

**For discussion
on 22 November 2010**

**Legislative Council Panel on
Economic Development**

Progress of the Mega Events Fund

PURPOSE

This paper updates Members on the progress of the Mega Events Fund (MEF).

BACKGROUND

2. The Administration is committed to encouraging local organisations to host more signature events in Hong Kong in order to create job opportunities, attract more visitors, and maintain our competitive edge as a popular travel destination and events capital in Asia. The Financial Secretary, in his 2009 Budget, earmarked \$100M to assist local non-profit-making bodies in hosting more attractive arts, cultural and sports events in Hong Kong. We obtained the Finance Committee's approval in May 2009 to establish the MEF for a tenure of three years.

PROGRESS OF MEF

Assessment of Applications

3. An MEF Assessment Committee (AC) was formed in June 2009 to advise the Government on the administration of the MEF, including drawing up the guidelines and criteria for assessing the applications, considering the applications, monitoring the progress of events supported by the MEF and evaluating their performance. It comprises members from relevant fields and representatives from Home Affairs Bureau, Information Services Department and Tourism Commission. The terms of reference and membership of the AC are at

Annexes A and B respectively. The AC, in assessing individual cases, takes into account several broad principles –

- (a) 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) be of a considerable scale. The total number of people involved (including participants, spectators and reporters) should be 10 000 or more;
- (c) contain an international element and include participants from overseas, as well as the Mainland; and
- (d) allow participation by the local public.

4. The above principles were discussed and endorsed by the Finance Committee. In addition, the AC also considers the views provided by relevant Government bureaux and departments where appropriate. It then examines applications in the light of their respective strength in the following aspects –

- (a) economic benefits of the proposal, such as the number of visitors and participants to be brought to the event, their likely length of stay, jobs to be created etc.;
- (b) public relations and other benefits of the proposal, such as the event's ability to raise Hong Kong's international profile and the publicity value that will be generated in local and non-local media;
- (c) the scale of the event, particularly the number of participants;
- (d) technical and project management capability of the applicant, background and governance structure of the applicant, track record of the applicant, whether the proposed implementation plan of the proposed event is practicable and reasonable etc.; and
- (e) financial viability of the project, whether the proposed budget is prudent and realistic, whether the alternative sources of funding are sufficient, and the reasonableness of the proposed performance indicators.

5. A marking scheme reflecting the above assessment criteria has been developed (**Annex C**). In order to be eligible for MEF funding, an application must score 60% or above in each criterion. To enable the interested applicants to clearly understand their eligibility and the assessment criteria, a detailed MEF Guide to Application and the marking scheme are available at the dedicated MEF website (<http://www.tourism.gov.hk/english/mef/mef.html>). For the first three rounds of MEF application held between July 2009 and June 2010, the Secretariat has received a total of 117 telephone and 35 written enquiries respectively.

6. As at 31 October 2010, three rounds of MEF application have been held. A total of 47 applications were received, of which 9 were approved for MEF funding^{Note}. Details of the approved events are set out in **Annex D**. The total amount of funding approved to support these events is HK\$35.2 million. Seven approved events have been completed, which attracted a total of over 340 000 participants, 78 000 of whom were visitors. Feedback received through different channels such as direct contacts and sample surveys from commercial sponsors, supporting organisations, participants and spectators is generally positive and encouraging.

Control Mechanism

7. A chart highlighting the procedures of the assessment process is at **Annex E**. The Independent Commission Against Corruption (ICAC), Intellectual Property Department and the Department of Justice have been consulted on the modus operandi of the MEF. In accordance with ICAC's advice, a set of probity guidelines for Members of the AC, which covers acceptance of advantage and entertainment, declaration of conflict of interest, handling of confidential and privileged information and misuse of one's official capacity was developed (see **Annex F**). Members of the AC are also required to declare their interests, including employment in public and other services, and such information is open for public inspection upon request.

8. In approving the funding allocation, the Finance Committee requires that Government's contribution to each event under MEF be

^{Note} Originally there were ten approved cases, and one of them has subsequently withdrawn the application. The Royal Hong Kong Yacht Club decided to cancel the "Louis Vuitton Hong Kong Trophy" in August 2010, as many of the teams involved in the event could not come to Hong Kong as they need to focus their resources for preparing the next America's Cup, the "World Cup Equivalent" in yacht racing, due to changes in the competition rules of the Cup.

capped at 50% of the event's total cost. This requirement encourages the applicants to develop events which are likely to be self-sufficient in the long run, and has been strictly followed by the AC. For proper control, we normally only grant half of the approved fund to the applicant before the event, and the outstanding sum will be granted after the applicant has completed the event to the satisfaction of the AC. If an event generates a surplus, the applicant must return it to the Government, up to the level of MEF funds approved for the event. If the applicant fails to meet the claimed objectives, the AC reserves the right not to grant the approved funds in full.

9. The AC, with the support of a secretariat, monitors the implementation of the funded events. Once funding approval is given, there will be close contact between the applicant and the secretariat throughout the planning and implementation of the whole event. For instance, AC Members and secretariat staff pay site-visits to the events, observe the attendance and collect feedback from participants, and provide appropriate advice and support to the organisers as and when necessary. Major changes in the event's plan are subject to the endorsement of the AC.

10. After the completion of the event, secretariat staff will remind applicants to submit the evaluation report, publicity report and the audited accounts. Outstanding funds would not be granted to the applicants until they have satisfactorily completed the event and submitted all the reports and accounts to the satisfaction of the AC.

Economic and Publicity Benefits of the MEF

11. Events supported by the MEF can bring about substantial economic benefits to Hong Kong. They can stimulate local economic activities, increase visitor spending and create job opportunities, thereby benefiting the tourism, hotel, airline, catering, retail and other related sectors. MEF-sponsored events approved so far are expected to attract some 380 000 participants, including over 81 000 visitors. These events are also estimated to create over 3 700 jobs.

12. As for enhancing Hong Kong's image, the MEF-supported events have added colour and vibrancy to our city life and boosted Hong Kong's status as an events capital. We have received wider exposure in both overseas and Mainland media as events such as the Hong Kong Dragon Boat Carnival can run on a bigger scale with MEF backing. The

multimedia art exhibition “Hope and Glory” made headlines in regional and even global arts media - an area not viewed as Hong Kong’s traditional strength. Increased media coverage, by way of written articles and TV/Radio/Internet portals coverage, made possible by the MEF events has helped impress upon our external audience the diversity and dynamism of Hong Kong.

13. To maximise the potential of the mega events in promoting tourism, the Hong Kong Tourism Board (HKTB) integrates the funded events into its promotion agenda and makes use of its various marketing channels (including webpages, newsletters, trade circulars, promotional displays at various locations etc.) to generate maximum exposure. HKTB also devised tour packages with trade partners in the neighbouring region to entice visitors to experience these mega events.

FURTHER IMPROVEMENTS TO THE OPERATION OF MEF

14. We spare no effort in continuously enhancing the modus operandi of the MEF. Recently, we have introduced some improvement measures. The major ones include –

- (a) the application form has been further streamlined to become more user-friendly;
- (b) the MEF Guide to Application and the Agreement have been further revised to require the successful applicants –
 - (i) to establish a two-tier approval system for hiring key personnel or awarding major procurement contracts in implementing the funded events;
 - (ii) to seek ICAC’s assistance in adopting best practices on procurement and staff recruitment; and
 - (iii) to follow a set of more detailed guidelines on the disposal of any equipment acquired with MEF so that such equipment would be disposed of through the Government Logistics Department;
- (c) a standard monitoring report form has been devised to facilitate proper recording of the observations of monitoring personnel and Members of the AC following their site-visits of events; and

- (d) more consideration will be given to the applicants' background, governance structure and track record in the assessment process.

15. We shall continue to encourage successful applicants to carry out more publicity activities and work closely with HKTB in attracting more non-local visitors to take part in the MEF-supported events.

**Tourism Commission
Commerce and Economic Development Bureau
November 2010**

**Mega Events Fund
Assessment Committee
Terms of Reference**

1. To advise the Secretary for Commerce and Economic Development (SCED) on the use of the Mega Events Fund (the Fund).
2. To make recommendations to the Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) (PSCIT) on the following matters relating to the administration of the Fund :
 - (a) the procedures, guidelines and criteria for assessing applications;
 - (b) the merits of individual applications, and upon selection of successful applicants, the terms, amount and forms of funding support;
 - (c) any subsequent need to change the terms, amount and forms of support to a funded event in view of any material variation of or modification to the implementation of the event;
 - (d) compliance of funded events with the terms of support and their effectiveness in achieving stated objectives; and
 - (e) follow-up actions in respect of any non-compliance, non-performance or default in meeting pre-determined performance indicators in relation to a funded event.
3. To advise on any other matters related to the Fund as referred by SCED or PSCIT.

**Mega Events Fund
Assessment Committee
Membership**

Chairman: The Hon Jeffrey LAM Kin-fung, SBS, JP

Members: Mr Chris BURKE
Professor Frank FU Hoo-kin, MH, JP
Mr Michael H. HOBSON
Mr Wayne LEUNG Wai-yin
Mr Stephen TAN
Deputy Commissioner for Tourism
Deputy Director of Information Services
Deputy Secretary for Home Affairs

Secretary: Assistant Commissioner for Tourism (2)

Mega Events Fund : Assessment Criteria for Applications

Criterion	Brief Description	Maximum Marks ^{Note}
1. Economic benefits	<ul style="list-style-type: none">• The events' ability to attract visitors and participants from Mainland and overseas? Is it able to increase visitors' length of stay in Hong Kong?• The number, nature and duration of jobs to be directly created?• The economic impact on related trades and services, such as hotel, airline, food and beverage, retail, etc.?• Can other local bodies, chambers or businesses leverage on the event to create business opportunities, conventions, exhibitions or other related events?	30
2. Public relations and other benefits	<ul style="list-style-type: none">• Does the event contain international elements?• To what extent can the event raise Hong Kong's international profile?• To what extent can the event create a positive branding impact for Hong Kong?• Will the event be able to enhance/reinforce Hong Kong's position as the events capital of Asia?• What level of publicity will be generated in local and non-local media?	20
3. Scale of the event	<ul style="list-style-type: none">• Over 10 000 participants? Number and coverage of venues? Duration of the event?	10

Criterion	Brief Description	Maximum Marks ^{Note}
4. Technical feasibility	<ul style="list-style-type: none"> • Is the event manageable? <ul style="list-style-type: none"> - Is the event's implementation schedule practicable and reasonable? - Is the workplan reasonable? - Is there sufficient expertise to manage the event? • What are the technical and project management capabilities of the applicant(s)? • What are the past performances of the applicant(s)? 	20
5. Financial viability	<ul style="list-style-type: none"> • Is the event financially sound? <ul style="list-style-type: none"> - Is the budget prudent and realistic, with sound justifications for the proposed income and expenditure items? - Are there sufficient alternative sources of funding for the event? What are the nature, amount and sources of the alternative funding? - Are the manpower, marketing and promotional plans reasonable? - What are the proposed performance indicators, deliverables and key milestones of the event? Are they appropriate and acceptable? 	20
	Total :	100

Note: The passing mark for each individual criterion is 60% of their respective maximum mark.

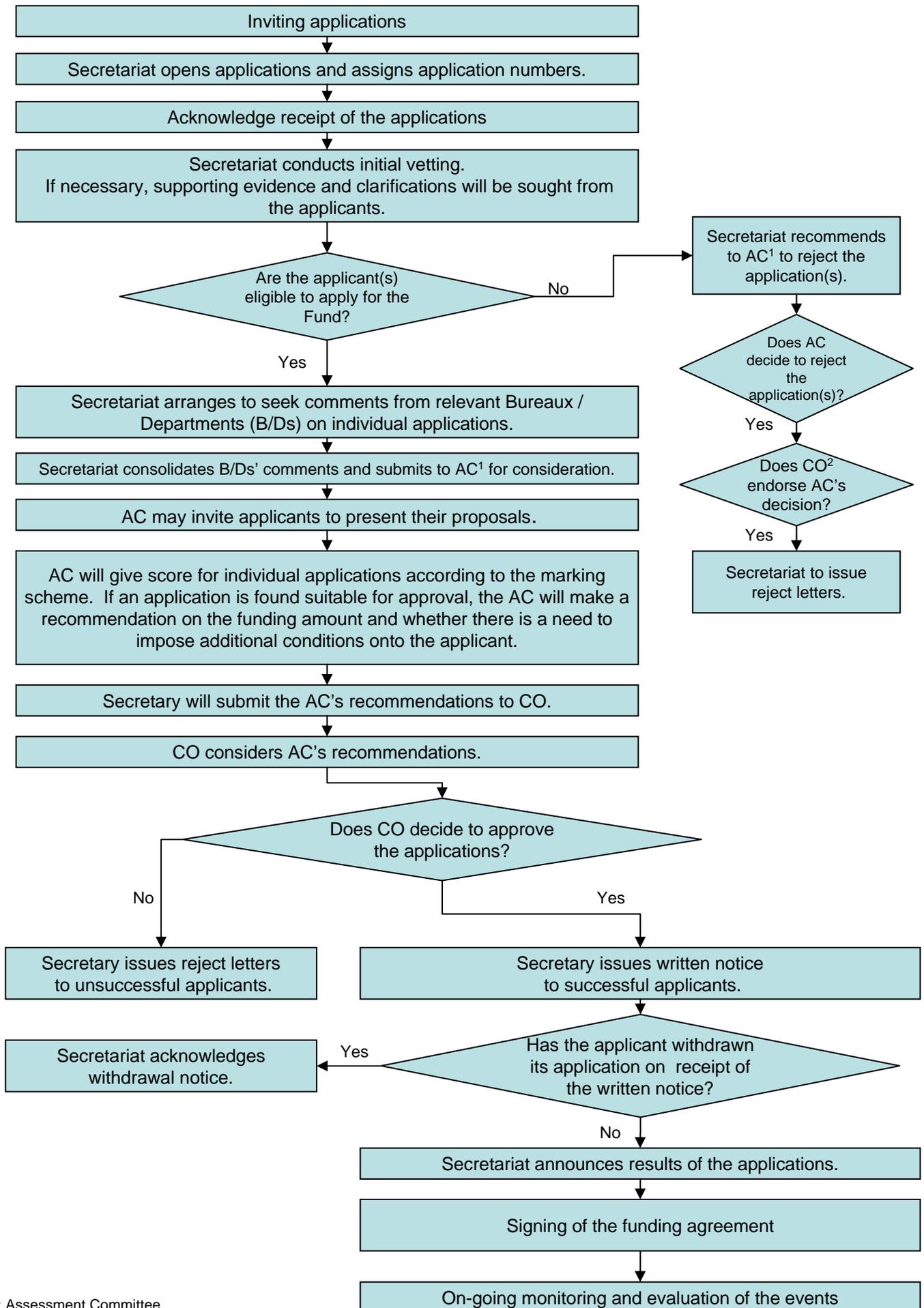
Events Approved under MEF

No.	Organiser(s)	Project Title	Project Date	Venue	Approved MEF(HK\$)	Project Budget (HK\$)	Remarks
1.	Hong Kong Philharmonic Orchestra	“Symphony Under the Stars”	13 Nov 2009 (Completed)	Happy Valley Race Course	\$1.4M	\$4.26M	<ul style="list-style-type: none">• One of the biggest outdoor classical concerts held in the region.• The organiser broke the Guinness World Record by assembling more than 6 000 performers playing harmonica to a pre-selected tune.
2.	Hong Kong Tennis Patrons’ Association Ltd.	Hong Kong Tennis Classic 2010 “World Team Challenge”	6-9 Jan 2010 (Completed)	Victoria Park Tennis Stadium	\$9M	\$24.3M	<ul style="list-style-type: none">• An international tennis tournament with “Hong Kong” as the title sponsor and adopting a “World Team Challenge” format.• Four international teams with world-class players from Europe, Russia, the Americas and Asia Pacific competed for the championship in 16 matches.
3.	Hung Shing Festival Preparatory Committee Limited	Mui Wo Sky and Water Lanterns Festival	26-29 Mar 2010 (Completed)	Various venues in Mui Wo	\$1.5M	\$6.16M	<ul style="list-style-type: none">• A local traditional cultural festival.• A series of Chinese custom activities took place, such as launching of sky lanterns, dragon and lion dances, veritable food carnival, giant basin feast, an international sky lantern design competition and an international sculling competition.

No.	Organiser(s)	Project Title	Project Date	Venue	Approved MEF(HK\$)	Project Budget (HK\$)	Remarks
4.	The Hong Kong Federation of Youth Groups	2010 International <i>a cappella</i> Festival	27 Mar – 22 Apr 2010 (Completed)	Various performance venues such as City Hall, Hong Kong Cultural Centre and the Tsim Sha Tsui Promenade	\$0.8M	\$2.75M	<ul style="list-style-type: none"> A series of indoor and outdoor concerts performed by over 100 renowned a cappella singers from Australia, Japan, Sweden, the UK and the US were held.
5.	Springtime Experimental Theatre Perry Chiu Experimental Theatre Ah Lo Productions Chung Ying Theatre Company	Hong Kong Musical Festival	29 Mar – 21 Apr 2010 (Completed)	Jockey Club Auditorium, The Hong Kong Polytechnic University	\$2.5M	\$7.45M	<ul style="list-style-type: none"> 45 shows of four large-scale musicals featuring a mix of local and Western culture were performed.
6.	The Birch Foundation	Hope and Glory	8 Apr – 30 May 2010 (Completed)	Artistree (1/F, Cornwall House, Taikoo Place)	\$2M	\$14.17M	<ul style="list-style-type: none"> A large-scale visual arts exhibition comprising film, music, sculpture, costume, performance, painting and photography.

No.	Organiser(s)	Project Title	Project Date	Venue	Approved MEF(HK\$)	Project Budget (HK\$)	Remarks
7.	Hong Kong Dragon Boat Association Hong Kong Tourism Board	Hong Kong Dragon Boat Carnival	23-25 Jul 2010 (Completed)	Victoria Harbour and East Tsim Sha Tsui Promenade	\$5M	\$15M	<ul style="list-style-type: none"> • A large-scale festival with strong sports element showcasing Hong Kong's traditional culture. • Over 130 local and international dragon boat teams competed in the Victoria Harbour. A Beer Garden Carnival was also held simultaneously.
8.	Hong Kong Tennis Patrons' Association Ltd.	Hong Kong Tennis Classic 2011 "World Team Challenge"	5-8 Jan 2011	Victoria Park Tennis Stadium	\$5M	\$23.5M	<ul style="list-style-type: none"> • An international tennis tournament with "Hong Kong" as the title sponsor and adopting a "World Team Challenge" format. • Four international teams with world-class players from Europe, Russia, the Americas and Asia Pacific competed for the championship in 16 matches.
9.	Hong Kong Golf Association Limited	The Hong Kong Women's Open	25 Apr – 1 May 2011 (Tentative)	The Hong Kong Golf Club, Sheung Shui	\$8M	\$30M	<ul style="list-style-type: none"> • The event will allow world-class women players to participate, and is going to be a high profile women's golf tournament in the region.
					Total: \$35.2M		

Processing of Mega Events Fund Applications



Note
 1 AC : Assessment Committee
 2 CO :Controlling Officer of MEF

**Mega Events Fund Assessment Committee
Guidelines on Declaration of Interests and Related Conduct**

Principles

The Assessment Committee is fully committed to the principles of honesty, integrity and fair play in the conduct of its business. To uphold public trust, a set of guidelines on declaration of interest and related conduct has been drawn up for Members' noting and compliance.

General Standards

1. A Member shall ensure that his/her conduct would not embarrass the Assessment Committee or bring it into disrepute.
2. A Member shall not at any time or in any respect do anything which may compromise or impair his integrity, impartiality, objectivity or ability to perform his duties.

Acceptance of Advantages

Members are agents of the Committee and are governed by Section 9 of the Prevention of Bribery Ordinance (POBO). A Member shall not solicit or accept any advantage in relation to his/her performance of duties as a Member of the Committee. A Member may commit an offence under the POBO, if he, without the Committee's permission, solicits or accepts any advantage in connection with the Committee's business. (Section 9 of POBO and the definition of advantage are at *Appendix*).

Appendix

Acceptance of Entertainment

A Member should not accept overly frequent or lavish entertainment from persons or organisations whose matters are under consideration by the Committee or with whom he has official dealings, in order to avoid embarrassment or loss of objectivity when considering or giving his views on matters concerning these persons or organisations.

Conflict of Interest

1. A conflict of interest situation arises when the private interest of a Member competes or conflicts with the interest of the Committee. “Private interest” includes both the financial and personal interests of Members and those of their connections, including family members, relatives, friends, clubs and societies to which they belong, as well as people to whom they owe a favour or are obligated in any way.
2. A Member shall not use his official position or any information made available to him in the course of his duties to benefit himself, his relations or any other persons with whom he has personal or social ties. He should avoid putting himself in a position that may lead to an actual or perceived conflict of interest.

Procedures for Handling Declared Interests

1. If a Member (including the Chairman) has any direct or potential personal or pecuniary interest in any matter under consideration by the Assessment Committee, including but not limited to, he is directly or indirectly related to an applicant or application placed before the Committee or that he is actually or potentially involved in an application, the Member must, as soon as practicable after he becomes aware of it, disclose the details of such conflict prior to the discussion of the item.
2. The Chairman shall decide whether the Member who made the declaration of interests should refrain from taking part in the discussion or deliberation of the relevant application and should withdraw from the meeting.
3. If the Chairman declares an interest in a matter under consideration, and if it is decided that the Chairman shall withdraw from the meeting, the meeting may be presided temporarily by a Member appointed as the Acting Chairman by a majority vote of Members present at the meeting.
4. All cases of declaration of interests shall be recorded in the minutes of meeting.

Use of Confidential or Privileged Information

1. A Member shall not take advantage of, or let any person or organisation benefit from, the confidential or privileged information obtained in his capacity as a Member of the Assessment Committee.
2. A Member shall not disclose any confidential or privileged information of the Committee to any party unless he is authorised to do so.

Misuse of Capacity as a Committee Member

A Member shall not misuse his official capacity to gain benefit for himself or others, or render favour to any person or organisation. A Member who misconducts himself in relation to his official duties may commit the common law offence of “misconduct in public office”.

**Extracts from the Prevention of Bribery Ordinance
(Cap. 201, Laws of Hong Kong)**

Section 9 - Corrupt transaction with agents

(1) Any agent who, without lawful authority or reasonable excuse, solicits or accepts any advantage as an inducement to or reward for or otherwise on account of his –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(2) Any person who, without lawful authority or reasonable excuse, offers any advantage to any agent as an inducement to or reward for or otherwise on account of the agent's –

- (a) doing or forbearing to do, or having done or forborne to do, any act in relation to his principal's affairs or business; or
- (b) showing or forbearing to show, or having shown or forborne to show, favour or disfavour to any person in relation to his principal's affairs or business,

shall be guilty of an offence.

(3) Any agent who, with intent to deceive his principal, uses any receipt, account or other document -

- (a) in respect of which the principal is interested; and
- (b) which contains any statement which is false or erroneous or defective in any material particular; and
- (c) which to his knowledge is intended to mislead the principal,

shall be guilty of an offence.

- (4) If an agent solicits or accepts an advantage with the permission of his principal, being permission which complies with subsection (5), neither he nor the person who offered the advantage shall be guilty of an offence under subsection (1) or (2).
- (5) For the purposes of subsection (4) permission shall -
- (a) be given before the advantage is offered, solicited or accepted; or
 - (b) in any case where an advantage has been offered or accepted without prior permission, be applied for and given as soon as reasonably possible after such offer or acceptance,

and for such permission to be effective for the purposes of subsection (4), the principal shall, before giving such permission, have regard to the circumstances in which it is sought.

Section 2 - Definition of an Advantage

“Advantage” means :

- (a) any gift, loan, fee, reward or commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e).