

ITEM FOR FINANCE COMMITTEE

HEAD 144 – GOVERNMENT SECRETARIAT :
CONSTITUTIONAL AND MAINLAND AFFAIRS BUREAU
Subhead 700 General non-recurrent

HEAD 703 – BUILDINGS
Support – Commerce and Industry
6GA – HKSAR's Participation in the World Exposition 2010 Shanghai
China – Hong Kong Pavilion

Members are invited to accept in principle the financial implications of supporting HKSAR's participation in the World Exposition 2010 Shanghai China.

PROBLEM

We intend to confirm with the organiser of the World Exposition 2010 Shanghai China (Shanghai Expo) HKSAR's agreement to participate in the Shanghai Expo, to promote Hong Kong's quality city life and position as a creative capital. We need Members' acceptance in principle of the estimated financial implications for HKSAR's participation in the Shanghai Expo.

PROPOSAL

2. The Secretary for Constitutional and Mainland Affairs and Secretary for Commerce and Economic Development jointly propose that Members accept in principle the financial implications, estimated to be in the region of \$380 million, for HKSAR to participate in the Shanghai Expo.

JUSTIFICATION

3. The Shanghai Expo will be held in Shanghai from 1 May to 31 October 2010. As at 11 April 2008, 171 countries and 31 international organisations have confirmed their participation in the event, which is expected to attract more than 70 million visitors. It will provide an excellent opportunity for us to publicise Hong Kong as a city of quality living and creativity.

4. HKSAR's participation in the Shanghai Expo will help enhance our image, showcase our various strengths and attractions, promote our broader commercial interests to both the Mainland and international audience, and further strengthen our economic relations with the Mainland. According to a preliminary assessment by the Government Economist, the quantifiable economic benefit to Hong Kong is likely to be felt mainly in the inbound tourism industry, roughly generating \$288 million (main scenario) to \$432 million (high scenario) additional income to the economy. Moreover, the initiative is expected to foster the long-term development of creative industry in Hong Kong. Through engagement in preparing HKSAR's participation in the Shanghai Expo, the local creative talents, particularly those in the fields of design, architecture, software, performing and visual arts, etc., will have a good opportunity to exhibit their creativity to the international audience while gaining exposure to best practices in other parts of the world. Besides, the relevant exhibition activities to be organised by the Government of HKSAR will help promote the image of Hong Kong as a city of creativity where innovations are extensively deployed to improve business efficiency and enrich daily life.

5. At the meeting of the Legislative Council Panel on Commerce and Industry (C&I Panel) on 18 December 2007 (vide LC Paper No. CB(1)435/07-08(08)), we reported that the Government of HKSAR intended to make full use of the opportunity by –

- (a) constructing a stand-alone Hong Kong Pavilion (HK Pavilion) within the China Pavilion area at Zone A;
- (b) submitting a bid for participating in the Urban Best Practices Area Exhibition (UBPA Exhibition) at Zone E; and
- (c) organising a series of related activities such as “Hong Kong Week”, parades and cultural performances.

The Shanghai Expo

6. The Shanghai Expo exhibition comprises three major components, namely the national/international organisation pavilion exhibition, the UBPA Exhibition and corporate pavilion exhibition. The HK Pavilion exhibition will showcase Hong Kong's quality city life and position as a creative capital and our various other strengths and attractions. The UBPA Exhibition is set up with the aim to exemplify the main theme of Shanghai Expo by demonstrating best practice cases in the world which are worth studying and for other cities to model on. Participants are mainly cities, and applications are invited based on real life cases and chosen through a highly competitive selection process, having regard to the public recognition in the international community, and the creativity and reference value of the cases submitted.

The HK Pavilion

7. On 2 January 2008, we submitted to the organiser of the Shanghai Expo (the Organiser) a theme statement of the HK Pavilion entitled “**Hong Kong - A City With Unlimited Potential**”, featuring Hong Kong’s connectivity and various strengths and attractions. The theme covers the following six key elements –

- (a) excellent infrastructure and connectivity with the Mainland and the world;
- (b) well-connected and highly efficient domestic transportation network and services;
- (c) advanced and seamless IT and telecommunication infrastructure;
- (d) free flow of money, goods and information;
- (e) cultural diversity, harmony and creativity; and
- (f) sustainable and quality city life.

We aim to construct a HK Pavilion with distinct Hong Kong characteristics under the above theme. The HK Pavilion will be located within the China Pavilion area at a site of about 600 m², and with a construction floor area of about 1 100 m².

8. With a view to tapping the best creative talents of local professionals, we launched a Concept Design Competition for the HK Pavilion in February 2008. The competition was jointly organised by the Constitutional and Mainland Affairs Bureau and the Architectural Services Department, and sponsored by the Hong Kong Institute of Architects. We received 80 entries during the stipulated period from 1 February to 13 March 2008. The seven-member jury comprised the Chief Secretary for Administration, Mr Henry Tang; Mr Rocco Yim; Professor Edward Ng; Dr Allan Zeman; the Permanent Secretary for Constitutional and Mainland Affairs; the Director of Information Services; and the Director of Architectural Services.

9. After assessment by the Jury, the winning design concept entitled “Pavilion of Infinity” was selected for its distinctive and attractive design, powerful visual identity and striking walk-through experience embracing the theme of the HK Pavilion. The HK Pavilion is expected to adopt innovative and advance technologies including multi-media and interactive methods in highlighting HKSAR’s various strengths and achievements. Due regard would be given to

/integrating

integrating the sustainable design principles in the design and materials to be used for the HK Pavilion. The winning design is intended to be developed and constructed by a design and build contractor. This approach will help ensure smooth and timely delivery of the project.

Urban Best Practices Area Exhibition

10. Apart from our participation in the HK Pavilion exhibition as set out above, we also plan to participate in the UBPA Exhibition in a separate zone in collaboration with our creative industry, non-government organisations and other relevant bodies and enterprises.

11. Taking into account views from the local creative industry, we submitted an application, entitled “**Smart Card, Smart City, Smart Life**” to the Organiser in January this year. The application proposes to feature the smartcard systems which have been successfully implemented and which we widely adopt in the community to demonstrate how we extensively use innovative ways and technology to improve efficiency in our everyday city life and promote the connectivity within the city and with other parts of the world. This will cover advanced smart card applications we have developed in both the public and private sectors including the use of Octopus card in extensive payment transactions and how it branches into a wide variety of non-payment activities to provide different value-added services, the issue of smart identity cards and the development of e-Channel application for automated and efficient passenger and vehicle clearance at immigration control points, etc.. These applications have won various prestigious awards for Hong Kong and have received widespread recognition in the international arena. We propose to present these applications in the context of Hong Kong’s development as a wireless city with one of the highest mobile and broadband penetration in the world as well as extensive coverage of Wi-Fi service in the territory.

12. However, the Expo will be held in 2010 and we cannot stand still with what we have developed today. We have to move forward with both social and technological developments. We, therefore, plan to explore the further use of smartcard applications in new community areas such as education, medical care and conservation of environment, etc.. We will aim to achieve results in these new applications in the coming period, and we will target to feature these new and innovative smart card applications in our UBPA Exhibition to demonstrate Hong Kong’s commitment to pioneer social innovation in our community for the provision of creative and citizen-centric services, and for crafting a better and sustainable future.

Encl. 1

13. The Organiser received a total of 106 applications from 87 cities all over the world for the UPBA Exhibition. All applications were scrutinized and examined by an international selection committee comprising representatives from relevant agencies from the United Nations, international organisations and Mainland authorities, as well as urban administrators and researchers. The Organiser announced on 2 April 2008 that Hong Kong's application to participate in the UBPA Exhibition had been selected. Other cities with applications selected for the exhibition are set out at Enclosure 1. For each selected application, the Organiser would provide an exhibition area of around 800 m² in a restored building at the UBPA Exhibition Area for each successful candidate to exhibit its case.

14. We intend to adopt an innovative and forward-looking design for the UBPA Exhibition. Simulation devices, multi-media technology, animation and video will be used to enhance the appeal to visitors and to showcase the achievements of our creative industry. There will be interactive elements for visitors to personally experience how the use of smartcards will help make urban life more efficient and productive.

15. The Shanghai Expo is the first ever Expo to introduce the UBPA Exhibition, which is set to become one of the key highlights of the event in 2010. This will be an excellent occasion to showcase Hong Kong's connectivity and our vision of urban sustainable development through social innovation, and our creative industry will have ample opportunities to participate in the various aspects of the exhibition to showcase their talents in the Shanghai Expo, e.g. design and fitting-out, art direction, exhibition content development, production of interactive elements, event and project management for the exhibition, etc..

Other Related Activities

16. In addition to the HK Pavilion and UPBA exhibitions, we also intend to organise/participate in other related activities during the six-month exposition period from 1 May to 31 October 2010. While the Hong Kong Week will be one of the highlights during the Expo period, we will organise a host of publicity and promotion activities throughout the exposition period, such as exhibitions, cultural performances, seminars and workshops, both within and outside the Shanghai Expo exhibition area, to achieve the greatest effect. When drawing up the programme of activities, we will consult the local cultural, arts and creative industries. The objectives are to promote Brand Hong Kong and also our creative talents in different fields to the Mainland and international audiences. In addition, leveraging on the Shanghai Expo, the Hong Kong Tourism Board will join hands with the travel industry and the Government to step up efforts in tourism branding in Shanghai and fostering multi-destination visits from target source markets.

FINANCIAL IMPLICATIONS

17. Based on the input from the concerned bureaux and departments, the preliminary total estimated expenditure for HKSAR's participation in the Shanghai Expo is in the region of \$380 million, of which \$145.4 million is the capital works expenditure for the HK Pavilion, \$77.2 million is for the UBPA Exhibition, and the remaining amount of about \$157 million is for the operating expenses of the HK Pavilion and UBPA exhibitions, other related activities to be organised during the Shanghai Expo period, publicity as well as other supporting costs. Factors such as design requirements, special provisions to cater for escalating cost due to price adjustment and keen market demand in the Mainland, and fluctuations of Renminbi exchange rate, etc., will be taken into account in the calculation of the overall costs for our participation in the Shanghai Expo. For illustration purpose, a tentative breakdown of the estimated cost by main expenditure components is set out at Enclosure 2.

Encl. 2

18. The preliminary estimated expenditure for the HK Pavilion of \$145.4 million^{Note} can be broadly divided into two components: the building and exhibition components. The former involves the design and construction of the stand-alone HK Pavilion, while the latter involves the adoption of modern exhibition design and technologies to bring out the theme and key messages of the HK Pavilion. The preliminary estimated non-recurrent expenditure of \$77.2 million for the UBPA Exhibition covers fitting-out and structural works, equipment, development of software and interactive elements, design, art direction, event and project management, etc.. The estimated cost for organising other related activities during the Expo period is \$70 million. The cost estimates have already reflected the efforts of the relevant bureaux/departments/Hong Kong Tourism Board to absorb part of the expenditure involved through internal redeployment of resources, but have not taken into account possible private sponsorship that we may secure in future. We will endeavour to secure sponsorship to cover part of the costs of the exhibitions and the planned activities.

19. As regards civil service implications, given the expected heavy preparatory work and co-ordination involved for the planning and implementation of the proposal, we will need to strengthen staffing support at both directorate and non-directorate levels. To attain synergy, our preliminary plan is to form a core team, comprising time-limited civil service posts and non-civil service contract positions, to undertake the overall co-ordination work and oversee implementation. We will assess the staffing requirements more accurately in the light of emerging work commitments and, where necessary, seek additional manpower resources required through established mechanism.

/ENVIRONMENTAL

^{Note} The previously estimated expenditure for the design and construction of the HK Pavilion was \$69 million (at September 2007 prices). The budget has been updated to include all relevant work including exhibition production and installation, which has previously not been included in the cost estimate.

ENVIRONMENTAL IMPLICATIONS

20. The project site for the HK Pavilion is located in Shanghai outside Hong Kong. The project will not cause any long-term environmental impact.

21. Given that the HK Pavilion will be a temporary structure for the period of the Expo, due regard will be given to incorporating environmentally-friendly features in the design of and materials used for the pavilion. In respect of our participation in the HK Pavilion and UBPA exhibitions, we will explore the possibility of retaining some of the key features of the exhibitions after the conclusion of the Shanghai Expo and re-assembling them in Hong Kong for further exhibition to the local public.

IMPLEMENTATION PLAN

22. Subject to Members' acceptance in principle of the estimated financial implications of supporting HKSAR's participation in the Shanghai Expo, we will confirm with the Organiser HKSAR's agreement to participate in the HK Pavilion and UBPA exhibitions by signing the necessary agreements. Having regard to the tight schedule, we intend to seek the funding endorsement of the Public Works Subcommittee (PWSC) and funding approval of the Finance Committee (FC) on the HK Pavilion capital works project at the meetings on 21 May 2008 and 6 June 2008 respectively, and invite design and build tender submissions for the HK Pavilion project in June 2008. Besides, a detailed estimate for the non-recurrent cost of the exhibitions and related activities in support of the Shanghai Expo will be worked out after further discussions with the Organiser, the local creative industry and other relevant stakeholders about the requirements of the exhibitions and related activities. We will make a separate submission to seek Member's approval for the financial commitment of the non-recurrent cost when the details are finalised. Subject to funding approval, we intend to invite tender for the exhibition related work for HKSAR's participation in the UBPA Exhibition in the second half of 2008.

23. The key steps mentioned above are summarised in the table below –

/Activities

	Activities	Estimated Timing
1.	To confirm HKSAR's participation with the Organiser	May 2008
2.	To seek funding endorsement of PWSC on the HK Pavilion project	21 May 2008
3.	To seek funding approval of FC for the HK Pavilion project	6 June 2008
4.	To invite design and build tender submissions for the HK Pavilion	June 2008
5.	To seek funding approval of FC for the non-recurrent expenditure on the UBPA Exhibition, the activities to be organised during the Expo period and other related costs for the exhibitions	To be confirmed
6.	To invite tender submissions for the UBPA Exhibition	Second half of 2008

PUBLIC CONSULTATION

24. We first consulted the C&I Panel on 18 December 2007 on our intention to participate in the Shanghai Expo by constructing a stand-alone HK Pavilion, participating in the UBPA Exhibition, and organising a series of related activities during the exposition period. With C&I Panel Members' support, we proceeded with the early preparatory work, including the submission of the "HK Pavilion Theme Statement" and an application to the Organiser for the UBPA Exhibition in January 2008, and the launching of the HK Pavilion Concept Design Competition in February 2008.

25. We reported further progress to the C&I Panel at its meeting on 15 April 2008 vide LC Paper No.CB(1)1211/07-08(06) and sought Members views on our preliminary estimate of expenditure for the initiative. In general, Members of the C&I Panel were in principle supportive of the Administration's proposal for HKSAR to participate in the Shanghai Expo. Some Members expressed the view that the HKSARG should make its best endeavour to ensure that the contents of the exhibition would be able to bring out the best image of Hong Kong. Some Members also enquired about the estimate on private sponsorship.

26. In addition to Legislative Council consultation, we have also conducted focus group discussions with representatives of the relevant stakeholders, including the commerce and industry sector, creative industry and tourism sector in Hong Kong. Further focus group discussions will be conducted as preparation work progresses. We will also continue to work closely with the creative industry and other stakeholders in formulating further details of the exhibitions and drawing up the programme of activities.

BACKGROUND

27. The Shanghai Expo is the first registered World Exposition to be held in a developing country, and another major international event to be held in China after the 2008 Beijing Olympic Games. Its theme is “Better City, Better Life”. Under the main theme, there are five sub-themes –

- (a) blending of diverse cultures in the city;
- (b) economic prosperity in the city;
- (c) innovation of science and technology in the city;
- (d) remodelling of urban communities; and
- (e) rural-urban interaction.

28. In August 2007, we received a proposal from the Organiser inviting HKSAR’s participation in the event in our capacity as a Special Administrative Region of the host country, and suggesting that HKSAR may construct a stand-alone HK Pavilion within the China Pavilion area at Zone A.

29. The site of Shanghai Expo is at the waterfront area on both sides of the Huangpu River. The Organiser has allocated different zones for different types of pavilions. The China Pavilion area at Zone A comprises the core China National Pavilion, a joint pavilion for provinces/regions/municipalities directly under the Central Government, the HK Pavilion, Macau Pavilion, and Taiwan Pavilion. The HK Pavilion will be an individual stand-alone pavilion at the side of the China National Pavilion. The UBPA Exhibition area will be located at Zone E, while the Corporate Pavilions will be located at Zone D. Pavilions of participating countries and international organisations will be located at Zone A and Zone C. The relevant location map is given at Enclosure 3.

Encl. 3

**List of Selected Cities for the
Urban Best Practices Area Exhibition**

Region	City
Africa	Egypt: Alexandria
	Cairo
Americas	Brazil: Porto Alegre
	Sao Paulo
	Canada: Calgary
	Montreal
	Vancouver
	USA: Chicago
	Philadelphia
Asia	China: Chengdu
	Guangzhou
	Hangzhou
	Shanghai
	Suzhou
	Tianjin
	Hong Kong SAR
	Macao SAR
	Taipei
	India: Ahmedabad
	Pondicherry
	Japan: Osaka
	Saudi Arabia: Makkah
	South Korea: Seoul
Europe	Czech Republic: Prague
	Denmark: Odense
	Finland: Oulu
	France: Alsace
	Paris/île-de-France
	Rhône-Alpes
	Germany: Breman
	Freiburg
	Hamburg
	Greece: Amaroussion
	Italy: Bologna
	Milan
	Venice
	Russia: Saint Petersburg
Spain: Barcelona	

Region	City
Europe (Cont'd)	Spain: Bilbao
	Madrid
	Santiago de Compostela
	Sweden: Malmo
	Switzerland: Basel / Geneva / Zürich
	The Netherlands: Rotterdam
	Turkey: Izmir
	UK: London
	Liverpool
Europe / Asia	Germany and Uzbekistan: Bonn / Bukhara
Oceania	Australia: Brisbane

Breakdown of the Preliminary Estimated Expenditure

Main Expenditure Items		Estimated Expenditure (\$ million)
I.	Capital Works Expenditure	145.4
1.	<i>Design and construction of the HK Pavilion, and related works</i>	145.4
	This includes –	
	i) <i>Design and construction of the HK Pavilion</i> : including design, site works, foundation, building, building services, drainage, external works, demolition and site restoration, consultant’s fees, and duty visits for work inspection.	69.0
	ii) <i>Exhibits</i> : including exhibition design, production of exhibits, procurement and installation of audio-visual, interactive and other equipment, systems programming, testing and commissioning, installation and dismantling of exhibits/exhibition equipment, consultancy and project management.	47.5
	iii) <i>Special Provision</i> : including provisions for construction price increase and RMB fluctuation.	28.9
II.	Non-recurrent Expenditure	234.2
2.	<i>Expenditure relating to HKSAR’s participation in the UBPA Exhibition</i>	77.2
	This includes –	
	i) <i>Fitting-out and structural work</i> : including fitting-out, structural set-up and dismantling of the exhibition with the use of metal frames and supporting structures, ceiling, flooring, woodwork, sound and lighting system with interactive lighting effects, air-conditioning and wiring, etc.;	24.7

- ii) *Equipment and display:* including LED outer walls and circular screen, interactive LED panels programmed with special effects, computers and audio-visual accessories, etc.; and 25.9
 - iii) *Software and interactive elements, design, art direction, event and project management:* including the production of exhibition content, video, animation, games, interactive elements for display in various parts of the exhibition, the set-up, programming and commissioning of the audio-visual equipment as well as interactive elements, realisation of the conceptual design, directing and co-ordinating the design and art work for the exhibition, development of web site for the exhibition, event and project management, etc.. 26.6
3. *Other related activities during the exhibition period* 70

During the six-month exposition period, a series of activities as outlined below will be held to promote Brand Hong Kong and our cultural, arts and creative industries –

- i) *Hong Kong Week Activities:* including opening and closing ceremonies/performances, cultural and performing arts shows, seminars, exhibitions, fashion shows, movie show, parades; and
- ii) *Other activities/events throughout the 6-month exposition period:* including about 30 performing arts shows, and 20 seminars and forums on various topics.

The estimated expenditure for this item is \$78 million, of which \$8 million will be absorbed through internal redeployment. We will continue to work with the creative industry and other stakeholders to fine-tune the activity programme.

4. *Souvenirs and publicity* 20

The budget includes promotional leaflets about Hong Kong, give-away souvenir items, TV/radio programmes, advertising, web site development, documentary video, press tours, etc.. The estimated expenditure on this item is \$30 million, of which \$10 million will be absorbed through internal redeployment.

5. *Others* 45

This item covers –

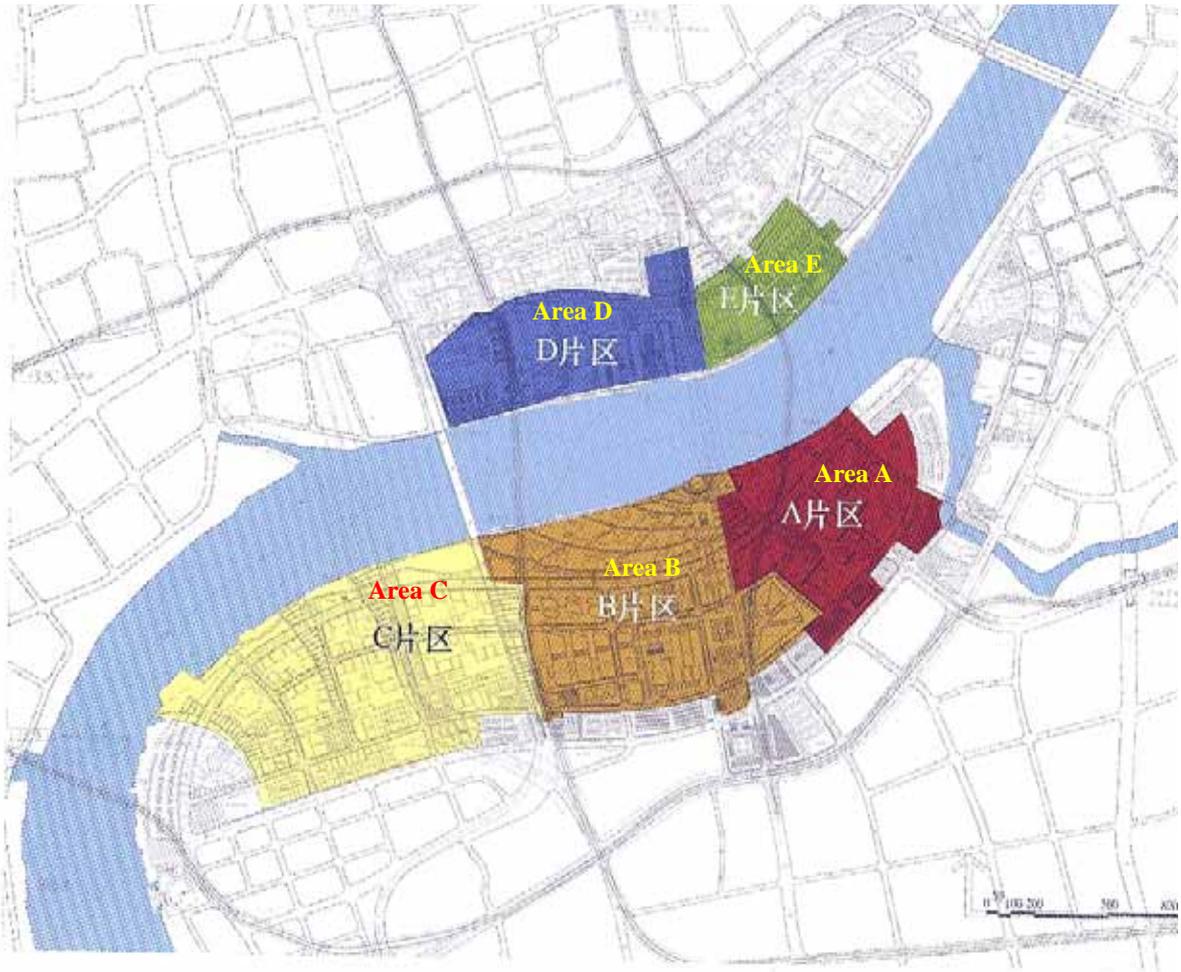
- i) Operating expenditure for the HK Pavilion and UBPA exhibitions during the exposition period, including provisions for interpreters, technical staff, cleansing and security, insurance utilities, etc. based on the information provided by the Shanghai Expo Bureau.
- ii) Staffing support including civil service, non-civil service and locally-engaged staff.
- iii) Logistical support including setting up a temporary office and local transportation.
- iv) Provision for Hong Kong based officers to station in Shanghai on a need basis.

6. *Contingency (about 10%)* 22

To cater for contingency expenses in respect of the non-recurrent expenditure under items 2, 3, 4 and 5 above during the preparation and Expo exhibition period.

Total (I+ II) = 379.6

Say 380



<u>Area A</u> A 片區	<ul style="list-style-type: none"> • <u>中國館 China Pavilion</u> • <u>外國國家館 (亞洲和大洋洲國家)</u> <u>Pavilions of Foreign Countries (Asia and Oceania)</u>
<u>Area B</u> B 片區	<ul style="list-style-type: none"> • <u>主題館 Theme Pavilion</u> • <u>公共活動中心 Public Activities Area</u> • <u>演藝中心 Art and Culture Centre</u>
<u>Area C</u> C 片區	<ul style="list-style-type: none"> • <u>外國國家館 (歐洲、美洲和非洲國家)</u> <u>Pavilions of Foreign Countries (Europe, America and Africa)</u> • <u>國際組織館 Pavilions of International Organisations</u>
<u>Area D</u> D 片區	<ul style="list-style-type: none"> • <u>企業館 Corporate Pavilions</u>
<u>Area E</u> E 片區	<ul style="list-style-type: none"> • <u>企業館 Corporate Pavilions</u> • <u>世界博物博覽館 World Expo Museum</u> • <u>城市最佳實踐區 Urban Best Practices Area</u>