

**Opening statement by Mr Mike Rowse, JP  
Director-General of Investment Promotion  
at the public hearing  
on 7 May 2004**

I am grateful to the Chairman for his permission to make a short statement to the Committee.

As the officer responsible for co-ordinating the entire Economic Relaunch programme, I was part of the evaluation process, even before InvestHK was designated the subject department for Harbour Fest. In other words, InvestHK as the first port of call for all Relaunch ideas allowed this item through the gate.

I was unable to attend the 2 July meeting. But the InvestHK position would not have been different because I shared the general view of ERWG members that this was a creative and exciting project that would help Hong Kong rebound from SARS.

As the Financial Secretary has said, the decision to fund the proposal was made in exceptional circumstances. The Director of Audit's report describes the major blow suffered to Hong Kong people, our economy and international image as a result of SARS, which lasted over three months and affected some 1,755 individuals. Yet, with hindsight, it is clear that the ERWG members, myself included, underestimated the difficulties and overestimated the benefits of the festival proposal.

I would like to turn now to the implementation and monitoring phase. At the second key meeting, on 12 July, ERWG decided that the government would support the event in the capacity of sponsor and that AmCham would be responsible for planning, organising and implementing the festival. This was in accord with the original intention that the Economic Relaunch programme should actively involve the business sector and the wider community. InvestHK was designated as the subject department for the sponsorship arrangement.

At that point, AmCham needed to carry out a number of important tasks very quickly. Among other things, they needed to negotiate and agree a contract with the government; develop a business plan, ideally with proper milestones; secure the site; make arrangements for the venue to be erected and fitted out; develop and agree the artist line-up and programme; sign contracts with performers and contractors; prepare a comprehensive marketing plan, including targeting of short-haul tourists; make detailed ticketing arrangements; etc.

In the normal course of events, many of these tasks would have been carried out sequentially or with only minor overlaps requiring up to a year to implement. But with the very short timeframe of less than 100 days to implement the project, AmCham did not have that luxury. So, in the unique circumstances of the SARS crisis and the Economic Relaunch, all the tasks had to be undertaken in parallel.

This unprecedented set of circumstances inevitably affected the arrangements for monitoring. On the one hand, the government was committing up to \$100 million of public funds, which argued for a high degree of scrutiny and even shared control. On the other hand, in recognition of the extraordinary time pressures, ERWG had specifically decided that AmCham should have sole responsibility for planning, organising and implementing the event.

It was against this background that we in InvestHK undertook our monitoring role. We had no direct executive responsibility or powers, because of the ERWG decision that we should be a sponsor only. But we needed to monitor the situation closely, identify problem areas, promptly draw them to AmCham's attention, and assist in remedying them – in cooperation with the organiser.

I accept that the outcome fell short of our hopes. But we did all of these things to the utmost of our ability. We gave them our best effort.

Thank you Chairman.