

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 142 - GOVERNMENT SECRETARIAT: OFFICES OF THE CHIEF SECRETARY FOR ADMINISTRATION AND THE FINANCIAL SECRETARY

Subhead 001 Salaries

Members are invited to recommend to Finance Committee the creation of the following supernumerary post for a period of two years starting from 1 February 2002 -

1 Administrative Officer Staff Grade B
(D3) (\$134,300 - \$142,300)

PROBLEM

There is a need to provide senior directorate support for the Chief Secretary for Administration (CS) and the Financial Secretary (FS) to oversee effective coordination within the Government of various policy initiatives in respect of enhanced cooperation between Hong Kong and Guangdong.

PROPOSAL

2. The Director of Administration proposes to create in the CS' Office a supernumerary post of Administrative Officer Staff Grade B (AOSGB) (D3) for a period of two years starting from 1 February 2002. The post holder, underpinned by a small unit, is responsible for fostering closer links between Hong Kong and Guangdong and to facilitate joint development of the Pearl River Delta (PRD) Region.

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JUSTIFICATION

Closer Links between Hong Kong and Guangdong

3. Hong Kong's economy has undergone a remarkable transformation in the past two decades. The restructuring of the manufacturing sector, driven by business leadership and market forces, has seen local firms moving their low value-added work out of Hong Kong and concentrating on high-value, technology-based markets. This process of economic adjustment has resulted in a significant increase in trading activities between Hong Kong and other economies, particularly the Mainland. As a result, Hong Kong has been the dominant growth engine powering the rapid expansion of the Mainland economy, in particular that of the PRD Region in Guangdong, over the past decades.

4. With the increased flows of people, freight, capital and information between Hong Kong and Guangdong, a symbiotic relationship has resulted as the two economies become intertwined with one another. Currently, about 40 000 companies wholly or partly owned by Hong Kong concerns employ more than five million people in Guangdong. On a normal day, an average of 31 000 vehicles and 280 000 people cross the boundary between Hong Kong and Guangdong, making it the busiest checkpoint in the world. Apart from serving as our outward processing centre, Guangdong today is also our back-end service support centre, consumer market, popular tourist spot as well as a destination for work and residence. In the continuous opening up of the Mainland market, Hong Kong will assume an even more significant role as the gateway to the Mainland.

5. In the coming years, a number of global and regional developments would induce further changes to the economic relations between Hong Kong and Guangdong. They include the Mainland's accession to the World Trade Organisation, continuous growth of the Mainland domestic market, implementation of the tenth "Five-Year Plan" and the eventual building up of "three links" between the two sides of the Taiwan Strait. These changes will on the one hand open up new business opportunities for Hong Kong, but at the same time expose Hong Kong further to fierce competition from outside. In order to better position ourselves for the change, and in anticipation of the increasing competition brought by the Shanghai-led cluster economy, we need to embark on a strategic cooperation with the PRD.

6. In fact, there has been much discussion in the business sector, academic circles and within the Administration on the means to foster closer links with the Mainland. Initiatives raised include, for example, the need for enhanced cross boundary passenger and cargo clearance, assistance to Hong Kong business

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sector to facilitate early penetration into the Mainland markets and better coordination in the regional planning of the PRD as a whole. These suggestions, covering a wide range of policy areas and operational issues, point to the need for better coordination within the Administration and to work out an agreed action agenda for the Administration to follow up.

7. Against this background, the Hong Kong Guangdong Cooperation Coordination Unit (HKGCCU) was set up in August 2001 under the direction of the CS and the FS to coordinate and spearhead initiatives aimed to foster closer links between the two places and to facilitate joint development of the PRD Region.

The Hong Kong Guangdong Cooperation Coordination Unit

8. Currently, there are many established channels governing communication between Hong Kong and Guangdong on different subjects. At the highest level is the Hong Kong Guangdong Cooperation Joint Conference (the Joint Conference) established in 1998. Furthermore, we have a number of committees, panels, expert and liaison groups working on areas ranging from infrastructure, marine channels, environment, town planning, cross boundary vehicles to information technology etc. Hence the subject of Hong Kong-Guangdong cooperation covers a wide spectrum of policy areas cutting across a large number of Bureaux and Departments.

9. As an illustration, the proposal to facilitate people and cargo flows between Hong Kong and the Mainland will not only affect the disciplined services manning the control points, but will also impact on tourism trade, land transport and shipping trade as well as other ancillary services. Similarly, when one talks about more and better coordinated infrastructure planning within the PRD, we will have to examine policy areas on transport, planning, security and environment. In view of the massiveness and manifold nature of the subject, the CS and the FS will need a small dedicated unit to assist them in keeping an overview on the whole Hong Kong-Guangdong cooperation scene. The coordinating unit should also keep them abreast of the effectiveness of the coordination efforts on different fronts.

Areas of Work of the HKGCCU

10. The HKGCCU currently plans to work on three priority areas. First, the HKGCCU assists the CS and the FS to monitor the implementation of the initiatives endorsed at the Joint Conference. Major initiatives being considered or implemented include the facilitation of passenger and cargo flows at boundary control points, development of Nansha, feasibility of cooperation between the

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Hong Kong International Airport and the Zhuhai Airport, cooperation on environmental protection front, monitoring of Dongjiang water quality and Hong Kong-Guangdong electronic link. Some of these items, such as the development of Nansha, will have wide and longer-term economic implications for Hong Kong, and require policy coordination among the Bureaux overseeing logistics, land/sea transport and hi-tech cooperation. There is hence the need for a coordinator within the Administration to keep an overview of these discussions and seek policy steer directly from the CS and the FS to ensure optimal results from the joint efforts across Bureaux and Departments.

11. The next immediate task of the Unit is to review the cross boundary policies and arrangements for passengers and freight of all transport modes and to explore, in consultation with the relevant Bureaux and Departments, short, medium and long-term measures targeted at raising the levels of throughput that will adequately meet growing traffic demands. Given that the PRD is one of the world's largest manufacturing centres and that it is Hong Kong's main production base, it is our primary task to facilitate easy movement of people and goods which we believe will in turn facilitate trade and spur other economic activities.

12. The HKGCCU will work with the relevant Bureaux and Departments to devise action plans to tackle potential bottlenecks until the longer-term solutions are available, e.g. the launch of the Smart Identity Card in 2003 and the completion of the cross boundary transport infrastructural facilities by 2007. We will examine the physical capacity constraints of boundary control points, staff manning levels, automation plans as well as the scope for further process re-engineering in the control procedures. At the same time, the Unit will also work with Departments concerned to examine if there are any constraints limiting the cargo flow at our land, sea and air control points.

13. This task of formulating an agreed programme to facilitate people and cargo flows will form the focus of the HKGCCU's work in the next six to nine months. Measures being considered or implemented to increase **people flow** include extending the operating hours of Lo Wu and Lok Ma Chau, physical expansion/improvements at major control points, redeploying additional staff to operate the control points during long holidays, improvement of service standards at control points, increasing the carrying capacity of the shuttle bus plying between Lok Ma Chau and Huanggang, and facilitating Mainland residents to visit Hong Kong, etc.

14. On **cargo flow**, measures being considered or implemented include the launching of the pilot scheme of "one-stop-clearance" for speedy clearance at

Lok Ma Chau, physical works at Lok Ma Chau to address the weaving problem of goods and passenger vehicles, plans to facilitate pre-clearance of land and sea cargoes moving across the land and sea boundary of Guangdong, and the review on streamlining the licensing and reporting requirements for transshipment cargoes between Hong Kong and the Mainland.

15. The third task of the HKGCCU, to commence immediately following the review of the cross boundary arrangements, is to coordinate efforts within the Administration to map out an action agenda, at both policy and operational levels, to facilitate further cooperation between Hong Kong and Guangdong to enable Hong Kong to reap the full benefits from economic development in the PRD Region. As we see it, potential areas of cooperation include technology cooperation, trade facilitation, financial cooperation, infrastructure coordination, human resources development, environmental protection etc. We will emphasise a coordinated approach for concerned Bureaux and Departments to reach out to different sectors of the community, including local and international enterprises, academia, social service groups, chambers of commerce and professional bodies to tap their thinking on ways and means to further enhance Hong Kong-Guangdong cooperation.

Establishment of the HKGCCU

16. We propose to continue to operate the HKGCCU for two years from February 2002 under the CS' Office. A review will be conducted in 18 months around mid 2003 to assess the need for the continued operation of the Unit.

Creation of One Supernumerary Post of AOSGB

17. The Head of the HKGCCU is to provide senior directorate input in assisting the CS and the FS in overseeing the development of various policies on Hong Kong-Guangdong cooperation. In addition to the coordination work within the Administration, the officer will also need to liaise with senior government officials of the Guangdong Province and its cities, as well as local business and community leaders in general. Therefore, the HKGCCU should be led by a senior directorate officer with comprehensive administrative experience for coordinating strategic reviews of existing policies undertaken by different Bureaux. He will also need to identify priority areas of further cooperation with Guangdong, in close consultation with senior officials within the Administration and of the Guangdong Province, and key stakeholders in the community. Given the significance and complexity of the tasks covering a wide range of policy issues, we consider it appropriate to pitch the proposed post at AOSGB level. The job description is at

Encl. 1 Enclosure 1.

18. When the HKGCCU was first established on 1 August 2001 to take forward the various urgent initiatives under consideration, we created under delegated authority a supernumerary post of AOSGB for six months to head the Unit, pending a formal submission to the Establishment Subcommittee and the Finance Committee in the 2001-02 Legislative Council session. The supernumerary post will lapse on 1 February 2002.

Non-directorate Establishment of the HKGCCU

19. The Head of the HKGCCU is at present supported by one Senior Administrative Officer and four senior professionals (MPS Point 45-49 or equivalent), all being on loan to the Unit. Therefore, no non-directorate posts have been created other than the supernumerary post of the AOSGB as explained in paragraph 18 above. The four senior professionals are from the Hong Kong Police Force, Customs and Excise Department, Immigration Department and Transport Department respectively. They were selected for their rich experience in boundary control management as the HKGCCU currently works on the facilitation of people and cargo flows as its priority task. In addition, supporting staff comprising one Executive Officer I, one Personal Secretary I, 2 Personal Secretary IIs and 1 Assistant Clerical Officer are also provided on an on-loan basis. Subject to Finance Committee's approval of the proposed directorate post, we will deal with the creation of these time-limited non-directorate posts in accordance with the normal procedures through the Departmental Establishment Committee mechanism. After the HKGCCU has completed the review of cross boundary policies and arrangements in six to nine months' time, and as it moves on to the facilitation of further cooperation between Hong Kong and Guangdong, we will reconsider the mix of the non-directorate establishment of the Unit having regard to the service requirement of the Unit then.

Encl. 2 20. A chart showing the existing organisation of the HKGCCU is at Enclosure 2.

FINANCIAL IMPLICATIONS

21. The additional notional annual salary cost of the proposal at mid-point is -

	\$	No. of Post
Proposed supernumerary post	1,659,000	1

22. The additional full annual average staff costs of the proposal, including salaries and staff on-cost is \$2,696,000.

23. On the basis of the existing set-up of the HKGCCU, as detailed in paragraph 19 above, in connection with the proposal we will create ten non-directorate posts at a notional annual mid-point salary cost of \$6,804,780 and the full annual average staff cost of \$11,366,000.

24. We have sufficient provision in the current year Estimates to meet the cost of these posts, and will include the necessary provision in the 2002-03 draft Estimates.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

25. We consulted the Legislative Council Commerce and Industry Panel on 12 November. The Panel expressed general support for the work programme of the HKGCCU. Suggestions were also made regarding the detailed operation of the Unit and its coordination work. We will follow up on these suggestions in consultation with relevant Bureaux and Departments.

CIVIL SERVICE BUREAU COMMENTS

26. To enable the Government to spearhead initiatives to enhance cooperation with Guangdong and to facilitate joint development of the PRD Region, the Civil Service Bureau supports the establishment of the HKGCCU. Having regard to the level and scope of responsibilities and the professional input required of the Head, HKGCCU, we consider the grading and ranking of the proposed post appropriate. The total number of established directorate posts in the Offices of the CS and the FS as at 1 November 2001 is 28, inclusive of 2 supernumerary posts including the one under this proposal.

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

27. As the 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.

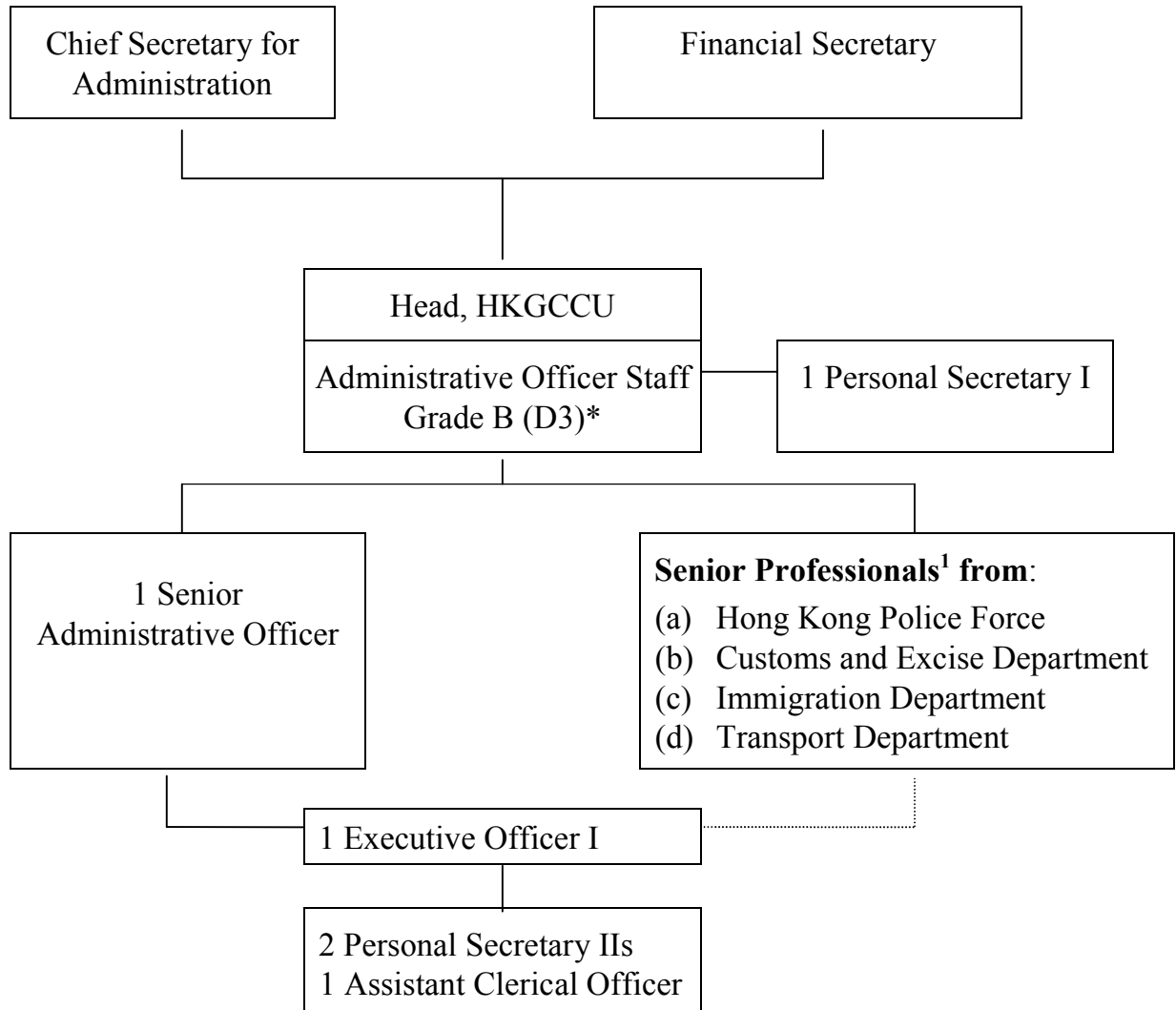
**Proposed Job Description for
Head, Hong Kong Guangdong Cooperation Coordination Unit**

Rank: Administrative Officer Staff Grade B (D3)

Main Duties and Responsibilities

1. To lead a multi-disciplinary team to review the current cross boundary policies and arrangements for passengers and freight on different transport modes and to explore short, medium and long term measures targeted at raising the levels of throughput at these crossings that will adequately meet growing traffic demands;
2. to coordinate and expedite efforts by different Bureaux and Departments in the implementation of agreements reached at the Hong Kong Guangdong Cooperation Joint Conference;
3. in consultation with Bureaux, to map out a long-term action agenda, at both policy and operational levels, for Hong Kong and the Pearl River Delta Region to cooperate with each other;
4. to coordinate the concerted efforts of Bureaux and Departments to reach out to different sectors of the community and tap their views on Hong Kong-Guangdong cooperation and to put up proposals for consideration by the Administration; and
5. to provide administrative support to the Chief Secretary for Administration and the Financial Secretary on the subject of Hong Kong-Guangdong cooperation and to service any related committees set up under the two private offices.

**Organisation Chart of the
Hong Kong Guangdong Cooperation Coordination Unit**



* Post proposed to be created.

¹ The ranking of the four senior professionals are Senior Superintendent of Police, Senior Superintendent of Customs and Excise, Principal Immigration Officer and Chief Transport Officer.