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Tokyo Olympics to cost twice as much as initial estimate. Why?

VOCABULARY

ballooned =

Expanded rapidly, like a balloon inflating

entice =

Attract or tempt by offering pleasure or advantage

shoulder =

To accept a heavy burden or cost

Read the article overleaf and discuss these questions:

1. Are you surprised that the estimated cost of the Olympics had risen so dramatically? Why? Why not?
2. Why do you think it's so difficult for the Olympics to cover the costs of hosting?
3. Only one Olympics in the modern era is considered to have been a financial success. Do you know which one? Do you now how it managed to make a profit?
4. Do you think the Tokyo Olympics will be a success? Why? Why not?
5. Considering the cost to taxpayers, do you think it's worth hosting the Olympics?
6. Do you want to go to any 2020 Olympic events? Which ones?

VOCABULARY

landmark

agreement =

An agreement of great long-term significance

disband =

To break up or discontinue a group

on the hook =

To be caught in a difficult situation

Taxpayers beware: The cost of hosting an Olympics is likely to be far more than advertised.

The price tag on the 2020 Tokyo Olympics has **ballooned** to nearly twice the initial estimate, even after a major cost-cutting effort.

A major reason is that cities exclude large amounts of associated costs when they submit a bid to host the Olympics.

"Those numbers in the bidding file are almost fiction," said Shinichi Ueyama, a Japanese public policy expert who led a Tokyo government investigation into the Olympics' cost.

The bid figures include only the core components, such as the main facilities, so that the bids are easier to compare. Building design, security measures, transportation and other costs are largely excluded.

It is common practice, but taxpayers may not be aware that the bid figures are incomplete, and the actual cost will end up far higher.

Tokyo Olympic organizers said this week that the estimated cost is now 1.4 trillion yen (\$12.6 billion). When Tokyo was awarded the Olympics in September 2013, the total was 730 billion yen (\$6.6 billion).

The cost of the 2012 London Olympics tripled from a bid estimate of \$6.5 billion to \$19 billion.

"Many advanced nations are now increasingly aware of the pattern and staying away from the Olympics," said Ueyama, a professor at Keio University in Tokyo. "If you take a survey in any democratic country, people would refuse to have their tax money spent on costly sports events."

Rising construction costs in Japan also contributed to the increase in costs for Tokyo, as well as the addition of five new sports after the Japanese capital won the bid. Much of the increase, though, was for non-construction costs.

The cost would likely be even higher if it were not for growing IOC concern about host city costs.

The \$51 billion price tag for the 2014 Winter Games in Sochi, Russia, led numerous cities to drop out of bidding for the 2022 and 2024 Olympics.

IOC President Thomas Bach, who took over in 2013, has driven a cost-cutting agenda to **entice** cities to bid for future games and minimize damage to the Olympic brand.

The IOC is encouraging the use of existing and temporary facilities instead of building new ones. Tokyo organizers have moved several events outside the city to do that.

Tokyo Gov. Yuriko Koike launched a further cost-cutting push after taking office last summer as one estimate for the 2020 Games rose to more than 3 trillion yen (\$27 billion).

The effort delayed for six months an agreement on how the various parties will share the costs.

"Since Tokyo was elected as the host city of the 2020 Olympic and Paralympic Games, the organizing committee and the IOC's efforts have resulted in over 200 billion yen in savings," said Toshiro Muto, the CEO of the organizing committee. "We believe further cost reductions are still possible."

Under a cost-allocation agreement announced Wednesday, the city of Tokyo and the Tokyo organizing committee will **shoulder** 600 billion yen (\$5.4 billion) each. The central government will contribute 150 billion yen (\$1.4 billion).

The remaining 35 billion yen (\$315 million) still needs to be sorted out between Tokyo and neighboring municipalities that will host some of the competitions.

"While aiming at reducing even more the overall budget, Wednesday's **landmark agreement** lowers the proportion of public money being invested to organize the games and increases the proportion of private money being used," Muto said.

Bidders almost always present the lowest estimate to promote an image that they are taking a conservative approach, according to a report issued last fall by the Tokyo investigation panel.

The organizing committee will eventually **disband**, and under the terms of the host city agreement, Tokyo taxpayers will be **on the hook** for any shortfall left behind.