John Moore (former Group Manager – Marketing & Image at SOCOG), Mr John Bosiljevac (SOCOG), Mr Kris Donaldson (SOCOG), Mr Sandy Hollway (SOCOG), the Hon Graham Richardson (SOCOG), Mr Reading (SOCOG), and the Hon Michael Knight MP (Minister for the Olympics and President of SOCOG).

Resolved, on motion of Ms Forsythe, that the Committee agree to allow Mr Hollway to accompany all SOCOG officers who give evidence to the Committee on Monday, 15 November 1999, but that the evidence of the SOCOG Board Member, Mr Richardson, be heard without Mr Hollway present at the Committee table.

Resolved, on motion of Ms Forsythe, that the Review Team commissioned by the Minister for the Olympics to conduct an independent audit of the Olympic Ticketing process be requested to attend an Olympic Ticketing hearing on Monday 22 November 1999, to give evidence from 5pm to 6pm.

Resolved, on motion of Mr Primrose, that the Committee hold a deliberative meeting on Monday 15 November 1999 from 6pm to 7pm, at which members of the Review Team commissioned by the Minister for the Olympics to conduct an independent audit of the Olympic Ticketing, are invited to attend.

7. Adjournment

The meeting adjourned at 5.00pm until 10am on Monday, 15 November 1999.

Anna McNicol
Director

Minutes No. 14

Monday, 15 November 1999
At Parliament House at 10.00am

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Moppett
Mr Primrose
Dr Wong

Mr Lynn (participating)

2. Apologies

Nil.

3. Olympic Ticketing reference

The media and the public were admitted.

Mr Gary Moore, Director, New South Wales Council of Social Services, Ms Amanda Cornwall, Senior Policy Officer, Public Interest Advocacy Centre, and Mr Greg Kirk, Principal Solicitor, Public Interest Advocacy Centre, were admitted and sworn.

The witnesses answered questions by Members of the Committee.

Mr Moore tendered two documents to support his evidence.

Resolved, on motion of Ms Forsythe, that the Committee accept the documents.

Ms Cornwall tendered two documents to support her evidence.

Resolved, on motion of Ms Forsythe, that the Committee accept the documents.

Evidence concluded and the witnesses withdrew.

Mr Carl Buik, Director, Consumer Protection, Australian Competition and Consumer Commission, was admitted and sworn.

Mr Buik answered questions by Members of the Committee.

Evidence concluded and the witness withdrew.

Commander Robert Garing, Secretary, Tattersall's Club, was admitted and sworn.

Commander Garing answered questions by Members of the Committee.

Commander Garing tendered five documents, on a confidential basis, to support his evidence.

Resolved, on motion of Ms Forsythe, that the Committee accept the documents on an in camera basis.

Evidence concluded and the witness withdrew.

Mr John Moore, Former Group Manager, Marketing and Image, SOCOG, was admitted and sworn.

Mr Moore answered questions by Members of the Committee.

Evidence concluded and the witness withdrew.

Mr Sandy Hollway, Chief Executive Officer, SOCOG and Mr Paul Reading, Group General Manager, Commercial and Marketing, SOCOG, were admitted on former oath.

The witnesses answered questions by Members of the Committee.

Ms Forsythe moved: that Mr Reading's file notes be tabled.

The Committee deliberated.

The Chairman ruled that it was not appropriate to ask for the entire contents of the file.

Mr Reading withdrew.

Mr John Bosiljevac, Program Manager, Ticketing Operations, was admitted and sworn.

Mr Kris Donaldson, General Manager, Asset Sales, was admitted and sworn.

The witnesses answered questions by Members of the Committee.

Mr Bosiljevac and Mr Donaldson withdrew.

The Hon. Graham Richardson, SOCOG Board Member and Chairman of the SOCOG Board Ticketing Sub-Committee, and Mr Paul Reading, Group General Manager, Commercial and Marketing, SOCOG, were admitted on former oath.

The witnesses answered questions by Members of the Committee.

Mr Reading tendered a document to support his evidence.

Resolved, on motion of Ms Forsythe, that the Committee accept the document.

Evidence concluded and the witnesses withdrew.

The Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, was admitted.

The Minister answered questions by Members of the Committee.

Evidence concluded and the Minister withdrew.

Mr Lynn, the media and the public withdrew.

The Committee deliberated.

Ms Forsythe advised the Committee that her husband was once a partner in the firm Deloitte Touche Tohmatsu, but that he left the firm in 1986 and she believes he no longer receives a financial benefit from the firm.

Mr Rory O'Connor, Partner, Deloitte Touche Tohmatsu, and Mr John Shirbin, Partner, Clayton Utz, were admitted and participated in an informal discussion with the Committee.

Mr O'Connor and Mr Shirbin withdrew.

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that written questions placed on notice between the conclusion of today's hearing and 3pm on Tuesday, 16 November 1999, are to be forwarded for response by 12 noon, Friday, 19 November 1999.

Resolved, on motion of Ms Forsythe, that witnesses be requested to respond to any questions taken on notice during today's hearing by 12 noon, Friday, 19 November 1999.

Resolved, on motion of Mr Moppett, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the transcript of evidence of today's hearing.

Ms Forsythe moved:

- 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:
 - Premium tickets policy
 - Premium ticketing sales
2. That any personal or family notes may first be deleted.
3. That any reference to the price or prices paid may be first deleted.
4. That Ms Anna McNicol be appointed by the Committee to oversight any deletion of any material under Clause (2) and (3).

Debate ensued.

Resolved, on motion of Mr Moppett, this matter be now adjourned until a meeting of the Committee to take place on the evening of Wednesday, 17 November 1999, and the Chairman be authorised to discuss the motion with the Hon Michael Knight MP, Minister for the Olympics, between now and the next meeting of the Committee, when the Chairman is to report back to the Committee about the Minister's position on the matter.

4. Adjournment

The meeting adjourned at 7.13pm until a time of convenience to all Members of the Committee during the evening of Wednesday, 17 November 1999.

Anna McNicol
Director

Minutes No. 15

Wednesday, 17 November 1999
At Parliament House at 10.20pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Moppett
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Confirmation of minutes

Resolved, on motion of Mr Moppett, that the minutes of meetings number 13 and 14 be confirmed.

* * * *

5. Correspondence

The Chair tabled 10 items of correspondence received:

Letter from the Hon Patricia Forsythe MLC, to the Chairman, dated 11 November 1999, requesting that Mr John Coates be summoned to appear before the Committee during the SOCOG inquiry.

Letter from Mr David Tierney, Chief of Staff, Office of the Minister for the Olympics, to Chairman, dated 11 November 1999, relating to the Committee's hearing on Monday, 15 November 1999.

Letter from Mr Sandy Hollway, Chief Executive Officer, SOCOG, dated 12 November 1999, relating to the Committee's hearing on Monday, 15 November 1999.

Letter from the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, to the Chairman, dated 12 November 1999, providing information relating to the Committee's inquiry into Olympic Ticketing.

Letter from Mr David Tierney, Chief of Staff, Office of the Minister for the Olympics, to Director, dated 15 November 1999, providing responses to some questions placed on notice at the Committee's hearing on 8 November 1999.

Letter from Ms Gisele Mesnage, Advisor on Disability Issues to Lee Rhiannon, MLC, to Director, received 16 November 1999, relating to the Olympic Ticketing inquiry.

Letter from Mr David Tierney, Chief of Staff, Office of the Minister for the Olympics, to Director, dated 16 November 1999, detailing arrangements for the provision of responses to outstanding answers to questions placed on notice at the Committee's hearing on 8 November 1999.

Letter from Mr Simon Baulderstone, General Manager, Executive Office and Board Support, and Environment, SOCOG, to Director, dated 16 November 1999, providing responses to a number of questions placed on notice at the Committee's hearing on 8 November 1999.

Letter from the Hon Patricia Forsythe MLC, to the Chairman, dated 16 November 1999, requesting that Mr Graham Paton, of the accounting firm Arthur Andersen, be requested to appear before the Committee during the SOCOG inquiry.

Letter from Mr Sandy Hollway, Chief Executive Officer, SOCOG, dated 17 November 1999, to Chairman, providing information in relation to the Committee's inquiry into Olympic Ticketing.

6. Olympic Ticketing reference

The Committee deliberated.

Resolved, on motion of Dr Wong, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the documents accepted by the Committee during the hearing held on 15 November 1999, except for those accepted on an in camera basis.

Resolved, on motion of Ms Forsythe, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the answers to questions placed on notice at the hearing held on 8 November 1999.

The Committee deliberated.

Resolved, on motion of Mr Moppett, that due to the short timeframe for the completion of the inquiry, the Committee invite Mr Bruce Maguire and Mr Darren Fittler to make submissions in relation to the terms of reference, but these individuals not be invited to give oral evidence.

Ms Forsythe moved: that Mr John Coates, in his capacity as an IOC representative, be requested to appear before the Committee to give evidence in relation to the inquiry into Olympic Ticketing.

Debate ensued.

Mr Kelly moved: that the question be amended by omitting all words after "that" at the commencement and inserting instead:

“the Committee write to Mr John Coates, in his capacity as an IOC representative, and invite him to make a written submission to the Committee in relation to the inquiry into Olympic Ticketing.”

Question: that the amendment of Mr Kelly be agreed to.

The Committee divided.

Ayes: Revd Nile
 Mr Johnson
 Mr Kelly
 Mr Primrose
 Dr Wong

Nos: Ms Forsythe
 Mr Moppett

Question resolved in the affirmative.

Original question, as amended:

That the Committee write to Mr John Coates, in his capacity as an IOC representative, and invite him to make a written submission to the Committee in relation to the inquiry into Olympic Ticketing. – put and passed.

Ms Forsythe moved: that Mr Graham Paton, of the accounting firm Arthur Andersen, be requested to appear before the Committee to give evidence in relation to the inquiry into Olympic Ticketing.

Debate ensued.

Mr Kelly moved: that the question be amended by omitting all words after “that” at the commencement and inserting instead:

“the Committee write to Mr Graham Paton, of the accounting firm Arthur Andersen, and invite him to make a written submission to the Committee in relation to the inquiry into Olympic Ticketing.”

Question: that the amendment of Mr Kelly be agreed to.

The Committee divided.

Ayes: Revd Nile
 Mr Johnson
 Mr Kelly
 Mr Primrose
 Dr Wong

Nos: Ms Forsythe
Mr Moppett

Question resolved in the affirmative.

Original question, as amended:

That the Committee write to Mr Graham Paton, of the accounting firm Arthur Andersen, and invite him to make a written submission to the Committee in relation to the inquiry into Olympic Ticketing. – put and passed.

Debate resumed about the adjourned debate of the question on the motion of Ms Forsythe relating to the production of documents to the Committee by Mr Paul Reading.

Resolved, on motion of Mr Kelly, that the question be amended by omitting all words after “that” at the commencement and inserting instead:

1. That, in accordance with paragraph 8 of the resolution of the Legislative Council of 13 May 1999, establishing the General Purpose Standing Committees, which provides that the Committees have power to send for and examine persons, papers, records and things, the Committee calls for the production in the manner indicated in (5) below, by 5pm on Monday 22 November 1999 of:
 - (a) all files, notes and documents whether in written or electronic form in the custody or control of Mr Paul Reading, Group General Manager – Commercial and Marketing, or staff under his direction, relating to:
 - Premium ticketing policy (including any administrative procedures or guidelines used for the marketing, sale or purchase of premium tickets); and
 - Premium Ticket purchasers, including those who have agreed to purchase premium tickets and those who have actually been invoiced.
 - (b) all deliberations and minutes of the SOCOG Ticketing Commission relating to all ticket sales and not only premium tickets.
2. That details of the prices paid for Premium Tickets be included in the documents provided.
3. That any personal or family notes not relevant to this inquiry may be omitted from the documents to be supplied.
4. That an indexed list be provided of documents lodged under items (1) - (3) of this resolution showing the date of creation of the document, a description of the document and the author of the document.

5. That all of the above documents only be made available on strict confidential basis for inspection by Members of this Committee and the Committee Director at their convenience between 22 November 1999 and 30 November 1999; at the Office of the Independent Review Team of SOCOG Ticketing commissioned by the Minister for the Olympics. The relevant office for this purpose is Clayton Utz, Solicitors, Level 34, 1 O'Connell Street, Sydney. Further, that the content of these documents is not to be made public by Committee Members or the Committee Director.
6. That the Committee accept the offer of the Minister for the Olympics to provide in the manner outlined in (5) above, a list of premium package ticket purchasers prepared and audited by the Independent Review Team of SOCOG Ticketing.
7. That the Director of the Committee communicate this resolution to the Minister for the Olympics and the Director-General of the Premier's Department.

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that if any Member of the Committee or the Director of the Committee has purchased Olympic tickets, they write to the Chair of the Committee advising of the ticket purchases.

* * * *

8. Adjournment

The meeting adjourned at 11.00pm until Friday, 19 November 1999 at 1.30pm.

Anna McNicol
Director

Minutes No. 16

Friday, 19 November 1999
At Balgowlah RSL Club, Seaforth at 1.30pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Dr Wong

2. Apologies

Mr Kelly
Mr Moppett
Mr Primrose
Mr Tsang

3. Confirmation of minutes

Resolved, on motion of Ms Forsythe, that the minutes of meeting number 15 be confirmed.

4. Olympic Ticketing Inquiry

The Committee deliberated.

Resolved, on motion of Ms Forsythe, that the Committee agree to publicly release details of the motion agreed to at the Committee's last meeting, relating to the provision of documents to the Committee.

* * * *

6. Adjournment

The meeting adjourned at 5.10pm until Monday, 22 November 1999 at 3.00pm.

Anna McNicol
Director

Minutes No. 17

Monday, 22 November 1999
At Parliament House, at 3.00pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Kelly
Mr Moppett
Mr Primrose
Mr Tsang
Dr Wong

2. Apologies

Nil.

3. Confirmation of minutes

Resolved, on motion of Ms Forsythe, that the minutes of meeting number 16 be confirmed.

* * * *

7. General Business

The Committee deliberated.

Resolved, on motion of Mr Primrose, that the deliberative meeting scheduled for Friday, 26 November 1999 commence at 2pm and conclude no later than 4.30pm.

8. Adjournment

The meeting adjourned at 4.30pm until Monday, 22 November 1999 at 5.00pm.

Anna McNicol
Director

Minutes No. 18

Monday, 22 November 1999
At Parliament House, at 5.00pm

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Lynn (Moppett)
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Correspondence

The Chair tabled three items of correspondence received:

Letter from Mr Col Gellatly, Director General, Premier's Department, to Director, dated 19 November 1999, relating to the Committee's resolution of 17 November 1999.

Letter from Mr David Tierney, Chief of Staff, Office of the Minister for the Olympics, to Director, dated 22 November 1999, providing responses to questions placed on notice at the hearing on 15 November 1999.

Letter from the Hon John Jobling MLC, to Director, dated 22 November 1999, advising that the Hon Charlie Lynn MLC will be replacing the Hon Doug Moppett MLC for the purposes of the Olympic Ticketing hearing being held at 5pm on 22 November 1999.

4. Olympic Ticketing hearing

The media and the public were admitted.

Mr Rory O'Connor, Partner, Deloitte Touche Tohmatsu, and Mr John Shirbin, Partner, Clayton Utz, were admitted and sworn.

Mr O'Connor and Mr Shirbin answered questions by Members of the Committee.

Mr O'Connor sought leave from the Committee to tender a document entitled "Independent Review of SOCOG's Ticketing Processes" as part of his evidence.

Resolved, on motion of Mr Primrose, that the Committee accept the document.

Resolved, on the motion of Ms Forsythe, that in accordance with the provisions of section 4 (2) of the *Parliamentary Papers (Supplementary Provisions) Act 1975*, the Committee authorises the publication of the document.

Evidence concluded and the witnesses withdrew.

The media and the public withdrew.

Resolved, on motion of Ms Forsythe, that the Committee request that Mr O'Connor and Mr Shirbin appear again before the Committee, to answer questions relating to the Committee's inquiry into Olympic Ticketing.

Resolved, on motion of Mr Kelly, that Mr O'Connor and Mr Shirbin be requested to appear before the Committee for a period of two hours from the time of the rising of the House on Tuesday, 23 November 1999.

Resolved, on motion of Ms Forsythe, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the transcript of evidence of today's hearing.

Mr Lynn gave notice that, at the next meeting of the Committee, he would move that the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, be invited to appear before the Committee to give further evidence in relation to the inquiry into Olympic Ticketing.

5. Adjournment

The meeting adjourned at 6.10pm until Tuesday, 23 November 1999 at the rising of the House.

Anna McNicol
Director

Minutes No. 19

Tuesday, 23 November 1999
At Parliament House, at 5.30pm

1. Members Present

Revd Nile (in the Chair)
Ms Burnswoods (Kelly)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Lynn (Moppett)
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Correspondence

The Chair tabled eight items of correspondence received:

Letter from the Hon John Jobling MLC, to Director, dated 23 November 1999, advising that the Hon Charlie Lynn MLC will be replacing the Hon Doug Moppett MLC for the purposes of the Olympic Ticketing hearing being held at 5.30pm on 23 November 1999.

Letter from Mr Graham Moseley, to the Hon Patricia Forsythe MLC, dated 15 November 1999, relating to Olympic Ticketing.

Letter from Ms Tam Calderwood, to Chairman, received 23 November 1999, relating to Olympic Ticketing.

Facsimile from Mr Kerry Stokes, Executive Chairman, Seven Network Ltd, to the Hon Michael Knight MP, Minister for the Olympics (and cc to Chairman), dated 19 November 1999, relating to the Olympic Ticketing inquiry.

Letter from the Hon Michael Knight MP, Minister for the Olympics, to Mr Kerry Stokes, Executive Chairman, Seven Network Ltd (and cc to Chairman), dated 23 November 1999, relating to Mr Stoke's correspondence of 19 November 1999.

Letter from Mr John Coates, to Chairman, dated 23 November 1999, responding to the invitation to provide a submission in relation to the Olympic Ticketing inquiry.

Facsimile from Ms Yasmine Braeckvelt, Secretary to Dr Jacques Rogge, to Director, dated 22 November 1999, indicating Dr Rogge will be unable to provide information to the Committee by 23 November 1999.

Letter from Mr Graham Patton, Partner, Arthur Andersen, to Chairman, dated 23 November 1999, responding to the invitation to provide a submission in relation to the Olympic Ticketing inquiry.

4. Olympic Ticketing hearing

The media and the public were admitted.

Mr Rory O'Connor, Partner, Deloitte Touche Tohmatsu, and Mr John Shirbin, Partner, Clayton Utz, were admitted on former oath.

Mr O'Connor and Mr Shirbin answered questions by Members of the Committee.

Evidence concluded and the witnesses withdrew.

The Hon Michael Knight MP, Minister for the Olympics and President of SOCOG, was admitted.

The Minister answered questions by Members of the Committee.

The Minister sought leave from the Committee to tender three documents as part of his evidence.

Resolved, on motion of Ms Forsythe, that the Committee accept the documents.

Evidence concluded and the Minister withdrew.

The media and the public withdrew.

The Committee deliberated.

Resolved, on motion of Mr Primrose, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the transcript of evidence of today's hearing.

Resolved, on motion of Dr Wong, that pursuant to the provisions of section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and the authority of Standing Order 252, the Committee authorises the Committee Director to publish the documents accepted at today's hearing.

5. Adjournment

The meeting adjourned at 7.10pm until Friday, 26 November 1999 at 10.00am.

Anna McNicol
Director

Minutes No. 21

Friday, 26 November 1999
At Parliament House, at 3.00pm

1. Members Present

Revd Nile (in the Chair)
Mr Dyer (Tsang)
Ms Forsythe
Mr Kelly
Mr Lynn (Moppett)
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Correspondence

The Chair tabled ten items of correspondence received:

E-mail from Mr John Gosper, to Chairman, dated 13 November 1999, relating to Olympic Ticketing inquiry.

Letter from Mr Phillip French, Executive Officer, People with Disabilities (NSW) Inc, to Director, dated 21 November 1999, attached to a submission relating to the inquiry into Olympic Ticketing (previously circulated).

E-mail from Mr Bruce Maguire, to Director, dated 22 November 1999, attached to a submission relating to the inquiry into Olympic Ticketing (previously circulated).

Facsimile from Mr Graham Paton, Partner, Arthur Andersen, to Chairman, dated 23 November 1999, responding to the Committee's invitation to provide a submission relating to the inquiry into Olympic Ticketing.

Facsimile from Mr Francois Carrard, Director General, International Olympic Committee, dated 23 November 1999, responding to the Committee's invitation to Dr Jacques Rogge to provide a submission relating to the inquiry into Olympic Ticketing.

Facsimile from Mr Fred Martin, to Chairman, received 24 November 1999, relating to the Olympic Ticketing inquiry.

Letter from the Hon Peter Primrose MLC, to Director, dated 24 November 1999, advising that the Hon Ron Dyer MLC will be representing the Hon John Johnson MLC at the Olympic Ticketing meeting on 26 November 1999.

Letter from Mr Gary Moore, Director, Council of Social Service of New South Wales, to Chairman, dated 24 November 1999, relating to Olympic Ticketing inquiry.

Letter from the Hon John Jobling MLC, to Director, dated 25 November 1999, advising that the Hon Charlie Lynn MLC will be representing the Hon Doug Moppett MLC at the Olympic Ticketing meeting on 26 November 1999.

Facsimile from Ms Joy Vergoulis, Olympic Coordination Authority, to Director, dated 26 November 1999, providing information relating to the Olympic Ticketing inquiry.

4. Olympic Ticketing Inquiry

Ms Forsythe tabled a document relating to the purchase of tickets by her husband, Mr David Forsythe, in the public ticket offer.

The Chair submitted his draft report entitled “Report on Inquiry into Olympic Ticketing”, which having been circulated to each Member of the Committee, was accepted as being read.

The Committee proceeded to consider the draft report.

Resolved, on motion of Mr Primrose, to insert a list of the SOCOG Board Members, and the capacity in which they are appointed to the Board, at the start of section 2.1.1 of the report.

Resolved, on motion of Mr Lynn, to insert “, during a press conference held on 29 October 1999, the day of the announcement of the agreement between SOCOG and the ACCC,” between “The Standing Committee notes that” and “the Minister publicly apologised ...” in the second sentence of the fourth paragraph of section 2.1.1 of the report.

Resolved, on motion of Mr Lynn, to insert a quote from page 18 the report of the Review Team, between the fifth and sixth paragraphs in section 2.1.1.

Resolved, on motion of Dr Wong, to amend the first recommendation in the draft report, by inserting the words “and to ensure there are no perceived conflicts of interest by Members of the Ticketing Committee” after the words “... are appropriately oversights by the SOCOG Board.”

Resolved, on motion of Mr Kelly, to agree to the first recommendation in the draft report, as amended.

Resolved, on motion of Ms Forsythe, to insert a paragraph at the end of section 2.1.4 stating that the Arthur Andersen were invited to make a submission to the Committee.

Resolved, on motion of Dr Wong, to insert a paragraph after the first paragraph in section 3.2, referring to due diligence processes for the ticket offer book.

Resolved, on motion of Mr Lynn, to insert the sentence “In addition, there appears to have been widespread public perception that there were plenty of tickets for all sessions of all events.” after the second paragraph in section 3.2

Resolved, on motion of Mr Primrose, to insert a quote from Mr John Bosiljevac at the start of the third paragraph in section 3.3.

Resolved, on motion of Mr Primrose, to insert a paragraph before the last paragraph in section 3.3 highlighting the high demand for tickets to the opening and closing ceremonies, despite information that tickets would be limited.

Resolved, on motion of Mr Kelly, to insert a paragraph before the last paragraph in section 3.3, providing information about how many people received the tickets they requested.

Resolved, on motion of Ms Forsythe, to include a paragraph after the first paragraph in section 4.3 about the formal and informal ticketing processes.

Resolved, on motion of Mr Dyer, to insert a recommendation that, in the interests of restoring public confidence, SOCOG should consider making the list of the 41 purchasers of tailored premium packages public, bearing in mind its commitment to the purchasers of these tickets.

Resolved, on motion of Mr Dyer, to agree to the recommendation.

Resolved, on motion of Ms Forsythe, to insert a paragraph at the end of section 4.6.2 of the report about the need for the Board to put in place a transparent mechanisms for future sales of tickets at a premium.

Resolved, on motion of Mr Primrose, to amend the second recommendation in the draft report, by adding the sentence "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."

Resolved, on motion of Mr Primrose, to agree to the second recommendation in the draft report, as amended.

Resolved, on motion of Mr Kelly, that the Committee reconvene at 10.00am on Tuesday 30 November 1999, to continue its consideration of the draft report.

5. Adjournment

The meeting adjourned at 4.40pm until Tuesday, 30 November 1999 at 10.00am.

Anna McNicol
Director

Minutes No. 22

Tuesday, 30 November 1999
At Parliament House, at 10.00am

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Lynn (Moppett)
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Confirmation of minutes

Resolved, on motion of Ms Forsythe, that the minutes of meetings number 20 and 21 be confirmed.

4. Correspondence

The Chair tabled eleven items of correspondence received:

Letter from the Hon Michael Knight MP, Minister for the Olympics, to Chairman, dated 5 November 1999, relating to the hearing scheduled for 8 November 1999.

Letter from Mr Gary Moore, Director, Council of Social Service of New South Wales, to Chairman, dated 8 November 1999, raising matters relating to the Olympic Ticketing inquiry.

Letter from Mr David Tierney, Chief of Staff, Office of the Minister for the Olympics, to Director, dated 18 November 1999, providing responses to questions placed on notice at the Committee hearing held on 8 November 1999.

Letter from Mr Phillip French, Executive Officer, People with Disabilities (NSW) Inc, to Director, dated 21 November 1999, providing information relating to the Olympic Ticketing inquiry.

E-mail from Mr Bruce Maguire, to Director, dated 22 November 1999, providing information relating to the Olympic Ticketing inquiry.

Letter from the Hon Peter Primrose MLC, to Director, dated 24 November 1999, requesting a copy of the briefing note that General Purpose Standing Committee No 1 resolved to have prepared, regarding the different modes of operation of General Purpose Standing Committees.

Facsimile from Mr Simon Baulderstone, General Manager, Executive Office and Board Support, and Environment, SOCOG, to Director, dated 26 November 1999, providing response to questions forwarded to SOCOG on 24 November 1999.

Facsimile from Ms Linley Wallace, Royal Victorian Institute for the Blind, to Director, dated 29 November 1999, providing information in relation to the Olympic Ticketing inquiry.

Facsimile from Mr Kerry Stokes, Executive Chairman, Seven Network Ltd, to the Hon Michael Knight MP, Minister for the Olympics and President of SOCOG (and cc to Chairman), dated 29 November 1999, relating to the Olympic Ticketing inquiry.

Facsimile from Mr Bruce Maguire, to Director, dated 30 November 1999, relating to the Olympic Ticketing inquiry.

Letter from the Hon John Jobling MLC, to Director, dated 29 November 1999, advising that the Hon Charlie Lynn MLC will be replacing the Hon Doug Moppett MLC for the meeting to be held on 30 November 1999.

Resolved, on motion of the Hon Tony Kelly, that the facsimile from Mr Simon Baulderstone, General Manager, Executive Office and Board Support, and Environment, SOCOG, to Director, dated 26 November 1999, providing response to questions forwarded to SOCOG on 24 November 1999, remain confidential. Further, that the document be retained by the Clerk of the Parliaments, for viewing only by Members of the Committee and the Committee Director, and that the Clerk of the Parliaments retain a written record of all persons who view the document, including the date and time of viewing.

5. Olympic Ticketing Inquiry

The Director tabled a document relating to the purchase of Olympic tickets, on her behalf, in the public ticket offer.

The Committee continued its consideration of the Chair's draft report.

Resolved, on motion of Ms Forsythe, that the list of Board Members in section 2.1.1 of the report include the dates of appointment to the Board.

Resolved, on motion of Mr Primrose, that the list of Board Members in section 2.1.1 of the report include both present and past Board Members.

Mr Primrose moved: that the sentence "The Standing Committee believes it is important to make the point that the Hon Michael Knight MP, as President of the Board, should have provided stronger leadership to the Board in relation to the ticketing process." be deleted from the beginning of the third paragraph in section 2.1.1 of the report.

Debate ensued.

Ms Forsythe moved: that the motion be amended so that only the words "the Hon Michael Knight MP, as President of" and "to the Board" be deleted from the sentence.

Question: that the amendment of Ms Forsythe be agreed to – put.

The Committee divided.

Ayes: Ms Forsythe
Mr Lynn

Nos: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Question resolved in the negative.

Original question put and passed.

Mr Primrose moved: that the final paragraph of the quote from page 18 of the report of the Review Team quoted in section 2.1.1 of the report be deleted.

Debate ensued.

The Committee divided.

Ayes: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose

Nos: Ms Forsythe
Mr Lynn
Dr Wong

Question resolved in the affirmative.

Ms Forsythe moved: that recommendation 1 be amended by the insertion of the words “or actual” after the words “no perceived”.

Debate ensued.

The Committee divided.

Ayes: Ms Forsythe
Mr Lynn

Nos: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Question resolved in the negative.

Resolved, on motion of Mr Primrose to delete the words “The Standing Committee notes that the structure of the Board appears to have contributed to the reluctance of some SOCOG staff to share commercially sensitive information with the Board. However,” from the second paragraph of section 2.1.3 of the report.

Resolved, on motion of Mr Primrose, to insert a new paragraph in section 2.1.3, after the second paragraph quoting the second paragraph of the first recommendation listed on page 3 of the report of the Review Team.

Resolved, on motion of Ms Forsythe, that the Committee reconvene at 1.15pm on Tuesday 30 November 1999, to continue its consideration of the draft report.

6. Adjournment

The meeting adjourned at 11.00am until Tuesday, 30 November 1999 at 1.15pm.

Anna McNicol
Director

Minutes No. 23

Wednesday 1 December 1999
At Parliament House, at 10.00am

1. Members Present

Revd Nile (in the Chair)
Ms Forsythe
Mr Johnson (Tsang)
Mr Kelly
Mr Lynn (Moppett)
Mr Primrose
Dr Wong

2. Apologies

Nil.

3. Confirmation of minutes

Resolved, on motion of Mr Lynn, that the minutes of meeting number 22 be confirmed.

4. Correspondence

The Chair tabled six items of correspondence received:

Letter from the Hon Michael Knight MP, Minister for the Olympics, to Chairman, dated 30 November 1999, providing information relating to the Olympic Ticketing inquiry.

Letter from the Hon John Jobling MLC, to Director, dated 30 November 1999, advising that the Hon Charlie Lynn MLC will be representing the Hon Doug Moppett MLC at all Olympic Ticketing meetings on 30 November 1999.

Facsimile from Mr Simon Balderstone, General Manager, Executive Office and Board Support, to Director, dated 30 November 1999, providing answers to questions forwarded to Mr Sandy Hollway on 29 November 1999.

Letter from the Hon John Jobling MLC, to Director, dated 30 November 1999, advising that the Hon Charlie Lynn MLC will be representing the Hon Doug Moppett MLC at all Olympic Ticketing meetings on 1 December 1999.

E-mail from Mr Garrett Prestage, to Chairman, dated 30 November 1999, relating the Olympic Ticketing inquiry.

Letter from the Hon Michael Knight MP, Minister for the Olympics, to Chairman, dated 1 December 1999, providing information relating to the Olympic Ticketing inquiry.

5. Olympic Ticketing Inquiry

The Committee continued its consideration of the Chair's draft report.

Resolved, on motion of Mr Kelly, to delete the words:

The Review Team found that if the internal auditors had instead reported Mr Reading's refusal to the SOCOG Board's Audit Committee and the Chief Executive Officer:

... this would have put the [Audit] Committee and Sandy Hollway on notice of the lower public ballot quota.

from section 2.1.4 and replace them with a quote of the last paragraph on page 38 of the report of the Review Team.

Resolved, on motion of Mr Primrose, to insert a sentence at the end of paragraph four of section 3.2 indicating SOCOG Board Members had warned the public prior to the opening of the public ticket offer about the low chance of obtaining tickets to popular events.

Resolved, on motion of Mr Kelly, to inset the sentence "The Standing Committee also notes that the ticket offer book made provision for purchasers to indicate alternative choices if their first choice was oversubscribed, clearly indicating that it would not be possible to fill all first-choice requests." at the end of the amended fourth paragraph of section 3.2.

Resolved, on motion of Mr Primrose, to insert "The Standing Committee notes the report of the Review Team indicates that the Minister was not advised there were less than 3.5 million tickets in the public ballot until 2 September 1999." as the final paragraph in section 3.2.

Resolved, on motion of Mr Primrose, to insert the words "in the form of a ticket order brochure" between "... 6,000 Stadium Package holders" and "was made at the end ...".

Resolved, on motion of Mr Primrose, to insert a new second paragraph stating "The Minister told the Standing Committee that: I am very sorry that we did not go out and explain more in advance about premium packages to the public." in section 4.7.1.

Resolved, on motion of Mr Primrose, to insert two quotes from page five of the transcript of evidence given by the Minister on 8 November 1999 and a quote from correspondence received from SOCOG dated 230 November 1999, in section 4.7.1

Resolved, on motion of Dr Wong, to include reference to a letter from the Minister dated 1 December 1999, in section 4.7.1.

Resolved, on motion of Ms Forsythe, to insert the words "and sponsors" between "... of restoring public" and "confidence ..." in recommendation 2 of the draft report.

Mr Primrose moved: that recommendation 2 of the draft report be amended by the addition of the words "and the 645 purchasers of the premium packages offered to the Stadium Package holders" between the words "... tailored premium packages" and "bearing in mind ...".

Debate ensued.

Mr Lynn moved: that the motion be amended by the replacement of all words in the motion after “that” by “a new recommendation be inserted at the end of section 4.5 stating:

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.”

Question: that the amendment of Mr Lynn be agreed to – put and passed.

Original question, as amended – put and passed.

Mr Primrose moved: that recommendation 2 of the draft report be amended by the addition of the words “and the 645 purchasers of the premium packages offered to the Stadium Package holders” between the words “... tailored premium packages” and “bearing in mind ...”.

Debate ensued.

Question put.

The Committee divided.

Ayes: Mr Johnson
Mr Kelly
Mr Primrose

Nos: Revd Nile
Ms Forsythe
Mr Lynn
Dr Wong

Question resolved in the negative.

Ms Forsythe moved: that section 4.8 be agreed to.

Debate ensued.

Dr Wong moved: that the motion be amended by the replacement of all words after “that” by “the words:

Additional correspondence from Mr Stokes to the Minister, dated 29 November 1999, provided to the Standing Committee by Mr Stokes, again set out concerns about the possibility that premium-priced tickets and hospitality packages may be sold to sponsors’ competitors, and about access to desired tickets. This letter also states: ‘I was frankly surprised that you complain about me sending a copy of my letter to Rev. Nile and your suggestion that Seven’s concerns could be dealt with secretly. Secrecy is the root of the problems that I raised with you on 19 November.

be deleted and replaced by

The Standing Committee notes that Mr Stokes was not satisfied with the Minister's response."

Question: that the amendment of Dr Wong be agreed to – put and passed.

Original question, as amended – put and passed.

Mr Primrose asked that the minutes record the fact that, in response to a matter raised at the previous meeting, the Acting Clerk Assistant Committees informed the Committee of verbal advice received from the Clerk of the Parliaments on 30 November 1999, in relation to a question raised by Mr Primrose about the possibility of the Committee being joined as a party to any potential litigation between Channel Seven and SOCOG. The advice provided was to the effect that where attempts had been made in the past to join parliamentary committees (or a house of parliament itself) as a party to litigation, established practice was for a claim of [parliamentary] privilege to be made and that, in any case, the courts had demonstrated that they were very conscious of issues concerning parliamentary privilege.

Mr Kelly asked that the minutes record the fact that he sought advice from the Acting Clerk Assistant Committees about what privilege extends to Members of the Committee in respect of the content of Committee reports, and what legal cover is afforded to individual Members if they are sued in relation to Committee hearings, report content or deliberations on a report. The Acting Clerk Assistant Committees undertook to report back to the Committee about this matter.

Resolved, on motion of Ms Forsythe, to agree to the third recommendation in the draft report.

Resolved, on motion of Ms Forsythe, that the paragraph in section 5.3 immediately prior to the recommendation be amended by replacing the words "reinstating the Olympic Opportunity quota to 1.5 million tickets" by "achieving a quota of 1.4 million Olympic Opportunity tickets".

Resolved, on motion of Ms Forsythe, to amend recommendation four of the draft report by replacing "reinstating the original quota of 1.5" with "achieving a quota of 1.4".

Resolved, on motion of Ms Forsythe, that recommendation five of the draft report be amended by the addition of the sentence "Further, that this policy include a mechanism to ensure access to these tickets by children in disadvantaged schools."

Resolved, on motion of Mr Primrose, to agree to the sixth recommendation in the draft report.

Resolved, on motion of Mr Kelly, that the sentence "As Minister for the Olympic Games and President of SOCOG the Hon Michael Knight MP must provide leadership to SOCOG on this issue." be deleted from the first paragraph of section 7.

Resolved on motion of Mr Primrose to delete the final paragraph and recommendation from section 7.

Resolved, on motion of Ms Forsythe, to insert a new paragraph at the end of section 7 stating

The Standing Committee believes that an important part of restoring public confidence in the Sydney 2000 Olympic Games will be its response to recommendations contained in this report.

and a new recommendation

that, on the first sitting day in April 2000, the President of SOCOG provide a response to the Legislative Council about progress on the implementation of recommendations contained in this report.

Mr Lynn moved: that the following paragraphs be inserted at the start of section 7:

The Committee finds there is a blurring of the role and responsibility of the SOCOG Board and SOCOG management.

The Committee also finds there is a blurring of the roles and responsibilities of the senior executives of SOCOG and the President of SOCOG. It is not for the Committee to determine these roles and responsibilities but a matter for the SOCOG Board if the current administrative malaise is to be corrected.

The Committee finds that the blurring of roles and responsibilities has contributed to the lack of transparency in the operation of SOCOG and has also contributed to the poor levels of public accountability.

The Committee further finds that it is difficult to attribute the responsibility and accountability for the poor administration of the ticketing program because of the Board's failure to clearly define policy and to clearly define the roles and responsibilities of its management.

Ultimate responsibility must however rest with the SOCOG Board and its President for its administrative and policy failures.

The Committee notes the findings of the Independent Review in regard to roles and responsibilities of the Board of Directors:

"The Board of a large corporation cannot manage the corporation's day to day business. That function must be business necessity be left to management. The Board is entitled to rely on management to do so and to rely on information and advice received from management. However, the Board is required to set policy and to take reasonable steps to place itself in a position to guide and monitor management. (p17)"

The Committee notes the findings of the Independent Review in regard to management:

"On many occasions, reports were made directly to the Board by members of management without first being authorised by the CEO ... The bypassing of the official structure also worked in the opposite direction. For example, the President has a working relationship with management and has informed the Review of conversations with operational staff in relation to ticketing issues at which the CEO may or may not have been present.

The effect of these practices has been a diffuse delegation of functions and a CEO who cannot have been fully appraised of all matters being reported to his Board. (p18)”

The Committee also notes a report in the *Sydney Morning Herald* of 28 March 1997 where the Minister for the Olympics was quoted:

“I see my role as very much the Chairman of the organisation, I don’t want to be involved in day-to-day administration.”

Debate ensued.

Ms Forsythe moved: that the motion be amended by the deletion of the word “further” from the fourth paragraph of the proposed amendment.

Dr Wong moved: that the motion be amended by the replacement of all words after “that” by “a new paragraph be inserted at the end of section seven stating:

In view of the recent reorganisation of SOCOG, the Standing Committee looks forward to closer cooperation between the SOCOG Board and management.”

Ms Forsythe moved that the amended motion be amended by the inclusion of the paragraphs:

The Committee finds that it is difficult to attribute the responsibility and accountability for the poor administration of the ticketing program because of the Board’s failure to clearly define policy and to clearly define the roles and responsibilities of its management.

Ultimate responsibility must however rest with the SOCOG Board and its President for its administrative and policy failures.

immediately prior to the paragraph commencing “In view of the recent ...”.

Question: that the second amendment of Ms Forsythe be agreed to – put.

The Committee divided.

Ayes: Ms Forsythe
Mr Lynn

Nos: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Question resolved in the negative.

Question: that the amendment of Dr Wong be agreed to – put.

The Committee divided.

Ayes: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Nos: Ms Forsythe
Mr Lynn

Original question, as amended: that a new paragraph be inserted at the end of section seven stating “In view of the recent reorganisation of SOCOG, the Standing Committee looks forward to closer cooperation between the SOCOG Board and management.” – put and passed.

Mr Lynn moved: that a new recommendation be inserted at the end of section seven stating:

The Standing Committee recommends that clear lines of responsibility be established between:

- Government
- The SOCOG Board; and
- SOCOG Management.

Debate ensued.

Question put.

The Committee divided.

Ayes: Ms Forsythe
Mr Lynn

Nos: Revd Nile
Mr Johnson
Mr Kelly
Mr Primrose
Dr Wong

Question resolved in the negative.

Resolved, on motion of Dr Wong, that the report, as amended, be the report of the Committee.

Resolved, on motion of Dr Wong, that the transcripts of evidence, submissions, documents received and correspondence received (apart from confidential documents and correspondence relating to the confidential documents inspected by some Committee members) be tabled with the report and made public.

Resolved, on motion of Mr Lynn, that dissenting statements relating to the report be provided to the Committee Director no later than 11am on Thursday 2 December 1999.

Resolved, on motion of Ms Forsythe, that the Chairman be given responsibility for preparing and releasing a media release in relation to the report, issuing the report to the media, and making a statement to the media.

Resolved, on motion of Ms Forsythe, that the Committee note the work of the Secretariat in assisting Members of the Committee in the conduct of the inquiry.

* * * *

7. Adjournment

The meeting adjourned at 3.45pm until Monday, 6 December 1999 at 11.00am.

Anna McNicol
Director