

**For discussion  
on 17 January 2001**

**EC(2000-01)27**

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

### **HEAD 79 - INVEST HONG KONG Subhead 000 Operational expenses**

Members are invited to recommend to Finance Committee the creation of the following supernumerary post from 1 March 2001 to 31 March 2003 in Invest Hong Kong -

1 Administrative Officer Staff Grade C  
(D2) (\$116,650 - \$123,850)

### **PROBLEM**

The Director-General of Investment Promotion (DGIP) needs sufficient directorate support to maintain the intensive public relations and marketing programme necessary for Invest Hong Kong (InvestHK) to make an impact on the world commercial scene.

### **PROPOSAL**

2. DGIP, with the support of the Secretary for Commerce and Industry, proposes to create a supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) in InvestHK from 1 March 2001 to 31 March 2003.

**/JUSTIFICATION .....**

**JUSTIFICATION*****The role and programme of InvestHK***

3. InvestHK is a new department established on 1 July 2000 following the reorganisation of the trade and industry group of departments to promote inward investment. Over the past few months, InvestHK has embarked on an extensive public relations programme to put across the message that Hong Kong remains a vibrant business centre three and a half years after the transition. Though Hong Kong has become part of China, it retains its distinct identity, with a free market economy and a level playing field. Hong Kong continues to welcome foreign investors on a completely non-discriminatory basis, and has established the new department to bring increased focus to our efforts to attract and retain multi-national corporations.

4. The initial programme includes the following main items -
- (a) sponsorship of the Fortune Global Forum, to be held in Hong Kong in May 2001;
  - (b) sponsorship of a yacht made by Hong Kong, "Spirit of Hong Kong", in the British Telecom (BT) Global Challenge yacht race;
  - (c) design and implementation of a modern, user-friendly web site; and
  - (d) total revamp of all printed promotional materials.

Encl. 1 More information on our participation in the Forum and the yacht race is set out in Enclosure 1.

5. Recognising the importance of implementing a high profile marketing campaign to launch the new department, DGIP on 1 September 2000 created under delegated authority a supernumerary AOSGC post designated as Associate Director-General (Special Duties) (ADG(SD)) to oversee the work. This post will lapse on 1 March 2001. The ADG(SD) post was initially created to handle items (a) and (b) described at paragraph 4 above. The thinking then was that most of the work would be completed by the end of February 2001 and that the residual duties could be absorbed by one of the three permanent Associate Director-Generals (ADGs). However it is clear that this will not be a satisfactory arrangement in the light of our future work as set out below.

*/Future Work .....*

*Future Work*

6. To keep up the momentum of the initial launch, we plan to step up our public relations programme in the following ways over the next two years -

- (a) we will take full advantage of the Fortune Global Forum to maximise marketing opportunities;
- (b) we will trigger the option clause under our agreement with BT Global Challenge and sponsor “Spirit of Hong Kong” in the New World Challenge yacht race in 2002-03 which will focus on the Asia-Pacific region. The route runs from San Francisco and includes stopovers in Japan, Hong Kong, Singapore and other cities. Our participation will provide many opportunities for corporate hospitality;
- (c) in the context of the BT Global Challenge and New World Challenge, we have secured the use of two other yachts, one each on the US East and West Coasts, for corporate hospitality events in 2001 and 2002. One of the yachts will be in InvestHK colours; and
- (d) we are working with other prominent business organisations such as Forbes magazine and the Economist to stage special events in Hong Kong in 2002.

7. In order to carry through the enhanced programme outlined at paragraph 6 above, and also do full justice to the existing programme described at paragraph 4 above, we propose to create a supernumerary post of AOSGC for the period up to 31 March 2003 to provide DGIP with adequate directorate support. Given the high level liaison and planning that is required and the need to lead the various high profile programmes, it is necessary for the post to be pitched at AOSGC level. Major areas of work involved are -

- (a) planning and organising hospitality and business events in the various ports of call;
- (b) managing and developing public relations strategy including production of press releases and publicity materials, and managing the media;
- (c) networking with other corporate sponsors and co-sponsors of the event, and other senior business executives, through participation in official programmes and events hosted by InvestHK;

/(d) .....

- (d) ensuring the provision of adequate logistics support for the Hong Kong yacht, working through the land side manager and the skipper of the yacht;
- (e) financial control of the project, including control and scrutiny of the operational expenses incurred by the skipper and crew; and
- (f) liaising with the event organiser, relevant Hong Kong Economic Trade Offices and the co-sponsor of the Hong Kong yacht.

Encl. 2      A detailed job description is at Enclosure 2. The organisation charts of the department before and after the creation of the proposed supernumerary AOSGC post are at Enclosures 3 and 4 respectively.  
Encls.3&4

8.            In view of the intensive workload involved in the organisation of the Fortune Global Forum, the AOSGC needs a dedicated team of non-directorate staff to assist him. We have created a Chief Executive Officer and a Senior Executive Officer posts for six months with effect from 24 November 2000 to meet the immediate operational need. These posts will lapse on 24 May 2001. In addition, ten temporary project officers have been employed from January to June 2001 to provide support to the Fortune Global Forum. We will review the staffing needs nearer the time and may retain the necessary non-directorate posts to provide the AOSGC with sufficient support.

#### *Alternative considered*

9.            InvestHK faces a number of challenges in the effort to attract and retain foreign investment in coming years. There is very strong and increasing competition from other economies in the region, which have established dedicated investment promotion agencies of their own. These agencies have embarked on aggressive programmes targeting foreign corporations. China's imminent entry into the World Trade Organisation is leading many companies to consider going directly into the Mainland bypassing Hong Kong. In order to respond to these challenges, it is essential that the three permanent ADGs give full attention to their direct investment promotion duties.

10.          The department is now headed by DGIP (D6), underpinned by one permanent AOSGC and two permanent non-civil service posts also at D2 level. The two non-civil servants will each take responsibility for work relating to certain priority economic sectors and the Regional Headquarters (RHQs) of companies in those sectors. The AOSGC heading the third division will take responsibility for all other RHQs, special projects, non-priority sectors, etc. plus departmental

/administration .....

administration. Specifically, these three ADGs are to concentrate their efforts in the respective sectors for which they are responsible. They are to carry out their duties on a proactive basis, and in particular in two areas. Firstly, in responding to approaches by potential investors, they need to be quicker, more positive, more authoritative and provide better access in appropriate cases to the top levels of Government. Secondly, in relation to existing investors, they need to be much more proactive with a systematic and comprehensive aftercare service in order to retain the investors that are already here and to maximise their presence in Hong Kong, having regard to the experience in other economies that a high percentage of new investment came from investors that were already there.

11. The new proactive approach calls for undivided and focused attention of the three ADGs such that they will have no capacity at all for day to day public relations work, let alone an intensive and enhanced public relations programme that is vital in the initial years of the department.

#### **FINANCIAL IMPLICATIONS**

12. The additional notional annual salary cost of this proposal at mid-point is \$1,443,000. The full annual average staff cost of the proposal, including salaries and staff on-costs, is \$2,415,000.

13. In parallel with the proposed AOSGC post, we created two non-directorate posts as described in paragraph 8 above on a short-term basis up to June 2001 at a notional annual mid-point salary cost of \$1,707,540 and a full annual average staff cost of \$2,734,000.

14. We have included sufficient provision in the 2000-01 Estimates to meet the cost of this proposal.

#### **CONSULTATION WITH LEGISLATIVE COUNCIL PANEL**

15. We consulted the Legislative Council Panel on Commerce and Industry on 8 January 2001. The Panel has raised the question of whether the existing ADG(3) could absorb the work of ADG(SD) before March 2003. Our reply was in the negative given that ADG(3) is responsible for a host of back-office support and corporate services for the department and the overseas desks, in addition to the marketing and investment promotion activities related to all non-target sectors. In particular, ADG(3) is tasked to plan, design and implement a data warehousing and management information system for the department. He has therefore no spare capacity for public relations work. A detailed job description of the ADG(3) post is at Enclosure 5. The Panel supported the proposal.

Encl. 5

/CIVIL .....

**CIVIL SERVICE BUREAU COMMENTS**

16. Having regard to the major investment promotion and public relation projects to be held in 2001-03 as set out in the paper, Civil Service Bureau considers the proposal to be justified and the grading and ranking to be appropriate.

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

17. As the AOSGC post is proposed on a supernumerary basis, its 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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Commerce and Industry Bureau  
January 2001

**Participation of Invest Hong Kong  
in Fortune Global Forum and BT Global Challenge**

**Fortune Global Forum**

The Fortune Global Forum is a prestigious international meeting for senior business executives. Initiated by *Fortune*, the leading global business magazine, the Forum is held annually at different major cities in the world. The 1999 Forum was held in Shanghai, and the 2000 one in Paris. On 28 September 2000, InvestHK and *Fortune* signed an agreement for the 2001 forum to be held in Hong Kong from 8 to 10 May. There will be over 500 guests from major companies around the world.

2. As the host of the Forum, InvestHK will work closely with the organiser and government departments involved, including Hong Kong Police Force, Transport Department, Immigration Department and Information Services Department in planning and implementing the event. The coordination work for InvestHK involves supporting *Fortune's* efforts to invite prominent local and overseas business leaders, senior government leaders from Mainland China, selected Chinese State Owned Enterprises heads, etc. to attend the Forum; providing security and suitable facilities for the conference; arranging transportation, traffic and crowd control; arranging reception and organising a cultural programme for the spouses of the Forum participants; and arranging interpretation services.

3. Under the agreement, Hong Kong pays a fee of US\$600,000 to be the host sponsor. In return for the sponsorship, the organiser will provide InvestHK with advertising packages in magazines including *Fortune* and *Time* and on network TV worth an equivalent amount. To maximise the reach of the publicity package, InvestHK will develop a strategy to market its brand name and Hong Kong's locational advantages to the global business audience.

**BT Global Challenge**

4. The BT Global Challenge is the world's toughest yacht race involving sailing around the world against the prevailing winds and currents. The 2000-01 race involves 12 identical yachts, two of which were manufactured in the Mainland by a Hong Kong company. The race started on 10 September 2000 in Southampton in the UK and the stopovers include Boston, Buenos Aires, Wellington, Sydney, Cape Town and La Rochelle. The race will finish in Southampton in June 2001. InvestHK has sponsored one of the Mainland-built yachts and named it "Spirit of Hong Kong". In addition to being provided with opportunities for networking with over 200 global companies which are also sponsors and business club members of the race, we are entitled to use the yacht for targeted business outreach at each port-of-call through corporate hospitality gatherings, investment promotion presentations, and business development functions. In this regard, InvestHK is entitled to have 60 sail days in Southampton and the six ports of call for receiving guests.

**Job Description**

**Post Title :** Associate Director-General (Special Duties)

**Rank :** Administrative Officer Staff Grade C (D2)

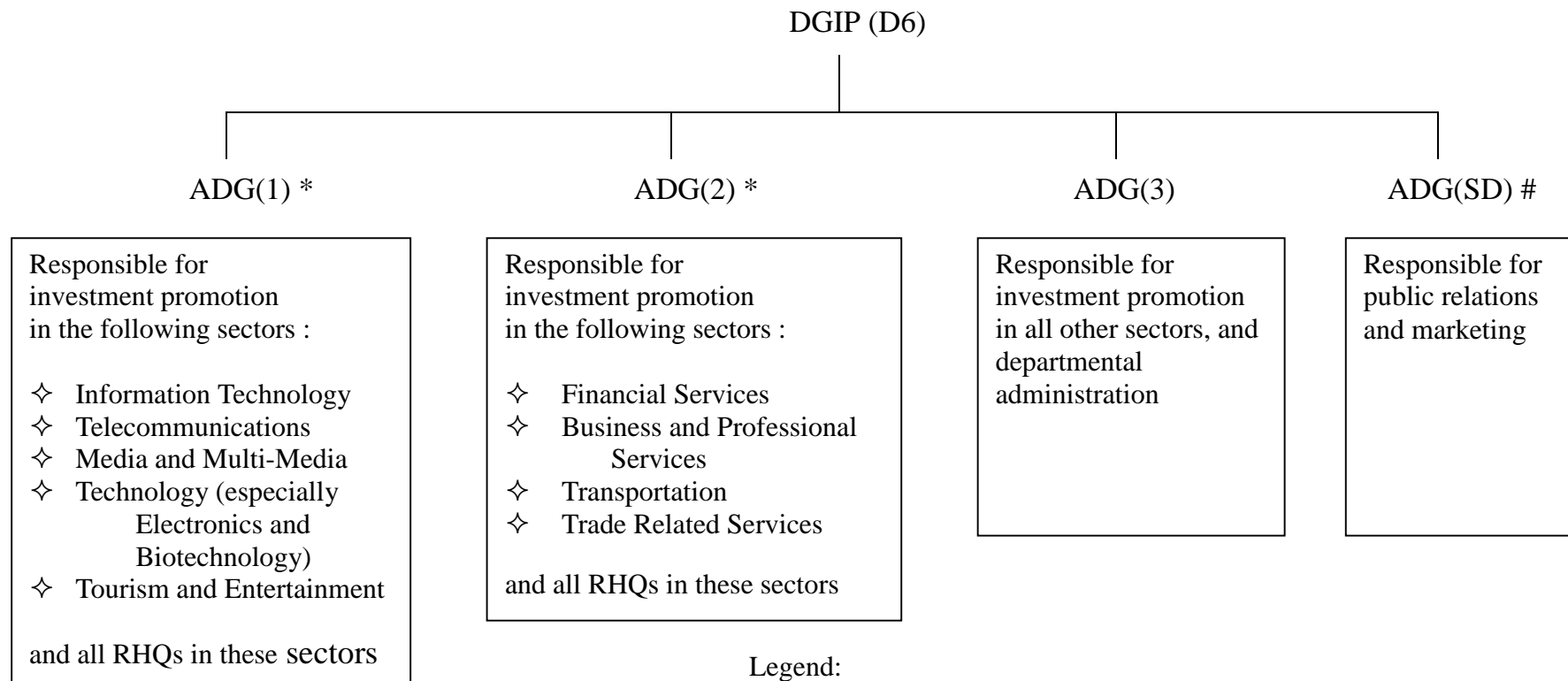
**Responsible to :** Director-General of Investment Promotion

**Duties and Responsibilities -**

- (a) assisting the Director-General in the image building of InvestHK and the on-going promotion of its corporate identity in the local and international business communities, the media and with relevant authorities;
- (b) planning and organising hospitality and business events such as BT Global Challenge, New World Challenge and Fortune Global Forum (“the events”) to fully exploit the brand building and networking opportunities provided by them;
- (c) steering and managing the public relations consultants engaged by InvestHK for the events, in developing public relations strategy, press releases and publicity materials, and in managing the media;
- (d) networking with other corporate sponsors and co-sponsors of the events, as well as with other senior business executives, through participation in official programmes and events hosted by InvestHK
- (e) financial management of the projects, including control and scrutiny of the operation expenses; and
- (f) overhauling of the investment promotion website and all promotional materials.



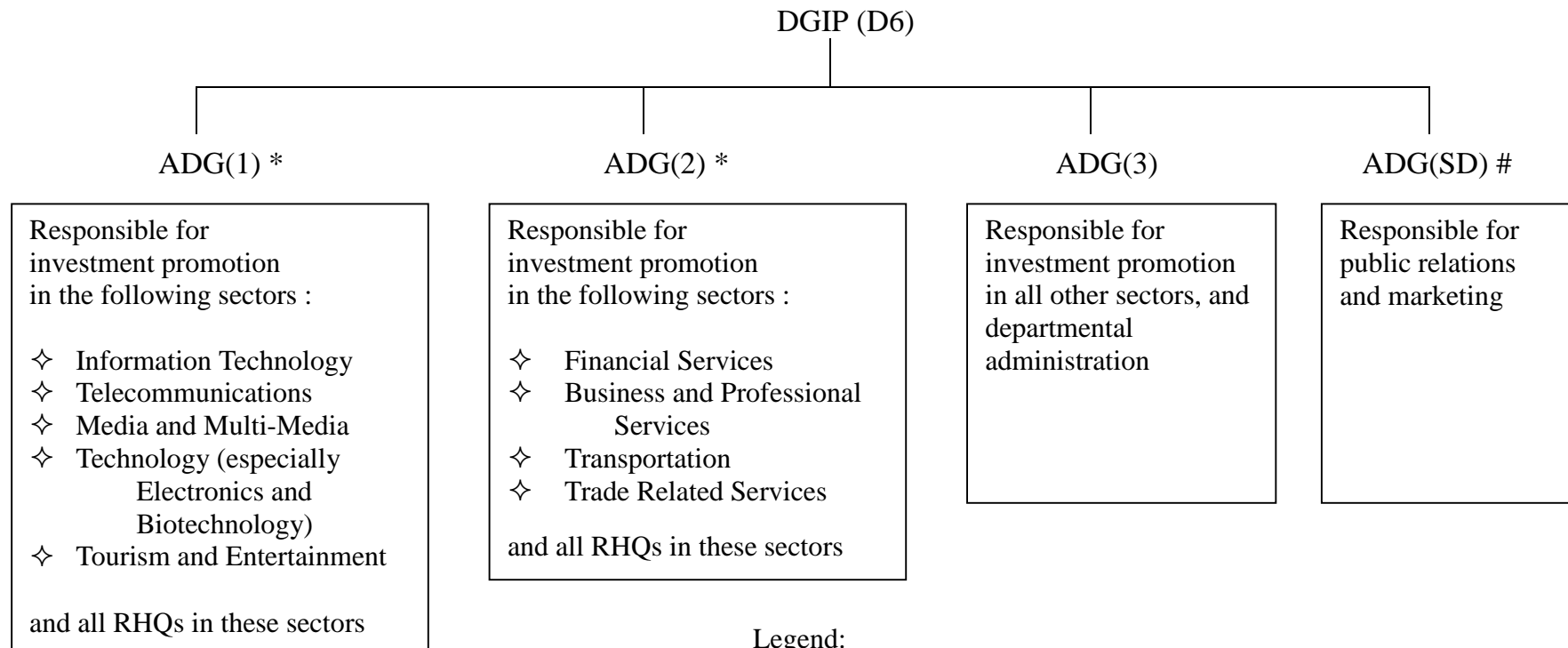
**Existing Organisation Chart of Invest Hong Kong**



Legend:

- \* - Non civil-service posts
- # - Supernumerary post created from 1.9.2000 to 28.2.2001
- DGIP - Director-General of Investment Promotion
- ADG - Associate Director-General
- RHQs - Regional Headquarters

**Organisation Chart of Invest Hong Kong  
(after the creation of the proposed new supernumerary AOSGC post)**



Legend:

- \* - Non civil-service posts
- # - Supernumerary post proposed for creation
- DGIP - Director-General of Investment Promotion
- ADG - Associate Director-General
- RHQs - Regional Headquarters

**Job Description**

**Post Title :** Associate Director-General (3)  
**Rank :** Administrative Officer Staff Grade C (D2)  
**Responsible to :** Director-General of Investment Promotion

**Duties and Responsibilities -**

- (a) assisting the Director-General in overall strategy and business plan development;
- (b) providing general back-office support to the two divisions responsible for marketing and aftercare work in targeted sectors;
- (c) planning, designing and managing a data warehousing and information system for the department and InvestHK desks overseas;
- (d) providing general logistical support, including day-to-day supervision and general administration for the department;
- (e) handling enquiries and proposals from potential investors in non-target sectors, and providing aftercare services to existing investors;
- (f) identifying and pursuing actions needed to improve Hong Kong's competitiveness and attractiveness as an investment location; and
- (g) housekeeping for Economic and Trade Offices in respect of investment promotion-related matters.