

LEGISLATIVE COUNCIL BRIEF

BID TO HOST THE 2023 ASIAN GAMES

INTRODUCTION

At the meeting of the Executive Council on 14 December 2010, the Council ADVISED and the Chief Executive ORDERED that the Government should, in support of the submission of a formal bid by the Sports Federation and Olympic Committee of Hong Kong and China (SF&OC) to the Olympic Council of Asia (OCA) to host the 2023 Asian Games in Hong Kong, proceed to seek the in principle acceptance by the Finance Committee of the Legislative Council (LegCo) of the financial implications of the bid.

JUSTIFICATIONS

Public opinions

2. We believe that there are long-term benefits to Hong Kong if we were to host the Asian Games in 2023. On 25 June 2010, the Government issued a letter in support of SF&OC's submission of a "letter of intent" to the OCA with the proviso that the Government's decision on the bid would be subject to the results of public consultation. The Administration launched a public consultation exercise in September 2010 to gauge the public's views on whether Hong Kong should bid to host the 2023 Asian Games. The consultation period ended on 1 December 2010. A report summarizing the public feedback is at **Annex A**. The Administration briefed the LegCo Home Affairs Panel on the public consultation exercise on 10 December 2010.

3. In summary, public views are divided with slightly more people expressing reservations on the hosting of the Asian Games in 2023. However, during the latter part of the consultation period, particularly with the public's attention being drawn to the good results scored by Hong Kong athletes in the Asian Games in Guangzhou and to the impassioned pleas from our athletes, there was a noticeable swing of public opinion in favour of Hong Kong hosting the Games.

The balance of arguments

4. Having carefully considered the results of the consultation exercise and the arguments for and against hosting the Games, we still believe that it would be in the overall long-term interest of Hong Kong for the Government to proceed with the bid. The reasons are -

- (a) It would give a strong boost to sports development by providing improved facilities for the public, advocating a healthy life style, raising athletes' levels of performance, building a strong sports culture for our next generation and enhancing social cohesion.
- (b) The Asian Games would provide a common goal and give a fresh impetus to provide better sports facilities and infrastructure within a certain timeframe.
- (c) Upon completion of the related sports venues, Hong Kong is likely to become an even more popular destination for holding major international sports events, which in turn would bring additional direct and indirect economic benefits.
- (d) It would demonstrate our ability to organize major events, showcase our management capability, the achievements and potential of our athletes and the diversity and vitality of Hong Kong society, and leave behind a suite of sports facilities for the sports sector as well as the community at large.
- (e) Contrary to the popular perception, the standard of our athletes is in fact good by international standards. In the Guangzhou Asian Games, Hong Kong ranked 11th on the medal chart and in terms of achievements, we out-performed a lot of Asian countries in terms of the size of population. As borne out by our recent experience in hosting the East Asian Games, the "home turf" advantage has had a significant effect on the performance of our athletes and this view was also echoed by the sports community when its representatives appeared before a public hearing conducted by the LegCo Home Affairs Panel on 29 November 2010.

- (f) It would consolidate Hong Kong's status as Asia's World City. According to some reports, other major cities in Asia are likely to bid for the 2019 or 2023 Asian Games. They are expected to take the opportunity to improve their infrastructure and promote their cities.
- (g) It is widely accepted by different governments that hosting international sports events can provide long-term benefits to the host. Cities in different stages of development are keen to bid for international sport events. For example, Chicago, London, Rio de Janeiro, and Tokyo bid for the Olympics in the recent past.
- (h) The local sports community has a strong desire and aspiration for the Government to proceed with the bid. They have made great efforts to convince the community that the hosting of the Asian Games would be in Hong Kong's overall public interest.
- (i) There is still a substantial body of opinion that is in favour of hosting the Asian Games. Our telephone survey shows that 46.3% of the respondents favoured the proposed bid.¹ We have also received written submissions from 3,626 individuals through regular channels (such as through facsimile and post) that are in favour of a bid, which represents a majority of the written submissions received. At the consultation forums and exchange sessions that we attended, the majority of the attendees who spoke on the subject were in favour of hosting the Asian Games.
- (j) As a sophisticated economy and a responsible member of the OCA, Hong Kong should no longer be content to be a participant only and it is our obligation to host the Asian Games as and when we have the necessary conditions and the capability to do so. This will also demonstrate our commitment to Olympism, and Hong Kong is not just concerned our own economic well-being.

5. In the course of the public consultation exercise, those who were against the hosting of the Asian Games were of the view that: the cost of hosting the Games was too high; there was no clear long-term policy to promote sport; there were other more pressing social issues the priorities for which should

¹ Having regard to the arguments for and against the proposed bid and the direct total cost of \$6 billion, 46.3% of the respondents favoured the proposed bid, while 48.9% were not in favour of the proposed bid during the whole survey period from 19 November to 1 December 2010.

override those of the Games; construction costs might escalate over the next decade; hosting the Games would neither enhance the performance of our athletes nor promote sports in the community; and Hong Kong was not ready to host such a large-scale event.

6. Many of the concerns, however, can be addressed. First, we have re-stated and clarified our long-term policy on sports development vide LC Paper No. CB(2)67/10-11(01) which was tabled at the LegCo Home Affairs Panel meeting on 20 October 2010 (**Annex B**). Second, as regards costs, we announced on 9 November 2010 that we would not proceed with the upgrading of three proposed sports centres, thereby reducing the direct cost from \$13.7 billion - \$14.5 billion to about \$6 billion. Third, we explained to the LegCo Home Affairs Panel at its meeting on 10 December 2010 that hosting the Games would not affect our determination to help the disadvantaged or to promote other policies that are good for the people of Hong Kong. As regards the concern on escalating costs, the LegCo Public Works Subcommittee/Finance Committee would retain the authority to vet the funding applications of each of the Asian Games related projects when the Administration seeks funding for them in future, and the LegCo Home Affairs Panel can monitor the construction progress of the venues and the preparatory process. Finally, we have a good track record in hosting international events (e.g. The Sixth World Trade Organization Ministerial Conference held in 2005, Olympic Equestrian Event in 2008 and the East Asian Games in 2009). We should be capable of hosting the Asian Games in 2023 given that we will have more than 12 years to prepare for the Games.

Next steps

7. After briefing the LegCo Home Affairs Panel on 17 December 2010, we plan to seek the LegCo Finance Committee's approval-in-principle of the financial implications involved in mid-January 2011. The OCA has set a deadline of 15 February 2011 for the submission of a formal bid for the right to host the 2019 and 2023 Asian Games; we will prepare and submit the formal bidding documents to the OCA subject to the approval-in-principle of the financial implications by the Finance Committee. According to OCA, election of the hosting cities for the 2019 and 2023 Asian Games is scheduled for July 2011.

IMPLICATIONS OF THE PROPOSAL

8. The proposal has economic, financial, civil service, environmental, and sustainability implications as set out in Annex C. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no productivity implications.

PUBLIC CONSULTATION

9. Since the launch of the public consultation exercise on 21 September 2010, we have been receiving feedbacks from the community through various means as set out in Annex A.

PUBLICITY

10. After briefing the LegCo Home Affairs Panel members, we plan to seek the Finance Committee's approval-in-principle of the financial implications involved in mid-January 2011. A spokesperson will be available to handle media and public enquiries.

BACKGROUND

11. The LegCo is supportive to Government's long-term objectives on the development and promotion of sport. On 6 January 2010, LegCo passed a motion that included a request for the Government to "actively consider bidding to host the 18th Asian Games in 2019". After the launch of the public consultation, the Administration issued two papers to LegCo Home Affairs Panel to give further details of the potential cost of hosting the Games² and to explain our policy framework for sports development³. On 10 December 2010, the Administration briefed the LegCo Home Affairs Panel on the public consultation exercise.

² LC Paper No. CB(2)208/10-01(01)

³ LC Paper No. CB(2)67/10-11(01)

ENQUIRIES

12. For enquiries about this brief, please contact Mr. Jack Chan, Deputy Head, Asian Games Bid Team on 2594 6669.

Home Affairs Bureau
14 December 2010

**Consultation Report on
“Should Hong Kong Bid to Host
the 2023 Asian Games?”**

Home Affairs Bureau

6 December 2010

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Chapter 1: Introduction

- 1.1 On 21 September 2010, the Home Affairs Bureau (HAB) launched a public consultation exercise to gauge the public's views on whether Hong Kong should bid to host the 2023 Asian Games. The consultation period ended on 1 December 2010.

Chapter 2: Background and Consultation

- 2.1 The hosting of the East Asian Games (EAG) was a unique experience for the Hong Kong community as a whole. The success of the EAG was evident in the way that it inspired our young athletes to perform at their best, prompted us to improve our sports facilities and venues, and encouraged wider participation in sport by the community, thereby contributing significantly to the Government's long-term objectives for developing and promoting sport.
- 2.2 The Legislative Council (LegCo) members are supportive to Government's long-term objectives on the development and promotion of sport. On 6 January 2010, LegCo passed a motion that included a request for the Government to "actively consider bidding to host the 18th Asian Games in 2019". As the 2023 Asian Games is open for bidding, we consider that hosting the Games would give us another opportunity to expedite the implementation of our long-term policy objectives for sports. Drawing on overseas experience and our experience in organizing the EAG last year, major international sports events such as the Asian Games will bring significant benefits to Hong Kong, including providing improved facilities for public participation in sport, advocating a healthy life style, raising athletes' levels of performance, promoting sports development, enhancing social cohesion and highlighting Hong Kong's position as Asia's World City and a centre for major events.
- 2.3 Against this background, HAB issued a consultation paper

outlining the introduction of Asian Games, the likely benefits and the potential costs of hosting the Asian Games to gauge the public's views.

- 2.4 The consultation paper was uploaded onto the dedicated consultation webpage on the 2023 Asian Games (<http://www.asiangames.hk/b5/index.asp>). Members of the public could browse the webpage for the consultation paper and related information. Hardcopies were also available for distribution at the Public Enquiry Service Centres of District Offices of the Home Affairs Department, and offices and venues of the Leisure and Cultural Services Department. Copies were also deposited at public libraries for viewing by the public.
- 2.5 To ensure extensive participation, we engaged the public and stakeholders through a variety of channels, including consultation forums and sessions, “e-engagement” platforms including an online Asian Games Forum, the Public Affairs Forum, and an official Facebook page, and a telephone survey. Members of the public were also invited to send in their views through facsimile, post, electronic mail, telephone and by hand (hereafter referred to as “regular channels”).
- 2.6 Since the launch of the public consultation exercise, we had proactively consulted/briefed the Legislative Council Panel on Home Affairs (LegCo HA Panel), District Councils, the sports community, schools' sports federation, tourism industry, and young people, etc. to gauge their views on whether Hong Kong should bid to host the 2023 Asian Games. We also organized several consultation forums for young people and stakeholders in various fields and industries (e.g. professional bodies, construction workers' unions, security companies, catering, and tourism sectors) during the consultation period.
- 2.7 As regards views received through regular channels, we received submissions from **5,271 individuals**. Analyses from regular channels were made on individual/organization basis. Repeated

submissions from the same person/organization would not be given more weight in our analyses. We also received submissions from **76 organizations**. Moreover, views from **1,848** members of the public were collected through a telephone survey conducted by the Hong Kong Institute of Asia-Pacific Studies of the Chinese University of Hong Kong (CUHK) commissioned by HAB.

2.8 As regards the “e-engagement” platforms, an online Asian Games Forum and an official Facebook page were set up on 21 September 2010 on which members of the public could post their views, and the topic was also posted to the Public Affairs Forum to solicit views on the issue -

(a) There were **19,363** messages posted at the Asian Games Forum, **152** messages were posted on the Public Affairs Forum, and **1,863** persons joined the fan page of the official Facebook page.

(b) As for Facebook, among the **1,863** persons that joined the fan page, only **246** persons posted messages.

(c) it should be noted that some users posted messages frequently: one user posted 1,631 messages on the Asian Games Forum.

2.9 Analyses from “e-engagement” platforms were made on a user-basis; repeated views from the same individual would not be given more weight regardless how active an individual was posting messages on these platforms.

Chapter 3: Public Opinions Received

Overview

3.1 During the first few weeks of the consultation exercise, there was a prominent body of opinion that expressed objections to the proposal to host the Games in 2023. These objections were mainly based on the views that: the cost of hosting the Games was

too high; there was no clear long-term policy to promote sport; and there were other more pressing social issues that should receive a higher priority than the Asian Games insofar as resource allocation was concerned.

- 3.2 After the launch of the public consultation, HAB issued two papers to LegCo HA Panel to give further details of the potential cost of hosting the Games¹ and to explain our policy framework for sports development². HAB also took the opportunity to clarify that there was no conflict between allocating resources for sports development and for other policy programmes such as health care and education.
- 3.3 HAB also reviewed the direct total cost for hosting the Asian Games. On 9 November 2010, we announced that a lower-cost option involving a direct total cost of \$6 billion is feasible. This would be achieved by not proceeding with our original proposal to upgrade the development scope (i.e. the provision of warm-up courts and to increase significantly the spectator capacity) of three new indoor sports centres that were already planned to meet district needs, resulting in savings of \$8.5 billion. Although this would affect to some extent the staging of basketball, volleyball and handball events, the Venue and Events Sub-committee of the Asian Games Provisional Bid Committee and the three affected National Sports Associations all agreed that it would not affect the overall viability of the Games, nor detract from the quality of a potential bid.
- 3.4 In general, we observe that the public opinion has been more receptive to hosting the Games in Hong Kong following further explanation and clarification to the public by HAB, as well as the availability of a lower-cost option.
- 3.5 Public sentiment towards hosting the Games has become more positive following the success of the 2010 Asian Games in

¹ LC Paper No. CB(2)208/10-01(01)

² LC Paper No. CB(2)67/10-11(01)

Guangzhou, and in particular the strong showing by Hong Kong athletes, which has demonstrated the progress that we are making in developing more local sporting talent.

- 3.6 There is also a clear consensus in the community that irrespective of whether to bid or not to bid, the Government should continue to invest in sport facilities and promote public participation in sports.

Consultation with District Councils

- 3.7 We have consulted all the 18 District Councils (DCs) or their sub-committees. According to the conclusions made by the Chairmen of 7 DCs, the majority of members who spoke at these DCs were in support of the proposed bid. In particular, the Tai Po DC passed a motion to support the proposed bid based on the original venue plan. Of the **282** DC members who spoke at the relevant meetings, **127 (45%) favoured** a bid, **9 (3.2%) inclined to support** Hong Kong bidding to host the Games after 2023, **57 (20.2%) were not in favour of** a bid, 36 (12.8%) expressed reservations and 53 (18.8%) were more or less neutral.

- 3.8 On one side, some DC members opined that hosting the Games could bring tangible and intangible benefits to Hong Kong, including creating jobs, attracting tourists, providing improved sport facilities for the public, encouraging public participation in sport and highlighting Hong Kong's position as a centre for major international sports events.

- 3.9 On the other hand, some DC members also expressed that public funds should be spent instead on other policy programmes such as poverty alleviation, public housing, health care and education etc.

Consultation forums and sessions

- 3.10 During the consultation period, five forums were held with youths, district personalities and other industry stakeholders such as the transport, security, hotel and catering, information technology, construction sectors, etc. The vast majority of those who attended

the forums expressed their support for Hong Kong to host the Asian Games in 2023.

- 3.11 The Secretary for Home Affairs attended two exchange sessions with young people organized by the Commission on Youth on 4 October and organized by the Hong Kong United Youth Association on 15 November 2010 respectively. There were some 130 and 300 young people attended the exchange session held on 4 October 2010 and 15 November 2010 respectively. Some retired and serving athletes also took the opportunity to share their sporting and competition experience with the young people attending the session. The majority of youths who spoke on the subject expressed support for Hong Kong's potential bid as the hosting of Asian Games would help our athletes achieve higher standard of performance, help develop a strong sporting culture in the community and encourage people to participate in sports, enhance civic pride and social cohesion.
- 3.12 On 25 October and 2 November 2010, we organized two consultation forums for district personalities in Kowloon and the New Territories respectively. The majority of attendees who spoke on the subject expressed support for Hong Kong's potential bid.
- 3.13 Noting that as many as 10,100 jobs³ would be created and the positive economic impact if Hong Kong were to host the 2023 Asian Games, we organized a Consultation Forum for stakeholders in various fields and industries (e.g. professional bodies, construction workers' unions, security companies and security guard trade unions, catering, and tourism sectors) on 17 November 2010. An overwhelming majority of attendees who spoke on the subject expressed support for Hong Kong's potential bid in view of the positive economic impact and the reinforcement of Hong Kong as a cosmopolitan and vibrant city in the international arena.

³ Of which 1,500 to 2,200 jobs would be created from visitors' spending, 1,800 for upgrade works, 3,000 for security works, 990 for transportation services, 800 for information technology services, 700 for catering services and 615 for the Asian Games organizing body.

Submissions through regular channels and telephone survey

- 3.14 We have also received submissions from **5,271 individuals** and **76 organizations**. For the 5,271 individuals, **3,626 (68.8%) favoured** a bid, **1,561 (29.6%) were not in favour of** a bid, and 84 (1.6%) were neutral. For the 76 organizations, **64 (84%) favoured** a bid, **8 (11%) were not in favour of** a bid, and 4(5%) were neutral. We have also written to all **74 National Sports Associations (NSAs)** to solicit their views on the consultation paper. From the feedbacks received from 46 NSAs and 15 private sports organizations, the majority have expressed support for Hong Kong to bid to host the Games.
- 3.15 We have commissioned the Hong Kong Institute of Asia-Pacific Studies of CUHK to conduct a telephone survey to gauge public views on the subject. A total of **1,848** respondents were surveyed by 1 December 2010, of which **58%** of the respondents agreed that hosting the Games would give a strong boost to sports development in Hong Kong, and **56%** of the respondents considered that Hong Kong had the capability to host the Games successfully. As far as cost was concerned, **51% did not accept** the financial arrangement if the direct cost was pitched at \$14.5 billion. **54% accepted** the financial arrangement of reducing the cost to about \$6 billion.
- 3.16 For the first part of the survey conducted between 19 and 25 November 2010, **44.3%** of the respondents **favoured** the proposed bid, while **50.8% were not in favour of** the proposed bid. However, for the latter part of the survey conducted between 26 November and 1 December 2010, the number of supporting respondents slightly overtook the non-supportive ones and the percentage was **48.2%** and **47.2%** respectively. This indicates that that had been a rising number of respondents in support of the proposed bid towards the end of the consultation period. Overall speaking, having regard to the arguments for and against the proposed bid and the direct total cost of \$6 billion, **46.3%** of the respondents **favoured** the proposed bid, while **48.9% were not in favour of** the proposed bid during the whole survey period.

According to CUHK, having applied a sampling error of plus and minus 2.28% in accordance with established practice, the number of respondents who were in favour or not in favour was in fact very close. The remaining 4.8% were neutral.

- 3.17 While some indicated support for the proposed bid because hosting the Games would give a strong boost to the sport development; help our athletes achieve better performance with home field advantage; and can highlight Hong Kong as Asia's World City and a centre for major international events etc., a considerable number of returns were concerned about the substantial resources to be committed for hosting the Games. They considered that public funds should otherwise be spent on addressing other pressing social needs such as health care, housing and education. Some were concerned about the increasing infrastructural costs for staging the Games due to inflation. Others opined that priority should be accorded to meeting the district sport and recreational facilities' shortfall, and a robust and sustainable long-term policy on sport should be in place first before Hong Kong should bid for the Games.

Submissions from "e-engagement" platforms

- 3.18 As regards submissions from the "e-engagement" platforms, views expressed are inconclusive either way. There were **19,363** messages posted on our Asian Games Forum and **152** messages were posted on the Public Affairs Forum and **1,863** persons joined the fan page of the official Facebook page. The views expressed in support or against the proposed bid were more or less even. It should be noted that some users posted messages frequently: one user posted 1,631 messages on the Asian Games Forum.
- 3.19 On one side, there are submissions that are more supportive of hosting the Games here. We noted that they generally agreed that hosting the Games could bring tangible and intangible benefits to Hong Kong, it would give a strong boost to the sport development by providing new and improved sport facilities and promoting public participation in sport; help our athletes achieve better

performance with home field advantage; create more job opportunities and a career path for our athletes and sports sector; help develop a strong sporting cultural in the community; encourage people to participate in sports and advocate healthy life style thereby reducing health care expenditure. Some agreed that there was no conflict between sports development and other policy programmes such as welfare, health care and education; the Government has ample time to prepare for the Games in 13 years; it is good opportunity to enhance the infrastructure, and it can stimulate local economic activities and job opportunities particularly in the construction industry and for low-skilled workers. While some suggested that Hong Kong should bid to host the Games because other cities in the region (such as Kuala Lumpur and Singapore) may overtake Hong Kong's position in Asia, and that hosting of the Games can highlight Hong Kong as Asia's World City and a centre for major international events.

- 3.20 On the other hand, there are submissions that are not in favour of hosting the Games for various reasons. There was a view that public funds should be spent instead on addressing other urgent demands from the community. Some were concerned about the likely escalation in construction costs, the risk of building “white elephant” projects, and that it might be a money-losing “business”. Some queried hosting of the Games cannot help our athletes achieve better performance and will not develop a strong sporting culture in the community. Some also suggested that a sustainable long-term policy on sport should be in place first before Hong Kong bid for the Games, and we should consider co-hosting more sports events with our neighbouring cities in the Mainland and Macau.

Media

- 3.21 The public consultation exercise has aroused considerable media interest on the subject.
- 3.22 Some editorials acknowledged that bidding to host the 2023 Asian Games would bring long-term and intangible benefits to Hong

Kong. They opined that there should be balanced development of a society; and there would be improved sports infrastructure and investments for future generations. Others without obvious stances suggest resources be allocated to sports development at school level, more detailed analysis on the costs and benefits and collaboration with neighbouring cities such as Shenzhen and Macau.

3.23 Some editorials took a different stance. They were concerned over possible “white elephant” projects, future escalating costs and money-losing “business”. They opined that priority should be given to other areas. The general sentiments, however, turned for the better on the heels of Guangzhou Asian Games (GZAG). Comparing investment on sports infrastructure between Guangzhou and Hong Kong, some newspapers expressed concern that Hong Kong was lagging behind. They also queried whether it was time to change the mentality that hosting international events was wasteful. With the opening of the GZAG, a few others explicitly called for support in staging the 2023 Asian Games.

Home Affairs Bureau
6 December 2010

**For Information
20 October 2010**

**Legislative Council Panel on Home Affairs
Sports Development Policy and Objectives**

Purpose

This paper briefly sets out the core objectives of the Government's sports development policy and describes key initiatives that are currently being implemented or are under planning with a view to achieving these objectives.

Sports Policy – Three Core Objectives

2. The Government's policy for sports development takes its cue from the 2002 report of the Sports Policy Review Team, entitled "Towards a more sporting future". The report set out the broad strategic aims for sports development policy, in terms of the need to: "develop a strong sporting culture in the community, achieve greater excellence by our elite athletes and raise our international profile on sport."

3. With a view to establishing a framework for implementing the sports development policy in line with these strategic aims, we have established three core objectives, under the umbrella of which we take forward the planning and implementation of specific initiatives. The objectives are –

- To promote greater community participation in sport;
- To develop sport at the elite level; and
- To raise Hong Kong's profile as a centre for international sports events.

4. Underlying these objectives is the view that participation in sport contributes significantly to sound physical and psychological health and

provides a basis for social interaction and a sense of belonging to the community. It also offers opportunities for career development and commercial diversification, thereby adding value to the economy. As shown by Beijing's successful hosting of the 2008 Summer Olympic Games, sport can also galvanise an entire country and promote national pride and confidence – a feature that was also evident in the public's reaction to the outstanding performances of our athletes in the 2009 Hong Kong East Asian Games.

A. Promotion of greater community participation in sport

5. We aim to promote far higher levels of sports participation in the community, in particular among young people. This will require us to make popular sports programmes easily available, and to provide sufficient venue capacity to allow people at all levels to have regular opportunities for practice, training and competition. To this end, we are planning or implementing the following specific initiatives –

- (a) To adopt a more strategic approach to planning new facilities and programmes to ensure that we can effectively promote much wider participation in sport at the district and schools' levels by –
 - Identifying current shortfalls in the provision of key sports facilities such as indoor sports centres and sports grounds;
 - Building new facilities to the appropriate standards to ensure that we at least meet the basic requirements in the Hong Kong Planning Standards and Guidelines – we have already begun planning for new facilities in districts that would otherwise have serious shortfalls of some types of facility by 2018; and
 - With reference to surveys conducted by the Sports Commission and the Census and Statistics Department, ascertaining the preferred sports of people from various age and gender groups and based on these preferences developing facilities and programmes, including territory-wide events such as the “Hong Kong Games” and “Sport for All Day” that will encourage far higher levels of participation.

- (b) To allocate more resources to schools'; and district level sports programmes by –
- Continuing our efforts to promote the “School Sports Programme” to encourage students to participate in sport on a regular basis;
 - Using part of the investment return from the new capital injected into the Arts and Sport Development Fund (ASDF) to provide more opportunities for training and competition at school and district levels; and
 - Working with the Hong Kong Sports Institute (HKSI) to ensure that talented youngsters can be identified from schools' and district programmes and encouraged to develop their potential fully – in 2010 the HKSI launched the Talent Development Programme, with the aim of identifying up to 400 potential junior elite athletes through sport-specific testing of students.
- (c) To review and expand the feeder scheme established in 2009 to encourage the recruitment and training of young potential athletes by “national sports associations” (NSAs), with a view to these athletes eventually representing Hong Kong at international level, including –
- Analysing the effectiveness of the scheme to date – since 2009 we have allocated some \$15 million to 22 NSAs (which include the two associations for athletes with disabilities – the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled and the Hong Kong Sports Association for the Mentally Handicapped) to conduct talent identification and training programmes;
 - Reviewing the number of young athletes identified and trained by the NSAs who have the potential to join the elite squads of the sports concerned; and
 - Considering potential refinements to the scheme, including extension of the scheme to more NSAs with the potential to develop junior athletes to the elite level.

- (d) To provide greater support from the additional ASDF resources and the Sir David Trench Fund for Recreation to NSAs that are responsible for developing team sports, in particular football, but also sports such as basketball, baseball, cricket, handball, hockey, rugby, softball and volleyball, by -
- Starting with football, supporting the engagement of development officers to supervise talent identification across schools, district-based and private sector (e.g., private housing estate-based) programmes for team sport players aged from 9 to 16; and
 - Providing grants to help NSAs develop temporary or permanent facilities at the district level – since 2009 we have earmarked \$26 million from the Sir David Trench Fund to fund projects in various districts, several of which involve team sports, including baseball, cricket, rugby and volleyball.

B. Developing sport at the elite level

6. Hong Kong athletes have made great progress in terms of the results that they have achieved in international events. Our most recent Asian Games and East Asian Games results were our best ever, and in mid-2010 we had 32 athletes from seven different sports ranked in the top 20 in the world. However, other countries and regions continue to upgrade their elite training programmes and make better facilities and support available to their top athletes. If Hong Kong is to keep pace and move ahead, we must do likewise. We will therefore –

- (a) Improve the quality of local training facilities so that athletes, including elite level disabled athletes have the support required to enable them to perform competitively at the highest level, by –
- Completing the redevelopment of the HKSI at Fo Tan at a total cost of around \$1.8 billion – the main features of the project, including a new 9-storey block, multi-purpose sports hall, 52-metre swimming-pool and boathouse will be completed in 2012. The redeveloped HKSI will feature integrated facilities to provide for training by elite level athletes with disabilities;

- Providing more support in the areas of sports science and medicine by allocating more space in the redeveloped HKSI to these areas and ensuring sufficient allocation of funds;
 - Earmarking funding from the ASDF to enable athletes to prepare properly for and have appropriate levels of support when competing in major international events – for the 2010 Asian Games and Asian Para Games we have reserved some \$28 million to support our athletes’ preparation for and participation in the games; and
 - Ensuring that new facilities that are built primarily to meet community needs are also of a sufficient standard to support training of elite athletes in sports that might not have easy access to the facilities at the HKSI, especially team sports.
- (b) Maintain and where appropriate increase the level of direct funding to top-level full-time athletes for training and living expenses, as well as ensuring that there are attractive incentives available to those who achieve good results at international level, for example, by –
- Allocating funding to the HKSI that is specifically earmarked for athletes and increasing the level of such funding as appropriate – in 2009-10 we allocated about \$96 million in direct financial and training support to HKSI-based athletes;
 - Reserving sufficient funds to ensure that we can offer appropriate levels of incentive to athletes who perform to a high level in major international sports events – the Sports Commission has recently reviewed and raised the levels of incentives for athletes, taking account of the levels of competitiveness of the events concerned; and
 - Providing funding through the Hong Kong Athletes’ Fund for athletes to obtain scholarships that will enable them to pursue further education and career-related training.
- (c) Ensure that full-time athletes are properly equipped to begin a “second career” upon retirement from top-level competition through the

provision of educational and career guidance, for example by –

- In the newly redeveloped HKSI providing ample space and facilities for full-time athletes to pursue part-time educational opportunities;
- Continuing to work with universities and other tertiary institutions to encourage them to recognise the value of athletes’ experience and knowledge gained from high level international sports competition and to give priority to accepting athletes with acceptable levels of academic ability – in 2010 16 athletes recommended by the HKSI or the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC) were accepted to tertiary education; and
- Supporting the efforts of the SF&OC to strengthen the Hong Kong Athletes Career and Education Programme established in 2008, which equips athletes with skills to help them enter new careers and provides job-specific guidance – we initially allocated over \$11 million to establish the ACEP for a “pilot” period, and we are now reviewing the funding allocation to ensure the long-term viability of this programme.

C. Raising our profile as a centre for major sports events

7. Every year Hong Kong hosts major international events that attract large numbers of local and overseas sports enthusiasts and showcase the city’s ability to organise and to appreciate high-level sports competition. Our annual rugby, golf, volleyball, badminton and cricket events are a firm fixture on the world’s sporting calendar, and the Hong Kong Marathon now draws some 60,000 participants. Hosting international events brings economic benefits and raises our international profile. It also encourages our athletes to perform at their best and inspires members of the public to become involved in sport themselves. With the aim of strengthening our major sports event calendar, we will –

- (a) Plan for the development of facilities that will allow us to host events at the highest international level in terms of the provision of spectator capacity and support facilities, for example, by –
 - Taking forward plans for the design, procurement and delivery of a modern, multi-purpose stadium complex at Kai Tak, to include a

50,000-seat stadium and a 4,000-seat indoor arena that would allow us to attract more top-level international sports events to Hong Kong; and

- Working with NSAs to identify the need for new venues or the redevelopment or refurbishment of existing venues that would allow Hong Kong to host attractive, world-class events on a regular basis.
- (b) Help NSAs to raise their capacity for organising major international events, in particular attracting new events to Hong Kong, by –
- Reviewing the “M” Mark scheme whereby the Government provides financial and technical support to NSAs for the staging of major events, with a view to using the investment return from the new resources injected into the ASDF to increase the funding available for individual events;
 - Considering the provision of one-off grants to NSAs to help them market and promote new events in order to raise the profile of these events and build up a strong and sustainable spectator base; and
 - Identifying more private sector sponsors to help NSAs organise major events by providing funding as well as marketing and organisational skills that can help improve the profile of events.

Conclusion

8. The core objectives set out in paragraph 3 above form the broad framework for our sports development policy. The specific initiatives outlined in this paper have been designed with a view to implementing this policy in a coordinated and practical manner. As we go forward, we will review and modify these initiatives as appropriate, in consultation with members of the sports community and other stakeholders, in particular at the district level. We will identify appropriate sources of funding for new and improved measures, including the sourcing of further sponsorship from the private sector.

Home Affairs Bureau
October 2010

IMPLICATIONS OF THE PROPOSAL

FINANCIAL AND CIVIL SERVICE IMPLICATIONS

Financial implications

Operating cost

In August 2010, the Home Affairs Bureau appointed GHK (Hong Kong) in association with MI Associates, AEG Ogden and Knight Frank Petty (the consultant) to undertake a consultancy study to assess the financial and economic impacts if Hong Kong were to host the 2023 Asian Games (the Games). According to the consultant's estimation, the operating cost of running the Games would approximately amount to **HK\$3.3 billion – \$4.1 billion** at the current price level, broken down as follows –

	Low case (\$ million)	Base case (\$ million)	High case (\$ million)
(a) Asian Games			
(i) Human resources	615	684	752
(ii) Information technology ¹	264	304	344
(iii) Village and catering ²	299	327	356
(iv) Venue sports events ³	190	211	233
(v) Finance and administration	101	110	120

¹ This includes the provision of hardware, software, network services and venue technology to support the Games operations. The costs associated with broadcast (e.g. production, distribution and facilities costs) are featured in item (xi) "Broadcast".

² Village operation includes temporary construction costs and operations for a fully serviced medical centre, a dedicated dining hall which could accommodate some 2,500 athletes and officials in one sitting and other ancillary facilities, and reinstatement costs after the Games.

³ The venue sports events costs include the hiring charges for commercial venues and sporting equipment etc. Venue fitting out costs such as temporary seating and overlay costs are featured separately under direct capital cost.

	Low case (\$ million)	Base case (\$ million)	High case (\$ million)
(vi) Transport	74	98	122
(vii) Commercial	135	151	166
(viii) Ceremonies	133	148	163
(ix) Security	94	104	115
(x) Volunteers	37	41	45
(xi) Broadcast	513	570	627
(xii) Bid-related expenditure ⁴	280	309	338
(xiii) Contingency @ 10%	274	306	338
Sub-total	3,009	3,363	3,719

	Low case (\$ million)	Base case (\$ million)	High case (\$ million)
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(b) Asian Para Games

(i) Asian Para Games	274	306	338
(ii) Contingency @ 10%	27	31	34
Sub-total	301	337	372

Total	<u>3,310</u>	<u>3,700</u>	<u>4,091</u>
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⁴ This includes the expenses payable to the Olympic Council of Asia (OCA) for the application and hosting fees, promotional campaign, marketing programme and bid preparation cost. In addition, VIP hospitality (e.g. flight and accommodation) should be provided for some 1,515 guests, comprising OCA Executive Board Members, Standing Committee Members, International Olympic Committee Members, OCA staff, judges and referees, medical and anti-doping supporting staff, as well as three delegates per National Olympic Committee (NOC) (total 45 NOCs) before and during the Games in accordance with the OCA constitution.

Direct capital cost

2. In addition to meeting the operational cost of running the Asian Games, we would need to incur capital cost to provide suitable venues for staging the Games. As we will not proceed with the original proposal to upgrade three proposed indoor sports centres in Yuen Long, Tai Po and Sha Tin (such upgrading works were estimated to cost \$8.5 billion with an estimated additional recurrent cost of \$15.6 million per annum), the direct capital cost has been reduced from the original estimate of \$10.5 billion to some **\$2.25 billion**⁵ at the current price level. This \$2.25 billion will be used for overlay works to existing Government and non-Government facilities. There will be no additional recurrent cost arising from the overlay works.

Indirect capital cost

3. Apart from the \$2.25 billion direct capital cost for overlay works, we would need to proceed with / bring forward the construction and redevelopment of eight sports facilities, within the required timeframe of hosting the Asian Games in 2023. These projects, which will be required to cater for the long term needs of the community with or without the Asian Games, are estimated to cost about **HK\$30.17 billion** at the current price level. Of these projects, by far the most significant is the proposed Multi-purpose Stadium Complex (MPSC) at Kai Tak, which is estimated to cost approximately \$19.7 billion.

4. Before a formal bid is submitted for the Asian Games, we will seek Finance Committee's acceptance in principle of the financial implications involved. Should Hong Kong's bid be successful, we will seek Finance Committee's formal approval of the operating expenditure involved. As for the direct and indirect capital costs set out in paragraphs 2 and 3, we will go through the established funding procedures of seeking the approval of the Public Works Subcommittee/Finance Committee.

⁵ The overlay allowance is a budgetary allowance to cover the temporary provisions such as temporary seating, media works area, temporary toilets and changing rooms, venue dressing, signage etc. required by 41 competition venues including the hired venues and proposed venues in neighbouring cities.

Others

5. Adding to the overall capital cost of hosting the Games would be the requirement to provide an Athletes' Village with about 3,000 flat units to accommodate the delegations. Depending on the mode of delivery, there could be direct and opportunity costs associated with providing this accommodation.

Projected revenue

6. Part of the operational costs could be offset by the sale of tickets, merchandising and sponsorships. According to the consultant, the ballpark estimate of such income would amount to HK\$0.7 billion – \$0.9 billion at the current price level, broken down as follows –

	Items	Low case (\$ million)	Base case (\$ million)	High case (\$ million)
(a)	Net sponsorship income ⁶	562	624	687
(b)	Television income ⁷	0	0	0
(c)	Net ticket sales income ⁸	68	84	90
(d)	Net merchandising income ⁹	37	42	46

⁶ According to the OCA constitution, 33% of the income after commission to the marketing agent should be given to OCA as contribution. The figures shown are the net income after deducting contributions to OCA.

⁷ According to the bidding questionnaire provided by OCA, 100% of the television income should be given to OCA as contribution.

⁸ According to the bidding questionnaire provided by OCA, 25% of the ticketing revenue will be reserved for distribution to the Asian Federations by OCA. The figures shown are the net income after deducting contributions to OCA.

⁹ According to the OCA constitution, 33% of the net profit from merchandising should be given to OCA as contribution. The figures shown are the net income after deducting contributions to OCA.

Items	Low case (\$ million)	Base case (\$ million)	High case (\$ million)
(e) Other income ¹⁰	24	27	30
Total	<u>691</u>	<u>777</u>	<u>853</u>

Civil service implications

7. According to the consultant, human resource costs are estimated to range from \$615 million to \$752 million at the current price level. The costs mainly cover salaries, gratuity, and on-costs of the staff hired by the Asian Games organizing body, growing from three persons in Year 1 to a peak headcount of 615 during the year of the Games. Reference has been made to the 2009 East Asian Games experience, but allowing for 10% increase to reflect the increased depth and complexity of the Asian Games. A provision of 15% gratuity and 20% on-costs is also assumed. At this stage, we have not decided on the mix of civil servants and non-civil servants of the manpower requirement yet. The above manpower cost estimates are calculated on the assumption that all of them are non-civil servants. Additional civil service posts, if required, will be sought in accordance with established procedures.

ECONOMIC IMPLICATIONS

8. Hosting the Asian Games would bring direct and indirect economic benefits by attracting business, tourist spending and employment. The event will draw world-class athletes and coaches to Hong Kong, thereby boosting local interest in sport and attracting Mainland as well as overseas visitors. Indirectly, the event is likely to strengthen civic pride and enhance Hong Kong's image as Asia's World City and a centre for major international sports events. According to the consultant's estimation, about 9,400 – 10,100 jobs¹¹ would be directly / indirectly created, and some 48,000 to 66,000 tourists would be attracted to Hong Kong. The projected economic benefits in quantifiable terms are estimated at HK\$0.4 billion - \$0.5 billion at the current price level.

¹⁰ Other income may include sales of stamps and commemoration coins.

¹¹ Of which 1 500 to 2 200 jobs would be created from visitors' spending, 1 800 for overlay works, 3 000 for security work, 990 for transportation services, 800 for information technology services, 700 for catering services and 615 for the Asian Games organizing body.

ENVIRONMENTAL IMPLICATIONS

9. If we were to bid to host the Asian Games there might be questions as to whether Hong Kong's air quality would meet the expectations of athletes and the international community for a world class sports event. We will consider the most suitable environmental protection measures and ensure that any new or upgraded venues would be designed and operated to meet the highest energy efficiency standards achievable within a reasonable budget. The environmental impact of future sports events and venues for the Asian Games during construction would also be addressed in accordance with applicable environmental laws and standards.

SUSTAINABILITY IMPLICATIONS

10. From the sustainability point of view, the staging of a successful international sports event will improve social cohesion and boost civic pride. The provision of new and improved sports facilities for the event will enhance the vibrancy of Hong Kong sport, and also provide additional employment opportunities for construction workers and amenity management personnel. Hosting the Asian Games will help promote interest and participation in sport within the wider community, which will have a positive impact on the general health of the people of Hong Kong in the long run.