

AOC

In Appendix I of the Crawford Report attributed to Gemba Group there is a comparison of the income statements for the AOC 2005-2008 and the USOC 2005-2008 with the source stated as the respective annual reports of the AOC and USOC.

As well as comparing expense segments for the two NOC's it suggests that the AOC had a net profit of 35% over the period and the USOC a net loss of 1% over the period.

In reality the AOC broke even over the period, which could have been explained had Gemba Group or the Crawford Panel enquired.

The Australian Olympic Committee Incorporated and the Australian Olympic Foundation Limited are two separate corporate entities, although with the same board members, the AOC being the operating arm and the AOF the investment arm to assist in funding the preparation and participation of the Australian Teams in the Olympic Games, Olympic Winter Games and Regional Games and the cost and expenses of the AOC.

As disclosed in the Annual Report of the AOF for 2008, the AOF since 2001 had made cash distributions to the AOC of \$55.1 million comprising:-

\$26.7 million for the 2001-2004 quadrennium; and
\$28.4 million for the 2005-2008 quadrennium.

The distribution for the 2005-2008 quadrennium included an additional grant of \$3.9 million than budgeted to enable the AOC to be in a break even position for the quadrennium after additional spending on National and Olympic Teams.

The Financial Statement of the AOC Annual Report in 2008 makes it clear that "The Committee also receives distributions from the Australian Olympic Foundation as primary beneficiary of that Trust.

From time to time, assets of the Committee deemed surplus to immediate requirements are gifted to the Australian Olympic Foundation".

In note 1(i) it is advised that the AOC is exempt from income tax.

In note 1(j) of the AOF Annual Report it is advised that under current income tax legislation, the Foundation is not liable for income tax provided that its income is fully distributed.

In the Income Statement for 2008 referred to by Gemba Group under the heading Quad 2005-2008 \$66.4 million is shown as distribution from the AOF in revenue and \$37.9 million is shown as profit. In reality this is the difference between the agreed distribution to the AOC and the fully distributed income. It has been gifted back to the AOF to ensure its capital is maintained thus enabling the AOF to secure forecast and budgeted distributions to support the AOC's operations into the future.

Thus, the Gemba analysis is misleading without explanation quite apart from any other comment on a comparison of AOC and USOC expenses.

At end September 2009 the net assets of the AOF were \$116.2 million after a further distribution of \$4.7 million to September 2009 making a total distribution from the AOF to the AOC of \$59.8 million since 2001.