

Considerations in the planning and hosting of the london

[Business](#)



On 6 July 2005 in Singapore, the IOC announced that the Olympics would be honored to London. When a city decides to host the Olympics, as London plans to in the summer of 2012, it should be well aware of the huge and lasting economic impact that will inevitably take place. It is important to remember that there are both costs and benefits of hosting the Olympics.

Under these terms, it seems only right to consider the effects the Games will have on the local economy as well as the wider reaching finances of the organizing committee.

The Olympics acts like a catalyst to economic improvement in certain areas. Areas for regeneration such as the Lower Lee Valley (an area in East London stretching from Canary Wharf to Stratford - an area with poor housing and high unemployment), are having to speed up development due to the result of the Olympics, which can be seen as an advantage. On the BBC website it quotes, " Plans for a new Olympic park based around the deprived area of Stratford in London's East End presented a powerful case for transforming the social and sporting landscape of the capital. This means that London East End will benefit from the Olympics by having economic improvement. " Legacy was the word, and it was used often to deliver the message give us the Games, and one of the world's great capital cities will be transformed".

(Keogh, Francis. " Why London won the Olympics", online BBC article, July 2005). The scale of transformation will be vast as the London Olympics will generate a larger economy which will effect markets and trade. The reason the economical impact on the city has become so big is because there is a larger market (spectators, television rights to the Games, radio).

There are also factors within the Olympics that need high levels of financing- like the increased number of competitors and better venues. To cover the costs of this spending, the organizing committee has to deliver a higher quality of venues, entertainment etc which eventually results in increased revenues and economic change.

Although, the Olympics don't always bring economical benefits for the host country, in fact it can result with the country's economy to fall. Countries to have experienced this are Munich, Montreal and Los Angeles.

London may experience the same situation as the cost of the Olympics is ? 2.375bn. They are currently using finance from the National Lottery(? 1.

5bn from a new Olympic lottery game and from existing lottery funds), Council Tax(? 625m raised by increasing London Band D council tax bills by ? 20, starting in 2006/7), and the London Development Agency(? 625m raised by increasing London Band D council tax bills by ? 20, starting in 2006/7). Together, they fund a huge amount towards the Olympics, but this still isn't enough as there is an operating loss of nearly ? 500 million.

To fill this loss, it is hoped that the tourism can generate enough revenue to cover it. (" Disadvantages with London" online at olympics. pthimon.

co. uk) The methods used in financing the Olympic Games bring fear to the economical impact. The International Olympic Committee (IOC) committee has stated that it has " cleared itself and has no responsibility" for any debt resulting from any Olympic Games. Meaning the IOC take their share in revenues from the game and if there is any debt it is the host (londons)

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liability. Still the local organizing committee shares none of the debt trouble either.

In comparison, “ the 2004 games in Athens cost around 7bn and the 2008 games in Beijing estimates between 10bn and 20bn. ” It is said that there are roughly 8 million tickets that will be available for the 2012 Summer Olympics, the LOC wants to sell at least 6. 5 million. The ticket includes free access to the city’s public transportation as well as events taking place on the streets of London, e. g cycling and triathlon. By 2012 it is predicted that within a 50km radius of the Olympic Park, there will be over 135, 000 hotel rooms will be available for accommodation use for the Olympics.

Already there are around 40, 330 rooms which have been guaranteed. This will boost hotels revenue as the tourists generate the economy by spending in the hotels, bar/clubs and restaurants. (Blake, Adam. “ the economic impact of London 2012 Olympics” May 05) The London Olympics is responsible for creating thousands of jobs in the area for years before the games. It will also provide long term jobs in the construction side (building and structuring) for facilities related to the Olympics.

Not forgetting, the games itself will provide jobs and volunteering opportunities for locals, and the arrival of spectators will boost for the hospitality industry across London. The Games will bring international attention to all of London s originality, from London’s games to culture and creativity as well as a magnet for business, jobs and tourism. To conclude, the London Olympics 2012 can be beneficial to London as it will generate a

lot of income from tourism and the games itself which will increase the economy.

Giving 3000 permanent jobs to local residents, it decreases unemployment. By having thousands of tourists, Londons facilities, services and entertainment sectors are at their highest peak, bringing more money and international attention to the city. But, there are many disadvantages such as the cost of the project which already has an operating loss of 500 million in which they hope to retrieve with the tourists.

Although there are 3000 permanent jobs, 11, 000 of the existing jobs in the Olympic Zone may be lost.