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Translation

本函檔號 Our Ref: L/M HAB/R&S 129(17)
來函檔號 Your Ref :

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傳真號碼 Fax No.: 2519 7404

16 May 2017

Public Works Subcommittee Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Ms Sharon Chung)

Dear Ms Chung,

**Public Works Subcommittee
Supplementary information on Kai Tak Sports Park Project**

At the request of Chairman of Public Works Subcommittee, the information requested by Hon Chu Hoi-dick in his letter dated 6 May 2017 is set out in the Annex for Members' reference.

Yours sincerely,

(Original signed)

(Ms Linda Law)
for Secretary for Home Affairs

- (I) I wrote to Hon MA Fung-kwok, Chairman of the Panel on Home Affairs, on 27 February about the funded project but received no reply so far. Please reply to me.**

We received from the Legislative Council Secretariat on 9 May your letter to the Chairman of the Panel on Home Affairs earlier on. We are now processing your letter and will reply to you as soon as possible.

- (II) It is mentioned in paragraph 19 of the supplementary information provided yesterday (5 May) that the profit sharing mechanism is yet to be determined until after the tender procedures. In this connection, please inform this Subcommittee in detail of the possible options and in what circumstances for these options.**

During the operational stage, the Contracted Party is required to operate the entire Kai Tak Sports Park (the Sports Park), including community sports facilities and open space, on a self-financing basis as well as to regularly make a fixed payment to and share a percentage of its operating income (including the total sales) with the Government. Tenderers are required to, in accordance with the requirements set out in the tender documents, provide in their bids a fee proposal including the cost for design and construction, the fixed payment to be made to and the percentage of income to be shared with the Government. The Tender Assessment Panel will evaluate the bids based on a tender marking scheme¹ and make recommendations to the Central Tender Board.

- (III) I noticed that, as a significant feature of the Sports Park project, “retail and dining” outlets will occupy a large area up to 380 000 square feet to be leased for commercial use.**

In this connection, please inform this Subcommittee of:

- (1) the respective areas for “retail and dining” use in the Hong Kong Stadium and the Hong Kong Coliseum.**

The respective floor areas for retail and dining use in the Hong Kong Stadium and the Hong Kong Coliseum are as follows:

¹ The tender marking scheme is still under preparation.

Venue	For retail	For dining
Hong Kong Stadium	281 square metres (m ²)	4 226 m ²
Hong Kong Coliseum	-	113 m ²

It should be noted that, since the dining and ancillary facilities provided in the above two venues for major sports events are insufficient and far from satisfactory, the sports sector has been requesting improvements to the facilities for years. However, due to various constraints of these venues, the Government is unable to carry out an overhaul in a comprehensive manner.

- (2) **Regarding the leasing of “retail and dining” outlets, please give a breakdown of these outlets and their respective percentages.**
- (3) **Please indicate the geographical distribution of the “retail and dining” outlets, i.e. the area to be leased for commercial use in the three facilities of the Sports Park.**

The Sports Park occupies about 28 hectares of land, containing a number of sports, community and commercial ancillary facilities, and is quite different from those single facilities like the Hong Kong Stadium and the Hong Kong Coliseum in terms of scale and function. The gross floor area (GFA) of the retail and dining outlets in the Sports Park is about 60 000 m². Among the outlets, the provision of a “dining cove” of about 3 000 m² located to the south of the Main Stadium will help enhance the connectivity between the Sports Park and the waterfront, while the remaining outlets of 57 000 m² will be distributed in different facilities of the Sports Park, with most of them primarily provided in the Indoor Sports Centre Building.

According to the reference design prepared by the consultant of the Home Affairs Bureau (HAB), dining facilities will share nearly 35% (about 21 000 m²) of the retail and dining outlets with a GFA of about 60 000 m². We will, in the tender documents, require the Contracted Party to provide vibrant and commercially-minded shopping facilities and diversified dining outlets of various categories and prices to cater for the needs of different visitors. In order to allow the Contracted Party to make proposals based on its operational strategies and the market response, we consider it inappropriate for the Government to lay down detailed and mandatory requirements for the provision of retail and dining outlets (e.g. the specific size and categories of dining outlets) in the tender documents. Tenderers of the project will also be required to provide in their bids the strategies for and relevant information on running their retail and dining outlets, so as to achieve the overall

objectives mentioned above. The Tender Assessment Panel will evaluate tenderers' proposals in accordance with the marking scheme.

- (IV) According to the supplementary information provided yesterday (5 May), there will be only 30 days scheduled for major events in the Main Stadium and a total of 49 days for major activities in the Indoor Sports Centre. Please advise this Subcommittee of the percentage of the income from these 79 days of major events in the annual revenue under the existing financial viability estimation.**

According to the Operations Consultant's estimation, the amount of income from the Main Stadium in the fifth year of operation is about \$300 million, most of it being the relevant revenue from major events, including venue rental (33%) and business suite rental (29%). About 1% of the income comes from the sales commission of dining business during non-major events. The amount of income from the Indoor Sports Centre is about \$69 million, around 70% of it being the revenue from major events and the rest from the charges paid by the public for hiring facilities of the Indoor Sports Centre and the sales commission of dining business.

- (V) Please advise this Subcommittee of the justifications for choosing the Design-Build-Operate (DBO) approach and the strengths and weaknesses of this approach in comparison to other approaches. Please provide full information on the background study leading to the choice of this approach and notes of any relevant meetings.**

The Operations Consultant briefed Members on the analysis of the different procurement approaches at the meeting of the Public Works Subcommittee on 10 May 2017. According to the Operations Consultant, the DBO approach, as compared with other approaches, is the most suitable one for the Government to take forward the Sports Park project. Under the DBO approach, the future operator of the Sports Park will directly participate in the design of various facilities and will put forward enhancement proposals during the construction phase. This will help ensure that the hardware of the Sports Park can fully meet future operational needs, thus realising the full potential of the project. Allowing a single entity to design and construct the Sports Park according to its operation strategy will also help enhance construction efficiency and risk management, thus ensuring the timely delivery of the project. We also consider that the participation of dedicated staff with rich experience in operating sports facilities throughout the design, construction and operation phases is crucial to the future successful operation and sustainable development of the Sports Park. In addition, for the Government, the conclusion of a DBO contract with a single entity will help ensure a clear delineation of rights

and responsibilities and facilitate the Government's supervision and management over the project. On the contrary, if separate bids are invited for the "design and construction" and "operation" contracts, the operation contractor will not be prepared to bear any operational risks as it plays no part in the "design and construction" of the project. As such, the Government will have to pay the management fee as well as bear all operational expenditures and risks. Furthermore, the attraction of the overall operation of the Sports Park will be greatly reduced under such an approach. If the Government is unable to attract single entities to submit bids, it will have to divide the project into several packages or contracts and invite separate bids, deploy a large pool of manpower to co-ordinate and resolve any conflicts and disputes among various contractors. As a result, it will give rise to many problems related to monitoring and management.

(VI) With regard to inviting overseas football teams to participate in local matches, please give an account of the attendance rates, appearance fees, sources of the appearance fee and the income generated over the past 10 years. In addition, please specify the change in the finance mode of inviting overseas football teams to participate in local matches under the DBO approach of the Sports Park.

Over the past 10 years, football matches held in the Hong Kong Stadium with participation of overseas teams were all organised by the Hong Kong Football Association and its member associations. The Government has no information on the amounts and sources of appearance fee involved. Data known to the Government are as follows:

Year	No. of football matches played with overseas teams visiting Hong Kong	Total attendance	Gross ticket proceeds (\$'000)
2006-2007	5	56 709	2,600
2007-2008	8	145 047	32,690
2008-2009	7	55 527	7,540
2009-2010	2	27 947	4,420
2010-2011	4	39 239	4,960
2011-2012	6	105 119	24,190
2012-2013	4	55 107	20,640
2013-2014	5	140 204	53,090
2014-2015	4	57 783	22,980
2015-2016	1 ²	14 481	2,700

² During the 2015-16 football season, as the reconstruction of the turf pitch was performed at the

Under the DBO contract approach, at least 10 local or international football matches will be held each year at the Main Stadium of the Sports Park. The Contracted Party of the Sports Park can organise or co-organise matches or rent the venue to other organisations for holding events according to the market needs and arrange promotion in response to the demand of target audience.

(VII) Further to the above, please provide information on the operation and financial status of the Hong Kong Stadium in the past 5 years.

Information on the operation and financial status of the Hong Kong Stadium in the past 5 years is tabulated below:

Year	Operating income (\$'000)	Operating cost (\$'000)
2011-2012	60,460	46,260
2012-2013	63,380	51,540
2013-2014	83,240	59,400
2014-2015	75,400	62,040
2015-2016 ³	47,710	66,260

(VIII) The Government has all along been vaguely putting the objective of “making Hong Kong a hub for major international sports events” as the slogan of its sports policy, but never elaborates in detail on the substance of the objective. Please specify in detail those major events expected eagerly to be held at the Main Stadium or the Indoor Sports Centre.

The Hong Kong Special Administrative Region Government has been promoting Hong Kong as a hub for major international sports events and has made good progress. Since the establishment of the “M” mark system for sports events in 2004, the HAB has allocated a total of \$105.8 million from the Arts and Sport Development Fund to support 116 major sports events. In recent years, about 12 “M” mark events were held in Hong Kong annually, including the FIVB Volleyball World Grand Prix, the Hong Kong Open Badminton Championships, the Hong Kong Sevens, etc.

We have sought advice from the sports sector and quite a number of “national sports associations” (NSAs) considered that higher-level

Hong Kong Stadium and also the Lunar New Year Cup Match in that season was relocated to the Mong Kok Stadium, the frequency of using the Hong Kong Stadium for matches with overseas teams visiting Hong Kong of the year was lower than that of the previous football seasons.

³ See footnote 2.

tournaments could be held in Hong Kong upon completion of the Main Stadium and the Indoor Sports Centre in the Sports Park. The Main Stadium, being equipped with an acoustic cum retractable roof and a flexible turf system, as well as featuring a varied configuration of spectator stands (ranging from 20 000 to 50 000 seats) by means of stage positioning, draping and other settings to cater for the needs of different activities, can be expected to attract events like international football matches, international rugby matches (seven-a-side and 15-a-side), equestrian events, motorcycle races and extreme sports performances. For the Indoor Sports Centre, the venue provided in its main arena (with an area equivalent to 40 badminton courts or 10 basketball courts) is far larger than that in an ordinary indoor sports centre (usually with an area of eight badminton courts or two basketball courts). Also, with the ancillary sports hall there equipped with dedicated warm-up facilities, we will be able to target more and larger international events such as Sudirman Cup and Thomas Cup (Badminton events), ITTF World Tour Grand Finals, Asian Table Tennis Championships, FIBA Asia Challenge, FIBA Asia Championship, Artistic Gymnastics World Championships, Asian Wushu Championships and WDSF World Championship. As the existing venues do not provide sufficient seating capacity or warm-up facilities and supporting equipment, they cannot be a venue for the above major events.

- (IX) Please provide details of the specific views given by frontline athletes (including their names, identities and views, as well as view collection dates and platforms) on the three facilities of the Sports Park. Also, it was mentioned in the television programme entitled “On the Sports Ground” of the Hong Kong Connection series on 17 April this year that a number of athletes and members of the public expressed their concern about the oversight on the part of the Government in relation to the design of sports facilities. In this connection, has the Government conducted a review and given their responses accordingly?**

During the stakeholder engagement exercise for the Sports Park, our Operations Consultant has approached the Sports Federation & Olympic Committee of Hong Kong, China (SF&OC), the Hong Kong Paralympic Committee & Sports Association for the Physically Disabled (HKPC&SAPD), the Hong Kong Sports Institute (HKSI) and over 50 NSAs to collect views on the project from stakeholders of the sports sector, including administrators, coaches, athletes and other sports professionals. In addition, the Task Force on the Kai Tak Sports Park under the Sports Commission and the Venues and Facilities Development Advisory Panel under the SF&OC have both provided their suggestions and views on the project. Members of the two bodies include, among others, retired athletes and representatives from local

NSAs and the music sector.

Moreover, during the two-month public engagement exercise last year, we liaised with a number of athletes, coaches and NSA representatives through the HKSI and local NSAs. Among them, there were athletes Mr WU Siu-hong (Tenpin Bowling), Ms GENG Xiao-ling (Wushu) and Ms YIP Pui-yin (Badminton); coach Mr CHOI Yuk-kwan, Tony (Squash) and NSA representative Mr Wilfred NG (Volleyball and Handball). They all supported the early construction of the Sports Park and considered that the Sports Park could attract international events to Hong Kong, thus facilitating the development of sports.

With a growing population and an increasing number of people participating in sports, we need to provide more public sports and recreation facilities. We plan to launch a total of 26 projects in different districts in the coming five years to develop new or improve various existing sports and recreation facilities, involving a total cost of about \$20 billion. We will also carry out technical feasibility studies for 15 sports and recreation facility projects to prepare for their future implementation.

(X) For the planning of sports facilities, please advise:

- (1) whether the Government will consider developing Phase 3 of the Hong Kong Convention and Exhibition Centre above the Exhibition Station of the Shatin-to-Central Link (SCL) instead of demolishing the Wan Chai Sports Ground (WCSG)? If not, why?**

The Government commissioned a consultancy study in 2014 to assess the demand for convention and exhibition (C&E) facilities in Hong Kong for the 15-year period between 2014 and 2028. The result indicates that by 2028 there will be a shortfall of about 130 000 m² of C&E space in Hong Kong at peak periods. To maintain the competitiveness of the C&E industry, the Government has all along been exploring different options to increase the floor area of C&E venues in Hong Kong. One of the options is to construct a convention centre above the Exhibition Station of the SCL upon completion of the Station. The West Kowloon Cultural District (WKCD) Authority is also considering the development of a medium-sized multi-purpose venue for exhibition, convention and performance purposes in the western part of the WKCD through private sector investment. Land has also been reserved for the expansion of the AsiaWorld-Expo. However, the Government estimates that we are still unable to meet the demand for C&E venues in Hong Kong during peak periods in 2028 even with the provision of the above venues. Therefore, the Government has to continue to explore other sites for constructing or

expanding C&E facilities.

The Chief Executive proposed in this year's Policy Address that the site at the WCSG be used for comprehensive development to provide C&E, sports, recreation and community facilities. The Hong Kong Trade Development Council will conduct a feasibility study on the proposal. The proposal is a preliminary one and the Government has not finalised its plan. It will continue to listen to stakeholders' views on the proposal for comprehensive development and incorporate them into the feasibility study, and will consider the matter further when the outcome of the feasibility study is available.

- (2) If demolition work does not take place at the WCSG, the Hong Kong Stadium will not need to be redeveloped. In that case, will the latter be a competitor of the Main Stadium?**
- (3) Please explain whether the Hong Kong Stadium will be redeveloped to make way for the Main Stadium of the Sports Park.**

It is difficult for the Hong Kong Stadium to fully cater for the needs of major events due to its own constraints such as the venue size and the noise control. For example, the existing seating capacity and the provision of changing facilities cannot meet the needs of the annual Hong Kong Sevens. Also, no specially-designed media centre, doping control room or dedicated office for event organisers and technical staff is provided at the venue. As a result, only interim measures were taken in the past to meet the needs of the tournament.

The Main Stadium of the Sports Park will be able to satisfy the needs of modern major sports events and also meet the standards expected by international athletes and event organisers, thus helping attract more high-level competitions and major events to Hong Kong which will have a significant impact on sports promotion. Since the Main Stadium of the Sports Park and the Hong Kong Stadium overlap with each other in terms of scale and function, the Government has to reconsider the positioning of the Hong Kong Stadium, taking into account its relatively low utilisation rate due to the constraints and deficiencies of the Stadium itself, as well as the possibility that its utilisation rate will be further reduced upon completion of the Main Stadium of the Sports Park. As mentioned above, we will conduct technical feasibility studies for 15 sports and recreation facility projects, including the redevelopment of the Hong Kong Stadium. When conducting the study, we will explore ways to better utilise the Hong Kong Stadium to support sports development in Hong Kong and facilitate the use of the venue by schools and the public.

Letter from Hon Chu Hoi-dick dated 6 May 2017 (Chinese only)

敬啟者

關於：啟德體育園項目

(一) 本人曾於 2 月 27 日就此撥款項目，致函民政事務委員會主席馬逢國議員，迄今卻未獲回覆。請回覆。

(二) 昨天 (5 月 5 日) 補充資料文件中，第 19 段提及利益分配機制，尚未決定，要待招標後才能決定。請就此詳細告知本委員會，在何種情況下，有何種可能。

(三) 本人注意到因「零售及餐飲」為啟德體育城項目中的重點，故商業租用面積，竟高達 380,000 平方呎。

就此，請告知本委員會

(1) 政府大球場及紅磡體育館之「零售及餐飲」用途面積。

(2) 招租方面，此「零售及餐飲」之細部分項比例。

(3) 此「零售及餐飲」之地理分布，即啟德體育園三項設施分別有多少可供商業租用面積。

(四) 按昨天 (5 月 5 日) 補充資料，主場館全年只有大型活動 30 天，室內體育館則有大型活動共 49 天，請告知本委員會，此 79 天大型活動，於目前財務可行性估算中，佔全年收入多少比例？

(五) 請告知本委員會，是項項目選擇採取 DBO 模式之理據，及 DBO 模式相較其他模式的孰優孰劣。請提供選擇此模式之背景研究全文，及任何相關會議紀錄摘要。

(六) 就邀約外隊訪港足球比賽，請說明過去十年入座率、戲金、戲金來源及收入。另，請說明在啟德體育園 DBO 模式下，邀約外隊訪港足球比賽的財政模式的變化。

(七) 承上，請提供香港大球場近五年營運及財務資料。

(八) 政府一直含糊地以「盛事化」作為體育政策口號，卻未有具體說明實質目標。請具體說明主場館及室內體育館希望爭取舉辦的盛事。

(九) 請詳細提供，前線運動員對啟德體育園三項設施的具體意見，包括姓名、身分、意見、收集意見日期、收集意見平台。又，本年 4 月 17 日的鏗鏘集「運動場上」，提到多個運動員及市民指出，政府於體育設施上設計的疏失，政府可有就此檢討及回應？

(十) 就體育設施布局，請告知：

(1) 政府會否考慮，以沙中線會展站上蓋，發展會展第三期，而非拆卸灣仔運動場？若否，為何？

(2) 若灣仔運動場不拆卸，則政府大球場不須重建，則大球場是否會成為主場館的競爭對手？

(3) 請說明，重建政府大球場的原因，是否成就啟德體育園主場館？

【就政府部分部門對本會議員查詢之不負責任態度之備註】

〃 任何問題，請政府萬勿再以不相關推卸。

〃 是否相關，乃政治意見。本會議員及政府有不同之政治意見，實屬平常。

〃 即使政府認為問題與撥款不相關，亦必須在合理時間內向議員提供資料。

〃 即使（萬一）委員會主席認為問題與撥款不相關，政府不回覆委員會，亦必須回覆本人或相關議員。

〃 任何政府認為不適合全面披露的資料，可隱去部分敏感內容，並附隱去之理據。

〃 任何政府認為完全不適合披露的資料，可按重述（Paraphrasing）的形式說明，並附重述之理據。

〃 任何政府認為連隱去部分內容及重述俱不宜的資料，請相關部門公開資料主任按《公開資料守則》向本會議員提供其完全拒絕披露、剝奪公眾知情權之詳細解釋。

盼覆。感謝。祝好。

此致
財委會工務小組委員會主席盧偉國議員
民政事務局局長劉江華

立法會議員朱凱迪謹啟

2017年5月6日