

**立法會**  
***Legislative Council***

LC Paper No. CB(1)305/03-04  
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by the Administration)

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**Panel on Financial Affairs**

**Minutes of special meeting  
held on Saturday, 11 October 2003 at 9:00 am  
in the Chamber of the Legislative Council Building**

**Members present** : Hon Ambrose LAU Hon-chuen, GBS, JP (Chairman)  
Hon Henry WU King-cheong, BBS, JP (Deputy Chairman)  
Hon Kenneth TING Woo-shou, JP  
Hon James TIEN Pei-chun, GBS, JP  
Hon LEE Cheuk-yan  
Dr Hon Eric LI Ka-cheung, GBS, JP  
Hon NG Leung-sing, JP  
Hon CHAN Kam-lam, JP  
Hon SIN Chung-kai  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, JP

**Non-Panel Members attending** : Hon Fred LI Wah-ming, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon Howard YOUNG, SBS, JP  
Hon Andrew CHENG Kar-foo  
Hon LI Fung-ying, JP  
Hon Audrey EU Yuet-mee, SC, JP

**Members absent** : Dr Hon David CHU Yu-lin, JP  
Hon Albert HO Chun-yan  
Dr Hon David LI Kwok-po, GBS, JP  
Hon James TO Kun-sun  
Hon Bernard CHAN, JP  
Dr Hon Philip WONG Yu-hong, GBS

**Public officers  
attending**

: Mr Henry TANG, GBS, JP  
Financial Secretary

Mr John TSANG, JP  
Secretary for Commerce, Industry and Technology

Mr Stephen IP, GBS, JP  
Secretary for Economic Development and Labour

Dr Patrick HO, JP  
Secretary for Home Affairs

Miss Denise YUE, JP  
Permanent Secretary for Commerce, Industry and  
Technology (Commerce and Industry)

Ms Eva CHENG, JP  
Commissioner for Tourism

Miss Yvonne CHOI, JP  
Director of Information Services

Mr Mike ROWSE, JP  
Director-General of Investment Promotion

Ms Anissa WONG, JP  
Director of Leisure & Cultural Services

Miss Janet WONG, JP  
Deputy Director of Home Affairs (1)

**Clerk in attendance :** Miss Salumi CHAN  
Chief Assistant Secretary (1)5

**Staff in attendance :** Ms Connie SZETO  
Senior Assistant Secretary (1)4

Miss Christy YAU  
Legislative Assistant (Acting)

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**I. Update on the activities carried out/to be carried out under the “Campaign to re-launch Hong Kong’s economy”**

(LC Paper No. CB(1)14/03-04(01) — Background brief on the “Campaign to re-launch Hong Kong’s economy” prepared by the Legislative Council Secretariat

LC Paper No. CB(1)14/03-04(02) — Paper provided by the Administration)

The Chairman welcomed representatives from the Administration to the special meeting and invited the Financial Secretary (FS) to update the Panel on Financial Affairs (FA Panel) on the various activities carried out/to be carried out under the “Campaign to re-launch Hong Kong’s economy” (the Campaign).

2. FS recapitulated that on 12 and 29 May 2003, the Administration had briefed FA Panel on the overall approach to re-launch Hong Kong’s economy after the outbreak of the Severe Acute Respiratory Syndrome (SARS) and the financial proposal of creating a new commitment of \$1 billion for implementing the Campaign respectively. On 30 May 2003, the Finance Committee (FC) approved the financial proposal. FS advised that the Campaign, which covered a wide range of activities, was in good progress and had achieved its purposes of rebuilding local and international confidence in Hong Kong, promoting tourism and local consumption, as well as attracting international business. These were evident by the surge in the number of inbound tourists, revivals in local consumption sentiment and retail sales volume, and continuous growth in exports in recent months. FS also pointed out that the information paper provided to FA Panel for the special meeting served as an interim report and a final report would be provided after the completion of all the activities under the Campaign.

Consultation with and reporting back to relevant LegCo Panels

3. Ms Emily LAU, Mr Andrew CHENG and Mr LEE Cheuk-yan pointed out that when the Administration sought FC’s approval for the funding for the Campaign in May 2003, it had only provided very limited information to Members. While FC had approved the funding because of the urgent need to re-launch Hong Kong’s economy at that time, the Administration should have then provided further information about the various activities under the Campaign to facilitate Members to monitor the issue. Ms LAU, Mr CHENG and Mr LEE were disappointed that with a lapse of five months, the Administration was still unable to provide detailed information about the various activities. Referring to the summary of the approved project items set out in Annex B to the Administration’s paper, Ms LAU pointed out that details of each project item and its sub-items were not provided. She requested the Administration to provide the details, including the objectives, target groups and timing for carrying out each project item, the approved allocation for and up-to-date expenditure of each project item and sub-item.

4. In reply, ES reiterated that the information paper provided by the Administration served as an interim report, and a final report with details of individual project items would be provided to Members after the completion of all the items. Ms Emily LAU considered it unacceptable for an interim report to contain such limited information. At Ms LAU's request, ES agreed to provide the information mentioned in paragraph 3 above within the following week.

5. Mr Andrew CHENG recalled that at the FC meeting on 30 May 2003, members had requested the Administration to brief the relevant Panels on the details of the activities under the Campaign as early as practicable. The Secretary for Economic Development and Labour (SEDL) and the Commissioner for Tourism advised that the Administration had briefed the Panel on Economic Services (ES Panel) on 12 June 2003 on the activities under the Campaign for promoting tourism, and would update ES Panel on the progress of the activities in late October 2003. In this connection, the Chairman pointed out that so far, the Administration had not briefed other relevant Panels on the activities under the Campaign. While the Administration had, when seeking FC's funding approval on 30 May 2003, undertaken to update FA Panel on the progress of the activities under the Campaign on a regular basis, it had not done so until this special meeting which was arranged at FA Panel's request.

6. Mr Andrew CHENG pointed out that under the existing practice, the Administration sought FC's approval for financial proposals in excess of \$10 million. The Administration also consulted LegCo Panels on the details of financial proposals before submitting the proposals to FC. As no details had been provided to FA Panel and FC when funding approval for the Campaign was sought in May 2003, Mr CHENG opined that the Administration should provide paper(s) to FA Panel giving details of each of the remaining activities under the Campaign with funding allocation in excess of \$10 million before their implementation. The paper(s) should cover all the information normally required for consulting LegCo Panels on financial proposals. ES agreed to consider Mr CHENG's request.

#### Cost-effectiveness of the Campaign

7. Mr Fred LI considered that the Administration should ensure the cost-effectiveness of each of the activities under the Campaign. In particular, he queried whether it was cost-effective to spend \$80 million on the Hong Kong Harbour Fest. Given the recent signs of recovery in the economy, he suggested the Administration to review the need of continuing the Campaign. Sharing Mr LI's view, Mr Andrew CHENG suggested that the unspent funds of the Campaign be deployed for improving the livelihood of the public and on preventive measures of SARS.

8. In response, ES pointed out that the outbreak of SARS in March 2003 had dealt a heavy blow to Hong Kong's economy. The adverse situations in April and May

called for immediate actions from the Administration. There was also general consensus in the community at that time for reviving the economy after the containment of SARS. ES considered that the Administration had adopted the right approach and strategies for the Campaign. So far, a number of activities had been carried out successfully and the objectives of the Campaign had been achieved. There were signs of recovery in the economy recently, including rebound in the number of visitors back to the level before the outbreak of SARS and 3% growth in retail sales in September 2003 after consecutive decline over the last six months. As regards whether the Campaign should be continued, the Administration appreciated Members' concerns and would consider the issue carefully. ES further advised that as at 17 September 2003, the total commitment of the Campaign amounted to \$679.6 million. The Administration would examine the need for carrying out those activities which had not yet been approved. It might not be necessary to spend the entire approved sum of \$1 billion.

9. ES also assured Members that the Administration had endeavoured to ensure the cost-effectiveness of each of the activities under the Campaign. The Director-General of Investment Promotion (DGIP) supplemented that before submitting a proposal to the Economic Re-launch Working Group (ERWG) for approval, the subject policy bureau/department would scrutinize the proposal in detail, including its objectives and proposed budget. Upon completion of the project, the subject policy bureau/department was required to evaluate the effectiveness of the project vis-à-vis the stated objectives and to provide a full statement of accounts vis-à-vis the approved budget.

10. Mr LEE Cheuk-yan expressed grave concern over the cost-effectiveness of the activities listed in Annex B of the Administration's paper. In particular, he queried whether it was cost-effective to spend over \$8 million on fireworks and \$13.81 million on the "Forbes Global CEO Conference 2004 cum Forbes Global 200 Best Small Companies Awards". SEDL explained that the "Hong Kong International Musical Fireworks Competition" was first of its kind in Hong Kong involving competition among fireworks teams from four different places. The spectacular event was part of the programme to promote inbound tourism and local consumption. As regards the "Forbes Global CEO Conference 2004 cum Forbes Global 200 Best Small Companies Awards", DGIP advised that as part of a package deal, staff of the Invest Hong Kong had participated in a conference held in Richmond Virginia in September 2003 to reach out to overseas businessmen, and an award ceremony would be held in Hong Kong in November 2003. It was anticipated that a large number of entrepreneurs from nearby places would be attracted to Hong Kong. As a result, Hong Kong would benefit from the activity in terms of promotion of business and attracting foreign investment. In addition, there would be a number of advertisements in Forbes magazine.

11. Mr James TIEN pointed out that Members had approved the funds for the Campaign in May 2003 having regard to the need to revive Hong Kong's economy at

that time. To ensure that the objectives of the Campaign could be achieved and that the activities were cost-effective, Mr TIEN opined that the activities should focus on promoting inbound tourism and business in Hong Kong. He supported organizing the Forbes Global CEO Conference and placing publicity advertisements in newspapers in key overseas markets.

12. In reply to Ms Emily LAU's enquiry about the effectiveness of the Campaign in promoting long haul tourists to visit Hong Kong, SELD remarked that it normally took longer time for long haul tourists to rebuild confidence in Hong Kong and the Administration was aware of the need to strengthen promotional efforts in this area. He advised that there had been gradual improvement in visitor arrivals from overseas countries. While the number of overseas visitors had fallen by 70% in May/June 2003 as compared with the same period in 2002, the drop had significantly reduced to 20% in September 2003.

13. Whilst appreciating that it would be difficult to call off the approved activities under the Campaign, Mr NG Leung-sing urged the Administration to ensure that the activities were cost-effective. Mr CHAN Kam-lam considered that it might not be appropriate to end the Campaign when sustained economic recovery was yet to be seen. Referring to the favourable public response to the Real Madrid football match held in August 2003, Mr CHAN suggested that the Administration should consider organizing more football matches in Hong Kong and invite teams from the Asian Pacific region to participate.

#### Activities under the Campaign

##### *Hong Kong Harbour Fest*

14. Members expressed grave concern about whether it was cost-effective for the Government to use \$100 million public funds to support the "Hong Kong Harbour Fest" (the Festival). They were particularly concerned about the financial arrangements for the Festival and the issues surrounding the participation of the Rolling Stones in the event.

15. Mr CHAN Kam-lam pointed out that as the Rolling Stones had all along been included in the publicity for the Festival, the public had the impression that they would participate in the Festival. Referring to the announcement on 10 October 2003 that the Rolling Stones would not participate in the Festival, Mr CHAN requested the Administration to explain the reason for the change. He also enquired whether any contingency plan was in place to deal with the situation and whether the organizer would consider inviting top class local artists to perform in the finale concert. He further suggested that publicity for the Festival be stepped up to ensure the success of the event.

16. In response, DGIP advised that the Festival was a major new signature event for world-class entertainment in Asia, featuring a series of live shows and entertainment programmes. The concerts were meant to be “East meets West” events bringing together international and top class local artists to perform in Hong Kong with a view to publicizing Hong Kong internationally and strengthening its position as Asia’s world city. DGIP stressed that the Festival was not a Rolling Stones’ concert and the band had not been included in the original line-up when the project was approved. Subsequently, there were changes to the original line-up and the Rolling Stones was included. In early October 2003, the contract was agreed and was on the table together with the deposit. All that was needed to conclude the agreement at that point in time was a signature from the Rolling Stones management. The organizer, the American Chamber of Commerce in Hong Kong (AmCham), had made it clear to the Rolling Stones management that a firm decision was needed by the close of play on 9 October in order to sell the tickets on 10 October so that there would be about four weeks before the show for selling tickets. The Rolling Stones management had declined to sign the contract for reasons that the arrangements for their concerts in other places could not be finalized. The AmCham’s organizing committee met in the morning of 10 October and decided to take the contract and money off the table.

17. As regards contingency plan, DGIP said that AmCham was considering whether to fill in the slot. One of the options was to put on a grand finale concert involving popular local artists. Given the limited time available for selling tickets, a decision had to be made quickly by the following week the latest. DGIP also said that AmCham appreciated the need to make greater efforts in publicizing the Festival. It was expected that when the artists arrived in Hong Kong and started their activities in the following week, greater publicity would be generated.

18. Mr Fred LI doubted whether the Festival would be able to attract overseas visitors to Hong Kong given that the Hong Kong Tourism Board had expressed difficulties in promoting the event overseas. He also expressed grave concern that the Government had committed to provide \$100 million to meet the shortfall in the budget for the Festival. The huge amount of artist fees, reported to be over \$30 million, for the Rolling Stones to perform in the Festival had aroused considerable public concern. To facilitate LegCo’s monitoring of the use of the public moneys involved, Mr LI urged the Administration to provide an updated budget for the Festival with a breakdown of the expenditure on artist fees. Mr LI indicated that he would not accept the Administration’s earlier reply to press enquiries that such information could not be disclosed due to commercial sensitivity.

Admin

19. Ms Emily LAU criticized the Government for the poor arrangement for the Festival and expressed concern that the recent incidents surrounding the Festival, such as the huge amount of artist fees for the Rolling Stones and its decision not to participate in the Festival, had generated negative publicity on Hong Kong affecting its international image. Ms LAU also enquired how the budget for the event as provided in Annex C to the Administration’s paper had been worked out. She opined

Admin

that the Government's commitment to meet the shortfall in the budget might put the Government/AmCham in an unfavourable position in bargaining with artists on performance fees. Ms LAU further expressed concern that the Rolling Stones' decision not to take part in the Festival might affect the ticket sales and increase Government's subsidy for the event accordingly. She requested the Administration to provide an updated budget for the Festival with a breakdown on the expenditure on artist fees. She further sought clarification on whether the Government or AmCham would be responsible for any shortfall in excess of the approved allocation of \$100 million for the Festival.

Admin

20. Sharing Ms Emily LAU's concerns, Mr Henry WU requested the Administration to provide a breakdown of the operations cost of \$30.4 million for the Festival and details of the ticketing arrangements for each of the concerts, including the number of seats and ticket prices for each zone of the concert venue.

21. DGIP advised that the Festival, which was proposed by AmCham to the Government, aimed to provide a joyful event for all target audiences of the Campaign, including local people and visitors from nearby countries, as well as to help promote the international image of Hong Kong worldwide. It was an entertainment showcase festival covering a number of concerts and performances. The climax of the Festival would be a one-hour television special, highlighting various concerts and performances of the Festival to showcase Hong Kong as a vibrant international city. It would be broadcast nationwide in the US as part of the package and would reach more than 100 million viewers. It would also be made available to television stations in other countries and reach about 500 million viewers. DGIP said that that was a key part of the package which he believed had influenced ERWG at the time.

Admin

22. Regarding artist fees, DGIP emphasized that information on artist fees was commercially sensitive and it was not the practice of the entertainment industry to disclose such details. To address Members' concern, DGIP agreed to discuss with AmCham to see what further information might be released.

23. Regarding the Government's financial support for the Festival, DGIP said that assuming only 50% of tickets were sold and commercial sponsorship was limited, the call on public funds would be in the order of \$80 million. The approved allocation for the festival was \$100 million and the estimated shortfall as at 22 September was \$77.1 million. If higher percentage of ticket sales could be achieved, the Government's subsidy would be correspondingly reduced. DGIP further confirmed that the contract between the Government and AmCham specified the Government's maximum contribution of \$100 million. It was a figure approved by ERWG. If the shortfall was higher than that, the responsibility rested with AmCham. However, DGIP considered this extremely unlikely. It was expected that there would be deficit in the budget, but if ticket sales exceeded 50%, it would be below \$100 million. As regards the question of whether it was worth doing the project with \$100 million, DGIP said that ERWG considered it worth doing. Ms Emily LAU requested the Administration to provide a

copy of the contract between the Government and AmCham in respect of the Festival.

Admin

24. Regarding the impact of the withdrawal of the Rolling Stones on the budget of the Festival, DGIP said that there would be substantial adjustment downward in both the expenditure on artist fees and revenue from ticket sales. In addition, the budget would need to be revised to take account of other changes. For example, the Government's recent decision to charge rent from AmCham for using the Tamar site for the Festival would use up the provision for contingency (\$2.5 million as shown in Annex C to the Administration's paper), and whether or not there would be a replacement programme for the slot vacated by the Rolling Stones would have impact on the budget. DGIP undertook to provide the updated budget with a breakdown on various items as soon as possible.

25. Regarding ticket sales, DGIP pointed out that while the decision of Rolling Stones was disappointing, there were other famous artists performing in various shows of the Festival. Ticket sales were moving steadily and it was expected that the arrival of artists in the coming weeks would boost ticket sales. Moreover, AmCham had been stepping up publicity for the Festival in order to achieve better results.

26. Regarding the setting of ticket prices for individual concerts, DGIP explained that the process was mainly a commercial assessment of the reaction of the market and affordability of the audience, and was partly related to the artist fees paid for the show. For instance, the highest ticket price for the Rolling Stones concerts was intended to be around \$2,000 and the average ticket price was about \$1,000. A number of other factors were also involved. For example, one show would be in aid of charity and all proceeds would be donated to the Community Chest. Some organizations were also considering sponsoring tickets for free distribution to hospital staff in recognition of their contribution in fighting against SARS, and children of SARS affected families. DGIP agreed to provide details of the ticketing arrangements for each concert after the meeting.

27. Mr Fred LI expressed concern that the withdrawal of the Rolling Stones would affect the publicity results of the special television programme. He considered that the Administration should assess the impact in this regard. DGIP reiterated that the Rolling Stones was not included in the original line-up for the Festival. The Government or AmCham had not claimed that the Rolling Stones would lead the concerts. Other artists in the line-up were also famous. Ms Emily LAU requested the Administration to assess the impact of the Rolling Stones not participating in the Festival on the number of viewers to be reached by the special television programme.

28. Pointing out that the Rolling Stones had been included in the publicity programme for the Festival since early September 2003, Ms Audrey EU remarked that the public was given the impression that a contract had been signed with the band at that time. Ms EU was surprised to note that the contract was only finalized in early October and queried whether the Administration had misled the public in this regard.

She also queried whether the problem was caused by a lack of experience on the part of the Administration. In response, DGIP said that AmCham had oral contracts with artists performing in the concerts before the signing of the formal contracts. He stressed that that was a common practice of the entertainment industry.

29. In the event that there was an oral contract with the Rolling Stones, Ms Audrey EU requested the Administration to advise whether and how the Government or AmCham could seek compensation from the Rolling Stones for breaching the contract.

#### *Other activities*

30. Given the wide publicity on Hong Kong following the rally on 1 July 2003, Mr SIN Chung-kai requested the Administration to reassess the need to spend \$50 million on global advertising. The Director of Information Services (DIS) advised that \$50 million was the approved allocation for global advertising and it might not be necessary to spend the entire sum. So far, four campaigns had been launched which included placing series of print advertisements in leading newspapers in key overseas markets in Asia, Europe and Australia following the lifting of the World Health Organization's travel advisory against Hong Kong in May 2003, as well as in US after the lifting of the advisory by the US Centres for Disease Control and Prevention in June 2003. She assured Members that the Information Services Department (ISD) would assess the cost-effectiveness of each publicity programme before its implementation.

31. In reply to Mr NG Leung-sing's enquiry about details of the sponsored visitors programme, DIS explained that it was an on-going programme which had been intensified under the Campaign. The programme aimed at inviting key opinion formers including political and business leaders, as well as journalists to visit Hong Kong to let them see for themselves how Hong Kong had recovered from the SARS crisis. Various bureaux, overseas Economic and Trade Offices, consulate general offices in Hong Kong and relevant organizations had been invited to nominate visitors to come under the programme. As regards the TV programmes on Hong Kong produced by media visitors mentioned in paragraph 9 of the Administration's paper, DIS said that it was necessary for Hong Kong to strengthen its partnership relationship with international media after the outbreak of SARS. ISD had provided assistance to a German TV network in producing a series of TV programmes on Hong Kong. These series would be broadcast to over 30 million households in Germany, Austria and Switzerland. ISD would discuss the themes and contents of these media programmes with interested media visitors. DIS undertook to provide further information on the media and publicity projects and those involving ISD in the paper to be provided to FA Panel.

32. Noting that a number of the projects listed in Annex B to the Administration's paper, such as Nos. 45 (Chinese Basketball National Team's match in Hong Kong),

46 (Volleyball Superchallenge), 47 (Around the Island Race) and 55 (Hong Kong Open Badminton Championships 2003), were sports programmes, Ms Emily LAU enquired whether these projects would be organized on a one-off basis only or on a regular basis for promoting sports development in Hong Kong. In reply, SEDL said that the Administration would provide further information in the paper to be provided to FA Panel.

Follow-up actions

33. Owing to time constraints, some Members did not have the opportunity to raise supplementary questions at the meeting. The Chairman said that any further questions from Members would be forwarded to the Administration for written response.

*(Post-meeting note: The Clerk forwarded a list of follow-up actions (LC Paper No. CB(1)111/03-04(01)) to the Administration on 14 October 2003. The English and Chinese versions of the information provided by the Administration in response to item 1 of the list were issued to members vide LC Paper No. CB(1)111/03-04(02) on 20 October 2003 and 14 November 2003 respectively. The English and Chinese versions of the information provided by the Administration in response to items 2 to 7 of the list were issued to members vide LC Paper No. CB(1)162/03-04(01) on 27 October 2003 and 7 November 2003 respectively.)*

**II. Any other business**

34. There being no other business, the meeting ended at 11:00 am.

Council Business Division 1  
Legislative Council Secretariat  
19 November 2003