

Economic Relaunch Working Group
Minutes of the thirteen Meeting held on 31 October 2003 (Friday)
at 2.30 p.m. in Conference Room 822, CGO West Wing

Present

Mr Henry Tang, FS (Chairman)
Mr John Tsang, SCIT
Mr Stephen Ip, SEDL
Mr Frederick Ma, SFST
Mr Patrick Ho, SHA
Miss Yvonne Choi, DIS
Mr Mike Rowse, DGIP (Secretary)

In Attendance

Mr Jim Thompson, AmCham
Miss Denise Yue, PS(CI)
Miss Clara Tang, PAS(CI)1
Miss Amy Chan, AS(CI)1A
Mr Alan Siu, DDLCS(LS)
Mrs Ella Tam, DDIS
Miss Shirley Yuen, AA/FS
Mr Laurie Lo, PrS/FS
Mr Te Chi Wang, AS/FSO
Mr Daniel Cheng, AA/SCIT
Ms Alice Cheung, AA/SEDL
Mrs Avia Lai, AA/SFST
Mr David Chiu, CEO(SD), InvestHK

Apologies

Mr W K Lam, D/CEO

Action

The Chairman welcomed all to the meeting, and explained the purpose of this special meeting, which was to take stock of the various issues pertaining to Harbour Fest. He recalled that LegCo Members had raised four oral questions on Harbour Fest for the coming sitting on 5 November, and a special FA Panel meeting would be convened on 15 November to follow up matters relating to the festival.

2. **PS(CI)** had prepared a set of draft Q&As on Harbour Fest which was tabled for Members' consideration. **DIS** also distributed a summary of media commentaries over the past few weeks on matters relating to Harbour Fest.

DIS 3. **The Chairman** reiterated his pledge, which had been made publicly, that he would accept responsibility for ERWG's decision on Harbour Fest. Members agreed that a consistent line-to-take should be adopted and they should be all speaking in the same voice on Government's position regarding the Harbour Fest. All media inquiries towards ERWG would be channelled through DIS, who would recommend which to be entertained by whom, and make reference to AmCham for input where appropriate. **SFST** took the opportunity to dispel a recent rumour and made it very clear that he had not urged any LegCo Member to move a motion of non-confidence against any government official.

FS
DGIP 4. It was agreed that the Chairman and DGIP would be the key spokesmen on matters relating to Harbour Fest for the Government. They would jointly conduct a media briefing before the LegCo session on 5 November.

5. **SFST** pointed out that, according to the minutes of the ERWG meeting on 2 July, InvestHK had a role for overseeing the budget of the Harbour Fest. **PS(CI)** recalled the decision of ERWG at its 9th meeting on 12 July that the Government would act as the sponsor of Harbour Fest only. AmCham had to plan, organise and implement the whole event. It was clear from the outset that the Government was not to micro-manage the detailed organisation and implementation work, which was a matter for AmCham. This was also reflected in the

sponsorship agreement signed between the Government and AmCham. As the lead government agency putting up the application for the approval of ERWG, InvestHK was undertaking a facilitating role, responsible for maintaining close liaison with AmCham and coordinating the support and facilitation by various government departments. It had never been charged with any overseeing responsibility. **The Chairman** said that as the major sponsor committing \$100m financial undertaking for the event, the Government would be perceived as acting very irresponsibly if it tried to wash its hands completely. Since AmCham seemed to have problems managing the event, InvestHK should monitor more closely.

6. **The Chairman** welcomed Mr Jim Thompson (who joined the meeting at 3.00 p.m.) and on behalf of ERWG commended AmCham for its commitment and services to Hong Kong in putting forward the Harbour Fest initiative, one of the largest pop-musical events ever held in Asia. With hindsight, all parties concerned might have underestimated the complexity involved, and it was a very ambitious attempt in putting together the event within such a short time span. The audience feedback was largely positive, commenting that the shows were fantastic. With the benefit of learning from experience, there was continuous improvement in a number of logistical arrangements. He did not observe any trace of irregularity in the organisation and implementation process. He understood that AmCham conducting the business of organising the festival through a SPV was an established commercial practice entirely for operational convenience. It sought to shield AmCham from all financial liability to any third party arising from the commercial activities of organising the event.

7. **PS(CI)** recalled that the local media had widely reported the Harbour Fest over the past few weeks, and some Members of the LegCo had also expressed grave concern about the various related issues. Further to the four LegCo questions to be raised on 5 November, she anticipated some more follow-up questions, which would require input from AmCham, e.g. ticket sale, actual audience turnout, and the updated financial position, etc. Besides, an information paper was being prepared for the FA Panel meeting on 15 November,

providing an updated account of the various issues relating to the festival. She understood that AmCham representatives would also be invited to attend the Panel meeting.

AmCham 8. In response, **Mr Jim Thompson** reiterated that the whole process had been highly transparent, and he was personally in control of every aspect. The latest estimate of net deficit would be very close to \$100 million, as some commercial sponsorship did not come forward as envisaged. He expected that a provisional out turn of revenue and expenditure could be made available before the FA Panel meeting on 15 November. To avoid confusion, Members agreed that further disclosure of any revised budget during the interim would not be necessary.

9. **Mr Jim Thompson** briefed Members on AmCham's latest publicity efforts in boosting ticket sales. Additional TV and print advertisements had been launched. The Rolling Stones had undertaken to help out in the promotional efforts. The lead singer, Mick Jagger, would probably take part in a local radio phone-in programme. A 4-minute video news release on the festival was broadcast overseas every weekend. The former US President, Bill Clinton, who happened to be in town attending the Business Week CEO Forum in early November, would be invited to one of the closing shows. However, it might involve some security issues and a firm undertaking was still awaited. Other business chambers had also been approached but the overall response was not too enthusiastic. **PS(CI)** suggested approaching large corporations for bulk purchase of tickets for staff welfare purpose, e.g. Panasonic when celebrating its 50th anniversary. **DIS** also suggested exploring the possibility of promoting the event to the participants of the forthcoming Business Week CEO Forum in Hong Kong with the help of the forum organiser.

10. **Mr Jim Thompson** went on to say that AmCham had indeed accomplished all undertakings in the proposal of Harbour Fest. The only setback was the unexpected withdrawal of the British group Atomic Kitten. AmCham would pursue compensation from insurance coverage. Most of the international artists lined up for the shows, except Prince, had taken part in promotional efforts to boost ticket sales.

He was hopeful that arrangement would be made for the TV special to be broadcast on local TV. He felt somewhat disappointed with some of the local artists who declined to appear as supporting acts in the shows.

11. In response to FS's inquiry about the sub-contractors, **Mr Jim Thompson** explained that Garman Hill & Co Ltd was appointed as the key agent predominantly because of Mr Ray Garman's experience in the entertainment industry. His personal background as reported by some local media was not a matter of concern to AmCham. A number of the sub-contractors were charging very reasonable prices, some even at a nominal fee.

AmCham 12. On ticketing, **Mr Jim Thompson** said that there were very sophisticated records of ticket sale through Hong Kong Ticketing, sale proceeds, and the actual audience turn out at the venue. All these, together with those bonus tickets issued to commercial sponsors and other free tickets for Hospital Authority staff and other social services/charitable organisations would be properly accounted for in the final audited accounts. **The Chairman** reminded AmCham that it would need to properly account for the actual number of tickets that had been given away, and the distribution criteria.

13. On artist fees, **Mr Jim Thompson** said that he would be happy to provide all information and leave it to the Government for disposal, subject to any confidentiality clause in the individual contracts with the artists concerned. It was noted that this is market sensitive information, which many artists would be unwilling to release.

PS(CI) 14. On the Chairman's request, **PS(CI)** undertook to compile a chronology of events in relation to Harbour Fest before the media briefing session.

15. There being no other business, the meeting was adjourned at 4.45 p.m. A smaller group meeting would be held on 3 November to tackle the oral questions to be raised at the LegCo sitting on 5 November.

*Invest Hong Kong
November 2003*