

## **ITEM FOR FINANCE COMMITTEE**

**HEAD 148 – GOVERNMENT SECRETARIAT :  
FINANCIAL SERVICES AND THE TREASURY BUREAU  
(FINANCIAL SERVICES BRANCH)**

**Subhead 700 General non-recurrent**

**New Item “Asia-Pacific Economic Cooperation Finance Ministers’ Meeting  
2014”**

Members are invited to approve the creation of a new commitment of \$63.45 million under Head 148 Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch) Subhead 700 General non-recurrent to meet the costs for Hong Kong to organise the Finance Ministers’ Meeting of the Asia-Pacific Economic Cooperation in September 2014

### **PROBLEM**

Hong Kong will organise the Finance Ministers’ Meeting (FMM) of the Asia-Pacific Economic Cooperation (APEC) in September 2014. The Financial Services Branch (FSB) of the Financial Services and the Treasury Bureau (FSTB) needs funding to meet the estimated expenditure for the planning and organisation work.

### **PROPOSAL**

2. The Secretary for Financial Services and the Treasury proposes to create a new commitment of \$63.45 million under Head 148 Government Secretariat: FSTB (FSB) Subhead 700 General non-recurrent to support the organisation of the APEC FMM.

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**JUSTIFICATION**

3. APEC is an important regional economic forum established in 1989 to support and promote sustainable economic development and prosperity in the Asia-Pacific region. Since 1991, Hong Kong has been participating in APEC actively, including the FMM, to promote regional macroeconomic and financial stability, financial market development, and prudent public finance management. APEC Finance Ministers have met annually in different locations since 1994, recently in August 2012 in Moscow, Russia, and in September 2013 in Bali, Indonesia.

4. China will assume the chairmanship of APEC in 2014, and will be responsible for chairing the APEC Economic Leaders' Meeting, as well as a number of ministerial and other meetings on different policy areas next year. The Hong Kong Special Administrative Region Government is honoured that the Central People's Government has decided to hold the APEC FMM in Hong Kong in September 2014.

5. The FMM next year will provide a platform for APEC Finance Ministers to exchange views on regional and global economic outlook, and to discuss relevant topical issues to promote sustainable development, financial stability and greater economic cooperation in the APEC region. It will also provide a valuable opportunity for us to update APEC member economies on the latest development of our financial sector and promote economic co-operation with them. This would help reinforce and enhance Hong Kong's role as an international financial and business centre.

6. We expect that finance ministers, senior financial and central bank officials of the 21 APEC member economies, participants of observing international organisations (such as the World Bank, the International Monetary Fund, and the Asian Development Bank) will come to Hong Kong for the FMM. Including accompanying persons of delegates and visiting international journalists, the event may bring around 800 visitors of considerable profile to Hong Kong for a series of meetings lasting three days (including the Senior Finance Officials' meeting and Finance Deputies' meeting preceding the FMM during the same week).

7. Leveraging our track record of organising first-class international meetings such as the World Bank/International Monetary Fund Annual Meetings in September 1997 and the sixth ministerial conference of the World Trade

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Organization in December 2005, Hong Kong is expected to execute a well-planned and smoothly-run FMM to demonstrate our commitment to APEC and regional economic cooperation. It will provide a precious opportunity to raise Hong Kong's regional and international profile, and to showcase our reputation as Asia's world city and a premier destination for MICE (i.e. meetings, incentive travels, conventions and exhibitions) tourism.

8. An event of this scale and importance requires considerable and detailed planning work for logistics. As the city organising the FMM, Hong Kong will be responsible for providing the venue and related facilities for the meetings, including a convention hall for the FMM and the preceding meetings of Senior Finance Officials and Finance Deputies, a meeting place for an informal ministerial retreat, plenty of meeting rooms for bilateral meetings and discussions among APEC member delegations, press conference venue, supporting facilities and service for the meeting venues, stationery, printing service, interpretation service, telecommunication facilities, reception facilities in the Hong Kong International Airport, media centre, etc. The usual APEC practice is that we are expected to provide appropriate accommodation, transport and security arrangements for the attending finance ministers as the head of their delegations and other relevant high-level officials from observing international organisations and APEC Secretariat. We are also expected to provide resource support for the delegations and officers from the APEC Secretariat in Hong Kong. In addition, we need to arrange a welcoming reception and dinner, and working lunches for the delegates and observers. Other than being an international financial and business centre, Hong Kong is also a vibrant travel destination. It is an excellent opportunity for Hong Kong to showcase its strengths in these areas by offering hospitality to the FMM delegations. To this end, the Administration requires dedicated staffing and funding support to lead, plan and implement these organisational arrangements for the FMM.

#### ***Staffing requirement for organising the APEC FMM 2014***

9. Given the very tight timeframe (about 10 months from now) before the FMM, we need to set up immediately a dedicated Event Co-ordination Team within FSB in the run-up to the FMM in September 2014. The Team will maintain close liaison with the APEC Secretariat and members, as well as the Ministry of Finance, in working out the relevant arrangements, with a view to ensuring that the FMM runs smoothly and in accordance with the APEC requirements. We propose that the Team be headed by a supernumerary Administrative Officer Staff Grade B (AOSGB) (D3), underpinned by a supernumerary Senior Principal Executive Officer (SPEO) (D2) and 28 non-directorate officers to perform all relevant planning and implementation duties in respect of the organisation of the FMM. We

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have sought and obtained Establishment Subcommittee's support for the two proposed supernumerary directorate posts at its meeting on 13 November 2013 vide EC (2013-14)6. These two posts will be created with immediate effect upon the approval by the Finance Committee (FC) up to 30 September 2014.

10. The Hong Kong Police Force (HKPF) will set up a Police Planning Team comprising eight disciplined staff to assist the Event Co-ordination Team in planning and implementing the security arrangements of the FMM. HKPF will deploy manpower flexibly to maintain public order and public safety having regard to security requirements, risk assessment and actual circumstances. Together with relevant government departments, it will undertake appropriate measures as necessary to help ensure the security of the information and communication systems and facilities.

#### ***Estimated funding requirements***

11. The total estimated expenditure of items requiring government funding for organising the APEC FMM is about \$84 million, comprising the proposed new non-recurrent commitment of \$63.45 million in relation to the organisation of the FMM in 2014-15 and \$19.5 million for civil service salary for 38 time-limited civil service posts for the Event Co-ordination Team and Police Planning Team. Another \$1.05 million for the operating expenditure of the Event Co-ordination Team in 2013-14 will be absorbed by existing resources. The main expenditure components under the proposed non-recurrent commitment of \$63.45 million are set out below –

##### **(a) Meeting venue and supporting facilities**

In compliance with APEC requirement, we will need to provide venue and supporting facilities for the FMM, including conference rooms for Finance Ministers', Finance Deputies' and Senior Finance Officials' meetings; offices of the Chairman of the FMM and APEC Secretariat; meeting rooms for bilateral discussions; press conference venue; temporary offices for delegations and observing international organisations; a venue for informal ministerial retreat and working lunch; café areas; information desks; hospitality counter, medical room, prayer rooms and other back-end facilities etc. We will establish a media centre with relevant facilities for local and visiting journalists. We also need to undertake fitting-out, conversion or alterations to these venues and facilities. We estimate that the rental and fitting-out costs would be around \$9.5 million.

/(b) .....

**(b) Information and communication technology, and website development and maintenance**

We will be responsible for providing the information technology network and communication infrastructure for the FMM, including audio sound system and recording service, video recording, Internet and Wi-Fi service, webcasting, Local Area Network (LAN) system, technical support, installation and rental of telecommunications services, simultaneous interpretation systems and service, etc. We also need to support the development and maintenance of a website for registration and dissemination of conference materials and other relevant information. We estimate that the costs would be around \$14 million.

**(c) Office equipment, furniture, stationery, etc.**

We will need to procure necessary equipment, furniture, stationery, personal computers, heavy-duty photocopies, high-speed printers, projectors and televisions, etc. for the various meetings to be held over the course of the FMM and also for the media centre. We estimate that the procurement cost of these items would be around \$5 million.

**(d) Security arrangements**

We will be responsible for all security arrangements for the FMM, including VIP protection, accreditation system for all participants, visitors and working staff for the FMM, hire of security personnel at designated hotels, meeting venues and places for special events, and screening of persons and items entering the venues with the use of equipment and tools such as X-ray machines and walkthrough metal detectors. We estimate the costs would be about \$5 million.

**(e) Transport**

We will need to provide about 30 chauffeur-driven limousines for finance ministers, heads of observing international organisations, and the APEC Secretariat senior staff. Shuttle coaches will also run on a frequent 12-hour basis to facilitate participants' attendance at all functions associated with the FMM, airport transfers, and transport of equipment and supporting materials to and from the meeting venues, etc. during the whole meeting period. We estimate the total transport costs would be around \$5 million.

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**(f) Hotel accommodation, hospitality and promotion and publicity**

We will need to comply with APEC's requirement to provide appropriate accommodation for about 30 finance ministers, heads of observing international organisations, and the APEC Secretariat senior staff. We will also arrange airport and hotel reception for the delegations. The cost is estimated to be about \$2 million.

We will also need to provide hospitality arrangements for the participants of the FMM, including a welcoming reception and dinner, and working lunches for about 500 delegates and observers, meals for media, and cultural performances and social programmes for the delegates and accompanying persons. The estimated costs for these hospitality arrangements would be around \$2.5 million.

Publicity measures will help raise public awareness of the significance of APEC meetings and promote the FMM in September next year, the first ever held in Hong Kong. Our efforts will help showcase Hong Kong's strengths as Asia's world city to attending delegates and the media. Our overseas and Mainland Economic and Trade Offices will also leverage the FMM to promote Hong Kong's credentials as an international financial centre and as a MICE tourism hub. We will liaise closely with the APEC secretariat and members, as well as the Ministry of Finance, to ensure smooth organisation of the FMM. We will also engage the community as appropriate in preparing for the FMM. We estimate that the costs for local and overseas promotion and publicity would be around \$5 million.

**(g) Costs for temporary workers and staff**

We will need to recruit temporary workers and staff to assist in the logistics operation of the FMM and undertake various duties before and during the FMM period (e.g. Liaison Officers for the delegations, venue helpers, reception staff, and interpreters). We estimate that the costs would be around \$6 million.

## **FINANCIAL IMPLICATIONS**

12. A breakdown of the non-recurrent commitment in relation to the organisation of the FMM in 2014-15 (excluding staff cost for time-limited civil service posts for the Event Co-ordination Team and Police Planning Team) is as follows –

/(a) .....

	\$ million
(a) Meeting venue and supporting facilities	9.50
(i) Rental costs for meeting venue and supporting facilities, including meeting rooms for bilateral discussions, a media centre with relevant facilities for local and visiting journalists, press conference venue, and temporary offices for delegations and observing international organisations (\$3.0 million)	
(ii) Conversion and fitting-out costs (\$6.5 million)	
(b) Information and communication technology, and website development and maintenance	14.00
(i) Information technology services, including provision of LAN system, webcasting, Internet and Wi-Fi service, and technical support (\$8.0 million)	
(ii) Rental of telecommunication services, simultaneous interpretation systems and services, and audio and video recording services (\$3.0 million)	
(iii) Website development and maintenance (\$3.0 million)	
(c) Office equipment, furniture, stationery, etc.	5.00
(d) Security arrangements	5.00
(i) Procurement of accreditation system, and hire of security personnel (\$2.5 million)	
(ii) Procurement of service and equipment, and rental of command posts (\$2.5 million)	
(e) Transport	5.00
(f) Hotel accommodation, hospitality and promotion and publicity	9.50
(i) Hotel accommodation, and airport and hotel reception (\$2.0 million)	

/(ii) .....

\$ million

(ii) Hospitality arrangements including a welcoming reception and dinner, and working lunches for about 500 delegates and observers, meals for media, and cultural performances and social programmes for the delegates and accompanying persons (\$2.5 million)	
(iii) Local and overseas promotion and publicity including production of Announcements in the Public Interest, media partnerships and advertising, and other items including banners, signage, backdrops, printed and other materials for the delegates, as well as liaison with APEC secretariat and members, and community engagement (\$5.0 million)	
(g) Temporary workers and staff who will be recruited to assist in the logistics operation of the FMM and undertake various duties before and during the FMM period (e.g. Liaison Officers for the delegations, venue helpers, reception staff, and interpreters)	6.00
Contingency	<u>9.45</u>
Total	<u>63.45</u>

13. As set out in paragraph 11 above, the total estimated expenditure of items requiring government funding for organising the APEC FMM is about \$84 million, comprising the proposed new non-recurrent commitment of \$63.45 million in relation to the organisation of the APEC FMM in 2014-15 and \$19.5 million for civil service salary for 38 time-limited civil service posts for the Event Coordination Team and Police Planning Team. Another \$1.05 million for the operating expenditure of the Event Coordination Team in 2013-14 will be absorbed by existing resources. Relevant government departments such as HKPF may also need to deploy their existing resources for supporting the smooth running of the event if necessary. We will ensure the cost-effective use of public funds in organising the event.

14. If the above proposed non-recurrent commitment of \$63.45 million is approved by the FC, we will include the resource requirements for the two supernumerary directorate and 36 non-directorate civil service posts in the 2014-15 draft Estimates for consideration by the Legislative Council (LegCo) in the context of the 2014 Appropriation Bill.

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**BACKGROUND**

15. We consulted the LegCo Panel on Financial Affairs on the proposed creation of two supernumerary directorate posts and a new non-recurrent commitment for organising the FMM on 4 November 2013. Members supported the proposals. The Establishment Sub-committee was consulted on 13 November 2013 and supported the proposed creation of the two proposed supernumerary directorate posts.

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Financial Services and the Treasury Bureau  
November 2013