

LegCo Panel on Home Affairs

The Fifth East Asian Games in 2009

INTRODUCTION

At the meeting of the Legislative Council Panel on Home Affairs held on 14 July 2003, Members discussed the proposal to bid for the right to host the Fifth East Asian (EA) Games in 2009 in Hong Kong. At the meeting, Members asked for additional information about projected expenditure and income as well as the facilities for holding the event. This paper provides the additional information for Members' consideration.

FINANCIAL IMPLICATIONS

Overview

2. We have conducted a feasibility assessment and have concluded that Hong Kong is capable of hosting the 2009 EA Games. In carrying out the assessment, we have also made reference to the previous consultancy study conducted when Hong Kong bid for hosting the 2006 Asian Games.

3. On the whole, we expect that hosting of the Fifth EA Games would need an estimated expenditure of \$171M. On the revenue side, we expect to generate an income of \$87M, resulting in an anticipated deficit of \$84M.

PROJECTED EXPENDITURE

4. The estimated gross expenditure for hosting the 2009 EA Games are broken down as follows:

	HK\$ M
(a) Staff	50
(b) Administration	8

(c) Information technology facilities and equipment	10
(d) Broadcasting costs	20
(e) Accommodation and catering	8
(f) Venue sports events	19
(g) VIP hospitalities	5
(h) Transportation	4
(i) Publicity	8
(j) Opening and closing ceremonies	25
(k) Security	10
(l) Volunteers	4
Total	171

5. As regards paragraph 4(a), with the scale of the EA Games and on the basis that the National Sports Associations (NSAs) will organise individual competition events (with an estimated programme cost of \$9.85M which is reflected in paragraph 4(f)), we estimate that about 100 staff would be required to help organise the event. We will make arrangements, on a need basis, for the Leisure and Cultural Services Department (LCSD) staff to be seconded to the organising committee to provide support to it.

6. As regards paragraph 4(b), the EA Games is of a smaller scale as compared with the Asian Games in Annex I. We previously estimated that \$85M would be required as administrative cost for holding the Asian Games. We therefore estimate that the administrative cost for holding the EA Games would be about \$8M.

7. As regards paragraph 4(c), to host the event will require measurement device which can accurately record the times and scores achieved in each event, and a properly interfaced results system which is capable of communicating the results quickly and accurately to broadcasters, radio, and TV commentators, press and judges and to competitors and spectators via scoreboards at each venue. In addition, such information has to be made available to the public via the Internet. The total cost for hardware and software as well as other expenses on information technology and telecommunication equipment and facilities is estimated at \$10M, with breakdown as set out in Annex II.

8. As regards paragraph 4(d), the organising committee will need to set up an international broadcasting centre (IBC) and employ a host broadcaster to produce television pictures of the Games and to provide the feeds to overseas TV rights holders. The estimated cost for setting up an IBC for the Asian Games is \$60M. For EA Games with a smaller scale, an estimate of \$10M should be sufficient. For hosting the EA Games with 20 sports, it will involve a total of 120-130 competition-days. We estimate that the cost for providing TV pictures for broadcasters, covering 140 competition-days, is around \$9M. Another \$1M is needed to cover rental costs, air conditioning, electricity and maintenance for the smaller-scale IBC.

9. As regards paragraph 4(e), the costs for providing accommodation (standard twin-bed hotel room) and meal (at the hotel) for 2,000 athletes and 300 delegation members during non-peak season (the EA Games will be held in November) are estimated to be about \$8M (on the basis of \$350 per accommodation/catering per head per night and an average period of stay of 10 days).

10. As regards paragraph 4(f) on expenditure for venue sports events, there is a need both to purchase the necessary equipment in order to stage the events, and to upgrade the venues to accommodate spectators, media and competitors to the standards for holding EA Games. Based on the consultancy study for bidding the 2006 Asian Games, we considered that with some improvements and upgrading to the facilities in Hong Kong, we were capable of hosting the Asian Games. We have followed the advice of the consultancy study in selecting venues for staging the EA Games. The venue assessment is set out in Annex III for Members' reference. Upgrade or venue fit out costs will include temporary seating, portable toilets, fencing, additional cameras and commentary platforms and additional video screen and scoreboards. We estimate that the cost for these additional temporary works, inclusive of the hiring charges for using non-Government venues and the programme organizing costs (around \$10M) to be incurred by the NSAs (based on previous experience in organizing sports events in Hong Kong in partnership with NSAs), would be about \$16M.

11. As regards doping test, it would be more cost-effective to make use of the doping centre in Beijing. About \$3M would be required for transporting samples daily and for using the facilities. As such, the total estimated expenditure for venue sports events is \$19M.

12. As regards paragraph 4(g), we expect that about 200 VIPs including head-of-states, members of the International Olympic Committee and Olympic Council of Asia will visit Hong Kong during the Games period. The estimated cost for providing accommodations, transport and associated hospitality is about \$5M (200VIPs) with hotel accommodation/catering cost of \$1,500 per head per night, and with average period of stay of 7 days, and daily hiring of saloon car for transportation at unit cost of \$2,000.

13. As regards paragraph 4(h) on transport, the host city is required to provide transport for athletes, officials and delegation members to travel between competition venues, training venues and accommodation. Considering also the traveling expenses for volunteers, an amount of \$4M is estimated for transportation.

14. As regards paragraph 4(i), the EA Games is a major sporting event in the region. To market the Games and to enhance the image of Hong Kong as the host city, we need around \$8M for publicity.

15. As regards paragraph 4(j), the opening and closing ceremonies are the showpiece of major Games and involve thousands of performers and artists. The estimates are \$17M and \$8M respectively. The amount will include venue preparation, cultural and entertainment programmes, rehearsals, pre-ceremony receptions, temporary staff and related publicity. The total estimated cost is \$25M.

16. As regards paragraph 4(k), the host city is required to provide adequate security for personnel and property during the event. The service will include the provision of a secure environment for athletes and officials, spectators and VIPs, control access to key event locations, responding to security incidents and monitoring the perimeter of key locations. We previously estimated that \$50M would be required for the Asian Games if all the events were to be covered by the Hong Kong Police. With the smaller scale of EA Games, we estimated that \$10M would be required for covering security cost.

17. As regards paragraph 4(l), to hold the EA Games with 20 competition events, about 2,000 volunteers will be required. To cover the costs for recruitment, clothing and training of the volunteers, we need an estimate of \$4M. This comprises the setting up of a volunteer centre with operation for 12 months at a cost of \$1.5M, and the unit cost for voluntary helpers including travelling expenses is \$1,250.

18. The total estimated cost for holding the 2009 EA Games is thus \$171M.

19. It should be noted that the estimated expenditure of \$171M has not included financial implications in respect of the hiring charges for using Government venues for staging the opening and closing ceremonies and the competition events. In this regard, notional revenue of around \$5 million as indicated at Annex IV would be forgone.

PROJECTED REVENUE

20. We expect that the gross revenue to be generated from hosting the 2009 EA Games would be about \$87 million, broken down as follows:

	HK\$M
(a) Sponsorship	30
(b) Television Rights	25
(c) Ticket Sales	10
(d) Licensing and Merchandising	10
(e) Charged Accommodation	8
(f) Other Income	4
Total	87

21. As regards paragraph 20(a) on sponsorship, it will include title sponsors, official suppliers, local sponsors, etc. We previously estimated that a sponsorship of \$595M could be obtained for hosting the Asian Games. Having regard to the scale of the EA Games, the market situation in Hong Kong as well as the additional Chinese dimension to the potential sponsorship market, we estimate that about \$30M revenue could be generated from sponsorship.

22. As regards paragraph 20(b) on television rights, broadcasters will be invited to bid exclusive coverage of all or certain competition events. Given the scale of the event and the relatively lack of competition in the television markets of the main participating nations, we expect that the revenue from television rights would be around \$25M (less than 10% of the \$270M estimated for holding Asian Games).

23. As regards paragraph 20(c), having regard to the scale of EA Games and the seating capacity of the venues, we estimate that the revenue from ticket sales would be about \$10M. The average ticket price is estimated at \$40.

24. As regards paragraph 20(d) on licensing and merchandising, toys, stationeries, pin badges, cups, hats, games and clothing, etc. are typical products as merchandise of the event. However, as income generated from previous EA Games in this respect has not been high, we expect that the net income from the sale of merchandise products would be about \$10M.

25. As regards paragraph 20(e) on charged accommodation, in line with the practice of previous EA Games, athletes and delegation members would be charged for accommodation and catering costs. Assuming 2000 athletes/delegation members (at around 80% turn up rate) and a unit cost of \$390 per head per night and an average stay of 10 days, the estimated income would be about \$8M.

26. As regards paragraph 20(f), we expect that about \$4M revenue would be generated from other sources of income such as coins, stamps, and other fundraising initiatives.

27. The total estimated revenue is thus \$87M, and there is an anticipated deficit of \$84M.

FACILITIES

28. We have provided our venues assessment as at Annex III. A comparison with the key venues to be provided by Macau for the 2005 EA Games is at Annex V. With the proposed upgrade and improvement in facilities, we are convinced that we have the proper facilities to hold the 2009 EA Games.

INCOME AND EXPENDITURE POSITION OF PREVIOUS AND COMING EA GAMES

29. We do not have information about the first EA Games held in Shanghai. For the 2nd EA Games held in Pusan and the 3rd one held in Osaka, the income and expenditure were balanced in the published statements but items like support fund, aid fund (national subsidy, city subsidy, etc.), contributions from local government, etc. were included in the income items, indicating that the budgets were balanced with Government financial support.

30. As for the 2005 EA Games in Macau, apart from separately earmarking \$2,000 million for infrastructures budget (for building new infrastructures and venues which in the case of Hong Kong are already available), Macau has budgeted \$150M for the operating expenses for the period from July 2000 to June 2006. The estimated revenue is \$100M. The order of magnitude for income and expenditure is roughly the same as that of Hong Kong.

WAY FORWARD

31. We will invite the Finance Committee on 18 July 2003 to accept the financial implications for holding the 2009 EA Games. Subject to the approval of the Finance Committee, the Sports Federation and Olympic Committee of Hong Kong will immediately have to submit an Expression of Interest to the EA Games Association with the guarantee and commitment of the Government of the HKSAR.

32. Should Hong Kong's bid be successful, we would prepare a detailed estimate on the funding requirements for hosting the 2009 EA Games and would make a separate submission to the Finance Committee on the financial commitment required.

Home Affairs Bureau
July 2003

Scale of Asian and EA Games

In view of the following factors, the EA games is of a smaller scale as compared with the Asian Games -

Factors	EA Games	Asian Games
(a) Games duration :	10 to 12 days	14 days
(b) Competition events :	20	35
(c) Participating countries/regions :	11	44
(d) Participating athletes/delegation officials :	2,000	11,000

Annex II

Information Technology Facilities and Equipment

- To set up a Central Information Centre with 50 sets of desktop computers, monitors, printers, software, wall screen television sets, connection of inter-net, etc. for reporters from all over the world. (\$ 2.5 million)
- To design and set up a new computerized communication network to link up the different venues through inter-net. (\$ 1 million)
- Five sets of information retrieving system, including computers, monitors, printers, software, inter-net installations, etc. are required to be installed at each of the 20 competition venues. (\$ 3.5 million)
- To install measurement devices for recording the time and scores for different sports. (\$ 1.5 million)
- To install a comprehensive tele-communication system, fax machines, photocopying machines, etc. at 20 activity venues and the Central Information Centre. (\$1.5 million)

Venue Assessment

Proposed Venues	Seat Capacity (Temporary Seating)	Facility Upgrading Cost (\$)	Additional Facilities Required
Hong Kong Stadium	40,000 (0)	-	<ul style="list-style-type: none"> ▪ Additional spectator amenities ▪ Upgrade sports lighting
Siu Sai Wan Sports Ground	12,000 (0)	0.88M	<ul style="list-style-type: none"> ▪ Temporary scoreboards ▪ Additional spectator amenities ▪ Additional warm-up tracks
Kowloon Park Swimming Pool	1,800 (0)	0.25M	<ul style="list-style-type: none"> ▪ Temporary sports lighting ▪ Temporary scoreboards ▪ Spectator amenities
Tseung Kwan O Sports Centre	500 (1,500)	0.2M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Temporary scoreboards ▪ Additional spectator amenities ▪ Airlocks to all field-of-play entry points
Kowloon Park Sports Centre	0 (2,000)	0.15M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Temporary scoreboards ▪ Spectator amenities

Proposed Venues	Seat Capacity (Temporary Seating)	Facility Upgrading Cost (\$)	Additional Facilities Required
South China Athletic Association	0 (300)	0.2M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Temporary scoreboards ▪ Spectator amenities
Queen Elizabeth Stadium	3,500 (0)	0.1M	<ul style="list-style-type: none"> ▪ Field-of-play / Boxing ring ▪ Temporary scoreboards ▪ Spectator amenities
Western Park Sports Centre	550 (1,000)	0.15M	<ul style="list-style-type: none"> ▪ Field-of-play / Pistes etc. ▪ Temporary seating ▪ Score machine / Scoreboards ▪ Spectator amenities
MK Stadium	9,000 (0)	0.2M	<ul style="list-style-type: none"> ▪ Additional spectator amenities
Hong Kong Convention and Exhibition Centre, Phase II, Hall 3, Level 7	(0) (3,200)	1.7M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Temporary scoreboards ▪ Field-of-play/Sport flooring etc. ▪ Partition walls/Curtains ▪ Gymnastics Equipment

Proposed Venues	Seat Capacity (Temporary Seating)	Facility Upgrading Cost (\$)	Additional Facilities Required
Shek Kip Mei Park Sports Centre	400 (1,000)	0.18M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Temporary sports lighting / Scoreboards ▪ Field-of-play / Podiums ▪ Temporary curtain / Partitions ▪ Spectator amenities
Shatin Rowing Centre	0 (2,000)	0.22M	<ul style="list-style-type: none"> ▪ Temporary spectator seating ▪ Additional spectator amenities ▪ Start tower / Finish tower / Timing huts ▪ Lane buoy system ▪ Boat storage / pontoons ▪ Temporary structure for competition management and supporting facilities etc.
Boundary Street Sports Centre 1&2	(0) (1,000)	0.28M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Sports lighting ▪ Field of play / Sport flooring ▪ Additional spectator amenities ▪ Scoreboards

Proposed Venues	Seat Capacity (Temporary Seating)	Facility Upgrading Cost (\$)	Additional Facilities Required
Victoria Park Tennis Court	4,000 (0)	0.15M	<ul style="list-style-type: none"> ▪ Scoreboards ▪ Spectator amenities
Hong Kong Squash Centre	500 (500)	0.15M	<ul style="list-style-type: none"> ▪ Temporary seating / Scoreboards ▪ Field-of-play ▪ Additional spectator amenities ▪ Sports lighting
Ma On Shan Sports Centre	800 (2,200)	0.22M	<ul style="list-style-type: none"> ▪ Temporary scoreboards ▪ Temporary seating ▪ Field-of-play / Sport flooring ▪ Additional spectator amenities ▪ Partition walls
Wai Tsuen Sports Centre	0 (1,500)	0.17M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Sports lighting / Scoreboards ▪ Field-of-play / Sport flooring ▪ Additional spectator amenities

Proposed Venues	Seat Capacity (Temporary Seating)	Facility Upgrading Cost (\$)	Additional Facilities Required
Harbour Road Sports Centre	800 (700)	0.1M	<ul style="list-style-type: none"> ▪ Temporary seating ▪ Additional spectator amenities ▪ Temporary scoreboards / Sports lighting ▪ Field-of-play / Flooring ▪ Temporary warm-up courts
Kwai Tsing Theatre	900 (0)	0.25M	<ul style="list-style-type: none"> ▪ Field-of-play / Sports flooring ▪ Scoreboards / Sports lighting ▪ Partition walls / Curtains
Clear Water Bay Country Club	N.A.	0.25M	<ul style="list-style-type: none"> ▪ Temporary structure for competition management ▪ Temporary media centre ▪ Field-of-play / Race course ▪ Boat storage area ▪ Additional spectator amenities
Hong Kong Coliseum	12,500 (0)	0.35M	<ul style="list-style-type: none"> ▪ Temporary sports lighting / Scoreboards ▪ Field-of-play / Wushu mat ▪ Additional spectator amenities ▪ Partition walls / Curtains
Total Upgrading Cost:		6.15M	

**Breakdown of Estimated Revenue Forgone for
Staging the 5th East Asian Games**

Proposed Venue	No. of Days Used				Notional Venue Charge
	Site Preparation	Event Days	After Event	Total	
HK Stadium * for Opening	4	1	1	6	\$998,600
HK Stadium * for Closing	1	1	1	3	\$489,000
Siu Sai Wan Sports Ground *	4	8	2	14	\$170,900
Kowloon Park Swimming Pool *	4	10	2	16	\$140,750
Tseung Kwan O Sports Centre *	4	7	2	13	\$146,200
Preliminaries – Kowloon Park Sports Centre *	2	3	1	6	\$55,600
South China Athletic Association	Included in programme operating cost				-
Queen Elizabeth Stadium *	4	10	1	15	\$265,900
Western Park Sports Centre *	4	8	2	14	\$135,400
Preliminaries – MK Stadium *	3	3	1	7	\$42,800
Finals – HK Stadium *	1	1	0	2	\$312,300
HK Convention Exhibition Centre	Included in programme operating cost				-
Shek Kip Mei Park Sports Centre *	4	6	2	12	\$167,300
Shatin Rowing Centre *	Included in programme operating cost				-
Boundary Street Sports Centre 1&2 *	4	6	2	12	\$80,250
Victoria Park Tennis Court *	4	6	1	11	\$80,450
HK Squash Centre *	4	6	1	11	\$94,000
Ma On Shan Sports Centre *	4	8	2	14	\$77,000
Wai Tsuen Sports Centre *	4	6	2	12	\$79,100
Preliminaries – Harbour Road Sports Centre *	4	3	2	9	\$96,600
Finals – HK Coliseum *	5	8	2	15	\$1,104,500
Kwai Tsing Theatre *	3	6	1	10	\$160,700
Clear Water Bay Country Club	Included in programme operating cost				-
	Total:				\$4,697,350

* LCSD Venues

A Comparison of the Key Venues in Hong Kong and Macau

<u>Hong Kong</u>		<u>Macau</u>	
<i>Venues</i>	<i>Seating Capacity</i>	<i>Venues</i>	<i>Seating Capacity</i>
Kowloon Park Swimming Complex	1,800	Macau Olympic Swimming Complex	1,500
Hong Kong Stadium	40,000	Macau Sports Ground	15,000
Queen Elizabeth Stadium	3,000	Macau Polytechnic Indoor Stadium*	3,000
Hong Kong Coliseum	12,500	Macau East Asian Games Indoor Stadium*	5,000
Hong Kong Convention and Exhibition Centre	3,200	Tap Seac Indoor Stadium*	3,850

* to be built