

## **ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE**

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

#### **Subhead 000 Operational expenses**

Members are invited to recommend to Finance Committee the creation of the following supernumerary directorate posts in the Financial Services Branch of the Financial Services and the Treasury Bureau with immediate effect upon the approval by the Finance Committee up to 30 September 2014 –

1 Administrative Officer Staff Grade B  
(D3) (\$158,850 - \$173,350)

1 Senior Principal Executive Officer  
(D2) (\$136,550 - \$149,350)

### **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 dedicated staffing support at the directorate level to oversee all relevant planning and implementation work in respect of the organisation of the APEC FMM in Hong Kong.

**/PROPOSAL .....**

## PROPOSAL

2. We propose to create two supernumerary directorate posts, including an Administrative Officer Staff Grade B (AOSGB) (D3) and a Senior Principal Executive Officer (SPEO) (D2) in the Event Coordination Team of FSB, with immediate effect upon approval by the Finance Committee (FC) up to 30 September 2014, to lead, plan and implement the organisational arrangements for the APEC FMM 2014<sup>Note</sup>.

## 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. Joining as a member in November 1991 and participating under the name “Hong Kong, China” after July 1997, 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. This will be the first time for such a large-scale ministerial meeting of APEC to take place in Hong Kong, and will allow Hong Kong to contribute to the chairmanship of APEC 2014 by our country.

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. Also it will provide a valuable opportunity for us to update APEC member economies on the development of our financial sector and promote economic cooperation with them. This would help reinforce and enhance Hong Kong’s role as an international financial and business centre.

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<sup>Note</sup> We will seek FC’s approval for the creation of a new commitment to meet the non-recurrent costs for organising the FMM separately.

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 gather in Hong Kong for the FMM next year. Including accompanying persons of delegates and 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 hosting first-class international meetings such as the sixth ministerial conference of the World Trade Organization in December 2005 and the World Bank/International Monetary Fund Annual Meetings in September 1997, 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, conferences and exhibitions) tourism.

8. An event of this scale and importance requires massive and detailed planning work on the logistical side. Hong Kong will take charge of all the organisational arrangements for the ministerial meeting, including meeting venues, security and media arrangements, accreditation of attendees, office supplies and equipment, information technology and telecommunications facilities, hotel accommodation, and appropriate protocol and transport facilities. Apart from the series of meetings including the FMM, we will organise a welcoming reception and dinner, as well as social, cultural and hospitality programmes for delegates and their accompanying persons, etc. To this end, the Administration requires dedicated staffing and funding support to lead, plan and implement these organisational arrangements for the APEC FMM.

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

9. Given the very tight timeframe (less than 12 months' time from now) before the FMM, we need to set up immediately a dedicated Event Coordination Team within FSB in the run-up to the FMM in September 2014, in order to draw up a detailed roadmap for all the organisational arrangements, maintain close liaison with the relevant ministries in the Central People's Government and the APEC Secretariat, and execute these arrangements accordingly.

10. We propose that the Event Coordination Team be headed by an AOSGB, underpinned by an SPEO and 28 non-directorate officers to perform all relevant planning and implementation duties in respect of the organisation of the FMM. Due to the very tight timeframe within which we are operating, prior to the creation of the two proposed posts, an AOSGB and an SPEO have been temporarily redeployed from within the Administration to commence work immediately. This temporary arrangement will lapse upon creation of the proposed supernumerary AOSGB and SPEO posts for a period until 30 September 2014, if the proposal is approved by the FC.

*Need to create a supernumerary AOSGB (D3) post*

11. The proposed supernumerary AOSGB, as the Head of the Event Coordination Team, will report to the Permanent Secretary for Financial Services and the Treasury (Financial Services). The Head of the Event Coordination Team will develop and implement strategies and plans to facilitate the organisation of the FMM. He/she will support the Financial Secretary and the Secretary for Financial Services and the Treasury in leading and coordinating Government's efforts on different strands of work relating to the organisation of the FMM. He/she will also be the senior-level contact point for relevant ministries in the Central People's Government, the finance ministries of other APEC member economies and their local representatives (i.e. Heads of the relevant consular or representative offices), the APEC Secretariat and relevant international organisations on all related arrangements. The Head of the Event Coordination Team will be the commander-in-chief on the ground during the FMM, and will need to respond spontaneously to requests from all delegations regarding the running of the meetings. Taking into account the scale and complexity of the tasks, we consider that a dedicated directorate officer pitched at the rank of AOSGB is essential to ensuring effective steering and planning for all the preparatory and organisation work for the FMM.

*Need to create a supernumerary SPEO (D2) post*

12. The proposed supernumerary SPEO, as the Deputy Head of the Event Coordination Team, will assist the Head of the Event Coordination Team to plan and oversee the preparatory work for running the FMM. The Deputy Head of the Event Coordination Team will play a key role in ensuring the smooth execution of the logistical arrangement for the FMM (including the protocol, hospitality, security, media, international/local publicity, information technology, telecommunications, and other relevant arrangements), and in formulating and monitoring the detailed deployment plans for staff and other resources. In addition, he/she will be responsible for supervising the non-directorate officers in the team to liaise with all relevant parties within and outside the Administration relating to the organisation of the FMM.

Encls. 13. The proposed job descriptions for the AOSGB and SPEO posts are at  
1 & 2 Enclosures 1 and 2 respectively.

***Non-directorate support***

Encls. 14. The Event Coordination Team will be supported by  
3 & 4 28 non-directorate officers in performing its functions in planning and executing the organisational aspects of the APEC FMM. In addition, the Hong Kong Police Force (HKPF) will set up a Police Planning Team comprising eight disciplined staff to assist the Event Coordination Team in planning and implementing the security arrangements of the FMM. The proposed organisation charts of the Event Coordination Team and Police Planning Team are at Enclosures 3 and 4 respectively.

**ALTERNATIVES CONSIDERED**

Encls. 15. We have evaluated critically whether the duties of the two proposed  
6 & 7 directorate posts could be absorbed by existing Deputy Secretaries (DSes) and Principal Assistant Secretaries (PASes) within FSB, and concluded that it will not be viable to redeploy these existing directorate officers to take up the organisation of the FMM (which will require strong leadership, firm direction and close attention at directorate level on a day-to-day basis in the run-up to and during FMM) without prejudicing the delivery of policy initiatives and legislative exercises under their respective heavy portfolios. The organisation chart of FSB is at Enclosure 5 and the existing portfolios of the DSes and PASes are at Enclosures 6 and 7 respectively.

**FINANCIAL IMPLICATIONS**

16. The proposed creation of the supernumerary AOSGB and SPEO posts will bring about an additional notional annual salary cost at mid-point of \$3,758,400.

	<b>Notional annual salary cost at mid-point (\$)</b>	<b>No. of posts</b>
<b>Supernumerary posts</b>		
AOSGB (D3)	2,019,000	1
SPEO (D2)	1,739,400	1
Total	3,758,400	2

The additional full annual average staff cost, including salaries and staff on-cost, is \$5,253,000.

17. As for the 28 non-directorate civil service posts in the Event Coordination Team as mentioned in paragraph 14 above, the additional notional annual salary cost at mid-point is \$17,190,420 and the full annual average staff cost, including salaries and staff on-costs, is \$23,844,000.

18. We will make internal redeployment in the meantime wherever possible, and will include sufficient provision in 2014-15 draft Estimates to meet the cost of the proposed creation of two supernumerary directorate posts and 28 non-directorate posts in the Event Coordination Team of FSB as well as eight non-directorate posts in the Police Planning Team of HKPF.

## PUBLIC CONSULTATION

19. We consulted the Legislative Council Panel on Financial Affairs on 4 November 2013. Members supported the above proposal.

## ESTABLISHMENT CHANGES

20. The establishment changes in FSB for the past two years are as follows –

Establishment (Note)	Number of Posts (including posts in the Office of the Commissioner of Insurance)			
	Existing (As at 1 October 2013)	As at 1 April 2013	As at 1 April 2012	As at 1 April 2011
A	12 + (5)*	12 + (5)	12 + (4)	12 + (3)
B	65	65	65	63
C	89	87	87	89
<b>Total</b>	166 + (5) <sup>#</sup>	164 + (5)	164 + (4)	164 + (3)

Note:

A – ranks in the directorate pay scale or equivalent

B – non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent

C – non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent

( ) – number of supernumerary directorate posts

\* – as at 1 October 2013, there was no unfilled directorate post in FSB

# – including 79+(1) posts in the Office of the Commissioner of Insurance.

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**CIVIL SERVICE BUREAU COMMENTS**

21. The Civil Service Bureau supports the proposed creation of the two supernumerary directorate posts. The grading and ranking of the posts are considered appropriate having regard to the level and scope of responsibilities.

**ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE**

22. As the directorate posts are proposed on a supernumerary basis, their creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

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Financial Services and the Treasury Bureau  
November 2013

**Proposed Job Description for  
Head, Event Coordination Team**

**Rank** : Administrative Officer Staff Grade B (D3)

**Responsible to** : Permanent Secretary for Financial Services and the  
Treasury (Financial Services)

**Main Duties and Responsibilities –**

- (a) To head the Event Coordination Team to develop and implement strategies and plans to facilitate the organisation of the Finance Ministers' Meeting (FMM) in Hong Kong in September 2014 and support the Financial Secretary and the Secretary for Financial Services and the Treasury in leading and coordinating Government's efforts on different strands of work relating to the organisation of the FMM.
- (b) To represent HKSARG to liaise with relevant ministries in the Central People's Government, the Asia-Pacific Economic Cooperation (APEC) member economies and APEC Secretariat on the organisation of the FMM.
- (c) To chair relevant inter-departmental taskforces to co-ordinate Government efforts on different planning aspects, e.g. protocol, hospitality, security, media, international/local publicity, information technology, telecommunications and other arrangements for the FMM.
- (d) To work with relevant policy bureaux and financial regulators to monitor the on-going discussions of the APEC in respect of its finance-related agenda in the run-up to the FMM.
- (e) To manage and control the approved budget and oversee the smooth and efficient running of the FMM as a commander-in-chief when it takes place, as well as to perform other relevant duties as assigned by the supervisor.

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**Proposed Job Description for  
Deputy Head, Event Coordination Team**

**Rank** : Senior Principal Executive Officer (D2)

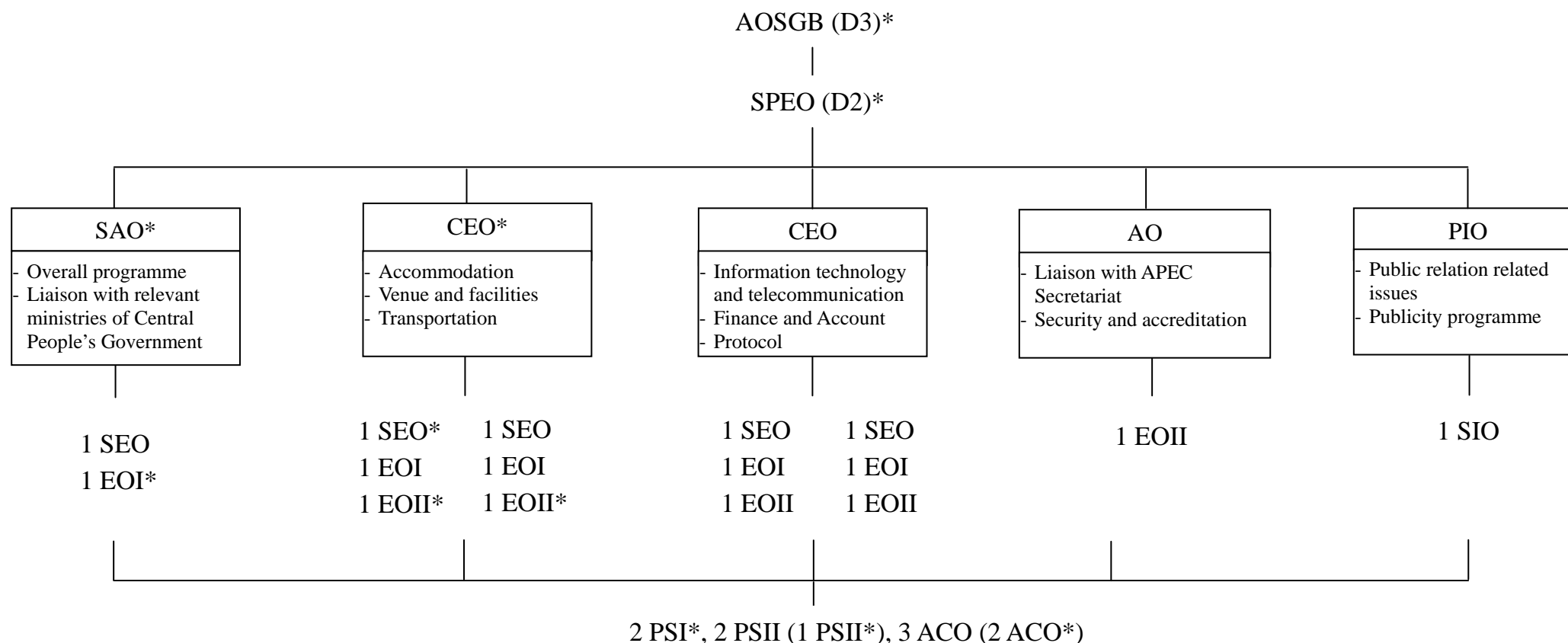
**Responsible to** : Head, Event Coordination Team

**Main Duties and Responsibilities –**

- (a) To formulate and oversee the implementation of staff and other resource deployment plans to meet the demands arising from organising the Finance Ministers' Meeting (FMM).
- (b) To assist in the liaison and discussion with relevant ministries in the Central People's Government, the Asia-Pacific Economic Cooperation (APEC) member economies regarding the participation and all the arrangements for the attendance of their Finance Ministers and delegations in the FMM.
- (c) To assist in the liaison and discussions with relevant ministries in the Central People's Government and the APEC Secretariat on the organisation of and relevant arrangements for the FMM.
- (d) To plan with bureaux and departments various executional aspects and logistical work for the FMM (including security, protocol, hospitality, media, international/local publicity, information technology, accommodation, telecommunications, cultural and social programmes, and other supporting functions).
- (e) To serve as second in command on the ground, and assist in overseeing the smooth and efficient running of the FMM when it takes place.
- (f) To perform other relevant duties as assigned by the Head of Event Coordination Team.

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Proposed Organisation Chart of the Event Coordination Team for 2014-15

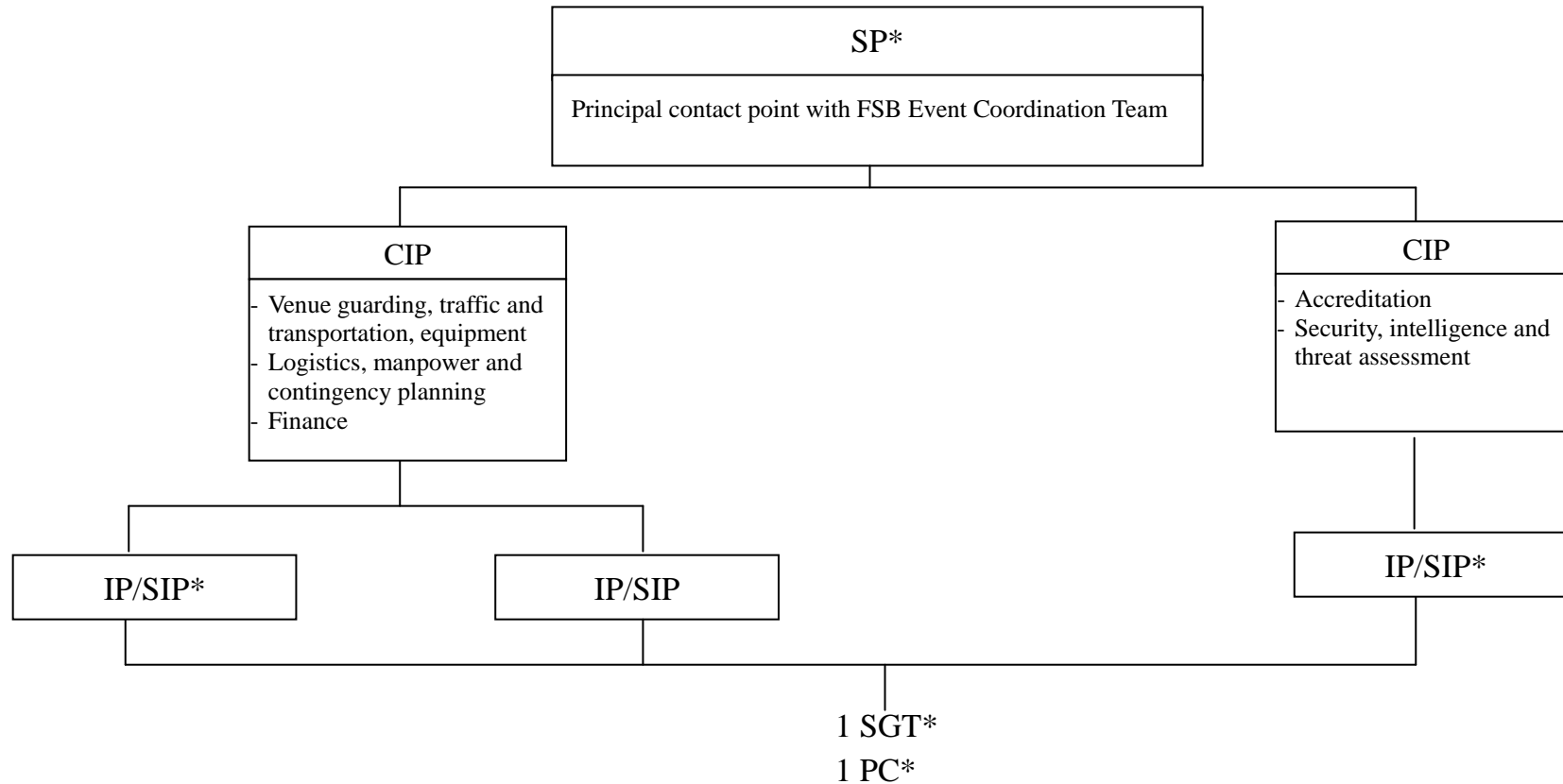


**Legend**

- |  |                                     |                                  |
|--|-------------------------------------|----------------------------------|
| AOSGB - Administrative Officer Staff Grade B | PIO - Principal Information Officer | EOI - Executive Officer I        |
| SPEO - Senior Principal Executive Officer    | SEO - Senior Executive Officer      | EOII - Executive Officer II      |
| SAO - Senior Administrative Officer          | AO - Administrative Officer         | PSI - Personal Secretary I       |
| CEO - Chief Executive Officer                | SIO - Senior Information Officer    | PSII - Personal Secretary II     |
|  |                                     | ACO - Assistant Clerical Officer |

\* represents posts that will be created or redeployed in 2013-14 to commence work.

**Proposed Organisation Chart of the Police Planning Team for 2014-15**

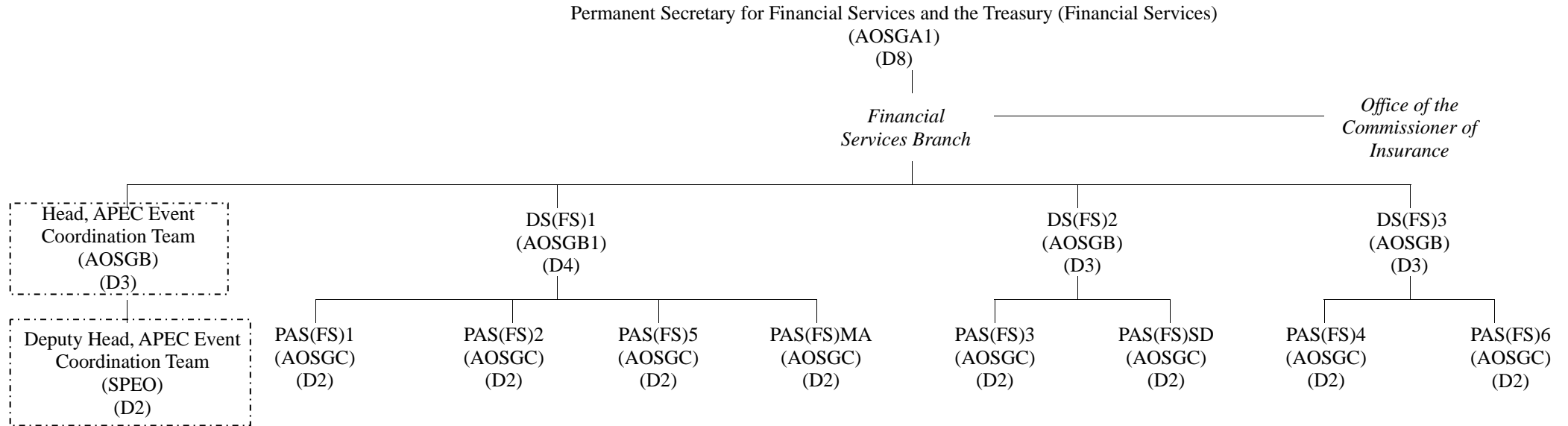


**Legend**

- SP - Superintendent of Police
- CIP - Chief Inspector of Police
- IP/SIP - Inspector/Senior Inspector of Police
- SGT - Police Sergeant
- PC - Police Constable

\* represents posts that will be created or redeployed in 2013-14 to commence work.

**Organisation Chart of the Financial Services and the Treasury Bureau (Financial Services Branch)**



**Legend**

- Supernumerary directorate posts to be created
- AOSGA1 – Administrative Officer Staff Grade A1
- AOSGB1 – Administrative Officer Staff Grade B1
- AOSGB – Administrative Officer Staff Grade B
- AOSGC – Administrative Officer Staff Grade C
- DS(FS) – Deputy Secretary for Financial Services and the Treasury (Financial Services)
- PAS(FS) – Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)
- SPEO – Senior Principal Executive Officer

**Major Duties and Responsibilities of the Existing  
Deputy Secretaries (Financial Services) (DS(FS)s)**

DS(FS)1 is mainly responsible for policy matters and legislation relating to the securities and futures markets, banking and monetary matters, financial market development including cooperation with the Mainland, and anti-money laundering and counter terrorist financing in respect of the financial sectors. Within these policy areas, there are a number of key initiatives which are being pursued and will require active follow-up within the next few years. These include the further development of off-shore Renminbi business and asset management industry in Hong Kong; promotion of the further and sustainable development of the local bond market including the Islamic bond market; implementation of relevant regulatory reforms to enhance investor protection and market quality, development of financial infrastructure including the introduction of an uncertificated securities regime in Hong Kong, and formulating legislative proposal for implementing other enhancement measures on financial stability promulgated by international forums including G20 (e.g. OTC derivative regulation and resolution regime) and the Basel Committee on Banking Supervision, and implementation of the anti-money laundering legislation for financial institutions and preparation for the next round of mutual evaluation on Hong Kong by the Financial Action Task Force.

2. DS(FS)2 is mainly responsible for policy matters and legislation relating to the insurance sector, Mandatory Provident Fund (MPF) schemes and other retirement schemes, and housekeeping matters of Census and Statistics Department. There are a number of key initiatives currently underway, notably the proposed establishment of an independent Insurance Authority and a Policyholders' Protection Fund, legislation for improving the MPF system and the on-going review of the operation of the MPF system.

3. DS(FS)3 is mainly responsible for policy matters and legislation relating to companies, accountancy sector, bankruptcy and corporate insolvency, and review of the Trustee Ordinance and related matters, and housekeeping matters of Official Receiver's Office and Companies Registry. There are a number of key initiatives currently underway which will require active follow-up in the next few years, notably the implementation of the new Companies Ordinance, the corporate insolvency law improvement exercise, formulation of proposals to introduce a new corporate rescue procedure and further enhance the independence of the regulatory regime for auditors of listed companies from the audit profession, and an overall review of the abscondee regime under the Bankruptcy Ordinance.

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**Major Duties and Responsibilities of the Existing  
Principal Assistant Secretaries (Financial Services) (PAS(FS)s)**

PAS(FS)1 is responsible for policy and matters relating to investor protection in the securities and futures markets and the development of the asset management industry. In addition, she provides policy input on supervision of intermediaries and of market operation, and deals with housekeeping matters of the Securities and Futures Commission (SFC). She also coordinates the operation of the Securities and Futures Appeals Tribunal and the Market Misconduct Tribunal, provides secretariat support for the Process Review Panel for SFC, and coordinates financial regulators on risk management matters.

2. PAS(FS)2 is responsible for policy matters relating to listing and the Hong Kong Exchanges and Clearing Limited. She works on the proposed legislation on the regulation of over-the-counter derivative market to implement the G20's commitment and the introduction of an uncertificated securities regime in Hong Kong. She also handles matters relating to the commodities market in Hong Kong.

3. PAS(FS)3 oversees policy and legislative matters over the Mandatory Provident Fund (MPF) Schemes and the Occupational Retirement Schemes. Her portfolio covers all MPF-related matters, including the housekeeping matters of the Mandatory Provident Fund Schemes Authority. She also handles housekeeping matters of the Census and Statistics Department.

4. PAS(FS)4 oversees policy and legislative matters over bankruptcy, corporate insolvency and accountancy matters. He is responsible for an exercise to improve Hong Kong's corporate insolvency law, including engaging stakeholders on a proposal to introduce new statutory corporate rescue procedure. He is also responsible for an exercise to further enhance the independence of the regulatory regime for auditors of listed companies from the audit profession. He also deals with housekeeping matters of the Official Receiver's Office and the Financial Reporting Council (FRC), and provides secretariat support for the Process Review Panel for FRC.

5. PAS(FS)5 is responsible for the review and maintenance of the Banking Ordinance including implementation of Basel III, and liaison with the Hong Kong Monetary Authority on banking and other related issues. He oversees policy matters and legislation concerning the Deposit Protection Scheme, electronic

retail payments, anti-money laundering for financial institutions, as well as those relating to bond market development and Islamic finance. In addition, he coordinates policy input from financial services perspective in connection with Hong Kong's participation in G20, Financial Stability Board, International Monetary Fund, Asia-Pacific Economic Cooperation, Asian Development Bank, the Financial Action Task Force on Money Laundering, and the Asia-Pacific Group on Money Laundering.

6. PAS(FS)6 deals with policies and legislation relating to companies and trusts, in particular the work relating to the new Companies Ordinance as well as the review of the Trustee Ordinance. He is also responsible for the review of the abscondee regime under the Bankruptcy Ordinance and the housekeeping matters of the Companies Registry.

7. PAS(FS)MA coordinates the implementation of new measures by the Central People's Government (CPG) to support the economic and social development in Hong Kong, oversees the financial co-operation with the Mainland at the CPG and regional levels as a strategic goal under National 12th Five-Year Plan as well as the development of offshore RMB business in Hong Kong. She also oversees policy matters and legislation concerning the implementation of Hong Kong's commitment to meet international standards such as the development of an effective resolution regime for financial institutions in times of financial crises, and handles other relevant international affairs relating to financial services.

8. PAS(FS)SD oversees policy and legislative issues concerning the insurance sector. His portfolio covers all insurance-related policies, including the housekeeping matters of the Office of the Commissioner of Insurance. He oversees, among other things, the proposed establishment of an independent Insurance Authority (IIA) and a Policyholders' Protection Fund (PPF), engages the industry and stakeholders in developing detailed proposals, and formulates detailed legislative proposals for the establishment of the IIA and PPF.

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