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**Bidding for Major Sporting Events:
Key Issues and Challenges faced by Sports
Governing Bodies in the UK**

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Executive Summary

Hosting Sport Events in the UK

The next decade has been described by the government as a 'golden decade for sport' due to the variety of international sport events that the UK is due to host. These include mega events such as the London 2012 Olympics and the 2014 Commonwealth Games in Glasgow, major events such as the 2019 Cricket World Cup, and a large number of major showcase sport events including the World Squash Championships and the World Modern Pentathlon Championships. The UK is considered to be one of the leading nations in the sport event market and sport governing bodies (NGBs) in the UK maintain a strong reputation for staging well-organised sport events. However, bidding for the rights to host mega sport events, one-off events, and international showcase sport events has become more competitive over the last decade. There is a need to address the issues that NGBs face when bidding to host international sport events to ensure that the UK remains a competitive venue for sport events.

Bidding to Host a Sport Event

There are a number of commonly cited reasons why NGBs bid to host sport events. Previous research has shown that mega sport events, one-off events, and international showcase sport events have had a positive economic impact. Sport events have been used as a catalyst for regional economic development and urban regeneration, and are also perceived as a way to promote a city or region as a tourist destination. In the context of mega events, they can be used to improve the brand identity of a city on a global scale. Sport events require the development of sporting infrastructure and facilities that, with the development of an appropriate long-term legacy strategy, may result in increased participation levels. The hosting of a sport event may also help to build civic pride, increased community identity, and deliver social inclusion benefits that can be realised through community

volunteer programmes. While these reasons are often put forward to justify a bid for a sport event, previous research has also shown that these factors can be overstated prior to a bid and during the bid phase in order to ensure that a bid is successful. It has also been argued that it is difficult to measure some of these impacts, particularly sporting developments and social and cultural impacts, due to the need for long-term evaluations.

The Bidding Process

The preparation of a bid is a critical element of the overall event planning process. With growing competition to host many sport events it is important that NGBs implement a four-stage strategic approach to bidding before the actual bid procedure to the International Federation. The strategic planning phase includes determining why a governing body should bid to host an event; identifying the candidate city and the venues needed to stage an event; putting in place a strategic plan that considers the scale of the event, facilities, locations, and competitors; and undertaking a feasibility study. The bid procedure involves presenting the candidate city or venue to the International Federation, preparing a bid document, and lobbying and developing relationships. Key success factors include the ability to organise the event; reputation; political support; infrastructure; communication and exposure; stakeholder engagement and bid team composition.

Bidding Issues in the UK

There are a number of key bidding issues faced by UK NGBs. There is a concern that there is a lack of joined up strategic thinking between government departments that can result in policy developments which have a negative impact on sport event bidding. Also, with the creation of the London Olympic Games and Paralympic Games Act (2006), it was felt that there was an opportunity to introduce a ruling permitting the government to apply the legislation contained within the Act to other sport events. Taxation policy in the UK, particularly the taxation of endorsement income which affects sports such as football, rugby, tennis and golf, can affect the competitiveness of a

UK NGB when bidding. The refusal of HM Treasury to provide exemptions from player tax was the reason that Wembley lost out when bidding to host the 2010 Champions League final. The VAT policy in the UK for admission to sporting events could also make the UK uncompetitive in relation to other EU countries. Two additional issues that NGBs in the UK face are the increasing costs of bidding for a sport event and the cost of hosting an event. The cost of putting together a bid and ensuring that the bid document meets the requirements demanded by the International Federation is an issue, particularly given that many International Federations are asking for a larger rights fee and that NGBs are increasingly expected to underwrite additional costs such as tax liabilities or visa costs. The costs of policing and putting in place adequate security around a sport event venue is a key hosting issue, particularly for mega events. The increase in costs are a concern given that securing funding and attracting commercial sponsorship are two issues that NGBs also face during the bid stage.

The International Context

The rights to host mega sport events, one-off events, and showcase events are increasingly sought after and NGBs in the UK face competition from other countries when bidding for events. It is important that the issues that UK NGBs face do not put sports governing bodies at a disadvantage when bidding for international events. In Australia, Canada, France and Germany, there is strong government support for sport event bidding at Federal, State and local government level. The Scandinavian nations are also becoming more competitive when bidding to host showcase sport events, while Turkey and the Middle East receive strong support from their respective governments who are expressing a desire to host a mega event in the future.

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1. Introduction

The next decade has been described by the government as a 'golden decade for sport' in the UK. One of the reasons underpinning this is the wide variety of international sport events that the UK is due to host. These range from mega events that generate significant global spectator and media interest and require substantial infrastructure investment including the 2012 Summer Olympics and Paralympics in London, and the 2014 Commonwealth Games in Glasgow, through to major one-off events that generate substantial interest including the 2019 Cricket World Cup, and the 2010 and 2014 Ryder Cup tournaments. The UK will also host many other major showcase sport events that receive less media attention. In 2008 for instance, the UK will play host to the Junior World Beach Volleyball Championships and the World Squash Championships, while in 2009 the World Modern Pentathlon Championships and the European Jumping and Dressage Championships are just two examples of major showcase sport events to be held in the UK. These events will take place in addition to a number of major calendar events that take place every year including Wimbledon, the London Marathon, the British Grand Prix, the Grand National and the FA Cup Final.

These events vary significantly in size, importance, duration, the value of the media rights, and support from national and local government. However, they demonstrate that in recent years, national governing bodies of sport (NGBs), who have the responsibility to promote and develop their sports within the UK, have had success in terms of bidding for, and winning the rights, to host international sport events. This success reflects the fact that UK NGBs have a strong reputation for being able to stage well-organised sport events and that the UK can be considered to be one of the leading nations in the sport event market. In 2008 for instance, London was rated the fourth best host city in terms of sport events behind Melbourne, Berlin and Sydney, based on criteria including the number of annual sports events held, major events held or won between 2004 and 2012, facilities, transport, accommodation, government support, weather, legacy, public sports interest and quality of lifeⁱ.

While the UK currently maintains a strong position in the context of hosting international sport events, the rights to host mega sport events, one-off events, and showcase events are increasingly sought after. As a result, the bidding process has become more competitive, complicated and expensive, and requires that NGBs have the competence, the capability and resources to develop a strategic approach to bidding. It is also important to be aware of the potential issues and challenges that NGBs face when bidding for sport events for the UK to remain a market leader. There is a need to engage in dialogue with NGBs and where necessary, implement measures to overcome challenges to ensure that the UK continues to be in a strong position to bid for international championships and does not lose its competitive edge. This is extremely important given that there are bids to host mega events including the 2018 football World Cup, and major events such as the 2015 Rugby Union World Cup, and the 2016 football European Championships. This is in addition to a range of bids to host major showcase sport events from a wide variety of sports governing bodies.

The aim of this research report is to identify the key issues and challenges which NGBs in the UK face when bidding to host major international events. The next section explains the way in which this research was carried out. Following this, the report will examine the commonly cited reasons why NGBs bid to host sport events before five stages of the bidding process are identified. The report then identifies a number of key issues that can have an impact on the ability of an NGB when bidding to host a sport event before case studies are presented of the hosting policies and practices in Australia, Canada, France, Germany, Scandinavia, Turkey and the Middle East. A conclusion follows before the report makes a number of policy recommendations that should be considered if the UK is to continue to attract sport events.

2. Methodology

This report presents the findings of a six month research project looking into the issues that NGBs face when bidding for sport events. The project was commissioned by the Central Council of Physical Recreation (CCPR). The CCPR is the organisation that represents the interests of 270 national governing bodies and representative bodies of sport and recreation in the UK and provides an independent voice for sport and recreation. The 270 members of the CCPR represent 150,000 clubs across the UK and 13 million regular participants in sport.

There were three stages to the research. The first stage involved undertaking a review of the existing published material to identify the commonly accepted reasons why NGBs bid to host sport events. The review was initially undertaken using the Business Source Premier database, which identified relevant academic literature. The Nexis UK database was used to identify media reports on sport events. The literature review also drew on economic impact studies that have been conducted on sport events and reports from the Department of Culture, Media and Sport.

The second stage of research involved a series of in-depth semi-structured qualitative interviews. These included nine representatives from a range of different sized NGBs to build up a clearer understanding of the issues that exist around the bid process from the perspective of different sports. Major sport NGBs included the Football Association and the Rugby Football Union. Olympic sport NGBs included British Swimming; the Royal Yachting Association; Modern Pentathlon; the British Equestrian Federation; and the Amateur Rowing Association. Development sports included the English Lacrosse Association and the British American Football Association. Seven semi-structured qualitative interviews were also undertaken with representatives from organisations that work with NGBs during the bidding stage. These included UK Sport; the Department for Culture, Media and Sport; the UK Border Agency; Deloitte; haysmcintyre; VisitBritain; and Metro

Public. The majority of the interviews were tape-recorded and transcribed. The transcripts were coded to aid the organisation and analysis of the data. The list of interviewees can be found at the end of the report.

The third stage in this research project involved undertaking a search for material to understand better sport event bidding in a number of countries. Australia, Canada, France, and Germany were chosen as case study examples where hosting sport events is well established and where in the past, national sports organisations have competed with UK NGBs for the rights to host international events. Sport events are also considered in nations that are becoming more prominent when bidding and case studies of the Scandinavian nations, Turkey and the Middle East are used to illustrate their approach to sport event bidding. The Business Source Premier database and the Nexis UK database were used to identify relevant academic literature and media reports. Government websites also were used to identify official reports that set out government policy in relation to sport events. Sport Canada and Sport Research Intelligence Sportive were contacted and provided information regarding the Canadian context.

3. Reasons for Bidding to Host a Sport Event

There are a number of commonly cited reasons as to why NGBs bid to host sport events. These include economic impacts; urban regeneration; environmental development; tourism, city marketing and brand identity; sporting developments; and social and cultural impacts. However, while these reasons are often put forward to justify a bid for a sport event, previous research has shown that these factors can be overstated prior to a bid and during the bid phase in order to ensure that a bid is successful. In addition, it has also been argued that it is difficult to measure some of these impacts, particularly sporting developments and social and cultural impacts, due to the need for long-term evaluations.

3.1. Economic Impacts

It is common for a bid for a sport event to be justified by national and local government on the basis that the event will generate additional direct and indirect expenditure within the economy and have a positive economic impact. However, as recently as the 1970s, the hosting of a major sport event was seen to be a financial burden owing to the £692m loss sustained by the Montreal Olympics in 1976 and the £178m loss at the Munich Olympics four years previousⁱⁱ. The commercial model implemented by the organisers of the 1984 Olympics in Los Angeles, which centred on increasing sponsorship income and limiting public expenditure, resulted in a profit of £215m, therefore changing the perception that cities and governments had to hosting major sport eventsⁱⁱⁱ. Since then, despite the substantial costs incurred as a result of staging the Olympic Games, there has been increasing competition between cities to host the Olympics due to the potential economic benefits. For example, it has been predicted that the London 2012 Olympics will lead to an increase in GDP between 2005 and 2016 of £1.936 billion and create an additional 8,164 full-time equivalent jobs^{iv}. These benefits derive from ticket sales income, sponsorships, merchandising and broadcasting, in addition to the increased levels of tourism, employment and business opportunities^v.

Economic impact studies are not confined to mega sport events. The Sports Industry Research Group at Sheffield Hallam University has been responsible for undertaking economic impact studies of a number of major showcase sport events on behalf of UK Sport. The most recent report in 2006 illustrated that the economic impact at the Rowing World Cup, the UEFA under-19 football championships, the Women's World Cup Cycling Grand Prix, the European Eventing Championships, the World Youth Sailing Championships and the World Rowing Championships totalled £6.512 million and justified the financial support that UK Sport had provided^{vi}.

While there are studies that show positive economic benefits of hosting a sport event, there are a number of studies that adopt a more critical approach to the economic impact of hosting major sports events. It has been shown that the impact of the Atlanta Olympics on job creation was substantially less than predicted^{vii}, while an ex post analysis of the economic impact of the 1994 World Cup held in the US resulted in a loss of between \$5.5 billion and \$9.3 billion in contrast to the ex ante estimates of a \$4 billion positive impact^{viii}. The 1992 Winter Olympics in Albertville incurred debts of £20 million, despite estimates during the bid stage that the event would break-even^{ix}. These studies illustrate a number of issues in relation to economic impact studies. It has been suggested that many studies are over optimistic about the number of spectators and their spending habits at a sport event; they do not take into account the decreased spending by local residents; and they fail to consider the substitution effect where the gains achieved in the host city may be at the expense of a reduced level of tourism in another^x. For these reasons, some studies may exaggerate the economic impact of a sport event.

There have also been concerns raised about the use of multipliers to estimate the economic benefits of a sport event, with the identification of 11 sources of misapplication of economic impact studies^{xi}. Potential issues include using different types of multiplier, failing to take into account the opportunity costs, and measuring benefits while the negative impacts of hosting a sport event are not fully considered or explored. Moreover, many ex ante economic impact studies are commissioned by individuals who have a vested interest in

the bid for a sport event and are used as a means to lobby support for a bid or to ensure that public subsidies are granted^{xii}. Therefore the issue of whether the results are reliable can be raised^{xiii}. While economic impact studies are important, they fail to consider other factors such as social, cultural or environmental impacts.

3.2. Urban Regeneration

There has been a recent focus on the role of sport and how it can contribute towards regeneration in urban economies^{xiv}. The Barcelona Olympics in 1992 is widely regarded as having been a huge success in terms of the regeneration benefits brought to the city^{xv}. In total, 83 per cent of the expenditure on the Olympic Games was spent on improving the urban environment, with significant developments to the metro system, the railway, the airport, and office and hotel developments^{xvi}. In the UK, the strategy of using sport events to promote urban regeneration and create leisure, retail and tourism facilities in former industrial cities was popular in the 1980s and 1990s^{xvii}, while the creation of Regional Development Agencies in the 1990s used sport as a catalyst for regional economic development and further consolidated the link between sport events and urban regeneration^{xviii}. The Olympic bids made by Birmingham and Manchester in the 1980s and 1990s and the total investment of £670m in sporting facilities, transport and infrastructure in Manchester for the 2002 Commonwealth Games underpinned the belief that sport could be used as a means to promote urban regeneration, a better image and new employment opportunities^{xix}.

There are a number of issues that have been raised in regard to sport events and the impact on urban regeneration. For instance, the Olympic Stadium that was built for the 1976 Montreal Olympics far exceeded its original budget; it was not completed until 1987; and the Quebec government had to introduce national lotteries, tobacco taxes and property taxes to offset the cost^{xx}. Moreover, it has been questioned whether the income spent on urban regeneration projects to accompany the staging of a sport event could not be

better spent elsewhere and that there is the potential to neglect education, training, affordable housing and the needs of social services^{xxi}.

3.3. Environmental Development

While urban regeneration will continue to be a key rationale for bidding, there is increasing pressure on sport event bids to ensure that regeneration is environmentally sustainable. The 1994 Winter Olympics in Lillehammer, Norway, was the first Olympics to incorporate environmental projects into the hosting of the games, while the Sydney Olympics in 2000 was the first Summer Olympics Games to be declared a 'green games'. The Sydney Games was supported by a number of environmental initiatives for example 90 per cent of the hard waste used in the building of solar powered housing in the Olympic village was recycled on site. During the bidding phase, the emphasis placed on environmental sustainability made an impression on the IOC^{xxii}. The Athens Olympics in 2004 also implemented environmental policies including building venues using environmentally friendly materials and improving standards of waste management^{xxiii}. The organising committee for the 2014 Winter Olympics in Sochi has agreed a partnership with the United Nations Environment Programme to ensure the protection of the environment with the bobsled and luge venues having been relocated in order to protect the Grushevy Ridge, an area of ecological importance^{xxiv}. Before the IOC short-listed Chicago, Tokyo, Rio de Janeiro and Madrid, the seven applicant cities for the 2016 Olympic Games all stated the environmental credentials of their respective bids.

These examples illustrate that event bids will increasingly have to consider the implications on the environment and include environmentally friendly policies in the hosting of an event. In the context of the UK, the BS8901 is a sustainable management standard that was published in November 2007 and offers a framework for events to improve environmental performance and reduce environmental impacts such as carbon emissions and waste. Sport event bids will be strengthened if they are able to demonstrate how they will

implement policies that ensure the event will conform to the necessary standards of the BS8901 in the context of urban regeneration.

3.4. Tourism, City Marketing and Brand Identity

The hosting of a sport event can raise the profile and improve the brand image of a city, which can have a direct impact on tourism. In the 1980s, the phrase 'event tourism' was first used and by the end of the 1990s it had become the fastest growth market in the leisure travel industry^{xxv}. It has become increasingly important therefore for cities to engage in place marketing to ensure that they are attractive to business, to promote cultural and economic activity, and to differentiate their brand from competing cities^{xxvi}. Sport events are a subsection of event tourism but are widely perceived to be a key component in promoting a city or region as a tourist destination. Since the 1980s, many local governments have integrated sport event bidding into their strategic policy and planning and have seen events as an opportunity for place marketing and to raise the profile of politicians, cities and regions^{xxvii}. The publicity and marketing activities that are associated with hosting a sport event provide an opportunity for a city to strategically promote itself to a global audience and improve its brand identity and image.

Mega events such as the Olympic Games offer significant tourism opportunities^{xxviii}. They provide a city with a unique and unparalleled opportunity to make a statement to the world^{xxix}, while the extensive broadcasting coverage and increased exposure from place marketing effects can help to boost the international profile of a city. For example, the hosting of the 2002 Commonwealth Games was a key factor in Manchester moving from 19th to 13th in the European Cities Monitor, which is used to identify the best cities to locate a business^{xxx}. Even the actual bidding process itself can increase the level of exposure to tourist markets and result in an enhanced image of the bidding nation^{xxxi}. This is particularly important for developing countries such as South Africa in the context of the Cape Town bid for the 2004 Olympic Games^{xxxii}.

However, there is the potential to overstate the tourism benefits as in the short-term there could be tourist displacement with some regions near to the sports event suffering a reduction in tourist numbers. Moreover, the increased level of attention on a city is an issue if an event is plagued by problems, which can lead to negative publicity for a city. For example the 1996 Atlanta Olympics suffered due to the lack of investment in the transport system, which resulted in adverse media attention and illustrated the potential danger of hosting the Olympics^{xxxiii}.

3.5. Sports Development

One of the reasons for bidding for a major sports event is the perception that it will contribute to sports development and lead to an increase in sport participation. Two key factors underpin this. First, a sport event can lead to an increased awareness of a sport. For example, research that measured the TV coverage of the 1999 European Short Course Swimming Championships in Sheffield showed that, although the event had a relatively small economic impact, there were almost 8 million TV viewers across Europe with 23 per cent of these in the UK^{xxxiv}. This helped to raise the public profile of swimming, which is important for the development of a sport. Second, sport events often require the development of sporting infrastructure and facilities. For instance, the 2002 Commonwealth Games in Manchester resulted in £200 million investment in a range of new sporting facilities including a new velodrome for cycling, a national squash centre and an aquatics centre. These facilities have been used to stage additional UK and international championships; by 2003 a total of 250,000 new and existing visitors had used the facilities^{xxxv}.

However, there is little evidence to support the perception that hosting a sports event can lead to long-term sports development and increase mass participation. In fact, this was cited by the government in 2002 in the Game Plan document when it stated that hosting events appeared not to be an effective method of achieving an increase in mass participation^{xxxvi}. This is an area in which further research is needed although it presents a particular

challenge as it requires long-term evaluation and is difficult to measure. However, to maximise the potential for long-term sports development, appropriate strategies need to be implemented. For example, Manchester had a Commonwealth Games Opportunities and Legacy Partnership Board and the Sydney Olympic Park was converted into a 'sports town' following the games in 2000 with an extensive range of sporting facilities and Vision 2025, a long-term strategic plan.

3.6. Social and Cultural Impacts

A final reason that can underpin a bid for a sport event is that it can lead to positive social and cultural impacts within a host city or region. It has been claimed that the media and promotional activities associated with major sports events can often lead to a sense of excitement, pride and empowerment within local communities^{xxxvii}. Other potential social impacts that can be attributed to the hosting of major sport events include building civic pride, an increased sense of community identity, and social inclusion benefits that can be realised through community volunteer programmes^{xxxviii}. Improving the social impact of an event through community involvement is also one of the objectives of the BS8901 sustainable management standard for events.

The IOC requires that the hosts of the Olympic Games also host cultural events such as community projects, exhibitions and arts festivals^{xxxix}. For example, the Olympics Arts Festival at the 2002 Winter Olympics in Salt Lake City hosted 50 community projects^{xl}, while the London 2012 Olympics has planned a four year Cultural Olympiad beginning in September 2008. The Cultural Olympiad consists of ceremonies, major arts, music and theatre projects, and local and regional projects, which aim to leave a positive legacy after the 2012 Games^{xli}. However, it is difficult to measure quantitatively the social and cultural impact of hosting a sport event, while qualitative research requires long-term evaluation to assess the legacy impact. While sport events can contribute to social, cultural and community benefits, the impact may be smaller than anticipated and the majority of people may not benefit^{xlii}. It is

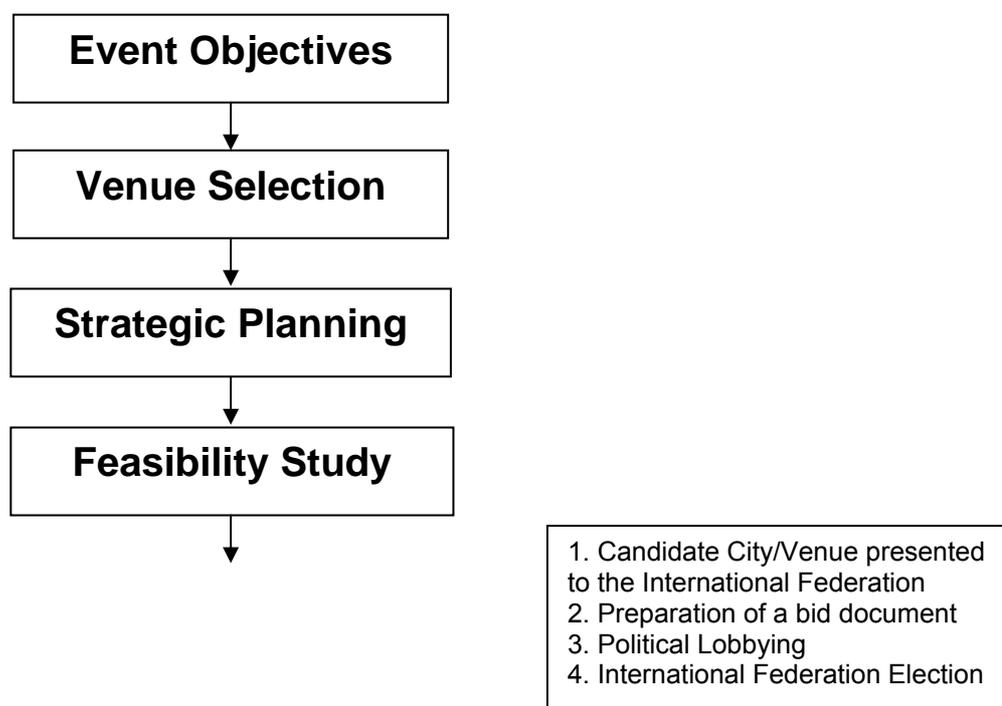
therefore recognised that there is a need for more research and evidence on the social and cultural impact of sport events^{xliii}.

4. The Bidding Process

The preparation of a bid is a critical element of the overall event planning process^{xliiv}. Increasing levels of competition to host sport events has meant that NGBs must adopt a strategic approach during the bidding stage. However, the bidding process differs between NGBs and sport events. Some International Federations require extensive preparation of a bid document. For example, in the context of the most significant sporting mega events such as the Olympic Games and the FIFA World Cup, bidding has become a complex and expensive process that needs to be initiated many years before the event is due to take place.

With growing competition to host many other sport events, even amongst smaller sports, it is important that NGBs implement a professional approach to the bidding process. Figure 4.1 illustrates five stages of the bidding process that are applicable for all sport governing bodies. At each stage, there is a need to commit additional resources and develop increasing numbers of strategic partnerships with different stakeholders^{xliv}. However, the level of resources required at each stage will differ between NGBs.

Figure 4.1: The Bidding Process



Bid Procedure



4.1. Event Objectives

The first stage in the bidding process is to determine why a governing body should bid to host an event and what objectives are to be achieved by hosting an event. Previous research has shown that organisers of sport events often do not put in place formal objectives^{xlvi}. However, this initial stage is important to give clarity, direction and focus to subsequent stages in the bid process. At this stage, particularly with mega events, there might be multiple reasons as to why an NGB and a city or region would want to bid for an event. These are likely to include some of the previously mentioned reasons. For instance, a mega event may be seen to be a potential catalyst for the regeneration of a particular area and it might play a key role in the promoting a city or region as a tourist destination. The overall objective of the London 2012 bid was to develop London as a sustainable world city, promote economic growth and social inclusion, and regenerate the environment in east London^{xlvii}. However, it is also important that a governing body identify the objectives that underpin a bid to host a smaller sports event and during this stage, to conduct a stakeholder analysis to identify the potential stakeholders that will have an influence on hosting the event^{xlviii}.

4.2. Venue Selection

Once an NGB has determined what objectives are to be achieved by hosting an event, it is necessary to select a candidate city or venue to stage an event. While some sporting events such as a World Cup will require the use of a number of venues, other sport events may be based in one particular city. For instance the 2008 FINA short course swimming championships were based at Manchester. Where there is more than one city or venue wanting to host an event, it may be necessary for the governing body to have an internal bidding procedure. For instance, Manchester and London were presented to the British Olympic Association as potential hosts for the 2000 Olympics, with Manchester ultimately winning the vote^{xlix}, while the British Equestrian

Federation has invited tenders to venues within the UK to be put forward as potential hosts for the 2009 European Championships and the European Pony Championships in 2010.

4.3. Strategic Planning

The strategic planning phase requires an NGB to consider the bidding strategy. Strategic planning requires an NGB to build on the defined objectives to determine what the event will look like, the scale of the event, the facilities that are required to host it, the locations that will be used, and potential competitionⁱ. It is not an operational plan – this will be developed once an event has been secured. A number of key elements that have to be considered during the strategic planning phase have been identified in previous researchⁱⁱ. First, it is important to determine the structure of a bid within the governing body. For instance, at this stage it is important for the governing body to decide whether to set up a separate subsidiary company with limited liability status to oversee the bid and the hosting of an event. This is something that UK Sport encourages NGBs to do. The Football Association has also created a bid team as a separate subsidiary company to the governing body to organise the bid for the 2018 World Cup.

Second, it is important to identify the external and internal decision makers that will be involved in the bid. It is at this point that the governing body can determine whether it has the in-house expertise to prepare a strategic plan for a bid or whether it has to draw on the expertise of external consultants. For a smaller governing body with limited resources, this might be necessary. Linked to this is the third key element, the identification of potential funding partners and strategic partners that could support a bid. These will depend on the scale of the event. A mega event such as the Olympics or a World Cup will inevitably require the government as a strategic partner. In the Game Plan document, a key recommendation was that central government should be actively involved from the beginning of any proposed mega eventⁱⁱⁱ. Ensuring support from DCMS is important in the context of bidding for mega events. For showcase events, the support of UK Sport is important to help with the

strategic planning of the event during the bid process. Other important strategic partners include local government, Regional Development Agencies, commercial sponsors, and destination promoters such as VisitBritain.

Fourth, it is important that plans are put in place during this phase that will be implemented if a bid goes ahead to determine the legacy of the event. For example, the Commonwealth Games Opportunities and Legacy Partnership Board for Manchester 2002 was established three years prior to the event in 1999. Fifth, it is important to identify the target markets that you want to attract to the sport event. These include the sports participants, spectators and sponsors. When these key elements have been identified, a governing body should undertake a SWOT analysis to identify the internal strengths and weaknesses of the strategic plan, and the external opportunities and threats.

4.4. Feasibility Study

The fourth stage in the bidding process is to undertake a feasibility study to determine if an event will deliver the objectives that it has set and to decide whether or not to proceed with a bid for a sport event^{liii}. However, if a feasibility study illustrates that a bid should not go ahead in its current format, the bid concept can be revised if necessary. Past research identified that few sport event organisers undertake a feasibility study^{liv}, although this has changed over the last five years as competition for events has increased and bids have to be more strategic. Feasibility studies are absolutely essential for mega events. For instance, a feasibility study for the London 2012 Olympics was commissioned in 2002, a year before the bid was launched, while in 2007 HM Treasury and DCMS carried out a feasibility study into hosting the World Cup in 2018^{lv} (see case study below).

A feasibility study should include an evaluation of the costs and the benefits in order to be able to set the budget for an event^{lvi}. The potential costs of an event that need to be written into a feasibility study include identifying who is responsible for short-term and long-term objectives; the range of human resources required to run the event and the timings of the payments; the

finance and resources required for the actual bid and the ability to write-off the cost if the bid should fail; the costs involved in the implementation of the event; and the legacy costs that will arise after the event^{lvii}. The budget for an event is one factor that can be used to determine whether an event bid should proceed. However, a feasibility study should consider a range of additional factors including social, environmental and cultural impact of hosting an event, whether there are the facilities to host the event, and whether there would be public support for a bid.

Case Study: The Feasibility of the 2018 World Cup in England

In 2006, HM Treasury and the Department for Culture, Media and Sport commissioned a feasibility study into hosting the World Cup in 2018 and the chance for success should a bid take place. While the decision to put forward a bid was made by the Football Association, the purpose of the feasibility study was to provide evidence to support the FA's decision. The study, published in February 2007, made a number of positive conclusions including^{lviii}:

- Hosting the World Cup would be likely to produce a positive economic impact as well as associated intangible benefits;
- There are at least eleven existing football stadia in England that could potentially host World Cup matches;
- There is a solid foundation of public support for England pursuing a bid;
- The UK is well-placed to handle the large number of expected overseas visitors;
- The UK has an excellent record in bidding for and winning the rights to host sport events, providing many best practice examples for the FA to benchmark their bid.

The feasibility study also identified a number of key issues. These included:

- There are significant costs associated with hosting an event of the scale of the World Cup and it is important to assess accurately the costs and the financing options to inform a bid;
- Responsibility for all costs should be established before a bid is submitted;
- Only six of the eleven stadia meet FIFA regulations governing pitch size and capacity, therefore there would be a need for further investment;

- There is an uneven spread of existing stadia and there is a need to consider how the benefits from the event are available to the maximum number of regions;
- The FA would need to fully implement the recommendations from the Lord Burns Structural Review to have the necessary corporate decision making processes and structures in place for a bid;
- There is a need to do more to allay concerns around football-related violence and the potential costs – both cited as reasons not to support a bid.

4.5. Bid Procedure

If a feasibility study reveals that it is worth pursuing a bid for a sport event, the governing body will then move onto the bid procedure. It is important that whatever the sport event, a professional approach is required to deliver a bid proposal that demonstrates clarity of purpose, clear lines of accountability and responsibility, organisational structures that are fit for purpose and political support^{lix}. However, the bid procedure will vary between sports and sport events. The bid procedure for the London 2012 Olympic Games was officially launched in 2003, two years before the bid was successful, cost the government £30 million, and required extensive resources and stakeholder support. In contrast, the bidding procedure for junior world championships is often not competitive and many junior events do not incur any bid costs. For example, bidding for the major junior events in rowing is not competitive and so FISA, the international rowing federation, often use the junior world championships as a test event for the Olympic Games. This is why in 2011 the Amateur Rowing Association is hosting the World Junior Rowing Championships at Dorney Lake, Eton. In addition, many sport events for smaller, development sports are not well contested and therefore do not incur substantial costs during the bidding process. After Australia withdrew from the bid process, Manchester was the only candidate city that was put forward to the International Lacrosse Federation to host the 2010 Lacrosse World Championships. However, it is still important for an NGB to determine the objectives of hosting an event, undertake a strategic plan and a feasibility study to determine the costs and benefits of hosting an event.

There are four stages that can be identified within the bid procedure for a sport event. However, there are differences between sports and therefore the stages do not necessarily apply to all NGBs when bidding for sport events.

Stage One: Candidate City/Venue presented to the International Federation

The International Federation is the world governing body for a sport and is often the owner of international or world championship sport events. Once it has been decided which city or venue will be put forward as the host of a particular event it is the responsibility of the NGB to inform the International Federation of its intention to bid and present the city or venue as a candidate for the event. This often happens at least four years before an event is due to take place. With mega events such as the Olympics, candidate cities have to declare an interest nine years ahead of the Games. The International Federation will set a deadline at which the NGB has to confirm that they are formally bidding for an event.

Stage Two: Preparation of a bid document to the International Federation

Once the NGB has confirmed that the bid for an event is a formal bid, the governing body has the responsibility to produce a bid document that provides a detailed breakdown of the hosting arrangements surrounding the event and will include details such as the costs, financing, infrastructure, and the proposed venues and facilities. For mega events, there has been an increasing trend for the bid document to be centred upon a particular concept or theme. For instance, the Sydney Olympic bid focused on the 'green games', while the London 2012 bid promoted different aspects of sustainability and legacy. The preparation of the bid document will vary considerably between sports. Some International Federations provide NGBs with a set of guidelines or a framework in which to structure the bid document while other International Federations will provide less guidance. In some sports, the International Federation does not require the preparation of a bid document and only requires the NGB to declare an interest in hosting the event. In addition, the way a bid document is produced can vary. Some NGBs

will produce a document in-house while others may rely more on outside expertise.

Stage Three: Political Lobbying

One of the key objectives of the NGB during the bidding stage is to develop relationships with board members of the International Federation who ultimately vote to decide where the event will be staged. Developing relationships is important as it can build credibility, integrity and respect for the NGB and ultimately generate support for the event. Building relationships was a critical success factor during the bid procedure for the 2006 World Rowing Championships. The UK was not recommended by FISA to host the event, but the Amateur Rowing Association appealed the decision and through an extensive lobbying campaign managed to overturn the FISA recommendation and win the bid.

As part of its international strategy, UK Sport assists NGBs to develop relationships with International Federations through a number of initiatives. The aim of the International Leadership programme is to support the development of individuals within NGBs to increase their influence at an international level. Other initiatives include supporting the hosting of international meetings. In 2005, the General Assembly of the FEI, the International Federation for Equestrianism, was hosted by the British Equestrian Federation. These initiatives help to build the international reputation of an NGB and are important in the context of bidding for a major event.

Stage Four: International Federation Election

The success of political lobbying and the development of relationships with the members of the International Federation is a critical factor in determining whether an NGB will be successful when bidding. However, the decision by the board members of the International Federation will also draw on the bid documents that are used to evaluate each bid. At this stage, an International

Federation will often require each applicant to present to the members of the board, before a decision is taken.

Case Study: The Bidding Procedure for the Olympic Games

The host city for the Olympic Games is determined by a vote of IOC members at the IOC General Assembly seven years before an Olympic Games. However, the IOC Executive Board has the responsibility for determining the bidding procedure, which involves two key phases lasting approximately two years^{lx}.

Phase One: Application

- A National Olympic Association is required to put forward their applicant cities to the IOC host the Games
- The bid committee of the applicant city is required to complete a questionnaire in the IOC's 'Candidature Acceptance Procedure' to provide the IOC with an overview of how the city will host the Olympic Games
- The application is assessed by a Working Group. Criteria on which the application is judged include government support, public opinion, general infrastructure, security, venues, accommodation and transport
- The application is used by the Working Group to produce a report to determine the cities' potential to host the Olympic Games
- The IOC Executive Board makes a decision on which cities are to be accepted as Candidate Cities based on the Working Group report.

Phase Two: Candidature

- Candidate cities are required to submit a candidature file to the IOC which involves completing questions in the IOC's Candidature Procedure and Questionnaire
- An Evaluation Commission made up of IOC members and representatives from International Federations, National Olympic Associations, the IOC Athletes' Commission and the International Paralympic Committee has the responsibility to analyse the candidature files
- The Evaluation Commission undertakes site inspection of each candidate city although visits by IOC members to candidate cities were discontinued in 1999.
- The Evaluation Commission is responsible for producing a report for IOC members
- A final list of Candidate Cities is determined by the IOC Executive Board and it is the responsibility of the IOC Members at the IOC General Assembly Session to elect the Host City.

4.6. Criteria for Successful Bidding

To win the rights to host a sport event, an NGB must convince the members of the International Federation who decide on where the event will be staged to vote for the event. Key criteria that will help determine whether a bid is successful can be divided into two categories: operational factors and supporting factors^{lxii}. A key operational factor is the ability to organise the event. NGBs in the UK on the whole have a strong reputation for hosting sport events, which has ensured that the UK is relatively competitive when bidding. However, with the increase in competition at the bid stage, there are other key operational factors that can determine the success of a bid including political support, infrastructure and existing facilities^{lxiii}. For example, when bidding for a mega event, it is critical that national government is supportive during the bidding process. One of the reasons that Birmingham failed in its bid to host the 1992 Olympic Games was because the government had not strongly endorsed the bid^{lxiii}. Moreover, political support from local government for smaller sport events is also a key success factor during the bidding phase, with an NGB more likely to secure an event if it is integrated into the strategic policy of local government.

There are also additional supporting factors that can play an important role in making an event successful. One particular factor is communication and exposure. Bidding to host a major sporting event requires support from a range of stakeholders to ensure that it has the best possible chance of success. One particular stakeholder group is the communities that will be affected by the hosting of an event. It is important that during the bid phase, they are supportive of the bid^{lxiv}. Stakeholder engagement via press conferences, public forums, and websites is therefore critical throughout the bidding process to stimulate stakeholder support^{lxv}. Other supporting factors include accountability, relationship marketing, and bid team composition. In

regard to the composition of the bid team, it is important that members have professional credibility and relevant experience, understand the bidding process, and have knowledge of previous successful and unsuccessful bids^{lxvi}.

5. Key Bidding Issues faced by NGBs

The UK currently maintains a strong position in the context of hosting international events with a range of sport events due to take place within the next decade. However, bidding for sport events is becoming increasingly competitive. It is important to identify the potential issues and challenges that NGBs face when bidding to ensure that the UK can remain competitive. This chapter identifies a number of key issues that can have an impact on the ability of an NGB when bidding to host a sport event and whether that bid will be competitive. While a number of issues are identified, the relevance of each issue on an individual NGB will vary depending on the size of the governing body and the size of a sport event.

5.1. Government Support

In 2001, the government took the decision not to go ahead with the development of an athletics stadium at Picketts Lock in north London due to inflated costs, and the UK lost the rights to host the 2005 IAAF World Athletics Championship. There was concern that this decision by the government would be perceived as a lack of government support and would damage the credibility of the UK to host sport events. Following this a number of reports were published by government that demonstrated a cautious approach towards bidding and hosting sport events. It was stated that sport events should be a means and not an end and that a bid could only be justified if there was both sporting and non-sporting benefits to the UK in hosting the event^{lxvii}. It was also made clear that after the abandonment of the Picketts Lock stadium development, there was a need for a better structure to enable government to assist in the bid for mega sport events^{lxviii}. However, it was also stated that hosting events did not appear to be an effective method of achieving an increase in mass participation^{lxix}.

Despite these concerns, in May 2003 the government gave their support to the London 2012 Olympic bid, and announced that £2.375 billion had been set aside for hosting the event. Since then the government has increased funding to the World Class Events Programme at UK Sport to support NGBs when bidding and hosting major events (see below). However, one of the key issues felt by NGBs is that there is still a lack of support from government when bidding for sport events. While NGBs accepted that DCMS is supportive of sport in general, and sport event bidding more specifically through UK Sport funding, there is an overall perception that there is a lack of joined up strategic thinking between government departments that can have an adverse impact on sport event bidding. As a result of this a number of issues have been identified relating to the role of government that NGBs feel have a negative impact on the competitiveness of the UK when bidding for sport events.

First, it is felt that sport is not a high priority for government departments outside of DCMS and that the lack of joined up strategic thinking between government departments can often result in policy that can hinder NGBs when bidding for sport events. This is a particular issue in relation to tax in the context of sport events and the negative implications of the fiscal policies of HM Revenue and Customs (see below). Similarly, the Private Security Industry Act in 2001^{lxx}, which was designed to license and regulate the activities of those involved in the private security industry, was identified as an example of government policy that failed to consider the impact on sport events. The concern was related to how it would affect volunteers at sport events, who make up a significant proportion of event stewarding, particularly with regard to the significant costs of compliance. This led to the government announcing in 2006 that volunteers were not to be included within the Act. Second, there is concern about the purpose of the decade of sport and that the government has not put in place a long-term strategic plan across government departments to maximise the benefits from the events that are due to take place in the UK. Despite the hosting of the Olympics in 2012, there is also concern surrounding how the government intends to realise the legacy of the Games. Third, it was felt that with the introduction of the London

Olympics Bill in 2005^{lxxi}, the government missed an opportunity to bring benefits to a range of sporting events. The Olympic Bill was passed in the House of Commons in 2006 to provide a legal framework for the organisation of the 2012 Games, with legislation on street trading, advertising and ticket touting. It was felt that there was an opportunity for the government to introduce a ruling permitting it to apply the legislation contained within the Olympic Bill to other sport events, particularly mega events, to bring a range of benefits. Fourth, although Olympic NGBs recognise and are very positive about the support they get from UK Sport for sport event bidding, and despite the increase in funding to the World Class Events Programme, it is felt that the government should provide more financial support to UK Sport to enable the organisation to support NGBs further. Fifth, for those sports that are not Olympic sports, there is concern about the lack of political support and that they do not have access to funding to help bid and host sport events through UK Sport.

5.2. Taxation on Athletes

The fiscal regime in the UK is a key issue that potentially undermines the competitiveness of UK NGBs when bidding to host sport events. The UK has double tax treaties with over 120 countries and these treaties ensure that foreign nationals resident and subject to income tax in these countries do not normally incur a tax liability on income earned in the UK during a short stay. In the context of sports events, employees of International Federations, overseas NGBs and non-playing officials will not be subject to tax in the UK provided they are from a country with which the UK has a double-tax treaty and subject to certain conditions.

With regards to overseas sportspeople themselves, the 1986 Finance Act^{lxxii} introduced a special tax regime for non-resident entertainers and sportspeople. Under this legislation overseas entertainers and sportspeople are subject to UK taxation on income “earned in the UK”, for which they may receive a tax credit in their country of residence under the terms of the double tax treaty. This means exemption from UK income tax under a double tax

treaty is not available to a non-UK resident sports person – they will be subject to income tax on earnings made in the UK. The UK retains the right to tax individual sports people on prize money, bonuses, appearance fees and endorsement income.

The Exchequer's right to tax individual athletes is a key issue for NGBs of major spectator sports such as football, cricket, rugby, tennis and golf, particularly in the context of endorsement income. HM Revenue and Customs' (HMRC) approach during the 1990's was to seek to tax non-UK sports people by reference to the proportion of their salaries and/or bonuses earned by virtue of their performance in the UK. This was often determined by evaluating the number of days that the athlete was competing within the UK. However in practice overseas sportspeople participating in team sports in the UK were often not assessed to UK tax (de minimis limits apply, and amounts "earned" in the UK on a pro rata basis were relatively low). Individuals in non-team sports were usually subject to tax, but on earnings or prize money.

However, in 1999 HMRC opened an enquiry into Andre Agassi's tax return, and sought to tax a percentage of his endorsement income. Mr Agassi's image rights company (US resident) contracted with two US companies (Nike Inc and Head Sport AG), receiving sizeable sums annually for Mr Agassi to endorse their products. The UK tax authorities insisted Mr Agassi should be taxed on part of that endorsement income in the UK by reference to the time spent competing in the UK. This landmark case resulted in an increase in the tax liability on player endorsements in the UK; this interpretation withstood a legal challenge from Mr Agassi in the House of Lords in 2006, who disputed the legality of HMRC in assessing income tax on endorsement payments made between three non-UK resident corporate entities. HMRC's success in this case establishes a precedent, and leaves any overseas entertainer or sports person exposed to the risk that HMRC may seek to tax a percentage of global endorsement contracts by reference to the time the individual spends competing in the UK in a given tax year.

It is understood that the UK and the US are the only two major nations that levy tax on an overseas athletes endorsement income. While it is not unreasonable to expect athletes to pay tax on their prize money, the taxation of player endorsements is particularly problematic and will have an adverse effect on the competitiveness of UK NGBs when bidding to host a sports event. Taxing endorsement income acts as a disincentive to the top athletes to come to the UK to compete in sporting events. Where sports are amateur, prize money earned is negligible and athletes do not have commercial sponsorship or endorsement deals, athlete taxation is not an issue for NGBs when bidding for major international events. Additionally, taxation on player endorsements should not have an impact on major events such as the British Open or Wimbledon which have a strong sporting heritage and will continue to attract top athletes, whilst one of the concessions made in the 'Olympic Bill' in the 2006 Finance Act was that no competing athlete at the London 2012 Games is liable to pay UK income tax on their games related income.

Taxation on player endorsements will ultimately impact upon smaller events where an athlete could actually end up paying more in tax in the UK on their endorsement income than they actually earn in prize money. This is the reason underpinning Sergio Garcia's decision to only compete in the Open Championship in the UK, while there are also concerns that some golfers will not compete in the 2010 Ryder Cup in Wales and the 2014 event in Scotland due to tax issues. Long-term, this will damage the reputation of sport events in the UK and may determine whether International Federations choose the UK to host an event in the future. An example is the World Match Play Championship, one of the most prestigious golf tournaments outside the major championships. Since 1964, the event has been staged at Wentworth but after a number of leading players missed the 2007 event, and the tournament sponsor, HSBC withdraw from a 10-year contract, the 2009 event has relocated to Marbella, Spain. While this may not have been a direct result of player taxation legislation, it highlights the importance of ensuring that athletes are not discouraged from attending sport events in the UK.

An additional reason why UK tax policy affects the competitiveness of UK NGBs when bidding is related to team sports and the refusal of HMRC to provide guarantees that they won't pursue individual athletes for tax liabilities. When an international team plays in the UK, there is no system whereby the tax on player prize money, bonuses or endorsements can be withheld. So whilst there is a tax liability, it is very difficult for HMRC to actually collect that tax. For example, if FC Barcelona were playing AC Milan in the UEFA Champions League final at Wembley, in theory the players are subject to UK income tax. However, UEFA, FC Barcelona and AC Milan do not have a tax presence in the UK, which makes it very difficult for HMRC to collect the tax. Many governments recognise this, and when their NGBs are bidding for sport events, they provide exemptions from player tax and guarantee that they will not pursue the tax liability to give the players certainty over their tax position. This is not the case in the UK. The recent failure to secure the right to hold the 2010 Champions League final at Wembley was because the UK Government (unlike many of its EU counterparts) would not provide a guarantee to UEFA that they would not pursue the players for income tax on income "earned in the UK", which could of course include a percentage of endorsement income. This was despite DCMS appealing to Treasury. Even with the Football Association providing guarantees to UEFA that it would underwrite any tax liability, UEFA wanted a formal guarantee from HMRC. The Government has since given this guarantee to make Wembley the favoured venue for the 2011 Champions League final, but it has not done this for any other sports events. This will mean that current UK tax policy will continue to make the UK uncompetitive and undermine NGBs when bidding for sport events.

A further issue in relation to player tax is that some NGBs in the UK are facing increasing operating costs from hosting sport events due to the policy of International Federations. As competition during the bidding stage for sport events has increased, many International Federations are insisting that the host NGB underwrite the tax liability of competitors' earnings from prize money. Insisting that the NGB underwrite this tax liability has an adverse effect on an NGB as it increases the cost of hosting the event. With securing funding for an event a key issue for NGBs (see below) during the bidding

process, increasing budgets due to having to underwrite tax liabilities could potentially determine whether an NGB decides to bid for an event. However, some NGBs have found more tax efficient ways to work around this by paying prize money earned in the UK to the International Federation who then pay the individual athletes to avoid the issue of taxation in the UK. It is possible however that HMRC may issue tax returns to the individual players and hope to collect income tax via self-assessment from the individuals in some cases.

5.3. VAT on Sport Events

In the UK, NGBs are registered for Value Added Tax (VAT) although they often find it difficult to reclaim VAT costs on goods and services that are used for grassroots development as HM Revenue and Customs does not consider this as a recoverable cost^{lxxiii}. In the context of sport events, there are two key issues with VAT. First, it is becoming more common that any VAT liability incurred by the International Federation or the participants in the event have to be underwritten by the host NGB. This is an increased cost that has to be considered when bidding. The second issue is that HM Revenue and Customs charge VAT on ticket sales at the standard UK rate of 17.5 per cent. This is an issue that could potentially make the UK uncompetitive in relation to other EU countries when bidding for sport events. Over the past decade, VAT rates across the EU have been harmonised to some extent with the introduction of the VAT Directive in January 2007 which set out a mandatory minimum rate of VAT of 15 per cent in EU states^{lxxiv}. However, the EU Directive also allows for a reduced rate not less than 5 per cent, of which admission to sporting events is one of the services to which the reduced rate can be applied^{lxxv}. In the EU White Paper on Sport in 2007^{lxxvi}, the Commission argued that it was important to maintain the possibility for reduced VAT rates for sport given its societal role. However, with ticket sales for sport events in the UK subject to VAT at the standard rate of 17.5 per cent, this tax liability will increase the cost of hosting a sport event for a UK NGB. During the bidding stage, the need to raise funds to cover the VAT liability could therefore put UK NGBs at a disadvantage compared to other governing bodies within the EU.

5.4. Migration

In 2005, the government announced a five year strategy to implement a points-based migration system (PBS) as a more effective way of controlling migration in the UK. Tier 5 of the PBS applies to individuals that want to enter the UK on a temporary basis and was originally proposed to include individuals coming to the UK for a sport event. However, following an 18 month consultation period, during which NGBs made it clear that tier 5 would be unworkable in the context of sport events, the Statement of Intent released by the UK Border Agency in May 2008 took the concerns of NGBs into account. In the future, professional athletes, support staff, officials and amateur sports people entering into the UK to take part in a sport event will be considered as visitors and are able to apply for a six-month visitor visa rather than enter as migrants and have to go through the PBS. This decision has been welcomed by NGBs who felt that the move to include participants in sport events under tier 5 legislation would have had serious adverse implications on the bidding for sport events.

Although the decision not to include individuals that enter into the UK to take part in a sport event under tier 5 of the PBS is welcome, there are two key issues with migration and sport events. The first issue is in relation to the cost of the visas. Many International Federations are beginning to insist that the host NGB underwrite the cost of visas for competitors. While this will not be an issue for a mega event, a cost of £65 per visa can lead to a significant increase in the cost of a showcase event for smaller NGBs. For the 2008 World Short Course Swimming Championships, FINA, the International Federation, insisted that British Swimming had to cover all visa costs. Although this might not affect the decision to bid for a world championship event, it could deter an NGB from bidding to host a lower tiered international event or a youth international event where funding is not as available. The decision not to bid for these events will impact on the ability and experience of an NGB to put together a bid and host a major event. The cost is also an issue given that in other countries, visa costs for sport event participants is waived. In Europe, the Schengen Visa covers 15 member countries including

Germany, France, Italy and Spain. Sport event participants and support staff are exempt from the Schengen visa fee.

The second issue is the need for an improved relationship and better communication between NGBs and the UK Border Agency, the organisation responsible for implementing government policy on managed migration. Communication is improving however, through the quarterly stakeholder meetings between the CCPR and the Border Agency, while UK Sport hosts a sports immigration forum. Working with the UK Border Agency from the start of the bidding procedure can minimise the risk of athletes failing to enter the UK to compete. This happened in 2006 at the Rowing World Championships when Morocco, Kenya, Nigeria, Moldova and Cameroon were unable to compete due to a number of reasons including late applications that the Border Agency was unable to process in time for the championships.

5.5. The Cost of the Bid

An issue that affects bidding for sport events is the actual cost of putting together a bid and ensuring that the bid document meets the requirements demanded by the International Federation. This does not affect all NGBs as some events do not incur any bid costs where there is not a competitive bidding situation. However, this is an issue that is particularly relevant when bidding for mega events. For example, the government committed £30 million to bid for the London 2012 Olympics, while it is estimated that the Football Association's bid for the 2018 World Cup will cost between £12 million and £15 million. The high cost of bidding raises a question as to whether it is worth an NGB committing substantial financial resources to a bid, particularly if the bid subsequently fails. For example, the budget for the unsuccessful bid for the 2006 football World Cup bid was £12 million, while the Rugby Football Union spent over £1 million on its bid to host the 2007 Rugby World Cup, which ultimately was held in France. Would the money allocated to bidding have been better spent on grassroots development? The high costs of bidding for mega events illustrates that NGBs increasingly face a difficult decision as to whether a bid is worth pursuing.

While the cost of bidding for world championships in many sports is not as significant as mega events, the cost of the bid is still an issue for some NGBs. For example, the bid for the 2010 World Wheelchair Rugby World Championships in Glasgow cost £15,000, a significant amount for the NGB, while the British Equestrian Federation is considering bidding for the World Equestrian Games at a significant cost to the governing body. The role of UK Sport (see below) in providing the funds to bid for sport events is critical to many NGBs. However, the World Class Events Programme at UK Sport will only provide financial support to bids where there is a strong chance that the NGB will be awarded the event and has put in place procedures that ensures that a bid is properly managed. This underpins the 70 per cent success rate for bids that the World Class Events Programme has supported.

5.6. The Cost of Hosting an Event

Although the actual cost of the bid for a sport event can be significant for an NGB, the cost of staging the event is also a key issue that must be considered and budgeted for during the bidding stage. Although an NGB will only incur these costs when a bid is successful, it requires the NGB to be able to budget effectively for the costs of staging an event. This in itself can be a difficult and time-consuming issue. The failure to predict accurately the costs during bidding can also prove to be controversial at a later stage. The significant increase in the costs of staging the 2012 London Olympics since the bid was won in 2005 is a case in point. The cost of staging an event is also a key issue as NGBs need to look to secure the funding for the event (see below).

The cost of hosting many sport events has increased in recent years for a number of reasons. As events have become an opportunity to showcase a city or region there is increased emphasis on ensuring that an event is better than the previous event. Many International Federations are also beginning to ask for a larger rights fee to host an event, while NGBs are also increasingly expected to underwrite additional costs such as tax liabilities or visa costs. There are other operational costs that need to be considered during the

bidding stage. Certain infrastructure costs such as upgrading and putting in place the necessary improvements at sport facilities required to stage an event can be substantial. The facility costs are an issue in particular for NGBs where hosting an event requires the temporary development of infrastructure such as stands for spectators, catering facilities, and security fencing. For annual sport events such as the Open putting up fencing around the venue is a significant facility cost that has to be accounted for within the budget. Security costs are also a key issue that NGBs have to account for when bidding. These are an issue for mega events in particular where the policing costs within the venues and crowd management are significant and have to be accounted for in the bid budget.

5.7. Securing Funding

Securing the finance necessary to host an event at the bid stage can be considered a critical success factor. There are three key funding agencies that provide financial support to NGBs during the bid stage and underwrite part of the hosting cost. The first, and often the most critical source of funding for Olympic NGBs, is UK Sport. The objective of UK Sport is to distribute DCMS and lottery funding to support elite athletes and promote world class performance. This objective is supported by the World Class Events Programme, a key distributor of funds to help NGBs bid for and stage sport events in the UK (see case study below).

The second key potential source of financial support is from a local authority. As sport events have become an integral part of local government strategic policy, there are opportunities for funding. For example, Manchester City Council is very supportive of sport events and provided funding support for the 2008 World Short Course Swimming Championships. However, funding support from local councils can vary. There are also issues with the nature of the sport. For instance many of the venues in the UK that host sailing events are located in relatively small seaside towns which are unable to provide funding support. Regional Development Agencies (RDAs) are the third potential source of funding. There are nine RDAs across England, which were

first created in 1999 with the objective to further economic development and regeneration, and promote investment and employment. The RDA total budget of £2.3 billion is funded by six government departments. Each RDA has a Regional Economic Strategy and funding support is provided to projects that meet the objectives set out in the Regional Economic Strategy. NGBs are often able to apply to an RDA for funding of a sport event that has the potential to contribute towards the Regional Economic Strategy. For example, the 2011 European Eventing Championships at Blenheim has secured £50,000 of funding from the South East England Development Agency.

Case Study: UK Sport and the World Class Events Programme

In 1999 UK Sport recognised the need to implement a more strategic process in relation to bidding and staging major sport events. This led to the creation of the World Class Events Programme with the responsibility for supporting NGBs when bidding and hosting major events. The Major Events team at UK Sport is responsible for implementing the World Class Events Programme. NGBs receive a number of different types of support from the Major Events team. The Major Events team coordinates an Event Management Forum that enables event managers to come together to share knowledge and best practice. At the 2008 FINA World Short Course Championships in Manchester, event managers were invited to see how the Championships operated. The Major Events team also offers specialist support and training on issues such as business planning and securing commercial sponsorship, while the Cities and Regions Group brings together local authorities, regional partners, and NGBs to develop strategies to facilitate partnership working. This support has been a key factor underpinning the bidding success for many sport events.

The key role of the World Class Events Programme is to provide funding to NGBs of the Olympic sports to host sport events. The first event to be funded through the World Class Events Programme was in 1999. Since then, approximately 120 events have received funding from UK Sport. The World

Class Events Programme is focused on providing funding support to Olympic and Paralympic sports. Bidding for mega events including the World Cup or the Olympics are outside the remit of UK Sport; these are events in which DCMS and the government has responsibility. While UK Sport is accountable for the funding it receives from DCMS and the lottery, the World Class Events Programme is ultimately responsible for the major events strategy and for determining which major events receive funding. Between 1999 and 2005 the World Class Events Programme funded around four to six events a year on an annual budget of £1.6m. However, since winning the bid for the 2012 Olympics in 2005, there has been a significant increase in funding to the World Class Events Programme to £3.3m per year. This has enabled UK Sport to increase significantly the number of events to which it provides financial support - 19 events in 2007, and 17 in 2008, including six world championship events, such as the UCI World Track Cycling Championships, the IAAF World Cross Country Championships and the FINA World Short Course Swimming Championships.

5.8. Commercial Sponsorship

An issue that is closely linked to generating funding to host a sport event is the ability during the bidding stage to secure commercial sponsorship. Commercial sponsorship is important as it can have an impact on the presentation and help to raise awareness of an event. By raising awareness and the profile of an event, it can lead to increased levels of commercial sponsorship in the future. The ability to attract commercial sponsorship is an issue that is less likely to affect a mega event such as the Olympics or a football World Cup or an annual sport event that has built up a heritage and tradition such as Wimbledon. For instance, it has been reported that by 2008, the London Organising Committee for the 2012 Olympic Games had already raised more than half of its domestic sponsorship target^{lxxvii}. However, it is a key issue for one-off sport events and for NGBs of Olympic sports and governing bodies of lesser known sports when bidding to host a showcase sport event, particularly with the current credit crunch which has had an

impact on the sponsorship market. There are three key reasons as to why commercial sponsorship is an issue. First, many smaller sports do not attract significant TV interest, even for a major international event. This means that it is more difficult to attract a commercial sponsor due to the lack of exposure. Second, many International Federations maintain the sponsorship and commercial rights to an event, so the NGB has little opportunity to negotiate with commercial sponsors. Third, many smaller NGBs lack the experience and expertise in negotiating commercial sponsorship deals. While this can be overcome by commissioning organisations such as FastTrack to raise commercial sponsorship, a small NGB may not have the resources to do so.

Case Study: the FTSE BOA Partnership

Commercial sponsorship does not necessarily have to be in the form of financial support; it can also refer to sponsorship whereby a commercial partner provides support in-kind for an event during the bidding stage. The FTSE initiative developed by the British Olympic Association is an example of this type of support, in which FTSE companies are partnered with an Olympic NGB to improve the organisation and governance of the NGB. This type of partnership support can be used in the context of sport events in two ways. First, it can be used during the bid stage to help in the planning of the bid and to enhance the profile of the bid. Second, the NGB can draw on the expertise of the FTSE organisation to help deliver the event. For example, staff from the Alliance & Leicester volunteered at the World Short Course Swimming World Championships in Manchester, while the partnership between Modern Pentathlon and Marks & Spencer was a key factor in the successful delivery of the 2008 Pentathlon World Cup.

6. Sport Event Bidding: An International Perspective

The rights to host mega sport events, one-off events, and showcase events are increasingly sought after and NGBs in the UK face competition from other countries when bidding for events. It is important that the issues that NGBs face do not put UK governing bodies at a disadvantage when bidding. The following chapter considers sport event bidding in Australia, Canada, France and Germany where the hosting of sport events is well established. Sport event bidding is also considered in nations that are becoming more prominent in the sport event industry including Scandinavia, Turkey and the Middle East.

6.1. Australia

The Australian Sports Commission (ASC) is the sports administration and advisory agency of the government and has the responsibility to oversee the sport system in Australia. The Australian Institute for Sport (AIS) is one of seven divisions of the ASC and through the development of elite athletes and the Olympic successes since its creation in 1981 has helped to establish the reputation of Australia as a leading nation for sport performance. This world-class reputation has also been established through the hosting of many major international sport events in Australia including the Olympic and Paralympic Games in Sydney in 2000. Prior to the staging of the Games, the ASC undertook a review, 'Beyond 2000', which stated that to further the international development of sport in Australia, the ASC would continue to help to attract international sporting events after the Sydney Olympics^{lxxviii}. Since the hosting of the Olympic Games, Australia has also staged the Commonwealth Games in Melbourne in 2006, while the Football Federation Australia is bidding to host the 2018 World Cup with support from Federal and State Government. A number of other major international events have been bid for and hosted in Australia including the Rugby World Cup in 2003, the FINA Swimming World Championships in 2007, and the 2008 Rugby League World Cup. In addition, annual sport events include the Australian Tennis Open, the Formula One Grand Prix, the Motorcycle Grand Prix, the Rip Curl

Pro Surfing Championships, and the Melbourne Spring Racing Carnival, Australia's largest horseracing event. These annual sport events are all held in Melbourne, which in 2006 and 2008 was judged to be the 'Ultimate Sports City' in terms of hosting major sport events. The 2008 survey also placed Sydney in third place^{lxxxix}.

The range of sport events that have been held in Australia over the past 10 years demonstrates that Australia has a strong reputation for hosting sport events. One of the key factors has been Federal, State and local government support. Federal Government policy has provided financial support during the bidding and hosting of mega sport events such as the Olympics and the Commonwealth Games. The international promotion of Australia, economic benefits, and increasing activity levels are reasons to justify Government support of sport events^{lxxx}. The Federal Government has also ensured that entry into Australia to take part in sport events is made as accessible as possible through the Australian sports visa. Professional and amateur athletes are able to apply for an individual sports visa while a group visa is available that allows entry to Australia for up to three months. Support staff, officials and family members are also included within the sports visa. The cost of an individual sport visa is \$250 (approximately £117) although this cost is not applicable to amateur competitors. The Federal Government has in the past agreed to waive the fee for certain sport events in order to strengthen the bid.

In addition to Federal Government support, a high level of responsibility to bid for and host sport events has been decentralised to State and local Government. During the 1990s, the rivalry between State Governments, and in particular New South Wales and Victoria, led to the creation of specialist sport event units, which became an integral part of state government tourism and leisure policy^{lxxxii}. This policy continues today. For instance, Tourism Victoria launched a 10-year Tourism and Events Industry Strategy in 2006 with an emphasis on supporting major events in the state, while the Victorian Major Events Company is regarded as one of the most successful event agencies in the world^{lxxxiii}. In 2007, New South Wales created a Major Events Corporation with a three-year budget of \$85m (£37.8m) to attract events to

Sydney^{lxxxiii}, while the International Sporting Events Program in the Department of Arts, Sports and Recreation provides funding of between \$2,000 (£940) and \$75,000 (£35,000) to NGBs to attract and support new events^{lxxxiv}. Other state funded event agencies in Australia include Queensland Events Corporation and Events South Australia. Local government also has specific policies that focus on securing sport events. Attracting sport events was a key element of the five-year sports marketing policy of the City of Melbourne in 2003^{lxxxv}.

Despite government support for sport events at Federal, State and local level, there have been recent concerns relating to the Australian tax system. In July 2004, the Australian Taxation Office implemented changes that meant that athletes and their support staff are subject to taxation on income that they earn whilst in Australia competing in sport events. The law states that a range of payments are subject to withholding including appearance payments, bonuses, performance fees and endorsement fees. Tax has to be withheld even if the athlete is from a country with a double-tax treaty. This proved controversial in December 2007 when it was revealed that the Indian cricket team faced a tax liability of \$1.5 million following their tour of Australia. On previous tours, the Indian team had not been taxed on match payments and tour fees, but the policy change by the Australian Taxation Office in 2004 ensured that these payments were liable for tax.

6.2. Canada

Canada has hosted a number of major international sport events including the 1976 Summer Olympics in Montreal and the 1988 Winter Olympics in Calgary. Vancouver is also set to host the 2010 Winter Olympics. Since the first British Empire Games in Hamilton in 1930, the Commonwealth Games have taken place in Canada on a further three occasions, in Vancouver in 1954, Edmonton in 1978, and Victoria in 1994. Other international sport events recently hosted in Canada include the 1999 Pan-American Games in Winnipeg, the 2001 World Athletics Championships in Edmonton, the 2005 FINA World Aquatics Championships, the 2007 under-20 FIFA World Cup,

and the 2008 Men's World Ice Hockey Championships. In addition, there are a number of annual sport events that take place in Canada including the Vancouver Marathon, the Canadian Grand Prix in Montreal, and the Tennis Masters in Toronto.

The support given by the Federal Government through Sport Canada for national sport organisations (the Canadian equivalent of UK NGBs) that bid to host international sport events is a critical aspect when bidding. Sport Canada is part of the Department of Canadian Heritage and is the government organisation with the responsibility to increase participation and excellence in sport. Hosting sport events has been a key aspect of the work of Sport Canada since the Federal Government released the first policy document on hosting international major multi-sport events in 1983^{lxxxvi}. The latest Federal Policy for Hosting International Sport Events was released in January 2008^{lxxxvii} following the commitment made by the government in the 2006 budget to develop a new policy to guide decisions on hosting international sport events. The Hosting Policy builds on the Strategic Framework for Hosting International Sport Events that was agreed by the Federal Government and provincial governments in 2004 which set the target to support two international major multi-sport events every 10 years; one large international single sport event with a funding requirement in excess of \$250,000 (£133,000) every two years; and 30 or more small international single sport events every year with a funding requirement of less than \$250,000 every year^{lxxxviii}.

The objectives of the Hosting Policy are to determine the role of Federal Government in hosting the sport event; provide a framework to enable Sport Canada to deliver the hosting program; encourage a more collaborative approach between different levels of government during the bidding process; facilitate stronger ties between the organising committee and other stakeholders; and to help determine which events to invest in based on the extent to which the event will meet sport, economic, social and cultural policy objectives^{lxxxix}. However, Federal Government and provincial government support will only be given to a national sport organisation if it demonstrates

that the event will contribute towards government policy and is financially viable. For example, the predicted costs required to host the 2014 Commonwealth Games in Halifax underpinned the decision in March 2007 by the provincial government of Nova Scotia and municipal government of Halifax to withdraw funding support during the bid stage, which led to the decision to withdraw from the bid.

The Hosting Policy is therefore a way to ensure that national sport organisations implement a proactive, coordinated and strategic approach when bidding for a sport event in order to obtain support from Sport Canada through the hosting program. The hosting program is one of the main funding streams of Sport Canada. It will provide up to 35 per cent of the total costs of an event to national sport organisations and through the International Sport Events Coordination Group will assist in the bidding and hosting of International Major Multi-Sport Games, International Single Sport Events, International Multi-Sport Games for Aboriginal Peoples and Persons with a Disability, and the Canada Games^{xc}.

6.3. France

France has hosted the Olympic Games on five occasions although the most recent was the Winter Olympics in Albertville in 1992. Previous Winter Olympics held in France were at Chamonix in 1924 and Grenoble in 1968, while the two Summer Olympics were held in Paris in 1900 and 1924. Paris also narrowly missed out on hosting the 2012 Olympic Games, the third failed bid in recent history after also missing out in 1992 and 2008. Other recent large sport events include the 1998 World Cup, the 2003 IAAF World Athletics Championships, and the 2007 Rugby World Cup, while the 2002 World Canoe-Kayak slalom championships, the 2005 World Cross-Country Championships and the 2007 World Rowing Championships also took place in France. Annual sporting events include the French Open Grand Slam tennis championships at Roland Garros, the Tour de France cycling event, the French Grand Prix at Magny-Cours, and the Le Mans 24 Hour motor race.

The Ministry of Health, Youth and Sports is the government organisation responsible for sport in France. The Sports Directorate implements government policy in regard to sport and is supported by two sub-directorates. One of the roles of the Office for High-Level Sports, Networks and National Institutions is to organise mega events such as the Olympics, while the Office for International Relations and Major Sporting Events promotes the organisation of major international sport events in France^{xci}. The French Government is supportive of hosting sport events as they are seen as a way to increase the international influence of France, develop sport and also benefit the national federations^{xcii}. For example, the Paris 2012 Olympic bid had strong support from national, regional, and local governments, with the national government prepared to underwrite any cost overruns. The French Government also provided financial support for the 2007 Rugby World Cup and saw it as an opportunity to showcase regions in France. With regard to future sport event bids, the French government is supporting the French Football Federation in their bid to host the 2016 European Championships.

6.4. Germany

The Olympics have been held in Germany on two previous occasions. The first was in Berlin in 1936, with the winter Olympics held in Bavaria, while the 1972 Summer Olympic Games was held in Munich. More recently, the unsuccessful bids by Berlin to host the 2000 Olympics and Leipzig for the 2012 event, in addition to the staging of the World Cup in 2006, demonstrate that Germany has the capability to bid for and host mega sport events. The Federal Government is currently supporting a bid by Munich to host the 2018 Winter Olympics. Annual sport events include the Formula One Grand Prix at Hockenheim, three events on the PGA European Tour events, and the Berlin Marathon. In addition, a number of recent international showcase events have taken place in Germany including the Table Tennis World Championships and the Hockey World Championships in 2006, and the 2007 World Road Cycling Championships. Future sport events include the 2009 IAAF World Athletics Championships in Berlin, which helped Berlin achieve second place behind Melbourne in the 'Ultimate Sports City' survey^{xciii}.

The German government is supportive of sport event bidding. The coalition agreement signed in November 2005 between the Christian Democratic Party, the Christian Social Union and the Social Democratic Party, the three largest political parties in Germany, stated that Germany will continue to bid for first class international sport events^{xciv}. Federal level support was important to the hosting of the 2006 World Cup with €247m provided for stadium renovation and construction. However, public funding was not provided to help the German Football Association bid for the World Cup and the Federal Government did not guarantee to underwrite financial losses although it did provide the necessary guarantees demanded by FIFA in relation to visas, work permits, tax exemptions for national associations and security^{xcv}.

While there is support for the bidding and hosting of World and European championship sport events at Federal Government level, national sports organisations are often assisted by a mix of Federal, State and local government support. For example, the State and local Governments contributed a further €292m for stadium renovation and construction for the 2006 World Cup^{xcvi}, while Federal, State and local governments provided almost €16 million in funding to host the 2006 World Equestrian Games in Aachen. The local government of Hamburg is marketing the city as the 'City of Sport', and attracting events is part of this strategy. Hamburg hosted the Handball World Championships and the ITU Triathlon World Championships in 2007, while annual events include the Hamburg Marathon and the Hamburg Masters tennis tournament although this lost its status as a top level ATP Tour event and will become a second-tier event for 2009. The 2010 UEFA Cup Final will also be held in Arena Hamburg after the Federal Government in Germany provided guarantees to UEFA that the players competing in the final would not incur a tax liability.

6.5. Scandinavia

The Scandinavian nations have a reputation for achieving a high level of sports participation amongst their citizens. Finland is recognised as one of the healthiest nations in the world due in part to Government policy that promotes the maintenance of sports facilities and provides sporting opportunities for a high number of people^{xcvii}. However, since the 1990s the Scandinavian countries have also begun to recognise the potential advantages in hosting sport events. Major sport events that have been bid for and hosted in Scandinavia include the 1992 European Championships and the 1995 IAAF World Athletics Championships in Sweden; the 2005 IAAF World Athletics Championships in Helsinki, Finland, and the 1994 Winter Olympics in Lillehammer, Norway. Norway is also bidding to host the 2018 Winter Olympics in Tromsø.

The Scandinavian countries are well suited to bidding for and hosting alpine sports such as skiing; the 2007 FIS Alpine World Skiing Championships was held in Sweden. However, putting forward a competitive bid for certain mega sports events is a key challenge for Scandinavian countries due to the fact that they may not be able to offer the required sport facilities and infrastructure. For instance, despite declaring an initial interest in bidding for the 2020 Olympics, after visiting the Beijing Olympics the Mayor of Copenhagen declared that the city was not large enough to host a sport event of this scale and withdrew their initial interest^{xcviii}. The 2018 Tromsø Winter Olympic bid has also attracted criticism after the Norwegian Sport minister declared that Norwegian sport organisations would have to contribute 22.3 per cent towards the costs for the infrastructure needed to host the games, which would limit their ability to invest in facilities to develop their sports^{xcix}. One potential future approach to mega event bidding would be a collaborative approach between the Scandinavian nations. For example, Sweden and Norway are considering a joint bid for the 2016 European Championship, although this approach was unsuccessful in 2002 when the four Scandinavian nations put together a collective bid to host the 2008 European Championships.

The Scandinavian countries are becoming more competitive when bidding to host showcase sport events. In Denmark, the role of Sport Event Denmark, the government funded organisation with an annual budget of £4.8 million that aims to attract major sport events, has been important^c. It was created in 1994 and has helped to secure a number of events including the European Table Tennis Championships in 2005 and the World Gymnastics Championships and the World Orienteering Championships in 2006. Future events include the World Taekwondo Championships and the FILA World Wrestling Championships in 2009, the World Track Cycling Championships in 2010 and the World Road Cycling Championships in 2011. 2009 is also the official Year of Sport in Denmark, and both the IOC Congress and the UEFA Congress will take place in Copenhagen. These events present an opportunity to showcase the city and the nation. Sweden also won the rights to host a number of sport events including the 2002 Ice Hockey World Championships the 2004 UEFA Cup final, the 2006 European Athletics Championships, and the 2008 World Figure Skating Championships. This was despite the fact that there was no national strategy for major international events and a lack of government funding. Finland will also play host to the European Figure Skating Championships and the Women's European football Championships in 2009; the Speed Skating World Sprint Championships in 2010; and the World Ice Hockey Championships in 2012.

6.6. Turkey

The government in Turkey strongly emphasises sport development and providing Turkish citizens with the opportunities to participate in sport. The Turkish government has also been very supportive when Turkish sport federations have bid to host international sport events. For instance, in an unsuccessful joint bid with Greece to host the 2008 UEFA European Championships, the Turkish government pledged to underwrite the financial cost of staging the event. This high level of government support has enabled Turkey to become more prominent in the sport event industry. Turkey has previously hosted the world championships in weightlifting and wrestling, two traditional sports in Turkey, while Istanbul is emerging as a city capable of

hosting large sporting events. The Turkish government has provided investment for the development of a number of sports venues in Istanbul with the aim to attract world championships events. These include the Atatürk Olympic Stadium, which was chosen by UEFA to host the 2005 Champions League final. The Şükrü Saracoğlu Stadium, home of Fenerbahçe football club has also been selected by UEFA to host the 2009 UEFA Cup Final. Other sport events that have recently been awarded to Istanbul include the Turkish Grand Prix in 2005, the Moto Grand Prix and the FIA World Touring Car Championships at the Istanbul Park GP Circuit; the Fencing World Championship in 2009; the 2010 FIBA World Basketball Championships; the FINA World Short Course Swimming Championships in 2012; the 2012 IAAF World Indoor Athletics Championship; while a new 10,000 seat arena will be the venue for the final stage of the Sony Ericsson WTA Tour between 2011 and 2013^{ci}. All these events have had the full support of the Turkish government. However, the main goal remains to bid successfully and host an Olympic Games. In 1992, the Turkish government passed the Olympic Act. This unique piece of legislation guarantees that the government will officially support and underwrite all financial resources needed to continually bid for an Olympic Games. If successful, it will also underwrite the costs of staging the Olympics. The Olympic Act also states that there will be cooperation between the state, municipality and national Olympic committee, which ensures that any bid for the Olympics is exempt from any legislative changes made by the government^{cii}. However, so far Istanbul has not been successful, with failed bids in 2000, 2004, 2008 and 2012. With continued government support, Istanbul will bid again in 2020, having decided against a 2016 bid.

6.7. The Middle East

Since the 1990s a number of countries in the Middle East have invested heavily in sporting facilities and infrastructure to attract major sport events. Sport events underpin the tourism industry in the Middle Eastern nations, and are seen as a way to increase recognition and to build the brand image of the nations. The Middle Eastern nations are also attractive venues for sport event owners due to favourable tax regimes. The two major venues for sport events

in the Middle East are Doha in Qatar and Dubai in the United Arab Emirates. Sport has been high on the government agenda in Qatar since the 1990s and the capital city, Doha, has hosted a number of major events including the Asian Games in 2006, an event in which over 10,000 athletes compete, the 2004 Table Tennis World Championships and the 2005 International Weightlifting Federation World Championships, in addition to a number of annual events including the Moto Grand Prix, the Qatar Tennis Open and the Qatar Masters Golf. Doha is also hosting the 2010 IAAF World Indoor Athletics Championships and the 2011 Asian Cup. In 2007 the Qatar Olympic Committee revealed a seven year strategic plan to identify tournaments to participate in and to host. One of the aims is to host a mega event and whilst Doha was unsuccessful in its bid to host the 2016 Olympics, failing to progress to candidate city status because the proposed dates of the Olympics did not meet the recommendations of the IOC, Qatar will bid to host the 2018 World Cup.

Dubai has hosted and will host a number of sports events including the FIVB Beach Volley World Tour; the Dubai Rugby Sevens; the Dubai Desert classic and the Dubai World Championship golf tournaments; the Dubai Tennis Championships; and the Dubai World Cup, the richest horse racing event in the world. These demonstrate that sport event hosting is a key policy for Dubai. The \$4 billion investment to develop the Dubai Sports City further illustrates that Dubai is looking to have an even greater future impact on the sport event market. The Dubai Sports City is a purpose built sporting venue which once completed, will include a 60,000 seat stadium capable of hosting athletics, football and rugby events; a 25,000 seat cricket stadium; a 10,000 seat indoor arena for basketball, volleyball, handball, netball, and ice hockey; an 18-hole golf course; and an Olympic sized swimming pool. The sports city will also include sports medical facilities, sports academies such as the Manchester United Soccer School and a David Lloyd Tennis Academy, residential accommodation, and commercial facilities including hotel accommodation. Dubai Sports City is also the new location of the International Cricket Council, which has moved from Lords'. One of the reasons is that Dubai offers a tax free environment for the governing body for world cricket.

The commercial strategy of Dubai Sports City is to host one major event in football, rugby, cricket, hockey, golf and tennis every year^{ciii}.

In addition to Dubai, Abu Dhabi, the capital city of the United Arab Emirates won the bid to host the 2009 FIFA Club World Cup and will also stage its first Formula One Grand Prix in the same year. There are a number of other venues in the Middle East where bidding for and hosting sport events are a key policy. For instance, the Sakhir racing circuit in Bahrain has hosted a Formula One Grand Prix event since 2004 and will continue to do so until 2013, while Bahrain was the first country in the Middle East to host the Powerboat P1 Grand Prix in 2008.

7. Conclusion

It is becoming increasingly common for the staging of a sport event to be justified on the basis that it will generate additional direct and indirect expenditure within the economy, have a positive impact on urban regeneration and tourism, and create a lasting social and cultural legacy. As a result, bidding for the rights to host international sport events, particularly mega events such as the Olympic Games or the World Cup, has become a more competitive process. It has therefore become important for an NGB to take a strategic approach to bidding for a sport event. A strategic approach includes determining why a governing body should bid to host an event; identifying the candidate city and the venues needed to stage an event; putting in place a strategic plan that considers the scale of the event, facilities, locations, and competitors; and undertaking a feasibility study. This approach will maximise the likelihood of an NGB presenting a professional, well-constructed and competitive bid document to an International Federation.

Although the UK has a strong reputation for hosting events and is set to stage the 2012 London Olympics, the 2014 Commonwealth Games in Glasgow, and a large number of other major and showcase sport events, UK NGBs face a number of key issues when bidding. There is a concern that there is a lack of joined up strategic thinking between government departments that can result in policy developments that can have a negative impact on sport event bidding. There are also concerns about the taxation policy in the UK in relation to sport events, particularly for sports such as football, rugby, tennis and golf. The failure to offer tax incentives relating to endorsement income acts as a disincentive for the top athletes to come to the UK to compete in sport events. In addition, the recent refusal of HM Revenue and Customs to provide exemptions from player tax was the reason that Wembley lost out when bidding to host the 2010 Champions League final. The VAT policy of charging 17.5 per cent on admission to sporting events could also make the UK uncompetitive in relation to other EU countries that charge a lower VAT rate of 5 per cent in line with the EU VAT Directive. The cost of bidding is also

becoming more expensive. At the same time the cost of hosting the event is increasing as International Federations are beginning to ask for a larger rights fee to host an event and expect NGBs to underwrite additional costs such as tax liabilities or visa costs. Securing the finance necessary to host an event at the bid stage can be considered a critical success factor but one that many NGBs find difficult. Securing funding from UK Sport through the World Class Events Program is recognised by Olympic sport NGBs as being important during the bidding stage. However, securing commercial sponsorship is difficult. The limited availability of funding for development sport NGBs is also a key concern.

In an international context, nations such as Australia, Canada, France and Germany have traditionally challenged UK NGBs when bidding for events. They continue to demonstrate strong government support at Federal, State and local government level and sport events are often a key component of government tourism and leisure policy. However, the sport event market is changing and bidding is becoming more prominent in Turkey, the Middle East and the Scandinavian nations. The Scandinavian nations are becoming more competitive when bidding to host showcase sport events, while Turkey and the Middle East receive strong support from their respective governments who are expressing a desire to host a mega event in the future. The facility investment made by the countries in the Middle East, in particular Qatar and Dubai is raising awareness of these locations and ensuring that they are becoming increasingly competitive on the world stage.

With the increase in competition for sport events, it is important to acknowledge the concerns of UK NGBs. While UK NGBs are currently competitive when bidding for sport events, the issues that UK NGBs face must be addressed to ensure that governing bodies do not lose out when bidding to host international sport events and that they remain competitive.

8. Policy Recommendations

Government

- There needs to be improved coordination between DCMS and other government departments in relation to government policy and how it will affect bidding for and hosting sport events including, if appropriate, the establishment of a cross-departmental unit
- Legislation should be introduced that permits the government to apply the statutes contained within London Olympic Games and Paralympic Games Act (2006) to other sport events
- The government should increase the annual £3.3 million budget of the World Class Events Program at UK Sport to provide further financial support for NGBs when bidding for and hosting international sport events. This increase should be maintained until at least the London 2012 Olympics
- There is a need to ensure that NGBs for development sports have access to funding and support when bidding and hosting sport events
- With NGBs increasingly having to underwrite visa costs for sport events, which increases the overall budget, the visa costs for members of the International Federation and for competitors should be waived

HM Treasury

- HM Treasury should introduce legislation to relinquish the right to tax a percentage of worldwide endorsement income of overseas sportspeople. This would reduce uncertainty and help to ensure that athletes are not discouraged from competing in sports events in the UK due to taxation

- When bidding for one-off sport events such as the Champions League final, HM Treasury should provide exemptions from player tax and guarantee that they will not pursue the tax liability
- HM Treasury should create a specialist sports events unit to consider tax issues in relation to sport events. The sports event unit should consist of representatives from Treasury, HMRC, DCMS, UK Sport and experts in corporation tax, income tax and VAT
- HM Treasury should have the power to grant tax exemptions for specific major events to International Federations to reduce the financial costs of staging events and make UK NGBs more competitive when bidding
- HM Treasury should offer a reduced VAT rate of 5 per cent on spectator entry fees in line with the policy of reduced VAT rates in the EU VAT Directive and as recommended in the EU White Paper on Sport

Sport Governing Bodies

- NGBs bidding for sport events should identify and contact a range of organisations such as local authorities, Regional Development Agencies, VisitBritain, and commercial sponsors and seek to develop strategic partnerships that will provide support for the bid
- NGBs should contact the UK Border Agency when putting together a bid to ensure that they are aware of the migration issues at an early stage
- Olympic sport NGBs bidding for events should draw on the expertise of the commercial organisation that they are partnered with through the FTSE BOA Partnership
- NGBs should consider the BS8901 Sustainable Events Management standard when bidding

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