

MAJOR SPORTS EVENTS COMMITTEE

Review on “M” Mark System and Support Packages

PURPOSE

This paper presents the findings and views collected regarding the review on the “M” Mark System and Support Packages (the System), and invites Members to endorse the proposed recommendations to improve the existing System.

BACKGROUND

2. The System was launched in November 2004 with a view to nurturing more sustainable major sports events in Hong Kong. A seed fund of \$30 million was then set aside from the Arts and Sport Development Fund (ASDF) to provide interest-free loan as well as matching fund (i.e. matching grant up to the maximum amount of \$3 million, \$2 million and \$1 million during the first, second and third year respectively) or direct grant (i.e. a maximum amount on a sliding scale from \$1.5 million (first year) to \$0.7 million (second year) to \$0.5 million (third year), or 70% of the total expenditure on eligible items for each year, whichever is the less) for those recognised “M” Mark events for a maximum period of three years. Up to 31 December 2007, a total of 21 major sports events have been awarded the “M” Mark status, of which nine have also been given funding support for a total amount of \$11.03 million, leaving a usable balance of \$18.97 million in the seed fund.

3. As agreed at the 11th Major Sports Events Committee (MSEC) meeting on 8 November 2006, a review on the operation of the System should be conducted to enhance the System and to ensure the optimal use of public money. Specifically, MSEC endorsed that the eight broad issues listed at *Annex I* should be covered in the review, and that the review be conducted by stages. Apart from matching fund, we have not received any applications for interest-free loan and direct grant. As such, the review has not covered these two types of

funding support¹.

4. Following the above meeting and the agreed approach, the Secretariat kick-started the review in November 2006, and invited MSEC Members, the Sports Federation and Olympic Committee of Hong Kong, China (SF&OC) and National Sports Associations (NSAs) to give their views on the System. On 24 September 2007, the Chairman of MSEC and the Secretariat conducted a brainstorming session with the Chairmen of the Vetting and Advisory Panels to go through the views collected. On 28 September 2007, the Chairman of the Advisory Panel chaired a sharing session with representatives from NSAs which have organised “M” Mark events for their views on the received responses. Based on the views collected, a set of recommendations has been drawn up and presented in this paper for Members’ consideration.

REVIEW FINDINGS AND RECOMMENDATIONS

5. On top of SF&OC, 17 MSEC Members and 16 NSAs have responded to the review. Majority of the respondents are content with the existing arrangement of the System and consider that the System should be continued. Among the eight broad issues, the Secretariat has explored three specific issues, namely definition of NSAs, definition of major sports events, and measures to enhance the sustainability of the “M” Mark events.

6. On definition of NSAs, we have explored the suitability of expanding the scope of sports organisations and accepting applications of NSAs that are affiliated to International Sports Federations and Asian Sports Federations but not affiliated to SF&OC. As our research has revealed that there are only a small number of sports organisations of the kind (eight in total) (see the Appendix to Annex II), the relevant sports are relatively less popular in Hong Kong and these sports organisations do not have established connections with the Leisure and Cultural Services Department (LCSD), it is considered not appropriate to include these sports organisations as eligible applicants for the “M” Mark status (and funding).

7. On definition of major sports events, under the current arrangement, only competitions between overseas teams and/or individuals, attracting significant public interest, both locally and overseas, would be considered to be

¹ Under the existing arrangement, these three types of funding support should be mutually exclusive. Once the applicants have obtained any one type of the funding support, they are not eligible for other two types of funding support.

granted the “M” Mark status and matching fund. In order to expand the scope of “M” Mark events, it is recommended that one-off exhibition matches of specific sports with presence of top world-ranking players which can attract significant public interest would also be considered for granting “M” Mark status. Yet, as these events are spectacular and relatively easy to obtain sponsorship, funding support would not be provided through the System.

8. On the period of funding support, most respondents have suggested that on top of the three-year nurturing period, a support period with funding provision should be given so that the “M” Mark events, especially new events, can be better supported for sustainable development. As the target of the System is to nurture more sustainable sports events and the proposed extension of funding period is to enhance the support to the recognised “M” Mark events, the Secretariat proposes that a supporting period of three years could be provided.

9. With the expectation that “M” Mark events should be well footed after the three-year nurturing period, we have considered offering a sliding matching scale during the three additional years, where the organisers are required to solicit more sponsorship in order to be eligible for receiving government funding which is set at \$1 M for each relevant year (i.e. same as the third year under the current system). For illustration, an option is shown in the following table:

Year		Sponsorship obtained by the organiser	Ceiling amount of matching fund to be granted by the Government
4 th Year	Ratio	<i>1</i>	<i>1</i>
	Example of funding	\$1 M	\$1 M
5 th Year	Ratio	<i>1.25</i>	<i>1</i>
	Example of funding	\$1.25 M	\$1 M
	Example of funding	\$1 M	\$0.8 M
6 th Year	Ratio	<i>1.5</i>	<i>1</i>
	Example of funding	\$1.5 M	\$1 M
	Example of funding	\$1 M	\$0.67 M

However, some organisers reflected that they would have difficulty to obtain sufficient sponsorship to make up the possible reduced government funding while they wish to maintain the size of the event. Taking into account such concerns, the Secretariat proposes to provide a ceiling of \$1 M matching fund

each year within the three-year support period after the nurturing period and with a 1:1 matching ratio, having regard to the performance of the organisers and public response to the event, and subject to availability of funding resources.

10. Apart from the above, there are some minor modifications which are detailed at *Annex II*, also for Members' endorsement, please.

FINANCIAL IMPLICATIONS

11. As we propose extension of funding support for another three years to the "M" Mark events (i.e. up to six years' funding support), we have accordingly assessed the financial implications. While \$18.97 M under the seed fund was usable as at 31 December 2007, this amount may not be sufficient to cover the funding requirements to support the existing and potential "M" Mark events. On the assumption that up to 2009, there would be one new "M" Mark event for funding support each in 2008 and 2009 and in anticipation that an additional \$4 M will have to be provided by the Government to support the existing "M" Mark events, we propose that an extra \$6 M (on top of the \$18.97 M) be earmarked from the ASDF to support the System until 2009. As regards financial support to the recognised "M" Mark events after 2009, it will be subject to the financial resources available and the development with the System at the time. For MSEC Members' reference, the estimated financial implications are at *Annex III*.

WAY FORWARD

12. Having considered that some of the "M" Mark events are stepping into their fourth year in 2008, it is suggested to implement the proposed recommendations as soon as possible and within 2008. Accordingly, the following implementation actions are recommended to be taken:

- (a) After MSEC Members' endorsement of the proposed recommendations, Sports Commission will be invited to endorse the proposed changes to the System and the proposed earmarking of an extra \$6 M from ASDF to support the System;
- (b) The Secretariat will inform SF&OC and NSAs of the proposed changes to the System; and

- (c) The Application Guidelines of the System will be updated and printed for distribution to the stakeholders for reference not later than the last quarter of 2008.

ADVICE SOUGHT

13. Members are invited to note the review findings and to endorse the proposed recommendations at paragraphs 6 to 10 above (including ***Annex II***), financial request to ASDF at paragraph 11, as well as the action items outlined in paragraph 12 above.

Major Sports Events Committee Secretariat
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