

*The Economic and Social Impacts of  
Hosting Selected International Games*

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## Executive Summary

1. This research report studies the possible economic and social impacts on former host cities based on their experience of staging previous international games, which could serve as reference for Hong Kong to host the 2009 East Asian Games. The international games studied comprise the 1997 and 2001 East Asian Games, the 1998 and 2002 Asian Games, the Sydney 2000 Olympic Games and the 2002 Commonwealth Games. Due to insufficient relevant information, this report focuses on the economic and social impacts of the Sydney 2000 Olympic Games, the 2002 Commonwealth Games and the 2002 Asian Games.
2. The reasons for staging international games varied among the host cities studied. In general, they all tended to make use of the games to raise their international profile. Hong Kong also aims to take advantage of staging the 2009 East Asian Games to promote itself as a world city for hosting international events, as well as an attractive business and visitor destination.
3. According to an economic impact study on the Olympic Games<sup>1</sup>, a host city would benefit more in terms of the growth in Gross Domestic Product (GDP) if it makes use of the games as a catalyst for infrastructure development. Since Hong Kong has budgeted very small capital expenditure for hosting the 2009 East Asian Games, this may limit the economic benefits generated by the event. According to the Home Affairs Bureau of the Hong Kong Special Administrative Region Government, the quantifiable economic benefits generated from hosting the 2009 East Asian Games is expected to amount to HK\$99 million, representing less than 0.01% of the nominal GDP in 2003.
4. Hosting international games can generate economic benefits not just before and during the games, but also after the games. Hence, it is important for a host city to leverage long-term benefits from the legacy assets inherited from the games. Infrastructure development, urban regeneration and enhanced international profile are among the most important legacy assets gained by a host city. Nevertheless, the extent to which the new infrastructure facilities benefit the host city depends on the usage of these facilities after the games. Infrastructure built without extensive post-games use may create problems for the host city.
5. Even without undertaking urban renewal and infrastructure projects, Hong Kong may still leverage the profile created during the 2009 East Asian Games to attract inflows of tourists and business traffic in the post-Games years. The Home Affairs Bureau expects the Games to generate not only quantifiable economic benefits, but also wider intangible benefits such as a higher profile of Hong Kong. The experience of the Sydney 2000 Olympic Games and the 2002 Commonwealth Games illustrated that the positive image created during the Games could benefit the host cities in terms of increased tourism/convention business in the post-Games years.

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<sup>1</sup> Jones Lang LaSalle (2001).

6. Hosting the international games does not necessarily enhance the image of the host city. The host city can receive negative publicity if the games turn out to be not as successful as anticipated. Furthermore, there is always the possibility that the games may not be sufficiently unique or exciting to attract enough visitors or to generate significant positive publicity to boost the host city's tourism/convention business.
7. The international games studied all generated revenue which offset or exceeded the operating cost of running the events. However, they all received different degrees of financial support from the government. The importance of government financial support was most apparent in the 1997 and 2001 East Asian Games, the 2002 Asian Games and the 2002 Commonwealth Games, accounting for 41%-63% of the total income generated. In the case of Hong Kong, the Government plans to underwrite 49% of the total operating cost of running the 2009 East Asian Games.
8. Hong Kong is expected to recruit 2 000 volunteers to assist in running the 2009 East Asian Games. This follows the practice of the international games studied, which featured the participation of volunteers in the events. According to their experience, the participation of volunteers not only helped the organizing committees reduce the operating cost of running the events, but also promoted public support for the games. However, the operation of a volunteer programme may incur expenditure other than that related to recruitment, provision of uniforms and training of volunteers. The experience of the Sydney 2000 Olympic Games showed that the games organizer provided various incentives to boost the number of applicants for the volunteer programme and keep the volunteers motivated.
9. The experience of the international games studied may also provide reference for the possible social impacts generated from hosting the events. These impacts include social cohesion in the local communities, increased sports participation, enhanced event management skills, and greater interest of students in sports activities. It is noteworthy that the hosting of international games may also cause disruptions to the host city, thereby arousing opposition from the local community groups.
10. Hong Kong will set up an organizing committee to run the 2009 East Asian Games. The composition of the organizing committees varied among the host cities studied, ranging from the dominance by government officials and representatives of state enterprises to a wide spectrum of people representing different interests of the society. The Organizing Committee of the Busan Asian Games even included members of the legislature.
11. All of the international games studied featured financial and personnel support from the government in the operation of the games. Some even saw the promulgation of laws to facilitate the smooth running of the events. In addition, the governments of some host cities implemented post-games measures to leverage the events for long-term business benefits. In the case of Hong Kong, the Government will provide financial and personnel support to the running of the 2009 East Asian Games.

# **The Economic and Social Impacts of Hosting Selected International Games**

## **Chapter 1 - Introduction**

### **1.1 Background**

1.1.1 The Panel on Home Affairs (Panel), at its meeting on 12 December 2003, requested the Research and Library Services Division (RLSD) to conduct a research on the possible impacts for Hong Kong to host the 2009 East Asian Games based on the experience of the previous East Asian Games.

1.1.2 RLSD originally intended to study the East Asian Games held in 1997 and 2001. However, as there was only scanty information from official sources on the impacts of hosting the above Games, RLSD proposed in the research outline to study the impacts of hosting the 2002 Asian Games, the Sydney 2000 Olympic Games and the 2002 Commonwealth Games. The proposed research outline was endorsed by the Panel at its meeting on 13 February 2004.

### **1.2 Scope of research**

1.2.1 The scope of research covers:

- (a) profiles of selected international games;
- (b) an overview of the economic and social impact studies on hosting international games;
- (c) an assessment of the economic and social impacts of hosting the Sydney 2000 Olympic Games, the 2002 Commonwealth Games and the 2002 Asian Games; and
- (d) a comparison of the international games studied and its reference for Hong Kong.

### **1.3 Methodology**

1.3.1 This research adopts a desk research method, which involves Internet research, literature review and correspondence with relevant authorities.

## Chapter 2 — Profiles of international games studied

### 2.1 The Fifth East Asian Games

2.1.1 The Fifth East Asian Games (2009 East Asian Games) will be held in Hong Kong in 2009 for a period of 10 to 12 days. The Games are expected to attract 2 000 athletes from 11 participating countries/regions to compete in 20 sports.

2.1.2 An organizing committee will be established to oversee the delivery of the Games. The committee will set up a small secretariat and a wholly-owned subsidiary to handle the organization and daily operation of the Games<sup>2</sup>.

#### Reasons for hosting the Games

2.1.3 Hong Kong aims to make use of the 2009 East Asian Games to:

- (a) raise its prestige and profile in the region;
- (b) promote its image as a world city for hosting international events;
- (c) attract more inward investment;
- (d) create job opportunities;
- (e) enhance its tourism industry; and
- (f) foster its sports culture.

Furthermore, the Games are expected to generate quantifiable economic benefits totalling HK\$99 million<sup>3</sup>.

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<sup>2</sup> The Government has recently announced the establishment of a planning committee to prepare for the organization of the 2009 East Asian Games. The planning committee has wide representation, with members from the sports field, related government departments, and the business, banking, airline and tourism sectors.

<sup>3</sup> Quantifiable economic benefits are assessed in terms of the value-added contribution to GDP arising from additional spending related to the event. For details, see the Legislative Council Brief prepared by the Home Affairs Bureau of the Hong Kong Special Administrative Region Government (2003a).

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## Financing of the Games

### *Operating expenditure and income*

2.1.4 The hosting of the 2009 East Asian Games is forecast to incur an expenditure of HK\$171 million, while generating an income of HK\$87 million. The Government will underwrite the financial shortfall of HK\$84 million or 49% of the total cost of the Games<sup>4</sup>.

2.1.5 Income will primarily come from sponsorship, which accounts for HK\$30 million or 34.5% of the total income. This will be followed by sales of television rights (HK\$25 million), ticket sales (HK\$10 million), licensing and merchandising (HK\$10 million), accommodation charges paid by athletes and delegation members (HK\$8 million) and others<sup>5</sup> (HK\$4 million).

### *Capital expenditure*

2.1.6 According to the Home Affairs Bureau<sup>6</sup>, the Government is not expected to incur substantial capital expenditure to prepare for the 2009 East Asian Games. The competition events will mostly be held in existing Government facilities, supplemented by private venues<sup>7</sup>. The Government will upgrade existing venues and supplement them with temporary facilities in order to meet the international standards required for holding the respective competition events.

## Public participation in the Games

2.1.7 A total of 2 000 volunteers will be recruited to help organize the Games. It is expected that HK\$4 million will be spent on recruitment, provision of uniforms and training of volunteers.

## Government support

2.1.8 The Government will underwrite the anticipated deficit of HK\$84 million incurred in running the 2009 East Asian Games. Furthermore, it will second the staff of the Leisure and Cultural Services Department, on a need basis, to the organizing committee of the Games to help organize the event.

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<sup>4</sup> The anticipated shortfall is larger than the corresponding estimate of HK\$50 million for Macao in hosting the Fourth East Asian Games in 2005. See Appendix I for the profile of the Fourth East Asian Games.

<sup>5</sup> Others include income generated from sales of commemorative coins and stamps, lotteries and other fundraising initiatives.

<sup>6</sup> The Home Affairs Bureau of the Hong Kong Special Administrative Region Government (2003a).

<sup>7</sup> The Government is planning to build a new sports ground at Tseung Kwan O which will provide both main and warm-up facilities for holding international athletics competitions in Hong Kong.

## 2.2 The Second East Asian Games

2.2.1 The Second East Asian Games (1997 East Asian Games) were held in Busan<sup>8</sup> of South Korea from 10 to 19 May 1997. A total of 1 862 athletes from nine countries/regions competed in 15 sports.

2.2.2 The Second Busan East Asian Games Organizing Committee (Busan EA Organizing Committee) was responsible for planning, organizing, managing and staging the Games.<sup>9</sup> The Secretariat of the Organizing Committee, which was entrusted to set out the operational plans for running the event, comprised mainly civil servants seconded from the central and Busan city governments.

### Reasons for hosting the Games

2.2.3 The East Asian Games were the first international games ever hosted in Busan. Busan aimed to make use of the 1997 East Asian Games to:

- (a) foster friendship among participating countries/regions through sports exchanges;
- (b) gain experience to aid the hosting of the Fourteenth Asian Games in 2002;
- (c) nourish a sense of unity in the community through the promotion of public participation in the Games; and
- (d) provide a platform to showcase its culture and economic development to the rest of Asia.

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<sup>8</sup> Busan used to be called Pusan. Since the city won its bid to host the Fourteenth Asian Games in 1995, it has adopted a new Romanization system for the spelling of Korean words, resulting in the renaming of Pusan.

<sup>9</sup> As at the publication of this research report, the Busan city government has not provided any information on the composition of the Busan EA Organizing Committee.

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## Financing of the Games

### *Operating expenditure and income*

2.2.4 The total operating cost incurred in running the 1997 East Asian Games amounted to 25.2 billion won (HK\$163.8 million)<sup>10</sup>. Meanwhile, the Games brought in an income totalling 36.8 billion won (HK\$239.2 million), thereby leaving the Busan EA Organizing Committee with an operating surplus of 11.6 billion won (HK\$75.4 million).

2.2.5 The government contributed 19.4 billion won (HK\$126.1 million) or 53% of the income received by the Busan EA Organizing Committee. Of this total contribution, national and city subsidies amounted to 2.7 billion won (HK\$17.6 million) and 11.7 billion won (HK\$76.1 million) respectively. Athletics Fund accounted for the remaining 5 billion won (HK\$32.5 million) of the government's financial support.

2.2.6 The Busan EA Organizing Committee also relied on commercial revenue to cover the operating cost of running the Games. Commercial sponsorship and merchandising of products related to the Games accounted for 21% of the total income generated. Advertising, ticket sales, and sales of television rights together provided another 17% of the total income<sup>11</sup>.

### *Capital expenditure*

2.2.7 The Busan city government made use of the existing infrastructure and venues to host the 1997 East Asian Games, thereby minimizing the expenditure required for running the event. For example, Busan renovated existing sports facilities to host the competition events, and used nearby hotels and condominiums as the athletes' village.

## Public participation in the Games

2.2.8 The Busan EA Organizing Committee held a variety of community events to promote public support for the 1997 East Asian Games as well as to foster a sense of unity in the community before and during the Games. These included:

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<sup>10</sup> The calculation was based on the average exchange rate of HK\$0.0065 per Korean won in 2003.

<sup>11</sup> The Busan EA Organizing Committee also received 9% of its total income from sources such as interest income and accommodation charges paid by athletes and delegation members.

### *Volunteer programme*

2.2.9 The Busan EA Organizing Committee recruited 3 075 volunteers to work in 23 job areas, such as translation/interpretation and access control at the competition venues. Orientations and task-specific training were provided to volunteers to familiarize them with the operation of the Games. As a reward for their contribution, volunteers were provided with transport and meal allowances while volunteering, and a certificate of recognition after the close of the Games.

2.2.10 The Busan EA Organizing Committee also sent letters to the Ministry of Education, Busan's Education Office, schools and universities inviting them to encourage students and teachers to volunteer for the 1997 East Asian Games.

### *Torch relay*

2.2.11 Eight hundred and one runners were selected from all walks of life for the torch relay. Some of them were selected through an open contest, while others were recruited from a wide spectrum of people, such as the disabled, the aged, orphans, foreigners and staff of the sponsor companies.

### *Cultural events*

2.2.12 The Busan EA Organizing Committee held a wide array of cultural events to attract domestic attention to the Games as well as introduce the South Korean culture to the outside world. A total of 37 arts festivals were held during the Games, which involved 12 200 performers and 470 000 spectators. Public and private cultural organizations were invited by the Organizing Committee to take part in the arts festivals.

### *Student participation programme*

2.2.13 There were specific programmes organized by the Busan EA Organizing Committee to encourage student participation in the Games. For example, each school in Busan was assigned a participating country/region to support, and its students were provided with tickets and transportation to cheer athletes of its assigned country/region at the competition venues.

2.2.14 The Busan EA Organizing Committee also invited students to perform at the opening and closing ceremonies. For example, performers in the opening ceremony consisted of 300 primary school students, 1 788 secondary school students and 159 university students.

### Government support

2.2.15 Apart from providing financial support to the Busan EA Organizing Committee, the Busan city government embarked on several small-scale infrastructure projects to improve the physical landscape of the city. These included the construction of 11 km of access road to the competition venues and the athletes' village. A city beautification programme was also launched to enhance the image of Busan. This programme featured a tree-planting campaign, the construction of three roadside gardens, and the refurbishment/removal of street stalls near the stadiums and the athletes' village.

## **2.3 The Third East Asian Games**

2.3.1 The Third East Asian Games (2001 East Asian Games) were held in Osaka of Japan from 19 to 27 May 2001. A total of 1 961 athletes from 10 countries/regions competed in 17 sports.

2.3.2 The Third Osaka East Asian Games Organizing Committee (Osaka Organizing Committee) was responsible for planning, organizing, managing and staging the Games. The Organizing Committee was established as a non-profit organization upon the approval by the Ministry of Education.

2.3.3 Members of the Osaka Organizing Committee were recruited by the Preparation Committee established in 1997. The Preparation Committee consisted of representatives from the Ministry of Education, the Japanese Olympic Committee (JOC), the Osaka city and the Osaka prefecture.

2.3.4 The Osaka Organizing Committee was headed by an Executive Board consisting of the President, three Vice-Presidents, a Secretary-General, 23 board members and two auditors. The Chairman of the Kansai Economic Federation was the President of the Executive Board, while the President of JOC, the Mayor of the Osaka city and the Governor of the Osaka prefecture served as Vice-Presidents. The Deputy Mayor of the Osaka city assumed the post of Secretary-General.

### Reasons for hosting the Games

2.3.5 Osaka aimed to make use of the 2001 East Asian Games to:

- (a) provide the impetus for the implementation of a project known as "Sport Paradise Osaka"; and

- (b) showcase its ability of hosting international sports events. This in turn supported Osaka's bid to host the 2008 Olympic Games, a contest which ended up with Beijing being selected as the host city by the International Olympic Council.

### *"Sports Paradise Osaka" project*

2.3.6 The project of "Sports Paradise Osaka" was initiated by the Osaka city government with a view to creating an environment where local people are provided with ample opportunities to enjoy sports easily. The project also sought to establish Osaka as an international sports city. Hosting the 2001 East Asian Games was a step to achieve this objective.

## Financing of the Games

### *Operating expenditure and income*

2.3.7 The Osaka Organizing Committee broke even on hosting the 2001 East Asian Games. The total operating cost incurred in running the Games amounted to 8.4 billion yen (HK\$565.3 million)<sup>12</sup>, which was mostly met by the income generated from the financial contribution of the local government and donations. These two sources of revenue accounted for 5.7 billion yen (HK\$383.6 million) or 68% of the total income generated<sup>13</sup>. Commercial revenue, including income generated from ticket sales, sponsorship and sales of commemorative goods, provided another 1.1 billion yen (HK\$74 million) or 13% of the total income<sup>14</sup>.

### *Capital expenditure*

2.3.8 The management policy of the Osaka Organizing Committee was to make full use of the existing urban infrastructure in Osaka, and cut down on the capital expenditure required for running the Games. As such, existing sports facilities were renovated as competition venues and training sites. Hotels close to these competition venues were used for the accommodation of athletes and delegation members. Accordingly, no athletes' village was constructed.

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<sup>12</sup> The calculation was based on the average exchange rate of HK\$0.0673 per Japanese yen in 2003.

<sup>13</sup> It was estimated that the financial contribution from the local government accounted for about 5.3 billion yen (HK\$357 million) or 63% of the total income generated.

<sup>14</sup> The Osaka Organizing Committee also received 19% of its income from sources such as interest income, and accommodation charges paid by athletes and delegation members.

### Public participation in the Games

2.3.9 The Osaka Organizing Committee arranged a number of Games-related activities to promote public participation in the 2001 East Asian Games. These included:

#### *Volunteer programme*

2.3.10 Aiming at realizing the concept of "Games Made by Citizens", the Osaka Organizing Committee attempted to recruit as many volunteers as possible to help organize the 2001 East Asian Games. A total of 23 250 volunteers were deployed to assist in the operation of the Games. They were all provided with orientations and task-specific training.

#### *Torch relay*

2.3.11 The torch was carried in relay both by land and water. The torch relay invited public participation, with 48 crew members and 24 torch-runners being selected from among 169 applicants.

#### *Student participation programme*

2.3.12 The Osaka Organizing Committee invited students to take part in a number of community events, which included:

#### Flame-lighting ceremony

2.3.13 Primary school children and their parents in Osaka were invited to take part in a flame-lighting ceremony, in which they worked together to make a fire for lighting the torch carried by crew members and torch-runners.

### "One School, One Country" programme

2.3.14 The Osaka Organizing Committee invited primary schools, secondary schools and schools of children with disabilities in Osaka to participate in the "One School, One Country" programme. Under the programme, each participating school was assigned a country or region to support, and its students had to learn about the background of the assigned country/region. In addition, some schools were provided with the opportunities to attend games held in the competition venues and to cheer the athletes coming from the country/region that they supported<sup>15</sup>.

### Watching games

2.3.15 The Osaka Organizing Committee arranged 49 716 students from 431 schools, particularly those near the competition venues, to watch the Games as their school activities. This served to provide students with an opportunity to watch top-level competitions, thereby fostering their interest in sports.

### *Citizen participation programme*

2.3.16 The Osaka Organizing Committee invited local citizens to perform in the opening ceremony. In addition, it encouraged as many citizens as possible to take part in the closing ceremony by giving them free admission tickets. This served as a public relations campaign to generate enthusiasm for the Games.

2.3.17 The public was also invited to participate in a number of Games-related promotional events, which included:

- (a) a contest to design the commemorative medals given to participating athletes and officials;
- (b) donation of unused phone cards to athletes and officials for making calls to their families at home. Card donors received Games tickets from the Osaka Organizing Committee in return;
- (c) the website contest to design the official website of the 2001 East Asian Games; and
- (d) cultural events to promote culture unique to Japan and Osaka.

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<sup>15</sup> The "One School, One Country" programme received positive feedback from the participants. According to the Osaka Organizing Committee, "*the students who watched the competition events under the programme ... [said] that they were very excited and impressed by the great skill and performances, tremendous power of concentration, and good sportsmanship that athletes displayed at the Games*".

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### Government support

2.3.18 The Osaka city government provided financial and personnel support to the Osaka Organizing Committee in running the 2001 East Asian Games.

## **2.4 The Thirteenth Asian Games**

2.4.1 The Thirteenth Asian Games (1998 Asian Games) were held in Bangkok of Thailand from 6 to 20 December 1998. A total of 6 554 athletes from 41 countries/regions competed in 38 sports.

2.4.2 The Thirteenth Bangkok Asian Games Organizing Committee (Bangkok AG Organizing Committee) was responsible for planning, organizing, managing and staging the Games. The Organizing Committee comprised mostly senior government officials and representatives of state enterprises, accounting for about 80% of the membership. In particular, the Deputy Prime Minister of Thailand was the Chairman of the Organizing Committee. Nevertheless, the Organizing Committee also included some members from the private sector, universities and the Olympic Committee of Thailand.

### Reasons for hosting the Games

2.4.3 In 1990, Bangkok was selected by the Olympic Council of Asia to stage the 1998 Asian Games. Thailand's bid to host the Games was based on a cabinet decision made in 1989 to stage in Thailand three different levels of international sports events, namely the South East Asian Games, the Asian Games and the Olympic Games. Hosting the Asian Games served to enhance the image of Thailand and prepare the country for its bid to stage the Olympic Games. In addition, Bangkok also made use of the Games to stimulate infrastructure development in the city.

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## Financing of the Games

### *Operating expenditure and income*

2.4.4 According to the Post-Games Report prepared by the Bangkok AG Organizing Committee, the total operating cost of running the 1998 Asian Games was estimated to be 2.67 billion baht (HK\$502 million)<sup>16</sup>. Meanwhile, the Organizing Committee received an estimated revenue of 2.73 billion baht (HK\$513.3 million) from hosting the Games, leaving it with an operating surplus of 60 million baht (HK\$11.3 million)<sup>17</sup>.

2.4.5 Income primarily came from sponsorship, which accounted for 1.09 billion baht (HK\$204.9 million) or 40% of the total income. This was followed by sales of television rights (480 million baht or HK\$90.2 million), ticket sales (312 million baht or HK\$58.7 million), lotteries (300 million baht or HK\$56.4 million), funding from the Thai government (284 million baht or HK\$53.4 million), accommodation and meals fees paid by athletes and delegation members (240 million baht or HK\$45.1 million), and interest income (28 million baht or HK\$5.3 million).

### *Capital expenditure*

2.4.6 Thailand invested 19.3 billion baht (HK\$3.6 billion) on Games-related infrastructure projects. The projects included the construction of three new sports complexes and the athletes' village, as well as infrastructure upgrades in transport networks and telecommunications facilities.

## Public participation in the Games

2.4.7 The Bangkok AG Organizing Committee arranged a number of community events to promote public participation in the Games, which included:

- (a) volunteer programme to engage the general public in running the Games<sup>18</sup>;
- (b) emblem design competition;

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<sup>16</sup> The calculation was based on the average exchange rate of HK\$0.188 per Thai baht in 2003.

<sup>17</sup> The official Post-Games Report contained only the cost/revenue estimates of hosting the 1998 Asian Games, instead of the actual figures. Nevertheless, it was reported by a Japanese news agency that the Bangkok AG Organizing Committee recorded a surplus of about 590 million baht (HK\$110.9 million) from staging the Games. According to the news report, the Organizing Committee received 4.31 billion baht (HK\$810.3 million) of revenue while incurring a cost of 3.72 billion baht (HK\$699.4 million) in running the Games.

<sup>18</sup> A total of 4 465 volunteers were deployed to assist in the operation of the Games.

- (c) mascot-naming contest;
- (d) inviting students and children to perform at the opening and closing ceremonies;
- (e) low-price tickets for children and primary/secondary school students to watch the competition events; and
- (f) cultural programmes performed by university students.

### Government support

2.4.8 The Thai government provided financial and personnel support to the Bangkok AG Organizing Committee for running the Games. It also invested in the construction of the Games-related infrastructure to facilitate the smooth running of the event.

## **2.5 The Fourteenth Asian Games**

2.5.1 The Fourteenth Asian Games (2002 Asian Games) were hosted in Busan of South Korea from 29 September 2002 to 14 October 2002. A total of 6 572 athletes from 44 countries/regions competed in 38 sports.

2.5.2 The Fourteenth Busan Asian Games Organizing Committee (Busan AG Organizing Committee) was responsible for planning, organizing, managing and staging the Games. The Organizing Committee comprised the President, one senior Vice-President, six Vice-Presidents, 41 committee members and an auditor. The President of the Korean Olympic Committee was the President of the Busan AG Organizing Committee, while the Mayor of the Busan city served as the senior Vice-President.

2.5.3 The six posts of Vice-President were taken up by the Chairman of the Busan Chamber of Commerce and Industry, the Vice-President of the Busan City Sport Association, the Deputy Minister of Culture and Tourism, the Governor of the Kyongsangnam-do Province, the Chairman of the Busan City Council, and the Executive President of the Executive Board of the Busan AG Organizing Committee<sup>19</sup>.

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<sup>19</sup> The Executive Board was the executive arm of the Busan AG Organizing Committee, responsible for matters such as preparing the meeting agenda and budget proposal.

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- 2.5.4 The 41 committee members included:
- (a) eight government officials;
  - (b) four members of the National Assembly (the legislature of South Korea);
  - (c) four City Council members;
  - (d) nine representatives of sports organizations;
  - (e) six representatives of the media;
  - (f) five economists;
  - (g) two representatives of women organizations; and
  - (h) three representatives from other fields.

#### Reasons for hosting the Games

- 2.5.5 Busan aimed to make use of the 2002 Asian Games to:
- (a) foster friendship, exchanges and unity among Asian countries;
  - (b) strengthen South Korea's capability of hosting other international sports events;
  - (c) encourage the participation of volunteers in the operation of the Games;
  - (d) help promote the unification of two Koreas<sup>20</sup> through a sports event; and
  - (e) rejuvenate the domestic economy by developing areas in the vicinity of the competition venues, strengthening the infrastructure of the Busan city and promoting the Games-related industries.

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<sup>20</sup> North Korea sent a large delegation and cheering squads to participate in the 2002 Asian Games. This represented an unprecedented move for North Korea since the country had hitherto refused to take part in any international sports events held in South Korea.

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## Financing of the Games

### *Operating expenditure and income*

2.5.6 The total operating cost incurred in running the 2002 Asian Games amounted to 182.5 billion won (HK\$1.2 billion). Meanwhile, the Games brought in an income totalling 243.4 billion won (HK\$1.6 billion), leaving the Busan AG Organizing Committee with an operating surplus of 60.9 billion won (HK\$400 million).

2.5.7 The government contributed 98.7 billion won (HK\$641.6 million) or 41% of the total income generated. Subsidies from the central and city governments amounted to 44.4 billion won (HK\$288.6 million) and 33.8 billion won (HK\$219.7 million) respectively. The National Sports Promotion Fund accounted for the remaining 20.5 billion won (HK\$133.3 million) of the government's financial support.

2.5.8 Commercial revenue was another major source of revenue for the Organizing Committee, contributing 88.7 billion won (HK\$576.7 million) or 36% of the total income generated. Of this total, advertising accounted for 58.7 billion won (HK\$381.6 million), followed by ticket sales (15.1 billion won or HK\$98.2 million) and marketing (14.9 billion won or HK\$96.9 million)<sup>21</sup>.

### *Capital expenditure*

2.5.9 Busan made use of the 2002 Asian Games to develop its infrastructure facilities for the long-term economic development of the city. A total of 3.14 trillion won (HK\$20.4 billion) was spent on direct-investment projects essential for the Games, which included the construction of 12 new stadiums, and improvements to and upgrading of existing sports facilities. In addition, the Asian Games Village was also constructed to provide accommodation for athletes and delegation members during the Games.

2.5.10 Another 1.47 trillion won (HK\$9.6 billion) was spent on indirect-investment projects such as improvements to transport infrastructure. These projects were not directly related to the Games, but they were conducive to creating a favourable environment for the success of the Games.

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<sup>21</sup> The Busan AG Organizing Committee also received 23% of its income from sports lottery programmes, accommodation charges paid by athletes and delegation members, and other revenue sources.

### Public participation in the Games

2.5.11 The Busan AG Organizing Committee arranged a number of Games-related community events to promote public participation in the 2002 Asian Games. These included:

#### *Volunteer programme*

2.5.12 A total of 17 096 volunteers were recruited to work in 31 job areas, ranging from interpretation/translation to the operation and administration of the Games. The Busan AG Organizing Committee carried out publicity campaigns through the mass media, as well as operating a recruitment centre and a website to recruit volunteers.

2.5.13 During the Games, volunteers were provided with transportation and meal allowances, as well as uniforms. After the event was over, the Busan AG Organizing Committee held a ceremony to present volunteers with a certificate of appreciation for the recognition of their contribution to the Games.

#### *Torch relay*

2.5.14 The torch relay created an opportunity for the public to participate in the Games. There were two kinds of torch-runners: ordinary and special. The selection of ordinary torch-runners was conducted through an open recruitment and the general public could apply through mass media and the Internet. Special torch-runners were chosen from people of different backgrounds, including sports stars, celebrities, athletes and the disabled.

#### *Opening and closing ceremonies*

2.5.15 A total of 4 036 students from 16 schools took part in the performances of the opening and closing ceremonies. Student performers consisted of 895 primary school children, 2 752 secondary school students, and 389 college students.

*Citizen participation programme*

2.5.16 The Busan AG Organizing Committee also encouraged the public to participate in a number of promotional events, which included:

- (a) mascot-naming contest;
- (b) theme song lyrics contest;
- (c) "One Citizen Watching One Competition" campaign;
- (d) walking and running events such as "Busan Marathon"; and
- (e) cultural events held in Busan and its neighbouring cities.

Government support

2.5.17 Apart from providing financial support to the Busan AG Organizing Committee, the South Korean government implemented a series of measures to support the running of the Games. These included:

*Legislation*

2.5.18 The South Korean government promulgated laws which facilitated the smooth running of the 2002 Asian Games. For example, it promulgated a law which reduced tariffs on goods imported for the operation of the Games and construction of sports facilities. As a result, the Busan AG Organizing Committee was exempted from 85% of the tariffs imposed on the 173 goods it imported for running the Games.

*Personnel and material support*

2.5.19 The South Korean government, along with other publicly-funded organizations and associations, provided staff and equipment for running the 2002 Asian Games. For example, a total of 9 353 people from government ministries, local governments and other government authorities were involved in running the Games. In addition, the equipment needed for running the Games was borrowed from the Ministry of National Defence and the Public Procurement Service.

*Support from the city government*

2.5.20 The Busan city government embarked on a number of infrastructure projects to improve the physical landscape of the city. These included the construction of new subway lines and expansion of access roads to the competition venues. Furthermore, the Busan city government launched a tree-planting campaign for the beautification of strategic areas, such as the main entrances to the competition venues and the torch relay route.

2.5.21 The Busan city government also provided loans to small restaurants and food vendors to improve the hygienic conditions of their food premises. A total of 2 233 food business operators benefited from such a scheme.

## **2.6 The Sydney 2000 Olympic Games**

2.6.1 The Sydney 2000 Olympic Games were held in Sydney of Australia from 15 September 2000 to 1 October 2000. A total of 10 651 athletes from 200 countries/regions competed in 28 sports.

2.6.2 The New South Wales (NSW) Parliament passed the Sydney Organizing Committee for the Olympic Games Act 1993 to create a statutory authority entrusted with planning, organizing, managing and staging the Games. The statutory authority was the Sydney Organizing Committee for the Olympic Games (SOCOG), which was governed by a Board of 15 directors. In accordance with the requirements of the International Olympic Committee (IOC), the Board automatically included the two IOC members resident in Australia, the President and Secretary-General of the Australian Olympic Committee, and the Lord Mayor of the Sydney city. The SOCOG Act provided for the designation of the other directors:

- (a) the President of the Board, appointed by the NSW government in consultation with the President of the Australian Olympic Committee;
- (b) the Chief Executive Officer of SOCOG, appointed by the Board of Directors with the consent of the Premier of NSW;
- (c) two persons representing the Premier of NSW;
- (d) two nominees of the Prime Minister of Australia; and
- (e) four persons with the appropriate expertise and experience to represent community, sporting, business and commercial interests, recommended by the Premier of NSW.

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2.6.3 The SOCOG Act also made clear that in terms of financial accountability, the Organizing Committee would be subject to the jurisdiction of the NSW government legislation such as the Public Finance and Audit Act<sup>22</sup>, the Independent Commission Against Corruption Act and the Ombudsman Act. In addition, any deviation from SOCOG's budget as set out in Sydney's bid to host the Games could only be undertaken with the approval of both the Premier of NSW (subsequently the Minister for the Olympics) and the Treasurer of NSW.

#### Reasons for hosting the Games

2.6.4 Sydney aimed to make use of the Sydney 2000 Olympic Games to:

- (a) enhance its international profile;
- (b) promote the tourism/convention industry;
- (c) attract inward investment;
- (d) create temporary and permanent jobs;
- (e) undertake urban renewal projects; and
- (f) construct new infrastructure facilities.

#### Financing of the Games

##### *Operating expenditure and income*

2.6.5 The total operating cost incurred in running the Sydney 2000 Olympic Games amounted to AUS\$2.42 billion (HK\$12.3 billion)<sup>23</sup>. Meanwhile, the Games brought in an income totalling AUS\$2.83 billion (HK\$14.4 billion), leaving SOCOG with an operating surplus of AUS\$410 million (HK\$2.1 billion). Sales of television rights contributed to 40% of the total income generated, followed by sponsorship (24%), ticket sales (22%), government grants (3%), and merchandising (2%)<sup>24</sup>.

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<sup>22</sup> The Public Finance and Audit Act empowered the Auditor-General of the NSW government to audit the accounts of SOCOG and submitted an auditor report to the NSW Parliament.

<sup>23</sup> The calculation was based on the average exchange rate of HK\$5.08 per Australian dollar in 2003.

<sup>24</sup> SOCOG also generated 9% of its total income from sources such as interest income and realized foreign exchange gains.

### *Capital expenditure*

2.6.6 A total of AUS\$3 billion (HK\$15.2 billion) was invested in the construction of Games-related venues and infrastructure. The NSW government, the Australian government, SOCOG and others contributed AUS\$1.9 billion (HK\$9.6 billion) or 63.3% of the total capital expenditure, while the private sector financed the remaining AUS\$1.1 billion (HK\$5.6 billion) or 36.7%.

2.6.7 In addition, another AUS\$3 billion (HK\$15.2 billion) was spent on major infrastructure projects which had to be completed in time to cope with the influx and movement of additional people during the Games. These included:

- (a) the Eastern Distributor Road linking the Sydney Airport to the central business district (CBD), which was completed at a cost of AUS\$700 million (HK\$3.6 billion); and
- (b) an AUS\$2 billion (HK\$10.2 billion) project to upgrade the Sydney Airport, including the construction of an airport rail link.

2.6.8 The Sydney 2000 Olympic Games also gave rise to a significant increase in Sydney's telecommunications infrastructure capacity. Telstra, a telecommunications operator in Australia, was commissioned to construct the Millennium Network for handling the communications demands generated from the Games. The Telstra Millennium Network consisted of 1.5 million km of optical fibre, which set the stage for the development of Internet data centres within Sydney after the Games.

### Public participation in the Games

2.6.9 SOCOG arranged a number of community events to promote public participation in the Sydney 2000 Olympic Games. The promotional activities started with the dissemination of Games-related information through various means to the general public, business organizations and other relevant parties. For example, an Olympic Information and Exhibition Centre was set up to provide a showcase of Olympic memorabilia and information on the preparation of the Games.

2.6.10 Amid increased public awareness of the Games, the promotional activities then shifted to encourage Australians to be more involved in the Games. As such, SOCOG held a wide variety of community events, which included:

### *Volunteer programme*

2.6.11 SOCOG recruited 46 967 people as general and specialist volunteers. General volunteers performed simple tasks, while specialist volunteers were assigned to a job/role based on specific knowledge/skills, e.g. medical qualification or possessing the technical knowledge of a particular sport.

2.6.12 Volunteers were provided with uniforms, training and essential support such as meals and transport. As a reward for their volunteering work, volunteers received a number of benefits, including a certificate of appreciation, a watch and complementary tickets to selected competition events. One of Sydney's daily newspapers even published all of their names in a special section entitled: "47,000 heroes".

### *Torch relay*

2.6.13 The torch relay took the spirit of the Games to the communities around Australia, with 11 000 torch-runners assisted by 2 500 student escort runners to carry the torch in relay throughout the country. Many torch-runners were recruited from the local communities along the relay route, in a move to give the general public a sense of ownership of the relay.

### *The "Olympic Journey" project*

2.6.14 A significant community project - the Olympic Journey - was launched to introduce the Sydney 2000 Olympic Games to various communities across Australia. The Olympic Journey included parades and exhibitions at a cost of AUS\$3.1 million (HK\$15.8 million). The parades featured famous Australian athletes, a replica of the Olympic flag and the Games mascots.

2.6.15 The Olympic Journey project lasted for five months and visited all capital cities and many regional centres in Australia. This gave local communities a preview of the Sydney 2000 Olympic Games while actively involving them in the celebrations.

### *Opening and closing ceremonies*

2.6.16 Members of the public were invited to participate in the opening and closing ceremonies of the Sydney 2000 Olympic Games. For example, a total of 12 600 performers volunteered to participate in the opening ceremony. Students and children were also recruited to perform at the closing ceremony.

### *Educational programme*

2.6.17 A national educational programme was implemented to bring the Olympic spirit to school children. One of its highlights was the launch of "Aspire", a multi-media Olympic educational kit designed to provide background information on the Olympic Games. "Aspire" was distributed to primary and secondary school students in 10 400 schools across Australia.

### Government support

2.6.18 The NSW government was responsible not only for building all the Games-related infrastructure facilities, but also for underwriting any financial shortfall incurred by SOCOG in running the Games. Both the Australian and NSW governments implemented a number of measures to provide support in running the Games. These included:

### *Legislation*

2.6.19 The Australian government promulgated legislation which facilitated the smooth running of the Sydney 2000 Olympic Games. For example, the Sydney 2000 Games (Indicia and Images) Protection Amendment Act 1997 enabled SOCOG and licensed users to take action against unauthorized retailers, distributors or other parties who applied official Olympic indicia or images to goods or services, or handle and distribute such products.

### *Specific government agency and minister to manage the Games*

2.6.20 The Olympic Co-ordination Authority Act 1995 was passed to establish a specific-purpose government agency - the Olympic Co-ordination Authority (OCA) - to co-ordinate and monitor all activities of the NSW government in support of the Games. These included the construction of the competition venues and the development of the Olympic site. Previously, the Games-related infrastructure development had been handled by five government departments, causing confusion and over-lapping of responsibilities.

2.6.21 OCA was headed by the Director-General who reported directly to the Minister for the Olympics. The Minister for the Olympics was a specific government post established solely for overseeing all of the NSW government's Games-related activities.

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## 2.7 The 2002 Commonwealth Games

2.7.1 The 2002 Commonwealth Games were held in Manchester of the United Kingdom (UK) from 25 July 2002 to 4 August 2002. A total of 3 679 athletes from 72 Commonwealth countries competed in 14 individual sports and three team sports.

2.7.2 The 2002 Commonwealth Games were organized by the Manchester 2002 Limited (M2002 Limited), which was established in August 1996 as the company to deliver the Games. The M2002 Limited was an operating subsidiary of the Manchester Commonwealth Games Limited, which was wholly-owned by the Manchester City Council.

2.7.3 The Board of the Manchester Commonwealth Games Limited brought together all those with an interest in the 2002 Commonwealth Games, including the Manchester City Council, the Commonwealth Games Council for England, the Commonwealth Games Federation and the private sector. Representatives from Sport England<sup>25</sup> and the Department for Culture, Media and Sport attended Board meetings as observers.

### Reasons for hosting the Games

2.7.4 The 2002 Commonwealth Games were more than a sports event, as they encompassed the agenda of:

- (a) positioning the UK as a centre of international sports;
- (b) demonstrating the UK's ability to host major international sports events;
- (c) strengthening the economic and social fabrics of Manchester and the North West region<sup>26</sup>;
- (d) providing the momentum of the regeneration of Manchester;
- (e) advancing policies for the promotion of volunteering and access to sports; and
- (f) showcasing the UK internationally and raising the profile of the Commonwealth.

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<sup>25</sup> Sport England is the UK's strategic sports development agency, accountable to Parliament through the Department for Culture, Media and Sport. It invests in sports and recreation activities with money received from lotteries and exchequer funding.

<sup>26</sup> The North West region covers around 14 000 sq km, from Cheshire in the south to its northern border with Scotland. Around seven million people live in the region, mostly in the urban areas of Merseyside and Greater Manchester.

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2.7.5 Urban regeneration was one of the major reasons for Manchester to bid for hosting the 2002 Commonwealth Games. In particular, the Games were hosted in East Manchester in order to provide the catalyst for the regeneration of the area from a deprived district into a desirable place to invest and live in<sup>27</sup>. The construction of the City of Manchester Stadium<sup>28</sup> and other infrastructure in East Manchester was taken as an effort to help re-position the district with a new image to prospective residents and investors.

### Financing of the Games

#### *Operating expenditure and income*

2.7.6 The total operating cost of running the 2002 Commonwealth Games amounted to £130 million (HK\$1.7 billion)<sup>29</sup>. The cost was balanced by the income received, of which 42% came from commercial revenue and 57% from the government's financial support<sup>30</sup>. The Manchester City Council was responsible for underwriting the cost of the Games, with financial assistance from the UK government and Sport England.

2.7.7 Sponsorship accounted for most of the commercial revenue, bringing in £26.7 million (HK\$339.9 million) in a mixture of cash and value-in-kind. This was followed by ticketing (£14 million or HK\$178.2 million), sales of television rights (£12.1 million or HK\$154 million), and licensing, concession and accommodation (£1.8 million or HK\$22.9 million).

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<sup>27</sup> East Manchester, which was once known as "the workshop of the world", had been in steady decline prior to the Games. Amid large-scale de-industrialization, East Manchester had become a deprived region of the city, unable to retain either businesses or residents.

<sup>28</sup> The City of Manchester Stadium was the main stadium built to host athletics competitions and the opening and closing ceremonies of the 2002 Commonwealth Games. It has become the new home for the Manchester City Football Club from August 2003 onwards.

<sup>29</sup> The calculation was based on the average exchange rate of HK\$12.73 per British pound in 2003.

<sup>30</sup> The M2002 Limited also generated 1% of its income from sources such as interest income, hospitality income and revenue received from the sales of assets after the Games.

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### *Capital expenditure*

2.7.8 Public investment in the Games and the associated infrastructure facilities amounted to £670 million (HK\$8.5 billion), of which £570 million (HK\$7.3 billion) had been or would be spent on regenerating the infrastructure of East Manchester. The above infrastructure spending also included the expenditure on the development of transport infrastructure, which amounted to £125 million (HK\$1.6 billion).

### Public participation in the Games

2.7.9 The M2002 Limited arranged a number of community events to promote public participation in the 2002 Commonwealth Games. These included:

#### *Volunteer programme*

2.7.10 A total of 9 198 volunteers were recruited to assist in the preparation and operation of the Games. All volunteers were interviewed and trained in the Volunteer Centre, which was set up in May 2001 as the hub for volunteer recruitment and development. They were provided with training, uniforms, meals and beverages while volunteering, and a certificate of recognition as a memento of their Commonwealth Games experience.

#### *The Spirit of Friendship Festival*

2.7.11 A massive nationwide programme, the Spirit of Friendship Festival, was organized by the M2002 Limited to celebrate and spread the spirit of the Commonwealth Games to communities across the UK. The Festival took place between March and August 2002, with focuses on sports, arts, community events, education and the Queen's Jubilee Baton Relay. The major functions held during the Festival included:

#### Sports

2.7.12 Sport England funded a £3 million (HK\$38.2 million) programme - Active Sports Talent Camps - to provide training for more than 10 000 young athletes. The athletes spent two days at residential camps where they took part in sports specific training sessions and workshops designed specifically to aid them in their sports development.

### Arts and Culture

2.7.13 A nationwide arts and cultural programme was launched to bring in performers from all corners of the Commonwealth to give performances or feature events related to dance, music, literature, film, visual art and carnivals. The programme aimed to create a multi-cultural atmosphere at arts venues throughout the UK.

### Community events

2.7.14 Community groups across the country arranged events at a local level with a link to the 2002 Commonwealth Games. Some of the largest events included a National Waterways Festival and a programme with English Heritage<sup>31</sup> to investigate the historic sports grounds and facilities.

### Educational programme

2.7.15 Teachers and students across the North West region could access an educational website for online learning materials funded by Sport England, the Manchester City Council and a Games sponsor. The website had comprehensive coverage of the national curriculum and used interesting materials related to the background of the 2002 Commonwealth Games to motivate children to learn.

2.7.16 In addition, 750 mini-Commonwealth Games took place over the summer term with secondary school students organizing sports events for 75 000 children from 3 000 primary schools.

### The Queen's Jubilee Baton Relay

2.7.17 The Queen's Jubilee Baton Relay was the Commonwealth Games equivalent of the Olympic torch relay. The Baton travelled by various modes of transport to approximately 22 Commonwealth countries before returning to the UK. After reaching the UK, the Baton was carried by 5 000 individuals throughout the UK, with each runner carrying the Baton up to 500 yards. Included in the 5 000 runners were athletes, community representatives, celebrities, sponsors and people from all walks of life.

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<sup>31</sup> English Heritage is a public body with responsibility for protecting and promoting the historic environment in the UK.

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Government support

2.7.18 The UK government and the Manchester City Council provided financial support for the operation of the 2002 Commonwealth Games and the construction of the Games-related infrastructure. Government departments also assisted the M2002 Limited in the smooth running of the Games. For example, the UK Immigration and Nationality Directorate of the Home Office worked with the M2002 Limited to streamline the visa application process for athletes from the Commonwealth countries. The Manchester City Council also seconded its staff to work in the M2002 Limited.

## Chapter 3 - Economic impact of hosting international games

### 3.1 Overview

3.1.1 One of the reasons why cities bid to host international games is the prospect of positive economic impact. There are a number of economic impact studies evaluating the possible economic benefits of hosting international games<sup>32</sup>. According to these studies, international games have the potential of increasing economic activities arising from the games-related expenditure. In addition, the games may also generate economic benefits such as job creation, provision of new sports facilities and infrastructure, urban revival, enhanced international profile, increased tourism/convention business and more inward investment. However, these benefits could be offset by possible negative impacts such as tourism diversion, import-leakage problem, expenditure switching effect, inflationary pressure, and under-utilisation of games-related infrastructure.

### 3.2 Increased income

3.2.1 It is anticipated that the games-related expenditure can generate additional demand for goods and services in a host city<sup>33</sup>. The games-related expenditure includes:

- (a) spending by visitors who are attracted to the city by the event;
- (b) operating cost of preparing and hosting the event; and
- (c) expenditure on the construction of sports facilities and other infrastructure.

#### Games visitors

3.2.2 A city staging international games attracts sports lovers from around the world to visit the city<sup>34</sup>. For example, the Sydney 2000 Olympic Games attracted 110 000 Games-time specific international visitors to Australia.

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<sup>32</sup> See Presuss (2000), Toohey & Veal (2000), Haynes (2001), Houlihan (2003), and Jackson & Weed (2003).

<sup>33</sup> Presuss (2003).

<sup>34</sup> Jackson & Weed (2003).

3.2.3 However, it is also possible that some tourism diversion may occur<sup>35</sup>. Some tourists may avoid visiting the host city for fear of crowd, traffic congestion and crime. This may lead to a loss of tourist spending which would have otherwise been spent in the host city. However, the studies have not provided any cost estimates of the possible tourism diversion created by hosting international games.

#### Induced (multiplier) effect

3.2.4 The economic impact created by hosting international games is not limited to that generated by the games-related expenditure, but also includes the induced effect created through successive rounds of spending the income generated by the games-related expenditure within the economy (the multiplier effect)<sup>36</sup>.

3.2.5 However, the size of the induced (multiplier) effect is determined, among other things, by the extent of "import leakage"<sup>37</sup>. If the host city cannot source locally the goods and services needed for staging the games, it has to import them from other cities within the host country or even overseas countries. In other words, the income generated from staging the games would leave the host city to pay for these imports, thereby reducing the money available for re-spending in the host city. As such, the extent of "import leakage" found in the games-related expenditure determines the magnitude of economic benefits a host city can derive from staging the games.

#### Expenditure switching effect

3.2.6 Another issue in assessing the economic impact of hosting international games is the amount of "expenditure switching" associated with the event. For example, the government of a host city may finance the construction of the games-related infrastructure with the funds originally earmarked for other public projects. The net benefit to the host city will hinge on the extent to which the increase in the games-related expenditure outweighs the reduction of spending in other areas. In the extreme, significant "expenditure switching" effect, coupled with high import leakage of games-related expenditure, could lead to an event having a negative economic impact on the host city<sup>38</sup>.

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<sup>35</sup> See Centre for Regional Economic Analysis & Arthur Andersen (1999) and Presuss (2000).

<sup>36</sup> For example, consider a host city building a new stadium to stage the competition events. This will result in the demand for electricians, carpenters and masons. These workers will spend part of their newly earned income on food, clothing, entertainment and other commodities. When output expands to meet this demand, employment will be created in all of the affected sectors. New income will then be created for workers in these sectors. The additional income will in turn generate further income with the money circulating within the economy.

<sup>37</sup> Taxes and saving are also "leakages" which affect the size of the induced (multiplier) effect.

<sup>38</sup> Matheson and Baade (2003).

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### Magnitude of increased income

3.2.7 According to a study by Jones Lang LaSalle<sup>39</sup>, the economic benefits generated from staging the Olympic Games varied among the four recent host cities. The Barcelona 1992 Olympic Games generated the largest economic benefits, followed by the Seoul 1988 Olympic Games, the Sydney 2000 Olympic Games and the Atlanta 1996 Olympic Games. Their respective contributions amounted to 2.9%, 1.4%, 1% and 0.07% of the nominal GDP. The study attributed the difference in economic contributions to the contrasting amounts of the Games-related infrastructure expenditure incurred by the four host cities.

3.2.8 The PricewaterhouseCoopers report, to be discussed in paragraphs 5.2.4-5.2.19 below, listed out the amounts of infrastructure expenditure incurred by the four recent host cities of the Olympic Games. Barcelona invested most aggressively in infrastructure development and spent US\$9.1 billion<sup>40</sup> (HK\$70.9 billion)<sup>41</sup> on the construction of sports facilities, the Olympic village, media centre and other facilities. Seoul and Sydney spent US\$3.1 billion (HK\$24.1 billion) and US\$1.6 billion (HK\$12.5 billion) respectively on infrastructure projects. In contrast, Atlanta sought to avoid any deficit, and only US\$990.8 million (HK\$7.7 billion) was incurred in infrastructure spending.

## **3.3 Job creation**

3.3.1 A significant number of studies agree that one of the economic benefits of hosting international games is the creation of jobs before and during the games, particularly in the construction industry and many service sectors. The construction of the games-related infrastructure increases the demand for construction workers, while the influx of visitors to the games creates jobs in the tourism and other service sectors. The organizing committees of the games also require salaried staff to run the events, notwithstanding the participation of volunteers in the operation of the games.

3.3.2 However, one study has questioned the magnitude of the job creation effect generated by hosting international games<sup>42</sup>. The short duration of the games does not necessarily justify the hiring of new employees and/or the creation of full-time jobs. Employers may initially resort to other alternatives, such as asking existing employees to work overtime or perform other tasks before hiring additional workforce to meet the temporary additional demand created by the games.

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<sup>39</sup> Jones Lang LaSalle (2001).

<sup>40</sup> In the PricewaterhouseCoopers report, the amounts of infrastructure spending incurred by the four host cities were expressed in 1995 prices for comparison purpose. Further, the Sydney 2000 Olympic Games excluded infrastructure expenditure related to the Eastern Distributor Road and the upgrade of the Sydney Airport.

<sup>41</sup> The calculation was based on the average exchange rate of HK\$7.787 per US dollar in 2003.

<sup>42</sup> Kasimati (2003).

### **3.4 Inflationary pressure**

3.4.1 According to some studies, the residents in the host city may experience higher cost of living resulting from the inflationary pressure generated by the games-related expenditure<sup>43</sup>. The magnitude of inflationary pressure depends on the macro-economic environment of the host city when the games-related expenditure is incurred. If the economy is operating at full capacity, the additional demand created by the games-related expenditure will fuel the inflationary pressure. Otherwise, the games-related expenditure should lead to increased economic activities with little impact on the general price level.

### **3.5 Games legacies**

3.5.1 The economic benefits generated by the games-related expenditure is most apparent in the years leading up to the games (pre-games phase) and the year when the games are held (games year). This is particularly the case for the labour market, as games-related jobs created are primarily short-term in nature. For example, construction workers are mostly required in the pre-games phase, as the competition venues and other infrastructure facilities must be put in place before the games begin. In addition, the organizing committee of the games employs a large number of temporary staff to assist in running the event in the games year, and these jobs only last for months or even days.

3.5.2 Hence, it is important for a host city to leverage long-term benefits from the legacy assets left after the games. For example, the host city should be able to utilize the new sports facilities built specifically for the games to stage future events. Subsequent events can thus be staged at a lower cost, since the infrastructure is already in place.

3.5.3 According to the studies, infrastructure development, urban regeneration, and enhanced international profile are among the most important legacy assets left to a host city.

#### **Infrastructure development**

3.5.4 Hosting international games provides the opportunity to undertake new infrastructure development and/or bring forward the planned projects, from which the host city will benefit even after the games. The most obvious additions to the urban infrastructure are new sports facilities specifically built for the games. These facilities may generate ongoing income for the host city through staging subsequent major sports events.

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<sup>43</sup> See Preuss (2000) and Kasimati (2003).

3.5.5 It is also common for a host city to make use of the international games as a catalyst to undertake a number of crucial long-term infrastructure improvements to its transport and telecommunications networks. These infrastructure projects should contribute to the long-term development of the host city, particularly improving the business operating environment and hence its attraction as an investment destination for foreign investors. Without the games, the infrastructure improvement might have been delayed.

3.5.6 Moreover, some studies show that businesses in the host city may improve skills, technologies and expertise in their respective fields if they have participated in organizing and constructing the games-related infrastructure. They can also market their expertise and experience gained through the games-related activities for winning overseas contracts from cities hosting similar international games.

3.5.7 While the infrastructure development may benefit the host city, it raises concern over the "crowding out" of other more worthwhile projects. In addition, the time pressure of completing the infrastructure projects on schedule may result in irreversible planning errors. In particular, infrastructure facilities may create problems for the host city if there is insufficient usage of these facilities after the games. For example, two main venues for the Sydney 2000 Olympic Games - Stadium Australia and the SuperDome - have faced difficulty in attracting enough events in the post-Games period to attain profitability<sup>44</sup>.

#### Urban regeneration

3.5.8 Hosting international games can also be used as a vehicle for urban regeneration, as it gives the host city an opportunity to present a new image of itself through investing in infrastructure facilities. An improvement to the city image may in turn help sustain the inflows of tourists and business traffic in the post-games years. Indeed, some of the studies have found that some host cities staged the games in the run-down urban areas as a sports-led development strategy, under which the construction of sports facilities and other infrastructure served to change the economic and physical landscape of the deprived areas. While research and discussion on sports-led development strategy are mostly on the potential benefits, few touch upon the negative aspects<sup>45</sup>.

#### Enhanced international profile

3.5.9 A host city is expected to receive extensive media coverage before and during the games. Usually a few years before the games, reporters start to broadcast and write stories about the host city. In the weeks prior to the games, the torch relay generates further media attention. The competition events, and the opening and closing ceremonies eventually put the host city under the media spotlight.

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<sup>44</sup> Haynes (2001).

<sup>45</sup> Spring (2003).

3.5.10 The host city can make use of the publicity received during the games to enhance its international profile. Yet, the converse also applies: a poorly staged event can have a negative impact on the image of the host city. For example, the Atlanta 1996 Olympic Games received a lot of negative media coverage because of its failure to complete the entire transport system on schedule<sup>46</sup>. That particular Games received further bad publicity when the computerized results system malfunctioned in the first few days of the Games. Furthermore, there is always the possibility that the games may not be sufficiently unique or exciting to attract enough visitors or to generate significant positive publicity to boost the host city's tourism/convention business<sup>47</sup>.

### **3.6 Increased tourism/convention business**

3.6.1 Most of the studies show that a host city can leverage the international games for the benefit of its tourism industry. Apart from the direct benefit generated by the spending of visitors to the games, the publicity received by the host city may also create substantial tourism benefits in terms of heightened awareness and enhanced image which might otherwise take years to create. Furthermore, a successfully organized international sports event can demonstrate the host city's ability to stage other major international events, which is a key growth driver for the convention business.

### **3.7 More inward investment**

3.7.1 A host city can also leverage business benefits from the publicity created during the games. Indeed, many former host cities have implemented investment promotion programmes featuring, among other things, the promotion of the host city as an attractive investment destination for foreign companies. In addition, these programmes usually involve the building up of network with businesses from around the world. For example, business events/conferences were arranged before and after the Sydney 2000 Olympic Games to facilitate face to face communications between key local business people and senior executives of multinational corporations.

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<sup>46</sup> See Houlihan (2003) and Doran (2004).

<sup>47</sup> Burbank (2001).

## **Chapter 4 - Social impact of hosting international games**

### **4.1 Overview**

4.1.1 The study on the impact of hosting international games goes beyond the assessment of economic impacts. There are also a number of studies which assess the social impacts of hosting international games<sup>48</sup>. According to these studies, international games can generate social impacts in respect of volunteer participation, social cohesion, sports participation, event management skills and student participation. The ensuing paragraphs summarize the major findings of these studies.

### **4.2 Volunteer participation**

4.2.1 Most of the social impact studies consider that the hosting of international games is also a community event, in addition to a sports event. People from all walks of life are often recruited under volunteer programmes to involve in games-related activities before and during the games. Volunteer programmes help foster public support for the games, with residents in the host city feeling that they are participating in and contributing to the event. These volunteer programmes also benefit the games organizers by reducing the number of salaried staff and hence the wage expense required for running the events.

4.2.2 The volunteer programmes provide a pool of trained volunteers which the host cities can tap into when staging subsequent events of similar scale. Indeed, most of the former host cities have implemented post-games volunteer projects to provide opportunities for the games volunteers to participate in other volunteering opportunities, particularly those related to sports. These projects also aim at bringing in new volunteers who have developed interest in volunteering as a result of the high profile success of the games-related volunteer programmes. Most of the studies consider that the post-games volunteer programmes, if implemented successfully, can provide a legacy of well-trained volunteers to enhance the quality of the potential workforce available for forthcoming events.

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<sup>48</sup> See Green Games Watch 2000 (2000), Presuss (2000), Jill (2001), The Third Osaka East Asian Games Organizing Committee (2002), Ford (2002), Houlihan (2003) and Cashman (2003).

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4.2.3 A social impact study has criticised the widespread use of volunteers in the hosting of international games for its displacement of volunteers from work of greater social value<sup>49</sup>. Furthermore, the operation of a volunteer programme may incur expenditure other than that related to recruitment, provision of uniforms and training of volunteers. For instance, in the Sydney 2000 Olympic Games, incentives were provided to attract people to enrol in the volunteer programme. These incentives included tickets to selected competition events and special leave for public servants who volunteered for the Games. To keep volunteers motivated, they were also provided with opportunities to win prizes for completing their shifts, including trips to visit the International Olympic Committee in Switzerland, cars and mountain bikes<sup>50</sup>.

### **4.3 Social cohesion**

4.3.1 According to the studies, hosting the games may enhance social cohesion through bringing together the attention of individuals of diverse backgrounds towards a common goal. During the games, there are many opportunities for residents of a host city to take part in the games. Apart from volunteering their time and expertise for the games, they can participate as paying spectators or non-paying spectators watching the marathon, cycling or triathlon along the streets of the host city. Furthermore, the arrangement of a number of community events, such as torch relay and arts festivals, may also encourage residents to become more involved in the games.

4.3.2 On the other hand, the hosting of international games may arouse opposition from the local community groups for its disruption to the host city. In the pre-games period, the construction of sports facilities and transport infrastructure can cause inconvenience, such as noise and dust, to people living close to the construction sites. In addition, the urban renewal projects may require the demolition of some facilities or housing in the deprived areas, in order to make way for the construction of the regeneration infrastructure. This will affect the residents in the deprived areas, which are mainly of the low-income bracket. During the games, there will be road closures, traffic diversions, and closures of some public facilities to facilitate the hosting of the competition events. For instance, the hosting of the Sydney 2000 Olympic Games and the 2002 Commonwealth Games aroused opposition from the local community groups for the shutdown of some public sports facilities to host selected competition events.

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<sup>49</sup> Lenskyi (2002).

<sup>50</sup> Ford (2002).

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## 4.4 Sports participation

4.4.1 The hosting of international games provides an opportunity to foster the development of the sports culture in the host city. The legacy of new sports facilities, if any, can facilitate increased participation in sports and physical activities by residents of the host city.

4.4.2 It is also expected that the concentration of athletes of world-class calibre at the games has a "trickle-down" effect in terms of arousing sports participation at the community level<sup>51</sup>. The performance of medal winners gains media attention and publicity, and they may become role models for the general public, in particular the youth. The "trickle-down" effect suggests that the general public may be inspired to become more active in participating in sports-related activities.

## 4.5 Event management skills

4.5.1 Planning and staging international games help enhance the skills of the host city in sports event management, such as venue-based event planning and operation, sports management, transport management and operation, and security planning and operation. The skills developed for the preparation and staging of the games can be applied to hosting other international events, which will further boost the capability of the host city in event management.

4.5.2 For example, Australia has borrowed the experience of hosting the Sydney 2000 Olympic Games for its preparation of staging the 2006 Commonwealth Games in Melbourne<sup>52</sup>. The UK is also marketing its track record in staging the 2002 Commonwealth Games in its bid to host the 2012 Olympic Games in London<sup>53</sup>.

## 4.6 Student participation

4.6.1 Hosting international games provides a platform for the host cities to implement educational programmes conducive to encouraging students to participate in sports and learn the valuable lessons in team spirits and sportsmanship. These programmes involve activities ranging from providing free tickets to watch the competition events to organizing exchanges between students and athletes from participating countries/regions. The objective of these programmes is to arouse students' interest in sports activities through their personal experience in the games<sup>54</sup>.

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<sup>51</sup> Several models have been proposed to illustrate the relationship between the performance of top-level athletes and sports participation at the community level. See Ford (2002).

<sup>52</sup> Tourism Training Victoria & Arts and Recreation Training Victoria (2002).

<sup>53</sup> London 2012 (2004).

<sup>54</sup> The Third Osaka East Asian Games Organizing Committee (2002).

## **Chapter 5 - Case studies: economic and social impacts of hosting selected international games**

5.1. This chapter discusses the economic and social impacts generated by hosting the selected international games studied in this report. Owing to scanty information available for the 1997 and 2001 East Asian Games and the 1998 Asian Games, this report only presents the economic and social impacts of the Sydney 2000 Olympic Games, the 2002 Commonwealth Games and the 2002 Asian Games.

### **5.2 The Sydney 2000 Olympic Games**

5.2.1 There were several studies assessing the economic impacts on Australia, NSW, and Sydney in particular, of hosting the Sydney 2000 Olympic Games. The most recent one was the PricewaterhouseCoopers (PWC) study commissioned by the NSW Department of State and Regional Development. The PWC report, which was published in April 2002, studied the nature and extent of business and economic benefits of the Games. Another widely quoted study was the one conducted by the Centre for Regional Economic Analysis of the University of Tasmania (CREA) and Arthur Andersen. The CREA-Arthur Andersen study was conducted before the Games and focused on specific economic benefits of hosting the events, such as the magnitude of increased income and job creation.

#### CREA-Arthur Andersen study

5.2.2 According to the CREA-Arthur Andersen study, the Sydney 2000 Olympic Games would generate AUS\$6.5 billion (HK\$33 billion) in extra economic activities in Australia over a 12-year period from 1994-95 to 2005-06.

5.2.3 In addition, the Games would also generate additional employment opportunities for the Australian economy. The CREA-Arthur Andersen study estimated that the Sydney 2000 Olympic Games would generate an average of 7 500 extra full-time jobs each year from 1994-95 to 2005-06.

#### PricewaterhouseCoopers study

5.2.4 The PWC study identified the following observed and anticipated business and economic benefits which Sydney, NSW and Australia could derive from hosting the Sydney 2000 Olympic Games:

*Tourism/convention industry*

5.2.5 The tourism/convention industry received substantial benefits from the Sydney 2000 Olympic Games. These included:

- (a) the attraction of more than 110 000 Games-time specific international visitors;
- (b) over AUS\$6 billion (HK\$30.5 billion) in spending by an additional 1.6 million visitors in 2001;
- (c) over AUS\$1.2 billion (HK\$6.1 billion) in conference and event business would be attracted to Sydney between 1993 and 2007;
- (d) the generation of up to AUS\$6.1 billion (HK\$31 billion) worth of international publicity;
- (e) a substantial improvement in international perception of Australia in terms of customer service, quality, value and reliability; and
- (f) an acceleration in the development of "Brand Australia" by 10 years, meaning that the world would not have had such a strong impression of Australia until 2010 had Sydney not hosted the Games.

5.2.6 The PWC report observed that the Australian Tourist Commission (ATC) played an important role in achieving many of these benefits. In particular, ATC has implemented a post-Games strategy which involve four key elements:

- (a) launching over 90 joint tactical advertising campaigns, worth more than AUS\$45 million (HK\$228.6 million) and involving more than 200 industry partners, promoting holiday deals to Australia;
- (b) an AUS\$6 million (HK\$30.5 million) direct marketing campaign including re-development of the ATC's website;
- (c) undertaking research on how the Olympic exposure has shifted Australia's image internationally; and
- (d) continuing to provide support to the meetings, incentive, convention and exhibition sector.

### *Infrastructure development*

5.2.7 The development of major facilities and infrastructure is one of the drivers of the business benefits in cities hosting international games. It was estimated by the PWC report that the NSW businesses were involved in AUS\$1 billion (HK\$5.08 billion) or one-third of the construction contracts for the Games venues and infrastructure.

### *Inward investment*

5.2.8 Before the Games, the NSW government had already embarked on a comprehensive programme of business development, which made use of the Sydney 2000 Olympic Games to promote Australia as an attractive investment location. Of particular importance was the establishment of the Olympic Business Roundtable (OBRT) in 1995 as an umbrella organization with representatives coming from the government, Olympic sponsors, SOCOG (the Games organizer) and industry groups.

5.2.9 OBRT developed business promotion programmes aiming at presenting a high-profile business image for Australia, showcasing local technologies and skills, and using the Games-related projects to stimulate the capability development of the Australian industry.

5.2.10 Some of the key programmes launched by OBRT included:

- (a) Investment 2000 to attract companies to invest and locate in Australia as part of their Asia-Pacific strategies;
- (b) Business Club Australia to provide a business matching service between Australian and overseas companies; and
- (c) the Australian Technology Showcase to showcase a diverse range of innovative NSW technologies, thereby raising the profile of Australia's technology-based companies and winning export orders.

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5.2.11 In the period after the Games, both the Australian and NSW governments have undertaken a wide range of activities in partnership with the private sector to leverage the success of the event to sell local products, services and technologies. These post-Games business strategies include:

- (a) organizing trade missions and market visits to introduce domestic businesses to new export opportunities;
- (b) leveraging from experience of the Games. Many domestic businesses worked on Games-related contracts, which helped them develop skills, technologies and expertise in their fields. The Australian and NSW governments have worked together to ensure that these businesses would be well placed to leverage their Games-related experience to win upcoming international projects; and
- (c) maintaining new networks and investment promotion activities. To keep up the Games-related momentum, the NSW government has continued to organize investment attraction activities, supplemented by initiatives to formalize international business and media networks established during the Games<sup>55</sup>.

5.2.12 The Games-related business development and investment promotion activities contributed an estimated AUS\$3 billion (HK\$15.2 billion) into the NSW economy. This included AUS\$600 million (HK\$3 billion) in new business investment, AUS\$288 million (HK\$1.5 billion) in new business under the Australian Technology Showcase initiative, and AUS\$2 billion (HK\$10.2 billion) in post-Games sports infrastructure and service contracts.

### *Urban regeneration*

5.2.13 Sydney has made use of the Sydney 2000 Olympic Games for urban regeneration of Homebush Bay, a 7.6 sq km wasteland in the western part of the city. The Homebush Bay provided the principal site for the Olympic venues during the Games, and has been re-developed after the Games into a site comprising a sports, recreation, and entertainment centre as well as a large residential and commercial community.

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<sup>55</sup> For example, the NSW government has launched the Business Ambassadors programme under which 16 high-profile international business leaders are invited to become Business Ambassadors for NSW. Of these 16 Business Ambassadors, seven are located in the United States of America, three in the UK, two in Germany and one each in Singapore, Hong Kong, Austria and Australia.

## Social impact

5.2.14 The hosting of the Sydney 2000 Olympic Games has also generated social impacts in terms of sports participation, volunteer participation and up-skilling of labour force.

### *Sports participation*

5.2.15 In 2002, the Australian Sports Commission published a report on the impact of hosting the Sydney 2000 Olympic Games on sports participation and volunteering in Australia<sup>56</sup>. The report depicted, among other things, the impact of the "trickle-down" effect (see paragraph 4.4.2) on active participation by the community (as a player) in sports and physical activities. The trickle-down effect suggests that the performance of medal winners at the Games would directly affect the behaviour and attitudes of ordinary Australians, resulting in their active participation in sports and physical activities. However, the report found no evidence to support the trickle-down effect in the long-term, although the Games might have had some impact on active participation in sports and physical activities by ordinary citizens in Australia in the short-term.

5.2.16 The Sweeney Sports Report 2000/2001<sup>57</sup> provided another finding on sports participation after the Sydney 2000 Olympic Games. According to the Report, there was an increase in passive participation such as attendance at sports events, television viewing, radio listening, or newspaper reading in the immediate post-Games period. In particular, significant increases were found in television viewing of those sports which Australia experienced success in the Sydney 2000 Olympic Games.

### *Volunteer participation*

5.2.17 SOCOG put in place a volunteer programme to recruit volunteers to help organize the event before and during the Games. Amid favourable response to the volunteer programme, efforts have been made by SOCOG after the Games to promote further volunteering. For example, it has contacted all volunteers and encouraged them to continue their efforts. Volunteers are also given contact details and information related to volunteer associations in their states/territories.

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<sup>56</sup> Ford (2002).

<sup>57</sup> The Sweeney Sports Report publishes the results of an annual survey on total sports interest (measured as a participant, spectator, television viewer, radio listener, or newspaper reader) and individual participation, attendance, television viewing, radio listening and newspaper readership. The annual survey is conducted via telephone with 1 500 people from capital cities across Australia.

5.2.18 A post-Games study on the impacts of hosting the Sydney 2000 Olympic Games on volunteering in Australia supported the efforts to promote further volunteering. According to the Australian Sports Commission report discussed in paragraph 5.2.15, the hosting of the Games affected volunteering in Australia in a number of ways:

- (a) increasing the number of people volunteering;
- (b) changing the image of volunteering to one that was fun and acceptable;
- (c) increasing the number of organizations utilizing volunteers; and
- (d) increasing the number of volunteers utilized by organizations which had used volunteers prior to the Games.

#### *Up-skilling of labour force*

5.2.19 According to the PWC study, the Sydney 2000 Olympic Games provided an opportunity to build up the capacity of Australian industries through up-skilling the workforce. For example, the NSW government allocated AUS\$10 million (HK\$50.8 million) in 1996 to increase the numbers of skilled workers in the building and construction industry, in an effort to meet the accelerated construction activities before the Games. In addition, over AUS\$15 million (HK\$76.2 million) was allocated to provide employment-related training to 55 000 people under the Industry Training Strategy of the NSW government.

### **5.3 The 2002 Commonwealth Games**

5.3.1 The Cambridge Policy Consultants (CPC) prepared *The Commonwealth Games 2002: A Cost and Benefit Analysis - Final Report* for the Manchester City Council in April 2002. The report was updated in October 2002 in order to provide a quick post-Games assessment of the key economic benefits identified in the original report, in light of actual rather than estimated impact. Furthermore, the Manchester City Council and the UK government also conducted studies on the Games legacies brought by hosting the 2002 Commonwealth Games. These post-Games assessments identified the following economic and social impacts of hosting the 2002 Commonwealth Games for the City of Manchester, the North West region and the UK:

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### Job creation

5.3.2 According to the CPC report, the 2002 Commonwealth Games would generate a total of 20 000 jobs that would last from a few months to over 10 years. This total was equivalent to 6 300 full-time jobs, of which 2 050 jobs were created before the Games, 250 jobs during the Games and a further 4 000 jobs in three to five years after the Games.

### Urban regeneration

5.3.3 The hosting of the 2002 Commonwealth Games has acted as a catalyst to revive the whole East Manchester area. According to the post-Games assessments, the urban regeneration project implemented by the Manchester City Council and its partners<sup>58</sup> to develop the Games-related infrastructure has brought the following business opportunities to East Manchester:

- (a) commercial developments in East Manchester including a regional retail centre, a four-star hotel, offices and new housing developments supporting some 3 800 jobs;
- (b) the generation of £151 million (HK\$1.9 billion) of additional investment from the development of SportCity, an extensive sport complex in East Manchester<sup>59</sup>. In addition to the sports facilities, there are hotels, cafes, restaurants and bars, plus a 160 000 sq ft superstore in SportCity. The superstore, adjacent to the City of Manchester Stadium, has created some 800 jobs of which about 30% are filled by East Manchester residents;
- (c) inflow of over £2 billion (HK\$25.5 billion) of public and private funding over 15 years; and
- (d) the development a 1.6 sq km business park with the provision for office, hotel and conference facilities. It is projected that this development could generate up to 10 000 jobs within 10 years, making it the main source of new employment opportunities in Manchester.

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<sup>58</sup> The partners of the Manchester City Council are English Partnerships and the North West Development Agency. English Partnerships is the national regeneration agency, helping the UK government support high quality sustainable growth in the country. The North West Development Agency is responsible for the sustainable economic development and regeneration of the North West region in the UK.

<sup>59</sup> SportCity includes a 48 000-seat Commonwealth Games Stadium, a National Cycling Centre, a North West Sports Institute, an indoor tennis centre and major retail and leisure establishments.

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### Infrastructure development

5.3.4 The Games has brought forward infrastructure development focused around the regeneration of East Manchester to become an attractive place to invest and live in. This development has helped change the negative perception of East Manchester among the local population. A survey carried out in 2002 showed that 52% of East Manchester residents felt that the area was improving, a surge from the previous figure of 17% in 1999<sup>60</sup>.

### Tourism/convention business

5.3.5 According to the CPC report, tourism spending by the Games participants and visitors was estimated at £29 million (HK\$369.2 million) during the Games. Furthermore, Manchester was expected to attract 300 000 extra visitors each year as a result of the positive image of hosting the Games, generating an additional £18 million (HK\$229.1 million) in tourism earning.

5.3.6 Hosting the Games has enhanced the capacity and image of Manchester hosting subsequent international events, such as business conferences, international sports events and major entertainment events. For example, shortly after the close of the Games, Manchester hosted the "Bid to Benefit" Conference which was devoted to the business of bidding for and hosting major international sports events. The Conference was attended by over 200 potential bidding partners for national and international events.

### Publicity

5.3.7 The CPC report also predicted that the enhanced profile of the Manchester city should attract an additional £35 million (HK\$445.6 million) of inward investment over the two to three years after the Games. It was also estimated that the Games would encourage nearly 30 million people to consider Manchester as a possible business and visitor destination<sup>61</sup>.

### Inward investment

5.3.8 The Commonwealth Economic Benefits (CEB) Initiative was set up in 1997 as a business promotion programme to achieve the sustainable growth of the economic base in the North West region. The programme aimed to maximize economic opportunities from the 2002 Commonwealth Games and utilize the Games as a promotional asset for trade and investment in the region.

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<sup>60</sup> Cambridge Policy Consultants (2002).

<sup>61</sup> Ibid.

5.3.9 The CEB Initiative included the development of long-term trade initiatives with the Commonwealth countries through trade missions and visits, dissemination of Games-related information, business support, specific sector projects and setting up of the Commonwealth Games Business Club.

5.3.10 The Commonwealth Games Business Club was launched in Manchester in October 2001. The main objective of the Business Club was to use the profile of the staging of the Games and the global focus on Manchester and the North West region as a platform to assist the region's business creativity, competitiveness, and competence. This objective was achieved through the Club's website, promotional events and activities in the period preceding the Games, and through a series of high-profile events during the Games<sup>62</sup>.

#### Sports participation

5.3.11 The development of SportCity has created a concentration of sports facilities of international standards to which local people can have access. According to the CPC report, it was estimated that additional take-up of new and existing sports facilities would be around 250 000 visits each year, made up of new users and greater use by existing users.

5.3.12 According to the CPC report, Manchester's new sports facilities would also provide 31 500 places on sports development courses per year. For example, full-time tennis, athletics and squash development officers would be employed at SportCity to provide coach education and training courses for teachers, school staff and members of the local community.

#### Volunteer participation

5.3.13 The volunteer programme of the 2002 Commonwealth Games recruited 9 198 volunteers, of which 862 had come through the Pre-Volunteer Programme (PVP) from regeneration areas across the North West region.

#### *Pre-Volunteer Programme*

5.3.14 One of the priorities of the volunteer programme was to encourage applications from the long-term unemployed, ethnic minorities, people from deprived areas and those with disabilities. As such, PVP was launched as a scheme to open up opportunities for these people to participate as volunteers in the Games, notwithstanding their lack of experience and expertise.

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<sup>62</sup> After the Games, the Commonwealth Games Business Club was re-branded as The Business Club, providing a platform for businesses from across the globe to network both on-line and at Business Club events which take place at Manchester.

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5.3.15 Those joining PVP took a nationally accredited course specifically designed to help individuals develop the skills and knowledge needed to act as event volunteers. Passing the course would guarantee PVP graduates an interview for volunteer placement. PVP not only aimed to get disadvantaged groups involved in the Games, but also served to assist them in obtaining employment. Hence, additional support was given to PVP graduates in job search, training and employment.

5.3.16 The success of the volunteer programme of the 2002 Commonwealth Games has resulted in the implementation of many post-Games volunteer projects. These projects encompass the following activities:

- (a) further volunteering — encouraging existing volunteers to participate in other volunteering opportunities, particularly those related to sports;
- (b) continuation of PVP — providing individuals from disadvantaged communities with the confidence and skills required to obtain further education, training and employment;
- (c) mentoring — developing the mentoring programmes which assign suitable volunteers to mentor PVP graduates and others; and
- (d) attracting new participants — bringing in new people to volunteer programmes.

5.3.17 The post-Games volunteer projects have received favourable response, and over 1 800 places were filled up by volunteers in 2003. Volunteers trained through these projects successfully carried out a number of job roles at major events such as the Union of European Football Associations Champions League Final at Old Trafford in May 2003 and the International Triathlon Union World Cup at Salford Quays in July 2003.

## **5.4 The 2002 Asian Games**

5.4.1 The Busan city government published in 2003 a White Paper on the 2002 Asian Games which provided a post-Games assessment of the economic impacts of hosting the event. The Busan AG Organizing Committee also released a post-Games report one year after the close of the Games. These two documents identified the following economic benefits brought by hosting the Games:

### Increased income

5.4.2 According to the White Paper, the Games-related expenditure injected 5.1 trillion won (HK\$33.2 billion) into the South Korean economy. The Games-related expenditure included all investment expenditure, expenditure on the operation of the Games and tourist spending.

5.4.3 After taking account of the multiplier effect, the Games-related expenditure would add a total of 11.2 trillion won (HK\$72.8 billion) to the South Korean economy. However, the White paper did not provide the timeframe for the realization of the full economic impact, nor did it provide any estimate of the contribution of the Games-related expenditure to the annual GDP growth.

### Job creation

5.4.4 The White paper estimated that the Games-related expenditure created 310 000 new jobs for South Korea. The bulk of job opportunities were arisen in the construction sector which gained 185 000 direct and 87 000 indirect jobs. The sheer number of new jobs generated should have included many temporary jobs created during the Games. However, the White Paper did not provide the breakdown on the number of full-time jobs generated by the 2002 Asian Games.

### Tourism/convention business

5.4.5 According to the White Paper, the 2002 Asian Games attracted an addition of 84 000 tourists to visit South Korea in 2002. This increase in tourist arrivals generated 145.4 billion won (HK\$945.1 million) in tourist earnings and created 11 700 jobs in the service sectors.

5.4.6 The Games also boosted Busan's capacity and image of hosting subsequent international events, such as business conferences, major entertainment events and international sports events. For example, Busan held the International Sports Vendor Conference in September 2003, which attracted 500 vendors from 20 countries.

### Inward investment

5.4.7 Busan accompanied the staging of the 2002 Asian Games with a business promotion programme in order to leverage business benefits from the events. In its preparation for the Games, Busan held an exhibition - the IT EXPO - to showcase information technology products manufactured by companies in South Korea. Busan also held other exhibitions to promote local products, services and technologies to overseas buyers. These exhibitions helped local companies expand their sales network and win export orders.

5.4.8 During the Games, Busan briefed officials of its 10 sister cities and 11 countries on its infrastructure development and expertise of staging large-scale international events. This helped South Korean companies capitalize on the business opportunities arisen in these cities/countries, particularly winning overseas construction contracts.

5.4.9 After the Games, Busan has continued with the business promotion activities, which include opening up new overseas markets and inviting foreign buyers to trade conferences and exhibitions.

#### Infrastructure development

5.4.10 The Games-related infrastructure development has built a legacy of infrastructure facilities which the public can benefit during the post-Games era. The post-Games infrastructure development is also targeting this goal. For example, a post-Games project is to convert some new stadiums into sport complexes which would be open to the public for sports and leisure activities.

#### Social impact

5.4.11 According to the post-Games report, the volunteer programme at the 2002 Asian Games saw the recruitment of 17 096 volunteers to work in 31 areas, ranging from interpretation/translation to the operation and administration of the Games. Busan has implemented a post-Games volunteer programme which aims at maintaining contact with games volunteers and encouraging them to take up further volunteering activities. The programme also provides volunteers with training and opportunities to participate in overseas volunteer work.

## Chapter 6 - Analysis

6.1.1 The profiles of selected international games are summarized in Appendix II, and the comparison of the economic and social impacts of hosting the Sydney 2000 Olympic Games, the 2002 Commonwealth Games and the 2002 Asian Games in Appendix III. Based on the findings in this study, the following issues are highlighted for Members' consideration when deliberating the impact of hosting international games:

- (a) reasons for hosting international games;
- (b) assessment of the economic benefits;
- (c) long-term economic impact;
- (d) financing of individual games;
- (e) assessment of the social impact;
- (f) composition of the organizing committees of the games;
- (g) nature of the organizing committees of the games; and
- (h) government support for the games.

### Reasons for hosting international games

6.1.2 All the international games studied in this report had a non-sporting agenda, which included some or nearly all of the following:

- (a) facilitating exchanges, unity and friendship among participating countries/regions;
- (b) attracting inward investment;
- (c) promoting the tourism/convention industry;
- (d) creating jobs;
- (e) urban regeneration and infrastructure development;
- (f) enhancing the international profile; and
- (g) gaining experience to host subsequent major international events.

6.1.3 While the reasons for staging international games varied among the host cities, they all tended to make use of the events to raise their international profile. Most of the former host cities leveraged the games to promote their image as a city capable of hosting large-scale international events. Some even went further to make use of the games to promote themselves as an attractive tourist destination and investment location.

#### *2009 East Asian Games*

6.1.4 Hong Kong also aims to take advantage of staging the 2009 East Asian Games to promote its image as a world city for hosting international events. In addition, the Games are expected to serve the functions of enhancing the local tourism industry and attracting more inward investment.

#### Assessment of the economic benefits

6.1.5 There are no official figures/estimates or studies on the economic contribution to the annual GDP growth made by the East Asian Games or the Asian Games. Hence, the study by Jones Lang LaSalle on the Olympic Games is employed to help illustrate the possible magnitude of the economic benefits generated by hosting international games.

6.1.6 The study assessed the four recent Olympic Games and found that a host city would benefit more in terms of GDP growth, if it made use of the Games as a catalyst for infrastructure development. Among the four host cities, Barcelona invested most aggressively in infrastructure development. In contrast, Atlanta invested least in infrastructure development<sup>63</sup>.

6.1.7 Reflecting the difference in infrastructure spending, the Barcelona 1992 Olympic Games generated the largest economic benefits, while the Atlanta 1996 Olympic Games the least. Their respective economic contributions amounted to 2.9% and 0.07% of the nominal GDP.

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<sup>63</sup> As discussed in paragraph 3.2.8, Barcelona spent US\$9.1 billion (HK\$70.9 billion) on the construction of sports facilities, the Olympic village, media centre and other facilities. In contrast, Atlanta only invested US\$990.8 million (HK\$7.7 billion) in infrastructure spending.

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### 2009 East Asian Games

6.1.8 As discussed in paragraph 2.1.6, the Government is not expected to incur substantial capital expenditure in staging the 2009 East Asian Games. According to several economic impact studies, this would limit the economic benefits Hong Kong may derive from hosting the Games. In fact, the Home Affairs Bureau has estimated that the quantifiable economic benefits of hosting the Games would amount to HK\$99 million, which represents less than 0.01% of the nominal GDP in 2003.

6.1.9 Nevertheless, even if Hong Kong decides to make use of the Games for infrastructure development, the local economy is unlikely to benefit much in view of the high import leakage associated with the infrastructure spending. According to Joseph Yam, the Chief Executive of the Hong Kong Monetary Authority, "*[i]t is difficult for us, through Government expenditure, to spend our way out of a recession or out of deflation. The import leakage is just too large for this policy stance to be effective.*"<sup>64</sup>

### Long-term economic impact

6.1.10 Hosting international games can generate economic benefits not only before and during the games, but also after the games. Hence, it is important for a host city to leverage long-term benefits from the legacy assets inherited from the games. For example, the new sports infrastructure built specifically for the games may generate ongoing income for the host city through staging subsequent major sports events.

6.1.11 In general, infrastructure development, urban regeneration and enhanced international profile are among the most important legacy assets gained by a host city. The objectives that a host city adopts in hosting the games will determine the type and amount of legacy assets left to the city. For example, in both of the Sydney 2000 Olympic Games and the 2002 Commonwealth Games, the host city made use of the event for infrastructure development and urban regeneration, thereby building a legacy of infrastructure facilities. However, whether the new infrastructure facilities can provide long-term economic benefits to the host city depends on the usage of these facilities after the games. Infrastructure built without extensive post-games usage may create problems for the host cities. For example, there are concerns over the viability of two main venues of the Sydney 2000 Olympic Games, which have had difficulty in attracting enough major events to attain profitability.

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<sup>64</sup> Yam (2002).

6.1.12 Even if urban renewal and infrastructure projects have not been undertaken, a host city may still benefit from the legacy of enhanced international profile through the successful delivery of the games. Enhanced international profile facilitates the long-term economic development of a host city. According to the economic impact studies on the Sydney 2000 Olympic Games and the 2002 Commonwealth Games, the positive image of the Games has benefited the host cities in terms of increased tourism/convention business in the post-Games years. Furthermore, the international profile created during the Sydney 2000 Olympic Games has facilitated the formulation of a post-Games business promotion programme by the NSW government. This programme aims to capitalize on the positive image, business network and expertise created during the Games to market local products, services and technologies to overseas buyers.

6.1.13 According to some studies, staging the international games does not necessarily enhance the image of the host city. The host city can receive negative publicity if the games turn out to be not as successful as anticipated. Furthermore, there is always the possibility that the games may not be sufficiently unique or exciting to attract enough visitors or to generate significant positive publicity to boost the host city's tourism/convention business.

#### *2009 East Asian Games*

6.1.14 Hong Kong has budgeted minimal capital expenditure for hosting the 2009 East Asian Games<sup>65</sup>. Nevertheless, Hong Kong may still leverage the Games for long-term benefits through enhancing its international profile in the event of a successful delivery of the Games. As a matter of fact, the Home Affairs Bureau expects the Games to generate not only quantifiable economic benefits, but also "*wider benefits not readily quantifiable, mainly in raising the image of Hong Kong.*"<sup>66</sup>

#### Financing of individual games

6.1.15 The international games studied all generated revenue which offset or exceeded the operating cost of running the events. However, all the games organizers received financial support from the government in terms of national subsidy, city subsidy, government grants, and financial contribution from the local government.

6.1.16 The importance of government financial support was most apparent in the 1997 and 2001 East Asian Games, the 2002 Asian Games and the 2002 Commonwealth Games, with the public funding accounting for 41%-63% of the total income generated. The Sydney 2000 Olympic Games and the 1998 Asian Games featured limited government financial support, owing to a considerable contribution from commercial revenue.

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<sup>65</sup> The Home Affairs Bureau of the Hong Kong Special Administrative Region Government (2003a).

<sup>66</sup> Ibid.

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*2009 East Asian Games*

6.1.17 According to the Home Affairs Bureau, Hong Kong is expected to spend HK\$171 million on running the 2009 East Asian Games. On the other hand, the event is only expected to generate HK\$87 million from commercial revenue, accommodation charges paid by athletes and delegation members, and other revenue sources. Overall, the Government is expected to underwrite the financial shortfall and finance HK\$84 million or 49% of the total cost of the Games.

Assessment of the social impact

6.1.18 The study on the impact of hosting international games goes beyond the assessment of economic impacts. The games can also be leveraged for social benefits, and the study of the social impact of hosting international games is relevant for Hong Kong. The experience of the international games studied manifests the following possible social impacts generated by staging the event:

*Volunteer participation*

6.1.19 The staging of international games provides an opportunity to promote volunteerism in the host cities, as the scale of the events allows the participation by people from all walks of life in assisting in the preparation and operation of the games. According to the experience of the international games studied, the participation of volunteers not only helped the organizing committees reduce the operating cost of running the events, but also promoted public support for the games. As such, volunteer participation can be considered to be an essential component in the delivery of a large-scale sports event.

6.1.20 The volunteer programme of the 2002 Commonwealth Games was more than the promotion of volunteerism in the host city. The programme included a social inclusion scheme which opened up opportunities for people from disadvantaged groups to participate as volunteers in the Games, despite their lack of experience and required expertise. People who were successful in obtaining a volunteer role would also be provided with additional support in job search and training.

6.1.21 Some of the host cities studied also implemented post-games volunteer projects to make use of the pool of experienced volunteers participating in the games. The projects aimed to encourage the games volunteers to participate in other volunteering opportunities and bring in new participants to other volunteer programmes.

6.1.22 The post-games volunteer project has received favourable response in the UK. Many games volunteers have continued their volunteering activities after the 2002 Commonwealth Games and volunteered for major events such as the Union of European Football Associations Champions League Final held in May 2003.

6.1.23 According to a social impact study, the widespread use of volunteers in the hosting of international games may lead to displacement of volunteers from work of greater social value. In addition, the volunteer programme may involve expenditure other than that related to recruitment, provision of uniforms and training of volunteers. For example, the games organizer of the Sydney 2000 Olympic Games provided various incentives to attract people to enrol in the volunteer programme and keep the volunteers motivated. The incentives included free admission tickets to selected competition events, and opportunities to win prizes of overseas trips, cars and mountain bikes.

#### *Social cohesion*

6.1.24 In the international games studied, the volunteer programme was one of the many community events arranged by the games organizers to promote public support for the games. In addition, all of the games organizers arranged a wide variety of community events such as torch relay and arts festivals to encourage public participation in the games, as well as enlisting public support for the events. According to some studies, these community events provide the platform for bringing the attention of diverse individuals towards a common focus, thereby enhancing social cohesion in the local communities.

6.1.25 The response of the general public to the volunteer programme is a key indicator of social participation and involvement. As discussed in the social impact studies quoted in this report, all of the international games studied featured prominently the involvement of volunteers in the operation of the games. Nonetheless, the studies did not contain any assessment of the extent to which hosting international games could enhance social cohesion in the local communities.

6.1.26 The hosting of international games may arouse opposition from the local community groups for its disruption to the host cities. In the pre-games period, the construction of games-related infrastructure may cause annoyances, such as noise and dust, to people living close to the construction sites. During the games, there are road closures, traffic diversions, and closures of some public facilities. The Sydney 2000 Olympic Games and the 2002 Commonwealth Games met with opposition from local community groups when they shut down some public sports facilities to host the competition events.

#### *Sports participation*

6.1.27 The social impact studies on the Sydney 2000 Olympic Games and the 2002 Commonwealth Games indicated that residents of the host cities showed increased interest in sports and physical activities after the events, either as active participants or as spectators/active viewers of sports on television.

6.1.28 For the Sydney 2000 Olympic Games, there was increased passive participation in sports and physical activities, such as attendance at sports events, television viewing, radio listening, or newspaper reading in the immediate post-Games period. As to the 2002 Commonwealth Games, it was estimated that the events would lead to additional take-up of new and existing sports facilities after the Games.

#### *Event management skills*

6.1.29 The experience of staging international games facilitates the hosting of subsequent events of similar calibre by the host countries/cities, since the skills developed for the preparation and staging of the games can be applied to these events as well. For example, Australia has borrowed the experience of hosting the Sydney 2000 Olympic Games for its preparation in staging the 2006 Commonwealth Games in Melbourne. The UK is also marketing its track record in staging the 2002 Commonwealth Games in its bid to host the 2012 Olympic Games in London.

#### *Student participation*

6.1.30 Most of the international games studied implemented educational programmes to foster the interest of students in sports activities. These programmes included providing students with free tickets to watch the competition events and cheer the athletes at the venues.

6.1.31 These educational programmes were well received by students. For example, the games organizer of the 2001 East Asian Games received positive feedback from students who were provided with free tickets to watch the competition events. In particular, they were impressed by the high-level performance and good sportsmanship that athletes displayed at the Games.

#### *2009 East Asian Games*

6.1.32 Similar to the other games, the 2009 East Asian Games will feature the participation of volunteers in the event. According to the Home Affairs Bureau, 2 000 volunteers will be deployed to assist in running the competition events. A total of HK\$4 million will be spent on recruitment, provision of uniforms and training of the volunteers.

6.1.33 Apart from promoting volunteerism, the hosting of the 2009 East Asian Games may also generate other social impacts for Hong Kong. The experience of the international games studied should provide reference for the possible generation of social impacts with respect to social cohesion, sports participation, event management skills and student participation in sports activities.

### Composition of the organizing committees of the games

6.1.34 The composition of the organizing committees of the international games studied varied among the host cities. The membership of the Bangkok AG Organizing Committee was dominated by government officials and representatives of state enterprises. In contrast, the membership of the Organizing Committees of the Sydney 2000 Olympic Games, the 2002 Commonwealth Games and the 2002 Asian Games featured a broad representation, including government officials and people representing the community, sporting, business and commercial interests. The Organizing Committee of the 2002 Asian Games even included members of the National Assembly and the City Council.

### Nature of the organizing committees of the games

6.1.35 The Organizing Committees of the 2001 East Asian Games and the 2002 Commonwealth Games were set up as a company to run the events. In contrast, the Organizing Committee of the Sydney 2000 Olympic Games (SOCOG) was established as a statutory body under a legislative act passed by the NSW Parliament. This act subjected SOCOG to the scrutiny of the NSW Parliament and the jurisdiction of the NSW government legislation. In particular, the Public Finance and Audit Act empowered the Auditor-General to audit the accounts of SOCOG and submit an auditor report to the NSW Parliament.

### *2009 East Asian Games*

6.1.36 Hong Kong is expected to set up an organizing committee to run the 2009 East Asian Games. The Government has yet to decide on the composition of the organizing committee.

### Government support for the games

6.1.37 All of the international games studied featured financial and personnel support from the government in the operation of the games. For the Sydney 2000 Olympic Games and the 2002 Asian Games, government support even included the promulgation of laws to facilitate the smooth running of the events.

6.1.38 In addition, the governments of some host cities implemented post-games measures to leverage the events for long-term economic benefits. These measures included the implementation of post-games business promotion programmes, building on the profile and business networks created during the games to sell local products, services and technologies.

### *2009 East Asian Games*

6.1.39 The 2009 East Asian Games will involve financial and personnel support from the government in the operation of the games. In particular, the Government is expected to underwrite the anticipated deficit of HK\$84 million incurred in running the Games. In addition, the staff of the Leisure and Cultural Services Department will be seconded, on a need basis, to the organizing committee of the games to help organize the event.

## Appendix I

### Profile of the Fourth East Asian Games

A.1 The Fourth East Asian Games (2005 East Asian Games) will be held in Macao from 29 October 2005 to 6 November 2005. The Games are expected to attract more than 2 000 athletes to compete in 17 sports. Nine countries/regions have so far been confirmed to participate in the Games.

A.2 The Macao Special Administrative Region (SAR) government established the Macao 2005 4th East Asian Games Organizing Committee (MEAGOC) on 1 January 2002 to plan, organize, manage and stage the Games. MEAGOC has been set up as a private company, of which the Macao SAR government owns 90% and the Sports Development Fund of the Macao Sport Development Board owns the remaining 10%. MEAGOC is managed by the Board of Directors which comprises seven members. The Chief Executive of the Macao SAR has appointed the Chairman of the Board, who has in turn chosen six directors to sit on the Board.

#### Reasons for hosting the Games

A.3 Macao aims to make use of the 2005 East Asian Games to raise its international profile, particularly as a city capable of hosting international sports events. Hosting the Games also provides an opportunity for the government to undertake new infrastructure development, from which Macao will benefit after the event.

#### Financing of the Games

##### *Operating expenditure and income*

A.4 Macao has budgeted HK\$150 million for running the 2005 East Asian Games. The Games are expected to bring in an income totalling HK\$100 million, thereby leaving MEAGOC with an operating deficit of HK\$50 million.

##### *Capital expenditure*

A.5 Macao has earmarked HK\$2 billion for infrastructure development, which includes construction of the third Macao-Taipa bridge, improvements of the urban road networks, and building of new sports facilities to host the 2005 East Asian Games.

**Appendix I (cont'd)**

Public participation in the Games

A.6 MEAGOC has organized a variety of community events to promote public support for the 2005 East Asian Games. They include:

- (a) volunteer programme to engage the general public in running the Games<sup>67</sup>;
- (b) emblem design competition;
- (c) contest to design medals awarded to winning athletes;
- (d) publication of "Macao 2005, 4th East Asian Games Newsletter" to provide timely Games-related information to the general public; and
- (e) distribution of 60 000 copies of a booklet entitled "The Guide to the Macao 4th East Asian Games 2005" to primary school and kindergarten students.

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<sup>67</sup> The recruitment of volunteers started in 2003 and will continue into 2005. MEAGOC had recruited a total of 6 000 volunteers by April 2004.

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## Appendix II

## Profiles of international games studied

	2009 East Asian Games <sup>(1)</sup>	1997 East Asian Games	2001 East Asian Games	1998 Asian Games	2002 Asian Games	2000 Olympic Games	2002 Commonwealth Games
<b>Scale of the games</b>							
Host city	• Hong Kong	• Busan	• Osaka	• Bangkok	• Busan	• Sydney	• Manchester
Duration	• 10-12 days	• 10 days	• 9 days	• 15 days	• 16 days	• 17 days	• 11 days
Number of sports	• 20	• 15	• 17	• 38	• 38	• 28	• 17
Participating countries/regions	• 11	• 9	• 10	• 41	• 44	• 200	• 72
Number of athletes	• 2 000	• 1 862	• 1 961	• 6 554	• 6 572	• 10 651	• 3 679
<b>Games organizer</b>							
Composition	• Not yet decided	• Information not available <sup>(2)</sup>	• Broad representation, including representatives from the private sector and the Osaka city	• Dominated by senior government officials and representatives of state enterprises	• Broad representation, including members of the legislature	• Broad representation, with people of various backgrounds	• Broad representation, comprising people with an interest in the Games

Note: (1) Figures for the 2009 East Asian Games are estimates from the Legislative Council Brief prepared by the Home Affairs Bureau.

(2) As at the publication of this research report, the Busan city government has not provided any information on the composition of the Busan East Asian Games Organizing Committee.

## Appendix II (cont'd)

## Profiles of international games studied

	2009 East Asian Games <sup>(1)</sup>	1997 East Asian Games	2001 East Asian Games	1998 Asian Games	2002 Asian Games	2000 Olympic Games	2002 Commonwealth Games
<b>Financing of the Games</b>							
Operating expenditure (HK\$) <sup>(2)</sup>	• 171 million	• 163.8 million	• 565.3 million	• 502 million <sup>(3)</sup>	• 1.2 billion	• 12.3 billion	• 1.7 billion
Income generated (HK\$) <sup>(2)</sup>	• 87 million	• 239.2 million	• 565.3 million	• 513.3 million <sup>(3)</sup>	• 1.6 billion	• 14.4 billion	• 1.7 billion
Major sources of income	<ul style="list-style-type: none"> <li>• Commercial revenue (86%)</li> <li>• Accommodation charges (9%)</li> </ul>	<ul style="list-style-type: none"> <li>• Government support (53%)</li> <li>• Commercial revenue (38%)</li> </ul>	<ul style="list-style-type: none"> <li>• Government support (63%)</li> <li>• Commercial revenue (13%)</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial revenue (69%)</li> <li>• Lotteries (11%)</li> <li>• Government support (10%)</li> <li>• Accommodation charges (9%)</li> </ul>	<ul style="list-style-type: none"> <li>• Government support (41%)</li> <li>• Commercial revenue (36%)</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial revenue (88%)</li> </ul>	<ul style="list-style-type: none"> <li>• Government support (57%)</li> <li>• Commercial revenue (42%)</li> </ul>
Operating surplus/deficit <sup>(2)</sup>	• Deficit: HK\$84 million	• Surplus: HK\$75.4 million	• Break-even	• Surplus: HK\$11.3 million	• Surplus: HK\$400 million	• Surplus: HK\$2.1 billion	• Break-even
Capital expenditure <sup>(2)</sup>	• Expected to be minimal	• Minimal	• Minimal	• HK\$3.6 billion	• HK\$30 billion	• HK\$30.4 billion	• HK\$8.5 billion

Notes: (1) Figures for the 2009 East Asian Games are estimates from the Legislative Council Brief prepared by the Home Affairs Bureau.

(2) For comparison purpose, all foreign currencies are expressed in terms of Hong Kong dollars based on their respective average exchange rates in 2003.

(3) Estimated figures extracted from the official Post-Games Report.

## Appendix II (cont'd)

## Profiles of international games studied

	2009 East Asian Games	1997 East Asian Games	2001 East Asian Games	1998 Asian Games	2002 Asian Games	2000 Olympic Games	2002 Commonwealth Games
<b>Community events to promote public participation in the Games</b>							
Volunteer programme	• Applicable to all						
Torch relay	• Information not available	• Applicable to all					
Arts festivals	• Information not available	• Applicable to all					
Student participation programme	• Information not available	<ul style="list-style-type: none"> <li>• Free tickets and transportation to watch matches and cheer athletes</li> <li>• Performed at the opening and closing ceremonies</li> </ul>	<ul style="list-style-type: none"> <li>• Free tickets and transportation to watch matches and cheer athletes</li> <li>• Participated in a ceremony to make a fire for lighting the torch used in the torch relay</li> </ul>	<ul style="list-style-type: none"> <li>• Low-price tickets to watch matches</li> <li>• Performed at the opening and closing ceremonies</li> </ul>	<ul style="list-style-type: none"> <li>• Performed at the opening and closing ceremonies</li> </ul>	<ul style="list-style-type: none"> <li>• Performed at the closing ceremony</li> <li>• Provision of a multi-media Olympic educational kit</li> </ul>	<ul style="list-style-type: none"> <li>• Participated in mini-Commonwealth Games</li> <li>• Free access to an educational website</li> </ul>

**Appendix II (cont'd)**

**Profiles of international games studied**

	<b>2009 East Asian Games</b>	<b>1997 East Asian Games</b>	<b>2001 East Asian Games</b>	<b>1998 Asian Games</b>	<b>2002 Asian Games</b>	<b>2000 Olympic Games</b>	<b>2002 Commonwealth Games</b>
<b>Community events to promote public participation in the Games (cont'd)</b>							
Other games-related promotional events	<ul style="list-style-type: none"> <li>Information not available</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>	<ul style="list-style-type: none"> <li>Contest to design commemorative medals given to athletes</li> <li>Contest to design the official website of the Games</li> </ul>	<ul style="list-style-type: none"> <li>Emblem design competition</li> <li>Mascot-naming contest</li> </ul>	<ul style="list-style-type: none"> <li>Mascot-naming contest</li> <li>Theme song lyrics contest</li> <li>"One Citizen Watching One Competition" campaign</li> </ul>	<ul style="list-style-type: none"> <li>"Olympic Journey" project to introduce the Olympic Games to local communities</li> </ul>	<ul style="list-style-type: none"> <li>Training programmes for young athletes</li> </ul>

## Appendix II (cont'd)

## Profiles of international games studied

	2009 East Asian Games	1997 East Asian Games	2001 East Asian Games	1998 Asian Games	2002 Asian Games	2000 Olympic Games	2002 Commonwealth Games
<b>Government support</b>							
Financial support	• Applicable to all						
Construction of Games-related infrastructure	• Not yet decided	• Yes, but small-scale projects only	• No	• Yes	• Yes	• Yes	• Yes
Personnel support	• Applicable to all						
Others	• Nil	• Nil	• Nil	• Nil	• Promulgation of laws to facilitate the operation of the Games • Loans provided to improve the hygienic conditions of small restaurants/food vendors	• Promulgation of laws to facilitate the operation of the Games • Establishment of specific government agency and appointment of a minister to manage the Games	• Government departments assisted in the logistic arrangements of the Games

## Appendix III

## Economic and social impacts of hosting selected international games

	2000 Olympic Games	2002 Commonwealth Games	2002 Asian Games
<b>Economic impact of hosting the Games</b>			
Increased income <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• HK\$33 billion of extra economic activities generated between 1994-95 and 2005-06</li> </ul>	<ul style="list-style-type: none"> <li>• Information not available</li> </ul>	<ul style="list-style-type: none"> <li>• HK\$72.8 billion injected into the economy</li> </ul>
Job creation	<ul style="list-style-type: none"> <li>• 7 500 extra full-time jobs per year between 1994-95 and 2005-06</li> </ul>	<ul style="list-style-type: none"> <li>• 6 300 full-time jobs</li> </ul>	<ul style="list-style-type: none"> <li>• 310 000 new jobs<sup>(2)</sup></li> </ul>
Tourism/ convention industry <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• More than 110 000 Games-time specific international visitors</li> <li>• Over HK\$30.5 billion in spending by additional 1.6 million visitors in 2001</li> <li>• Over HK\$6.1 billion in conference and event business attracted to Sydney between 1993 and 2007</li> </ul>	<ul style="list-style-type: none"> <li>• HK\$369.2 million of tourism spending during the Games</li> <li>• 300 000 extra tourists to visit Manchester each year in the post-Games period, generating HK\$229.1 million in tourism spending</li> </ul>	<ul style="list-style-type: none"> <li>• 84 000 additional tourists in 2002, generating HK\$945.1 million in tourism earnings and 11 700 extra jobs in the service sectors</li> </ul>
Inward investment <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Inflow of HK\$15.2 billion of new investment into New South Wales (NSW)</li> </ul>	<ul style="list-style-type: none"> <li>• HK\$445.6 million of inward investment in two to three years after the Games</li> <li>• About 30 million people considering Manchester as a possible business and visitor destination</li> </ul>	<ul style="list-style-type: none"> <li>• No quantitative assessment</li> </ul>

Note: (1) For comparison purpose, all foreign currencies are expressed in terms of Hong Kong dollars based on their respective average exchange rates in 2003.

(2) The figure was extracted from the White Paper on the 2002 Asian Games prepared by the Busan city government. The sheer number of new jobs generated should have included many temporary jobs created during the Games. However, the White Paper did not provide the breakdown on the number of full-time jobs generated by the 2002 Asian Games.

## Appendix III (cont'd)

## Economic and social impacts of hosting selected international games

	2000 Olympic Games	2002 Commonwealth Games	2002 Asian Games
<b>Economic impact of hosting the Games (cont'd)</b>			
Urban regeneration	<ul style="list-style-type: none"> <li>Regeneration of Homebush Bay from a wasteland into a site comprising a sports, recreation and entertainment centre</li> </ul>	<ul style="list-style-type: none"> <li>Regeneration of East Manchester from a deprived area into a site with new sports facilities and commercial developments</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
Infrastructure development	<ul style="list-style-type: none"> <li>NSW businesses were involved in one-third of the Games-related construction contracts</li> </ul>	<ul style="list-style-type: none"> <li>New infrastructure facilities boosted the image of the host city as an attractive place to invest and live in</li> </ul>	<ul style="list-style-type: none"> <li>Benefits brought by the legacy of infrastructure facilities such as the conversion of new stadiums into sports complexes for public use</li> </ul>
<b>Social impact of hosting the Games</b>			
Sports participation	<ul style="list-style-type: none"> <li>Increase in passive sports participation such as attendance at sports events and television viewing in the immediate post-Games period</li> </ul>	<ul style="list-style-type: none"> <li>Additional take-up of new and existing sports facilities amounting to around 250 000 visits per year</li> </ul>	<ul style="list-style-type: none"> <li>Information not available</li> </ul>
Volunteer participation	<ul style="list-style-type: none"> <li>Applicable to all</li> </ul>		
Others	<ul style="list-style-type: none"> <li>Up-skilling of workforce in the Games-related industries</li> </ul>	<ul style="list-style-type: none"> <li>Facilitating the implementation of a social inclusion programme to engage disadvantaged groups as volunteers in the Games and to aid them in job search</li> </ul>	<ul style="list-style-type: none"> <li>Nil</li> </ul>

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