

## **LEGISLATIVE COUNCIL BRIEF**

### **THE FIFTH EAST ASIAN GAMES**

#### **INTRODUCTION**

At the meeting of the Executive Council on 24 June 2003, the Council ADVISED and the Chief Executive ORDERED that subject to the acceptance in principle of the financial implications involved by the Finance Committee of the Legislative Council, the Government should support, with guarantee and commitment, the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) in its application for hosting the Fifth East Asian Games in 2009 (2009 EA Games).

#### **JUSTIFICATIONS**

##### **Benefits**

2. The EA Games is a major event in East Asia. By hosting the 2009 EA Games, Hong Kong could –
  - (a) raise its prestige and profile in the region;
  - (b) promote its image as a world city for hosting international events;
  - (c) attract more inward investment;
  - (d) create job opportunities;

- (e) enhance its tourism industry; and
- (f) foster its sporting culture.

### **Preliminary Feasibility Assessment**

3. We have conducted a preliminary feasibility assessment and have concluded that Hong Kong is capable of hosting the 2009 EA Games on the basis of the following –

- (a) The structure and scale of the event would broadly follow those of the past EA Games, i.e.
  - (i) Duration of the Games: 10 to 12 days;
  - (ii) No. of competition events: about 20. For reference, the events organized in the First to Fourth EA Games are shown in **Annex A**;
  - (iii) No. of participating countries and regions: 11;
  - (iv) No. of athletes and delegation members: about 2 000;
  - (v) No. of press members: about 300; and
  - (vi) Television coverage: all competition events.
- (b) The competition events would mostly be held in existing Government venues and be supplemented by some private venues such as HK Convention and Exhibition Centre, Clear Water Bay Country Club, and South China Athletic Association, etc.
- (c) The Government venues would be upgraded and supplemented with additional temporary works to meet the international standard for holding the respective competition events, including sufficient supporting ancillary facilities such as training/warming up areas for athletics, changing rooms, and working areas for judges and media, etc.

**Reasons for Choosing to Bid the 2009 EA Games**

4. We have reviewed the calendar of forthcoming international sports events. Ten major sports events have been scheduled from now till 2010 as follows –

<u>Year</u>	<u>Name of Event</u>	<u>Hosting City</u>
2003	China National City Games	Changsha
2004	Olympic Games	Athens
2005	East Asian Games	Macau
	China National Games	Nanjing
2006	Asian Games	Doha
2007	China National City Games	To be announced
2008	Olympic Games	Beijing
2009	East Asian Games	To be decided
	China National Games	To be decided
2010	Asian Games	To be decided

5. Among the three events which are still open for bidding, we consider it appropriate to bid for the hosting of the 2009 EA Games because –

- (a) being an international event, the EA Games will help promote the image of Hong Kong as a world city and raise the profile of Hong Kong in the regional and international sports arena. In terms of tourism, hosting the EA Games will also help attract tourists from the Mainland as well as other parts of the world; and
- (b) the resources required to host the EA Games are moderate when compared with those required to host either the Asian Games or the China National Games. Regarding the Asian Games, the consultancy study conducted in 2000 when Hong Kong bid the hosting right of the 2006 Asian Games indicates that the anticipated deficit for hosting Asian Games would be \$945M. Regarding the China National Games, our very preliminary assessment, based on the delivery of the 9<sup>th</sup> Games held in Guangdong in 2001 and calculated with reference to the current local price level, shows that the anticipated deficit will be

over \$700M. On top of this, the Government would also have to inject about \$5,000M to build the infrastructures required for both Games e.g. an athlete village, a new stadium with 70 000 seats, and a velodrome etc.

## **PROPOSED MODUS OPERANDI**

6. To seek the hosting right, the SF&OC will submit an Expression of Interest with the guarantee and commitment of the Government to the East Asian Games Association<sup>Note</sup> (EA Games Association) for consideration.

7. If the application was successful, the SF&OC and the Government would enter into a bilateral agreement specifying their respective commitments and obligations, and set up an organizing committee to oversee the delivery of the 2009 EA Games. The organizing committee would establish a small secretariat, and a wholly-owned subsidiary to deal with the daily operations for organizing the events.

## **WAY FORWARD**

8. We will brief the Legislative Council Panel on Home Affairs and seek the Finance Committee's in-principle funding agreement for the proposal to organize the 2009 EA Games in July 2003.

9. We will also liaise with the SF&OC to initiate the application to the EA Games Association for the hosting right of the 2009 EA Games. We plan to form a bidding committee and submit the bidding document as soon as possible.

## **FINANCIAL AND CIVIL SERVICE IMPLICATIONS**

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<sup>Note</sup> The East Asian Games Association comprises ten National Olympic Committees: PR China, D.P.R. Korea, Hong Kong, Japan, Korea, Macau, Mongolia, Chinese Taipei, Kazakhstan and Guam.

10. The expenditure for seeking the hosting right would not be significant, given that it is not necessary to prepare an extravagant document or to stage any major publicity activities. Some public relation expenses, which would be absorbed by the Home Affairs Bureau (HAB) and the Leisure and Cultural Services Department (LCSD) through redeployment of resources, would however be expected.

B 11. Based on our preliminary estimate, we expect that hosting of the 2009 EA Games would result in an anticipated deficit of \$84M. Details of the expenditure (\$171M) and income (\$87M) items are shown in **Annex B**. We expect the Government to provide for the subsidiary of the organizing committee about \$120 million from 2005-06 onward to support the cashflow requirement. In addition, about \$5M revenue would be forgone due to the use of LCSD venues for holding the competition events. The total financial implications to the government would therefore be \$89M. We will monitor and update the financial requirement as the planning work progresses.

12. We will seek community and commercial sponsorship for the EA Games. If necessary the Secretary for Home Affairs will bid for additional funding in accordance with the normal Resources Allocation Exercise procedures.

13. The proposal would have limited staffing implication. If Hong Kong were to host the 2009 EA Games, we would make arrangements, on a need basis, for LCSD staff to be seconded to the organizing committee to provide support in the organization, publicity and receptions of the Games. LCSD will arrange for internal redeployment or employment of contract staff to cope with the short-term increase in work.

## **ECONOMIC IMPLICATIONS**

14. The quantifiable economic benefits of hosting the 2009 EA Games can be assessed in terms of the value-added contribution to GDP arising from additional spending induced by the event. This is estimated to amount to around \$99M in 2003 prices (it should be noted that the direct resource costs involved in hosting the event are not yet deducted from the economic benefits so obtained). Apart from the quantifiable economic benefits, there can be wider benefits not readily quantifiable, mainly in raising the image of Hong Kong.

## **IMPLICATIONS OF THE PROPOSAL**

15. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It has no significant sustainability implications, but helps foster a more active sporting culture in Hong Kong. As most of the competition events would be conducted in existing venues, and no major land development or infrastructure projects would be involved, the proposal would therefore have little impact on the environment.

## **PUBLIC CONSULTATION**

16. We have not yet conducted any formal consultation. However, we note that there was general consensus in the community in 2000 when Hong Kong bid the hosting right of the 2006 Asian Games. Since then, we have had informal discussions with interested parties and concern groups on the hosting of major sports events in Hong Kong from time to time. We have taken their views into account in drawing up the present proposal. We will continue to take appropriate action to gauge and monitor public views on hosting the 2009 EA Games.

## **PUBLICITY**

17. We plan to announce the proposal as soon as possible so as to tie in with the Re-launch Hong Kong Campaign. A press release will be issued to announce the Government's decision. A line-to take would be prepared and a spokesman will be available to answer enquiries. If we were successful in securing the hosting right, an extensive local and overseas media campaign will be launched. We would take the opportunity to demonstrate that Hong Kong is making a full comeback after SARS. A detailed media programme will be worked out in due course.

## **BACKGROUND**

18. It has long been the wish of the SF&OC to host major games in Hong Kong. In 2000, with the support of the Government of the HKSAR, the SF&OC bid, though in vain, the hosting right of the 2006 Asian Games. The SF&OC has recently approached HAB for similar support from the Government for bidding the hosting right of the 2009 EA Games.

19. The EA Games is the exclusive property of the EA Games Association and the hosting right of the event is entrusted to a National Olympic Committee. The EA Olympic Committee first discussed the idea of EA Games in September 1991, and resolved in January 1992, inter alia, that the first EA Games be held in China in 1993. Korea and Japan subsequently hosted the second and third EA Games in 1997 and 2001 respectively, while Macau will host the fourth EA Games in 2005.

## **ENQUIRIES**

20. For enquiries, please contact Mr. Eddie POON, Principal Assistant Secretary for Home Affairs (Recreation and Sport) of HAB at 2594 6616 or Mr. Johnny WOO, Assistant Director (Leisure Services) 2 of LCSD at 2601 8839.

Home Affairs Bureau  
June 2003



### Competition Events Organized in 1<sup>st</sup>-4<sup>th</sup> EA Games

Competitive Events	1 <sup>st</sup> EA Games- 1993 (Shanghai)	2 <sup>nd</sup> EA Games- 1997 (Pusan)	3 <sup>rd</sup> EA Games- 2001 (Osaka)	4 <sup>th</sup> EA Games- 2005 (Macau)
<b>Athletics</b>	√	√	√	√
<b>Aquatics</b>	√	√	√	√
Badminton	√	√		√
Basketball	√	√	√	√
Beach Football				√
Beach Volley				√
Bowling	√	√	√	
Boxing	√	√	√	√
Dance Sport				√
Dragon Boat				√
Fencing				√
Football	√	√	√	√
Golf				√
Gymnastics	√	√	√	√
Handball			√	
Hockey			√	√
Judo	√	√	√	√
Karatedo				√
Rowing	√	√	√	
Sepak Takraw				√
Shooting				√
Soft Tennis	√	√	√	
Table Tennis				√
Taekwondo		√	√	
Tennis				√
Volleyball			√	√
Weightlifting	√	√	√	√
Wrestling		√	√	
Wushu	√	√	√	√
No. of sports	13	15	17	23

## Estimated Income and Expenditure for Hosting the 5<sup>th</sup> EA Games

<b>Income:</b>	<b>\$M</b>
(a) Sponsorship: Includes title sponsors, official suppliers, local sponsors etc.	30
(b) Television rights: Broadcasters will be invited to bid exclusive coverage of all or certain competition events.	25
(c) Ticket sales	10
(d) Licensing and Merchandising: Include such typical products as toys, stationery, pin badges, cups, hats, games and clothing etc.	10
(e) Charged accommodation:	8
(f) Others: Include coins and stamps, lotteries and other fundraising initiatives.	4
<b>Total:</b>	<b>87</b>

### **Expenditure:**

Expenditure for hosting the 5<sup>th</sup> EA Games:

(a) Staff: On the assumption that National Sports Associations will organize individual competition events.	50
(b) Administration: Includes costs for office administration, risk management and audit costs over the period up to, including and after the Games.	8
(c) Information technology: Includes measurement devices for recording the times and scores achieved in each event, and announcing the results to the competitors, spectators, and the media etc.	10

(d) Broadcasting costs:	20
Include the setting up of an international broadcasting centre and the employment of a host broadcaster to produce television pictures of the Games and to provide the feeds to overseas TV rights holders.	
(e) Accommodation and catering:	8
Costs of accommodation (standard twin-bed hotel room) and meal (at the hotel) for 2,000 athletes and delegation members	
(f) Venue sports events:	19
Include dope tests and upgrading the venues to accommodate spectators, media and competitors to the standards for the Games.	
(g) VIP hospitalities:	5
Costs for provision of accommodations, transport and associated hospitalities to VIPs.	
(h) Transport:	4
Costs for providing transport for athletes and officials to travel between competition venues, training venues and accommodation.	
(i) Publicity	8
(j) Opening and closing ceremonies:	25
Include venue preparation, cultural and entertainment programmes, pre-ceremony receptions, temporary staff, and general publicity.	
(k) Security:	10
(l) Volunteers:	4
<b>Total:</b>	<b>171</b>

**Anticipated Deficit:**

Expenditure – Income	<b>( 84)</b>
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