立法會 Legislative Council

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Establishment Subcommittee of the Finance Committee of the Legislative Council

Minutes of the 5th meeting held at the Legislative Council Chamber on Wednesday, 6 February 2002, at 10:45 am

Members present:

Hon CHAN Kwok-keung (Chairman) Hon NG Leung-sing, JP (Deputy Chairman) Hon James TIEN Pei-chun, GBS, JP Ir Dr Hon Raymond HO Chung-tai, JP Dr Hon David LI Kwok-po, GBS, JP Hon Margaret NG Hon HUI Cheung-ching, JP Hon Bernard CHAN Hon Jasper TSANG Yok-sing, JP Hon Howard YOUNG, JP Hon YEUNG Yiu-chung, BBS Hon Emily LAU Wai-hing, JP Hon CHOY So-yuk Hon SZETO Wah Hon LI Fung-ying, JP Hon Henry WU King-cheong, BBS Hon Michael MAK Kwok-fung Hon LEUNG Fu-wah, MH, JP Hon LAU Ping-cheung

Members absent:

Hon Eric LI Ka-cheung, JP Hon CHEUNG Man-kwong Hon Andrew WONG Wang-fat, JP Action

Hon Abraham SHEK Lai-him, JP Dr Hon LO Wing-lok

Public Officers attending:

EC(2001-02)26	Proposed creation of one permanent post of Administrative Officer Staff Grade B (D3) in the Overseas Offices of Government Secretariat with effect from 1 April 2002 to head the new Economic and Trade Office of the Government of the Hong Kong Special Administrative Region in Guangdong and extension of the existing flexible ranking system in the overseas offices to all directorate head and deputy head posts in Hong Kong Economic
Ms Pauline NG Ms Alice AU	Assistant Secretary General 1 Senior Assistant Secretary (1)5
Staff in attendance:	
Clerk in attendance: Miss Polly YEUNG	Chief Assistant Secretary (1)3
Mr Stanley YING, JP Mrs Jessie TING, JP Mr Raymond YOUNG, J Miss Viola CHAN	 Deputy Secretary for the Treasury Deputy Secretary for the Civil Service P Deputy Secretary for Commerce and Industry Principal Executive Officer, Commerce and Industry Bureau

Members noted that the item was discussed by the Panel on Commerce and Industry on 10 December 2001.

and Trade Offices established in the Mainland

2. Mr LEUNG Fu-wah and Mr Henry WU pointed out that it would not be appropriate to refer to the proposed Economic and Trade Office (HKETO) of the Government of the Hong Kong Special Administrative Region (HKSAR) in Guangdong and any future HKETOs in other provinces in the Mainland as "Overseas Offices". In response, the Deputy Secretary for Commerce and Industry (DS(CI)) advised that the existing Head of Expenditure "Government Secretariat - Overseas Offices" was used for the purpose of presenting the relevant funding request to this Subcommittee and the Finance Committee (FC) for approval. It would be re-titled to "Government Secretariat - Hong Kong Economic and Trade Offices" in the 2002-03 draft Estimates.

3. Miss Emily LAU referred to the agreement in principle reached by the Legislative Council (LegCo)'s Cross Party Coalition that proposals for the creation of directorate posts would unlikely be supported if such proposals involved any net increase in the overall directorate establishment of the civil service and put forth her reservation on the present proposal for the creation of a permanent Administrative Officer Staff Grade B (AOSGB) (D3) post to head HKETO in Guangdong. Noting the absence of any arrangement in the present proposal to offset the proposed creation of post, she queried whether the Commerce and Industry Bureau (CIB) had taken heed of the repeated calls from members that in seeking to create new directorate posts, positive efforts should be made to identify and delete directorate posts in the civil service that were no longer necessary.

4. In reply, DS(CI) referred members to paragraph 10 of the paper for details about other alternatives considered. He stressed that CIB had already critically examined the feasibility of meeting the staffing requirement by way of redeployment of existing directorate resources among the ten HKETOs located in different countries. However, in view of the workload and representational role of the HKETOs, the Administration had come to the conclusion that the existing directorate posts were the minimum required and the work of these posts was commensurate with the present ranking. Hence, it was operationally not possible for the existing directorate posts in other HKETOs to absorb or share the workload of the proposed AOSGB post. Neither would it be appropriate to create the proposed post offset by deleting or downgrading a permanent directorate post in other HKETOs.

5. Regarding the staffing situation of CIB, DS(CI) advised that all the existing directorate staff in the Bureau were already fully occupied in their respective schedules of responsibilities and there was indeed a need for additional staffing support at the directorate level. He added that the possibility of staff redeployment among bureaux and departments was outside the purview of CIB.

6. In response to Mr Henry WU, DS(CI) stated that the ranking of the head of individual HKETOs was determined after careful consideration having regard to their roles and responsibilities in relation to the host countries concerned. In the present case, the ranking of the proposed head of HKETO in Guangdong was considered appropriate having regard to the significance of the post, the scope of work and complexity of the tasks involved, as well as the extent and level of liaison with the Guangdong Provincial Government. The Deputy Secretary for the Civil Service (DS(CS)) also confirmed that having considered carefully the important responsibilities attached to the post, the Civil Service Bureau was satisfied that pitching the proposed post at D3 level was appropriate.

7. Citing some press reports that a directorate officer at D2 level had already been identified for the proposed post of the head of HKETO in Guangdong, Miss Emily LAU asked whether the Administration's intention was to fill the post by a substantive D3 officer or by an officer acting up. In this respect, she was particularly concerned that such postings outside Hong Kong would often involve the offer of acting appointments necessitating acting allowances.

8. In reply, DS(CI) said that subject to FC's approval for the proposed post, a decision would be taken as early as possible on the candidate for the post and an announcement would be made accordingly. However, he assured members that in the case of an officer acting in a higher rank, the Administration must have been satisfied that the officer concerned was capable of taking up the relevant duties. On the general arrangement for offering acting appointments in the civil service, DS(CS) advised that such appointments would be closely scrutinized and an acting appointment would only be offered to those officers who had demonstrated competence and ability in taking up duties of the next higher rank.

9. Miss Emily LAU expressed her objection to the flexible ranking system for overseas offices under which supernumerary directorate posts at a pre-determined higher rank would be created and held against the permanent head or deputy head posts of a lower rank. Miss LAU referred to past concerns raised some years ago about the post of the Director of the HKETO in Washington and queried the mismatch between the level of remuneration and the job responsibilities for such posts in the overseas offices. She was particularly concerned that under the flexible ranking system, an officer would be remunerated at a level higher than that commensurate with the ranking of the post.

10. In response, DS(CI) briefly explained the background of the existing flexible ranking system for HKETOs. He said that owing to their representational role, these directorate heads and deputy heads should be mature and experienced officers with well-honed skills in negotiation, lobbying and public relations. Past experience showed that there had been difficulties in attracting and retaining suitable officers to fill these posts. Hence, a flexible ranking system was proposed and approved by FC in 1991 to facilitate the posting and retention of directorate heads and deputy heads of the overseas offices.

11. Elaborating on the rationale for the flexible ranking system for senior positions in HKETOs, DS(CS) explained that, the pool of suitable candidates at the designated ranks of such senior posts was relatively small in view of the special skills and attributes required. As these external postings were usually for three years, candidates under consideration for these positions might be concerned that their promotion prospects would be adversely affected if they were denied opportunities for acting appointment during their external postings. Under the flexible ranking system, the Secretary for the Civil Service was delegated the authority to create supernumerary posts at a pre-determined higher rank to be held against the permanent directorate head and deputy head posts concerned of the

lower rank. This arrangement would remove a major disincentive for potential candidates to take up designated senior positions in HKETOs by ensuring that these officers would have equal opportunities for acting appointments and substantive promotion during their external postings as their colleagues in Hong Kong.

12. The Deputy Secretary for the Treasury (DS(Tsy)) also pointed out that it took time for individual officers in HKETOs to build up their networks of liaison. However, during the posting period, it was possible that an officer might be identified for taking up duties at a higher level. Without the flexible ranking system, the officer would have to be transferred back to Hong Kong, and the work of the overseas offices might be adversely affected.

13. DS(Tsy) went on to explain that as the existing flexible ranking system, which was approved by FC in 1991, only covered HKETOs established in overseas countries, it would be necessary to extend the system to HKETO(s) established in the Mainland to provide for the same flexibility for career development. In this respect, he assured members that the system would only be invoked under the specified scenarios set out in paragraph 3 of Enclosure 3 to EC(2001-02)26, such as when an officer was promoted or offered an acting appointment during his overseas tour. Any supernumerary directorate posts created thereunder would be reverted to the original permanent posts of the lower rank once they were no longer needed.

Admin

14. Miss Emily LAU did not fully subscribe to the Administration's explanation on the need for the flexible ranking system and requested the Administration to provide additional information on each past occasion when the system was invoked since it was first introduced in 1991.

15. Referring to the establishment changes of HKETOs for the last two years, Miss Emily LAU queried why downsizing had only occurred in the middle and lower ranks (i.e. Categories B and C in the table in paragraph 18 of the paper) while the directorate establishment had remained unchanged. In reply, DS(CI) reported that a total of nine non-directorate civil service posts in HKETOs had been deleted during the past two years. In 2000-01, one vacant Chief Information Officer post which was no longer required and three domestic staff posts were deleted. Local people were engaged as domestic staff instead. In 2001-02, one vacant Senior Executive Officer post and one vacant Assistant Clerical Officer post which were no longer required were deleted. In addition, three Investment Promotion Project Officer posts were deleted due to downsizing or closure of the investment promotion unit in some HKETOs.

16. Regarding the engagement of local staff, Miss Emily LAU was dissatisfied that a full picture on the overall establishment of HKETOs was not presented in the paper. In this connection, she requested the Administration to provide members with a breakdown of Hong Kong-based civil service staff and locally

Admin

- 6 -

engaged staff in HKETOs. In this regard, DS(CI) clarified that such information was not deliberately withheld as the table in paragraph 18 was only meant to reflect the establishment changes of civil service posts in HKETOs. He undertook to provide the information requested by Miss LAU after the meeting.

17. Mr LEUNG Fu-wah stated that the Hong Kong Federation of Trade Unions supported the present staffing proposal. However, he raised concern about whether the postholder would be able to discharge his functions effectively. In this connection, he questioned the desirability of appointing a civil service officer to head the HKETO in Guangdong. He said that a senior officer well-versed with the operations of the Hong Kong Government might not necessarily possess the necessary knowledge and experience in dealing with Mainland officials in the context of the local system. In reply to his enquiry on whether consideration would be given to filling the proposed post by open recruitment, DS(CI) said that although the option of open recruitment had not been precluded, the Administration remained of the view that it would be more appropriate to appoint an experience officer to fill the proposed post.

18. While agreeing that a senior civil service officer would be able to work closely with other senior officials in the Hong Kong Administration, Mr James TIEN was concerned about the long time it might take before the postholder could become familiarized with the affairs and systems, as well as the local trade and economic situation in the Mainland. In this respect, he considered that a person from the private sector with solid experience in doing business in the Mainland might be more suitable for appointment as the head of the HKETO in Guangdong.

In response, DS(CI) assured members that the Administration would 19. identify within the civil service the most suitable candidate for the proposed post. Factors such as an officer's personality, ability, experience, knowledge of Mainland systems and affairs and proficiency in Putonghua, etc. would all be taken into account. DS(CI) said that some civil service officers had developed good knowledge on the Mainland systems as a result of their close working relationship with the Mainland authorities. Moreover, he advised that based on past experience, officials from Mainland authorities would prefer to deal with their counterparts in HKSAR Government, particularly in respect of bilateral liaison and negotiation on policy and legal matters, referral of the concerns of Hong Kong businessmen, and relevant policies and legislation on commerce and trade, etc. DS(CI) pointed out that in the light of the operation of other HKETOs, the appointment of a civil service officer to head HKETOs had proved to be effective and would serve the best interest of Hong Kong. He was confident that after a short initial familiarization process, the incumbent of the post would be able to discharge the duties required of him effectively.

20. Referring to the long history of Hong Kong business activities in Guangdong, Mr James TIEN asked the Administration to take heed of the special requirements on the HKETO in Guangdong which might be different from those

of other HKETOs. He recalled that according to the complaints received by the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries (FHKI), most of the problems encountered by Hong Kong businessmen in the Mainland were commercial and legal disputes at the enterprise or individual level. Hence, unlike other HKETOs (say in Washington and London) where high level efforts on investment promotion and negotiation on policy matters were required, HKETO in Guangdong should aim at enhancing practical assistance to Hong Kong businessmen in this respect.

21. Referring to a small office set up by FHKI in Shenzhen which was headed by a personnel engaged from Hong Kong and supported by three experienced locally engaged Mainland lawyers, Mr James TIEN called on the Administration to review the staffing complement of HKETO in Guangdong in the light of FHKI's experience with a view to improving cost-effectiveness. While supporting the need for a D3 post to head the ETO in Guangdong, Mr TIEN queried whether it was necessary to create as many as seven non-directorate posts which involved an annual average staff cost of \$9,989,000. He suggested that the number of non-directorate civil service posts should be reduced while more local staff should be engaged instead. Mr Howard YOUNG concurred with Mr TIEN's view and suggested that a higher proportion of local staff should be engaged.

22. In response, DS(CI) acknowledged the need to engage local supporting staff to facilitate the operation of HKETO in Guangdong. For this purpose, ten support personnel including one Assistant Trade Officer and one Investor Support Officer would be engaged locally. He further explained that currently, there were some 40 000 business undertakings with Hong Kong interests in Guangdong employing about five million people. In order to help resolve the manifold problems encountered by Hong Kong businessmen, knowledge in the affairs and systems of both Hong Kong and the Mainland would be required. For this purpose, it was proposed that seven non-directorate civil service posts including one Principal Trade Officer, one Investment Promotion Project Officer and two Trade Officers be created. Nevertheless, DS(CI) said that the staffing complement of HKETO in Guangdong would be reviewed in due course. He further informed members that for most HKETOs, a higher ratio of staff was engaged locally as compared with Hong Kong-based civil service staff. For example, the numbers of Hong Kong-based civil service staff and locally engaged staff in the New York Office were 5 and 15 respectively, while those in the Brussels Office were 7 and 14 respectively.

23. Miss Emily LAU considered that members' suggestion on the employment of more local staff should be pursued. In order to determine whether a reasonable staffing complement was proposed, Mr Henry WU said that the overall establishment of HKETO in Guangdong should be compared with other HKETOs. At members' request, DS(CI) undertook to provide supplementary information on the number of directorate and non-directorate staff, as well as the

Admin

Admin

number of Hong Kong-based civil service staff and locally engaged staff in each existing HKETO.

24. Mr YEUNG Yiu-chung referred to the lobbying efforts made by HKETOs in overseas countries such as for the grant of visa-free entry to HKSAR passport holders and opined that lobbying work should also be undertaken by HKETO in Guangdong. In response, DS(CI) advised that to a certain extent, lobbying work was covered under one of the major functions of HKETO in Guangdong, i.e. to provide support services to Hong Kong enterprises through strengthened communication with the Hong Kong businessmen in Guangdong and provision of better support by obtaining and disseminating information on Guangdong Province's policy and legislation relating to commerce and trade and its latest economic developments. Where there were commerce and trade-related issues of common concern among Hong Kong businessmen, HKETO in Guangdong would refer them to the relevant Guangdong authorities and follow up progress.

25. Referring to the role played by lobbyists in the American political system, Miss Emily LAU said that HKETO in Guangdong should consider allocating resources for engaging similar service on a need basis. In response, DS(CI) said that the suggestion could be explored after HKETO in Guangdong had gained operational experience. As regards funding, DS(CI) advised that the necessary expenses would be met by CIB's annual provisions or possible savings.

26. Highlighting the importance of promoting bilateral investments between Hong Kong and the Mainland, Miss Margaret NG asked whether HKETO would play a role in attracting direct investments from the Mainland into Hong Kong. DS(CI) replied in the affirmative and confirmed that a dedicated team of three, including an Investment Promotion Project Officer, would be responsible for promoting Hong Kong and encouraging investments from Guangdong Province.

27. Mr Howard YOUNG asked whether HKETO in Guangdong would also take up with the relevant Guangdong authorities certain non-commercial and trade related matters such as simplifying the procedures for the issuance and renewal of cross-boundary vehicle licences. In response, DS(CI) agreed that the establishment of closer economic ties between the two places would invariably involve issues in other policy areas such as transport, manpower and labour matters which were outside CIB's purview. Notwithstanding, HKETO in Guangdong could certainly try its best to provide assistance and advice at the working level where appropriate. However, if policy or legal issues were involved, they would be referred to the responsible policy bureau or the Beijing Office.

28. In view of the increasing number of Hong Kong people working in the Mainland, Miss LI Fung-ying opined that they should be provided with adequate assistance and support as Hong Kong businessmen in the Mainland, particularly in the dissemination of labour and employment-related information. She

Admin

Admin

considered that the functions of HKETO in Guangdong in this respect should be clearly defined and widely publicized. In reply, DS(CI) explained that HKETO in Guangdong was mainly tasked with commerce and trade-related responsibilities although the Office would also follow up labour issues involving Hong Kong businessmen. As regards the dissemination of labour and employment-related information in the Mainland, DS(CI) said that as far as he knew, the provision of such service was being planned by the Education and Manpower Bureau and the Labour Department. The future HKETO in Guangdong could assist by providing updated information on the labour market in the Province to the relevant departments.

29. Miss LAU enquired about the role of the HKETO in Guangdong in rendering assistance to Hong Kong businessmen in the Mainland who were subject to criminal compulsory measures. In reply, DS(CI) explained that these matters were outside the purview of HKETO in Guangdong. However, if any Hong Kong residents encountered such incidents in Guangdong, assistance would be rendered by the Office as appropriate. He further advised that under existing arrangements, where a Hong Kong resident was subject to criminal compulsory measures in the Mainland, assistance would be rendered by the Immigration Department, the Security Bureau and the Beijing Office in accordance with procedures under the reciprocal notification mechanism.

30. Mr LEUNG Fu-wah said that when serving as a Member of the Chinese People's Political Consultative Conference of Guangdong Province (Guangdong CPPCC), he was aware that some 100 businessmen who were also Hong Kong Members of Guangdong CPPCC had accumulated many years of practical experience in doing business in Hong Kong and the Mainland. He considered that they could be a group of resource persons whose expertise could be tapped by HKETO in Guangdong. As such, he sought the Administration's confirmation that subject to the creation of the proposed post, the head of HKETO in Guangdong would approach these people to tap their views on strengthening business liaison between the two places. In response, DS(CI) noted Mr LEUNG's suggestion and confirmed that the head of HKETO in Guangdong would arrange to meet with these people after he had assumed office.

31. Expressing support for the present proposal on behalf of Members of the Hong Kong Progressive Alliance, Mr HUI Cheung-ching said that where necessary, he would also be prepared to assist in the Administration's efforts to promote closer economic ties between the Mainland and Hong Kong. In this respect, he considered that apart from proficiency in Putonghua, it would be an added advantage if the postholder could speak other dialects. His view was shared by Mr Henry WU.

Admin 32. At members' request, the Administration would provide all the supplementary information as requested by members before the item was considered by FC.

Action

33. The item was voted on and endorsed. Miss Emily LAU requested that her reservation on the proposal be recorded.

34. The Subcommittee was adjourned at 11:50 am.

Legislative Council Secretariat 7 March 2002