

# Should SA bid for hosting 2020 Olympic Games?

 By [Dr Nikolaus Eberl](#)

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As Cabinet is about to announce the decision whether or not to bid for hosting the 2020 Olympic Summer Games, the big question remains whether the country will be able to produce a return on investment that will justify the financial outlay required for staging the world's second biggest sporting event.

In the aftermath of the 2010 FIFA World Cup Legacy debate that saw 2010 OC CEO Dr Danny Jordaan apologise in public for the lack of planning on the long-term viability of the newly erected stadia, it is critically important to analyse both the benefits and the costs previous hosts have incurred.

## **No need to break the bank**

Contrary to popular belief, hosting the Olympic Games does not have to break the national bank and - wisely executed - can even generate a healthy profit for the hosting nation, as evidenced by the organisers of the 1984 Olympic Summer Games held in Los Angeles.

While many commentators have pointed to the 1992 Olympic Games held by Barcelona as a paradigm for how to leverage the global media limelight for rebranding the city image and rewing up inbound tourism, it was actually Peter Ueberroth, the president of the Los Angeles Olympic Organising Committee, who paved the way for staging the Olympic Games without spending a single cent of taxpayers' money and generating a sporting legacy that can still be felt at grassroots level today.

## **Generating olympic profits**

Possibly the most enduring legacy of the Los Angeles Olympic Games has been its financial impact. The 1984 games generated a whopping US\$232.5 million surplus, making it the most profitable sporting event in history. The games also delivered approximately US\$2.3 billion in positive financial impact to the Southern California economy.

"Los Angeles 1984 was a sort of revelation," [commented](#) IOC member Hein Verbruggen. "The Olympic Games, as well as providing an extremely positive image of the host city and country, could therefore be a good financial operation if it were strictly managed."

When planned properly, hosting the Olympic Games has inspired confidence in the collective capability of the hosting nation (in terms of civic pride, consumer confidence, investor confidence, visitor confidence, media advocacy et al). In particular, the following success stories stand out:

## The dimensions of olympic legacy

- Creating **employment opportunities**: the 1992 Olympics, held in Barcelona, Spain, which saw South Africa welcomed back on to the international stage, created an economic legacy that lasted almost 15 years and led to a boom in tourism and employment for the host city, with the unemployment rate almost halving from 18.4% to 9.6%.
- Repositioning the **destination brand**: there can be no doubt that the 1992 Olympic Games marked a "before and after" as far as tourism in Barcelona is concerned. One comment was that the Olympic Games achieved to "convert Barcelona's Manchester into the Copacabana of the Mediterranean", with Barcelona's tourism growth averaging nearly 20% for the decade following the Olympic Games.
- Accelerating **tourism growth**: it was the IOC's director of marketing, Michael Payne, who [suggested](#) that "Australia is the first Olympic host nation to take full advantage of the Games to vigorously pursue tourism for the benefit of the whole country. It's something we've never seen taken to this level before, and it's a model that we would like to see carried forward to future Olympic Games."
- Boosting **civic pride**: when the Olympic flame was extinguished in the cauldron and the Vancouver 2010 Winter Olympic Games were officially declared closed by IOC president Jacques Rogge, commentators were unanimous in declaring the hosting nation the biggest winner.

Said Iain Macintyre from the *Vancouver Sun*: "To be honest, it's not the Winter Games themselves I'll miss but the emotion and patriotism that spilled from Canadians like a dam burst, unleashed by two weeks of a lack of inhibition towards our country and each other. For me, the Games were about our city and our country, about us and our identity and a collective self-assurance only loosely connected to winning medals."

- Accelerating **economic recovery**: the 1988 Summer Olympics hosted by Seoul provided the catalyst for the emergence of the democratic South Korea that is now a major economic force. In Seoul, that legacy is evident in every skyscraper that dots the high-tech city. The influx of cash during the games (which were profitable) from television networks and multinational sponsors did not dry up when the athletes went home; businesses flocked to Seoul, helping to give Korea the third-largest economy in Asia.
- Boosting **sports development**: the 1988 games provided a significant boost for Korean sport. Training programmes improved and sports leagues blossomed. Korea has finished out of the top 10 in the Olympic medal table only once since Seoul (it appeared there only once before 1988). At the 2008 Olympic Games, the country occupied seventh place in the Beijing standings.

"Before hosting the Olympics, Korea's international sports competition was quite low. Its goals were quite humble," Yoon Kang-ro, a Korean sports diplomat, told the *Korea Times* last year. "After hosting the Olympics, the goals became much higher."

As Madiba stated previously, "Sport has the power to change the world, the power to inspire, the power to unite people in a way that little else can. Sport can create hope... it is an instrument for peace."

*The next article will analyse how Los Angeles achieved to host the Olympics without spending a single cent of taxpayers' money and whether SA can do the same.*

## ABOUT DR NIKOLAUS EBERL

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