

For discussion on
27 February 2017

**Legislative Council Panel on Home Affairs
Kai Tak Sports Park**

PURPOSE

This paper briefs Members on the progress of the preparation in respect of the Kai Tak Sports Park (Sports Park) project and seeks Members' views on and support of the funding application to the Finance Committee (FC) for the construction of the Sports Park.

BACKGROUND

2. The Outline Zoning Plan for the Kai Tak Development (S/K22/4) includes a sports park suitable for hosting major international events and providing community sports facilities for enjoyment of the public. On 3 July 2015, the FC approved, vide FCR(2015-16)22, the funding application for the Government to carry out pre-construction works, including ground investigation, utility mapping, topographic and tree surveys, as well as drawing up a reference layout plan and tender documents, for the Sports Park.

PROGRESS OF PREPARATION

3. The preparatory work for the Sports Park has been substantially completed. The progress of major aspects of work is set out below -

- (a) The environmental impact assessment (EIA) was carried out from 2014 to 2016. The EIA report was approved under the Environmental Impact Assessment Ordinance by the Environmental Protection Department in January 2017. On noise mitigation, the Main Stadium will be equipped with acoustic features, including the installation of a retractable acoustic roof, the attachment of acoustic panels underneath its fixed portion of roof and the provision of double acoustic doors at its entrances, to control the potential noise impact arising from sports and musical events during the daytime and

in evenings. A designated crowd dispersal route will be used for major events which finish at or later than 10:30 pm to address any potential noise problems;

- (b) We submitted to the Town Planning Board (TPB) an application in January 2017 to relax the building height restriction on the Main Stadium, to develop a hotel next to the Main Stadium to cater for the accommodation needs of participants of sports and other events, and to allow an eating place with alfresco dining in the Public Open Space to enhance its vibrancy. In October 2016, we briefed and consulted the Task Force on Kai Tak Harbourfront Development under the Harbourfront Commission on the planning application. The Task Force raised no objections. The TPB is considering the above-mentioned planning application;
- (c) Works on ground investigation, utility mapping, topographic and tree surveys were completed in February 2017. Relevant information will be included in the tender documents for bidders' reference; and
- (d) Since July 2015, the joint venture of KPMG and Advisian, the Leigh & Orange Limited, the Rider Levett Bucknall Limited and the Clyde & Co have been appointed as the Operations Consultant (OC), Technical Services Consultant (TSC), Quantity Surveying Consultant (QSC) and Legal Consultant for the Sports Park project respectively. The OC is responsible for studying the procurement arrangements, business plan, financial projection and operating requirements of the Sports Park. The TSC is responsible for drafting a reference layout plan for the Sports Park taking into account views of the sports sector, other potential users and stakeholders, and drawing up detailed technical requirements and specifications for the design and construction of the project. The QSC is assisting in preparing the tender documents while the Legal Consultant is advising on the drafting of the tender documents and works contracts.

MAJOR FACILITIES OF THE SPORTS PARK

4. After extensive consultation with the sports sector, concerned district councils, the Task Force on Kai Tak Harbourfront Development under the

Harbourfront Commission and other stakeholders as well as a two-month public engagement exercise, the proposed scope of the Sports Park is as follows -

- (a) a multi-purpose **Main Stadium** with a spectator capacity of around 50 000 for major sports events, including international football and rugby matches, as well as cultural and entertainment events such as concerts and large-scale community activities. The Main Stadium is equipped with an acoustic retractable roof and a flexible turf system. It can also be turned into different spectator configurations (between 20 000 seats and 50 000 seats) by means of stage positioning, draping and other settings to cater for the needs of different activities;
- (b) a **Public Sports Ground**, with a spectator capacity of around 5 000 and suitable for school athletics meets, athletics training, and local football and rugby matches. During non-event days, it will be open for members of the public to jog, exercise and play football;
- (c) a large **Indoor Sports Centre** with a multi-purpose main arena¹ and an ancillary sports hall. Having consulted the views of the sports sector, the seating capacity of the main arena has been increased from the initial proposal of 4 000 to 10 000 whereas that of the ancillary sports hall has been increased from 400 to 500 to allow tournaments of different nature in the two venues and to meet the venue requirements of more international competitions. On non-event days, the main arena and the ancillary sports hall can provide a space equivalent to around 48 badminton courts for community indoor sports activities. The main arena can also be used to host other events, including cultural and entertainment events, and community activities;
- (d) retail and dining outlets with a gross floor area of about 60 000 square metres (m²), a bowling centre with 40 lanes and a health and wellness centre with a gross floor area of about 2 500 m². These commercial facilities may attract more visitors to the Sports Park. To enhance the connectivity of the Sports Park and waterfront, we have included the

¹ Depending on the space required for an event, the main arena can be set for different spectator configurations. For example, the badminton competition mode (i.e. six badminton courts in a row) can accommodate 7 000 spectators whereas the boxing ring or centre stage mode can accommodate 10 000 spectators.

“dining cove” of about 3 000 m² adjacent to the south of the Main Stadium into the scope of the project. Regarding the office building initially proposed to be built to the west of the Sports Park, it will be developed together with the proposed hotel (see paragraph 3 above) through land tender separately;

- (e) more than 8 hectares of **Public Open Space** including a platform across Shing Kai Road, a landscaped garden, waterfront promenade, passive amenities and park features such as outdoor courts, children’s playgrounds, fitness stations, jogging trail, a cycle track connecting the cycle track network in the Kai Tak Development Area, etc; and
- (f) ancillary facilities such as toilets, changing rooms, etc.

— The floor plan of major venues is at **Annex 1**. The roof plan, artist's
— impression, sections and plan of barrier free access are at **Annex 2**.

SPORTS DEVELOPMENT POLICY OBJECTIVES

5. The Government’s policy for developing sports in Hong Kong has three board objectives: to promote sports in the community, to support elite sports and to make Hong Kong a centre for major international sports events. Being the most important sports infrastructure, the Sports Park will help achieve these objectives. The Sports Park provides a number of multi-purpose venues, including venues for international competitions, quality public sports facilities, a leisure park, retail and dining outlets, etc., for the enjoyment of athletes and public.

6. With reference to the parameters set out in the Hong Kong Planning Standards and Guidelines (HKPSG), the provision of public sports grounds and indoor sports centres in Hong Kong is insufficient. Over the past three years (from 2014 to 2016), the usage rate of public sports ground in the territory was nearly 100%, and the peak time usage rate for main arenas in indoor sports centres exceeded 90%. In East Kowloon, based on the parameters set out in the HKPSG and the population projections for Kowloon City, Kwun Tong and Wong Tai Sin, it is estimated that there will be a shortfall of three indoor sports centres and one public sports ground by 2024. The completion of the Sports Park will help relieve the shortfall of public sports facilities in both the

neighbouring areas and Hong Kong at large.

7. As for the provision of facilities for elite athletes to undergo training and participate in competitions, the redeveloped Hong Kong Sports Institute (HKSI) in Fo Tan offers enhanced training facilities available to our top athletes. The sport facilities in the Sports Park complement that of the HKSI and will be used for international competitions, thereby creating more opportunities for our athletes to compete at the international level and at home ground.

8. At present, the hosting of major sports events relies primarily on the Hong Kong Stadium, the Hong Kong Coliseum and the Queen Elizabeth Stadium. As these venues were built (or redeveloped) between the 1980s and the 1990s and due to the locational and spatial constraints, they cannot be upgraded to fully meet standards expected by current major sports events. For example, there are deficiencies in the areas of seating capacity and services for spectators; back-up facilities for athletes, officials and the media; and the flexibility in meeting special needs of events. As many neighbouring cities have developed or are developing state of the art sports venues, the development of the Sports Park will help Hong Kong avoid losing its existing major sports events and enhance our competitiveness in seeking to host new large-scale competitions.

PROCUREMENT APPROACH

9. In 2015, when the Public Works Sub-committee (PWSC) of the Legislative Council (LegCo) considered the funding application for the pre-construction works of the Sports Park, some Members had commented on the “Design-Build-Operate” (DBO) approach for procurement. In view of this, we instructed the OC to make a detailed analysis on various procurement approaches based on the following factors and compare their pros and cons -

- (a) the ability to deliver an integrated, vibrant and functional sports venue;
- (b) the ways to allocate risks (especially commercial risks) and ensure value for money; and

- (c) the ability of the Government to supervise and monitor the Sports Park during its construction and operation phases, to execute the contract effectively and to accomplish its sports policy objectives.

10. After an in-depth analysis on various procurement options, the OC considers that, the DBO approach will allow the future operator of the Sports Park to directly participate in the design of facilities and have the opportunity to put forward enhancement suggestions during design and construction phase. This will help ensure that the hardware of the Sports Park can fully meet future operational needs, thus realizing the full potential of the project. To allow a single consortium to design and construct the Sports Park according to its operation strategy will also help enhance construction efficiency and risk management, and ensure the timely delivery of the project. Engaging one consortium can ensure that professional staff who are experienced in the operation of sports and commercial facilities will participate in the design, construction and operation of the project at an early stage, which is crucial to the successful and sustainable operation of the Sports Park. For the Government, concluding a DBO contract with a single consortium will facilitate its supervision and management over the project.

CONTRACTUAL ARRANGEMENTS

11. We propose that the Sports Park should operate on a self-financing basis and share part of its gross income with the Government. Bidders are required to bid the percentage share in their price proposals. The successful consortium, regardless of downside market situation or any other reasons leading to a loss in the operation of the Sports Park, will bear all commercial risks and operation costs without any subsidies from the Government. Taking into account the risks borne by the consortium and the expectation of the market to have sufficient operation time to average out the risks, we propose that the Government and the successful consortium should enter into a contract that is long enough (e.g. 25 years covering the design, building and operation phases) to allow the future operator of the Sports Park to formulate a business plan with long-term targets and have adequate time to create new flagship events, build audience and strive to host major international events. We will set out the contract period and the concerned arrangements in the tender documents.

OPERATING REQUIREMENTS

12. “Operating requirements” is an important part in the DBO contract that regulates the future operation of the Sports Park in terms of daily management, venue hiring, facilities maintenance, etc. One essential elements of the “operating requirements” is to ensure that facilities of the Sports Park are available to the community and the sports sector at reasonable hours and affordable prices. Modelled on the venue hiring policy of the Leisure and Cultural Services Department (LCSD), we have developed the following key principles -

- (a) The **Public Sports Ground** will be exclusively used for sports such as school athletics meets, athletics training, local football and rugby matches, community jogging and exercise free of charge, etc.;
- (b) The **Indoor Sports Centre** will be used mainly for sports, i.e. at least two-thirds of the available court hours to be used for sports activities, including ticketed or non-ticketed sports events, and for daily hire by members of the public;
- (c) the **Main Stadium** will host at least 10 football matches annually. Various kinds of other large-scale events, such as rugby matches, extreme sports performances, concerts, etc., can be held in the remaining slots to make the best use of the 50 000-seat Main Stadium and meet the needs of various sectors;
- (d) **Public Open Space** will be open 24 hours throughout the year for community use (part of the space is also available for hire by temporary events); and
- (e) the fees, booking arrangements, opening hours of the Main Stadium, the Indoor Sports Centre, the Public Sports Ground and outdoor courts for sporting use shall make reference to that of similar facilities under the LCSD.

13. To ensure the operation of the Sports Park complies with the “operating requirements”, the Home Affairs Bureau (HAB) will set up a

dedicated monitoring team to oversee the operation of the Sports Park, including examine reports submitted by the operator regularly and conduct site visits. If the operator's performance is unsatisfactory, HAB will take follow-up actions and require the operator to review and improve performance.

BUSINESS PLAN AND FINANCIAL PROJECTIONS

14. The OC has developed a reference business plan in accordance with the above contractual arrangements and “operating requirements” to help the Government to estimate the financial performance of the Sports Park during operating phase. The OC considers that the financial performance of the Sports Park will enter a steady state after about three years of operation. Under a stable market condition, the operation of the Sports Park should generate a surplus before revenue sharing with the Government (see **Annex 3** for the annual financial projection of the OC). The OC reminds the Government that the accuracy of its financial projection is, to a large extent, subject to the rental market of retail industry and the event revenue of the Main Stadium. When developing the reference business plan, the OC estimated the number of possible events to be held in the Sports Park after extensive consultation with the sports sector and the entertainment industry and drawing reference to similar venues in Hong Kong. When the operation of the Sports Park enters a steady state, the estimated number of days² per year for each venue to host major events is as follows -

Main Stadium	30 event days
Indoor Sports Centre	main arena: 49 event days ancillary sports hall: 46 event days
Public Sports Ground	17 event days ³
Public Open Space	42 event days

TURF SYSTEM AT THE MAIN STADIUM

15. The HAB and the OC have conducted extensive studies on turf systems adopted by stadia around the world. We visited a number of major

² The number of event days does not include the time required for setting up and taking down of venue settings and equipment. Taking the example of Hong Kong Stadium, while there are 19 event days in 2016, the total usage days are 47.

³ School athletics meets are not included.

stadia in Europe, the United States and Australia, including the Wembley Stadium, the London Olympic Stadium, the Emirates Stadium in the United Kingdom; the University of Phoenix Stadium, the U.S. Bank Stadium and the Metlife Stadium in the United States; the BC Place in Canada; the Friends Arena in Sweden; the Etihad Docklands Stadium in Australia, the Sports Hub in Singapore, etc. We met the management of these stadia to learn the characteristics of their turf systems and how they meet the venue and playing surface requirements of different events. According to the information available and overseas experience, and taking into account factors including Hong Kong's sunshine duration and retractable roof of the Main Stadium, we consider that the pitch system for the Main Stadium should be flexible, so as to provide natural turf for football and rugby events when needed, and at other times to release the space for other events by moving the natural turf out of the Main Stadium for maintenance.

16. We will request the successful consortium to carry out comprehensive test on grass species and pitch systems under the local climate conditions during design and construction phase. Approval will only be given for the consortium to plant the selected species and install the proposed turf system when the Government is fully satisfied with the test results. This is also in line with general construction procedures, in which turf is laid after the completion of main works of a stadium.

CROWD DISPERSAL AND TRAFFIC ARRANGEMENTS

17. Located in the centre of the Kai Tak Development Area, the Sports Park can be accessed by the public from Kai Tak Station or To Kwa Wan Station of the future MTR Shatin to Central Link. Pedestrian walkways linking the Sports Park to the existing communities of To Kwa Wan and Ma Tau Kok and the new communities in the Kai Tak Development Area will be provided in the Kai Tak Station Square adjacent to the Sports Park. The nearby Kowloon City Ferry Pier Public Transport Interchange, the Kowloon City Ferry Pier and the future Kai Tak Public Transport Interchange which will facilitate public access to the Sports Park by buses, minibuses or ferries. Taxi stands, alighting and boarding bays and car parks will be provided in the Sports Park for public use.

18. TSC has conducted a study on crowd dispersal after major events.

We have also been closely liaising with the MTR Corporation Limited (MTRC) on crowd dispersal arrangements. Based on the existing pattern of crowd dispersal after a major event held in the Hong Kong Stadium, the TSC assumed that around 80% of spectators would take the MTR after an event in the Sports Park, with most of the remaining spectators using other modes of public transport such as bus, ferry and taxi, and a small percentage using private cars. According to the computer simulation, in the case of a “full-house” (i.e. 50 000-spectator) event in the Main Stadium, the majority of the spectators who choose to take the MTR will be able to reach one of the two stations within 30 to 45 minutes after the event, and board the train within a few minutes after arriving at the platforms. The Government will require the future operator to work with the MTRC, the Transport Department, the Police Force and other relevant departments to formulate detailed plans on crowd management for events to be held in the Sports Park.

PUBLIC CONSULTATION

19. We brief the Sports Commission² on the planning and the latest progress of the Sports Park project and listen to their views on a regular basis. Members of the Commission and stakeholders in the sports sector have high expectations for the Sports Park and urged the Government to take it forward as soon as possible. With the help of the OC, we have been liaising closely with the sports sector and the entertainment industry, including the Sports Federation & Olympic Committee of Hong Kong, China, “national sports associations”, the Hong Kong Sports Institute, elite athletes and the Performing Industry Association, etc, to collect their views on the project. The TSC has appropriately incorporated their suggestions into the reference design. The report on stakeholder engagement has been uploaded to the project website (see paragraph 20 below).

20. We conducted a two-month public engagement (PE) exercise between May and July 2016 to update the public on the progress of the Sports Park and to collect their views. The exercise included launching a dedicated project website (www.KaiTakSportsPark.hk), holding roving exhibitions in 28

² The Sports Commission advises the Government on sports development policies. It has three Committees which advise respectively on measures to promote sports in the community, support elite sports and develop major sports events in Hong Kong. It has also set up a Task Force on the Kai Tak Sports Park to ensure that members of the Commission are informed of project details and can comment on the project in various aspects.

locations across the territory and conducting a questionnaire survey online and at the roving exhibitions. We also introduced the project and its progress to three neighbouring District Councils (i.e. Wong Tai Sin, Kowloon City and Kwun Tong District Councils). The District Councils concerned supported the project and urged for its early implementation. At the end of the PE exercise, nearly 6 500 completed questionnaires were collected. The analysis of the completed questionnaires showed that the majority (90%) of respondents “wish” or “strongly wish” to see the early implementation of the Sports Park. The report on the PE exercise has been uploaded to the project website.

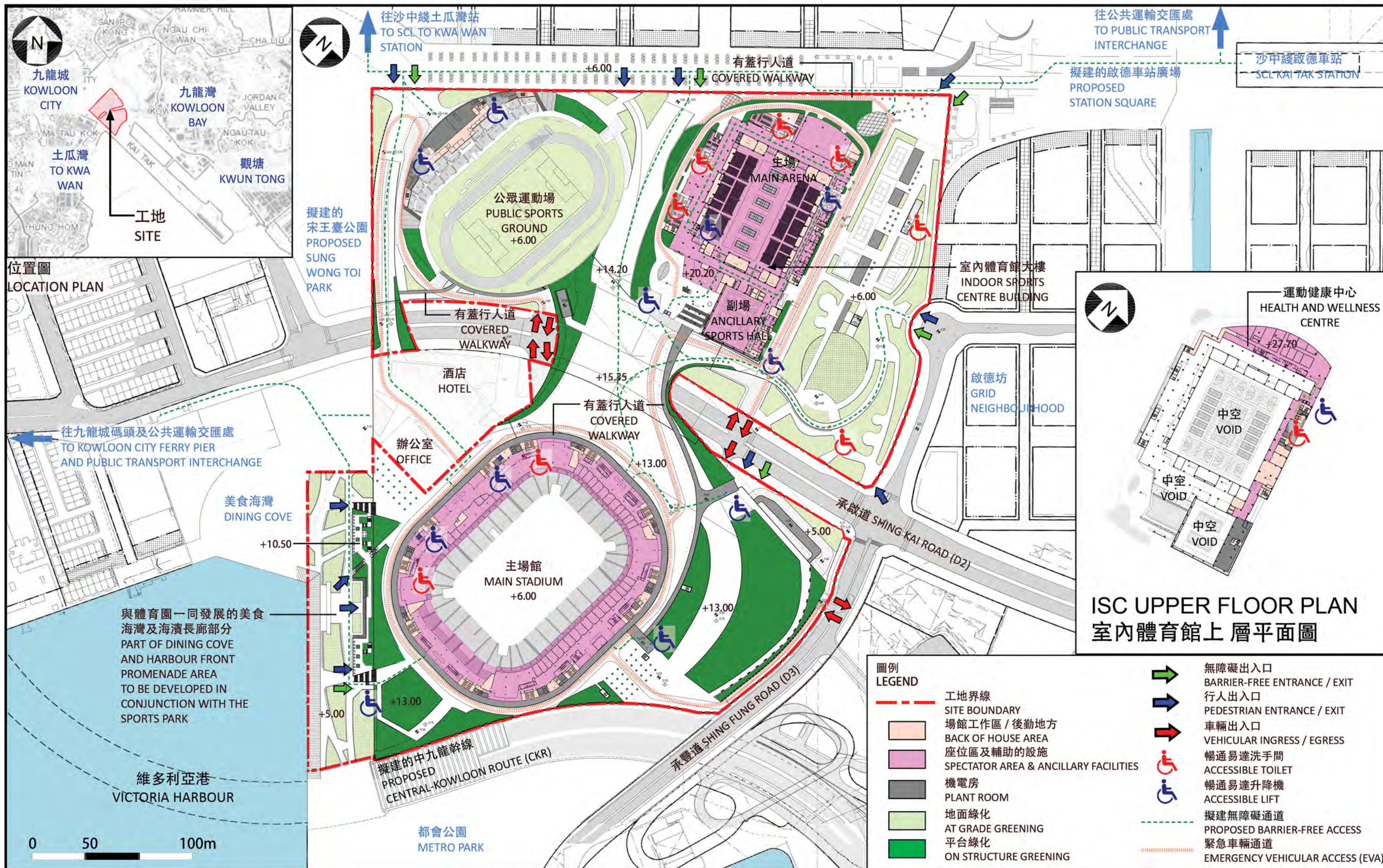
ESTIMATED PROJECT COST AND IMPLEMENTATION TIMELINE

21. The estimated cost of the construction works for the Sports Park is about \$23.8 billion in September 2016 prices, or about \$31.9 billion in money-of-the-day prices. A breakdown of the estimated project cost by major facilities is detailed in **Annex 4**. We plan to make a submission to the PWSC and seek funding approval from the FC for the construction of the Sports Park in the second quarter of this year. Subject to the approval of the FC, the Government will launch the tender exercise in the third quarter of this year. We hope that the construction works can commence next year and be completed in 2022. We will closely monitor the construction works of the Sports Park to ensure that the project cost will be within the project estimate and the project will be completed on time.

ADVICE SOUGHT

22. Members are invited to note and comment on the progress of the Sports Park project, and support the funding application for the construction of the Sports Park.

Home Affairs Bureau
February 2017

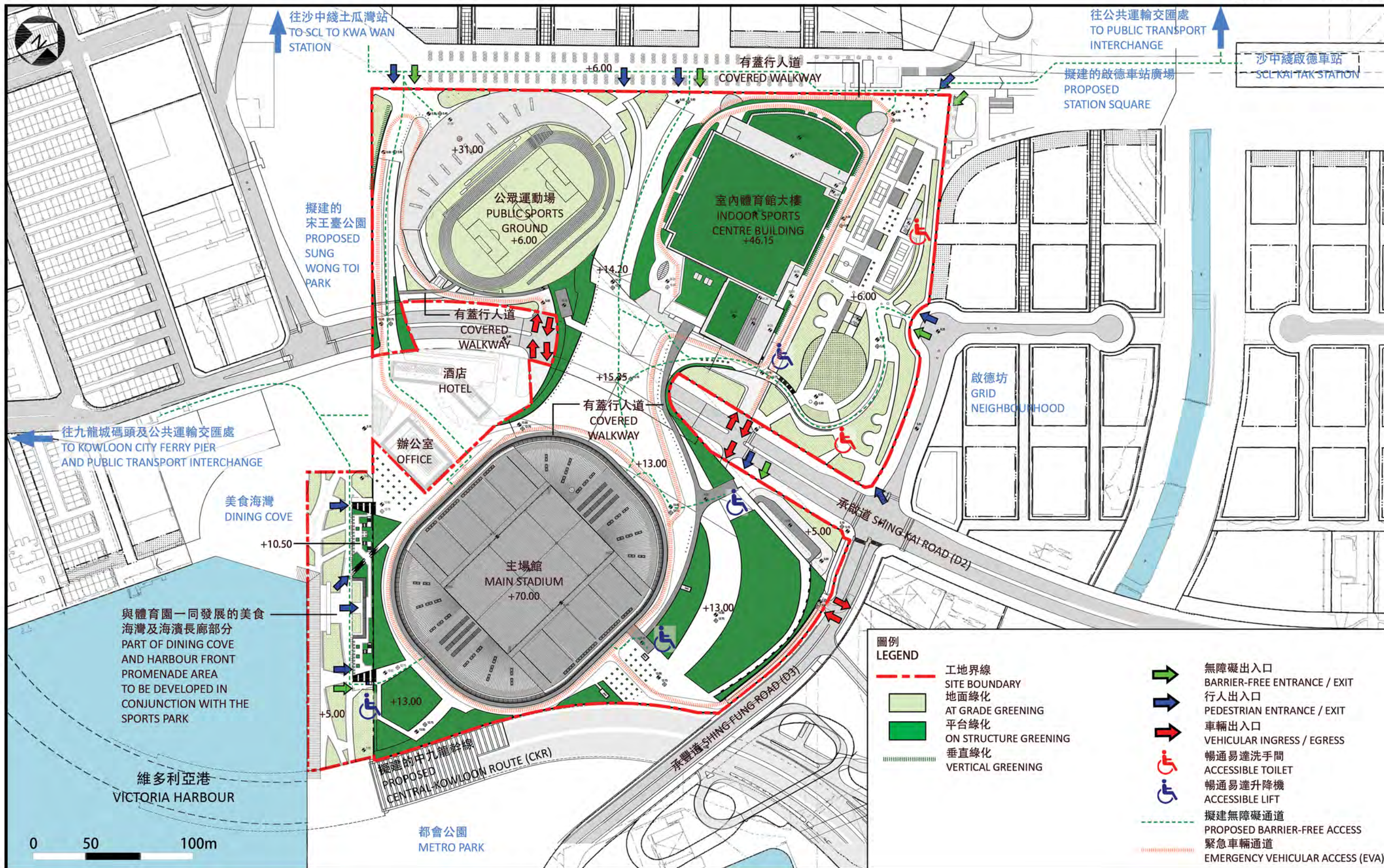


主要體育場地- 平面圖
MAJOR VENUES - FLOOR PLAN

272RS
啟德體育園
KAI TAK SPORTS PARK

HOME AFFAIRS BUREAU
The Government of the Hong Kong
Special Administrative Region



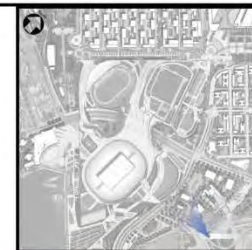


主要體育場地 - 屋頂平面圖
MAJOR VENUES - ROOF PLAN

272RS
啟德體育園
KAI TAK SPORTS PARK

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啟德體育園整體構思圖
OVERALL VIEW OF KAI TAK SPORTS PARK -
ARTIST'S IMPRESSION

272RS
啟德體育園
KAI TAK SPORTS PARK

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由啟德坊望向室內體育館大樓及鄰里公園的景觀構思圖
VIEW ACROSS ISCB AND NEIGHBOURHOOD PARK FROM
GRID NEIGHBOURHOOD - ARTIST'S IMPRESSION

272RS
啟德體育園
KAI TAK SPORTS PARK

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主場館
MAIN STADIUM

酒店
HOTEL

室內體育館大樓
INDOOR SPORTS
CENTRE BUILDING

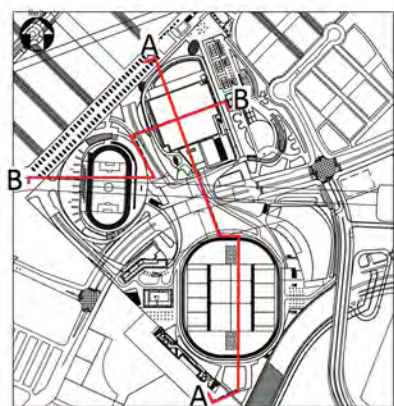
公眾運動場
PUBLIC SPORTS
GROUND

由啟德車站廣場望向主場館的景觀構思圖
VIEW ACROSS MAIN STADIUM FROM STATION SQUARE -
ARTIST'S IMPRESSION

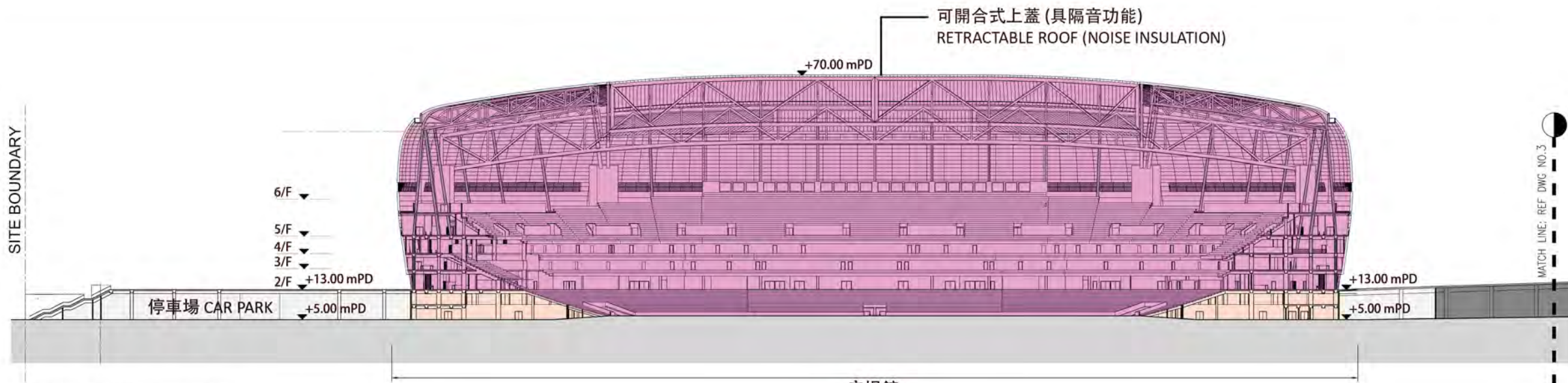
272RS
啟德體育園
KAI TAK SPORTS PARK

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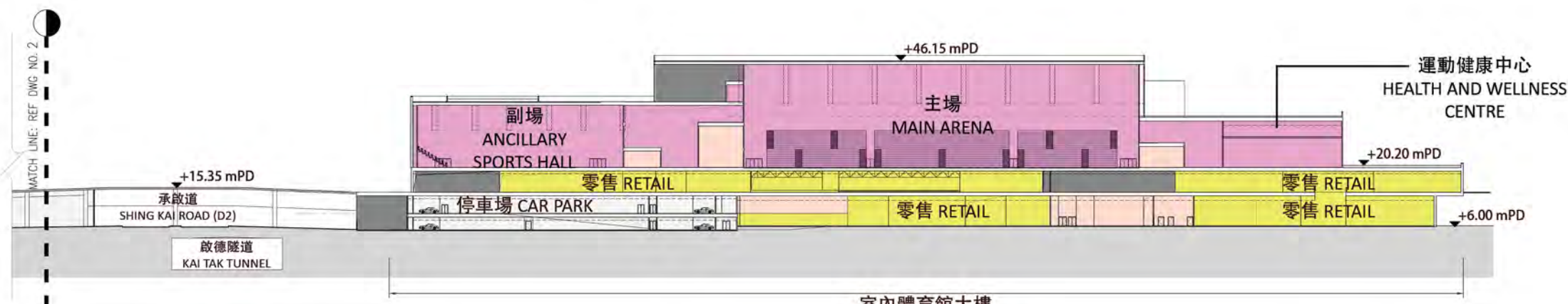


位置圖
KEY PLAN



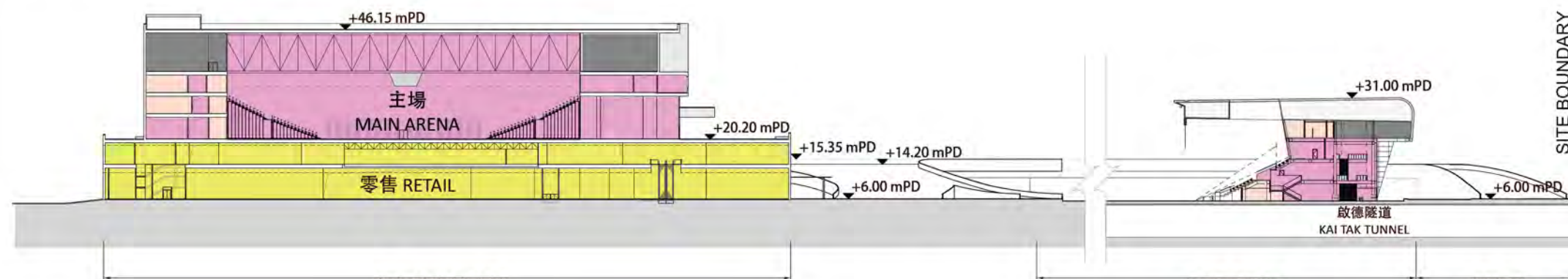
剖面圖 A-A (第一部分)
SECTION A-A (PART ONE)

主場館
MAIN STADIUM



剖面圖 A-A (第二部分)
SECTION A-A (PART TWO)

室內體育館大樓
INDOOR SPORTS
CENTRE BUILDING



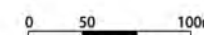
剖面圖 B-B
SECTION B-B

室內體育館大樓
INDOOR SPORTS
CENTRE BUILDING

公眾運動場
PUBLIC SPORTS GROUND

擬建的
宋王臺公園
PROPOSED
SUNG WONG TOI PARK

圖例 LEGEND	
	場館工作區 / 後勤地方 BACK OF HOUSE AREA
	座位區及輔助的設施 SPECTATOR AREA & ANCILLARY FACILITIES
	零售及輔助的設施 RETAIL AREA & ANCILLARY FACILITIES
	機電房 PLANT ROOM

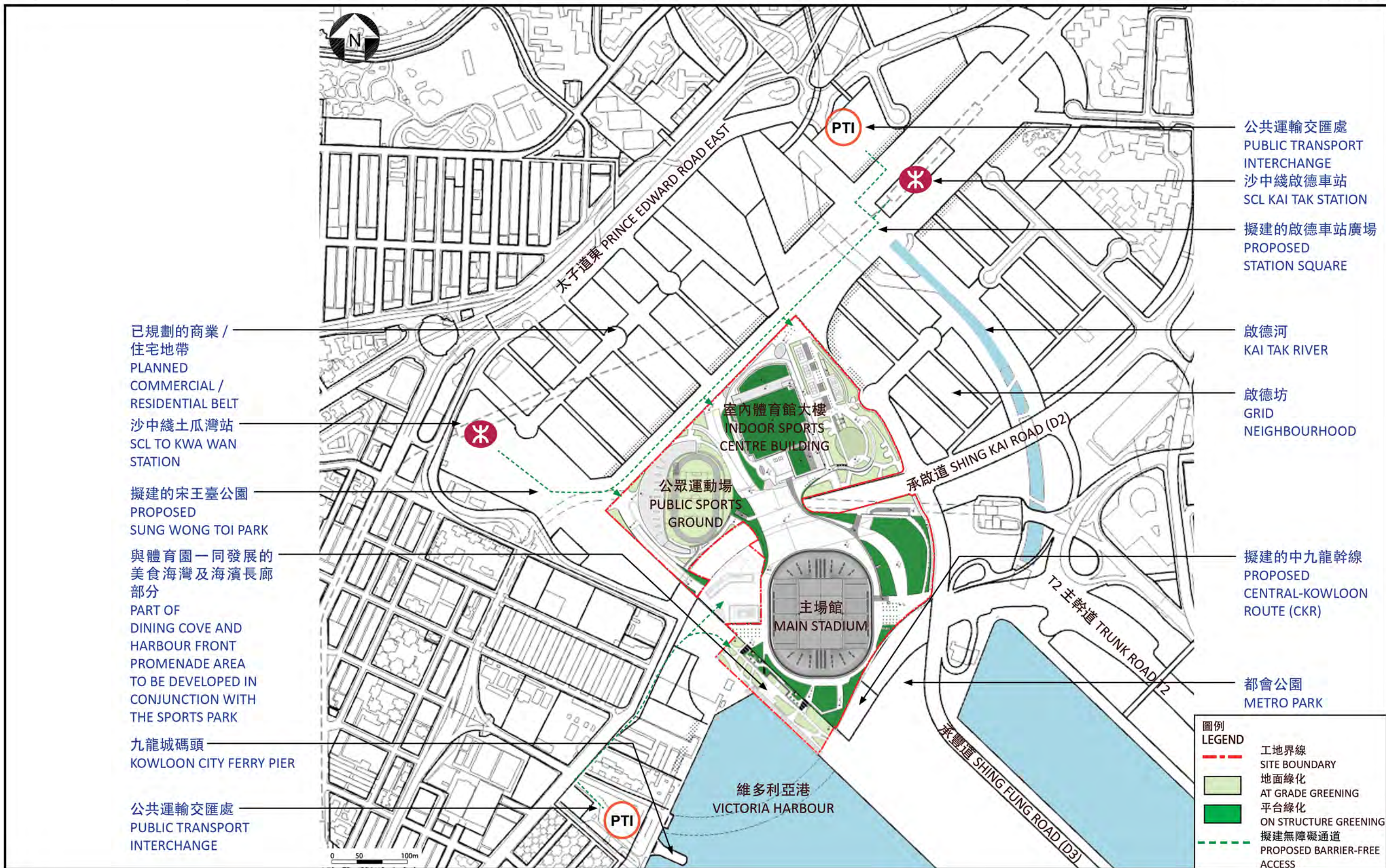


主要體育場地 - 剖面圖
SECTIONS (MAJOR VENUES)

272RS
啟德體育園
KAI TAK SPORTS PARK

HOME AFFAIRS BUREAU
The Government of the Hong Kong
Special Administrative Region





無障礙通道平面圖
PLAN OF BARRIER FREE ACCESS

272RS
啟德體育園
KAI TAK SPORTS PARK

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**Kai Tak Sports Park
Annual Financial Projection¹**

	\$ Million
Operating income²	
Main Stadium	297
Public Sports Ground	7
Indoor Sports Centre	67
Public Open Space	16
Retail and Dining Facilities and Car Park	549
Total operating income	936
Less:	
Facility specific operating costs³	(368)
Main Stadium	(186)
Public Sports Ground	(20)
Indoor Sports Centre	(38)
Public Open Space	(34)
Retail and Dining Facilities and Car Park	(90)
Precinct wide overheads⁴	(190)
Non-operating expenses⁵	(102)
Net result	276

¹ The annual financial projection represents the position when the Sports Park reaches a steady state of operation, which may take place three years after its commissioning. The figures are in nominal money of the day figures as at 2025 based on escalated operating assumptions developed between 2015 and 2017. The projection assumes stable market conditions.

² Operating income includes income generated from venue hire fees and event ticket sales, food & beverage sales, merchandise sales, advertising & commercial rights sales, corporate hospitality, public use of sports facilities, retail leasing, car parking fees and other ancillary income streams.

³ Facility specific operating costs include event costs, asset maintenance and repairs, playing surface maintenance, cleaning, utilities costs, facility specific staff costs, retail and car park operating costs and other facility specific operating costs.

⁴ Overheads include IT and communications, sales and marketing, office administration and insurance etc.

⁵ Non-operating expenses include lifecycle capital expenditures, interest expenses on working capital funding and income taxes.

Kai Tak Sports Park
Breakdown of cost in accordance with facilities

Item / major facilities	Latest estimate \$ million
(a) Site development (including site works, piling and podium)	3,939.5
(b) Main Stadium	8,876.5
(c) Public Sports Ground	1,099.4
(d) Indoor Sports Centre	2,315.4
(e) Commercial space	1,317.5
(f) Open space and external works	1,819.3
(g) Additional energy conversation, green and recycled features	322.6
(h) Mitigation measures and environmental monitoring and audit for construction works	479.0
(i) Furniture & equipment	280.0
(j) Contract administration, site supervision and remuneration of resident site staff	1,103.6
(k) Contingencies	2,294.5
Sub-total (in September 2016 prices)	23,847.3
(l) Provision for price adjustment	8,050.7
Total (in money-of-the-day prices)	31,898.0