

ITEM FOR FINANCE COMMITTEE

HEAD 26 – CENSUS AND STATISTICS DEPARTMENT

Subhead 700 General non-recurrent

New Item “59th World Statistics Congress”

Members are invited to approve the creation of a new commitment of \$15.2 million for organising the 59th World Statistics Congress of the International Statistical Institute in 2013.

PROBLEM

We need Members’ approval of the updated financial commitment of \$15.2 million for hosting the 59th World Statistics Congress (“WSC”) of the International Statistical Institute (“ISI”) in Hong Kong in 2013, following Members’ acceptance-in-principle of the financial commitment of around \$17 million in 2006, so that the Census and Statistics Department (“C&SD”) could commence formal preparatory work.

PROPOSAL

2. The Commissioner for Census and Statistics, with the support of the Secretary for Financial Services and the Treasury (“SFST”), proposes to create a new financial commitment of \$15.2 million under Head 26 C&SD *Subhead 700 General non-recurrent* to meet the estimated expenditure of hosting the 59th WSC. The resource requirement will be funded from the operating expenditure envelope of SFST.

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JUSTIFICATION

Acceptance-in-principle by Finance Committee

3. The ISI is a prestigious international professional body on statistics with over 120 years of history. In 2006, the ISI decided to hold the biennial Session in a renowned Asian city in the 2010's and invited Hong Kong to consider hosting the 59th WSC in 2013. As a necessary step before C&SD submitted a bid to the ISI, we sought acceptance-in-principle from the Finance Committee ("FC") on 15 December 2006 (*vide* FCR(2006-07)27) of the estimated financial commitment for hosting the event, which was estimated to be in the region of \$25 million (or net expenditure of around \$17 million after netting off the income expected from registration fees and sponsorship). Having considered the potential benefits to be gained from hosting the event, including increase in number of incoming visitors, promotion of Hong Kong's status as Asia's world city and as the capital for exhibitions and conventions, the FC accepted the proposal. It was agreed then that if the bid was successful, the Administration would make a separate submission on the financial commitment for hosting the event to the FC for approval when the details were finalised.

Organisation of the 59th World Statistics Congress

4. Following ISI's acceptance of our bid in June 2007, C&SD has been making initial preparations for hosting the event and has commenced discussions with the ISI experts on various matters relating to the organisation of the event having regard to the experience of the previous hosts.

5. Similar to the past arrangements, the 59th WSC, which is scheduled to be held between 25 and 30 August 2013, will include a Scientific Program involving more than 200 professional meetings and a Social Program comprising a number of hospitality functions and tours. A Trade Exhibition, covering a wide range of products and services related to the statistical profession, will also be held in conjunction with the 59th WSC.

6. As the host, C&SD will be responsible for planning and organising the 59th WSC under the auspices of the ISI. This includes providing efficient logistics support to ensure the smooth conduct of programme activities, providing professional input to the organisation of the Scientific Program, as well as arranging promotion and publicity activities.

7. C&SD anticipates that some 2,800 participants¹, comprising 2,700 incoming visitors and 100 local participants, would be joining the 59th WSC.

Key Expenditure and Revenue Items

8. C&SD will need to incur expenditure in the following areas for organising the 59th WSC -

(a) **Venue, equipment and facilities**

C&SD has reserved venues at the Hong Kong Convention and Exhibition Centre (“HKCEC”) for the full duration of the event (viz. six days) for holding more than 200 professional meetings in parallel sessions. A Trade Exhibition will also be organised at HKCEC. C&SD will undertake minor fitting-out works and arrange equipment and furniture not provided by HKCEC to support the various functions.

The rental and fitting-out costs are estimated to be around \$5.0 million.

(b) **Information technology and communication services**

The information technology (“IT”) and communication services to be provided for the 59th WSC will include (i) an event website to support on-line registration, and submission of papers and distribution of materials; (ii) a computer system to support back-end operations; (iii) Internet facilities for use by participants at the venue; and (iv) a system for virtual participation through webcasting by data streaming.

The costs required for IT and communication services are estimated to be around \$1.5 million.

(c) **Management and general organising costs**

C&SD will commission professional services to provide support in organising the event, including registration of participants, venue and on-site management, exhibition management, organisation of social functions, hotel and other logistics arrangements, etc.

Together with other miscellaneous organising expenses, management and general organising costs are estimated to be around \$2.9 million.

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¹ The estimate is based on the turnout rates at recent ISI Sessions held.

The revised estimated total costs of items (a), (b) and (c) is \$9.4 million, \$1.4 million above the original estimate of \$8.0 million in 2006 for “Venue hire and set-up, technology services and general organising costs”.

(d) Printing, publicity and promotion

C&SD will publish information bulletins and conference documents. It will also conduct a series of publicity and promotion activities to attract statistical practitioners from all over the world to participate in the 59th WSC.

The total costs of this item are estimated to be around \$3.0 million, which is \$1.5 million below the original estimate of \$4.5 million in 2006.

(e) Hospitality services

It is customary for the WSC host to organise social and hospitality programmes for the participants, including daily tea receptions, a welcome reception, a farewell dinner and a dinner for VIPs. A range of optional social programmes will also be organised for the participants and their accompanying persons.

The total costs required for this item are estimated to be around \$5.6 million, which is \$1.6 million above the original estimate of \$4.0 million in 2006. The total costs for this item will in principle be covered by the registration fees collected.

(f) Support rendered to the ISI

Following the practice of previous ISI Sessions, C&SD will provide financial subsidy to key ISI staff participating in the 59th WSC for the airfare, accommodation, etc. A certain percentage of income from registration fees will also be reserved for the ISI to promote statistical development in the region and in developing countries.

The total costs involved in supporting the ISI are estimated to be around \$1.1 million, which is \$100,000 above the original estimate of \$1.0 million in 2006.

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(g) **Staff cost**

A Secretariat will be set up in C&SD between mid-2011 and mid-2013 to work on the project. The Secretariat will be supported mainly by a dedicated team of seven Non-Civil Service Contract (“NCSC”) professional and administrative staff. Some 50 temporary clerical staff will be employed during the conference period to provide support for the event.

The employment of NCSC staff is estimated to cost around \$4.3 million, which is \$200,000 below the original estimate of \$4.5 million in 2006.

9. The breakdown of the revenue items for the 59th WSC is set out below -

(a) **Registration fee**

With the estimated participation of some 2,800 participants, the income to be collected from registration fees² is estimated to be around \$8.8 million.

(b) **Exhibition charge**

Exhibitors participating at the Trade Exhibition will be charged a fee (based on a cost recovery approach) for setting up their booths at the venue.

Some \$700,000 is estimated to be collected from the exhibition charge.

The total estimated revenues of items (a) and (b) are \$9.5 million, which is \$2.5 million above the original estimate of \$7.0 million in 2006.

(c) **Sponsorship**

In line with the practice of past ISI sessions, commercial sponsorship will be sought for social functions such as the farewell dinner. Based on the experience of previous hosts, we estimate that about \$1 million in commercial sponsorship can be secured, which is the same as the original estimate in 2006.

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² The registration fee is tentatively set at €350 per person, which is in line with the range of fees charged at earlier ISI Sessions.

FINANCIAL IMPLICATIONS

10. Based on the latest information available, C&SD has estimated the total expenditure for hosting the 59th WSC to be around \$25.7 million (at the 2009 price level), which will be incurred from 2010-11 to 2013-14. After netting off an estimated revenue of \$10.5 million from registration fees, exhibition charges and commercial sponsorship, the net expenditure for hosting the event would be around \$15.2 million. This represents a reduction of \$1.8 million (or some 10%) from the previous broad estimate of net expenditure of around \$17 million. A summary of estimated expenditure and revenue is tabulated as follows -

Estimated expenditure	\$ million
(a) Venue, equipment and facilities	5.0
(b) IT and communication services	1.5
(c) Management and general organising costs	2.9
(d) Printing, publicity and promotion	3.0
(e) Hospitality services	5.6
(f) Support rendered to the ISI	1.1
(g) Staff cost	4.3
	<i>Sub-total</i>
	<u>23.4</u>
(h) Contingency (10% of (a) to (g))	<u>2.3</u>
	Total expenditure
	<u>25.7</u>
Estimated revenue	\$ million
(a) Registration fee	8.8
(b) Exhibition charge	0.7
(c) Sponsorship	1.0
	Total income
	<u>10.5</u>
	Net funding requirement
	<u>15.2</u>

11. The projected cashflow from 2010-11 to 2013-14 is as follows -

Year	\$ million
2010-11	0.3
2011-12	5.7
2012-13	4.0
2013-14	5.2
Total	<u>15.2</u>

12. The net funding requirement of \$15.2 million for organising the 59th WSC will be absorbed from within the operating expenditure envelope of SFST. C&SD will make every effort to ensure the best possible use of public resources throughout the planning and implementation stages.

EXPECTED BENEFITS

13. We anticipate that the 59th WSC will bring about 2 700 incoming visitors, contributing approximately \$27 million of tourist receipts³ to Hong Kong. Moreover, hosting of the 59th WSC will benefit Hong Kong in general by raising our city's international profile, and will provide an excellent opportunity to showcase our infrastructural achievements in communications, hospitality and transportation. The event will also contribute to statistical development in the Asian region, particularly Mainland China.

PUBLIC CONSULTATION

14. We informed the Legislative Council Panel on Financial Affairs of the latest financial commitment for hosting the 59th WSC in March 2010. The Panel did not make any comment on the revised estimate.

BACKGROUND

15. Since 1887, the ISI has been holding biennial Sessions (to be formally renamed as World Statistics Congress starting from the coming Session to be held in Ireland in 2011) which is regarded as the Olympiad of the international statistical community. Statistically advanced economies such as Australia, Canada, the UK, US and Netherlands have all hosted ISI Sessions before. The ISI is a non-intergovernmental organisation and participation in its activities is not limited to states. C&SD of the Government of the Hong Kong Special Administrative Region will be the host of the 59th WSC.

Financial Services and the Treasury Bureau
April 2010

³ The estimate is based on the expenditure per night per capita of overnight visitors in 2008 (which was \$1,670) compiled by the Hong Kong Tourism Board. Since the conference will last for 6 days, the expected tourist receipts is roughly \$27 million (2700 visitors x 6 nights of stay x \$1670).