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Panel on Home Affairs

**Background brief prepared by the Legislative Council Secretariat for
the meeting on 10 December 2010**

Bid for hosting the 2023 Asian Games

Purpose

This paper sets out the major views and concerns of members of the Panel on Home Affairs ("the Panel") about Hong Kong's potential bid for hosting the 2023 Asian Games ("the Games") after the Venue and Events Subcommittee ("VESC") of the 2023 Asian Games Provisional Bid Committee put forward the alternative option of venue planning for the Games on 9 November 2010.

Background

2. In June 2010, the Administration decided to issue a letter of support for the Sports Federation & Olympic Committee of Hong Kong, China to submit a "letter of intent" to bid to host the Games to the Olympic Council of Asia. In September 2010, the Administration launched a public consultation exercise to gauge the public's views on whether Hong Kong should bid to host the Games.

3. According to the Administration's original estimate released in its public consultation document, the direct cost of hosting the Games would be about \$13.7 to \$14.5 billion at the current price level, which included \$8.5 billion for upgrading three planned indoor sports centres in Yuen Long, Tai Po and Sha tin. The indirect cost for a number of sports

venue projects would be about \$30.17 billion to \$45.8 billion at the current price level. These projects had been identified for development/re-development regardless of whether Hong Kong were to host the Games but were proposed to be brought forward within the required timeframe of hosting the Games.

4. On 9 November 2010, in response to the general public concern over the possible cost of hosting the Games, VESC proposed a lower-cost alternative option under which the three planned indoor sports centres would not be upgraded, thus saving \$8.5 billion and reducing the direct cost of hosting the Games to about \$6 billion. VESC was of the view that even those sports centres would not be upgraded, Hong Kong would still be able to host the Games.

Members' views and concerns

5. At its meeting on 12 November 2010, the Panel had a discussion with the Administration on VESC's alternative option. The Panel also held a special meeting on 29 November 2010 to receive deputations, including athletes who had taken part in the 2010 Guangzhou Asian Games, representatives of the National Sports Associations ("NSA"), District Councils members and other interested stakeholders, on whether Hong Kong should bid to host the Games. Members' main views and concerns expressed at these meetings are summarized in the ensuing paragraphs.

Public consultation

6. Noting the Administration's claim that hosting the Games would be beneficial to the economy, civic education, community building and citizens' health in Hong Kong, some members were disappointed that the Home Affairs Bureau had conducted the public consultation exercise alone, without receiving any concerted support from other related government bureaux.

7. Referring to the Administration's call for the political parties not to politicize the bid, some members queried whether the Administration had a political motive for arranging a celebration reception for Hong Kong athletes on their achievements at the Guangzhou Asian Games at Charter Garden next to the Legislative Council ("LegCo") Building on 1 December 2010. They hoped that the Administration could be impartial in listening to the public's views, including those opposing to the bid.

Reduced cost estimate

8. Members in general expressed appreciation to the athletes for the hard efforts they put into training to win medals at the Guangzhou Asian Games. While having empathy with the athletes' support for the bid, members were of the view that they had a responsibility to examine the bid carefully and comprehensively, and had to consider it on the basis of the cost estimate and proposals from the Administration. Some members opined that Hong Kong might apply to host the Games if the Administration could put forward a reliable cost estimate and a viable plan that would not produce white elephants and would bring long-term benefits to Hong Kong.

9. Some members queried why the Administration had not made available the alternative option to the public earlier. They considered that the Administration should have provided different options with different cost implications for selection by the public at the very beginning of the public consultation exercise.

10. Some members opined that the Administration's readiness to cut the cost of hosting the Games drastically indicated that the original cost estimate had been made in a rash and arbitrary manner. The public was confused about why the cost estimate could be cut drastically in less than two months. They queried whether the Administration would put forward a further cost reduction proposal if the alternative option failed to gain public support. A member expressed concern about the lack of transparency in the operation of VESC and how it came up with the reduced cost estimate.

11. Members also raised concern about the reason for the cost of hosting the Games in Hong Kong to be much lower than that of the Guangzhou Asian Games, which reportedly ranged from \$100 billion Yuan to \$200 billion Yuan, taking into account the differences in living standards, labor costs and materials prices between the two cities. They were worried that the actual cost of hosting the Games at money-of-the-day ("MOD") prices would be appalling if the inflation rates in the next 13 years were factored in. Some members asked the Administration to disclose the cost estimate at MOD prices and whether there would be cost overrun.

12. The Administration responded that it had no intention of withholding the cost estimate at MOD prices. According to a rough estimation which accounted for the projected inflation rates in the next 10 years, the direct cost of hosting the Games would increase from the originally estimated \$13.7-14.5 billion to \$21 billion, and the indirect cost would increase from \$30.17 billion to \$45.8 billion.

13. The Administration was of the view that the alternative option was not rash but responsive to the public concern about the cost of hosting the Games. It admitted that the alternative option was not the most ideal one, as the three planned sports venues, if upgraded as originally proposed, would put Hong Kong in a better position to attract and host more big international sports events.

14. The Administration denied that the bid for hosting the Games was to achieve personal glory. It considered that hosting the Games would give the next generation of Hong Kong a goal that they would strive together to achieve.

Sports development

15. Members in general urged the Administration to devise a long-term and sustainable sports development policy, such as providing more sports and recreational facilities to meet community needs, improving the sports facilities and promoting sports culture at schools, sponsoring more athletes to compete overseas and enhancing the career prospects for current and retired athletes (including disabled athletes).

They shared the view that the Administration should take the public consultation exercise as an opportunity to comprehensively review the inadequacies in sports development. Some members were of the view that they would not oppose to the bid for the Games after 2023 when comprehensive sports facilities were available and the athletes could perform well not just in some events.

16. Some members urged the Administration to explain to the public, apart from the direct and indirect costs for hosting the Games, the amount that the Government would spend on sports development in the next 13 years. They also requested the Administration to pledge that the \$30.17 billion would be spent on sport facilities irrespective of whether Hong Kong would bid for the Games.

Support for the bid

17. Drawing on the successful experiences of the 1984 Los Angeles Olympic Games after which all the competition venues could be used by the public and the hosting of the 2008 Olympic Equestrian Events by Hong Kong with temporary recyclable facilities, a member said that the alternative option would enable the Games to be hosted in a less costly but more sustainable manner by making full use of the existing venues. The member was disappointed that the Administration had failed to convey this message to the public.

18. Some members were worried that should Hong Kong abandon the bid this time, it would face increasingly fierce competitions from the rising neighbouring cities to bid for the Games in future. They shared the view that hosting the Games would provide a good opportunity for local athletes to display their abilities, and the cost for hosting the Games was not an expenditure but an investment for the next generation. A member urged the adoption of a far-sighted approach in sports developments, particularly in respect of nurturing young talents, as this was more important than cutting down on the expenditure.

19. The Administration expressed disagreement with not hosting the Games until the sports facilities and talents were fully available. It was of the view that hosting the Games would serve as an important means to

achieve the goal of promoting sports development, as it would speed up the construction of the sports venues and facilities in various districts. The Administration stressed that it had devised a comprehensive policy on the long-term sports development at the community, school, NSA and elite levels, and would continue to invest considerable resources in the construction and upgrading of sports facilities in the next decade.

Latest development

20. The Administration will report the findings on its public consultation exercise on Hong Kong's potential bid to host the Games at the Panel meeting on 10 December 2010.

Relevant papers

21. A list of relevant papers with their hyperlinks at LegCo's website is in the **Appendix**.

Council Business Division 2
Legislative Council Secretariat
9 December 2010

Panel on Home Affairs

**Relevant documents on
the bid for hosting the 2023 Asian Games**

Committee	Date of meeting	Minutes/Papers	LC Paper No.
Panel on Home Affairs	2010.09.21	Presentation materials provided by the Administration	CB(2) 2292/09-10 http://www.legco.gov.hk/yr09-10/chinese/panels/ha/papers/ha0921cb2-2292-ec.pdf
		Legislative Council Brief on support for bid to host the Asian Games	HAB/CS/CR 6/8/151 http://www.legco.gov.hk/yr09-10/english/panels/ha/papers/ha0921-habcsr68151-e.pdf
		Minutes of meeting	CB(2) 219/10-11 http://www.legco.gov.hk/yr09-10/english/panels/ha/minutes/ha20100921.pdf
	2010.11.12	Information paper on Hong Kong's potential bid to host the 2023 Asian Games provided by the Administration	CB(2)208/10-11(01) http://www.legco.gov.hk/yr10-11/english/panels/ha/papers/ha1112cb2-208-1-e.pdf
		Background brief prepared by the Legislative Council Secretariat	CB(2)208/10-11(02) http://www.legco.gov.hk/yr10-11/english/panels/ha/papers/ha1112cb2-208-2-e.pdf