

# 19

## LONG-TERM LEGACY AND IMPACTS

### **In this chapter you will cover**

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The aim of this chapter is to critically review the development and implementation of the long-term legacy and impacts of events on host destinations. The chapter will present compelling evidence on the economic and social impact linked to the long-term legacy and impacts within the host location. The chapter will show that bidding for and hosting a mega event is not only predicated on a nation's ability to meet the international criteria, but that strategic alliances with international organisations are required, and the adoption of western political methods of governance can play a major role in achieving the end game. The chapter will discuss the historical development of the long-term legacy and

impacts of events on a global platform with special attention to western democratic nations. A number of case studies will also be introduced to illustrate the broader issues from positive and negative perspectives.

## IMPACTS OF EVENTS

In the events industry impact studies are undertaken for a variety of purposes. Frequently they consider elements of cost–benefit analysis concerning the event, in comparison to income generation and visitor expenditure. Events give greater economic life to the host city and raise its profile by developing employment through increased tourism potential, additional trade and business development.

It could be argued that a catalytic effect ensues whereby following an increase in investment, additional monies are made available for local infrastructure and long-term promotional benefits are created. Further to this, other tangible benefits are improved tax revenues and increased property prices, with subsequent connections to the community.

However, event managers often put great emphasis on the financial impacts of events, and invariably become myopic concerning other possible impacts occurring during the event. It is important for the event manager to realise this potential situation and to identify and manage both positive and negative impacts resulting from the event.

Events provide the host city with great economic resources, which can leave a lasting legacy to the local community. In addition, local businesses rely on mega events and festivals to boost their income for the year; for many it may well be ‘the icing on the cake’. Getz offers a definition of mega events:

Mega events, by way of their size or significance are those that yield extraordinarily high levels of tourism, media coverage, prestige, or economic impact for the host community, venue or organisation. (2005: 18)

A wide range of events exists, and can involve cultural, environmental and social impacts. Each has its own popularity that helps to categorise the size and type. The Olympic Games is recognised as the world’s largest sports mega event allowing substantial economic, social and political benefits for the host nation and local community.

## LONG-TERM LEGACY OF EVENTS

In order for the demands related to the Olympics to be satisfied, resources are required, and some of those resources may be diverted from other uses. To the extent that demands related to the Olympics absorb resources that would not otherwise have been utilised, such as labour resources, they will add to both employment and the total output of the economy. (Office of Financial Management, 1997)

The legacy has caused constant discussion (see Table 19.1).

**Table 19.1** Types of legacy (International Olympic Committee, 2013)

<b>Legacy</b>	
Sporting	The introduction of a variety of sports within the area Increased participation of women in the Olympic Games improves the percentage of females actively involved in sports activities in the host community World class sporting facilities
Political	Potential for improvement in education Promote the Olympic Truce as a cultural aid Introduction of various cultural considerations to the host community
Economic	Difficult to measure due to constant variables Long-term benefits for the community through regeneration projects
Social	Builds upon national pride and traditions Long-term recognition as a successful sporting nation Used as an historical tool, educating the young community about its social past

## Host cities for the Olympic Games

Up until 1968 the IOC awarded the Games to western democratic nations. From 1896 to 1964 the Olympic Games were held 17 times and over that period were subject to many economic and political intrusions. This chapter will examine those intrusions at an international and national level and explore the ways in which they contributed to the social, economic and environmental impact of the Olympic Games for the host cities. The most obvious intrusions were the First and Second World Wars; during those periods the Olympic Games did not take place. However, at the end of each war countries that were on the losing side were excluded from bidding for and participating in the Olympic Games for a short while.

In 1920 the games were awarded to Antwerp, Belgium; they were then given to Paris in 1924. In 1928 Amsterdam, the Netherlands, was seen as a viable option due to its neutral status in the First World War. After the Second World War, London hosted the event in 1948. As the country was economically bankrupt after the war, it received approximately \$4 billion in financial assistance from the American government under the Marshall Plan. Without this loan, Britain could never have maintained its balance of payments or world power at the centre of the Commonwealth. With that financial assistance, Britain was able to bid for and host the Olympic Games in 1948. In 1952 Helsinki was host to the Olympic Games, followed by Melbourne, Australia, in 1956, then Rome in 1960. In 1964 Tokyo, Japan, was awarded the rights to host the Olympic Games. The city of Tokyo was devastated by bombing in the Second World War but also followed a western political style of government. By 1956, Japan had joined the United Nations and from that point on was viewed as an economically strong and technological powerhouse of production.

In 1968 the IOC awarded the Olympic Games to Mexico. At that point in history Mexico was under an authoritarian government and with that came a number of political demonstrations by the young student population seeking political and civil freedom from oppression. On 2

October, ten days before the start of the Games, 44 student and civilian protestors were killed by government troops at a demonstration. It could be argued that this episode was one of the worst social impacts to a host nation because of the Olympic Games.

### The long-term legacy of the London 2012 Games

Higgins (2008) identified the five main areas in which the London 2012 Games needed to invest in order to develop its long-term legacy (see Figure 19.1).



**Figure 19.1** Long-term legacy framework for the London 2012 Games

### Costs of staging the Olympics, Beijing 2008

Table 19.2 identifies construction costs of hosting the 2008 Olympic Games and regenerating a city. Table 19.3 shows regeneration expenditure for Olympic and non-Olympic related investments.

This improvement increases the standard of living for the city's residents and is therefore a positive impact for the host community.

## ECONOMIC IMPACTS OF EVENTS

Historically, economic impact reports have been published as a prelude to the event and when the event concludes, particularly in the case of mega events. Academics and established independent organisations have consistently been given the responsibility to produce reports, and

**Table 19.2** Cost and revenues for the 2008 Beijing Olympic Games

<b>Revenues</b>	<b>US\$ million</b>	<b>%</b>
Television rights	709	43.63
The Olympic Partner (TOP) Programme sponsorship	130	8.00
Local sponsorship	130	8.00
Licensing	50	3.08
Official suppliers	20	1.23
Olympic coins programme	8	0.49
Philately	12	0.74
Lotteries	180	11.08
Ticket sales	140	8.62
Donations	20	1.23
Disposal of assets	80	4.92
Subsidies	100	6.15
Others	46	2.83
Total	1625	
<b>Expenditure</b>	<b>US\$ million</b>	<b>%</b>
Capital investment	190	11.69
<i>Sports facilities:</i>	102	6.28
Olympic village	40	2.46
Main Press Conference and International Broadcast Centre	45	2.77
Media Venues	3	0.18
Operations	1419	87.32
<i>Sports events:</i>	275	16.92
Olympic village	65	4.00
MPC and IBC	360	22.15
MV	10	0.62
Ceremonies and programmes	100	6.15
Medical services	30	1.85
Catering	51	3.14
Transport	70	4.31
Security	50	3.08
Paralympic games	82	5.05
Advertising and promotion	60	3.69
Administration	125	7.69
Pre-Olympic events and coordination	40	2.46
Other	101	6.22
Surplus	16	0.98
Total	3234	

Source: BOCOG, [www.beijing-2008.org](http://www.beijing-2008.org)

**Table 19.3** Regeneration costs, Beijing 2008

Capital investments	Construction cost (US\$ million)								
	2001	2002	2003	2004	2005	2006	2007	2008	Total
<b>Planned non-Olympic expenditure</b>									
Environment protection	1000	1000	1500	1500	1500	1300	827	0	8627
Roads and railways	547	592	636	636	636	313	313	0	3673
Airport	12	30	31	12	0	0	0	0	85
<b>Olympic-related expenditure</b>									
Sports venues	213			425	496	283	12	0	1429
Olympic village	111					159	135	38	442
Total	1559	1622	2380	2573	2743	2055	1287	38	14257

Source: BOCOG, [www.beijing-2008.org](http://www.beijing-2008.org)

have made available to the wider public evidence that suggests mega events can bring a significant economic value to a host community, whether through tourism or major infrastructural build programmes. In addition to this, economic studies have also been published by the host nations and official rights holders after each Olympic Games. The spending is reported as providing significant and worthwhile additions to the host locations. In most circumstances that infrastructure in the shape of homes, roads and commercial buildings is a welcome addition to any city. However, the initial spend to acquire those assets to a large degree comes from the local and national taxpayers within the host nation.

In 2004 PricewaterhouseCoopers published a report that analysed the economic impact of the Olympic Games on host countries (PricewaterhouseCoopers, 2004). It made a clear distinction between the overall financial costs of hosting the Games and those costs that can be met by revenue directly generated from the games. The report takes into consideration the size of the host nations, and measures economic effects at a local and national level, for example in the USA and in Greece. The report looks at pre-, during and post-Games impact. Broadcasting revenue is also explored – this is the largest economic revenue driver from the Olympic Games, although the IOC will generally take a significant share of these revenues. In building an economic profile of the Games within a host city the report makes reference to what is known by economists as the ‘multiplier effect’. This is an economic indicator applied to test and measure the economic performance via aggregated spend.

The report takes into consideration seven countries that hosted the Games from 1972 to 2000. Of the seven countries analysed within the economic report there was one anomaly that must be recognised: the Los Angeles Olympics, which were able to break the economic cycle of debt to the host nation. The local organising committee was able to secure all the financial

outlay by way of sponsorship. No other country before 1984 or after has been able to finance and bring the event in with a surplus.

The economic performance within each country was measured over a period of 8–10 years to see if there was any significant impact on GDP, investment, private and public consumption and consumer expenditure. The report does not take into consideration, but draws to the reader's attention, global economic situations that could have an effect on growth and economic performance for some countries, such as with Greece due to the Iraq war and an increasing security budget. The report clearly shows that economic performance increases in the pre-Games impact stage for nearly all countries. However, in the Games impact and post-Games impact, economic performance related to GDP and the other indicators as mentioned earlier level out, and for some host cities economic performance drops off for a number of years.

The Australian government reported, and the IOC concluded, that the Sydney Olympic Games in 2000 were an economic success. However, the PricewaterhouseCoopers report shows that GDP for the New South Wales economy dropped off and consumer expenditure and public consumption levelled out. In Sydney's bid for the 2000 Olympic Games, the budget was \$AUS 3 billion (£1 billion), of which just \$AUS 363.5 million would be borne by the public. In 2002 the Auditor-General of New South Wales undertook a further audit, confirming that the Sydney Games had cost \$AUS 6.6 billion and the public paid \$AUS 1.7–2.4 billion. Such a budget discrepancy can be seen with many bids, including that for London 2012, where the local organising committee decide to negate/exclude capital cost for facilities and infrastructure, which ultimately becomes the most costly aspect of the bid.

In 2005 the Department of Culture Media and Sport, in association with PricewaterhouseCoopers, published the Olympic Games Impact Study Final Report for the London 2012 Olympic Games. The report draws a conclusion which detracts from the information contained in the 2004 economic profile of seven Olympic countries.

It shows, for example, that there is an 84.4% chance that the Olympics will have a positive impact on UK GDP over the period 2005–2016: in London, the comparable probability is 95.3%. (PricewaterhouseCoopers/DCMS, 2005: 5 [online])

Before London won the rights to host the Olympic Games in 2005, the government undertook some extensive research and published a report: House of Commons Culture, Media and Sport Committee (2002-3).

It detailed what the cost would be to host the Olympic Games in 2012. The report took into account factors such as infrastructure cost, inflation, land acquisition, uncertainties and assumptions of a ten-year project, with an investigation of the Athens, Sydney and Manchester Games. The final budget that was put forward was £4.674 million, with public subsidy set at £2,624 million by the Department for Culture, Media and Sport (DCMS). Considering the fact that the security budget alone for Athens 2004 was documented at 1.4 billion Euros, and the Greek government required loans from the IMF to cover the cost of the Games, it is difficult to believe that the government with associated partners put forward such an underestimated cost to host the Games.

The Secretary of State emphasised in oral evidence the risks involved in budgeting for the Games with reference to the experience of Sydney and Athens. She said that both had found their outturn to be double their estimated costs. We asked the DCMS what work had been undertaken to assess and avoid the failure of Sydney and Athens in predicting costs. (House of Commons Culture, Media and Sport Committee, 2002–3: 17)

The security cost for London 2012 was budgeted at £600 million, but the actual cost was over £1 billion. Some media commentators draw a comparison with the Athens 2004 security budget of 1.4 billion Euros. By 2007, the budget for the London Olympics had doubled in cost.

The budget for the London 2012 Games, announced in March 2007 by the Minister for the Olympic and Paralympic Games and Co-Chair of the Olympic Board, was £9,325 million. (Olympic Delivery Authority, 2011: 17 [online])

Taking into consideration the 2004 report, where Olympic cities did not show any significant movement in GDP post-event but in some cases economic performance dropped off, and assimilating this alongside other Olympic cities that were not included within the sample for the 2004 report, the evidence shows a very similar characteristic in terms of economic performance. The London 2012 Games achieved a significant economic impact on the host community.

When charting the economic impact of mega events on western nations we are confronted with a level of inconsistency regarding published data. This is compounded by a continued effort on the part of the IOC to demonstrate that hosting the Olympic Games is seen as a financial success and a status symbol for stable economies, and emerging and developing nations.

## **URBAN REGENERATION OF CITIES THROUGH MEGA EVENTS**

Within western democratic nations and in particular in the UK, bidding for mega events is driven in the main by a policy known as ‘urban regeneration’, a product of urban neglect in many metropolitan cities. Coupled with that programme of redevelopment we also have social impact, a major addition included within bidding documents for mega events.

The policy of urban redevelopment comes directly from the national government, but urban decline is also on the European agenda, as is evident in the European Commission Objective targets given to underperforming cities or regions. Objectives 1, 2 and 3 are status targets that give a social and economic profile to a city in the broadest terms. Liverpool was granted Objective 1 status by the European Commission for nearly 20 years, as the city had recorded some of the worst economic and social impacts to communities within Europe.

It was not until 2008, when Liverpool was officially European Capital of Culture, that the city began to experience new investment opportunities and was removed from Objective 1 status. This can also be seen with the location of the 2002 Commonwealth Games in Manchester, the 2012 Olympic Games in London and the 2014 Commonwealth Games in Glasgow.



The Manchester 2002 Commonwealth Games were located to the east of Manchester city centre, an area noted for its economic and social problems. Blighted by underinvestment in all areas, East Manchester required significant economic investment to turn around years of decline. Derelict land was earmarked for redevelopment with a sustainable long-term future. Manchester Commonwealth Games post-event analysis by a number of academics and independent organisations has presented significant success stories by way of new homes, jobs, improved transportation and road networks including sporting facilities which have sustained use from the local inhabitants. The London 2012 Games were located on contaminated and derelict land untouched since the Second World War. The event had a social, environmental and economic reach over five boroughs in London which rank as the worst performing in many social aspects in comparison with other boroughs.

The 2014 Commonwealth Games in Glasgow were strategically located to the east end of the city. Again this area is ranked as one of the worst performing areas within the UK from a health perspective, and also manifests a range of other social problems linked to ill health. The European Commission also places it as one of the most deprived locations in Europe. It is no accident therefore that mega events have a strategic role to play when attempting to enhance the lives of the local inhabitants. The methodology applied across the three events gives a clear picture that mega events have the propensity to change the social and economic fabric of a city for the better.

## THE ECONOMIC LEGACY OF THE RIO OLYMPIC GAMES

The preparation for such an event would allow Brazil to create 120,000 jobs by 2016. According to the Brazilian Finance Minister, Guido Mantega, the organisation of the Olympic Games would reinforce economic growth of at least 1 per cent through investments in different infrastructure. Acceleration of infrastructure investments (that would not have been made 10, 15 or 20 years earlier without this event) mostly benefited the Olympic region of 'Barra'.

Three major projects were constructed: the Olympic Park, where different sports competitions were held; the Olympic Village, which comprised 31 residential buildings with 3,604 apartments for housing athletes (after the event they were sold); and the City of Rock, a recreation park for the athletes during the Games.

The forecasts estimated that the 7,000,000 ticket entries would bring US\$36 billion. This was beneficial for tourism and caused some short-term growth in the local economy: hotels, restaurants, local shops and tourist attractions all benefited from this sport tourism and the money spent by visitors.

However, it is important to note the very high cost of this event for Brazil. The Rio Olympic Games cost at least US\$13 billion: 58.52 per cent was financed privately and 41.48 per cent by public funds. The estimated budget in 2009 when Rio was chosen to host the Olympics was 28.9 billion reals, which represents US\$9 billion (38.1 billion reals in present value, according to the daily *Folha de Sao Paulo*). But these 38.1 billion are not the final amount; official figures have not so far been released.

In addition, other economic issues have arisen. Not all investments were profitable for the city council after the Olympic Games. Indeed, the citizens do not use all these grandiose infrastructures because the majority cannot afford to, and their maintenance is costly for the city.

Moreover, as *Estado Sao Paulo* pointed out, the massive influx of tourists revealed some shortcomings in capacity and municipal management. The Ministry of Tourism recognised that 'the main challenge' was to train more professionals in this sector, which included new investment in training.

## ENVIRONMENTAL AND SOCIAL IMPACTS OF EVENTS

Event organisers are now using historical and cultural themes to develop annual events that attract visitors and create cultural images in the host cities by holding festivals within community settings. Even so, many event organisers do not take into account the social and environmental impacts.

The impacts of events can greatly affect the quality of life of the local residents. It has been argued that strategies need to be adopted to take control of the social and environmental impacts of festivals and analysis is required when looking at the economic impact of each individual event. Event organisers may only take into consideration the economic implications and ignore the residents' perceptions, which provide an important non-economic dimension for gauging how events benefit or impinge on the host community (Hall, 1992).

Therefore, it is important for event managers to address the concerns of the local people and reduce the negative impacts. Event managers should also deliberate on the perceptions of the local residents and show willingness to discuss the initial proposal for the festival with the local community. Many leading authors have suggested that it is important for event organisers to have a clear awareness and understanding of residents' concerns and attitudes. This, Delamere et al. (2001) believe, will encourage a balance between social and economic development forces within the community. The view of the host community may also help to refine the analytical framework used by planners and policy-makers in helping the industry to be sustainable in the long term (Williams and Lawson, 2001; Raj and Musgrave, 2009).

Without the support of the local community the success of any event cannot be ensured so it is a matter of urgency and even commonsense to get the local community on board from the outset. Event organisers who do not take into account local feeling will only store up feelings of animosity and a sense by the local community that they do not belong, that it is no longer their event. This is only one of a number of potential problems with the measurement of event impacts, in that the costs and benefits are unevenly distributed, and may occur in the short or long term.

### Environmental impacts of Rio 2016

It is important to establish both *how* and *who* are affected by the costs and the benefits of the Rio Olympic Games. The Organising Committee of the Rio Olympic Games launched its sustainable development plan to look at the environmental impacts of the Games on the host

community. The signing of the technical cooperation agreement with the United Nations Environment Programme (UNEP) provided a link between the people of Brazil and Rio 2016. To this end, the organising committee created a sustainability logo, baptised 'Embrace Rio 2016', which was affixed to all products and information materials for the campaign. This brand helped to mobilise the public and encouraged them to take part in events to promote sustainable development.

The organising committee of the Olympic Games announced that the 4,924 gold, silver and bronze medals, which were distributed during the Olympic and Paralympic Games were produced from recycled materials. For this, the committee relied on Brazilian Mint, a state company that specialises in recycling dismantled objects of everyday life to extract the precious metals.

Designed by the Swiss company RAFFA, the Solar City Tower won the architectural competition for the 2016 games. The Solar City Tower has a solar power plant at its base and a tower above a skyscraper, from which flows an artificial waterfall. It supplies energy to part of the city and the Olympic Village. The manufacturer Dow, official carbon partner of Rio 2016, estimated that the Rio Olympic Games would have a half-million tonne CO<sub>2</sub> footprint, but this does not take into account the negative impact that may be caused by the construction of such a work in Brazil: the materials used and emissions from the building site, the logistics difficulties and financial cost of cleaning the bay. A lot of competitors criticised the water quality of the bay and accused the authorities of a lack engagement. The governor proposed a plan to depollute the water with a special treatment. Currently only 49 per cent of work to depollute the bay has been carried out by the local government, which had promised 80 per cent.

Despite many efforts to reduce the environmental footprint of the Rio Olympic Games, they are minimal compared to its ecological consequences. The Games were estimated to produce around 3.6 million metric tonnes of carbon, according to the Federal Government of Brazil (5 August 2016), related to various road and building construction projects, but also emissions including domestic flights connecting the cities, international flights, tourism and shuttles between airports, stadiums and hotels (edie.net, 2016 [online]).

## Social impacts of Rio 2016

The Olympic Games were an opportunity for the Brazilian population to share and gather together. Also events such as this kindle the enthusiasm and pride of citizens due to the visibility and prestige of being the centre of the world in the most publicised event in the world.

Despite the public demonstrations in 2014, the organising committee decided to rent or sell the flats in the Olympic village at exorbitant prices to take advantage of the economic climate. The 10,160 rooms have been converted into 3,600 luxury flats. In a country where economic and social disparities are significant (only 16 countries are more unequal), this idea was not accepted by the Brazilian population. Furthermore, the Olympic Village was built on the site of the favelas, so the local population (more than 7,000 families) were forced to relocate against their will. Drug trafficking and availability of drugs increased as drug cartels took the opportunity of the Olympic Games to expand their trade. The underground economy thrived due to the Olympic Games.

Portuguese is the main language in Brazil and the World Cup in 2014 and Olympics Games in 2016 led to a new government programme, 'Crianca Global', which was created to expand educational opportunities for school children, including requiring public schools in Rio de Janeiro to teach English as a second language. With 350 new teachers hired and trained in 2014, there was a positive impact for 100,000 primary schoolchildren and students. Also 19 towns received funds from the government programme during 2016.

## **Case study 1: \$350 million hole is biggest Brazil World Cup legacy for hosts**

The 22-kilometer (13.7-mile) scar disfiguring the center of Cuiaba is a daily reminder to citizens of this Brazilian city of failed World Cup promises. And matters may be about to get worse. A billion reais (\$350 million) of public money has already been spent on a light railway system and construction companies say it will take at least 400 million reais more to complete. The state of Mato Grosso has suspended activities and may scrap the entire project, said Gustavo Oliveira, state secretary for strategic projects. The railway was supposed to be finished three months before the inland city of 550,000 located in western Brazil hosted four World Cup group games in June.

With just one station completed, tracks not laid and other unfinished work lining its route, Cuiaba's rail system is the most visible failure of projects linked to the 2014 World Cup. The city has failed to complete 22 other promised legacy works including a hospital and several transport infrastructure programs.

'The works are suspended for now because the schedule wasn't kept, costs are not as predicted and the estimate for the final bill is not consistent,' Oliveira said in an interview. If the numbers don't add up and local sentiment turns against the rail system, known locally as VLT, the project will be scrapped.

Debris and unfinished work litter the center of Cuiaba, capital of the state of Mato Grosso, where cattle outnumber humans. Half-complete metal structures that would be stations line the route, two electric sub stations are complete, while the 40 wagons that would move passengers are gathering dust near the city's airport. Commuters wait for a local bus at a station built for trains that may never arrive.

### **Government probe**

While officials weigh the future of the VLT, local prosecutors are considering bringing fraud charges ... against members of the former Mato Grosso government that suddenly scrapped plans for a cheaper bus system in favor of the VLT.

'What we are talking about now is to identify what is the financial value, and then discuss if this is a priority or not,' Oliveira said.

The future of the transit system isn't the only World Cup-related concern that's taxing local officials. The city doesn't have a team in Brazil's top soccer leagues, making it hard to fill the 41,000-seat, 570 million-reais Arena Pantanal. Cuiaba was chosen as part of former Brazil President Luiz Inacio Lula da Silva's promise to take the tournament to all corners of the country. Officials in the Amazon capital Manaus are also struggling to make their new stadium pay its way.

On a recent morning the perimeter of the Cuiaba stadium attracted a smattering of elderly joggers and a couple of stray dogs. Since hosting the World Cup games, the arena has held 17 matches and one religious event. Local teams rarely attract more than 1,000 fans, while larger numbers attend games involving popular Rio or Sao Paulo-based teams like Corinthians or Flamengo.

### Emergency repairs

The stadium was temporarily closed for emergency repairs. The state allows local teams to play there rent free, and isn't close to earning the 15 million to 18 million reais needed annually to ensure it's not another burden for the public coffers, said Oliveira. The Arena Pantanal held World Cup games before construction was complete, and will be shuttered again for further works.

Despite its troubles Paulo Cesar, the stadium's superintendent, says it is a source of pride for locals.

'We've only had one broken seat since it opened so you can see they like it,' he said. Cesar said the World Cup raised the profile of the city and taught the local population about the requirements to host a world class event. Oliveira said Russia, the next World Cup host, should look at what happened in Cuiaba and learn from its experiences.

'You can't think ... just about the event, you have to understand what the costs are going to be and about the next 20 or 30 years,' he said.

Source: Tariq Panja (2015) [www.bloomberg.com/news/articles/2015-02-19/-350-million-hole-is-biggest-brazil-world-cup-legacy-for-hosts](http://www.bloomberg.com/news/articles/2015-02-19/-350-million-hole-is-biggest-brazil-world-cup-legacy-for-hosts) [accessed 14/11/2016]

## SUMMARY

This chapter suggests that the spending by visitors on local goods and services has a direct economic impact on local businesses and also passes the benefits more widely across the economy and the community.

The chapter has debated the validity of economic assessments and shown that there is disagreement regarding the most accurate method of assessing the performance of an event. Substantial attention, however, is still paid by governments and the events industry to the

economic dimensions of impacts, as this is often regarded as a measure of the immediate success of the event and associated developments. The event organiser and local government only take into account the economic impacts and ignore the implications of social impacts of the events. As the events industry develops, it is the role of the event manager to catalogue and forecast possible impacts to stakeholders while creating plans to decrease all negative impacts.

Evidence clearly shows that the social and economic impact within the mega event arena is a common issue that must be taken seriously by future governments when deciding to bid for international mega events. The long-term social scars for some inhabitants will remain long after the event is over. The fiscal debt which remains with the host inhabitants has created a great deal of resentment towards mega events in host communities. Official documents produced as a way of explaining the overall legacy and impact of mega events must follow consistent criteria and in particular when presenting financial data. Infrastructure costs must always be included when presenting a pre- and post-event impact report. Long-term financial projections should pay close attention to similar bids where the financial data gives an accurate account of fiscal spend.

Transparency and accountability should not be seen as a cursory comment tagged to a final report but used as a mechanism to address problems and set new standards for the future to nations who intend to bid.

## **Discussion questions**

### **Question 1**

Investigate and explore the challenge of creating a lasting legacy of sustainability through Olympic Games. Discuss how Olympic Games improve the physical and social environment of a host city.

### **Question 2**

Discuss the rationale as to why there is conflicting information published by credible and accredited bodies representing mega events.

### **Question 3**

Urban regeneration is a political and government policy to redevelop areas within a region, city or town that has seen significant decline. Mega events have taken on this political agenda. Explain the difference between impact and legacy.

### **Question 4**

Successful legacies are well planned, well delivered and embedded in existing strategies, policies and programmes. Considering Greece, China and the UK, discuss why events were allocated to those three countries.

**Question 5**

Discuss and critically evaluate the benefits that mega sporting events have in host cities and analyse how these events are a major boost to the economy.

**Question 6**

The evidence through research indicates that legacy and sustainability from major sporting events varies in terms of quality and benefits. Discuss and investigate how hosting major events can create a legacy and economic success for key stakeholders.

## Case study 2: The Games accelerated the physical transformation of East London

The creation of the Olympic Park and the wider development in its immediate surrounding area has resulted in unprecedented change in this part of East London.

Through a comprehensive programme of land acquisition, remediation and development, the Olympic Park was created on a largely derelict, polluted and inaccessible site, a site that was 'fragmented in terms of urban form and use'.

The transformation process began with the remediation and clean-up of 2.5 square kilometres of brownfield land, including the demolition of more than 200 buildings and the undergrounding of 52 power pylons. It continued through the development of six permanent sporting venues (along with a number of temporary venues), the building of the Athletes' Village, the creation of 80,000 square metres of business space through the International Broadcast Centre and Main Press Centre, the building of more than 30 bridges and connections across the Olympic Park and the creation of 100 hectares of green space.

Following the Games, and with the transfer of responsibility for the transformation of the Olympic Park from the ODA to the London Legacy Development Corporation (LLDC), work continues. The Park is in the process of being transformed from Games-time use to its legacy use as 'one of London's most dynamic urban districts', hosting nearly 10,000 new homes, two primary schools, a secondary school, nine nurseries, three health centres, and a number of multi-purpose community, leisure and cultural spaces.

While plans for this part of East London - including a longer-term vision and proposals for its regeneration - developed prior to the awarding of the Games to London, the Games played a central role in driving forward the transformation of the Olympic Park site and its

*(Continued)*



(Continued)

immediate surrounding area. For some aspects of the physical change, such as the creation of the permanent sporting venues, the transformation effect and benefits they will bring are wholly attributable to the Games. For others, the Games served as a significant catalyst to regeneration in East London – an acceleration that was, it should be noted, always the intention. In particular, the Games resulted in both:

- A ‘more comprehensive and joined up site’, as it would have been unviable for the private sector to have brought forward a site of a similar scale which would have been subject to multiple ownerships; as well as

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#### Predominant land uses – Baseline (2005)



- Brownfield
- Old Ford Nature Reserve
- Travellers site
- Rail
- Power lines
- Commercial (around 200, primarily industrial, businesses, e.g. car breakers yards)
- Residential (small numbers, poor quality)
- Open space – scarred by shopping trolleys, car tyres, discarded white goods, with potential habitats suffocated by invasive plant species such as Japanese Knotweed and Floating Pennywort

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#### Predominant land uses – Post Games (2013 onwards)



- Olympic Stadium
- Aquatics Centre
- ArcelorMittal Orbit
- Velo-park
- Copper Box (Multi-Use Arena)
- Tennis and Hockey Centre
- Energy Centre
- Commercial (91,000 sq m created through conversion of Press and Broadcast centre)
- Retail (Westfield Stratford City plus approximately 30,000 sq m of additional retail space)
- Residential (around 10,000 new homes)
- Open space (100 hectares)

**Figure 19.2** Predominant land use on the Olympic Park - 2005 and 2013

Source: Olympic Delivery Authority (2011) and London Legacy Development Corporation (2013)



- A more integrated timetable for regeneration. The Games ensured that there was both a firm and immovable deadline for delivery, while also ‘protecting’ the public and private sector investment in regeneration activities in this part of East London from spending cuts that affected a number of other major regeneration projects across the UK.

The catalytic role of the Games is also apparent in the transformation of public transport in East London. The Games resulted in a number of TfL’s plans being brought forward significantly as a result of both the demand provided by the Games and the additional funding from the ODA which helped unlock planned investments. This included a project to double the capacity of Stratford Station, upgrades to the Dockland Light Railway and upgrades to the North London Line. The permanent nature of these enhancements mean that they form a vital part of the wider Games Legacy as they significantly improve transport capacity and reliability across East London, and will do so for many years to come.

This story of the Games acting as a catalyst and accelerator is repeated with regard to the wider transformation of the public realm across East London, as the host boroughs sought to maximise the impact of the Olympic Park development and better integrate the site into the sub-region. While much of the activity delivered was part of larger and longer-term development schemes, the presence of the Games brought forward and increased the scale of a significant proportion of the projects, including improvement to Hackney Wick and Fish Island, Greenwich Riverside and Town Centre and Stratford Town Centre. These improvements have made a positive contribution to the transformation of East London as a place beyond the Olympic Park.

In considering the wider physical regeneration effects of the Games, the evidence available to date suggests that they are limited to Stratford and the immediate vicinity of the Olympic Park. The most notable impact was the role that the Games played in bringing forward the Westfield development at Stratford City – and all the employment and economic benefits associated with it – by between five and seven years. For both the Westfield development and others where it has not been possible to quantify the nature of the role played by the Games, such as Lend Lease’s in Stratford’s International Quarter and Inter IKEA’s in Stratford, it would appear that the impact of the Games is again catalytic. Not least in the context of driving investment in development in a time of economic downturn.

As a result of the Games it can be concluded that parts of East London – particularly the Olympic Park site and the area immediately surrounding it – already look, feel and function differently. These are changes that may have occurred in the absence of the Games, but they would have taken significantly longer and would have been far less

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integrated. However, while change is already apparent, the true physical transformation legacy and impact will not be fully realised for a number of years. The challenge will be to ensure that both the existing transformation plans are delivered while also ensuring that positive transformation effects ripple out more widely across East London

Source: Department for Culture, Media & Sport (2013) *Report 5: Post-Games Evaluation. Meta-Evaluation of the Impacts and Legacy of the London 2012 Olympic Games and Paralympic Games*. Available at: [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/224181/1188-B\\_Meta\\_Evaluation.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224181/1188-B_Meta_Evaluation.pdf) [accessed 18/11/2016]

### **Case study 3: The impact of the FIFA 2014 World Cup for Brazil**

The impact of the World Cup for Brazil should be examined in two ways, positive and negative. The following case study will analyse the impact on the nation and the local people by considering the economic, social, cultural and environmental aspects.

#### **Economic impact**

##### **Positive**

Brazil built 12 sport stadiums before the World Cup, and many new extensions for the event were built at the same time. These constructions increased employment and provided job opportunities for local people, especially in the construction industry. During the event, there were lots of visitors travelling to Brazil. The visitor expenditure brought money to the local economy through tourism related services, which included travel, accommodation, restaurants and shopping. The expenditure brought revenue to local people. In order to hold a great event, Brazil's government has to invest in infrastructure which provided long-term promotional benefits and tax revenues after the event.

##### **Negative**

Negative impacts included increased income creating price inflation on goods and services. If the lower classes did not gain economic benefit, increasing prices created financial pressures, due to higher living costs.

Meanwhile, increased spending by the government during preparation for the event led to tax increases for local people. Tax is one of the most important incomes for governments, and an increasing tax rate can lead to social conflict.

## Social and cultural impact

### **Positive**

Increased reporting of the World Cup in the media created a sense of pride and national identity for local people. The event provided an opportunity for local people to develop and share their culture, which created a sense of values and beliefs for the international tourism industry. Meanwhile, it was a chance for local communities and visitors to communicate cross-culturally.

The event attracted media attention around the world, with a focus on the nation during a short period, which was a useful way to improve and change the national image.

Construction projects improved Rio's systems such as transport, which became more efficient and convenient. The city spent US\$2 billion upgrading the BRT transport system.

### **Negative**

When the nation was put under the media spotlight, reporting of each small national problem spread through the world, creating a negative image. In order to have enough space to build the event buildings, Brazil relocated the lower classes to outside the city, far away from the centre. This was called 'eviction' by one journalist. Local people were paying the price for all this World Cup development. The government had to compensate the lower classes. A peaceful environment is needed for a World Cup!

## Environmental impact

Brazil has rich environmental resources. In order to welcome visitors from around the world, Brazil spent lots of money rebuilding and replanning the city, creating a more suitable space and cleaner more efficient city. These were the positive impacts, but at the same time, the rebuilding process caused some problems, such as construction rubbish, noise and air pollution, and environmental disruption. There is always a balance between development and protection of the local community, which should be considered by the government. The World Cup is important, but the citizens' quality of life should be protected at the same time.

## The risks of the FIFA 2014 World Cup Brazil

### **Pre-event risks**

There were some essential problems for the organisation of the 2014 Brazil World Cup in the pre-event period. This section is going to discuss construction problems and marketing risks.

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### **Construction risks**

The construction problems mainly concerned the budget for stadium construction, engineering quality, environmental issues, scheduling issues, etc. The Brazilian government projected its construction budget for hosting the World Cup would be about US\$13.3 billion, of which US\$3.4 billion would be spent on the construction and renovation of the 12 stadiums. Also, the construction of public transport, commercial buildings or other required projects would also need large amounts of money. However, there were difficulties due to lack of financing, meaning that the construction of stadiums in some cities was stopped.

Another significant issue was the quality and safety of construction; accidents like the collapse of the San Paolo Stadium should not happen again. Health and safety should focus attention on protecting workers and supervising the building process. An additional issue was that the organiser and construction teams had to accelerate the construction process to prevent delays in stadium construction.

### **Marketing risks**

The marketing risk here refers to protecting the rights of the big affiliates and sponsors. Main affiliates like adidas, Coca Cola and Emirates, etc., had to be protected from ambush marketing by their competitors, because most of the event's revenue was directly related to advertising and the sale of sponsoring slots. If the benefits for sponsors couldn't be ensured, there would be losses for the whole event in return. Therefore, ambush marketing would reduce income and put the World Cup at risk.

The following are some suggestions for an organisation confronting ambushing problems during a World Cup. The organiser, with the legislation department, should pass specific legislation which forbids and punishes the unauthorised use of FIFA trademarks and potential marketing infringement. All of the host stadiums and cities should implement restricted areas, to prohibit the sales, campaigns or advertising of non-sponsoring companies. Information and suggestions should be given to the affiliates and the public about how to protect their benefits and rights.

### **Event period risks**

During the event period, there are also many risks which organisers must deal with and solve. In this section, some examples are given concerning the risks that occurred during FIFA World Cup 2014.

During a large-scale sports event, the risk that is most likely to occur is personal injury. This could mean crowd damage, fights between players, etc. For example, during the

World Cup South Africa, a crowd accident happened in the warm-up match between North Korea and Nigeria. In this accident, more than 20 people were injured. The reason is that many more fans came to watch the match than the organisers expected and the stadium had only one exit. Football violence is very common during matches, as you will see if you search 'football violence' on YouTube.

In order to reduce or even eliminate the probability of personal injury occurring, there are some recommendations for event organisers. For crowd management, the FIST (force, information, space, time) model is one of the solutions. This model should be followed to manage security, offering information to audiences and managing space and time; an emergency plan and measures should also be prepared.

Another risk that occurs frequently is responsibility risk. It refers to coaches' and players' liability due to the injuries caused by occupational behaviours; and in cases of negligence, the possibility of organisers and government officials denying public liability. For instance, after the crowd accident mentioned above, FIFA said they were not the organiser of that warm-up match, thus FIFA could not take responsibility for the accident. This embarrassed South Africa and led to positive action in reporting accidents in the future. Therefore, contracts that clarify responsibility are very important. The host should contact outside agencies, such as national police and governments, to verify who is responsible for accidents or other incidents that might occur.

Technological problems are another common risk. There was a technological problem during the opening ceremony of the Sochi Olympics. When the five light points became circles, one of the light points did not move, so the Olympic rings appeared as four circles and one point. Technological problems include broadcast issues as well. However, technological problems are easier to prevent than the other risks as long as organisers carefully implement the necessary checks before the event.

### **Political risks**

Different political and religious interest groups may take advantage of large sports events to fight against each other, which can result in boycotts and damage events.

On an international level, for example, in the 1972 Munich Olympic Games, Palestinian militants attacked the Israeli team, resulting in 11 athletes losing their lives. In the 1982 Moscow Olympics, the US team boycotted the event, resulting in the US audience's unwillingness to watch the Games broadcast on television and the network that had purchased broadcast rights suffered huge losses, so the insurance company had to pay hundreds of millions of dollars in compensation. In the 2004 Athens Olympics, the host purchased terrorist attacks insurance. Risk transfer is a recommendation when facing potential risks.

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On a domestic level, during the Athens Games, domestic public boycotts of foreign teams impacted events. In Brazil, First Capital Command in Sao Paulo, Brazil's largest criminal organisation, claimed that they would create panic during the 2014 World Cup.

### **Natural risks**

Natural risks are caused by irresistible natural factors, such as earthquakes, storms and epidemics. Natural forces interrupt, delay and even cancel some sports events, resulting in financial losses. For example, the 1995 FIFA U-20 World Cup was planned to be held in Nigeria. But finally, it was held in Qatar due to an epidemic.

There were about seven games held around 13:00 in the Northeast region of Brazil near the equator. FIFA's executive committee announced that the games would be suspended at least once, to allow the players to take a break and drink more water.

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