

## **Sydney Organising Committee for the Olympic Games**

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### **AUDIT OPINION**

The audit of the Sydney Organising Committee for the Olympic Games (SOCOG) financial reports for the 18 month period ended 31 December 2000 and for the 10 month period to 31 October 2001 resulted in unqualified Independent Audit Reports.

### **KEY ISSUES**

#### **NSW Government Underwriting**

As part of the Olympics bid process, the NSW Government agreed to underwrite any shortfall of income over expenditure in SOCOG's operations.

In June 2000, NSW Parliament provided \$140 million to assist with a projected shortfall.

At 31 December 2000, \$57.7 million of this funding was spent. Between 31 December 2000 and the time of SOCOG's dissolution on 31 October 2001, a further \$2.1 million was spent on staff costs, accommodation, and wind-up costs such as legal settlements. In total the Government underwrote SOCOG by \$59.8 million. The balance of \$80.2 million has been returned to Treasury.

#### **Remains of the Games**

On completion of the Games, all SOCOG assets were to be:

- ◆ retained for Olympic legacy purposes
- ◆ returned to the supplier under the contract or
- ◆ sold or otherwise disposed of.

For the last category a consortium was contracted to provide all auction and valuation services.

Although detailed records of assets planned for sale were prepared, no final reconciled list was kept of the assets delivered to the consortium. SOCOG management considered this was not warranted. There is a risk that assets were misappropriated.

### **CONTROL ISSUES**

We reviewed the development of controls surrounding Games time and the wind down of operations. Recommendations were made to the management of SOCOG.

### **FINANCIAL INFORMATION**

In August 1999, SOCOG received approval from the NSW Treasurer to change reporting periods as follows:

- ◆ 1 July 1999 to 31 December 2000 - an 18 month period
- ◆ 1 January 2001 to 30 June 2001 - a six month period.

On 24 July 2001, SOCOG received approval from the Treasurer to extend the latter reporting period to 31 December 2001 – a 12 month period, or such earlier date should dissolution of SOCOG occur prior to 31 December 2001.

SOCOG was dissolved on 31 October 2001. Accordingly, SOCOG's final reporting period was for the 10 months 1 January 2001 to 31 October 2001. Its remaining assets, liabilities and obligations of that time were absorbed by the Olympic Co-ordination Authority.

#### Abridged Statement of Financial Position

	31 October 2001 \$'000	31 December 2000 \$'000	30 June 1999 \$'000
Current assets	12,713	195,876	268,359
Non-current assets	<u>—</u>	<u>—</u>	<u>23,602</u>
<b>TOTAL ASSETS</b>	<b><u>12,713</u></b>	<b><u>195,876</u></b>	<b><u>291,961</u></b>
Current liabilities	12,713	195,876	263,230
Non-current liabilities	<u>—</u>	<u>—</u>	<u>28,731</u>
<b>TOTAL LIABILITIES</b>	<b><u>12,713</u></b>	<b><u>195,876</u></b>	<b><u>291,961</u></b>
<b>NET ASSETS</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

#### Abridged Statement of Financial Performance

	10 month period ended 31 October 2001 \$'000	18 month period ended 31 December 2000 \$'000	12 month period ended 30 June 1999 \$'000
Employee related	4,807	377,244	—
Other expenses	<u>942</u>	<u>2,508,497</u>	<u>—</u>
<b>TOTAL EXPENSES</b>	<b><u>5,749</u></b>	<b><u>2,885,741</u></b>	<b><u>—</u></b>
Sponsorship	—	686,123	—
Ticketing	—	616,897	—
Television rights	—	1,132,780	—
Grants	—	78,593	—
Interest income	3,647	42,277	—
Other revenue	<u>—</u>	<u>272,603</u>	<u>—</u>
<b>TOTAL REVENUE</b>	<b><u>3,647</u></b>	<b><u>2,829,273</u></b>	<b><u>—</u></b>
(Loss) on sale of non-current assets	<u>—</u>	<u>(1,274)</u>	<u>—</u>
<b>NET COST OF SERVICES</b>	<b><u>(2,102)</u></b>	<b><u>(57,742)</u></b>	<b><u>—</u></b>
<b>Add Government Underwriters Funding</b>	<b><u>2,102</u></b>	<b><u>57,742</u></b>	<b><u>—</u></b>
<b>MOVEMENT IN ACCUMULATED FUNDS</b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>—</u></b>

All SOCOG income received and expenditure incurred in the lead up to the Sydney 2000 Olympic Games was directly related to that event. It was therefore attributed to the 18 month period ended 31 December 2000, rather than SOCOG's earlier reporting periods.

## **SOCOG ACTIVITIES**

SOCOG was constituted under the *Sydney Organising Committee for the Olympic Games Act 1993* in November 1993 and was to be wound up on or before 31 March 2002.

SOCOG's primary objective was to organise and stage the 2000 Olympic Games in Sydney in accordance with the Host City Contract. The Host City Contract was initially an agreement between the International Olympic Committee, the Australian Olympic Committee and the Sydney City Council. SOCOG became the fourth party to the Host City Contract in February 1994.

The Act required that, in carrying out its primary objective and exercising its functions, SOCOG was:

- ◆ to act in a financially sound and responsible manner
- ◆ to have regard to the limits of the financial resources available to it and the State for the purposes of the Games, and
- ◆ to use its best endeavours to avoid the creation of debts and liabilities (including debts and liabilities that would or were likely to become the responsibility of the State) that would extend or would be likely to extend beyond the time by which SOCOG must be wound up.

SOCOG was wound up on 31 October 2001.

## **SPORTS COMMISSION**

For the 18 month period to 31 December 2000, the Sports Commission spent \$132.3 million on sports and the Olympic family, and \$505.4 million on volunteers and uniforms, venues, villages, accommodation and medical, technology and accreditation card technology. It held no assets or liabilities at period end.

The Commission had no activity during the 10 month period to 31 October 2001.

The Commission was responsible for sport-specific programs and sport-related programs relating to the Games as agreed, and within the budgets established for those programs, by the SOCOG Board. Because the SOCOG Board relinquished its decision-making capacity for these programs, the Commission was considered to be a separate accounting entity with its own financial report.

SOCOG's funding of the Commission was recognised as expenditure in SOCOG's financial report.