

**For discussion on
30 March 2009**

Legislative Council Panel on Economic Development

Mega Events Fund

Purpose

In the 2009-10 Budget, the Financial Secretary has earmarked \$100 million to assist organisers to host more attractive events in the areas of arts, culture and sports in Hong Kong over the next three years to further promote Hong Kong as an events capital of Asia. This paper seeks Members' views on the Government's proposal to establish a fund to implement this Budget initiative.

The Proposal

2. We propose to create a commitment of \$100 million for setting up a "Mega Events Fund" in the first half of 2009 to provide financial support to non-profit-making organisations to host attractive mega events in the areas of arts, culture and sports in Hong Kong.

Background and Justification

3. Hong Kong is a dynamic and vibrant city with many home-grown mega events held each year. Examples include the Chinese New Year Parade, Hong Kong Marathon, Rugby Sevens, Hong Kong Arts Festival, etc. Every year, each of these events attracts thousands of visitors in addition to a large number of local participants. To quote a few examples, the Hong Kong Tourism Board reported that the well-established Rugby Sevens attracted over 23 000 overseas spectators last year; the Bledisloe Cup Rugby Tournament held for the first time in Hong Kong in November 2008 brought 10 000 Australasian visitors; and of the 100 000 spectators who attended the Chinese New Year Parade some 44 000 were from abroad.

4. Mega events not only add colour and vibrancy to our city, but also enrich the travel experience for visitors and reinforce Hong Kong's position as the "Events Capital of Asia". In addition, successful events generate extensive coverage of Hong Kong by the international media, create a branding effect for the city and raise Hong Kong's international profile. An example is our Chinese New Year Parade, which is listed by the Lonely Planet and UK Times as a "not-to-be missed" event.

5. Mega events also generate considerable economic benefits by boosting consumption and providing direct and indirect job opportunities in sectors including event planning and management, hotel, airline, food and beverage, retail, venue management, marketing and publicity, etc. Past experience has shown that different types of mega events create different types of jobs. We expect that the new events supported by the proposed Mega Events Fund would create some 2 800 jobs in the next three years. The duration of these jobs will depend on the nature and needs of individual events.

6. In addition, these mega events will increase the opportunities to promote Hong Kong. The Bledisloe Cup Rugby Tournament, a renowned rugby event between Australia and New Zealand, is an example. The event was held for the first time in Hong Kong in November 2008 and attracted over 39 000 spectators (including 10 000 Australasian arrivals specifically for this event) and directly created some 800 jobs in the areas of event management, hospitality and security. The match was broadcast live on 12 international TV networks and a major TV channel in Hong Kong, reinforcing the branding of Hong Kong as Asia's events capital. It also allowed Hong Kong Economic and Trade Offices and the Hong Kong Tourism Board's overseas offices (especially that in Australia) to leverage on the event for stepped-up promotion and publicity work on Hong Kong.

7. The United Nations World Tourism Organization also reaffirms the value of mega events in tourism promotion. Cities round the world, including our neighbouring destinations such as Singapore, Macao and Shanghai, are working aggressively to bring in renowned arts, cultural and sports events. Apart from facilitating the conduct of events to the fullest possible extent, some of these cities also offer direct cash subsidies to event organisers. To ensure that Hong Kong remains competitive, a more proactive approach in offering incentives to event organisers for international signature events is called for. We hence

propose the establishment of a Mega Events Fund to support event organisers who are interested in bringing mega events to Hong Kong.

Setting up and Administration of the Fund

8. We propose to create a commitment of \$100 million for setting up a Mega Events Fund (the Fund) which will be administered by the Tourism Commission of the Commerce and Economic Development Bureau, with the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) serving as the Controlling Officer. A secretariat will be set up in the Tourism Commission to provide administrative support to the Assessment Committee (see paragraph 10 below) and the operation of the Fund. The Fund will be used to support events directly. Applications for funding will be open to both local and overseas non-profit-making organisations interested in hosting events. The organisations will be required to provide evidence on their non-profit-making status and bona fide nature to the satisfaction of the Assessment Committee.

9. In considering the type of events the Fund should be targetting at, we propose to be guided by the following criteria :

- (a) the event could raise the profile of Hong Kong internationally, create a branding impact, attract visitors to come to Hong Kong specifically for the event and generate media coverage (both local and overseas);
- (b) the event should be of a considerable scale, e.g. the total number of people involved (including participants, spectators, reporters, etc.) could be one of the benchmarks in assessing the application. 10 000 people could be used as the basis;
- (c) the event should contain an international element and include participants from overseas; and
- (d) the public could participate in the event, and it contains arts, culture or sports elements.

10. In allocating the funds, it is proposed that the Secretary for Commerce and Economic Development appoints an Assessment Committee (AC) to vet the applications individually. The AC will be chaired by a non-official and will comprise representatives from relevant Government bureaux/departments, and non-official members with rich experience in relevant fields. PSCIT will be the Controlling Officer of the Fund and will decide whether to approve the applications and disburse funds based on the recommendations of the AC.

11. In considering individual applications, the AC may take into account :

- (a) economic benefits of the proposal, such as the number of visitors/overseas participants that will be attracted to the event and the number of jobs to be created by the event;
- (b) other benefits of the proposal, such as the event's ability to raise Hong Kong's profile internationally; and
- (c) the feasibility of the proposal from the operational, technical and financial aspects.

12. To ensure that the work of the AC will be conducted in a fair manner, we shall seek the advice of the Independent Commission Against Corruption (ICAC) on the assessment criteria and procedures to be adopted by the Committee. We shall also seek ICAC's advice in drawing up a code of declaration of interest for compliance by all members of the AC.

13. Successful applicants will be required to provide funding from their own resources to meet a fair share of the project costs. The AC may stipulate conditions on the use of the allocated funds. These conditions and other appropriate financial control measures will be set out clearly in an agreement or agreements, which are required to be signed by all successful applicants. Successful applicants will also be required to maintain separate proper books of accounts and all relevant records of the event for inspection as and when required.

14. For effective monitoring of the event's implementation, successful applicants will be required to submit progress reports as well as final audited financial statements and evaluation reports on completion of the event.

Financial Implications

15. We propose to create a commitment of \$100 million for setting up the Mega Events Fund. We anticipate that such provisions would be adequate to enable the Fund to run for about three years. The proposal has no additional recurrent or staffing implications. The Tourism Commission will be responsible for the administration of the Fund and will absorb the associated cost from its existing resources.

Advice Sought

16. Members are invited to advise on the proposal to set up a Mega Events Fund as detailed above. Subject to members' views, the proposal will be submitted to the Finance Committee for approval.

**Tourism Commission
Commerce and Economic Development Bureau
March 2009**