

## **Bid for the 5<sup>th</sup> East Asian Games 2009**

### **Purpose**

To brief Members on the present position of Hong Kong's bid for the hosting right of the 5<sup>th</sup> East Asian (EA) Games in 2009.

### **Background**

2. It has long been the intention of the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) to host major games in Hong Kong. In 2000, with the support of the Government, the SF&OC bid, though in vain, for the hosting right of the 2006 Asian Games. The SF&OC has recently approached the Home Affairs Bureau for support from the Government for bidding the hosting right of the 2009 EA Games.

3. The EA Games is the exclusive property of the East Asian Games Association (EA Games Association)<sup>Note</sup> and the hosting right of the event is entrusted to a member National Olympic Committee (NOC). 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. The 5<sup>th</sup> EA Games is scheduled for 2009. The hosting right of the event is now open for bidding.

### **Benefits of Hosting EA Games**

4. 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;

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

- (d) create job opportunities;
- (e) enhance its tourism industry; and
- (f) foster its sporting culture.

### **Preliminary Feasibility Assessment**

5. The Leisure and Cultural Services Department (LCSD) 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 13 - 20 sports;
  - (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 sports 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 athletes, changing rooms, and working areas for judges and media, etc.

## Financial Implications

### Overview

6. Based on the preliminary assessment, the estimated expenditure for hosting the 2009 EA Games, calculated on the basis of data collected in 2000 for bidding the hosting right of the 2006 Asian Games, would be about \$171 million. On the revenue side, around \$87 million would be generated. There is thus an estimated deficit of \$84 million.

### Projected Expenditure

7. It is estimated that the gross expenditure for hosting the 2009 EA Games would be about \$171 million, broken down as follows:

	<b>HK\$ million</b>
(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
<b>Total</b>	<b>171</b>

8. It should be noted that the estimated expenditure of \$171 million has not included 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 would be forgone.

### **Projected Revenue**

9. It is expected that the gross revenue to be generated from hosting the 2009 EA Games would be about \$87 million, broken down as follows:

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

### **Government Commitment**

10. The Government would need to provide funding for planning and operating the event as well as for upgrading the sports facilities. Based on the projected revenue and expenditure as shown above, hosting the 2009 EA Games would require a Government subsidy of \$84 million to meet the anticipated operating deficit. This expenditure will spread over a number of years from 2005/06 to 2009/10.

### **Present Position**

11. The Finance Committee of the Legislative Council has accepted in principle in its meeting held on 18 July 2003 the financial implications of Hong Kong hosting the 5<sup>th</sup> East Asian Games in 2009.

12. To bid the hosting right of the 5<sup>th</sup> EA Games, the SF&OC will need to submit a formal bid to the EA Games Association with the guarantee and commitment of the Government of the HKSAR in mid October 2003. The EA Games Association will announce the host city of the 5<sup>th</sup> EA Games at its annual session to be held in early November 2003 in Macau.

13. A bid committee for overseeing the bid process of the 5<sup>th</sup> EA Games has been formed. Membership of the bid committee is at Annex I.

14. Lobbying trips to Mongolia, Korea, Japan and D.P.R. Korea to solicit support for Hong Kong had been made by members of the bid committee.

### **Way Forward**

15. Should Hong Kong's bid be successful, the Government 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 for approval of the actual financial commitment required. 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 secretariat, and a wholly-owned subsidiary, to deal with matters pertaining to the organization of the Games.

**Leisure and Cultural Services Department**  
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