

Our Ref : L/M to IHK/AMB/2/3 IV
Your Ref: CB(3)/PAC/R42

27 May 2004

Ms Miranda Hon
Clerk to Public Accounts Committee
Legislative Council Building
8 Jackson Road
Central
Hong Kong

{Urgent by fax}

Dear Ms Hon,

**The Director of Audit's Report on the
Results of Value for Money Audits (Report No. 42)
Chapter 4 : Hong Kong Harbour Fest**

I refer to your letter of 21 May 2004.

On (a), I do not recall any person saying at the public hearing on 20 May that I had knowledge of the artist fee for the Rolling Stones concerts at the Harbour Fest. My only comment on this subject was in respect of Miss Ironside's proposals to us. One, dated 8 July 2003, quoted a total fee of HK\$50.57 million (US\$6.48 million) for the Rolling Stones to perform two shows at the Hong Kong Stadium, including artist fee, staging and production and freight and airfares. The anticipated deficit for the two shows was in excess of HK\$18 million, and Miss Ironside was seeking Government sponsorship to offset it. I had no knowledge of the artist fee actually paid by AmCham.

On (b), Miss Ironside submitted later in the same month (July 2003) a revised proposal for a single show by the Rolling Stones, again at the Hong Kong Stadium. This time, the quoted total fee was substantially reduced to HK\$24.12 million. She was seeking Government subsidy in the order of HK\$6 million.

On (c), I have written to the current Chairman of the American Chamber of Commerce in Hong Kong (AmCham), and am still awaiting her response. I shall advise the Committee of the outcome as soon as a reply from AmCham is available.

On (d), we are seeking the advice of the Economic Relaunch Working Group and other Government departments concerned, and will determine

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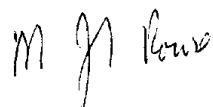
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the way forward as soon as possible.

You also sought information about other events sponsored by our department. In this connection, I wish to take the opportunity to reiterate that InvestHK is the Government's investment promotion agency. Established in July 2000, we exist to attract and retain in Hong Kong economically and strategically important investment. The department's structure and working procedures are all geared to the same end. In the course of its investment promotion work, InvestHK has acquired some experience in the field of event sponsorship and in giving limited assistance to event organisers. However, we do not ourselves organise or co-organise major events. The events we sponsor are organised by private organisations on commercial or semi-commercial lines. Our sponsorships are in the form of a pre-determined fixed amount for an event and not in the form of deficit financing subject to a ceiling amount. Accordingly, we do not seek access to the accounts of the sponsored event. Hence, we are unable to compare the amount of our sponsorship with the total expenditure incurred by the organisers in any particular past event. As a sponsor, our main focus is with the profile of the organiser and event itself, the composition of its target audience, the cost and benefits of the sponsorship deal, etc.

I hope the above clarifications would be useful to the Committee.

Yours sincerely,



(M J T Rowse)

Director-General of Investment Promotion

cc Financial Secretary
Director of Audit
Secretary for Financial Services and the Treasury
(Attn: Mr Manfred Wong)