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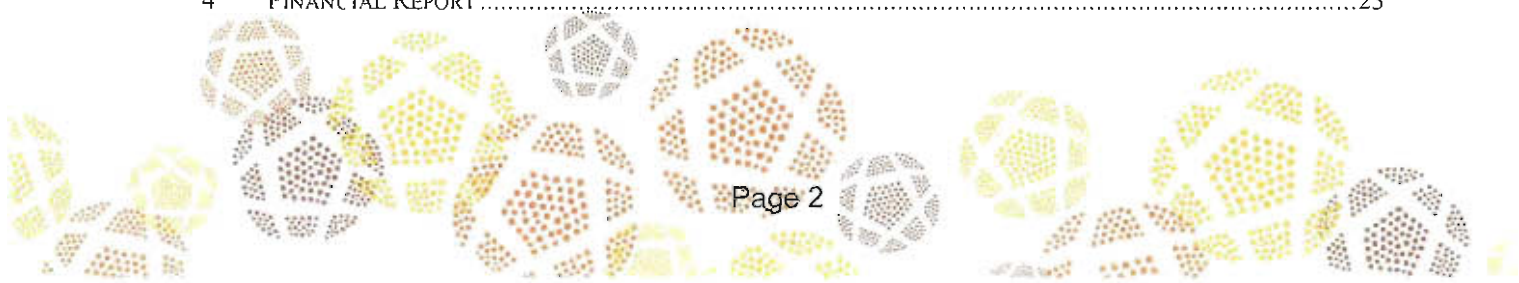


**BIDDING NATION
AUSTRALIA**

FINAL REPORT



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Part A: Project Details

1 Introduction

In October 2007 the FIFA Executive Committee ended what had been known as the Confederation rotation policy for the selection of host countries for the FIFA World Cup. Instead, FIFA determined that any Association (on behalf of its country) could bid to host the FIFA World Cup, other than an Association belonging to a Confederation which had hosted one of the two preceding editions of the tournament. In December 2008 FIFA determined to combine the bidding processes for both the 2018 and 2022 FIFA World Cup. These policy changes ensured that FFA was eligible to bid to host the 2018 or 2022 FIFA World Cup.

1.1 Major Event Acquisition Strategy

As part of its major events strategy, FFA determined that it would bid to host other, smaller FIFA events. This strategy ensured FFA gained exposure to the FIFA bidding process whilst raising the profile of football in Australia and Australia as a destination for major football events.

In early 2007 FFA formally lodged its interest in bidding to host the 2011 FIFA Women's World Cup. FFA worked with its Member Federations, the Federal, state and territory governments and relevant venues in preparing its bid. PricewaterhouseCoopers was engaged to undertake a rigorous financial analysis of the event. In October 2007, based on this preceding work, FFA withdrew its candidature for the event.

In 2008 FFA had the opportunity to bid to host the 2009 and 2010 FIFA Club World Cup. FFA engaged a number of industry experts including PricewaterhouseCoopers, MI Associates, HOK Sport and Witekite to assist it in preparing the bid. In May 2008 FIFA announced that FFA's bid had been unsuccessful, citing concerns about the impact of travel times to Australia on such a short tournament. FFA was expressly advised by FIFA that these concerns would not be held in relation to FFA's mooted candidature to host the FIFA World Cup in Australia.

In bidding to host these two FIFA competitions FFA gained invaluable experience and developed important international relationships. This experience and these relationships were important in informing the development of FFA's FIFA World Cup bidding strategy.

In addition to its bids to host these football competitions, FFA also successfully secured hosting rights to two off-field events – the 2007 AFC Annual Awards and the 2008 FIFA Congress. These events were not subject to a bidding process but were secured through direct dialogue with AFC and FIFA respectively. They ensured many important members of the international football family had occasion to travel to Australia and meet with FFA and Australian Government representatives.

A further key element of FFA's strategy in bidding to host the FIFA World Cup was to simultaneously bid to host the AFC Asian Cup 2015. In addition to the many synergies and cost efficiencies achieved by simultaneously bidding for both events, feedback from senior

members of FIFA and AFC suggested this would be deemed a strong demonstration of FFA's commitment and capacity to host major football events.

1.2 Feasibility Analysis

Throughout 2008 FFA undertook extensive analysis of Australia's capacity to stage the FIFA World Cup. This analysis included undertaking the following projects:

- National Infrastructure Audit – an analysis by jurisdiction of each State's capacity to meet FIFA's anticipated requirements with respect to four critical criteria: Stadiums; Training Sites; Accommodation; and Transport.
- Economic Impact Analysis – an independent forecast of the impact to Australia's economy of hosting the FIFA World Cup.
- Bid Budget – development of a comprehensive budget for the cost of a bid to host the FIFA World Cup, benchmarking other Australian and international bids.
- Australian Winter Sports Landscape Report – a report on Australia's winter sports landscape including opportunities to mitigate and minimise the likely impact to other sports of hosting the FIFA World Cup.
- Match Schedule Analysis – an analysis of how the FIFA World Cup could be staged across Australia's cities and stadiums, having regard to time zone implications, commercial considerations and jurisdictional capacity to host matches.
- Organisational Structure Review – a report on the recommended optimal organisational structure for the management of a bid for the FIFA World Cup, having regard to precedents and FFA's existing structure and capabilities.

FFA also engaged with German football's governing body, the DFB, to gain insights from its experience as the most recent host of the FIFA World Cup.

1.3 Government Funding

Following and based on this feasibility analysis, FFA developed a comprehensive submission which sought Federal Government funding to enable it to proceed with a bid to host the FIFA World Cup.

On 10 December 2008, the then Minister for Sport, the Hon. Kate Ellis, announced the allocation of \$45.6 million (excluding GST) to FFA to facilitate a bid to host the FIFA World Cup.

2 Activity Information

The following information has been structured in accordance with the line items in the agreed expenditure budget ("the Bid Budget"), the requirements of the Funding Agreement and instructions provided by Government.

2.1 FFA Staff and Related Costs

Background

Expenditure in this area relates to staff salaries and associated on-costs such as superannuation, payroll tax and annual leave.

FFA established an internal business unit within the existing FFA corporate structure dedicated to the Bid. This structure ensured complete alignment between the activities of the Bid team and the broader activities of FFA.

Key Appointments

The Bid strategy was led by the FFA Chairman and Board of Directors and the Chief Executive Officer (CEO). A Board sub-committee was established to ensure close ongoing monitoring and involvement in the Bid process.

FFA's Head of Major Events, Stuart Taggart, was appointed to the role of Head of Bid Operations, responsible for managing the development of the Bid in compliance with all FIFA requirements. The Head of Bid Operations role focussed exclusively on the FIFA World Cup bid and reported to FFA's CEO.

Mr Taggart had led FFA's bids for the 2011 FIFA Women's World Cup and the 2009 and 2010 FIFA Club World Cup. His experience working for FFA since 2004 and prior to that on the delivery of the 2003 Rugby World Cup was of great value to his role as Head of Bid Operations.

Rob Abernethy was appointed to the role of Head of AFC Asian Cup 2015 Bid. This role focussed exclusively on the AFC Asian Cup 2015 bid and reported directly to the FFA CEO.

Mr Abernethy joined FFA in 2005 and has experience working on the Olympic Games in 2000 and 2002, the Goodwill Games in 2001, the Commonwealth Games in 2002 and the Rugby World Cup in 2003.

Additional Appointments

Further staff appointments were made in the following areas:

- Finance and Planning
- Legal and Planning
- Host City Planning
- Communications

- Commercial (Sponsorship and Licensing)
- Marketing
- Publicity
- Social media and online presence
- Social Responsibility
- AFC liaison

Bid staff resources were supplemented by the engagement of consultants in relevant areas. In addition, during the Bid process the cost of FFA operational staff was allocated on a pro-rata basis into the Bid Budget when they were seconded to provide subject matter expertise.

Excluded FFA Staff Related Expenditure

Members of FFA's Senior Management team were also allocated responsibilities in relation to the Bid. Salaries and on-costs for these executives (including FFA's CEO) were not allocated into the Bid Budget.

The following FFA staff had substantial commitments to the Bid on this basis:

- Chief Executive Officer
- Chief Financial Officer
- Head of National Teams and International Relations
- Head of Legal and Business Affairs

The FFA Chairman made a substantial contribution to the Bid. He was closely involved in the development of the Bid strategy and led the advocacy on behalf of the Bid. In addition to dedicating substantial amounts of time to the Bid, the Chairman incurred significant expenditure relating to travel which did not form part of the Bid Budget.

Members of the FFA Board of Directors also contributed large amounts of time to the Bid and were not reimbursed for their time either from the Bid Budget or by FFA. Incidental expenditure such as travel costs was reimbursed.

2.2 Consultants / Agencies

Background

Expenditure recorded in this line item is in relation to consultants and agencies that provided services which are not directly classified as other prescribed expenditure line items in the Bid Budget. This includes advocacy services and the preparation of business cases in support of hosting the FIFA World Cup.

As would be expected for a project of this nature FFA engaged a number of specialist consultants and agencies to supplement the expertise and experience of FFA staff. This ensured that the required skills and knowledge were available as required throughout the bidding process and could be tailored to meet the requirements of specific tasks and projects on an as-needed basis.

Consultants and Agencies were appointed on the basis of their experience and relevant expertise.

It should be noted that expenditure in this line item does not relate to all consultants and agencies engaged to work on the Bid. Where consultants and agencies were engaged in relation to other specific expenditure line items, such as Marketing and Advertising and Events, the expenditure has been recorded in that specific expenditure line item.

Key Engagements

The following major engagements are included within this expenditure line:

- European Consultancy Network (ECN)

ECN is an international consulting firm which provides public relations and advisory services. The Chairman of ECN is Peter Hargitay, who was formerly employed as a special advisor to the FIFA President. ECN was engaged to provide advocacy services in support of the Bid. ECN was appointed based on their experience with FIFA, AFC and other relevant FIFA stakeholders.

ECN's primary role was to provide advice on the Bid's strategic campaign to the FFA Chairman and CEO and to advocate in support of FFA's Bid. This included actively engaging with key decision-makers and facilitating introductions and access to members of the FIFA Executive Committee for FFA.

- Abold GmbH

Abold GmbH is a German company which provides design, marketing and communications and advisory services. Andreas Abold is CEO of Abold GmbH and has significant experience in FIFA World Cup bidding processes. Abold was engaged to provide services in connection with the Bid Book, Inspection Tour and Final Presentation. Abold was also contracted to provide advocacy services in support of the Bid. Details of these engagements are provided below at section 2.10.

It was agreed that Abold would also sub-contract Mr Fedor Radmann to deliver advocacy services. Mr Radmann had provided similar services in support of South Africa's bid to host the 2010 FIFA World Cup and Germany's bid to host the 2006 FIFA World Cup.

Mr Radmann's role, in collaboration with ECN, was to provide advice on the Bid's strategic campaign to the FFA Chairman and CEO and to advocate in support of FFA's Bid. This included engaging with key decision-makers and facilitating introductions and access to members of the FIFA Executive Committee for FFA.

- PwC

PwC is Australia's largest professional services organisation. PwC provided extensive services in support of FFA's bid's to host the 2011 FIFA Women's World Cup and the 2009 and 2010 FIFA Club World Cup. PwC was also engaged to support each of the projects

undertaken as part of FFA's feasibility analysis as described at section 1.2 above. Accordingly, PwC possesses substantial relevant and valuable expertise and experience.

PwC was engaged on the following projects:

- Preparation of business cases for each State and Territory Government and the Federal Government. The business cases included an assessment of the anticipated financial implications of hosting the World Cup in each jurisdiction including stadium economics, cost benefit analysis and likely competition inventory.
 - Analysis of the forecast impacts to other sporting codes of staging the World Cup in Australia and development of strategies to mitigate the impact.
 - Development of a rigorous, interactive budget model which reflected and allocated costs associated with delivering the World Cup in compliance with each of the FIFA agreements.
 - Preparation of a joint report with LEK Consulting which assessed and highlighted the commercial and strategic benefits of staging the FIFA World Cup in Asia, and in particular in Australia. This report was used as a lobbying tool in FFA's conversations with FIFA Executive Committee members.
 - Analysis of the economic value to jurisdictions of hosting ancillary events associated with the World Cup, such as the Draw ceremonies, FIFA Headquarters and IBC.
- L.E.K. Consulting

L.E.K. Consulting is a global strategy consulting firm with offices in Europe, the Americas and Asia Pacific.

FFA engaged L.E.K.'s Australian office to support the preparation of a joint report with PwC which assessed and highlighted the commercial and strategic benefits of staging the FIFA World Cup in Asia, and in particular in Australia. This report was used as a lobbying tool in FFA's conversations with FIFA Executive Committee members.

2.3 Business Operations

Background

Business Operations expenditure incorporates expenditure primarily of an overhead nature, including office rental, cleaning, security, postage, printing, IT services, telephony, office supplies and other incidental costs. It also includes translation, audit and foreign currency exchange services.

Third party out of pocket expenses that relate to business operations expenditure and were on-charged to FFA are also recorded in this expenditure line.

2.4 Events

Background

Expenditure recorded in this line item is in relation to events staged in support of the Bid.

FIFA imposed strict regulations governing the presence of bidding nations at official events and their ability to stage international events. Accordingly, FFA's strategy was to focus on targeted international engagement opportunities, typically on a smaller scale where more meaningful interactions with key decision makers could be generated. Some key domestic events were also arranged to ensure the Bid secured domestic public awareness and support.

Domestic Events

FFA officially launched its Bid with an event on 14 June 2009 at Parliament House, Canberra. The date was selected to coincide with the 35th anniversary of Australia's first ever match at the FIFA World Cup. All members of the 1974 Socceroos and their coach were invited to the launch.

The launch featured speeches by the Prime Minister, Leader of the Opposition, FFA Chairman and key members of the Socceroos, both past and present. The launch received widespread domestic and international media coverage.

FFA participated in the annual 'Ferrython' event which forms part of the Sydney Festival. FFA's "Come Play Ferry" was covered in extensive bid branding and received strong media coverage. The event was effective in showcasing the Bid's themes which included Australia as a spectacular, highly desirable destination and Australians' fun and relaxed "no worries" attitude.

FIFA also selected Sydney as one of only six iconic cities around the world to host an official International FIFA Fan Fest during the 2010 FIFA World Cup. The NSW Government was officially FIFA's partner in this project and responsible for the event delivery and FFA provided support to ensure the Bid was well integrated into the event and opportunities to develop relations with FIFA and obtain positive coverage of the Bid were secured.

International Events

Where permitted by FIFA, FFA hosted a number of small-scale events in association with FIFA competitions. These included a cocktail party in advance of the 2010 FIFA World Cup Final Draw Ceremony in Cape Town to launch a Bid video narrated by Nicole Kidman. This event was attended by a number of FIFA Executive Committee members, providing the Australian bid team the opportunity to discuss the merits of Australia's bid. Additional small events were staged in connection with the U17 and U20 FIFA World Cups and the U17 FIFA Women's World Cup.



FFA also created the “Australia Lounge” in Johannesburg for the duration of the 2010 FIFA World Cup. This area was used as a base to stage regular small events and meetings with key FIFA representatives, including the FIFA President.

FFA attended and participated in the International Football Arena in Zurich in October 2010. This is a key event on the football calendar which several other bid committees participated in. Staged to coincide with the final meeting of the FIFA Executive Committee in Zurich, it provided FFA an opportunity to press the merits of its bid in the presence of key FIFA officials.

To demonstrate the strength of Government support for the Bid and unity of Australia's international diplomatic networks, a number of Australian Government missions overseas, including in Nigeria, Egypt, South Africa and Trinidad, held small scale events in support of the bid. These included talks, screenings, lunches and cocktail functions. FFA provided materials to support these events including bid brochures, licensed products and advertising materials.

2.5 Community Programs

Background

Expenditure recorded in this line item is in relation to programs such as international football development initiatives or community engagement events which were implemented both domestically and internationally.

Community Programs were an important part of the Bid process. They provided an opportunity for the Bid to engage with football fans in Australia and around the world, were a required component of the FIFA bidding process and played an important role in demonstrating Australia's commitment to harnessing the opportunity of staging the FIFA World Cup to deliver positive social outcomes.

FIFA Requirements

FIFA and its Confederations have expressed a strong commitment to delivering and supporting community programs. A core pillar of FIFA's strategy is to “Build a Better Future” and significant investment has been made in programs such as 20 Centres for 2010, Football for Hope and various social and football development programs in each Confederation.

It was an obligation under the bidding process for the FIFA World Cup for bidders to address both '*Football Development*' and '*Sustainable Social and Human Development*' and include two chapters within the Bid Book on these subjects. Strong emphasis was placed on demonstrating a bidding nation's commitment to football and social development in alignment with FIFA's own corporate objectives, programs and initiatives in these areas.

During the bidding process FIFA staged workshops and observer programs for bidding nations highlighting the importance of development programs. FFA also held a number of bilateral meetings with FIFA representatives such as the Head of CSR and the Development Director regarding FFA's plans for development work during the bidding process.

Strategy

In order to meet FIFA's requirements in this area FFA developed a strategy centred around a number of key objectives:

1. Alignment with the Federal Government's broader international aid objectives;
2. Alignment with FIFA's international development objectives and the requirements of the bidding process; and
3. Alignment with FFA's own corporate social responsibility objectives and direction.

Key Activities

In implementing this strategy FFA undertook a range of international activities across a number of FIFA's member confederations – Oceania, Asia, Africa and the Americas. These activities included for example, entry into memoranda of understanding covering football development initiatives, knowledge sharing, hosting of national team matches, exchange of professional and technical experts, provision of equipment and materials, as well as support and contribution to specific football and/or development projects. FFA also established strong partnerships with key organisations domestically and internationally.

Domestically, FFA partnered with Football United and The Big Issue's Street Soccer program. Football United uses football to support refugees and marginalised groups and individuals within Australian society to develop their confidence and support their engagement and integration with their local communities. Street Soccer provides a community football program for homeless, unemployed and other disadvantaged and marginalised members of Australian society.

2.6 Public Relations

Background

Public Relations includes expenditure on consultants and activities intended to influence and enhance the public perception of the Bid.

Activities

- Licensing

The licensing program for the Bid was an important public relations tool. Licensed product featuring bid promotional messages, such as scarves, post cards and wristbands were distributed at FIFA events and on other appropriate occasions. Velocity Brand Management, Australia's pre-eminent sports licensing specialist was appointed to manage this program.

- Website

Driving expressions of public support to the Bid website was also an important pillar of the public relations strategy. Mobile kiosks were provided by 808 South and deployed at Hyundai A-League matches and other well-trafficked public locations.

- Design and production

Australian design agencies including FutureBrand, H2M and WiteKite were engaged to design and produce public relations collateral such as press conference materials, pull-up banners, media guides and other Bid information kits.

FutureBrand also provided support in developing the visual standards for the use of the Bid Mark and other intellectual property throughout the bidding process to protect its integrity.

- Media Support

FFA engaged a professional photographer, Hamish Gregory, and Inner Sanctum Media to document the key moments of the bid process and distribute them to media outlets. These included coverage of the Bid Book submission, FFA's final presentation in Zurich and the FIFA Inspection Tour in Australia.

- Breakfast on the Bridge

A major domestic Public Relations event during the bidding process was Breakfast on the Bridge in Sydney. FFA worked with the NSW Government to brand the internationally iconic event in the theme of the Bid. This achieved widespread international press coverage and was an effective PR tool in the final months of the bid process.

- International Public Relations

Square1 Consulting was engaged to liaise with media and provide international public relations advice and support. Square1 is a UK-based Public Relations firm specialising in sports and particularly football. It was deemed an important component of the Bid's Public Relations strategy to have a European-based agency due to the number of members of the FIFA Executive Committee that are based in Europe, in addition to FIFA staff and a large number of influential media outlets.

2.7 Marketing and Advertising

Background

Expenditure recorded in this line item is in relation to the development of the visual identity and branding of the Bid as well as marketing and advertising campaigns implemented at key moments throughout the process, such as during the FIFA Inspection Visit.

The Bid's Public Relations campaign was complemented by a targeted Marketing and Advertising campaign. Some of Australia's premier brand, marketing, research and digital agencies were engaged to develop the bid brand positioning and communicate its messages throughout the bidding process.

Given the targeted nature of the campaign, with only the FIFA Executive Committee eligible to vote on the FIFA World Cup hosts, advertising was limited to key occasions, such as during the FIFA Inspection Tour, and other forums in which it was likely to be seen by FIFA decision-makers and their influencers.



Activities

- Brand Development

FFA engaged a number of Australian agencies to support the development of the Bid brand. Crosby Textor was engaged to provide market research services in Australia and internationally, with a specific focus on the perception of Australia, football in Australia and a FIFA World Cup in Australia amongst groups likely to be representative of the FIFA decision-makers.

The findings of Crosby Textor's market research were used to inform the development of the Bid visual identity by FutureBrand. FIFA set strict guidelines on the development of an official Bid Mark and the use of intellectual property in relation to the Bid. Ultimately the following was selected as the Bid Mark and approved by FIFA:



BIDDING NATION AUSTRALIA

Research indicated that the kangaroo is the most recognisable country symbol in the world. The design shows an adult and young kangaroo depicted as being playful in line with the positioning adopted for the Bid. The heading action was incorporated due to its distinctive connection with football as opposed to any other sport. The format and inclusion of the FFA logo and words "Bidding Nation Australia" was mandated by FIFA.

In addition to the undertaking of market research and the development of the visual identity, STW Group, Australia's largest marketing communications group, was appointed to develop the theming, positioning and messaging of the Bid in a marketing context.

Using the findings of the domestic and international market research, the strategic positioning of "the greatest show on earth being staged in the world's greatest playground" was developed. This led to the adoption of a tag line of "Come Play!". The tag line was intended to connect the enjoyment and passion of football in Australia with the richness of the landscape and Australians' relaxed, welcoming attitude. It is deliberately cross-generational and cross-cultural, warm, friendly and non-threatening. It is intended to convey Australians as confident, optimistic, diverse and inclusive.

STW remained involved throughout the bidding process, including undertaking a strategic refreshment of the marketing campaign in 2010 through the development of the "FIFA pass us the ball" tagline. This campaign commenced during the FIFA Inspection Visit and continued until the Final Presentation.

- Bid Website

The Bid Website was based on the principles of social networking. It was developed as a forum in which fans and Bid supporters could engage with each other and demonstrate their support for bringing the FIFA World Cup to Australia. Latest news and information on the Bid was also included and regularly updated, both on the site and through the distribution of regular electronic newsletters to website users.

During the course of the Bid, in excess of 330,000 individuals in Australia and abroad registered their support of the bid on the website and received regular communications about Australia and the progress of its Bid.

- Bid Videos

To assist in launching the Bid and generating domestic and international support and awareness, a television commercial was produced by STW Group. The film featured current iconic Australian footballers as well as renowned scenic locations in every Australian State and Territory.

A second major film was produced in late 2009 and launched at an Australian Bid function in Cape Town, attended by a number of FIFA Executive Committee members. The second Bid film was narrated by Nicole Kidman and expanded on key themes of Australia's Bid, outlining why the FIFA World Cup should be staged in Australia.

- Advertising

Paid advertising for the Bid was deliberately limited to ensure any expenditure was as targeted as possible. A number of organisations provided value-in-kind advertising opportunities for the Bid in return for Partnership benefits or rights to associate with and use some of the intellectual property of the Bid. These included outdoor media inventory owners and official Bid Partner Qantas, which provided advertising opportunities in Australian airports during the FIFA Inspection Tour. FFA also purchased advertising space on the international football website www.insideworldfootball.com in the final three months of the bidding process.

2.8 Infrastructure Planning

Background

Expenditure recorded in this line item is in relation to the development of a national infrastructure strategy to ensure compliance with the technical requirements of the bidding process.

The FIFA bidding documentation required FFA to include detailed plans and operational strategies for 12-16 stadiums. This involved appointing a consortium of Australian-based organisations to identify the most appropriate venues and ensure their compliance with FIFA requirements. FFA also engaged ISFM to undertake a national facility audit related to potential training sites.

Infrastructure Consortium

FFA invited a broad group of renowned Australian organisations to tender to provide services in connection with the development of the Bid's infrastructure strategy. This included tendering for project management, architectural, engineering and cost assessment services.

Ultimately FFA appointed Populous to lead the consortium and agreed that Populous would sub-contract the following Australian-based organisations:

- MI Associates (project management)
- Cox Richardson (architecture)
- ARUP (engineering)
- Aurecon (engineering)
- Davis Langdon (cost assessment)
- Ways and Means (environmental services)
- Intelligent Risk (security services)

The consortium considered approximately 30 potential new or existing stadiums for inclusion in FFA's Bid. Ultimately 12 stadiums were included based on their capacity to meet FIFA requirements and deliver a nationwide legacy as well as the level of Government support that existed for the stadium's inclusion.

Comprehensive plans were prepared for the design and construction or renovation of each of the stadiums. Detailed cost assessments were undertaken to support Australian governments' consideration and assessment of each proposal. Engineering assessments and transport, security and environmental sustainability strategies for implementation during the venues' usage were also developed.

Much of the work undertaken by this consortium will be directly relevant to planning for the delivery of the AFC Asian Cup in 2015.

National Facility Audit

FFA engaged ISFM, a Sydney-based sports consultancy firm, to undertake a national facility audit of all community football facilities around Australia. This project was undertaken in conjunction with local football clubs and associations and local governments. The project served to identify facilities for inclusion in the Bid as potential training sites and team base camps. This was deemed an important opportunity to ensure the FIFA World Cup left a valuable legacy to the Australian grassroots sporting community.

2.9 Travel

Background

Expenditure incurred in this area included flights, ground transport, accommodation, subsistence meals and other incidental costs incurred whilst travelling in connection with the Bid.



Domestic travel expenditure was required to liaise with various State, Territory and Federal Government departments and agencies, coordinate the various activities across all proposed Host Cities and was also used for FFA's preparation and participation in key events to support the Bid.

International travel was undertaken in relation to key FIFA workshops; observer tours during the FIFA World Cup, Final Draw ceremony and AFC Asian Cup 2011; international football development activities; advocacy and other international events.

International Travel Requirements

The global nature of the bidding process, including the location of AFC and FIFA Executive Committee members and AFC and FIFA events and the requirement to undertake international development activities created substantial travel requirements.

It should be noted that the FFA Chairman undertook extensive international travel on behalf of the Bid at his own expense (i.e. these costs are not allocated to the Bid Budget).

Key international travel expenditure related to the following:

- AFC Asian Cup 2011 Bidders Workshops, Malaysia
- AFC Asian Cup 2015 Bid Book handover, Malaysia
- AFC Asian Cup 2011 Final Draw, Qatar
- AFC Asian Cup 2011 Observer Tour, Qatar
- AFC Asian Cup 2011 Team Workshop, Qatar
- AFC Congress, Malaysia
- Bid Book final review and production, Germany
- U-17 FIFA World Cup, Nigeria
- U-17 FIFA Women's World Cup, Trinidad and Tobago
- U-20 FIFA World Cup, Egypt
- FIFA Club World Cup, United Arab Emirates
- FIFA Bidders Workshops, Switzerland
- FIFA Bid Book handover, Switzerland
- FIFA Confederations Cup, South Africa
- FIFA Congress 2009, Bahamas
- FIFA Congress 2010, South Africa
- FIFA World Cup and Observers Program, South Africa
- FIFA World Cup Final Draw, South Africa
- Final Presentation and Host Country Selection, Switzerland
- International Football Arena, Switzerland
- International Development meetings, various countries
- International advocacy meetings, various countries



2.10 Bid Book

Background

Expenditure recorded in this line item is in relation to three core components related to the technical submission of Australia's Bid:

- drafting and production of the Bid Book;
- FIFA Inspection Tour to Australia; and
- the Final Presentation to the FIFA Executive Committee in Zurich.

Bid Book

Expenditure recorded in this area includes the costs of engaging expert consultants in each area to develop the relevant strategy and support the drafting of the Bid Book. The FIFA bidding documentation outlined the required structure of each nation's Bid Book. Twenty chapters were required to be included, addressing matters ranging from legal and finance, to stadiums and training sites and strategies in relation to accommodation, safety and security, health and medical, information technology, transport, marketing and commercialisation.

FFA engaged Abold GmbH to lead the design and production of the Bid Book. Abold was appointed based on the strength of its experience working on four previous bids for FIFA events, each of which was successful. This included the successful bids for the 2006 and 2010 FIFA World Cup. Abold provided design and project management services and strategic advice on the compilation of the Bid Book. FFA also engaged an Australian agency, Witekite to support the design and production process and ensure Australian themes and concepts were reflected in the layout and presentation.

A number of Australian agencies were engaged to work on the Bid Book, including individuals with experience working on the Sydney 2000 and subsequent Olympic Games and other major events. In particular MI Associates, Jill Davies and Simon Balderstone (through Ways and Means) were engaged to lead a Bid Book drafting and review process in conjunction with FFA staff. Other specialist Australian consultants were engaged including Arup (transport strategy); Hatamoto (safety and security strategy) and PwC (budget development and financial information). FFA's own resources, including staff from its commercial, medical, IT and finance teams were also allocated to support the development of Bid Book content.

FFA also engaged experienced individuals to lead the development and execution of the accommodation and training site strategies. This included contracting over 40,000 hotel rooms and over 110 training sites around Australia.

Inspection Visit

The FIFA Inspection Tour took place in Australia from 26 – 28 July 2010. The FIFA Delegation comprised the following members:

- Harold Mayne-Nicholls, Head of Delegation, President of the Chilean Football Federation
- Danny Jordaan, CEO of the 2010 South African Local Organising Committee
- Juergen Mueller, Head of Event Management, FIFA
- David Fowler, FIFA Marketing
- Wolfgang Eichler, FIFA Media Officer
- Julio Avellar, FIFA Competitions

The FFA Delegation comprised:

- Frank Lowy, (Chairman, FFA)
- Brian Schwartz (Deputy Chairman, FFA and Head of Delegation)
- Ben Buckley (CEO, FFA)
- Stuart Taggart (Head of Bid Operations, FFA)
- John Boulton (Head of International Department, FFA)
- Richard Eccles (Deputy Secretary, Department of Prime Minister and Cabinet)
- Andreas Abold (CEO, Abold GmbH)

In addition to the above delegates, the FFA Chairman and various government representatives attended a number of events.

On Monday 26 July, following the FIFA Delegation's arrival in Sydney, the following sites were visited throughout the day:

- Sydney Opera House
- Stadium Australia
- Pullman Hotel
- Sydney Olympic Park Athletics Centre

The day commenced with a technical presentation on Australia's bid at the Sydney Opera House followed by a boat trip on the harbour to Homebush and concluded with a dinner hosted by the Prime Minister at Kirribilli House.

At Stadium Australia, the NSW Premier welcomed the FIFA delegation and the stadium tour provided the opportunity to personally introduce Cathy Freeman and John Aloisi to the FIFA delegates to share their iconic sporting achievements.

A meeting with FFA's social responsibility partner, Football United, at Sydney Olympic Park Athletics Centre gave the Delegation the opportunity to learn more about FFA's commitment to social and football development. The Delegation's enthusiasm for this visit confirmed the importance of these programs and their resonance with FIFA.

The Federal Minister for Sport, Shadow Minister for Sport and NSW Premier attended various activities throughout the day. The Prime Minister's Dinner was attended by the Premiers of NSW and South Australia, the ACT Chief Minister, the WA Deputy Premier and the Victorian Sports Minister.

On Tuesday 27 July the Delegation flew to Brisbane to inspect Brisbane Stadium. The Queensland Minister for Sport met the Delegation at the Stadium.

The Brisbane Stadium inspection included the showcasing of Australia's national club competitions the A-League, W-League and Youth League. Brisbane Roar players from the senior men's and women's squads as well as representatives from the National Youth League squad trained on the field of play during the site visit.

The Delegation then went to Melbourne where it visited the following sites:

- Melbourne Convention and Exhibition Centre
- Sofitel Melbourne on Collins
- Melbourne Cricket Ground

The Victorian Premier met the Delegation at the MCG. The site visit included an exhibition of Optus Small Sided Football on the field of play with approximately 500 children to showcase a key element of FFA's National Football Development Plan.

The group then returned to Sydney for a dinner with FFA Board and Senior Management representatives.

The third and final day of the Inspection Tour began with a corporate breakfast at the Park Hyatt. PwC presented on the commercial opportunity offered by a FIFA World Cup in Asia and senior members of the Australian business community attended.

A Host City exhibition was arranged at the Sydney Convention and Exhibition Centre to showcase each Host City and Stadium proposed in Australia's Bid. Representatives of each of the states and territories attended to represent their jurisdictions.

Inclement weather prohibited the intended trip to the Hunter Valley that afternoon, which was replaced with a visit to Sydney Wildlife World in Darling Harbour, an informal lunch at Bondi Beach and a farewell dinner hosted by the FFA Chairman.

The outcomes of the Inspection Tour were reflected in the Technical Evaluation Report which gave a positive assessment of Australia's capacity to host the FIFA World Cup. FIFA's feedback throughout its stay, and subsequently, was very positive and the final media statement commended all aspects of the tour, noting that "this country seems to be prepared in all the aspects to organise the World Cup in 2022."

Final Presentation

Each bidding nation received the opportunity to make a 30 minute multi-media presentation to the FIFA Executive Committee in December. Bidding nations for the 2022 FIFA World Cup presented on 1 December, while the 2018 bidding nations presented on 2 December. The order of presentations was as follows:

1 December 2010	
1400 – 1430	Australia
1500 – 1530	Korea Republic
1600 – 1630	Qatar
1700 – 1730	USA
1800 – 1830	Japan

2 December 2010	
0900 – 0930	Belgium / Holland
1000 – 1030	Spain / Portugal
1100 – 1130	England
1200 – 1230	Russia

FFA engaged Abold to support the development of the creative concept for its final presentation. Abold had previously supported the final presentation for Germany's successful bid to host the 2006 FIFA World Cup and South Africa's successful bid to host the 2010 FIFA World Cup.

Phillip Noyce, the renowned and award-winning Australian director was engaged to direct each of the four vision packages shown during the final presentation. The vision packages showcased Australia as an attractive destination and reflected the Bid themes of Australia as a confident, welcoming and playful society.

In addition to the vision packages and creative concept, the presentation included speeches by the Governor-General, FFA Chairman and FFA CEO. The Federal Minister for Sport, Senator the Hon Mark Arbib was also part of FFA's official delegation.

2.11 AFC Asian Cup 2015 Bid

Background

Expenditure in relation to the AFC Asian Cup 2015 bid is recorded in the respective line items of the Bid Budget in accordance with the instructions provided by the Government.

A key element of FFA's strategy in bidding to host the FIFA World Cup was to simultaneously bid to host the AFC Asian Cup 2015. In addition to the many synergies and cost efficiencies achieved by simultaneously bidding for both events, feedback from senior members of FIFA and AFC suggested this would be deemed a strong demonstration of FFA's commitment and capacity to host major football events.

Australia was ultimately the sole nation bidding to host the AFC Asian Cup 2015. This was due in part to an informal rotation policy under which AFC shares hosting rights to its marquee event amongst the four zones of AFC, and the anticipated strength of Australia's bid amongst other AFC Member Associations.

Key Activities

Australia was deliberately very targeted and low key in its bid activities given it was ultimately the sole bidder. The bidding process focused on demonstrating an ability to achieve compliance with AFC's requirements as well as negotiations and workshops on the delivery requirements and commercial and operational framework for the tournament.

All Australian states and territories were invited to participate in the AFC Asian Cup 2015 bid. Ultimately New South Wales, Victoria, Queensland and the Australian Capital Territory indicated a commitment to host matches and determined to remain involved in the Bid.

FFA hosted an inspection visit by AFC and its commercial rights partner in 2009 and attended the official Bid Book handover ceremony in Malaysia in July 2010, the Team Workshop and Final Draw in Qatar in 2010 and the AFC Asian Cup 2011.

2.12 Outcome of the Project

FIFA World Cup

On 2 December FIFA announced its selection of Russia as host of the 2018 FIFA World Cup and Qatar as host of the 2022 FIFA World Cup.

FIFA later released the voting tallies in relation to each ballot:

Voting Round	2018 Votes				2022 Votes				
	Russia	Spain / Portugal	Belgium / Holland	England	Qatar	USA	Korea	Japan	Australia
1	9	7	4	2	11	3	4	3	1
2	13	7	2		10	5	5	2	
3					11	6	5		
4					14	8			

AFC Asian Cup 2015

On 5 January 2011, following FFA's presentation to the AFC Executive Committee, AFC officially appointed Australia as the host nation for the AFC Asian Cup 2015.

Part B: Funding Contract Compliance

3 Aim of the Project

The Aim of the Project, as defined by the Funding Agreement between FFA and the Commonwealth is “to develop and lodge a Bid for Australia to host the FIFA World Cup in 2018 or 2022 by 14 May 2010”.

FFA achieved this aim, submitting its bid for the 2018 or 2022 FIFA World Cup on 14 May 2010. FFA met all other requirements outlined in the agreement, including the following specified tasks:

- (a) Develop the project plan;
- (b) Prepare and submit a Bid proposal according to FIFA requirements;
- (c) Prepare and submit official bid proposals for bespoke FIFA events in order to boost FFA’s and Australia’s credibility and expertise as a suitable host for international sporting events;
- (d) Host relevant FIFA and or AFC inspection tours;
- (e) Present to the FIFA Executive Committee in support of the Bid;
- (f) Develop and deliver a campaign to support the Bid which includes hosting and or attending meetings, conferences, events and congresses, distributing relevant information to the Executive Committee and members of FIFA and other regional football Confederations;
- (g) Manage the FFA appointed Infrastructure Consortium to deliver a National Infrastructure Strategy; and
- (h) Manage the FFA appointed Marketing and Brand Agencies to deliver the research and bid brand creative implementation strategy.

4 Financial Report

The Funding Agreement provided for the allocation of \$45.59m (excluding GST) of government funding and FFA is able to report that only \$42.25m (excluding GST) will be required for the Project.

The final reconciliation shows that the last instalment of Government funding required is \$0.66m (excluding GST) and has been prepared based on actual expenditure incurred to 30 June 2011, and committed remaining expenditures beyond 30 June 2011.

A bank reconciliation for all cash receipts and payments has been provided as at 30 June 2011 (refer Appendix B).

WORLD CUP BID FUNDING (cash only)	\$m (excl VIK & GST)	
<u>TOTAL FUNDING AVAILABLE UNDER FUNDING AGREEMENT</u>	<u>45.59</u>	(A)
RECONCILIATION:		
<i>Total Cash Expenditure:</i>		
Total cash expenditure to 30 June 2011	41.95	
Outstanding costs to be paid	0.79	
<u>TOTAL</u>	<u>42.74</u>	
Less: Cash revenue received by FFA for Bid plus interest income on Bid bank account	(0.49)	
Cash expenditure required to be funded from Government Funding	42.25	
Less: Government funding received by FFA to 30 June 2011	(41.59)	(B)
Additional Government funding required	<u>0.66</u>	(C)

In the Sixth Progress Report FFA noted that the international nature of the Bid creates complexity in the reconciliation of GST on payments for services and products. Hence FFA engaged Deloitte to undertake a detailed review of all transactions to ensure appropriate treatment of GST. This has been completed by Deloitte along with final reconciliation of the Bid bank account. This has also been subject to audit by Ernst & Young who has issued an unqualified audit opinion (refer Appendix C).

Due Diligence and Review Process of the Final Reconciliation

The Final Report and financial reconciliation on which it is based has been subject to:

1. External audit by Ernst & Young (refer Appendix C)
2. Preparation and analysis by Deloitte of the GST reconciliation
3. Reconciliation of the Bid bank account

Statement of Income and Expenditure

As required under Clause 11.2 of the Funding Agreement, the Statement of Income and Expenditure has been prepared on an accruals basis in accordance with Australian Accounting Standards. This requires that income and expenditure are recognised on an accruals basis, rather than on a cash basis. The recognition of government funding as income is dealt with by the Australian Accounting Standard AASB 4 – *Contributions*. AASB 4 requires not-for-profit organisations, such as FFA, to recognise government funding so that it matches the timing of the expenses incurred. For this reason, income is booked for accounting purposes as expenses are incurred.



A summary Statement of Income for the period to 30 June 2011 is provided below:

**Football Federation Australia
Project Cost Summary
(GST Exclusive)**

Description	Bid Estimated Total	Bid Original Budget	% Change Current v Original	\$ Change Current v Original	\$ Estimated Contra
Government Grants - Received	41.59	45.59	7%	-	
Government Grants - Anticipated	0.66				
	42.25	45.59			
Interest Income	0.16		N/A	N/A	
Sponsorship - Cash	0.30		N/A	N/A	
Sponsorship - Contra	0.00		N/A	N/A	3.73
Merchandise / Licensing	0.03		N/A	N/A	
Total Revenue	42.74	45.59	-6%	-	3.73
Bid Book	11.02	8.00	38%	3.02	
Infrastructure Planning	4.13	4.00	3%	0.13	
Public Relations	1.54	1.63	-6%	-0.10	
Marketing & Advertising	4.86	4.26	14%	0.59	1.63
Community / CSR	2.47	3.42	-28%	-0.95	
Events	0.85	2.50	-66%	-1.65	
Consultants/Agencies	6.72	11.37	-41%	-4.65	
Business Operations	2.08	1.85	13%	0.23	1.90
Travel	2.64	2.50	8%	0.14	0.20
Staff Salaries	5.65	6.05	-7%	-0.40	
Total Expenses to 30 June 2011	41.95	45.59	-8%	-3.64	3.73
Committed Future Expenditure	0.79	0.00	N/A	N/A	0.00
Surplus / (Deficit)	0.00	0.00	N/A	N/A	0.00

Value-in-Kind

FFA's sponsorship arrangements with a number of Bid Partners included the provision by those Partners of Value-in-Kind (contra) product to FFA. Under the reporting requirements of Australian Accounting Standards these products were recognised by FFA as expenditure, even though they were provided without any cash cost in the Bid Budget. An equal value is recorded as offsetting revenue in the Bid Budget (net cash impact being \$nil) as recognition of the sponsorship benefits and the right to use intellectual property.

Products provided to FFA on a Value-in-Kind basis and accounted for in this manner included international airfares provided by Qantas, telepresence video conferencing facilities

provided by Cisco Systems and Apple iPads and telepresence-related cabling and IT services provided by Optus.

Approved Budget Variances

Based on the final reconciliation, the following categories of expenditure vary from the Approved Budget by greater than 20%:

- Bid Book
- Events
- Community / CSR
- Consultants / Agencies
- Business Operations

FFA has formally advised the Government of each of these variances in separate correspondence. With regards to Community / CSR, the reason for the variance of -28% is primarily the reduction in FFA's obligations to football development in Asia.

Reconciliation of Expenditure by Category

A schedule containing commentary by budget line item and a further breakdown of major classes of expenditure is provided at Appendix A. The transactions contained within the breakdown have been subject to an audit by Ernst & Young.

Bank Account Reconciliation

As at 30 June 2011, the balance of the bank accounts holding the Funds was \$1,122,518.94.

A reconciliation of cash movements within the bank accounts is provided at Appendix B.

Appendices

Appendix A – Reconciliation of Expenditure by Category

Appendix B – Bank Reconciliation

Appendix C – Audit Opinion

Appendix A – Expenditure Commentary & Breakdown

Refer attached documents.

Reconciliation of Expenditure by Category

(The totals and sub-totals in this reconciliation may not add precisely due to the rounding of individual transaction amounts)

Item	Total (\$m)
FFA Staff and Related Costs This expenditure relates to staff salaries and associated on-costs (e.g., superannuation, payroll tax, annual leave, etc) for WC Bid staff contracted by FFA to work on the FIFA World Cup and AFC Asian Cup bids over approximately a 2.5 year period with a headcount averaging between 12 to 14 over this period. Staff numbers have fluctuated depending on the phase of the Bid, with staff numbers at a peak during the period leading up to the Bid Book submission and Inspection Visits.	\$5.65
Salaries & Wages \$4.77 Superannuation \$0.32 Payroll Tax \$0.29 Contract Staff \$0.23 Staff Recruitment \$0.04 <hr/> \$5.65	
Areas of Staff Employment: Executive/Management Strategic Planning Finance Legal Marketing (including social media) Events Logistics Media Relations Government Relations Public Relations Commercial Accommodation, Training Sites and Stadium Infrastructure Planning Corporate Social Responsibility	
Several FFA members of FFA staff contributed significant time and attention to the bids for the World Cup and Asian Cup. This included the time of the FFA Board including, principally, the Chairman as well as CEO, Head of Legal and Business Affairs, Chief Financial Officer, Head of National Teams and International Affairs and finance and accounts teams. The salary related costs for these resources were funded by FFA and not <u>Government funding</u> - it should be noted that the FFA Board contributes their time on an honorary basis.	
Consultants/Agencies This expenditure includes advocacy services provided by European Consultancy Network and Abold (through its sub-contractor Fedor Radmann) and strategic analysis performed by PwC and LEK on projects such as economic and financial modeling; cost benefit analyses; jurisdictional business cases; analysis of the impact to other sporting codes; budget preparation; analysis of the commercial value to FIFA of staging the World Cup in Australia; and an economic valuation of World-Cup associated and ancillary events and "assets" available to jurisdictions.	\$6.72
This expenditure does not relate to all consultants and agencies engaged to work on the Bid. For example, marketing specialist agencies were engaged and recorded under the budget line item "Marketing and Advertising". Significant areas of Consultant use:	
ECN \$1.45 Abold (Fedor Radmann) \$3.63 Business Case (PwC) \$0.80 Code Displacement Analysis and Draw (PwC) \$0.23 LOC Budget Preparation (PwC) \$0.23 Asia - Commercial Analysis (PwC & LEK) \$0.21 FIFA Asset Valuation (PwC) \$0.17 <hr/> \$6.72	
Business Operations Business operations expenditure primarily was of an overhead nature, including office rental, cleaning, security, postage, printing, IT services, phone calls, office supplies and other incidental costs.	\$2.08
Rent, Rates & utilities \$0.37 Printing, postage, courier & stationary \$0.29 Production \$0.06 IT Services \$0.21 Hosting \$0.09 Telecoms \$0.10 Depreciation \$0.21 Professional Fees \$0.21 Bank charges & fees \$0.20 FX Gain/(Loss) \$0.08 Other* \$0.28 <hr/> \$2.08	
* includes miscellaneous expenses, out of pocket expenses, insurance, conferences and meetings, legal fees, etc	

<p>Events</p> <p>Events related expenditure includes costs incurred in staging targeted events to promote the Bid. Major events staged or participated in during the bidding process include the International Football Arena in Zurich, which was attended by several members of the FIFA Executive Committee; the Australia Lounge, which FFA established at the Sandton Convention Centre in Johannesburg during the 2010 FIFA World Cup and used as a key networking and lobbying hub; and the Sydney Festival Ferrython, which featured a bid-branded "Come Play Ferry" and received significant international coverage.</p> <p>The Bid also arranged supporting events in connection with opportunities surrounding key FIFA meetings, tournaments and international fixtures.</p> <p>Significant aspects of Events expenditure include:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">JKB International</td> <td style="text-align: right;">\$0.17</td> </tr> <tr> <td></td> <td style="text-align: right;">International Football Arena</td> <td style="text-align: right;">\$0.08</td> </tr> <tr> <td></td> <td style="text-align: right;">Sandton Convention Centre (Australia Lounge)</td> <td style="text-align: right;">\$0.07</td> </tr> <tr> <td></td> <td style="text-align: right;">Bid Launch</td> <td style="text-align: right;">\$0.29</td> </tr> <tr> <td></td> <td style="text-align: right;">Sydney Festival</td> <td style="text-align: right;">\$0.05</td> </tr> <tr> <td></td> <td style="text-align: right;">Other*</td> <td style="text-align: right;">\$0.18</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$0.85</td> </tr> </table> <p>* includes international event related courier costs and miscellaneous out of pocket expenses</p>		JKB International	\$0.17		International Football Arena	\$0.08		Sandton Convention Centre (Australia Lounge)	\$0.07		Bid Launch	\$0.29		Sydney Festival	\$0.05		Other*	\$0.18			\$0.85	\$0.85															
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<p>Community Programs</p> <p>Community Programs includes expenditure incurred in respect of FFA's Corporate Social Responsibility (CSR) and International Football Development (IFD) projects. These projects were a critical part of the bid process, mandated by the bidding documentation and providing strong opportunities to enhance the Bid's credentials and reputation.</p> <p>CSR initiatives served to reinforce Australia's commitment to CSR as part of its Bid Book submission to FIFA. For example, FFA provided support to Football United, a charity which through football assists refugees and other marginalized groups integrate into Australia society. Support was also provided to The Big Issue's Street Soccer program. FFA's commitment to social development was recognised by the AFC, which awarded FFA the "Dream Asia" award in November 2010.</p> <p>Significant aspects of CSR expenditure include:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Donation to Tygerberg Children's Hospital</td> <td style="text-align: right;">\$0.15</td> </tr> <tr> <td></td> <td style="text-align: right;">Contribution to Football United</td> <td style="text-align: right;">\$0.03</td> </tr> <tr> <td></td> <td style="text-align: right;">Contribution to facilitate Australia's involvement in the FIFA Football for Hope Festival</td> <td style="text-align: right;">\$0.02</td> </tr> <tr> <td></td> <td style="text-align: right;">Other</td> <td style="text-align: right;">\$0.01</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$0.20</td> </tr> </table> <p>International Football Development initiatives were undertaken in Australia, Oceania, Asia, Africa and the Americas. These initiatives demonstrated Australia's capacity and willingness to assist in the growth of participation or to improve the technical standard of football in a particular region. The projects included the provision of equipment, technical advice and support and funding to develop football in these regions.</p> <p>Significant aspects of International Football Development expenditure included:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Contribution to Vision Asia</td> <td style="text-align: right;">\$1.25</td> </tr> <tr> <td></td> <td style="text-align: right;">Support for Oceania Football Confederation</td> <td style="text-align: right;">\$0.50</td> </tr> <tr> <td></td> <td style="text-align: right;">Donation to Chengdu emergency relief</td> <td style="text-align: right;">\$0.14</td> </tr> <tr> <td></td> <td style="text-align: right;">Donation of LapDesks throughout Africa</td> <td style="text-align: right;">\$0.09</td> </tr> <tr> <td></td> <td style="text-align: right;">Staging the U16 Asian Qualification tournament at the AIS</td> <td style="text-align: right;">\$0.07</td> </tr> <tr> <td></td> <td style="text-align: right;">Other*</td> <td style="text-align: right;">\$0.22</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$2.26</td> </tr> </table> <p>* includes attendance at Pacific Youth & Sport Conference in NZ, courier and postage costs for the distribution of football equipment in South East Asia, purchase of travel visas, etc</p>		Donation to Tygerberg Children's Hospital	\$0.15		Contribution to Football United	\$0.03		Contribution to facilitate Australia's involvement in the FIFA Football for Hope Festival	\$0.02		Other	\$0.01			\$0.20		Contribution to Vision Asia	\$1.25		Support for Oceania Football Confederation	\$0.50		Donation to Chengdu emergency relief	\$0.14		Donation of LapDesks throughout Africa	\$0.09		Staging the U16 Asian Qualification tournament at the AIS	\$0.07		Other*	\$0.22			\$2.26	\$2.47
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<p>Public Relations</p> <p>Public relations expenditure includes fees incurred to provide international exposure of and attention for Australia's bid, as well as the production of promotional materials, merchandise and premiums for distribution at key events.</p> <p>Activities included the "Breakfast on the Bridge" held in Sydney in conjunction with the NSW State Government which achieved significant domestic and international exposure.</p> <p>Significant aspects of Public Relations expenditure include:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Promotional licensed product (scarves, postcards, wristbands, etc)</td> <td style="text-align: right;">\$0.37</td> </tr> <tr> <td></td> <td style="text-align: right;">Breakfast on the Bridge</td> <td style="text-align: right;">\$0.25</td> </tr> <tr> <td></td> <td style="text-align: right;">Square 1 Consulting</td> <td style="text-align: right;">\$0.13</td> </tr> <tr> <td></td> <td style="text-align: right;">Inner Sanctum Media</td> <td style="text-align: right;">\$0.10</td> </tr> <tr> <td></td> <td style="text-align: right;">FutureBrand agency</td> <td style="text-align: right;">\$0.05</td> </tr> <tr> <td></td> <td style="text-align: right;">Media Operations</td> <td style="text-align: right;">\$0.06</td> </tr> <tr> <td></td> <td style="text-align: right;">Other*</td> <td style="text-align: right;">\$0.58</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$1.54</td> </tr> </table> <p>* includes the purchase of merchandise (e.g., T-shirts, stickers, for distribution at public events), duties and taxes related to the international transport of merchandise, development of bid website content, etc</p>		Promotional licensed product (scarves, postcards, wristbands, etc)	\$0.37		Breakfast on the Bridge	\$0.25		Square 1 Consulting	\$0.13		Inner Sanctum Media	\$0.10		FutureBrand agency	\$0.05		Media Operations	\$0.06		Other*	\$0.58			\$1.54	\$1.54												
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<p>Marketing and Advertising</p> <p>This expenditure included the cost for marketing and advertising agencies for the research and development of Australia's brand themes, the development of a bid logo, the production of a television commercial and the development of Australia's bid website. In addition, costs related to the promotion of the bid, including television advertising or media space at key events, are included in this description.</p> <p>Significant aspects of marketing and advertising expenditure include:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 40px;">STW Group (responsible for marketing strategy and the first bid promotional video)</td> <td style="text-align: right;">\$2.49</td> </tr> <tr> <td style="padding-left: 40px;">DT Digital (responsible for developing and maintaining the bid website)</td> <td style="text-align: right;">\$0.50</td> </tr> <tr> <td style="padding-left: 40px;">FutureBrand (responsible for developing the visual identity of the Bid)</td> <td style="text-align: right;">\$0.39</td> </tr> <tr> <td style="padding-left: 20px;">Crosby Textor (responsible for domestic and international market research to inform the bid strategy and positioning)</td> <td style="text-align: right;">\$0.36</td> </tr> <tr> <td style="padding-left: 40px;">Zoom (responsible for making the second bid video)</td> <td style="text-align: right;">\$0.26</td> </tr> <tr> <td style="padding-left: 40px;">Other*</td> <td style="text-align: right;">\$0.85</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$4.86</td> </tr> </table> <p>* includes bid website hosting costs, advertising on football related websites, purchase of print and radio media to promote awareness of the bid, production/installation/removal of bid related signage at Socceroos fixtures, production of promotional leaflets/brochures/booklets, etc</p>	STW Group (responsible for marketing strategy and the first bid promotional video)	\$2.49	DT Digital (responsible for developing and maintaining the bid website)	\$0.50	FutureBrand (responsible for developing the visual identity of the Bid)	\$0.39	Crosby Textor (responsible for domestic and international market research to inform the bid strategy and positioning)	\$0.36	Zoom (responsible for making the second bid video)	\$0.26	Other*	\$0.85		\$4.86	\$4.86
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Other*	\$0.85														
	\$4.86														
<p>Infrastructure Planning</p> <p>FFA appointed an Australian based consortium of engineers, architects, cost planners, stadium security experts, transport experts, project management staff and environmental experts to develop detailed designs and plans with respect to stadiums and other key tournament sites and event related infrastructure (for example, Fan Fests, training sites, accommodation and airports). FFA contracted Populous, Australia's leading stadium architects, and Populous sub-contracted all other members of the consortium of companies, including ARUP, Aurecon, MI Associates, Davis Langdon, Intelligent Risk; Cox Architects and Ways and Means.</p> <p>The plans developed were necessary in order to provide a high level of detail on stadium and infrastructure plans when preparing the Bid Book and liaising with government and other stakeholders. Populous also provided similar services in respect of the Asian Cup bid.</p> <p>FFA also engaged ISFM to undertake a national facilities audit in relation to potential training sites for inclusion in the bid proposal.</p> <p>Significant aspects of infrastructure planning expenditure include:</p> <table border="0" style="width: 100%; margin-left: 600px;"> <tr> <td style="padding-left: 20px;">Populous</td> <td style="text-align: right;">\$4.04</td> </tr> <tr> <td style="padding-left: 20px;">ISFM</td> <td style="text-align: right;">\$0.09</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$4.13</td> </tr> </table>	Populous	\$4.04	ISFM	\$0.09		\$4.13	\$4.13								
Populous	\$4.04														
ISFM	\$0.09														
	\$4.13														
<p>Travel</p> <p>This includes flights, taxis, accommodation, subsistence meals and other incidental costs incurred whilst travelling in connection with the Bid. Domestic Travel expenditure was necessary to co-ordinate the various activities across all proposed Host Cities and was also used for FFA's preparation and participation in key events to support the bid. International travel was undertaken in relation to key FIFA workshops or observer tours, lobbying, International Football Development or other international events.</p> <table border="0" style="width: 100%; margin-left: 500px;"> <tr> <td style="padding-left: 20px;">Accommodation - Domestic</td> <td style="text-align: right;">\$0.14</td> </tr> <tr> <td style="padding-left: 20px;">Accommodation - International</td> <td style="text-align: right;">\$0.41</td> </tr> <tr> <td style="padding-left: 20px;">Flights - Domestic</td> <td style="text-align: right;">\$0.23</td> </tr> <tr> <td style="padding-left: 20px;">Flights - International</td> <td style="text-align: right;">\$1.18</td> </tr> <tr> <td style="padding-left: 20px;">Other Travel (including subsistence)</td> <td style="text-align: right;">\$0.68</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">\$2.64</td> </tr> </table> <p>Key international travel expenditure related to the following trips:</p> <ul style="list-style-type: none"> FIFA Confederations Cup 2009 –South Africa FIFA World Cup Final Draw – South Africa FIFA World Cup 2010 – South Africa Bid Book Handover – Zurich Final Presentation and Announcement – Zurich FIFA Bidders Workshops – Zurich 2009 FIFA Congress – Bahamas AFC Asian Cup Bid Book Handover – Malaysia AFC Asian Cup Observer Tour – Qatar AFC Asian Cup Final Draw - Qatar International Football Arena – Zurich AFC Meetings / Negotiations - Malaysia International CSR meetings in various countries Final Bid Book Review – Germany 	Accommodation - Domestic	\$0.14	Accommodation - International	\$0.41	Flights - Domestic	\$0.23	Flights - International	\$1.18	Other Travel (including subsistence)	\$0.68		\$2.64	\$2.64		
Accommodation - Domestic	\$0.14														
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Flights - International	\$1.18														
Other Travel (including subsistence)	\$0.68														
	\$2.64														

Bid Book (Technical)			\$10.38
<p>This relates to the development, production and distribution of Australia's Official 760 page Bid Book. The cost of Bid Book preparation included service fees to Abold and other local agencies specifically in relation to the Bid Book design and production, as well as other specialist consultants and subject-matter experts with experience in technical writing in Australia. Bid Book costs also included the cost of scanning of approximately 60,000 pages of contracts and other documentation as well as the shipment and logistical costs of transporting documentation from Australia to FIFA headquarters in Europe.</p> <p>These expenses also included costs related to the FIFA Inspection Visit (e.g. rehearsals, transport and accommodation, promotional videos, etc) and Final Presentation (e.g. film shooting and production, transport and accommodation, security, etc).</p> <p>Significant aspects of Bid Book expenditure include:</p>			
	Accommodation / Training Sites	\$0.29	
	Bid Book Preparation	\$4.89	
	Final Presentation	\$3.82	
	Host City Workshops	\$0.02	
	Inspection Visit	\$1.36	
		<u>\$10.38</u>	
Asian Cup Bid			\$0.65
<p>The various costs associated with the submission of the successful AFC Asian Cup 2015 Bid included the preparation of the Bid Book, AFC Inspection Visit, final presentation and preparation of an economic impact analysis.</p>			
	Bid Book Preparation	\$0.29	
	Business Case	\$0.05	
	Consultancy	\$0.17	
	Final Presentation	\$0.05	
	Infrastructure Planning	\$0.09	
	Inspection Visit	\$0.01	
		<u>\$0.65</u>	
TOTAL (Acquitted as at 30 June 2011)			\$41.95 (ex GST)
Other accrued expenditure			
	Outstanding International Football Development contractual payments	\$0.79	\$0.79
Deduct Non-Government Grant Income			
	Sponsorship	-\$0.30	
	Interest Income	-\$0.16	
	Licensing	-\$0.03	-\$0.49
			<u>\$42.25</u>
TOTAL Available Funding to FFA from Government under Funding Agreement			\$45.59 (ex GST)
Less: Consultant Success Bonuses (not payable)			-\$3.34
TOTAL Actual Funding excluding Success Bonuses of FFA from Government			\$42.25

Appendix B –Bank Reconciliation

FOOTBALL FEDERATION AUSTRALIA
WORLD CUP BID BANK ACCOUNT
SUMMARY OF TRANSACTIONS IN PERIOD JUNE'09-30th JUNE'11
(All transactions include GST where applicable)

Opening Bank Account Balance as at 11th June 2009		\$372.00
Inflows		
Government Grant Funding Received	\$28,152,300.00	
FWCBID Sponsor revenue received	\$330,000.00	
Merchandising revenue received	\$11,291.13	
Other Income	\$9,100.00	
Transfer from FFA Main account as loan	\$210,000.00	
		\$28,712,691.13
Outflows		
Total Creditor payments made directly to World Cup Creditors	(\$24,931,646.53)	
Movement between Cash Maximiser account	(\$617,090.80)	
Bank Charges & Exchange rate differences	(\$1,186.25)	
Transfer to FFA Main account to offset FWCBID costs paid	(\$3,159,979.68)	
		(\$28,709,903.26)
Closing WCBID Main Bank Account Balance as at 30th June 2011		\$3,159.87
Government Grant Funding Received	\$17,596,150.00	
Add: Cash Maximiser net transfer from WCBid main account	\$617,090.80	
Add: Cash Maximiser Interest earned	\$187,228.48	
Less: Transfer to FFA Main account to offset FWCBID costs paid	(\$17,281,110.21)	
Closing WCBID Cash Maximiser Bank Account Balance as at 30th June 2011		\$1,119,359.07
Total Closing WCBID Bank Accounts balance as at 30th June 2011		\$1,122,518.94
Forecast Cash Flows		
Add: Additional Government Grant Funding	\$656,500.00	
Less: Other Future Transfers/Outflows (reimbursements to main business, IFD payments, etc)	(\$1,779,018.94)	
Final Cash Position		\$0.00

Appendix C – Audit Opinion



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Independent Auditor's Report to the Directors of Football Federation Australia Limited

We have audited the attached FIFA World Cup Bid Statement of Receipts and Expenditure ("Statement"), of Football Federation Australia Limited in respect of the Funding Agreement between the Commonwealth of Australia as represented by the Department of Health and Ageing and Football Federation Australia Limited for the period from 1 July 2008 to 30 June 2011.

The Responsibility of Directors for the Statement

The company's directors are responsible for the preparation and fair presentation of the Statement and have determined that the accounting policies used are appropriate to meet the requirements of the Funding Agreement, including the Deed of Variation No.1, and the needs of Football Federation Australia Limited. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Statement that is free from material misstatement, whether due to fraud or error; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Statement.

The Statement has been prepared for distribution to Football Federation Australia Limited for the purpose of fulfilling the grant terms and conditions of the Funding Agreement between the Commonwealth of Australia as represented by the Department of Health and Ageing and Football Federation Australia Limited. We disclaim any assumption of responsibility for any reliance on this report or on the additional information to which it relates, to any person other than Football Federation Australia Limited, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Australian professional accounting bodies.



Auditor's Opinion

In our opinion, the FIFA World Cup Bid Statement of Receipts and Expenditure of Football Federation Australia Limited presents fairly, in all material respects, in accordance with the Funding Agreement guidelines, the receipts and expenditures incurred by Football Federation Australia Limited on the FIFA World Cup Bid for the period 1 July 2008 to 30 June 2011.

Ernst & Young

Ernst & Young

Date: 26 August 2011

**FIFA WORLD CUP BID STATEMENT OF RECEIPTS AND EXPENDITURE
FOR THE PERIOD 1 JULY 2008 TO 30 June 2011**

Description	Bid Total (\$)
Government Grants - Received	41,589,500
Government Grants - Forecast	656,500
	42,246,000
Interest Income	160,914
Sponsorship - Cash	300,000
Sponsorship - Contra	-
Merchandise / Licensing	33,745
Total Receipts Plus Forecast	42,740,659
Bid Book	11,024,905
Infrastructure Planning	4,127,138
Public Relations	1,535,676
Marketing & Advertising	4,855,827
Community / CSR	2,467,333
Events	848,434
Consultants/Agencies	6,718,630
Business Operations	2,084,144
Travel	2,639,058
Staff Salaries	5,649,295
Total Expenditure at 30 June 2011	41,950,440
Forecast Expenses	790,219
Surplus / (Deficit)	-



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REPORT OF FACTUAL FINDINGS

To the Directors of Football Federation Australia

Scope

We have performed the procedures agreed with you and described below with respect to the bank balance of the Football Federation Australia's FIFA World Cup Bid bank balances as of 30 June 2011. Our engagement was undertaken in accordance with Australian Auditing Standards applicable to agreed-upon procedures engagements. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of Football Federation Australia. The procedures were performed solely to assist you in reporting to Commonwealth of Australia as represented by the Department of Health and Ageing and are summarised as follows:

1. We obtained the bank statement at 30 June 2011 and confirmed that the balance on the statement as at that date.

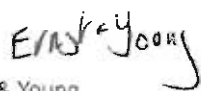
Because the above procedures do not constitute either an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, we do not express any assurance on the bank balance as of 30 June 2011. Had we performed additional procedures or had we performed an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements, other matters might have come to our attention that would have been reported to you.

Findings

We report as follows:

- a. We obtained the bank statement at 30 June 2011 and confirmed that the balance on the statement was \$1,122,519 as at that date.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or distributed to any other party. This report relates only to the items specified above and does not extend to any financial report of Football Federation Australia, taken as a whole.


Ernst & Young
Date: 26 August 2011