

## Executive Summary

Hong Kong athletes have performed very well in recent years. Historically, athletes from the Hong Kong team won 1 gold, 2 silver, and 3 bronze medals<sup>1</sup> in the Tokyo 2020 Olympic Games, and 2 silvers and 3 bronzes<sup>2</sup> in the Tokyo 2020 Paralympic Games, which made the public very excited. However, in terms of public participation in sports, multiple surveys have shown that the physical activity level of Hong Kong's population is insufficient. The proportion of those who can meet the World Health Organization physical activity standard has been between only 35.7% and 43.6%<sup>3</sup> in recent years. Therefore, the promotion of community sports participation needs to be strengthened.

In 2002 the HKSAR government established a sports development policy “promoting sports in the community, supporting elite sports development, promoting Hong Kong as a centre for major international sporting events”, and since then the government has been increasing its resources to support that policy. At present, the work of sports promotion and elite sports development rely primarily on government resources. Consequently, several governmental evaluation reports have stated that the government has been encouraging sports organisations and event organisers to acquire more resources from the business and private sectors in order to further advance their development. Nonetheless, progress has been limited<sup>4</sup>.

In fact, commercial activities related to sports are generally referred to as the “sports industry”. Numerous examples from around the world demonstrate that the industrial sector's involvement can be used to build and sustain the development of sports. According to added-value estimates from

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<sup>1</sup> Sports Federation and Olympic Committee of Hong Kong, China. (8 August 2021). “Tokyo 2020 Olympic Games was rounded off Hong Kong, China Delegation clinched best-ever result!” Retrieved 30 September 2021 from <https://www.hkolympic.org/archive/press-release/?currentPage=1&id=647>

<sup>2</sup> Hong Kong Paralympic Committee & Sports Association for the Physically Disabled. (5 September 2021). “Curtain Fell on Tokyo 2020 Paralympics Hong Kong Gained 2 Silver and 3 Bronze”. Retrieved 30 September 2021 from <https://hksapd.org/home/content.php?id=3175&locale=en>

<sup>3</sup> Department of Health. (2021). “Level of physical activity by WHO recommendations.” Retrieved 8 December 2021 from <https://www.chp.gov.hk/en/statistics/data/10/280/6626.html>

<sup>4</sup> Read chapter 3 of this report.

Plunkett Research, the market size of the world sports industry had reached US\$1.4 trillion by 2019, and in the US, the world's biggest market, the sports industry was valued at US\$562.6 billion, accounting for 40.2%<sup>5</sup> of the global value and 2.6%<sup>6</sup> of US GDP. Figures for 2019 from mainland China indicate an added value of RMB 1.1 trillion<sup>7</sup>, thus accounting for 1.1%<sup>8</sup> of China's GDP. According to the *Monthly Digest of Statistics*, the added value in Hong Kong was HK\$59 billion, accounting for 2.1% of GDP with 83,000 employed persons, thus contributing to 2.2% of total employment<sup>9</sup>. However, those figures, which refer to the economic contribution of sports and related activities in various countries for 2019, include gambling, and the numbers would be significantly lower if that were excluded.

In recent years, stakeholders in the sports sector have been discussing the development of the sports industry, with the hope that market resources can be used to develop commercial sport activities and a large-scale industry in order to attract more talent and enterprises to promote sports. The Hong Kong Chief Executive also announced immediately after the Tokyo 2020 Olympic Games that the government would consult with the business and sports sectors about the development of the sports industry. The HKSAR government hopes to promote the development of sports as a career, a profession, and an industry<sup>10</sup>.

In view of those facts, this study sought to identify the difficulties that exist and the opportunities that are available for sustaining sports development in Hong Kong by strengthening the sports industry. Through an on-site survey and in-depth interviews with experts, scholars, and stakeholders in the sports industry, this study attempted to understand the

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<sup>5</sup> Plunkett Research. "Sports Industry Statistic and Market Size Overview, Business and Industry Statistics". Retrieved September 14, 2021 from <https://www.plunkettresearch.com/statistics/Industry-Statistics-Sports-Industry-Statistic-and-Market-Size-Overview/>

<sup>6</sup> Trading Economics. "United States GDP". Retrieved September 14, 2021 from <https://tradingeconomics.com/united-states/gdp>

<sup>7</sup> National Bureau of Statistics. (2020). "Announcement on the overall scale and added value of the sports industry in the country in 2019". Retrieved 14 September 2021 from [http://www.stats.gov.cn/tjsj/zxfb/202012/t20201231\\_1811943.html](http://www.stats.gov.cn/tjsj/zxfb/202012/t20201231_1811943.html) [in Chinese]

<sup>8</sup> The State Council of PRC website. (2020). "GDP of my country was 1 trillion in 2019, an increase of 6.1%". Retrieved 14 September 2021 from [http://www.gov.cn/xinwen/2020-01/18/content\\_5470531.htm](http://www.gov.cn/xinwen/2020-01/18/content_5470531.htm)

<sup>9</sup> Census and Statistics Department. (2021). *Hong Kong monthly digest of statistics feature article: Sports and related activities in Hong Kong*. Hong Kong: C & SD

<sup>10</sup> HKSARG Press Release. (10 August 2021). "CE announces measures to further promote sports development."

characteristics of the sports activity and sports consumption patterns among Hong Kong citizens, and to learn their views on the future development of the sports industry. By synthesising all of the information collected, this study was able to arrive at recommendations for strengthening the conditions needed to further develop the Hong Kong sports industry and foster the long-term growth of sports. The study also hoped to suggest ways to provide more diverse career opportunities for young people in the future.

This study used data collected through two methods during the period from October to November 2021: an on-site survey of 520 Hong Kong citizens aged 15-64, and interviews with 20 experts, scholars and stakeholders of the sports industry.

## Main Discussion

- 1. Hong Kong citizens are not sufficiently physically active. Nearly 30% of the study's survey respondents had not exercised at all in the past six months, thus highlighting that locally, sports is a weak culture. Meanwhile, the respondents' views on the development of sports in Hong Kong were only average, thus reflecting a need to strengthen and expand sports in the community.**

The survey found that only 9.2% of the respondents had exercised daily in the past six months, and 28.8% had not exercised at all. The overall average ratings of the views on whether the "overall Hong Kong environment encourages taking exercise", "government performs well in promoting sports", and "sports development may foster one's identity" were only 5.56, 5.40 and 5.50 points, respectively (from a range of 0-10 points). Those figures reflect that the development of sports in the Hong Kong community needs to be strengthened.

- 2. The development of community sports and elite sports in Hong Kong relies primarily on government resources, and progress in acquiring additional commercial resources has been limited. The experts, scholars, and sports industry stakeholders interviewed generally said that having an insufficient commercial element in sports activity in Hong Kong makes it difficult to develop sports into a large-scale and sustainable industry. Those interviewees also believed that the**

**development of sports as an industry would be beneficial to both the sports sector itself and also to economic development, which could promote the public's health and foster economic growth in the long run.**

Furthermore, the experts, scholars, and sports industry stakeholders interviewed generally pointed out that the commercial incentives for helping develop sports into a large-scale and sustainable industry in Hong Kong are insufficient. Therefore, the interviewees supported the notion of developing sports as an industry in general. They felt that the current model for Hong Kong's sports development, which relies mainly on government resources, is not adequate to meet the needs of large-scale development. Some interviewees proposed that market resources could be used to combine sports activities and related products in order to generate a synergy that would benefit both sports itself and also economic development. Such a combined effort for sports could also promote people's health and bring about economic growth and employment opportunities, in the long run.

- 3. Respondents generally thought that people's participation in sports is too low. They also believed that sports affairs in general receive limited attention and that people's attitude towards sports is not serious enough, thus reflecting the weak sports culture of Hong Kong, and that in turn has led to low demand for sports-related products and services and a narrow and inactive consumption of sports activities. This environment is not conducive to the development of the sports industry.**

A basketball player interviewed revealed that he is only paid for travelling expenses every time he practises basketball or joins a competition. In order to make a living, he has found a job with flexible working hours, enabling him to balance his work and basketball practice. He believed that public support for developing sports as a commercial activity was not evident, even though such development would inspire young people's imagination about a career in sports and could guide them in pursuing it.

Furthermore, the survey showed that 53.8% of the respondents had

never learnt any sports-related skills, and nearly half (48.25%) had never spent anything on taking exercise. Those who were sports consumers mainly spent on purchasing sportswear and sports shoes (25.0%), while less than 10% spent mostly on learning sports skills (9.6%) or on sports venues (7.9%). Only a minority of respondents purchased sports souvenirs. Those numbers reflect that the consumption of sports is narrow and uninspired in Hong Kong, where the weak sports culture has led to low demand. That basic environment is not conducive to the development of the sports industry.

#### **4. The objective factors for the development of the sports industry**

- a. Venues and facilities: Nearly 70% of the survey respondents relied on government or public venues for exercise, but the government has a shortage of some major facilities. In addition, an inflexible usage policy has imposed considerable restrictions on users. Although the government has launched a scheme in recent years to encourage schools to open their school facilities for rental to sports organisations who want to hold sports programmes, the scheme does not cover commercial organisations and individuals in the community. The proposal also depends on the participation of the schools in renting out the facilities. Therefore, the problem of a shortage of sports facilities remains.**

The survey showed that nearly 70% (69.7%) of the respondents exercised primarily in government or public venues. Only approximately 30% (29.5%) have used commercial venues, and only 6.8% have used school facilities, showing that people rely mainly on public venues to exercise. Consultancy reports have said that there is shortage of some major government sports facilities.

The government recently launched the *Opening up School Facilities for Promotion of Sports Development Scheme*, which encourages schools to open their facilities to allow sports organisations to use to hold sports programmes. However, that scheme only covers designated organisations and does not include commercial organisations and individuals. An interviewee from a sports organisation said that the program depends on the interest level of individual schools to

successfully rent their facilities. He also said that the equipment in some government venues, and the government's usage policies, are not flexible enough for the schools to use those venues. The problem of a sports facility shortage remains.

- b. Talent development: Respondents gave lukewarm ratings on the idea of anyone joining the sports industry. Experts and stakeholders believe that there are too few high-level coaches, and there are also not enough people who possess both commercial and sports knowledge. Sports as a profession also lacks recognition, according to practitioners. Finally, talent development in the sports industry needs to be improved.**

In the survey, the overall average ratings of the respondents' views in answer to the questions "sports development in the future will be good", "careers in the sports industry are promising", and "career prospects of professional athletes are good" were only 5.32, 5.55, and 5.46 points, respectively (in a range of 0-10 points). Those low numbers show that the respondents held lukewarm views toward following sports as a direction for one's career development. An expert interviewed in the study stated that there are numerous coaches in the market, but few are high-level, which he attributed to insufficient sports resources and the lack of large-scale private sports organisations. As for sports-related business talents, a stakeholder stated that there are few study programmes combining both sports and business, thus resulting in a shortage of those talents. A fitness centre co-founder said that the current fitness coaches are of mixed quality. The government also lacks a professional recognition standard for coaches, making it difficult to improve the overall standard and reflecting the fact that development of the talent and professional standards in the sports industry need to be improved.

- c. Event development: The survey showed that the respondents seldom watched sports events, and it was even rarer for them to watch events on-site, thus reflecting Hong Kong's weak culture of watching sports events. The insufficient number and variety of events in some sports also affects the career development of athletes. In addition, the pandemic has brought about challenges to organising events, so it is**

**worthwhile to look at how we can deal with the pandemic's impact.**

The survey showed that the respondents seldom watched sports events. Only 8.5% said they “often” watch a sports event, and 29.0% said they do so “sometimes”, but 27.5% said they had never watched a sports event at all. Those who had watched a sports event mainly had watched the quadrennial Olympics (59.2%), whereas only 3.7% of them said the events they watched were mainly local. In addition, only the rare percentage of 2.7% of the respondents said they had “watched a free on-site event” and an even rarer 0.8% said they had “watched a pay on-site event”. Those figures indicate that the culture of watching sports events in Hong Kong is weak. Some interviewees felt that sports events, and especially league sports events, are insufficient in Hong Kong. It is difficult to maintain an athlete's career without the support of commercial resources. In addition, the pandemic has brought about challenges to organising events. Thus, it is worthwhile to look at how we can best deal with the impact of the pandemic.

- 5. Interviewees generally felt that the government should play a leading role in the development of the sports industry and should establish a specific department to deal with sports affairs. They also recommended that Hong Kong more vigorously promote exercising habits among the people, make better use of community sports resources, promote the development of sports talent, provide incentives for the business sector to invest in the sports industry, and improve the planning of mega sports events, in order to strengthen the conditions for further development of the industry.**

Many interviewees believed that the key to developing the sports industry would be to use the commercial market to provide resources for sports. That change would promote a virtuous cycle of sports development that would attract more talent and make sports desirable. However, an initial momentum is needed to drive this virtuous cycle, and the government should play the leading role of enabler in order to attract more talent and enterprises to join the sports industry. The interviewees generally agreed that the government should establish a specific department that deals with sports affairs, in order to formulate and execute a consistent policy towards sports more effectively.

## Recommendations

Drawing on the above findings and discussion, the following recommendations are offered, with the aim of enhancing the conditions for both developing the sports industry in Hong Kong and promoting community participation in sports.

- 1. The government should incorporate the sports industry into the current Qualifications Framework and should recognise practitioners' professional qualifications with the Recognition of Prior Learning Mechanism.**

To correct the underdevelopment of professional sports talents, the government should incorporate the sports industry into the Qualifications Framework. The Framework should define the qualification levels and professional competency standards for sports industry practitioners and should recognise their accumulated professional qualifications, experience, and abilities, with the Recognition of Prior Learning Mechanism. First, this would enhance the professional standards of the entire industry and would serve as a reference standard for related continuing education programmes, which would be conducive to programme development and personnel training. Second, it would help the public in their search for suitable sports services with better protection.

- 2. Sports vouchers could be offered by the government to subsidise the public in learning sports skills in the commercial market, watching sports events on-site, and taking part in sports competitions.**

Sports vouchers could also be offered by the government to promote the public's interest in and demand for sports services and products. Vouchers could be provided by electronic means to subsidise people in learning sports skills, watching on-site sports events, and participating in sports competitions. The qualified service providers and coaches of sports skills learning should be commercial in nature to support the development of the sports industry. The beneficiaries of the vouchers should include children, young people, and adults.

The amount of the vouchers could be fixed at \$1,000 to \$2,000 per year and offered for two or three times in total.

3. A deduction of \$5,000 to \$10,000 per year from the public's salaries tax could be made for expenses incurred for "personal sports training".

The government could add a deduction item for "personal sports training" from the public's salaries tax for the expenses incurred in sports training or sports learning, as an incentive for the public to form the habit of exercising and pursuing higher-level sports skills. The deduction amount could be fixed at \$5,000 to \$10,000 per year.

4. The Education Bureau should extend the users of the "Opening up School Facilities for Promotion of Sports Development Scheme" to cover commercial sports organisations and community individuals.

To promote the development of the sports industry, the Education Bureau should gradually extend the users of "Opening up School Facilities for Promotion of Sports Development Scheme" to cover commercial sports organisations and community individuals, so that school sports facilities can be used more effectively. Government schools could be used as pilot venues, with their facilities being rented out to become commercial sports facilities. In addition, a membership system could be introduced to manage rentals to community individuals. The management costs could be shared by the government in order to reduce the burden of building those sports venues. If such pilot projects prove to be effective, the programme can be extended to aided schools via more incentives.

5. The media could promote sports in the society by means of "sports entertainment", and the government could assist the media by making the necessary production and coordination for those promotions more convenient.

The media could take advantage of the upsurge from the Olympic Games and promote sports to the public by means of "sports entertainment". It could use the sports activities that the public is interested in, such as fencing, swimming, and cycling, as programme

themes to create different types of programmes, such as games, stories, history, dramas, movies, or comics, in order to stimulate interest among the general public. Additional sports could then be promoted later. The government could assist the media by making the necessary production and coordination convenient.

6. Sports event organisers could create more innovative technological ways for people to watch and participate in sports events in an effort to alleviate the impact of the pandemic.

Sports event organisers could experiment with innovative ways to help more people and interested individuals watch and participate in the sports events, in an effort to alleviate the impact of the pandemic. With reference to e-sports, organisers of other sports events could make use of innovative technology and create multiple ways for people to join the events and experience the fun of sports. Such innovations might include participation in, watching, or interacting with other sports participants via virtual reality.