

CHAPTER 5

**Home Affairs Bureau
Leisure and Cultural Services Department**

Hong Kong 2009 East Asian Games

**Audit Commission
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HONG KONG 2009 EAST ASIAN GAMES

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PART 1: INTRODUCTION

1.1 This PART describes the background to the audit and outlines the audit objectives and scope.

Background

East Asian Games

1.2 The **East Asian Games (EAG)** is the exclusive property of the **EAG Association** (Note 1). It is an international sports event held every four years in one of its member countries/places. Members of the EAG Association comprise the **National Olympic Committees (NOCs)** of nine countries/places (Note 2) in East Asia, including Hong Kong. The first EAG was held in Shanghai, China in 1993, with subsequent ones held in Pusan, the Republic of Korea in 1997; Osaka, Japan in 2001; Macau in 2005 and Hong Kong in 2009. The forthcoming EAG will be held in Tianjin, China in 2013.

Hong Kong 2009 East Asian Games

1.3 The **Sports Federation and Olympic Committee of Hong Kong, China (SF&OC)** represents Hong Kong in the EAG Association. In April 2001, the SF&OC indicated its interest in bidding for the hosting right of the **fifth EAG to be held in 2009 (2009 EAG)**.

1.4 In April 2003, the **Leisure and Cultural Services Department (LCSD)** submitted to the **Home Affairs Bureau (HAB)** a preliminary assessment report on the feasibility of hosting the 2009 EAG. According to the assessment report:

- (a) Hong Kong was capable of hosting the event by using/upgrading its existing venues and by supplementing them with additional temporary works;

Note 1: *The EAG Association is the owner of the EAG. Important decisions relating to the EAG including the award of hosting right to a member country/place, inclusion of sports events, setting of schedules and rules of competitions, and duration of an EAG are made by the EAG Association.*

Note 2: *The nine countries/places are the People's Republic of China, Hong Kong, Japan, the Republic of Korea, Macau, Mongolia, the Democratic People's Republic of Korea, Chinese Taipei and Guam.*

- (b) the estimated income (including sponsorship, television rights and ticket sales) would be \$87 million;
- (c) the estimated expenditure (including costs of staff, ceremonies, broadcasting and sports venues) would be \$171 million; and
- (d) the estimated deficit would amount to \$84 million (\$171 million less \$87 million). This sum of money was worth spending in consideration of the associated economic benefits generated from additional tourists and the promotion of Hong Kong's image as a world city for hosting international events.

1.5 In June 2003, after considering a paper submitted by the HAB, the Executive Council advised and the Chief Executive ordered that subject to the acceptance in principle of the financial implications involved by the Finance Committee (FC) of the Legislative Council (LegCo), the Government should support, with guarantee and commitment, the SF&OC in its application for hosting the 2009 EAG.

1.6 In July 2003, the FC accepted in principle the financial implications of \$84 million for providing a government subsidy to meet the operating deficit for hosting the 2009 EAG (with a total operating budget of \$171 million), and agreed that Hong Kong should make a bid for hosting the event. As stated in the FC paper, by hosting the 2009 EAG, 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 investments;
- (d) create job opportunities;
- (e) enhance its tourism industry; and
- (f) foster its sporting culture.

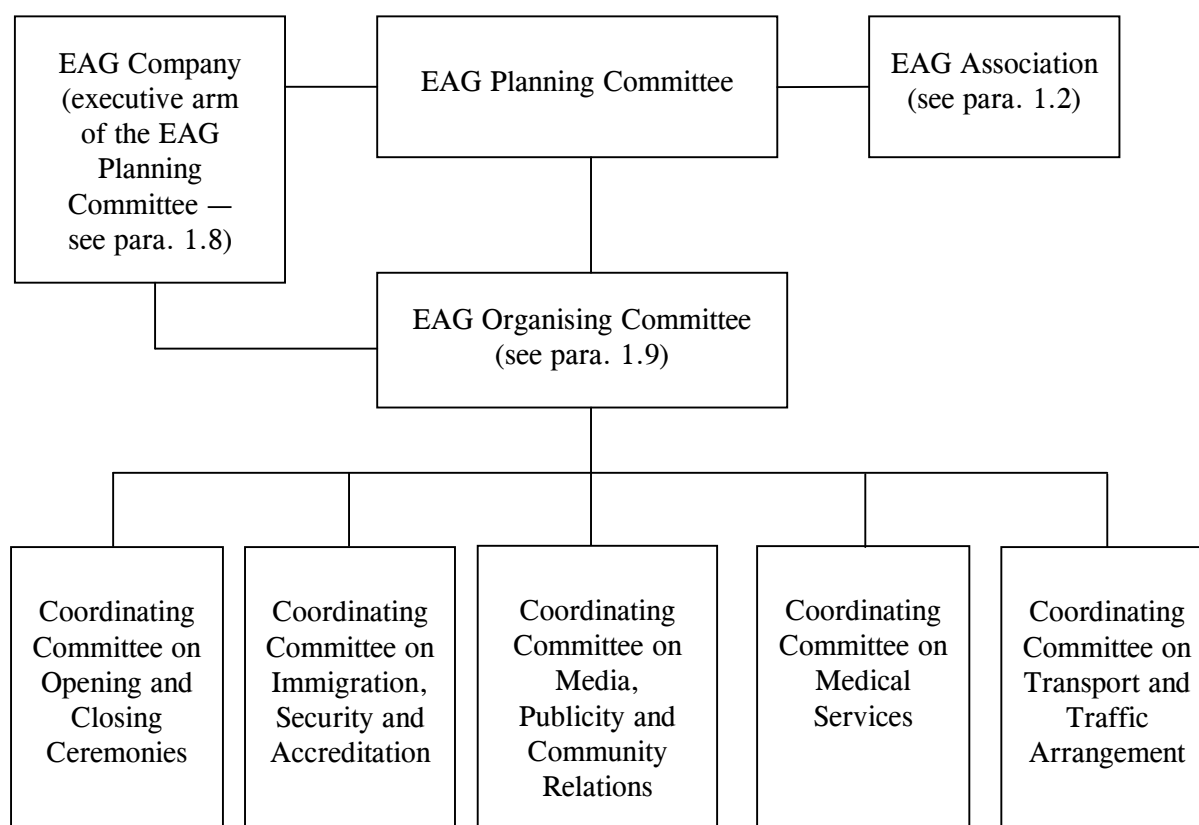
In November 2003, the SF&OC won the bid for hosting the 2009 EAG.

Organisational structure

1.7 **EAG Planning Committee.** In June 2004, the Secretary for Home Affairs appointed the **EAG Planning Committee** to oversee the planning and preparation of the 2009 EAG. The Committee, chaired by the President of the SF&OC, comprised representatives from the SF&OC, the HAB, the LCSD, the Architectural Services Department (ArchSD), the Information Services Department (ISD), the Tourism Commission and various sectors of the community. The Committee was the highest authority in the organisational structure for hosting the 2009 EAG (see Figure 1).

Figure 1

Organisational structure for hosting the 2009 EAG



Source: LCSD records

1.8 **EAG Company.** In March 2005, the **2009 East Asian Games (Hong Kong) Limited (the EAG Company)** was incorporated (as a company limited by guarantee) to act as the executive arm and the agent for implementation and delivery of the 2009 EAG. The EAG Company was managed by a Board of Directors appointed by the Secretary for Home Affairs. The Board was chaired by the Chairman of the EAG Planning Committee, and comprised a vice-chairman (the Director of Leisure and Cultural Services) and directors from various sectors of the community.

1.9 **EAG Organising Committee.** The Government played a supporting role in the organisation of the 2009 EAG. In November 2008, the **EAG Organising Committee** was formed to coordinate the work of various government departments and non-governmental agencies for the 2009 EAG. The Committee was co-chaired by the Chairman of the EAG Planning Committee and the Permanent Secretary for Home Affairs. Its members included representatives from 21 government bureaux/departments (B/Ds) and three non-governmental agencies. Under this Committee, there were five coordinating committees (each comprising representatives from relevant B/Ds, the EAG Company and non-governmental agencies) overseeing five key functional areas (see Figure 1 in para. 1.7).

Funding approval

1.10 In January 2006, the FC approved a commitment of \$123 million under the LCSD to provide financial support for the organisation and implementation of the 2009 EAG, comprising 17 to 20 sports items (Note 3). Details of the estimated and actual income and expenditure are shown at Appendix A.

Tripartite Agreement

1.11 In June 2006, the Government (represented by the Secretary for Home Affairs), the SF&OC and the EAG Company entered into a **Tripartite Agreement** to set out the detailed arrangements and the roles and responsibilities of the three parties in the organisation, implementation and delivery of the 2009 EAG. The Agreement stipulated that:

Note 3: *There were 22 sports items in the 2009 EAG (see para. 1.13).*

- (a) the Government should seek the appropriation of funds from LegCo, provide sports venues and facilities, and facilitate protocol, logistics and coordination. The Government should also cooperate and work together with the SF&OC and the EAG Company to promote and publicise the EAG, and to seek community participation and involvement in the EAG;
- (b) the SF&OC should liaise with the EAG Association, member NOCs and relevant parties including local **National Sports Associations (NSAs** — Note 4) to draw up sports items for competition, and provide advice on the competition requirements, methods, and management of the sports items selected; and
- (c) the EAG Company should be responsible for the organisation, implementation and delivery of the EAG.

Competition venues

1.12 The 2009 EAG was staged at 20 competition venues (16 government venues and 4 private venues — see Appendix B) and on some public road sections. Apart from the provision of a government subsidy of \$123 million for the organisation and implementation of the EAG (see para. 1.10), the FC also approved total funding of \$392.8 million between February 2005 and November 2008 for constructing the Tseung Kwan O Sports Ground (TKOSG), and \$823.6 million in January and February 2007 for upgrading 13 government venues.

Sports items

1.13 The 2009 EAG was held between 5 and 13 December 2009 (Note 5). About 2,100 athletes competed in 22 sports items (see Figure 2). Among the 22 sports items, 20 were financed by the EAG Company and 2 (namely DanceSport and Rugby Sevens) were mainly NSA-funded.

Note 4: *An NSA is a member association of the SF&OC. As of December 2010, there were 73 NSAs in Hong Kong.*

Note 5: *The opening ceremony took place on 5 December 2009. Nevertheless, the preliminaries of some sports items commenced on 2 December 2009.*

Figure 2
22 sports items of the 2009 EAG



Source: LCSD records

1.14 A total of 262 gold medals were awarded and 58 new EAG records were set in the 2009 EAG. As the host city, Hong Kong was represented by a delegation of 383 athletes who participated in all the 22 sports items and won a total of 110 medals (26 gold, 31 silver and 53 bronze medals). According to a paper submitted by the HAB in January 2010 to the LegCo Panel on Home Affairs (HA Panel), the 2009 EAG had been held successfully, and Hong Kong athletes had outstanding performances in many events and made major breakthroughs in some team events.

1.15 After completion of the 2009 EAG, in June 2010, a liquidator was appointed to proceed with the voluntary liquidation of the EAG Company. As of February 2011, the liquidation was in progress.

Audit review

1.16 The 2009 EAG was the first large-scale international multi-sports event ever held in Hong Kong. The Audit Commission (Audit) has recently conducted a review to examine the planning, organisation and implementation of the 2009 EAG. The review focused on the following areas:

- (a) post-implementation review (PART 2);
- (b) operating cost and revenue (PART 3);
- (c) reduction in number of shooting competition events (PART 4);
- (d) conversion of squash courts into office accommodation (PART 5);
- (e) admission ticketing arrangements (PART 6); and
- (f) Audit survey (PART 7).

Audit has found that there are areas where improvements can be made by the Administration in implementing future international multi-sports events. Audit has made a number of recommendations to address the issues.

Acknowledgement

1.17 Audit would like to acknowledge with gratitude the full cooperation of the staff of the HAB, the LCSD, the ArchSD and the SF&OC during the course of the audit review. Audit would also like to thank the former Chief Executive Officer (CEO) of the EAG Company and the Hong Kong Shooting Association for their comments, and the NOCs and the NSAs for providing information in the Audit survey.

PART 2: POST-IMPLEMENTATION REVIEW

2.1 This PART examines the consolidation of experience gained and lessons learnt from the 2009 EAG through the conduct of a post-implementation review (PIR).

Review of experience of 2009 East Asian Games

2.2 The 2009 EAG was the first international multi-sports event ever held in Hong Kong. Shortly after the closing ceremony, the HAB, the LCSD and the EAG Company held a wash-up meeting on 15 December 2009 to review the sports event and to consider the NSAs' feedback received throughout the EAG period with a view to consolidating the experience gained and lessons learnt. A wash-up report was then compiled for internal use and for reference by the concerned parties in future. The report contained the following observations and recommendations:

- (a) the budget of the 2009 EAG was much smaller than those of other major international games. Owing to the very tight budget, priority had to be set and compromises had to be made on certain aspects (e.g. the provision of on-site ticket booths). The report recommended that sufficient funding should be provided for organising similar events in future;
- (b) the EAG Company lacked manpower and expertise in organising competition events of a similar scale. As a result, a large number of government staff had to be deployed to provide support during the EAG period. In future, staff should be seconded at an early planning stage from the Government, the SF&OC and the NSAs to join the organising team. Ideally, staff responsible for organising competition events should possess necessary knowledge and experience in the relevant sports items; and
- (c) in contrast to the Olympic Games, the EAG Company organised the 2009 EAG without any statutory framework or stipulated rules and guidelines provided by the EAG Association. For organising similar events in future, the event organiser should work in collaboration with the SF&OC and the NSAs from the very early planning stage.

2.3 In January 2010, based on the wash-up report, the Administration reported to the HA Panel its review of the 2009 EAG. The Administration concluded that:

- (a) while there was room for improvement in the arrangements of individual areas in hosting the 2009 EAG, swift follow-up actions had been taken and contingency plans implemented through a communication and response mechanism set up beforehand for the parties concerned to closely monitor and review the activities on a daily basis;
- (b) the full participation of the community in the 2009 EAG and the commendations from the participating teams had helped enhance the international image of Hong Kong and strengthen the social cohesion; and
- (c) the valuable experience gained had strengthened the capabilities of participating parties in organising major competitions and formulating promotional strategies, thereby further reinforcing Hong Kong as a capital of sports events.

2.4 In their deliberations at the January 2010 meeting, several HA Panel Members commented that a comprehensive review on the experience of the 2009 EAG should be useful to enhance the Government's capabilities for organising future events. In response, the Secretary for Home Affairs indicated at the meeting that he concurred with Members' view regarding the importance and usefulness of reviewing the invaluable experience of the 2009 EAG. He also assured Members that the Administration would examine areas for further improvement in a serious manner. Nonetheless, he remarked that while there was room for improvement in hosting the 2009 EAG, the commendations from past organisers and participating teams, as well as the positive feedback from the Hong Kong community all indicated that the 2009 EAG was an accomplishment of all parties concerned.

2.5 In the same month (January 2010), following the deliberations at the HA Panel meeting, the EAG Company conducted a survey to seek participating NSAs' comments on various aspects of the 2009 EAG. In March 2010, the EAG Company compiled and submitted to the HAB a survey report which included the following major improvement measures:

- (a) for better planning of competition events and requirements on related facilities and equipment, consultation with the NSAs and interaction with different divisions of the EAG Company should commence at the early stage, preferably immediately after obtaining the hosting right of the EAG;
- (b) the day-pass ticketing arrangements should be reviewed to prevent the recurrence of having empty seats in some competition events;
- (c) there should be more television and media coverage of competition events, such as producing more live broadcasting programmes for promotion of the EAG;

- (d) venue renovation and development works should be completed two months before the EAG to provide sufficient time for event testing and upgrading standards of venue facilities. Some facilities, such as offices for technical officials and spectator seats, were inadequate;
- (e) competition schedules should be improved to allow for sufficient time for changeover of competition venues from one sports item to another; and
- (f) more flexible transport arrangements should be made between hotels and competition or training venues for both athletes and technical officials.

Conduct of post-implementation reviews

2.6 According to the best practice guide entitled “*A User Guide to Post Implementation Reviews*” (the Guide) issued by the Efficiency Unit (EU) in February 2009, conducting a PIR is a good practice of modern day public sector management. It helps B/Ds evaluate whether a project has achieved its intended objectives, review its performance and capture learning points to improve the delivery and outputs of future projects.

2.7 According to the EU, a PIR needs to be a conscious part of the project cycle. The review should be planned in advance and a mechanism to collect baseline information (e.g. the service levels before project implementation) should be established at the project planning stage. The criteria for selecting projects for PIRs include the projects’ importance (in terms of costs, resources and impact) and nature. The principle is that the costs of conducting a PIR should not outweigh its benefits. **The EU considers that a PIR can help improve the delivery and outputs of future projects, and is not for blame allocation.**

2.8 The conduct of a PIR generally involves the following four stages:

- | |
|---|
| <ul style="list-style-type: none">• Define review objectives and scope of assessment• Determine review methodology• Collect and analyse data• Identify issues and lessons learnt and reporting |
|---|

2.9 After the completion of a PIR, the review findings and recommendations should be reported to the senior management for consideration. A PIR report should be prepared to facilitate decision-making and future reference. The report should document the effectiveness and efficiency of the project, the effectiveness of project management, the lessons learnt, and the best practices to be used in future projects.

Audit observations and recommendations

PIR requirement not specified in Tripartite Agreement

2.10 The Tripartite Agreement signed in June 2006 did not specify any requirement for the conduct of a PIR. Audit noted that a comprehensive PIR for the 2009 EAG had not been conducted, as evidenced by the following:

- (a) the wash-up review conducted shortly after the closing of the 2009 EAG (see para. 2.2) and the NSA survey conducted in January 2010 (see para. 2.5) did not involve formal consultation with other key stakeholders, which included participating NOCs, sponsors, broadcasters, volunteers and technical officials;
- (b) an evaluation of the organisational structure and the administrative framework had not been carried out; and
- (c) although some 40 B/Ds were involved in different extents in various areas and activities of the 2009 EAG (including the provision of sports venues and facilities; security, traffic and transportation; food, health and immigration arrangements; and publicity and funding support), formal feedback in writing had not been sought from them after the conclusion of the EAG.

2.11 In February 2011, the HAB informed Audit that:

- (a) a comprehensive PIR of the type set out in the EU's Guide needed to be planned in advance and to be a conscious part of the project cycle. Given that the Tripartite Agreement was signed two and a half years before the issue of the EU's Guide in February 2009, by the time the EU's formal guidance was available, project planning for the 2009 EAG was already well advanced; and

- (b) although the Administration could not fully follow the procedures for a formal PIR as laid down in the EU's Guide (in particular the planning of the review and the establishment of a mechanism to collect baseline information at the early stage of project planning and implementation — see para. 2.7), the wash-up report prepared and the NSA survey conducted were largely in line with the procedures laid down in the EU's Guide.

Concerns of EAG Company

2.12 In February 2011, the former CEO of the EAG Company also informed Audit that:

- (a) the government fund of \$123 million allocated as operating cost for the 2009 EAG (see para. 1.10) was a very lean budget comparing with other similar major international games, even taking into account the other direct expenditures incurred by various government departments as indicated in this Audit Report (see para. 3.4);
- (b) the situation was further aggravated as the number of sports items increased from 17 to 22 without any increase in government funding. Given the very small budget, the EAG Company (under the direction of the EAG Planning Committee) had to exercise strict financial control on all expenditures and explore every possible means to generate more revenue;
- (c) in the planning and preparation process, the EAG Company had undergone very tough negotiation with various stakeholders and service contractors to reduce the operating costs. For example, the Company could only afford to operate a relatively primitive manual Games Information System with the original budget (which was very small as compared with that in other major international games). Through lengthy and tough negotiation with a contractor, the Company finally managed to engage the contractor to provide the Games Information System at a standard comparable to other major international games;
- (d) regarding the EAG opening ceremony, although the EAG Company had a very small budget, it was expected that the public would not accept to have a non-remarkable opening ceremony. Through numerous persuasions by its Board Chairman, the Company managed to engage the production team of the 2008 Olympic Games Opening Ceremony for the EAG. With the tremendous support of various government departments, the Company produced a remarkable opening ceremony highly commended by the international sports community at a much lower cost; and

- (e) the International Sports Federations, the Asian Sports Federations and the NSAs also had various requests and demands for more money, manpower and better hospitality treatments. To reduce operating costs, the EAG Company had difficult negotiations with these stakeholders to control the budget while maintaining a harmonious working relationship. Certain negotiations could only be finalised until the very late stage before the 2009 EAG commenced.

Need for a PIR

2.13 The 2009 EAG was the first large-scale international multi-sports event ever held in Hong Kong. Hong Kong athletes had remarkable achievements in the EAG. As indicated by the HA Panel and shared by the Administration, the hosting of the EAG was an invaluable experience to Hong Kong. **Therefore, the conduct of a PIR would help identify improvement opportunities for the future.** As both the HAB and the LCSD played an active supporting role in the hosting of the EAG, they need to consolidate the experience gained for future reference.

2.14 There is added importance for the conduct of a PIR. According to an HA Panel paper of January 2010, during the course of the 2009 EAG, there were press reports on some issues, such as the absence of ticket booths at some competition venues and the low day-time spectator attendance. On the other hand, there were good practices that might be learnt from the EAG for wider application. For example, follow-up actions and contingency plans were promptly implemented because the Administration had set up a communication and response mechanism for the parties concerned to closely monitor and review the operation of the EAG on a daily basis (see para. 2.3(a)).

2.15 A PIR could also address the concerns expressed by some of the HA Panel Members at their January 2010 meeting (see para. 2.4) and those of the former CEO of the EAG Company (see para. 2.12). It could highlight some areas for improvement as identified in this Audit Report.

Audit recommendations

2.16 **Audit has recommended that the Secretary for Home Affairs should:**

- (a) **consolidate the experience in hosting the 2009 EAG by compiling a report on good practices and lessons identified, making reference to different sources of information (including the wash-up report, the NSA survey report and this Audit Report); and**

- (b) **consider, in collaboration with the organiser of any similar international multi-sports event that may be held in future with public funding, the need for conducting a PIR with reference to the EU's Guide.**

Response from the Administration

2.17 The **Secretary for Home Affairs** generally accepts the audit recommendations. He has said that:

- (a) should Hong Kong in future host an international multi-sports event of a similar or larger scale than the 2009 EAG, the HAB agrees that there is merit in advising the event organiser to conduct a PIR after conclusion of the event and therefore to take necessary advance planning measures with such a review in mind;
- (b) the EU's Guide (issued in February 2009) had not been published at the time of the signing of the Tripartite Agreement in June 2006 and during the greater part of the preparation process for the 2009 EAG. Nonetheless, as a matter of good practice, the EAG Company together with the Administration did conduct reviews on the preparation and organisation of the EAG after critical milestones, both during and after the EAG. Given that advance planning is essential to the conduct of a PIR, it was not possible for these reviews to have been conducted entirely in line with the procedures recommended in a user guide that had yet to be published. However, the EAG Company and the Administration did make use of the regular review findings to put in place improvement and rectification measures before and during the 2009 EAG in a timely manner;
- (c) although the HAB has not conducted a formal PIR for the 2009 EAG for the reasons in (b) above, and will not be in a position to conduct such a review (given that it was not possible at the planning stage of the event to envisage the formal mechanism that would be suggested by the EU), the HAB will make reference to information available (such as the various reports and survey results completed immediately after the 2009 EAG) for consolidating the lessons learnt from the event for future reference; and

- (d) there is an inherent constraint in conducting a formal PIR for international multi-sports games like the 2009 EAG, in that the hosting rights for such events belong to the NOC, and not to the government of the host city. Similar to the 2009 EAG, it is likely that in any future multi-sports event, the Administration would mainly play a supporting and facilitating role by providing competition venues and other support services. Although the Administration could review its own role in providing the relevant support, it would not necessarily be in a position to require other participating NOCs or overseas technical officials to comment on such events. It would be more appropriate for the event organiser of a future international multi-sports event to invite feedback from participating NOCs, particularly for conducting a formal survey as part of a PIR.

Response from the SF&OC

2.18 The **Secretary General of the SF&OC**, on behalf of the SF&OC, has said that:

- (a) it would be more desirable if the PIR of the 2009 EAG could have been completed before the transfer of the EAG Association Secretariat to Tianjin, China on 13 April 2010, and the commencement of the liquidation of the EAG Company on 30 June 2010, as the two organisations could provide direct feedback to the PIR. This would also be more beneficial to gauge the responses of all the 9 NOCs and the 22 NSAs which participated in the 2009 EAG;
- (b) the SF&OC shares the view mentioned in paragraph 2.2(c) that for organising similar events in future, the event organiser should work in collaboration with the SF&OC and the NSAs from the very early planning stage. The event organiser had directly liaised with the NSAs on some issues of the 2009 EAG; and
- (c) the EAG Association Secretariat had a lean staff set-up comprising one and a half staff members from the commencement of the planning work in 2006. While noting that staff responsible for organising competition events should possess necessary knowledge and experience in the relevant sports items (see para. 2.2(b)), under the meagre financial and manpower resources, the SF&OC could only render the limited service.

PART 3: OPERATING COST AND REVENUE

3.1 This PART examines the operating cost and revenue of the 2009 EAG. The following issues are examined:

- (a) full cost implications of 2009 EAG (paras. 3.4 to 3.7);
- (b) temporary works for competition venues (paras. 3.8 to 3.13);
- (c) significant income and expenditure variances (paras. 3.14 to 3.15);
- (d) funding for a legacy project (paras. 3.16 to 3.22); and
- (e) timeframe for administrative arrangements (see paras. 3.23 to 3.25).

Allocation of government subsidy

3.2 After obtaining funding approval from the FC in January 2006, the LCSD allocated the government subsidy of \$123 million to finance the related expenditures of the EAG Company, the SF&OC, the Electrical and Mechanical Services Department (EMSD) and the Radio and Television Hong Kong (RTHK) for organising the 2009 EAG. Details are shown in Table 1.

Table 1
Allocation of government subsidy
(2006 to 2010)

Organisation/ department	Particulars	Amount (\$ million)	
(a) EAG Company	Organising, implementing and delivering the 2009 EAG	113.3	
(b) SF&OC	Organising council and committee meetings for the EAG Association and the related hospitality expenses	7.0	} \$9.7 million
(c) EMSD	Providing technical support services at competition venues	2.0	
(d) RTHK	Producing the One Year Countdown programme in December 2008	0.7	
Total		123.0	

Source: LCSD records

3.3 According to the EAG Company's unaudited financial statements as at 30 June 2010 (Note 6), of the government subsidy of \$113.3 million allocated to the Company, \$101.8 million had been spent, with a surplus of \$11.5 million. As of February 2011, of the total government subsidy of \$9.7 million allocated to the SF&OC, the EMSD and the RTHK for organising and implementing the 2009 EAG, \$9.3 million had been spent. The unspent balance of \$0.4 million had been returned to the Government (\$0.3 million by the SF&OC and \$0.1 million by the EMSD). The total income of the 2009 EAG (excluding the government subsidy of \$123 million) was \$180 million and the total expenditure was \$291.1 million. Details are shown at Appendix A.

Audit observations and recommendations

Full cost implications of 2009 EAG

3.4 Audit noted that the Administration had not ascertained the full cost implications of hosting the 2009 EAG. In the funding paper submitted to the FC in January 2006, the Administration estimated that the gross expenditure for organising and implementing the 2009 EAG would be \$240 million. In the event, the actual expenditure was \$291.1 million (see Appendix A). As far as Audit could ascertain, apart from the expenditure financed by government subsidy of \$123 million, **additional direct expenditures amounting to \$132.8 million** had been incurred by various B/Ds to support the hosting of the event. The B/Ds included the LCSD, the HAB, the ISD, the Home Affairs Department (HAD) and the ArchSD. Details are shown in Table 2.

Note 6: *As of February 2011, only the audited financial statements up to 31 March 2010 were available, while those for the last three months of operation from 1 April to 30 June 2010 were not yet available.*

Table 2
Direct expenditures for 2009 EAG
(2006-07 to 2010-11)

Department	Amount (\$ million)
Funded under departmental vote	
(a) LCSD	73.3 (Note 1)
(b) HAB	9.8
(c) ISD	0.5
(d) HAD	0.2
Sub-total	83.8
Funded under Capital Works Reserve Fund (CWRF)	
(e) ArchSD	48.8 (Note 2)
(f) HAD	0.2
Sub-total	49.0
Total	132.8

Source: LCSD and ArchSD records

Note 1: According to the LCSD, \$17.4 million was allocated to the LCSD to strengthen publicity/promotion work for the 2009 EAG, \$24.7 million was allocated to the LCSD under the ad hoc job creation initiative for creating temporary jobs in various B/Ds, while the remaining \$31.2 million was made available through internal redeployment of resources by the LCSD.

Note 2: The sum mainly included:

- (i) temporary works of \$42.7 million approved by the FC in January and February 2007 (see para. 3.9(a)); and*
- (ii) conversion works at the Hong Kong Squash Centre of \$4.9 million approved by the Minor Building Works Committee in June 2006 (see para. 5.8).*

3.5 The following are examples of direct expenditures included in Table 2:

Expenditures funded under LCSD departmental vote

- (a) \$26 million for the deployment of about 80 government staff to perform EAG duties between 2006-07 and 2010-11;
- (b) \$22.7 million for the employment of about 160 contract staff for arranging EAG activities between March 2009 and March 2010 (Note 7);
- (c) \$20.6 million for organising recreation and sports activities, and producing publicity programmes to promote the EAG and secure community involvement between 2006-07 and 2009-10;

Expenditures funded under the CWRP with the ArchSD as the fund controller

- (d) \$42.7 million for carrying out temporary overlay and thematic design works (temporary works) for 14 government venues (Note 8) in 2009-10 (see para. 3.9(a));
- (e) \$4.9 million for conversion of six squash courts at the Hong Kong Squash Centre (HKSC) into office accommodation for the EAG Company between 2006-07 and 2009-10 (see para. 5.8); and

Expenditures funded under HAB departmental vote

- (f) \$1.5 million for carrying out temporary works for the TKOSG in 2009-10 (see para. 3.9(b)).

Note 7: *This was funded under the Job Creation Scheme initiated in the 2009-10 budget. Jobs were created for promoting community involvement in EAG activities.*

Note 8: *With policy approval from the HAB, the ArchSD allocated funding to the LCSD for carrying out temporary works for 13 government venues. The LCSD then provided funding to the EAG Company. The temporary works eventually carried out by the EAG Company included those for the Hong Kong Park Sports Centre (located adjacent to the Hong Kong Squash Centre), in addition to the 13 government venues.*

3.6 In January and February 2011, the HAB and the LCSD informed Audit that:

- (a) in addition to the EAG Company which had its own publicity budget, the Government had a duty to promote and publicise the 2009 EAG and get the community involved as required by the Tripartite Agreement, and such resources were made available by the B/Ds concerned (the HAB, the LCSD, the HAD and the ISD). The Administration also had a responsibility to support the organisation of the 2009 EAG in the provision of venues, as well as logistics and protocol facilitation and coordination. The fulfilment of these obligations required resources;
- (b) the 2009 EAG was the first major international multi-sports event held in Hong Kong. When the preliminary estimates were first prepared in 2003 (later revised in 2005 for submission to the FC in January 2006), the LCSD did not have a full picture of all the necessary expenditure and resource requirements. As the EAG Company proceeded with the actual preparation work and with the experience gained from the 2008 Beijing Olympics Equestrian Events held in Hong Kong, it was found that more resources, in terms of manpower and publicity, would be required in order to fulfil the host government's obligations in full, including those set out in (a) above. The LCSD thus obtained the necessary resources in accordance with established procedures and also through internal deployment of its own resources;
- (c) the LCSD had already reported/reflected the financial resources required for the 2009 EAG (see Note 1 to Table 2) through various channels and on various occasions, such as FC papers, replies to questions at special FC meetings, Controlling Officer's Reports and Draft Estimates. The need for temporary works at competition venues had also been reflected in the relevant papers submitted to the FC (see paras. 3.9 and 3.11); and
- (d) the Administration provided the FC with the most accurate estimate for the 2009 EAG based on the information available at the time of preparation of the estimate. However, given the many circumstantial changes during the six-year (from the date of seeking the FC's acceptance in principle in July 2003) planning and preparation process for a large-scale international multi-sports event such as the EAG, variations to the original cost estimates were inevitable.

3.7 **Audit considers that, to enhance public accountability, the Administration, in seeking the FC's acceptance in principle for making a bid and funding approval for hosting a similar sports event in future, needs to provide an accurate estimate of the direct expenditures for the event as far as possible.**

Temporary works for competition venues

3.8 In July 2003, the FC accepted in principle the financial implication of \$84 million for the 2009 EAG (see para. 1.6). In the same month, the Administration informed the LegCo HA Panel that the estimated cost of the temporary works for competition venues was \$6.2 million. Such temporary works included the provision of temporary seating, portable toilets, fencing, commentator platforms, video screens and scoreboards. In January 2006, when seeking funding for the government subsidy of \$123 million, the Administration informed the FC of the following:

- (a) it had obtained the funding for the construction of the TKOSG (Note 9); and
- (b) it would separately submit to the FC funding applications for the capital cost of venue improvement works of 13 government venues, comprising:
 - (i) upgrading and revitalisation works for ageing facilities for the long-term sports development in Hong Kong (i.e. long-term improvement works); and
 - (ii) works for meeting functional/competition requirements for the 2009 EAG, including venue improvements for supporting and ancillary facilities, addition of spectator stands, purchase of new equipment, and face-lifting and creative works (i.e. temporary works, most of which would be dismantled after the event).

3.9 In January and February 2007, the FC approved total funding of \$823.6 million under the CWRP for venue improvement works of the 13 government venues, **including both the long-term improvement works and the temporary works for the 2009 EAG** (Note 10). By February 2010, the temporary works, including the provision of thematic facilities (see Photograph 1) and the dismantling works, for 16 government venues and 4 private ones were completed at a total cost of \$48.2 million, comprising:

Note 9: *The FC approved in February 2005 funding of \$293.1 million and in November 2008 the increase of funding to \$392.8 million for constructing the TKOSG. The design and construction works contract was awarded in April 2006. In March 2009, the works were substantially completed. As of December 2010, the actual cost amounted to \$379.5 million (accounts of the works had not been finalised).*

Note 10: *Between June and August 2007, the ArchSD awarded six works contracts for the long-term improvement works, which were substantially completed between October 2008 and July 2009. As of December 2010, the cost of both the long-term improvement works and the temporary works amounted to \$699.3 million (accounts of these works had not been finalised).*

- (a) \$42.7 million for 14 government venues funded under the CWRP (see Note 8 to para. 3.5(d));
- (b) \$1.5 million for the TKOSG funded under HAB departmental vote (Note 11); and
- (c) \$4 million for the Aberdeen Tennis and Squash Centre and four private venues (see Appendix B) funded by the EAG Company under its operating budget.

Photograph 1

Thematic design works at a competition venue



Source: EAG Company records

3.10 The estimated cost of temporary works for EAG venues as of July 2003 was \$6.2 million (see para. 3.8). However, the actual temporary works cost of 16 government venues and 4 private ones (Note 12) amounted to \$48.2 million (see para. 3.9), representing a sixfold increase.

Note 11: *In April 2009, the ArchSD informed the LCSD that the scope of construction works for the TKOSG did not include the provision of temporary facilities. After exchange of correspondence, in October 2009, the HAB agreed to allocate funding of \$1.5 million under its departmental vote to finance the facilities.*

Note 12: *There were some differences between the sports items and competition venues proposed in July 2003 and those finally selected.*

3.11 In the papers submitted to the FC in January and February 2007 seeking total funding of \$823.6 million for venue improvement works for 13 government venues (see para. 3.9), the proposed works covered both the long-term improvement works for the venues and the temporary works for the 2009 EAG. **However, while the temporary works were mentioned in the FC papers, the papers did not set out the estimated cost of the works as a separate item.** In this connection, the Financial Services and the Treasury Bureau (FSTB) had informed the LCSD in May 2005 that the costs of works absolutely required for the 2009 EAG (including both major and temporary works) should be shown **distinct** from those for general renovation/upkeep purposes.

3.12 In January and February 2011, the HAB and the LCSD informed Audit that:

- (a) the sum of \$42.7 million for venue temporary works for the 2009 EAG funded under the CWRP had been included in the capital expenditure of the upgrading works approved by the FC in 2007 (see para. 3.9(a));
- (b) it was not practicable to provide an accurate estimate of the cost of the temporary works involved at the time of seeking acceptance in principle from the FC in 2003, as the sports items to be included and the venues to be used had to be approved by the EAG Association. Such approval would only be given after Hong Kong had succeeded in bidding for the EAG and submitted a list of sports items and venues for approval. These occurred in November 2003 and June 2006 respectively, after the FC had given its acceptance in principle in July 2003; and
- (c) as regards the budget for temporary works at competition venues, the HAB adopted the conventional format of cost presentation. The issue was whether the cost information should be presented as a separate item in the relevant papers submitted to the FC for consideration.

3.13 **In Audit's view, in seeking acceptance in principle from the FC for hosting a similar sports event in future, the Administration needs to take measures to ensure that the estimated costs of the event cover all necessary temporary works as far as possible. Audit also considers that the separate disclosure of temporary works cost information in the FC papers is essential, as such cost directly relates to the event.**

Significant income and expenditure variances

3.14 As of June 2010, the funding of \$123 million approved by the FC had not been fully spent. However, as shown at Appendix A, some estimated income and expenditure items stated in the FC paper of January 2006 differed significantly from the actual ones. The items with significant variances are shown in Table 3.

Table 3

Income and expenditure items with significant variances

Item	Estimate (January 2006) (a) (\$ million)	Actual (June 2010) (b) (\$ million)	Variance (increase/(decrease)) (c) = $\frac{(b) - (a)}{(a)} \times 100\%$ (%)
Income			
(a) Community/commercial sponsorship	50.0	131.4	163 %
(b) Ticket sales	28.0	11.0	(61 %)
(c) Licensing and merchandising	15.0	0.8	(95 %)
(d) Television rights	12.0	1.2	(90 %)
(e) Other income	4.0	26.1 (Note)	553 %
Expenditure			
(f) Opening and closing ceremonies	35.0	63.4	81 %
(g) Accommodation and catering	15.0	25.2	68 %
(h) Volunteers	8.0	12.3	54 %
(i) Transportation	4.0	10.5	163 %
(j) VIP hospitalities	8.5	2.7	(68 %)

Source: LCSD and EAG Company records

Note: Other income included admission fees of EAG concerts, fees for renting space at EAG venues for displaying commercial banners and air time for commercials on video walls, and sales of souvenirs.

3.15 In the absence of a comprehensive PIR, the reasons for the significant variances in some of the income and expenditure items had not been ascertained. Audit considers that the Administration needs to take note of the variances and ascertain the reasons for the variances which will be useful for compiling future budgets of similar events.

Funding for a legacy project

3.16 According to the FC paper of January 2006 and the Tripartite Agreement of June 2006, surplus funding from the 2009 EAG (up to the amount of the government subsidy provided and hiring charges waived) should be returned to the Government. **As of March 2010, the EAG Company had a surplus of \$21.5 million. After implementing a legacy project of \$10 million in June 2010, the EAG Company had a surplus of \$11.5 million** (see para. 3.3). The legacy project comprised:

- (a) a donation of \$4.9 million to an athletes career and education programme and another donation of \$4.9 million to an athletes fund to support the long-term development of Hong Kong athletes; and
- (b) the installation of commemorative plaques at 21 EAG-related venues at a cost of \$0.2 million.

3.17 In May 2010, on behalf of the EAG Company, the LCSD, with the support of the HAB, wrote to the FSTB to seek the latter's views on the proposed EAG legacy project. The LCSD informed the FSTB that, as a result of the efforts made by the EAG Company in securing sponsorship, the Company would have an unallocated balance of about \$20 million, including a sponsorship of \$10 million from a sponsor (Sponsor A) received in November 2009 to support the opening ceremony (Note 13). In June 2010, the FSTB replied to the LCSD stating, among others, that:

Note 13: *Audit noted that, as conditions of Sponsor A's sponsorship of \$10 million, the sum should be spent according to an itemised budget (e.g. \$5.6 million for enhancement of the boat parade) for the EAG opening ceremony, and any unspent balance should be returned to Sponsor A. Subsequently, the estimated cost of the opening ceremony increased by \$7.2 million to \$45.7 million, with the actual cost amounting to \$57.9 million. It appears that Sponsor A's sponsorship of \$10 million had been used to enhance the opening ceremony (the former CEO of the EAG Company had a similar view — see para. 3.21(c)). Audit therefore has reservations on the use of the sponsorship to finance the legacy project.*

- (a) based on the information provided by the LCSD, the EAG Company had secured sponsorship of \$10 million in November 2009. At that time, expenditure relating to the implementation of the EAG had largely been met with the EAG Company's general pool of resources; and
- (b) as a result, the sponsorship of \$10 million was not used and had become a significant proportion of the unallocated balance. On the basis that the EAG Company was able to differentiate the \$10 million from the general pool of resources, the FSTB considered it reasonable not to regard the \$10 million as part of the surplus funds for return to the Government.

Details of the correspondence on the legacy project between the LCSD and the FSTB are shown at Appendix C.

3.18 In June 2010, the Board of Directors of the EAG Company approved the implementation of the legacy project. In the same month, the EAG Company made the two donations and in July 2010 completed the installation of commemorative plaques (see para. 3.16).

3.19 **Audit is concerned with the use of the EAG Company's operating surplus to finance the legacy project at a cost of \$10 million, for the following reasons:**

- (a) **in accordance with the Tripartite Agreement of June 2006 (see para. 1.11), the EAG Company should use all revenue generated solely for the organisation, implementation and delivery of the 2009 EAG, and any surplus funding from the event should be returned to the Government; and**
- (b) **both the FC paper of January 2006 and the Tripartite Agreement did not state that the EAG Company would make donations to support the long-term development of Hong Kong athletes.**

3.20 In January and February 2011, the HAB and the LCSD informed Audit that:

- (a) the EAG Company paper reflecting the Administration's consolidated views on the disposal of the unallocated balance was approved by the Board of Directors of the Company in June 2010 (see para. 3.18);
- (b) though the FC paper and the Tripartite Agreement did not state that the EAG Company could make donations to support the long-term development of Hong Kong athletes, the Company's legal adviser had confirmed that donations to funds that would benefit athletes fell within the Company's objects stated in its Memorandum and Articles of Association;

- (c) when the FC's approval was sought in January 2006, the prospect of having surplus from organising the EAG was not envisaged taking into account past experience; and
- (d) for similar events in future, the Administration would take into account the possibility of having surplus when seeking the FC's approval and entering into agreements with relevant parties.

3.21 In February 2011, the former CEO of the EAG Company also informed Audit that:

- (a) owing to the concerted efforts of government staff, and the Board of Directors and staff of the EAG Company, the Company, not only keeping the expenditures of the 2009 EAG within budget, but also managed to achieve an unallocated balance of \$21.5 million. The achievement of the unallocated balance (or surplus), resulting from the combined efforts of economising expenditure and generating income, was unprecedented in the hosting of similar events in the past;
- (b) the EAG Company considered that it would be more meaningful and appropriate to allocate the unallocated balance (as a part of the EAG legacy) for development of elite athletes, without whom the outstanding results in the 2009 EAG could not have been achieved. The EAG Company was disappointed that the Government eventually agreed to allocate only \$10 million for the legacy project. All the surplus should not be returned to the Government;
- (c) the EAG Company had sought advice from its legal adviser and the relevant government departments before making the decision. The unallocated balance was not attributed to any one single contributor or sponsor. **The additional money obtained from Sponsor A in November 2009 had been spent to enhance the opening ceremony** (Note 14);
- (d) the EAG Company firmly believed that it was in line with the wish of all the sponsors that the unallocated balance should be used for the purposes of benefiting the athletes and for sports development. All the sponsors indicated that they wanted to contribute to the better development of sports in Hong Kong and to support the local athletes. It would be against their wish if the entire

Note 14: *Apparently, the CEO's understanding of the source of funding for the legacy project was different from that stated in paragraph 3.17(a) and (b).*

surplus from the 2009 EAG was to be returned to the Government. More importantly, both the Company and the Government were mindful that if the entire amount of surplus was returned to the Government, it would send a bad signal to the community and future sponsors of similar events that the Government was trying to make money out of major sports events by giving a lean and mean budget and then exploit the money donated by the sponsors. This would make it difficult for the event organisers to secure sponsorship for other major events to be held in future. On the other hand, it would encourage more corporations and individuals to make sponsorship if the surplus was spent on worthwhile areas; and

- (e) the EAG Company considered that seeking funding for the legacy project from other government funding sources was not a realistic proposition.

3.22 Audit considers that, should the Government wish to implement a legacy project as part of a future sports event, the Administration needs to inform the FC of the details and define clearly the terms in the administrative agreement with the event organiser.

Timeframe for administrative arrangements

3.23 As laid down in the Tripartite Agreement, within six months from the conclusion of the 2009 EAG, the EAG Company should:

- (a) submit the final audited financial statements to the Government and the EAG Planning Committee; and
- (b) return surplus funding to the Government, if any.

3.24 The closing ceremony of the 2009 EAG took place on 13 December 2009. In June 2010, the EAG Company appointed a liquidator to proceed with the voluntary liquidation of the Company. As of February 2011, the liquidation was in progress (see para. 1.15). Audit noted that, 14 months after the closing ceremony, the final audited financial statements had not been submitted, and the surplus funding not been returned to the Government. The six-month requirement in the Tripartite Agreement for submission of the final audited financial statements and for the return of surplus funds to the Government had **not been met.**

3.25 In Audit's view, the six-month requirement does not appear to be attainable given that the liquidator was only appointed six months after the EAG closing ceremony. For implementing a similar event in future, the Administration needs to take into account the lead time for winding up a company, and include a realistic timeframe in the administrative agreement with the event organiser.

Audit recommendations

3.26 **Audit has recommended that in implementing a similar sports event in future, the Secretary for Home Affairs should, in collaboration with the Director of Leisure and Cultural Services:**

Full cost implications of 2009 EAG

- (a) **provide the FC with an accurate estimate of the direct expenditures as far as possible;**

Temporary works for competition venues

- (b) **inform the FC of the estimated costs of all necessary temporary works;**

Significant income and expenditure variances

- (c) **endeavour to compile accurate budgets, taking into account the significant income and expenditure variances of the 2009 EAG;**

Funding for a legacy project

- (d) **if the Government wishes to implement a legacy project as part of the future sports event, inform the FC of the details and define clearly the terms in the administrative agreement with the event organiser; and**

Timeframe for administrative arrangements

- (e) **include a realistic timeframe in the administrative agreement with the event organiser.**

Response from the Administration

3.27 The Secretary for Home Affairs and the Director of Leisure and Cultural Services generally accept the audit recommendations. They have said that:

- (a) if Hong Kong is to host a similar sports event in future, the HAB and the LCSD will aim to provide the FC with accurate estimates of the total direct expenditures as far as practicable. In the event that temporary works for competition venues are required, they will aim to provide the FC with the best possible estimates of the costs of the necessary temporary works;
- (b) the HAB and the LCSD will take into account the reasons for the variances between the estimated and actual income and expenditure items in preparing budgets for similar events in future. The main reasons for the variances between the estimated and actual income and expenditure items include:
 - (i) *for the increase in income items*: the organisation of more fund-raising activities; more support from the community and commercial sponsors; and a conservative approach adopted for devising the original estimate;
 - (ii) *for the decrease in income items*: lack of experience in devising the original estimate in licensing and merchandising income, television right income and ticket sales income in the context of a major game; and
 - (iii) *for the variances in expenditure items*: budgets for transportation expenses and accommodation and catering expenses for VIPs originally included in another hospitality item; enhancement of the scale, standard and quality of the opening and closing ceremonies with more sponsorship; and increase in the number of volunteers from 3,000 to 6,000;
- (c) for similar events in future, the HAB and the LCSD will consider including the possibility of implementing a legacy project as part of the event when seeking funding approval from the FC and entering into an administrative agreement with the event organiser. However, both the Government and the event organiser may have difficulty in specifying details of the legacy projects in the administrative agreement before it is signed, since the availability of funding for and the nature of any legacy projects would only be known towards the completion of the event;
- (d) the HAB and the LCSD note the views of the former CEO of the EAG Company on the sources of funding of \$10 million for the legacy project (see para. 3.21(c)). They will consider requesting the event organiser to keep separate accounts for government subvention and sponsorship income in future; and
- (e) the HAB and the LCSD will endeavour to include a realistic timeframe in the administrative agreement with the event organiser for similar events in future.

3.28 The **Secretary for Financial Services and the Treasury** generally supports the audit recommendations. He has said that, apart from those B/Ds listed in Table 2 in paragraph 3.4, several other departments such as the Hong Kong Police Force and the Transport Department had also incurred expenditures under their departmental votes to support the hosting of the 2009 EAG by enhancing their services as part of their day-to-day responsibilities. These expenditures, as part of the overall financial implications of hosting the EAG, are quite different from the direct expenditures, such as those incurred by the EAG Company in hosting the EAG.

Response from the SF&OC

3.29 The **Secretary General of the SF&OC**, on behalf of the SF&OC, has said that:

- (a) the duties undertaken by the SF&OC (including those by the EAG Association Secretariat which was transferred to Tianjin on 13 April 2010) in organising the 2009 EAG were in full compliance with the division of work as stated in the Tripartite Agreement of June 2006, and with the requirements set out in a letter issued by the LCSD in April 2006 (Note 15); and
- (b) as the administrator of the athletes career and education programme (see para. 3.16(a)), the donation of \$4.9 million as a legacy of the 2009 EAG to benefit the elite athletes under an approved mechanism was well received by the serving and retired athletes. Up to late January 2011, seven athletes had benefited involving a total amount of about \$187,000. The donation received would solely be used to benefit the athletes and would not be spent on any administrative or operational aspects.

Response from the EAG Company

3.30 The former **CEO of the EAG Company** has said that:

- (a) it was a common practice for government departments in major EAG host cities to provide support by incurring expenditures; and
- (b) although the EAG Company was given a small budget, the Company tried its best to deliver the most and the best for the 2009 EAG, striking the balance of service standard and money required.

Note 15: *The letter set out the terms and conditions for the use of the \$7 million allocated to the SF&OC (see item (b) in Table 1 of para. 3.2).*

PART 4: REDUCTION IN NUMBER OF SHOOTING COMPETITION EVENTS

4.1 This PART examines the LCSD's monitoring of the provision of a venue for the shooting competitions of the 2009 EAG, the subsequent change in the venue and the reduction in the number of shooting competition events.

Shooting item

4.2 Shooting was one of the sports items of the 2009 EAG. It was also a sports item of the 2005 EAG in Macau, but not in the earlier EAG in Shanghai, Pusan and Osaka.

Proposed shooting range in Tuen Mun

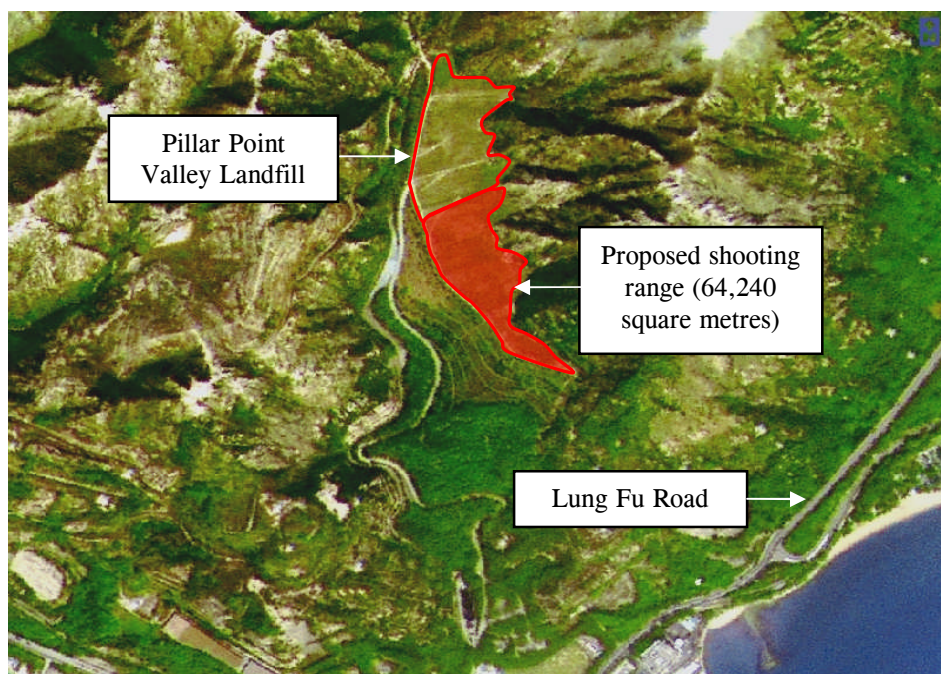
4.3 The Pillar Point Valley Landfill (PPVL) is located in Tuen Mun (see Figure 3), which commenced operation of receiving solid waste in 1983. The landfill was closed in 1996. Subsequently, the Lands Department allocated the PPVL site to the Environmental Protection Department (EPD) for construction of restoration facilities from October 2004 to July 2006, and then for carrying out landfill aftercare work from July 2006 to manage and control landfill gas (Note 16) and leachate (Note 17) emissions (due to the degradation of waste), for the purpose of making the restored landfill safe and suitable for beneficial use, such as recreational facilities for use by the public.

Note 16: *Landfill gas is malodorous and potentially asphyxiating, flammable and explosive.*

Note 17: *Leachate is highly polluted underflow discharged from a landfill site due to decomposition of waste materials in the landfill.*

Figure 3

Proposed shooting range at the PPVL



Source: Lands Department records and Audit sketch

4.4 In November 2003, the SF&OC won the bid for hosting the 2009 EAG. In January 2006, the LCSD and the **Hong Kong Shooting Association (HKSA — Note 18)** discussed the inclusion of shooting as one of the sports items in the EAG. A new shooting range was proposed to be constructed at the PPVL site (see Figure 3) as a training base for the long-term development of the sport and for the holding of the EAG shooting competitions. At an inter-departmental meeting held in June 2006, the LCSD said that the two existing shooting venues (namely Venue A in Causeway Bay and Venue B in Kowloon West) were not suitable for holding the EAG shooting competitions because they were small in scale and did not meet the required standards. The LCSD also noted that the HKSA would seek funding support from an organisation (Sponsor B) for the construction works, and would operate the range on a self-financing basis after the 2009 EAG.

Note 18: The HKSA is the NSA responsible for the sport of shooting in Hong Kong.

4.5 In June 2006, the EAG Association approved shooting as one of the sports items of the 2009 EAG. In the same month, the LCSD noted that the proposed shooting range was scheduled for completion by end of 2008 at an estimated cost of about \$15 million (increased to \$31 million by November 2007 — see item (i) of Appendix D). At that time, the ArchSD (Note 19) informed the LCSD that the shooting range might not be completed in time for the 2009 EAG, as it would take time to conduct consultation and to obtain an environmental permit (Note 20) for the construction works.

4.6 Since June 2006, the HKSA had taken action on the construction of the shooting range. In June 2007, the EAG Association endorsed 13 shooting competition events for the 2009 EAG, namely four 10-metre-range events, four 25-metre-range events and five 50-metre-range events (Note 21). However, by February 2011, the construction works had not yet commenced. The chronology of key events is shown at Appendix D.

Change of shooting venue

4.7 In April 2008, the LCSD noted that the HKSA might not be able to obtain funding support promptly for constructing the proposed shooting range at the PPVL. **After deliberations, in October 2008, the EAG Company, in consultation with the LCSD and the HKSA, recommended changing the EAG shooting venue to Venue A (see para. 4.4). As a result of the change in venue, the shooting item only comprised four 10-metre-range events, while the four 25-metre-range and five 50-metre-range events (see para. 4.6) had to be cancelled.** In the same month, the EAG Company informed the SF&OC of the recommendation, and the SF&OC in turn sought the EAG Association's approval of the change in venue and the reduction in the number of competition events. The change and reduction were confirmed at the EAG Association Council meeting in May 2009. Subsequently, the EAG Company rented Venue A (at a cost of \$0.5 million) for holding the EAG shooting competitions.

Note 19: *The ArchSD was not the works agent for the project. It only provided technical advice to the LCSD on the project.*

Note 20: *The proposed shooting range was a designated project under Schedule II of the Environmental Impact Assessment Ordinance (Cap. 499). Under the Ordinance, an environmental permit should be obtained from the EPD for construction and operation of a designated project.*

Note 21: *The proposed events were:*

- (a) *Men's and Women's events: 10-metre air rifle, 10-metre air pistol, 50-metre rifle prone and 50-metre rifle 3 positions;*
- (b) *Men's events: 25-metre centre fire pistol, 25-metre rapid fire pistol, 25-metre standard pistol and 50-metre pistol; and*
- (c) *Women's event: 25-metre pistol.*

Audit observations and recommendations

Reduction in number of competition events after official endorsement

4.8 According to the Tripartite Agreement, the Government was responsible for providing sports venues and facilities for the 2009 EAG. As 13 shooting competition events were endorsed by the EAG Association in June 2007, there was the likelihood that athletes from the nine participating countries/places could have trained for these 13 events and expected them to be held. As it transpired, due to the need to change to a smaller shooting venue, nine shooting competition events were cancelled, and the number of events was reduced from 13 to 4.

4.9 In January and February 2011, the HAB and the LCSD informed Audit that:

- (a) the Government was not the only provider of sports facilities in Hong Kong. It was rather common for non-governmental organisations to build and operate sports facilities. It was not uncommon for NSAs (e.g. the NSAs for rugby and rowing) to develop and run sports facilities with their own resources and suitable government assistance (e.g. use of land at a nominal rent). Some NSAs used commercial facilities for the development and promotion of their sports, such as bowling and cue sports. It was thus appropriate for the respective NSA to take forward the construction of a shooting range with suitable assistance from the relevant government departments;
- (b) for the construction of the proposed shooting range, the LCSD had provided assistance to the HKSA throughout the process. Between June 2006 and July 2008, the LCSD chaired eight meetings with relevant departments, the HKSA and the EAG Company with a view to speeding up the application and approval process for the land licences (Note 22);
- (c) regarding the ArchSD's advice that the shooting range might not be completed in time for the 2009 EAG due to the lead time to obtain the environmental permit for the works (see para. 4.5), the LCSD's understanding was that the advice was given with reference to the normal timing and procedures of public works programmes. For the project undertaken by the HKSA which would secure its own resources to construct the shooting range, there would be more flexibility and the target was not unattainable. In fact, the HKSA had obtained the environmental permit in June 2008 (see item (o) at Appendix D), 17 months before the 2009 EAG; and

Note 22: *According to the EPD, the required land licences could only be granted to the HKSA after it had obtained the necessary approval from the relevant authorities, such as planning permission from the Town Planning Board.*

- (d) at more or less the same time as the HKSA proposed to develop its own training base at the PPVL, the NSA for cycling also had a similar proposal to develop a venue for bicycle motocross (BMX) competitions on a landfill site. The LCSD provided similar assistance and facilitation to both NSAs throughout the process. Eventually, the cycling NSA delivered the venue (where the BMX competitions were held) in time for the 2009 EAG. The failure in providing the proposed shooting venue was an isolated and unfortunate case.

4.10 **In Audit's view, the reduction in the number of shooting competition events from 13 to 4 subsequent to the endorsement by the EAG Association was not desirable and was not conducive to the effective implementation of the 2009 EAG, for the following reasons:**

- (a) **the reduction could portray a negative image on Hong Kong's capability in hosting an international sports event. It is pertinent to note that 14 shooting competition events were held in the 2005 Macau EAG; and**
- (b) **the athletes of the participating countries/places who had expected to participate in the nine shooting events would have been disappointed with the cancellation of events.**

4.11 **The Administration needs to take measures to avoid recurrence of similar incidents in future events, and needs to pay particular attention to the risk involved in relying on an NSA to construct with its own resources a new venue for an international sports event.**

Earlier action on reduction in number of competition events

4.12 In February 2011, the LCSD informed Audit that the EAG Company, in consultation with the Government, had taken timely and appropriate actions to recommend to the EAG Association to reduce the scale of the shooting event as soon as they were aware that the proposed venue would not be delivered in time for the 2009 EAG.

4.13 As shown at Appendix D, the progress of constructing the proposed shooting range at the PPVL had been slow since June 2006. In June 2007, the EAG Association endorsed 13 shooting competition events for the 2009 EAG. **However, the EAG Association was only informed in October 2008 of the change in venue and the reduction in the number of competition events.** In Audit's view, in order to minimise athletes' disappointment and avoid abortive preparation work, in hosting a similar sports event in future, if a reduction in the number of competition events is unavoidable, the event organiser needs to inform all relevant parties of the reduction as early as possible.

Audit recommendations

4.14 **Audit has recommended that in implementing a similar sports event in future, the Secretary for Home Affairs should, in collaboration with the Director of Leisure and Cultural Services and other relevant stakeholders:**

- (a) **take measures to ensure the timely provision of suitable competition venues;**
- (b) **take measures to avoid a significant reduction in the number of competition events after their official endorsement;**
- (c) **monitor closely an NSA's progress of constructing a new venue, and plan for contingency measures as early as possible; and**
- (d) **inform relevant parties of any reduction in the number of competition events as early as possible.**

Response from the Administration

4.15 **The Secretary for Home Affairs and the Director of Leisure and Cultural Services generally accept the audit recommendations. They have said that:**

- (a) given that shooting is a relatively less popular sport in Hong Kong and that it involves the use of firearms, it is appropriate for the NSA, which possesses the relevant technical knowledge and expertise, to take forward the project with appropriate government assistance;
- (b) the LCSD had worked closely with all relevant parties to facilitate the planning and construction of the shooting range, for which approval was given by the Town Planning Board (TPB) in December 2007. As compared to the case of the BMX venue at the Gin Drinker Bay, the first inter-departmental meeting for the proposed shooting range at the PPVL was held only one month later than that for the BMX venue, and the TPB's approval for the shooting range was also obtained only one month later (in December 2007). Each of these two projects, which were undertaken by the NSAs concerned, had a similar development timeframe, but only the BMX venue was delivered in time for the EAG. The HAB and the LCSD consider that the failure to provide the shooting range was an isolated incident; and

- (c) while timely action had been taken to inform all parties concerned of the reduction in the number of shooting competition events, in implementing a similar sports event in future, the HAB and the LCSD agree that there is scope for them to work even more closely with all relevant stakeholders to provide suitable competition venues in good time and to inform relevant parties of any change in the detailed arrangements of competition events as early as practicable.

4.16 The **Director of Environmental Protection** has said that, during the land licence application, the EPD had reminded the HKSA to obtain the planning permission from the TPB, which was eventually obtained in December 2007, 18 months after the HKSA submitted its initial application to the EPD in June 2006.

Response from the SF&OC

4.17 The **Secretary General of the SF&OC**, on behalf of the SF&OC, has said that the proposal of reducing the number of shooting events from 13 to 4 was raised by the HKSA to the EAG Company direct. The reduction was subsequently confirmed at the EAG Association Council meeting held in May 2009 (see para. 4.7).

Response from the Hong Kong Shooting Association

4.18 The **Chairman of the HKSA** has said that he agrees with the audit observations in paragraph 4.11 that the Administration needs to take measures to avoid recurrence of similar incidents in future events, and needs to pay particular attention to the risk involved in relying on an NSA to construct with its own resources a new venue for an international sports event. The HKSA's comments and the LCSD's further response are shown at Appendix E.

PART 5: CONVERSION OF SQUASH COURTS INTO OFFICE ACCOMMODATION

5.1 This PART examines the LCSD's conversion of six squash courts at the HKSC into office accommodation for use by the EAG Company.

Office accommodation

5.2 In April 2005, the LCSD proposed to the FSTB the conversion of 6 of the 18 squash courts at the HKSC (see Photograph 2) in Central into office accommodation for use by the EAG Company for about four years, and the waiver of the hiring charge of the accommodation. In May 2005, the LCSD further informed the FSTB that the cost of conversion would be \$4 million and that of reinstatement would be \$0.4 million, totalling \$4.4 million.

Photograph 2

HKSC in Central



Source: Photograph taken by Audit staff in December 2010

5.3 In May 2005, the FSTB informed the LCSD that:

- (a) the FSTB did not support the use of the squash courts for the purpose on the grounds that the proposal deprived the public of an amenity;
- (b) the proposal was not justified from value-for-money angle as there was surplus government office accommodation available. Those vacant buildings (such as old schools) should first be considered; and
- (c) it was not appropriate to waive the venue charge.

5.4 In August 2005, after conducting research for other appropriate office accommodation, the LCSD concluded that the space at a government building in Mong Kok was not appropriate because the building was located in a very crowded area. For some other available government premises, the LCSD found that they were not suitable due to one or more of the following reasons:

- (a) the available space was either too small or too large;
- (b) the available period was too short;
- (c) they were located in remote areas in the New Territories; or
- (d) they were located in less decent surroundings, such as on the upper floors of a building with a market.

5.5 The LCSD conducted a costing analysis and found that the cost of converting the squash courts at the HKSC into office accommodation was lower than renting private office accommodation in nearby areas, because:

- (a) renting a private office of 600 square metres would cost \$8.8 million, comprising rental cost of \$5.5 million and fitting-out cost of \$3.3 million; and
- (b) converting six squash courts at the HKSC would cost \$7.5 million, comprising hiring charge forgone of \$3.1 million (Note 23), and conversion and reinstatement cost of \$4.4 million (see para. 5.2).

Note 23: *This was based on the squash court hiring charge for 16 hours a day (at 41% utilisation at that time) and for a continuous period of four years.*

5.6 In August 2005, the Policy Committee (Note 24) endorsed the HAB's proposal of providing office accommodation for the EAG Company by making use of 6 of the 18 squash courts at the HKSC and waiving the estimated rental charge of \$7.6 million (Note 25). The justifications put forward by the HAB included:

- (a) the proposed arrangement was a good use of some under-utilised facilities, as the HKSC had an average utilisation rate of around 30%, and the peak utilisation rate was around 40% only. As there were still 12 squash courts remaining after converting the six courts into office accommodation, the impact on leisure service to the public should be minimal;
- (b) the proposed office would be close to the EAG Gallery at the Hong Kong Park Sports Centre and the Olympic Square at the Hong Kong Park. The close proximity of the various EAG related set-up would enhance operational efficiency and give a coordinated outlook for the organisation of the 2009 EAG; and
- (c) the surplus government premises then available, such as offices within an under-utilised market or an old school in a remote area, were found not suitable for the purpose of setting up the proposed EAG office.

5.7 In the funding paper for the 2009 EAG submitted to the FC in January 2006, the Administration stated that:

- (a) the hiring charge of \$7.6 million (see para. 5.6) for provision of office accommodation (of about 600 square metres) to the EAG Company would be waived. The office accommodation was provided by conversion of six squash courts at the HKSC; and
- (b) the **conversion and subsequent reinstatement** of six squash courts as office of the EAG Company would cost \$4.4 million, which would be funded under the CWRF.

Note 24: *The Policy Committee was chaired by the Chief Secretary for Administration to examine important government issues. Its members included the Financial Secretary, the Secretary for Justice, and all bureau secretaries.*

Note 25: *This was based on the squash court hiring charge for 16 hours a day (at 100% utilisation) and for a continuous period of four years.*

5.8 In June 2006, the Minor Building Works Committee (Note 26) approved funding of \$5.5 million (Note 27) for the conversion (\$5.1 million) and reinstatement (\$0.4 million) works under the CWRF (block vote Subhead 3101GX: Minor Building Works). In February 2007, the ArchSD completed the conversion works at a cost of \$4.9 million. In March 2007, the EAG Company and the LCSD entered into an agreement for use of the office accommodation at the HKSC from February 2007 to June 2010 at a fixed licence fee of \$1. The EAG Company used the office to accommodate about 75 staff.

Proposed retention of office accommodation

5.9 In May 2010, the LCSD proposed to the HAB **not** to reinstate the office accommodation at the HKSC back into squash courts for the following reasons:

- (a) the estimated cost of reinstating the office accommodation back into squash courts and renovating them to current standards would be \$5 million (Note 28);
- (b) the closure of the six squash courts had not adversely affected the development of the sport of squash; and
- (c) the LCSD was in need of office space to accommodate its new and existing staff.

5.10 In June 2010, the EAG Company handed back the office accommodation at the HKSC to the LCSD. In December 2010, with the support of the HAB, the LCSD sought the FSTB's approval for retaining the place as its long-term office space. As of February 2011, the LCSD was using the office to temporarily accommodate eight officers of its newly established Hong Kong West Region Tree Team. In February 2011, the FSTB advised the LCSD that it had reservations on the LCSD's proposal to retain the former EAG Company's office at the HKSC for permanent office purposes, taking into account the following:

Note 26: *The Committee was chaired by the Director of Architectural Services and its members included senior staff of the ArchSD and the Government Property Agency.*

Note 27: *According to the ArchSD, the increase in the estimated cost was due to additional requirements to provide: (a) fixed workstations for part-time organisers; and (b) an additional floor in three of the squash courts.*

Note 28: *According to the ArchSD, the estimated cost of reinstating the office accommodation back to the original condition was \$0.4 million. As the other 12 squash courts at the HKSC had been renovated to higher standards during the past few years, a total of \$5 million would be required to bring the six squash courts to comparable standards.*

- (a) approvals from the Policy Committee and the FC for the conversion of the squash courts were obtained on the basis that the conversion was temporary and the squash courts would be reinstated after the 2009 EAG. There might be reasonable expectations on the part of LegCo Members and members of the public that the squash courts would be reinstated. The FSTB considered that the decisions of the Policy Committee and the FC should be followed;
- (b) although the average usage rate of the existing 12 squash courts was only some 44%, the proposal would deprive the public of the long-term use of the squash courts in the area. The FSTB understood that the HKSC had full booking during some peak hours (e.g. 6 p.m. to 8 p.m. on Fridays); and
- (c) the LCSD should explore other alternatives to meet its office space requirement (e.g. by seeking the Government Property Agency's assistance). Apart from converting the under-utilised sport facilities into an office, consideration could be given to providing other sports facilities which were in demand.

Audit observations and recommendations

Provision of alternative options and cost comparisons for decision making

5.11 In August 2005, the LCSD found that the estimated cost of \$7.5 million (\$3.1 million for hiring charge forgone plus \$4.4 million for conversion and reinstatement cost) for converting six squash courts at the HKSC was lower (by 17%) than that of \$8.8 million for renting a private office in nearby areas (see para. 5.5). Although the cost was lower, Audit noted that the alternative option of renting a private office in nearby areas and the related cost comparison information were not provided in the funding paper submitted to the FC in January 2006 (see para. 5.7). **Audit considers that, in seeking funding for similar works in future, the alternative option and the related cost comparison information need to be provided for the FC to make an informed decision.**

Use of sports facilities for permanent office purposes

5.12 In May 2010, the LCSD proposed to the HAB not to reinstate the office accommodation at the HKSC back into squash courts (see para. 5.9). In June 2010, the EAG Company handed back the office accommodation to the LCSD. As of February 2011, the accommodation was used by the LCSD for office purposes (see para. 5.10). **Audit has reservations on using six squash courts at the HKSC for permanent office accommodation, because this arrangement would deprive the public of the use of the sports facility in the area. In Audit's view, the LCSD needs to avoid using sports facilities for permanent office purposes.** It is pertinent to note that the FC was informed

in January 2006 that the office would be reinstated back into squash courts after the conclusion of the EAG (see para. 5.7(b)).

Reconsideration of converted squash courts

5.13 In Audit's view, the LCSD needs to reconsider critically the use of the converted squash courts at the HKSC, taking into account the following:

- (a) using the squash courts for office purposes is at variance with the intended purpose of the venue, and would deprive the public of the use of limited sports and amenity facilities in the area; and
- (b) although the public demand for squash facilities is not high (Note 29), any surplus sports space at the HKSC should be used to meet the demand for other sports, amenity and cultural facilities in the Central and Western District.

Audit recommendations

5.14 **Audit has recommended that the Secretary for Home Affairs should, in collaboration with the Director of Leisure and Cultural Services:**

- (a) **take measures to ensure that alternative options to proposed works and related cost comparisons are provided in funding papers submitted to the FC for making informed decisions in future;**
- (b) **avoid using sports facilities for permanent office purposes; and**
- (c) **reconsider critically the future use of the converted squash courts at the HKSC, taking into account the intended purpose of the venue and the public demand for sports, amenity and cultural facilities in the Central and Western District.**

Note 29: *From January to September 2010, the utilisation rate of the 12 squash courts at the HKSC during peak hours (5 p.m. to 11 p.m. on weekdays and the opening hours on Saturdays, Sundays and public holidays) was 44% and that during non-peak hours was 40%.*

Response from the Administration

5.15 The **Secretary for Home Affairs** and the **Director of Leisure and Cultural Services** accept the audit recommendations. They have said that:

- (a) in submitting funding papers to the FC in future, the HAB and the LCSD will ensure that alternative options and related cost comparisons are provided;
- (b) the HAB and the LCSD are aware of the need to avoid using sports facilities for permanent office purposes and has been converting under-utilised squash courts for other sports uses. In considering the conversion of the facilities at the HKSC, the HAB and the LCSD will take into account the need to put the available space to optimum use in a cost-effective manner; and
- (c) the HAB and the LCSD will reconsider the future use of the converted squash courts at the HKSC, taking into account factors such as the cost of further works and the demand for sports facilities.

5.16 The **Secretary for Financial Services and the Treasury** generally supports the audit recommendations.

PART 6: ADMISSION TICKETING ARRANGEMENTS

6.1 This PART examines the admission ticketing arrangements for the 2009 EAG and the spectator attendance during the EAG period.

Admission ticketing arrangements for EAG events

6.2 The 2009 EAG preliminaries commenced on 2 December 2009 and the closing ceremony was held on 13 December 2009. During the 12-day period, the athletes competed in 22 sports items. The EAG Company was responsible for arranging admission ticket sales for the opening and closing ceremonies, and for the competition events.

Sponsorship received

6.3 In August 2009, the EAG Company received a sponsorship of \$8 million for financing the cost of about 120,000 student admission tickets of some competition events, and that of students' transportation to and from the competition venues.

Distribution of spectator seats

6.4 The admission arrangements for the opening and closing ceremonies and the competition events were as follows:

- (a) for EAG officials, VIPs, athletes, team officials, and media personnel, they were issued with accreditation passes for admission to EAG venues;
- (b) for guests from sponsoring organisations, the NOCs, the NSAs and the District Councils, they were issued with guest admission tickets;
- (c) for about 120,000 students, they were issued with sponsored student admission tickets (see para. 6.3); and
- (d) for the general public, they could buy tickets through open ticket sales.

Details are shown in Table 4.

Table 4
Spectator seat distribution

Event	Seat available	Reserved seat (Note 1)	Seat for guest with admission ticket	Seat for sponsored student ticket (Note 2)	Seat available for open ticket sales
	(a)	(b)	(c)	(d)	(e) = (a) – (b) – (c) – (d)
	(No.)	(No.)	(No.)	(No.)	(No.)
Competition events	401,735	30,456	44,974	121,342	204,963
Opening ceremony	3,090	732	489	0	1,869
Closing ceremony	8,242	2,476	1,852	0	3,914
Total	413,067	33,664	47,315	121,342	210,746

Source: EAG Company records

Note 1: These seats were reserved for personnel issued with accreditation passes and for operational use.

Note 2: These tickets were financed by a sponsorship (see para. 6.3).

Admission ticketing strategy

6.5 Between April and August 2009, the EAG Company formulated an admission ticketing strategy for the opening and closing ceremonies and the competition events, as follows:

- (a) a **day-pass** system (one ticket for a whole-day event at a competition venue) would be adopted for all sports items, except for two self-financed sports items (see para. 1.13), namely DanceSport which adopted a three-session (morning, afternoon and evening) ticketing system, and Rugby Sevens which adopted a two-day pass system;
- (b) there would not be admission tickets for rowing, cycling (road events), windsurfing and the preliminaries of squash because the venues did not have spectator facilities; and
- (c) the EAG Company would appoint a ticketing agent to sell advance tickets online, by telephone, and at box offices of some LCSD venues and the agent's outlets. Tickets for same-day events (same-day tickets) would be sold at the agent's outlets, and at the pertinent venues if they were provided with ticket booths.

6.6 In June 2009, after conducting an open tender, the EAG Company appointed a ticketing agent (Agent A) to provide ticketing services. As laid down in the agreement with Agent A, same-day on-site tickets would be sold at four competition venues, namely the Hong Kong Coliseum, the Hong Kong International Trade and Exhibition Centre, the Hong Kong Stadium and the Queen Elizabeth Stadium. According to the agreement, the set-up and related administrative cost of the on-site ticketing arrangements at the four venues would amount to \$92,000.

Admission ticket sales

6.7 On 31 August 2009, advance admission ticket sales commenced. The public could purchase tickets online, by telephone and at Agent A's 23 outlets. Of the total 210,746 admission tickets available for open sales, 145,243 (69%) were sold, generating a total revenue of \$15.1 million. Details are shown in Table 5.

Table 5
Ticket sales

Event	Ticket available for open sales (No.)	Ticket sold		Ticket revenue (\$ million)
		(No.)	(%)	
Competition events	204,963	139,636	68%	9.9
Opening ceremony	1,869	1,845	99%	4.1
Closing ceremony	3,914	3,762	96%	1.1
Overall	210,746	145,243	69%	15.1

Source: EAG Company records

Spectator attendance

6.8 In January 2010, after the 2009 EAG, the HAB reported to the LegCo HA Panel that the overall spectator attendance rate for the preliminaries of the 22 sports items was 30%, and that for the finals was 80%. Two sports items (namely DanceSport and Taekwondo) recorded a spectator attendance rate of 100%. Details of spectator attendance rates are shown at Appendix F.

Audit observations and recommendations

Sale of same-day tickets at competition venues

6.9 In October 2009, the EAG Company:

- (a) having regard to the ticket-sale situation and availability of tickets for on-site sales, decided to set up box offices at three competition venues, namely the Hong Kong Coliseum, the Hong Kong Stadium, and the Siu Sai Wan Sports Ground for selling same-day admission tickets on site; and

- (b) in view of the high set-up cost and the anticipated low demand for on-site tickets for the pertinent competition events (either due to the nature of the sports or the anticipation that most of the tickets should have been sold out through other means), considered it not cost-effective to set up box offices at the other competition venues.

6.10 On 2 December 2009, the first day of the preliminaries for some competition events, there were public requests for providing on-site box offices at some competition venues for sale of same-day tickets. On the following day, the EAG Company set up box offices at four additional competition venues (namely the Queen Elizabeth Stadium, the King's Park Hockey Ground, the Lai Chi Kok Park Sports Centre and the Victoria Park Tennis Centre) for selling same-day tickets on site (Note 30). The set-up cost of the four additional box offices and related administrative cost was \$100,000. The four box offices sold a total of 1,113 tickets, raising a total ticket revenue of \$56,700.

6.11 **In Audit's view, for implementing a similar sports event in future, the Administration needs to require the event organiser to provide box offices for selling same-day tickets at competition venues as far as possible. This would help promote community participation and increase spectator attendance.**

Unwanted guest admission tickets

6.12 A total of 44,974 admission tickets were issued to guests (see para. 6.4(b)) for attending competitions of 25 sports items (see Appendix F — Note 31). Audit examination revealed that:

- (a) the overall attendance rate of guests issued with admission tickets was 22%; and
- (b) for 23 sports items, the attendance rates of guests issued with admission tickets were below 40%. Of these 23 sports items, 10 had attendance rates **below 20%** (see Table 6).

Note 30: *According to the LCSD, pre-printed tickets were sold on a cash basis as it was technically infeasible to install the necessary computer and payment systems within a day.*

Note 31: *Some competition items took place at more than one venue, while some venues were used for more than one competition item. Furthermore, some items did not have spectator facilities. For guest attendance analysis purposes, there were 25 sports items.*

Table 6

Low guest attendance for ten sports items

Sports item	Competition venue	Seat reserved for guest with admission ticket		
		Total (a) (No.)	Guest attendance (b) (No.)	Attendance rate (c) = $\frac{(b)}{(a)} \times 100\%$ (%)
Bowling	Hong Kong International Trade and Exhibition Centre	78	0	0%
Football (Note)	Siu Sai Wan Sports Ground	6,590	895	14%
Basketball	Western Park Sports Centre	1,995	305	15%
Tennis	Victoria Park Tennis Centre	2,720	422	16%
Taekwondo	Shek Kip Mei Park Sports Centre	283	45	16%
Badminton	Queen Elizabeth Stadium	1,827	314	17%
Table Tennis	Queen Elizabeth Stadium	2,106	363	17%
Cycling — indoor	Tseung Kwan O Sports Centre	220	38	17%
Football (Note)	Hong Kong Stadium	7,486	1,429	19%
Rugby Sevens	Hong Kong Stadium	4,041	776	19%

Source: EAG Company records

Note: Football competitions were held at two venues. They are regarded as two sports items in this Table.

6.13 The low guest attendance rates were unsatisfactory and deprived other people of their opportunities to attend the competition events. **In Audit's view, in implementing a similar sports event in future, the Administration needs to require the event organiser to monitor the guest attendance rates and take prompt improvement actions.** For example, in sending out guest tickets, the event organiser may attach a note encouraging the sponsors/guests to return unwanted tickets or to inform the programme office of any unwanted tickets. This measure may help improve the guest attendance rates, increase the number of spectators and enhance the event atmosphere.

Unsold admission tickets

6.14 Audit examination of the ticket sales of the sports items revealed that the percentages of unsold tickets of five sports items were more than 30% of the total number of tickets available for open sales. Details are shown in Table 7.

Table 7
Unsold tickets of five sports items

Sports item	Competition venue	Ticket available for open sales (a) (No.)	Unsold ticket (b) (No.)	Percentage of unsold tickets $(c) = \frac{(b)}{(a)} \times 100\%$ (%)
Rugby Sevens	Hong Kong Stadium	30,199	20,672	68%
Football (Note)	Siu Sai Wan Sports Ground	28,318	11,385	40%
Tennis	Victoria Park Tennis Centre	8,760	3,082	35%
Football (Note)	Hong Kong Stadium	39,092	13,160	34%
Volleyball	Hong Kong Coliseum	46,466	14,213	31%

Source: EAG Company records

Note: Football competitions were held at two venues. They are regarded as two sports items in this Table.

6.15 The high percentages of unsold tickets for the five sports items were unsatisfactory. **In Audit's view, in implementing a similar sports event in future, the event organiser needs to take appropriate action to promote ticket sales and maximise the spectator attendance, such as adopting a pricing strategy that would maximise spectator attendance.**

Adoption of effective ticketing arrangements

6.16 The EAG Company adopted a day-pass arrangement for all relevant sports items except the two self-financed items (see para. 6.5(a)). As reflected in the Audit survey (see para. 2 of Appendix G), some respondents commented that the day-pass ticketing arrangement was unsatisfactory and a two-session-a-day arrangement could allow more spectators to attend competition events. There was much likelihood that some spectators with day passes would not attend a competition event throughout a day.

6.17 In January 2011, the LCSD informed Audit that:

- (a) the ticketing strategy for the 2009 EAG was adopted by the EAG Company after detailed deliberations and consideration of all factors including cost, revenue, the convenience and benefits to the public, as well as the practice of other international/major multi-sports events; and
- (b) session-ticketing arrangement might not be practical for some of the sports items. Even if it was used, different sports items would have different session arrangements. The design of the ticketing system would become very complicated and costly to set up. A session-ticketing arrangement might not contribute to better ticket sales and attendance, but might cause confusion to spectators who would like to watch more than one sports item.

6.18 Audit notes that the session-ticketing arrangement has been adopted in some other international sports events. For example, in the 2010 Asian Games held in Guangzhou, session-tickets were provided for competition events of athletics, hockey and table tennis. **In Audit's view, the adoption of a session-ticketing arrangement for some competition events may increase spectator attendance.**

Audit recommendations

6.19 **Audit has recommended that in implementing a similar sports event in future, the Secretary for Home Affairs should, in collaboration with the Director of Leisure and Cultural Services, require the event organiser to consider:**

- (a) **providing box offices at competition venues for selling same-day tickets as far as possible, taking into account the public demand;**
- (b) **taking appropriate measures to improve the guest attendance rates;**
- (c) **taking appropriate measures to maximise the spectator attendance; and**
- (d) **adopting appropriate ticket-sale arrangements.**

Response from the Administration

6.20 **The Secretary for Home Affairs and the Director of Leisure and Cultural Services accept the audit recommendations. They have said that, in implementing a similar sports event in future:**

- (a) the HAB and the LCSD will request the event organiser to consider all possible options for selling same-day tickets on site;
- (b) the HAB and the LCSD will also request the event organiser to take appropriate measures to encourage guests to attend competition events and to maximise the spectator attendance; and
- (c) the event organiser will be requested to take into consideration factors such as cost, demand and nature of the sports items in developing the ticketing strategy.

PART 7: AUDIT SURVEY

7.1 This PART examines the views of the participating organisations (including the NOCs and the NSAs) on the implementation of the 2009 EAG to identify areas for improvement.

Views of participating organisations

7.2 To gauge the views of the participants and to identify areas for improvement, between October and December 2010, Audit conducted a survey on the implementation of the 2009 EAG by requesting the participants (involving 9 NOCs and 22 NSAs) to complete questionnaires for the survey.

7.3 Five of the nine participating NOCs (56% — Note 32) and 19 of the 22 participating NSAs (86%) completed and returned the audit questionnaires. The respondents were requested to evaluate the effectiveness of the various aspects of the 2009 EAG, and choose one of five ratings (namely Excellent, Good, Average, Poor and Very Poor) to indicate their level of satisfaction in each aspect.

Audit observations and recommendations

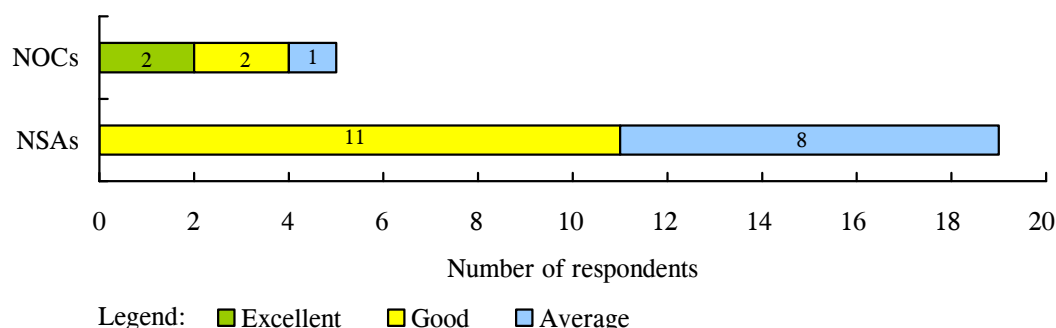
Long-term support to sustain sports development

7.4 Figure 4 shows the respondents' overall assessments of the 2009 EAG.

Note 32: *The number of participating athletes of the five NOCs responded to the Audit survey accounted for 77% of the total number of athletes in the 2009 EAG.*

Figure 4

Respondents' overall assessments of the 2009 EAG



Source: Audit survey

7.5 As shown in Figure 4, the overall assessments by 4 NOCs (80%) and 11 NSAs (58%) were “Excellent” or “Good”. The NSAs generally considered that the 2009 EAG had a positive impact on promoting sports in Hong Kong, and that the Administration should continue to provide long-term support to sustain the impact. The following comments were provided by some of the NSAs:

- Two NSAs commented that overseas participants had given positive feedback to them.
- Two NSAs mentioned that the parties involved had benefited from the exposure and experience of organising the event. The Administration needed to proactively review and consolidate the experience gained.
- One NSA considered that many Hong Kong citizens had learned more about local athletes’ achievements and this helped promote the community spirit.

7.6 In Audit’s view, the HAB needs to step up efforts, in collaboration with the LCSD and other relevant stakeholders, to provide long-term support to sustain sports development in Hong Kong.

Areas for improvement

7.7 Based on the feedback from the Audit survey, there was room for improvement in the following areas:

- (a) the arrangements of competition events in areas of live broadcasting, doping control services, provision of seats for the NOCs at competition venues, volunteer training and updating of the organiser's website;
- (b) the standards of competition venues and facilities in areas of spectator facilities, practising facilities, changing/resting facilities, venue standards, contingency plans for adverse weather, press briefing facilities and contingency power supply to venues; and
- (c) other areas in the handling of suggestions/complaints, actions to reduce high staff turnover, liaison and communication with the NSAs during preparation work, prompt responses to complaints and collection of feedback during the event.

Details are shown at Appendix G.

7.8 **In Audit's view, in implementing a similar sports event in future, the event organiser needs to take improvement measures in arranging competition events, providing competition venues and facilities, and handling suggestions and complaints.**

Audit recommendations

7.9 **Audit has recommended that the Secretary for Home Affairs should:**

- (a) **step up efforts, in collaboration with the Director of Leisure and Cultural Services and other relevant stakeholders, to provide long-term support to sustain sports development in Hong Kong; and**
- (b) **in implementing a similar sports event in future, require the event organiser to take improvement measures in various areas, such as arranging competition events, providing competition venues and facilities, and handling suggestions and complaints.**

Response from the Administration

7.10 The **Secretary for Home Affairs** and the **Director of Leisure and Cultural Services** accept the audit recommendations. They have said that:

- (a) the HAB and the LCSD will continue to attach great importance to the promotion of sports in accordance with three established strategic policy directions, namely to promote greater community participation in sports, to develop sports at the elite level and to raise Hong Kong's profile as a centre for international sports events; and
- (b) the HAB and the LCSD will work with stakeholders (including the NSAs, the District Councils and schools) to devise suitable and diversified sports programmes for people of different age groups and needs; allocate resources to the Hong Kong Sports Institute for the identification and development of elite athletes to represent Hong Kong; facilitate the staging of more international sports events; and provide suitable sports facilities for training, competition and leisure for competitive athletes and the general public.

Response from the SF&OC

7.11 The **Secretary General of the SF&OC**, on behalf of the SF&OC, has said that only 9 of the total 45 countries/places in the Olympic Council of Asia were involved in the 2009 EAG. Even if the views of the 9 NOCs had been given in the Audit survey, they would have only represented those of about one-fifth of the NOCs in the whole Asia for consideration of organising future multi-sports events.

Appendix A
(paras. 1.10, 3.3, 3.4
and 3.14 refer)

Income and expenditure of 2009 East Asian Games

	Estimate (January 2006) (\$ million)	Actual (June 2010) (\$ million)
(I) Income		
(a) Community/commercial sponsorship	50.0	131.4
(b) Television rights	12.0	1.2
(c) Ticket sales	28.0	11.0
(d) Licensing and merchandising	15.0	0.8
(e) Accommodation fees	8.0	9.5
(f) Other income	4.0	26.1
Total income (A)	117.0	180.0
(II) Expenditure		
(a) Staff	60.0	52.0
(b) Administration	15.0	14.4
(c) Information technology facilities and equipment	12.0	12.4
(d) Broadcasting cost	20.0	22.7
(e) Accommodation and catering	15.0	25.2
(f) Competition event cost	26.0	31.0
(g) VIP hospitalities	8.5	2.7
(h) Transportation	4.0	10.5
(i) Publicity	10.0	14.6
(j) Opening and closing ceremonies	35.0	63.4
(k) Security	10.0	10.6
(l) Volunteers	8.0	12.3
(m) Contingency	16.5	—
(n) Other expenditures (Note 1)	—	9.3
(o) Legacy project (see para. 3.16)	—	10.0
Total expenditure (B)	240.0	291.1
Deficit (C) = (B) – (A)	123.0 (Government subsidy)	111.1 (Note 2)

Source: LCSD and EAG Company records

Note 1: These expenditures were incurred by the SF&OC, the EMSD and the RTHK (see para. 3.3).

Note 2: As of February 2011, of the \$123 million government subsidy, \$111.1 million had been spent, \$0.4 million had been refunded to the Government, and \$11.5 million was held by the EAG Company.

20 competition venues

	Competition venue	Sports item	Venue ownership	Upgrading works conducted
1	Hong Kong Coliseum	Basketball, Volleyball	Government	Yes
2	HKSC	Squash		
3	Hong Kong Stadium	Football, Rugby Sevens		
4	King's Park Hockey Ground	Hockey		
5	Kowloon Park Swimming Pool	Aquatics		
6	Lai Chi Kok Park Sports Centre	Weightlifting		
7	Queen Elizabeth Stadium	Badminton, Table Tennis		
8	Shek Kip Mei Park Sports Centre	Judo, Taekwondo		
9	Siu Sai Wan Sports Ground	Football		
10	Stanley Main Beach Water Sports Centre (Note 1)	Windsurfing		
11	Tseung Kwan O Sports Centre	Cycling — indoor		
12	Victoria Park Tennis Centre	Tennis		
13	Western Park Sports Centre	Basketball, Wushu		
14	Aberdeen Tennis and Squash Centre	Squash		No
15	Hong Kong Park Sports Centre	Squash		New venue
16	TKOSG	Athletics		
17	Hong Kong International Trade and Exhibition Centre	Bowling, Cue Sports, DanceSport	Non-government	N/A
18	Shatin Rowing Centre (Note 2)	Rowing		
19	Venue A (see para. 4.7)	Shooting		
20	The Hong Kong Jockey Club International BMX Park	Cycling — BMX		

Source: LCSD records

Note 1: The competitions took place in the sea outside the Stanley Main Beach.

Note 2: The competitions took place along the Shing Mun River.

Correspondence on legacy project

1. In May 2010, on behalf of the EAG Company, the LCSD, with the support of the HAB, wrote to the FSTB to seek its views on the proposed EAG legacy project. The LCSD said that:

- (a) the anticipated unallocated balance of the EAG Company would amount to about \$20 million, which was the result of the efforts made by the EAG Company in securing sponsorship, including the sponsorship of \$10 million from Sponsor A in November 2009 to support the EAG opening ceremony. The unallocated balance would be sufficient to pursue the proposed project; and
- (b) regarding the donations (see para. 3.16(a)), since the resounding success of the EAG was due in a large measure to the athletes' outstanding achievements in the 2009 EAG (winning 110 medals including 26 gold, 31 silver and 53 bronze medals), the LCSD agreed with the EAG Company that the proposed legacy project, which supported the long-term development of athletes directly, would be a fitting recognition of their contributions. The legacy project would thus constitute a logical and justifiable extension of the implementation of the 2009 EAG, which was in line with one of the objectives of hosting the 2009 EAG as set out in the FC paper of January 2006, namely "to foster the development of our sports standard and culture", and that the use of the EAG Company's funds for the project fell within the funding ambit approved by the FC.

2. In June 2010, the FSTB replied to the LCSD and said that:

- (a) the proposed legacy project was a post-implementation initiative instead of part of the EAG implementation. The FSTB found it difficult to fit the legacy project into any of the expenditure items for organising and implementing the 2009 EAG;
- (b) any unallocated balance of resource should fall within the meaning of surplus fund as the EAG Company did not maintain separate accounts for the government subsidy and sponsorship. It would be inappropriate to fund the proposed legacy project using the unallocated balance in the EAG Company's account;
- (c) if all (or part) of the unallocated balance could be attributed to community/commercial sponsorship received by the EAG Company, depending on the sponsorship terms, one could argue that the Government might not necessarily have the first claim on the balance (or that part of it);

Appendix C
(Cont'd)
(para. 3.17 refers)

- (d) the FSTB noted that the EAG Company had secured \$10 million of sponsorship in November 2009 (see para. 3.17). At that time, expenditure related to the implementation of the 2009 EAG had largely been met with the EAG Company's general pool of resources. As a result, the \$10 million sponsorship was virtually not used and had become a significant proportion of the unallocated balance. On the basis that the EAG Company was able to differentiate the \$10 million from the general pool of resources, the FSTB considered it reasonable not to regard the \$10 million as part of the surplus funding for return to the Government;
- (e) if the donation was expended legitimately, it was no longer part of the unallocated balance. The LCSD mentioned in an e-mail that the \$10 million sponsorship was for enhancing the EAG opening ceremony and other publicity efforts. It was for the EAG Company to consider whether the sponsorship could be used legitimately to fund the proposed legacy project, seeking clarification from Sponsor A as necessary; and
- (f) the proposed legacy project was a worthwhile initiative on its own. In case the unallocated balance would need to be returned to the Government according to the FC paper, the LCSD might consider other alternative funding options for the legacy project.

Source: LCSD records

Appendix D
(paras. 4.5, 4.6, 4.9(c)
and 4.13 refer)

**Chronology of key events for constructing a new shooting range
(June 2006 to February 2011)**

Month	Key events
(a) June 2006	The HKSA submitted a land licence application to the EPD and applied funding support from Sponsor B. The LCSD chaired an inter-departmental meeting to discuss major issues pertaining to the HKSA's shooting range proposal.
(b) July 2006	In considering the HKSA's licence application (Note 1), the EPD advised the HKSA of the need to fulfil various essential requirements before the land licence could be granted. Such requirements included obtaining planning permission from the TPB and an environmental permit from the EPD for construction and operation of a designated project under the Environmental Impact Assessment Ordinance.
(c) August 2006	The EPD reminded the HKSA to address the essential requirements relating to the land licence application and to submit the HKSA's finalised proposal.
(d) February 2007	The HKSA informed the LCSD of its intention to construct skeet and trap facilities (Note 2) at the shooting range.
(e) April 2007	The EPD informed the LCSD of the slow progress of the land licence application and said that the EPD would not be able to commence preparation of the draft land licence until several critical details were available.
(f) June 2007	The HKSA submitted an application to the TPB under the Town Planning Ordinance (Cap. 131) for using the site for shooting activities.
(g) July 2007	At a meeting chaired by the LCSD, the HKSA was informed of the implications and consequences of including skeet and trap facilities in its plan. The HKSA decided to withdraw the application for the facilities and provided the EPD with additional information.
(h) August 2007	The HKSA submitted a revised application to the TPB subsequent to removal of the skeet and trap facilities.
(i) November 2007	At a meeting chaired by the LCSD, the HKSA said that the latest project estimate was \$31 million and funding support would only be considered by Sponsor B after obtaining the land licence.
(j) December 2007	The TPB approved the application. The EPD noted that the proposed site areas in the land licence application were larger than those specified in the application to the TPB.

Appendix D
(Cont'd)
(paras. 4.5, 4.6, 4.9(c)
and 4.13 refer)

Month	Key events
(k) January 2008	At a meeting chaired by the LCSD, the HKSA undertook to take measures to resolve the site area discrepancy.
(l) March 2008	The LCSD chaired another meeting to discuss the progress of the project with a view to seeking ways to resolve the site area discrepancy problem. After consultation between November 2007 and March 2008, the HKSA made an application for an environmental permit.
(m) April 2008	At a meeting chaired by the LCSD to resolve the site area discrepancy and to comply with the TPB decision, the EPD agreed to issue two land licences to cover all the areas required for the shooting range.
(n) May 2008	Regarding the project information submitted by the HKSA, the EPD was satisfied that the environmental impact of the shooting range was unlikely to be adverse and the proposed mitigation measures met the requirements of the Environmental Impact Assessment Ordinance. The EPD granted the HKSA permission to apply directly for an environmental permit.
(o) June 2008	The EPD issued the environmental permit.
(p) July 2008	The LCSD chaired two more meetings with a view to speeding up the progress of the project.
(q) October 2008	The EPD issued the two land licences.
(r) February 2011	Construction works had not commenced.

Source: LCSD and EPD records

Note 1: With delegated authority from the Director of Lands, the EPD might grant a land licence to the HKSA to occupy and use the restored landfill site for the proposed shooting range. The land licence would include details of the approved area, conditions imposed by the TPB and requirements from relevant B/Ds for the proposed shooting range development and operation. The EPD proceeded to finalise the land licence with the relevant B/Ds after the HKSA obtained the TPB's approval in December 2007 and resolved the site area discrepancy in April 2008.

Note 2: Skeet and trap is one of the shooting competitions involving moving targets in the air.

**Comments of the Hong Kong Shooting Association
and response from the Leisure and Cultural Services Department**

(a) HKSA's comments

1. In early 2006, the LCSD approached the HKSA to consider hosting shooting events of the 2009 EAG. The LCSD was aware that the HKSA was not adequately equipped with all proper facilities/ranges to host the shooting events. Despite this, the HKSA was encouraged to host the shooting events.

2. After considering the logistics and requirements for hosting the 2009 EAG, the HKSA recognised the funding problem for constructing an up-to-standard shooting range with a spectator stand. In this regard, the plan to develop the range commenced and the PPVL site (identified as a shooting competition venue during the application for hosting the 2002 Asian Games in 1992-93) became a priority for consideration of constructing the range. The HKSA then proceeded to obtain funding support from Sponsor B for the purpose.

3. The HKSA was never informed by the Government that the PPVL site was subject to restricted use (for recreational purposes). Had the HKSA known this, it would have challenged the EPD, the LCSD and the HAB for offering such an unsuitable piece of land at the outset. After obtaining the land licences, the HKSA spent a significant amount of money on a pre-development study and discovered that it was unable to develop the range. The PPVL has an unstable landfill settlement.

4. The EPD took more than two years from June 2006 to October 2008 to grant the land licences to the HKSA. While the first licence was ready to be granted 22 months before the 2009 EAG, the second licence was only granted in October 2008 (14 months before the EAG). The HKSA did not have enough time to construct the range. As a result, it was impossible and unrealistic for the HKSA to make the funding application.

5. The funding application could only be processed by Sponsor B after the HKSA had obtained the two land licences. When the second licence was issued in October 2008, the HKSA noted that the funding application would take more than one year to process and that funding would not be secured for the construction of the shooting range for holding shooting events of the 2009 EAG. In early 2009, as advised by the LCSD, the HKSA was given no choice but to consider the use of an indoor 10-metre air pistol range for only holding the air pistol/rifle events for the 2009 EAG.

6. Owing to the lack of communication and direction, little assistance was given to the HKSA for implementing the project and the HKSA had to spend a large amount of money on the pre-development study and on the long process of obtaining the approved plans. The progress of constructing the shooting range was updated to all concerned government departments. However, the process for issuing the land licences had not been speeded up.

7. As the conditions of granting the PPVL site and constructing the shooting range were not laid down at the outset, it was extremely difficult for the HKSA to provide an estimated budget. The budget was revised by the HKSA several times due to escalated costs for compliance with various government departments' requirements.

8. After obtaining the land licences, the HKSA was placed in a very difficult position for being asked to reinforce the land settlement of the PPVL when constructing an open-air shooting range and a ground-floor armoury. The cost would increase to over \$100 million. The funding application was refused and the construction works had not commenced. If the HKSA had known that \$75 million would be required mainly for reinforcing the land settlement, it would not have been placed in this predicament.

9. As the existing facilities were substandard and not up to requirements, there were no facilities suitable for hosting the shooting events for the 2009 EAG. The HKSA considers that an up-to-standard shooting range must be built. Unlike bowling and cue sports, which are common leisure sports/games available in commercial facilities, there is no shooting range in Hong Kong meeting the standard requirements (apart from the modified Venue A). Similarly, it is easy to find venues for rugby and rowing as rugby may be played at football pitches and rowing may take place anywhere in the ocean convenient for rowing. There was a difference between constructing a BMX park and a shooting range on a landfill site. The requirements for constructing a BMX park on a landfill site were minimal. A shooting range to accommodate different shooting disciplines would require a covered structure/building on the landfill site.

10. The HKSA is a non-profit-making organisation operating under government subvention. The HKSA has no obligation to secure the funding support. The critical hurdle was that the HKSA could not deal with the concerned government departments. The unexpected issues were thrown against the HKSA without giving any prior notices. The HKSA considers that cross-department efforts have to be made. With the assistance of the Development Opportunities Office in October 2010, the HKSA has obtained all the approved plans for the construction works. Subject to the availability of funds, the construction works will commence.

(b) LCSD's response to HKSA's comments in (a) above

11. The PPVL site cannot be used for purposes other than recreational uses (i.e. not for residential or commercial development). This arrangement is common for restored landfill sites. Several existing restored landfill sites have been successfully developed for recreational uses (e.g. the Sai Tso Wan Recreation Ground in the Sai Tso Wan Landfill, the Jordan Valley Park in the Jordan Valley Landfill, and the BMX Park in the Gin Drinkers Bay Landfill). Restriction of the use of the PPVL site for recreational purposes does not mean that the site is unsuitable for the development of a shooting range.

12. At the early stage of project planning in June 2006, the EPD had clearly pointed out to the HKSA the engineering issues, including the landfill settlement to be addressed if the shooting range project was to be pursued.

13. The two years' time taken by the EPD (from June 2006 to October 2008) to grant the land licences was a result of the various actions (or inactions) taken by the HKSA. The need for the EPD to issue two separate land licences for the project was attributed to the HKSA's handling of the planning application. The HKSA decided to submit the application to the TPB for approval even though the relevant departments (the EPD and the Planning Department) had indicated that the land area to be allocated to the HKSA was different from that shown in its application. After the application was approved by the TPB on 14 December 2007, the HKSA agreed in January 2008 to submit another application to the TPB to rectify the difference in land area. The problem had dragged on for a few months. Through the concerted efforts of the LCSD, the EPD and the Planning Department, a solution (issuing two separate land licences to help the HKSA acquire the land for development) had been worked out, which was agreed by the HKSA in April 2008. The two land licences were subsequently issued by the EPD on 2 October 2008, 14 months before the 2009 EAG.

14. The LCSD had all along taken actions to facilitate the HKSA to take forward the planning process since 2006 by convening different inter-departmental meetings and making close liaison with directorate officers of the EPD with a view to speeding up the process. The EPD had also been very helpful in fast tracking the process and finding solutions to address the problem of site discrepancy by issuing separate land licences to the HKSA as early as possible.

Source: HKSA's letter and LCSD's response of March 2011

**Spectator attendance rates for sports items
(based on seating capacity — Note 1)**

	Sports item (Note 2)	Competition venue	Attendance rate (%)
1	DanceSport	Hong Kong International Trade and Exhibition Centre	100 %
2	Taekwondo	Shek Kip Mei Park Sports Centre	100 %
3	Judo	Shek Kip Mei Park Sports Centre	97 %
4	Wushu	Western Park Sports Centre	91 %
5	Basketball	Hong Kong Coliseum	89 %
6	Cycling — BMX	The Hong Kong Jockey Club International BMX Park	80 %
7	Aquatics — diving	Kowloon Park Swimming Pool	75 %
8	Athletics	TKOSG	69 %
9	Badminton	Queen Elizabeth Stadium	65 %
10	Weightlifting	Lai Chi Kok Park Sports Centre	64 %
11	Basketball	Western Park Sports Centre	64 %
12	Table Tennis	Queen Elizabeth Stadium	56 %
13	Cue Sports	Hong Kong International Trade and Exhibition Centre	54 %
14	Football	Hong Kong Stadium	53 %

Appendix F
(Cont'd)
(paras. 6.8 and 6.12 refer)

	Sports item (Note 2)	Competition venue	Attendance rate (%)
15	Aquatics — swimming	Kowloon Park Swimming Pool	52 %
16	Volleyball	Hong Kong Coliseum	48 %
17	Squash	Hong Kong Park Sports Centre	45 %
18	Hockey	King's Park Hockey Ground	44 %
19	Bowling	Hong Kong International Trade and Exhibition Centre	43 %
20	Shooting	Venue A	41 %
21	Tennis	Victoria Park Tennis Centre	38 %
22	Cycling — indoor	Tseung Kwan O Sports Centre	35 %
23	Rugby Sevens	Hong Kong Stadium	35 %
24	Squash	HKSC	31 %
25	Football	Siu Sai Wan Sports Ground	30 %

Source: EAG Company records

Note 1: According to the LCSD, a venue used for different sports items had different set up and hence different seating capacities. The attendance figures were extracted from the Main Operation Centre daily reports compiled during the EAG period.

Note 2: The competitions of each of four sports items, namely basketball, cycling, football and squash, were held at two venues, whereas diving and swimming under aquatics were held at the same venue. Each of these five sports items is regarded as two sports items in this Appendix.

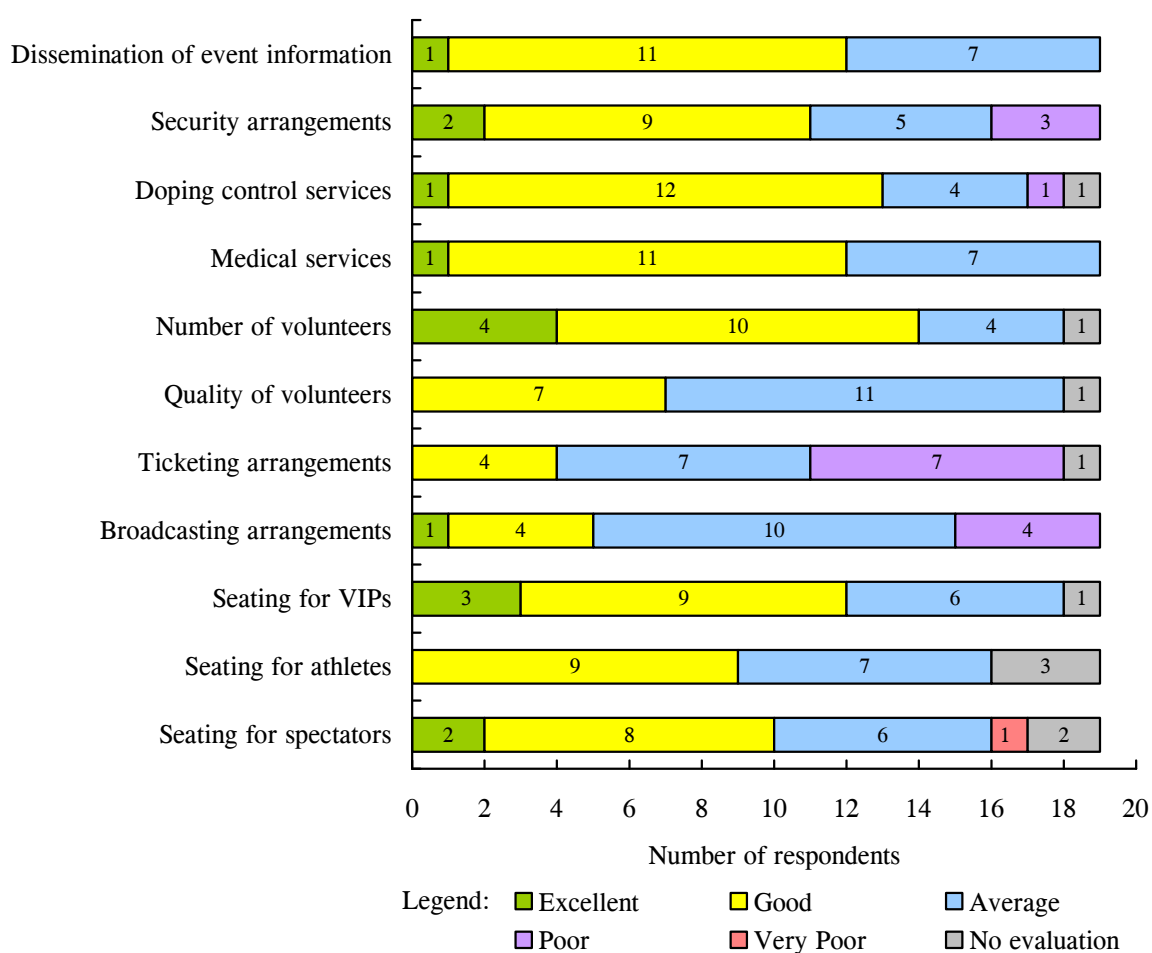
Results of Audit survey

Room for improvement in arranging competition events

1. The responses of the NSAs on arrangements for competition events are shown in Figure A, and those of the NOCs in Figure B.

Figure A

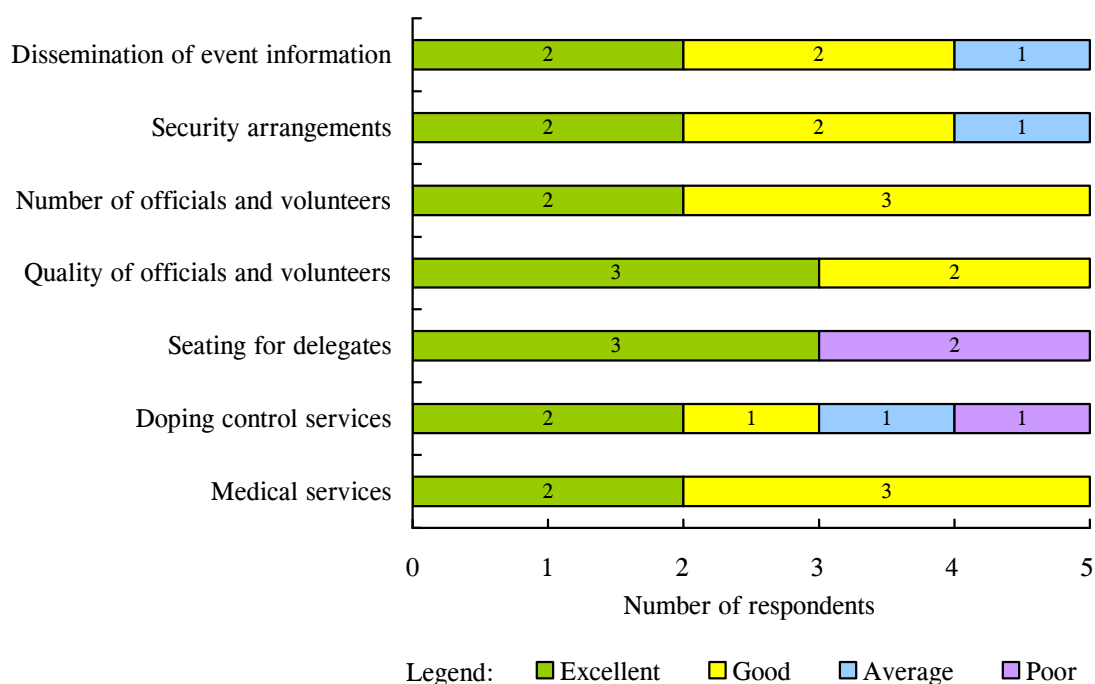
Perception of arrangements for competition events (NSAs)



Source: Audit survey

Figure B

**Perception of arrangements for competition events
(NOCs)**



Source: Audit survey

2. As shown in Figures A and B, some respondents expressed dissatisfaction (namely “Poor” or “Very Poor” rating) in areas of ticketing arrangements (7 NSAs — 37%), broadcasting arrangements (4 NSAs — 21%), doping control services (1 NSA — 5% and 1 NOC — 20%), security arrangements (3 NSAs — 16%) and seating for delegates (2 NOCs — 40%). The following comments were given by some of the NSAs and NOCs:

Ticketing arrangements

- Seven NSAs considered that there were too many reserved seats for VIPs and complimentary ticket holders. There was a need to review the complimentary ticketing arrangements (see paras. 6.12 and 6.13).
- Three NSAs commented that there were unoccupied seats despite high ticket-sale rates. **A two-session ticketing arrangement was preferable to the day-pass arrangement adopted as more spectators could attend the competition events** (see paras. 6.16 to 6.18).

Broadcasting arrangements

- Six NSAs said that there was insufficient live broadcasting and media coverage of the competition events.

Doping control services

- One NSA mentioned that there were insufficient briefings on the doping policy before the competition events.
- One NOC said that there should be tighter access controls in the doping control areas.

Seating for delegates

- One NOC considered that there were insufficient seats in the competition venues for members of the NOCs.

Others

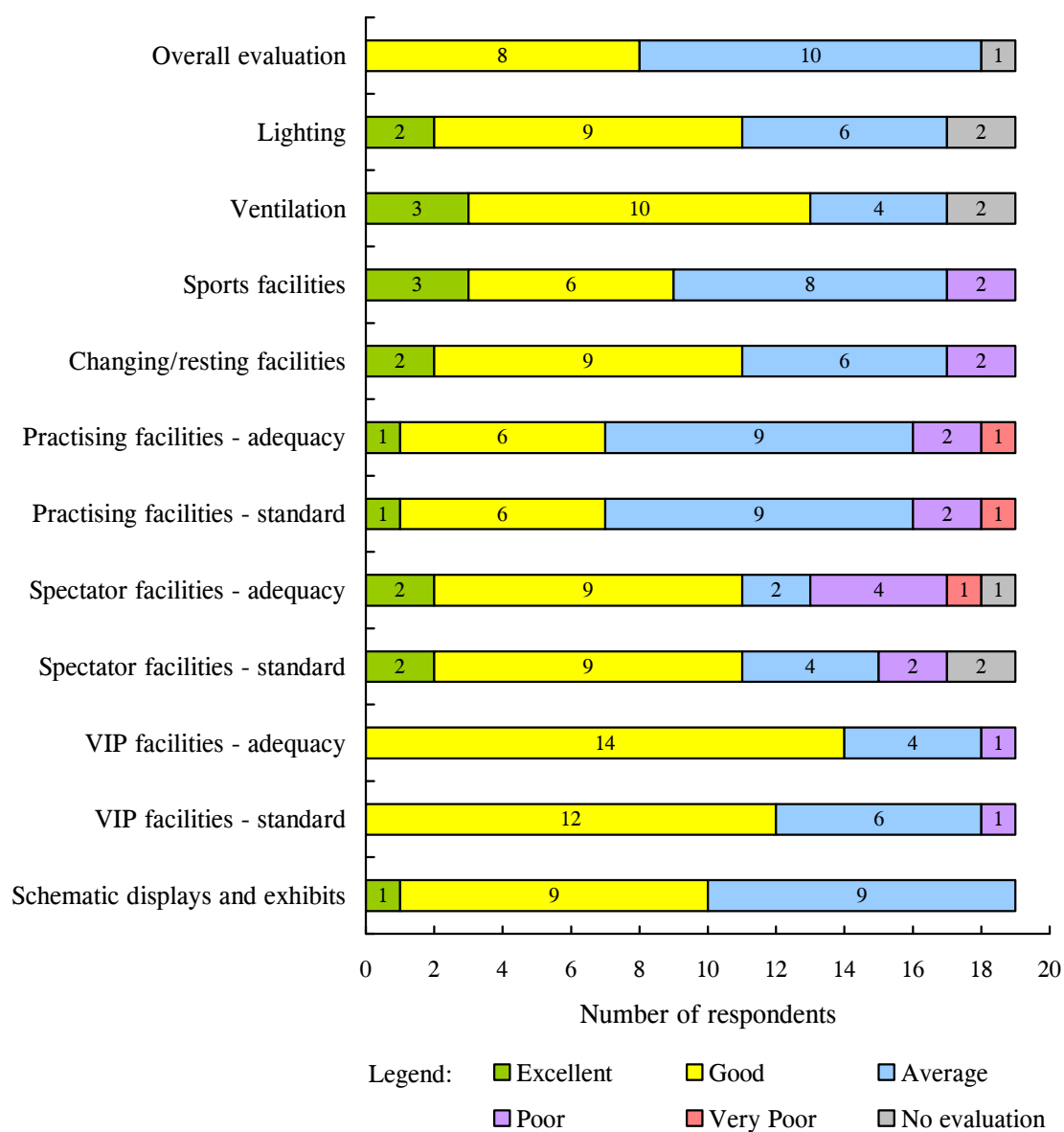
- Four NSAs suggested that more volunteer training should be arranged before the 2009 EAG.
- One NSA said that there were insufficient photographs and daily reports on the 2009 EAG official website.

Room for improvement in standards of competition venues and facilities

3. The responses of the NSAs on standards of competition venues and facilities are shown in Figure C, and those of the NOCs in Figure D.

Figure C

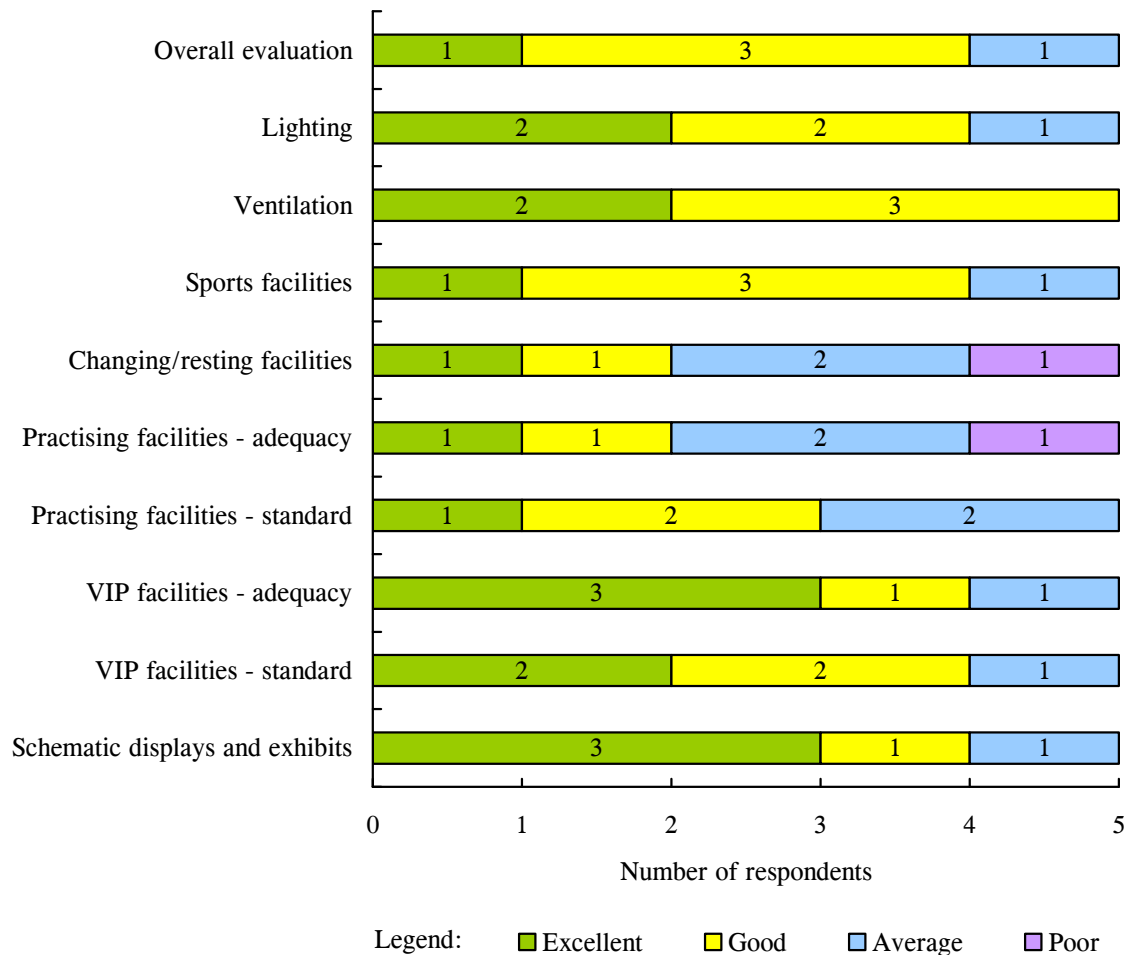
**Perception of standards of competition venues and facilities
(NSAs)**



Source: Audit survey

Figure D

**Perception of standards of competition venues and facilities
(NOCs)**



Source: Audit survey

4. As shown in Figures C and D, some respondents expressed dissatisfaction in areas of adequacy of spectator facilities (5 NSAs — 26%), adequacy of practising facilities (3 NSAs — 16% and 1 NOC — 20%), standard of practising facilities (3 NSAs — 16%), changing/resting facilities (2 NSAs — 11% and 1 NOC — 20%), sports facilities (2 NSAs — 11%) and standard of spectator facilities (2 NSAs — 11%). The following comments were given by some of the NSAs and NOCs:

Spectator facilities

- Four NSAs considered that the limited space of the competition venues restricted the spectator capacity.
- One NSA mentioned that the spectator facilities of an event were only provided shortly before commencement of the event at the request of the pertinent NSA.

Practising facilities

- Two NSAs and one NOC said that some venues did not have sufficient warm-up facilities.
- Two NSAs considered that some practising areas were too small, and there were insufficient quantities and varieties of equipment for practice.

Changing/resting facilities

- Four NSAs and one NOC mentioned that there were insufficient changing rooms and resting areas.

Others

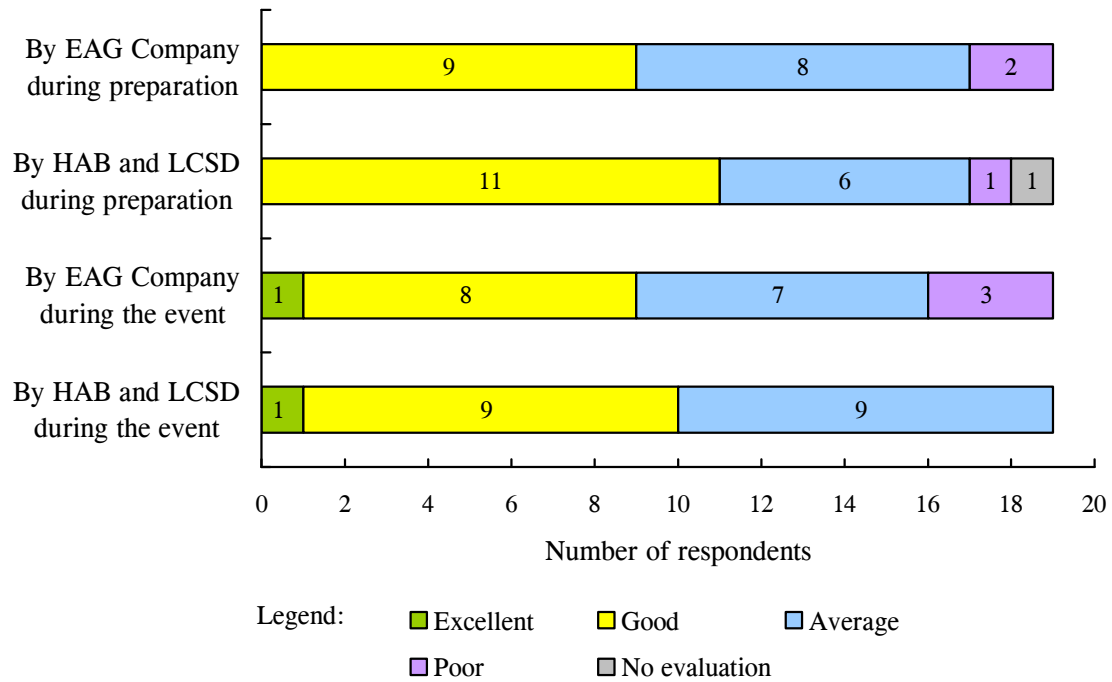
- Eight NSAs considered that some sports facilities and venues only met the minimum requirements for an international sports event.
- Two NSAs considered that there were insufficient contingency plans for conducting events under adverse weather conditions.
- One NSA and one NOC mentioned that there were insufficient press briefing areas.
- One NSA said that it was not appropriate to arrange two sports items at the same venue which restricted the match scheduling and adversely affected the changeover of venue set-up from one sports item to another.
- One NSA said that there was insufficient contingency power supply to minimise disruption to competitions.

Room for improvement in handling suggestions/complaints

5. The responses of the NSAs on handling of suggestions and complaints are shown in Figure E, and those of the NOCs in Figure F.

Figure E

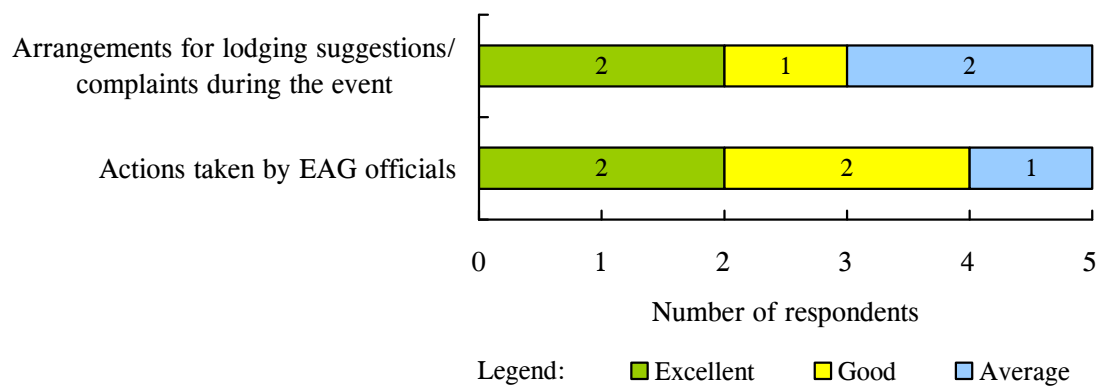
**Perception of handling of suggestions/complaints
(NSAs)**



Source: Audit survey

Figure F

**Perception of handling of suggestions/complaints
(NOCs)**



Source: Audit survey

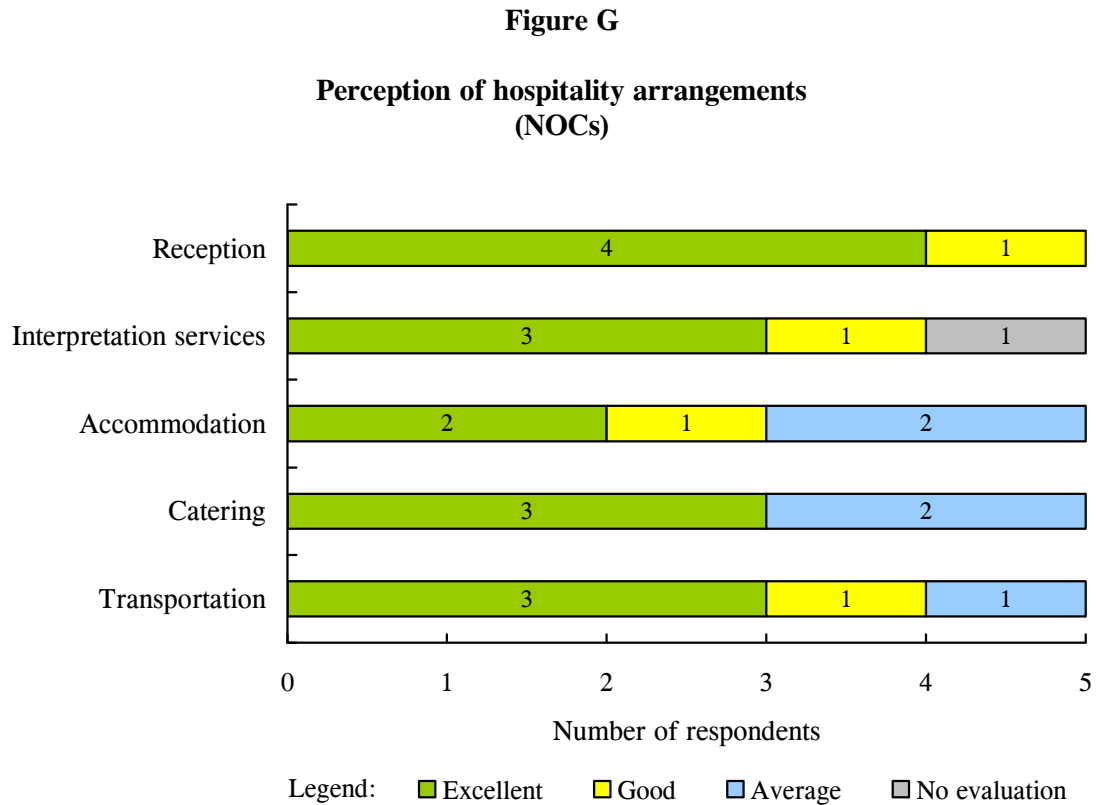
6. As shown in Figures E and F, most of the NSAs and all of the NOCs were satisfied with the EAG Company, the LCSD and the HAB in handling suggestions and complaints. Nevertheless, 3 NSAs (16%) were dissatisfied with the actions taken by the EAG Company during the event, and 2 NSAs (11%) were dissatisfied with the EAG Company's actions during preparation for the EAG. The following were the comments of some of the NSAs and the NOCs:

- Five NSAs said that there was high staff turnover of the EAG Company, resulting in inefficiency in the cooperation and communication with the NSAs.
- Five NSAs expressed concern that the standardised arrangements (such as ticketing, transportation and catering) failed to meet the specific operational needs and international practices of particular sports items.
- Three NSAs considered that more liaison and communication should be made with the NSAs during preparation for the 2009 EAG.
- Two NSAs suggested that more autonomy and authority should be given to the NSAs on competition arrangements in future as the NSAs possessed better knowledge of the international requirements for the sports.
- One NSA and one NOC said that sometimes the EAG Company took a long time to respond to complaints.
- One NSA mentioned that feedback had not been sought from the parties concerned, including the NOCs and international technical officers, after the 2009 EAG. The NSA recommended that the organiser needed to consider adopting the good practices of some NSAs during the 2009 EAG, such as holding daily team manager meetings and using suggestion forms to collect feedback from technical officers with a view to making prompt improvements.

Audit noted that, of the 115 staff employed by the EAG Company, 36 (31%) terminated the service before completion of their tenure.

Hospitality for the NOCs

7. The responses of the NOCs on hospitality for them are shown in Figure G. All the NOCs were satisfied with the hospitality arrangements.



Source: Audit survey

Acronyms and abbreviations

ArchSD	Architectural Services Department
Audit	Audit Commission
B/Ds	Bureaux/departments
BMX	Bicycle motocross
CEO	Chief Executive Officer
CWRF	Capital Works Reserve Fund
EAG	East Asian Games
EMSD	Electrical and Mechanical Services Department
EPD	Environmental Protection Department
EU	Efficiency Unit
FC	Finance Committee
FSTB	Financial Services and the Treasury Bureau
HA Panel	Panel on Home Affairs
HAB	Home Affairs Bureau
HAD	Home Affairs Department
HKSA	Hong Kong Shooting Association
HKSC	Hong Kong Squash Centre
ISD	Information Services Department
LCSD	Leisure and Cultural Services Department
LegCo	Legislative Council
NOC	National Olympic Committee
NSA	National Sports Association
PIR	Post-implementation review
PPVL	Pillar Point Valley Landfill
RTHK	Radio and Television Hong Kong
SF&OC	Sports Federation and Olympic Committee of Hong Kong, China
TKOSG	Tseung Kwan O Sports Ground
TPB	Town Planning Board