

SC 09/05
(For discussion on
10 May 2005)

SPORTS COMMISSION
Proposed Stadium Development in South East Kowloon

INTRODUCTION

This paper invites members' comments on the proposal of developing a multi-purpose stadium in South East Kowloon (SEK).

BACKGROUND

2. Hong Kong is committed to promoting and developing a strong sporting culture in the community as well as raising our international profile in sports. In realizing this vision, our overall strategies are: (a) promoting "Sports for All"; (b) fostering high performance sports; and (c) promoting Hong Kong as an attractive venue for hosting international sports events. We have been providing high quality sports venues to facilitate long-term sports development in these directions.

3. At present, the Leisure and Cultural Services Department (LCSD) operates over 80 different sports venues in Hong Kong. Among the larger venues are the Hong Kong Stadium, Queen Elizabeth Stadium and the Hong Kong Coliseum. These are often used for holding major sports events, competitions, as well as large-scale concerts. However, many of the facilities are now outdated and do not match up to international standards. It has been suggested that a new modern, multi-purpose stadium should be developed. Background information of these venues, including capacity, key features and limitations, is summarized in **Annex A**.

4. A "Consultancy Study on Requirements for Major New Sports and Recreation Venues" (the Study) was conducted in 2000, which suggests that the development opportunity in South East Kowloon (SEK) should be taken to provide a new multi-purpose stadium. To follow-up, the Architectural Services Department completed a technical feasibility study in 2003, which concluded that it is technically feasible to develop a stadium complex in SEK. The Planning Department has, accordingly, included the stadium as a planning

assumption in the “South East Kowloon Development Comprehensive Planning and Engineering Review”. Before proceeding the project further, it is necessary to examine closely the justification for this major sports infrastructure investment, and to identify issues that need to be tackled to ensure its long term viability and sustainability.

MAJOR FEATURES OF THE PROPOSED STADIUM IN SEK

5. It is envisaged that the proposed stadium should be designed and constructed to run a wide range of events (e.g. sports activities, concert, exhibition, conference, etc.) under all weather conditions. It should also have sufficient capacity to accommodate a large audience. According to the recommendations in the Study, the scope of the proposed stadium includes:

- (a) a **main stadium** with a minimum capacity of 50,000 spectators with capability to extend to 70,000 for hosting major international events and ceremonies. The main stadium could cater for all types of sports events, entertainment events, concerts, conferences, product exhibitions;
- (b) a **secondary stadium** with a minimum seating capacity of 5,000 spectators for warm-up and training purposes;
- (c) an **aquatic centre** with a minimum seating capacity of 4,000 spectators for holding international water sports competitions; and
- (d) sufficient car parking areas, and landscape features.

6. The Study also recommends that the following special features should be included:

- (a) **retractable roof** – this would allow events to be held under all weather conditions so as to maximize revenue opportunities by minimizing the incidents of cancellation or low turnout rate due to bad weather. A retractable roof can be used as a sound barrier and smoke vent in case of fire. It also provides quick turn around of events from sports to concerts;
- (b) **retractable, removable and temporary spectator seating** – the telescopic seating unit is the least expensive and is possible to fold upholstered theatre style chairs in the small recess available and the

change in seating arrangement can be completed within a short period of time. Another seating system with movable units or wagons containing fixed tiered seating may also be considered;

- (c) **sliding pitch** – the grass pitch would rest on a concrete structure which could slide into the stadium as needed to enable quick and efficient change of play surface, and by so doing, increase the number of different events that could be held.

CONSIDERATIONS FOR AND AGAINST BUILDING A NEW MULTI-PURPOSE STADIUM

7. The fundamental premises for building a new multi-purpose stadium are:

- (a) a world-class stadium can attract more international sports events to be held in Hong Kong. This, in turn, would help raise Hong Kong's sports profile, as well as attract investment and business opportunities;
- (b) a modern and well-equipped facility could provide a better training environment for our elite sportsmen and women, would help improve their performance in international events;
- (c) such facility would also generate local interest in sports, and encourage wider community participation in sports activities, including raising their interest in watching large-scale sports events; and
- (d) there are successful examples in many of our neighbouring cities, such as Guangzhou, Japan, Korea, Malaysia, Singapore, Taipei and Thailand in building and operating a major stadium in facilitating sports development.

8. The stadium involves substantial investment. It is estimated under the Study that a site of around 24 hectares would be required for the construction of the proposed stadium and its ancillary facilities. A preliminary financial analysis of the proposed stadium suggested that the construction cost would be over \$5 billion. We need to examine the case very carefully before proceeding with the next stage of planning. Some of the key issues are:

Planning issues

- (a) **need for a new stadium** – with the presence of large scale, albeit aged, sports venues as described in paragraph 3 above, we need to justify the need for a new facility in terms of the tangible and intangible benefits a new stadium could bring;
- (b) **features** – it is for consideration whether we could spare some of the elements such as the aquatic centre, whether or not we must include the retractable roof and sliding pitch, and whether we should explore other technologies;
- (c) **size and location** – the proposed stadium would occupy an area of 24 hectares. It is for consideration whether this stadium should occupy such a large area in a prime location in South East Kowloon where the development boundary has been substantially reduced from the original plan as a result of decision to minimize reclamation. Some alternative sites, such as Mei Foo, Northshore Lantau, West Kowloon Reclamation, Victoria Park, Pak Shek Kok and SEK have been considered in the Study, but were not considered satisfactory. These could be revisited if necessary;
- (d) **transport link** – the proposed stadium should be readily accessible with good public transport network so as to attract patronage, and facilitate better crowd control after a major event. The Kai Tak Station in the proposed Shatin to Central Link railway, if materialized, would be an important success factor for the stadium; and
- (e) **compatibility issue** – it has been suggested that commercial and hotel development should be planned in the areas adjoining the stadium so that they could complement each other.

Financing issues

- (a) **funding gap** – the Study anticipated that the revenue generated from the events might not be able to offset the development cost. However, the assumptions and projections were made under very different economic climates compared with the prevailing circumstances. We need to update the financial analysis to obtain

more realistic estimates;

- (b) **alternative options** – we may also need to evaluate alternative options such as (i) upgrading and/or expanding existing facilities, (ii) disposing of the Hong Kong Stadium, Hong Kong Coliseum and the Queen Elizabeth Stadium for other development upon completion of the new stadium. The latter could be justified on the ground that the proposed multi-purpose stadium should become the hub for major sports and entertainment events. Disposing of some of these stadia could enhance the viability of the proposed stadium, and could generate land revenue to offset part of the construction cost;
- (c) **private sector participation** – in view of the huge construction cost, participation by the private sector in the financing, construction, operation and management of the stadium should be considered. Development models such as “Build-Operate-Transfer” could be explored where the construction and subsequent management would be undertaken one party for a given period;
- (d) **sustainability** – it is envisaged that the proposed stadium may not be able to generate enough recurrent revenue to cover recurrent operating costs and to provide the private sector a commercially accepted return on a standalone basis. To make the development package attractive, the following options would need to be considered:
 - (i) whether the developer could be given the development rights for the Hong Kong Stadium and the Hong Kong Coliseum upon operation of the new stadium;
 - (ii) whether the developer should be given the development rights for developing the adjacent sites or waterfront sites in South East Kowloon for low risk luxury housing and commercial development as apart of the package;
 - (iii) whether the developer should be given the car park rights and all ticket issue rights;
 - (iv) whether advertising, premium seating, naming rights, personal seat licenses, and revenue from concession stands

and other revenue generating sources should be explored;
and

- (v) whether the future operating cost should be fully borne by the developer or operating agent, or whether Government should continue to provide funding or subsidy. If Government should contribute to the operating expenses, the funding formula should be carefully worked out.

Possible relocation of the Hong Kong Sports Institute in the Stadium

- (a) It is for consideration whether the opportunity should be taken to relocating the Hong Kong Sports Institute (HKSI) to the proposed stadium so as to offer well-equipped international standards venues for training and development of elite athletes. In fact, the facilities the current HKSI are rather outdated (facilities listed at **Annex B**).

PUBLIC CONSULTATION

9. We have received comments on the proposed stadium during the public consultation on Stage 1 Public Participation of Kai Tak Planning Review conducted by the Planning Department in 2004. Most of the comments were positive. The majority of respondents supported the provision of a multi-purpose stadium in SEK. There were also concerns on locating the proposed stadium at SEK. Some pointed out that, based on overseas experiences, usage rates of large multi-purpose stadium tended to be rather low and therefore allocating a site of considerable size for developing a stadium complex in an highly populated area might not be cost-effective. Some suggested that the design of the road network, waterfront promenade and pedestrian ways should be more flexible to allow the hosting of international events.

10. During the conduct of the Study in 2000, some National Sports Associations (NSAs) were consulted on the need for a multi-purpose stadium in Hong Kong. In general, they all agreed that a new, multi-purpose stadium built to international standard with adequate support facilities should be developed. As the consultation was conducted quite some time ago, it is **suggested** that the sports sector should be consulted again, especially on some

of the issues set out above.

11. In the meantime, it is **proposed** that views from the Community Sports Committee (CSC), Elite Sports Committee (ESC) and Major Sports Events Committee (MSEC), should be sought from their respective perspectives. The Sports Commission could, on the basis of these views, formulate a position. Members may note, however, that the proposed stadium development is at a preliminary conception stage and is subject to a long planning and development process. The current scope, site requirement, location, design and cost are initial estimates. Views from members will facilitate further decision to be made and for planning to proceed.

WAY FORWARD

12. To move forward the project, it is **recommended** that the following steps be taken:

- (a) **consultancy study** to update the planning and financial data – as mentioned above, some of the planning and financial parameters for the proposed stadium were made under different economic circumstances. It is suggested that a consultancy study should be commissioned to provide more up to date analysis of the various design and financial models;
- (b) **consult the three Committees** under the Sports Commission – members may suggest specific areas where the respective Committees could examine in depth. For example, the ESC could be asked to consider whether the HKSI should be located in the proposed stadium; the MSEC could discuss how and what events could be staged in the stadium to enhance viability; and the CSC could look into the feasibility of trading the new stadium with the existing major stadia and the impact on the community's access to sports facilities;
- (c) **consult the sports sector** – to consult NSAs and relevant bodies on the need, scope, location and features of the proposed stadium; and
- (d) seek a **steer from the Policy Committee** – having sought the

views of the sports sector and the three Committees, and in the light of the findings from the proposed consultancy study, the Sports Commission could formulate a recommendation. A steer from the Policy Committee would then be sought on whether or not to proceed further with the stadium project.

ADVICE SOUGHT

13. Members are invited to
- (a) advise on the need for a multi-purpose stadium in Hong Kong;
 - (b) comment on the issues as set out in paragraph 8 above;
 - (c) advise on any other key issues that Government should consider in relation to the proposed stadium development; and
 - (d) comment on the proposed way forward as set out in paragraph 12 above.

Sports Commission Secretariat
May 2005

Annex A

Venue	Capacity	Year Opened	Usage Rate [#] (Jan-Dec 2004)	Remark
Hong Kong Stadium	40,000	1994	34 event days [*]	<ul style="list-style-type: none"> • facilities include a grass pitch for soccer and rugby, executive boxes, more than 20 concession stands and a media area • within walking distance of bus routes and MTR • with Rugby Sevens as the greatest revenue generator • lack of design flexibility (e.g. lack of a running track, ability to change seating configurations and ancillary facilities) • produce a small operating profit due to environmental constraints on stadium operation
Hong Kong Coliseum	12,500	1983	96.9%	<ul style="list-style-type: none"> • a well-attended venue with flexible seating system • used for a wide variety of entertainment and sports events which include volleyball, badminton and swimming • adjacent to railway station and well provided by bus and taxi services • enjoys high utilization rates and a favourable operating profit
Mongkok Stadium	9,600	1961	98%	<ul style="list-style-type: none"> • predominately used to host HKFA matches • accessible by bus, taxi and MTR • the site is confined and cannot

				<p>be expanded significantly</p> <ul style="list-style-type: none"> • reports consistent loss and given the nature of activities held, limited revenue generating potential is envisaged • most stands are uncovered and public facilities are extremely poor • pitch is uneven and scope for upgrading of the pitch is very limited given the confined nature of the site
Queen Elizabeth Stadium	3,515	1980	72.4%	<ul style="list-style-type: none"> • close to MTR and major bus routes • used for a variety of sports including ball and racquet events • principally hosts conventions and entertainment and cultural event • supported by a large subsidy • incurs significant losses • internal layout of the building fails to optimize its use as a sports and recreation venue

[#] Usage rate = total used hours/hours available for booking X 100%

^{*} As the Hong Kong Stadium is hired on a whole day basis, the usage rate is calculated with the number of days during which events are held (excluding the days used for preparation and dismantling work before and after the event). The stadium is closed for about 2 months for repair and maintenance each year.

Existing Facilities in Hong Kong Sports Institute

Sports Facilities

- a 25-metre indoor swimming training pool
- 15 outdoor tennis courts and 4 mini-tennis courts
- 11 glass-back squash courts
- 12 indoor badminton courts
- 16 table tennis tables *
- 14 fencing pistes *
- 400-metre synthetic running track and field facilities
- 3 full-size football pitches
- 5-a-side and 7-a-side football pitches
- outdoor cycling velodrome
- jogging trail around the perimeter of the HKSI
- outdoor multi-purpose training area
- golf driving range

Others

- meeting facilities for meetings, conferences, seminars and exhibitions, which include the Jubilee Room (capacity : 60–200), Grand Slam (capacity : 20–60) and Marathon (capacity : 20–60)
- restaurant and food court
- sports residence which includes 21 twin rooms *
- sports shop
- dormitory for 108 athletes *
- car parks
- sports science and sports medicine facilities

* reflect the latest provision of facilities after July 2005