

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 96 – GOVERNMENT SECRETARIAT : OVERSEAS OFFICES¹ Subhead 001 Salaries

Members are invited to recommend to Finance Committee –

- (a) the creation of one permanent post of Administrative Officer Staff Grade B (D3) (\$134,300 - \$142,300) starting from 1 April 2002; and
- (b) the extension of the existing flexible ranking system in the overseas offices to all directorate head and deputy head posts in Hong Kong Economic and Trade Offices established in the Mainland.

PROBLEM

We need a directorate staff to head the new Economic and Trade Office of the Government of the Hong Kong Special Administrative Region (HKETO) in Guangdong to be established in the second quarter of 2002.

/PROPOSAL

¹ This Head of Expenditure will be re-titled to Government Secretariat : Hong Kong Economic and Trade Offices in the context of 2002-03 draft Estimates.

PROPOSAL

2. The Secretary for Commerce and Industry (SCI) proposes to –
 - (a) create one post of Administrative Officer Staff Grade B (AOSGB) (D3) starting from 1 April 2002 to head the new HKETO to be established in Guangdong in the second quarter of 2002; and
 - (b) extend the flexible ranking system to HKETOs established in the Mainland.

JUSTIFICATION**The Role of the HKETO in Guangdong**

3. The Pearl River Delta (PRD) has long been Hong Kong's economic hinterland and the closest business and trading partner. It is home to the greatest number of Hong Kong companies operating outside Hong Kong and it is the main destination of Hong Kong's outward investments. Economically, the PRD and Hong Kong have complemented each other's development. Currently, about five million people are employed in Guangdong by some 40 000 business undertakings with Hong Kong interests.

4. As the major gateway to the Mainland, Hong Kong is well positioned to capitalise on the new business and trade opportunities in the PRD arising from China's accession to the World Trade Organisation (WTO). It will be of mutual benefits for Hong Kong and Guangdong to further promote economic co-operation and forge closer business links with Guangdong. We consider it important and timely to strengthen business liaison between the two places and to provide better support for Hong Kong businesses operating in the PRD.

5. The HKETO in Guangdong will be responsible for handling economic and trade issues between Hong Kong Special Administrative Region (HKSAR) and Guangdong Province. Similar to other HKETOs, the HKETO in Guangdong will serve to promote Hong Kong's economic and trade interests and seek to attract direct investments into Hong Kong. Specifically, this office will perform the following functions –

/(a)

- (a) economic and trade liaison – to further develop and reinforce the economic and trade relations between Hong Kong and Guangdong through enhanced communication and co-operation with the provincial government and relevant local authorities;
- (b) enhancing understanding between the HKSAR and the Guangdong Governments – to act as a channel of information on economic and trade developments between the HKSARG and the Guangdong authorities;
- (c) support to Hong Kong enterprises – to strengthen communication with the Hong Kong businessmen in Guangdong, and provide 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 are commerce and trade-related issues of common concern among Hong Kong businessmen, the HKETO in Guangdong will refer them to the relevant Guangdong authorities and follow up with discussions. However, it will not be in a position to arbitrate on individual commercial and legal disputes;
- (d) investment promotion – to provide information and services aimed at facilitating investment flows between Hong Kong and Guangdong; and
- (e) promoting Hong Kong – to project a positive image of Hong Kong as a good business partner of Guangdong Province through organising promotional activities in Guangdong.

6. In carrying out its functions, the HKETO will work closely with the Hong Kong Trade Development Council Offices in Guangdong as well as the Hong Kong business associations in Guangdong to ensure complementarity in their services.

7. The HKETO in Guangdong shall assume the present duties of the Office of the HKSARG in Beijing (Beijing Office) pertaining to HKSAR-Guangdong economic and trade matters, including the collection and dissemination of information, as well as the support to Hong Kong businessmen in Guangdong as described in paragraph 5(c) above. As for non-trade and economic related issues, the Guangdong HKETO will refer them to the Beijing Office or other authorities in the HKSARG for follow-up as appropriate.

/ESTABLISHMENT

ESTABLISHMENT OF THE HKETO IN GUANGDONG

Ranking of the Head of the HKETO in Guangdong

8. The HKETO in Guangdong will play an important role in further strengthening our economic and trade links with Guangdong through close liaison with the relevant authorities there. The head of the HKETO will take on the role of HKSAR's principal representative on economic and trade issues in the Guangdong Province. As head of the HKETO, he will be working in close consultation with senior officials within the Administration, and it will be necessary for him to gain access to and liaise with fairly senior officials of the Guangdong Provincial Government to effectively discharge his duties. In addition, he will need to maintain an extensive network of liaison with the Hong Kong business community in Guangdong to provide better support services for them and to address their concerns. Given the scope of responsibilities required and his liaison at senior level, the Guangdong HKETO needs to be headed by a senior directorate officer with extensive administrative experience to ensure its effective functioning.

9. 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, we consider it appropriate to pitch the post at AOSGB (D3) level. The incumbent of the post will be responsible to SCI and his designation will be Director, Hong Kong Economic and Trade Affairs, Guangdong. The job description of the post is set out at Enclosure 1.

Encl. 1

Other Alternatives Considered

10. We have critically examined the feasibility of meeting the staffing requirement by way of redeployment of existing directorate resources among the ten HKETOs which are located in different countries worldwide. Having reviewed the workload and the representational role of the HKETOs and the modest directorate establishment as set out in Enclosure 2, we have come to the conclusion that the existing directorate posts are the minimum required to cope with the functions and responsibilities of the HKETOs, and the work of these posts is commensurate with the present ranking. It is operationally not possible for the existing directorate posts in other HKETOs to absorb or share the workload of the proposed AOSGB post by redistributing their workload because the new Guangdong Office is physically located in the Mainland. All in all, we consider that it is neither prudent nor in Hong Kong's interest to create the proposed AOSGB post offset by deleting or downgrading a permanent directorate post in other HKETOs.

Encl. 2

/Flexible

Flexible Ranking

Encl. 3 11. In June 1991, Finance Committee approved the introduction of a flexible ranking system to afford the flexibility needed for the posting and retention of directorate heads and deputy heads in the HKETOs overseas. Under this system, in certain specified situations a supernumerary post at a pre-determined higher rank can be created and held against the permanent post of the lower rank. Details of this system and the rationale behind are set out in Enclosure 3. In line with this arrangement, we propose that the existing flexible system be extended to cover HKETOs established in the Mainland, as the principle and rationale of the flexible ranking system apply equally to all HKETOs. Subject to Members' approval for the proposal, Secretary for the Civil Service will have the delegated authority to create supernumerary post of AOSGB1 (D4) to be held against the proposed permanent post of AOSGB (D3) if this is required to facilitate the posting or retention of suitable officer to head the new HKETO in Guangdong.

Non-directorate Staff

Encl. 4 12. The HKETO in Guangdong will be supported by 17 non-directorate staff. We intend to create seven permanent non-directorate posts to accommodate officers to be posted to the new HKETO to discharge various responsibilities for commercial relations, public relations and investment promotion. Ten support staff will be engaged locally. The organisation chart of HKETO in Guangdong is at Enclosure 4.

FINANCIAL IMPLICATIONS

13. The additional notional annual salary cost of this proposal at mid-point is \$1,659,000. The full annual staff cost of the proposal, including salaries and staff on-cost, is \$2,696,000.

14. In parallel with the proposed AOSGB post, we will create seven non-directorate posts at a notional annual mid-point salary cost of \$5,897,000 and a full annual average staff cost of \$9,989,000 through the departmental establishment machinery. We will also engage ten local support personnel. We will include sufficient provision in the 2002-03 draft Estimates to meet the above costs.

/BACKGROUND

BACKGROUND INFORMATION

15. In the Chief Executive's Policy Address of 10 October 2001, it was announced that the Government would establish a HKETO in Guangzhou in 2002 to promote economic co-operation between Hong Kong and the PRD, to strengthen business liaison between Hong Kong and Guangdong, and to provide better support services for Hong Kong businesses in the PRD.

16. There are at present ten HKETOs located in Washington DC, New York, San Francisco, Toronto, London, Brussels, Tokyo, Sydney, Singapore and Geneva. With the exception of the HKETO in Geneva, whose primary role is to represent Hong Kong at the WTO, the HKETOs serve to promote Hong Kong's economic and trade interests in their respective host countries or regions. They monitor and report on developments that might affect Hong Kong's economic and trading interests. They also promote investment flows to Hong Kong and organise events to promote Hong Kong's image.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

17. We consulted the Legislative Council Panel on Commerce and Industry on 10 December 2001. The Panel expressed general support for the establishment of the HKETO in Guangdong and the proposed creation of an AOSGB post to head the HKETO.

ESTABLISHMENT CHANGES

18. The establishment changes in the ten HKETOs for the last two years are as follows –

Establishment (Note)	Number of posts			
	Existing	as at 1.4.2001	as at 1.4.2000	as at 1.4.1999
A	21	21	21	21
B	32	36	37	37
C	3	4	7	7
Total	56	61	65	65

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

/CIVIL

CIVIL SERVICE BUREAU COMMENTS

19. Civil Service Bureau (CSB) has considered carefully the need of the directorate post. Having regard to the importance of PRD to the economic development of Hong Kong, the significant volume and complexity of the economic activities involved and the responsibilities attached to the post as set out in the paper, CSB agrees to the proposed AOSGB post to head the HKETO to be established in Guangdong. The grading and ranking proposal is supported.

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

20. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the post would be appropriate if the post was to be created.

Commerce and Industry Bureau
January 2002

Job Description

Post Title : Director, Hong Kong Economic and Trade Affairs, Guangdong

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Secretary for Commerce and Industry

Main Duties and Responsibilities –

1. to undertake the role of HKSARG's principal representative on economic and trade issues in the Guangdong Province;
2. to develop and reinforce the economic and trade relations between HKSAR and the Guangdong Province;
3. to enhance understanding between the HKSAR and Guangdong Governments and facilitate exchanges between the two places on trade and economic matters at government and non-government levels;
4. to provide support services for Hong Kong businesses in Guangdong through enhanced liaison, communication and follow-up on matters of common concerns, and to obtain and disseminate information about business operation in Guangdong Province;
5. to promote bilateral investments between Hong Kong and Guangdong as well as commercial exchanges;
6. to promote Hong Kong's image and organise promotional activities in order to enhance the relations between Hong Kong and Guangdong; and
7. to oversee the day-to-day operation of the HKETO in Guangdong.

**Existing Directorate Establishment in
Hong Kong Economic and Trade Offices**

HKETO	<u>Directorate Head of Office (Rank)</u>	<u>Directorate Deputy Head of Office (Rank)</u>	<u>Other Directorate Post (Rank)</u>
Washington	Commissioner for Economic and Trade Affairs, USA (AOSGA) (D6)	—	—
	Director-General, Hong Kong Economic and Trade Affairs, Washington (AOSGB1) (D4)	2 Deputy Director-Generals (AOSGC) (D2)	—
New York	Director, Hong Kong Economic and Trade Affairs, New York (AOSGC) (D2)	—	—
San Francisco	Director, Hong Kong Economic and Trade Affairs, San Francisco (AOSGC) (D2)	—	—
Toronto	Director, Hong Kong Economic and Trade Affairs, Toronto (AOSGC) (D2)	—	—
London	Director-General, London (AOSGA) (D6)	Deputy Director-General (AOSGC) (D2)	Marine Adviser (Permanent Representative at the International Maritime Organisation) (Assistant Director of Marine) (D2)
Brussels	Special Representative for Hong Kong Economic and Trade Affairs to the European Communities (AOSGB1) (D4)	2 Deputy Representatives (AOSGC) (D2)	—
Geneva	Permanent Representative of the Hong Kong Special Administrative Region of China to the WTO (AOSGB1) (D4)	3 Deputy Representatives (AOSGC) (D2)	—
Tokyo	Principal Hong Kong Economic and Trade Representative, Tokyo (AOSGA) (D6)	Hong Kong Economic and Trade Representative (AOSGC) (D2)	—
Sydney	Director, Hong Kong Economic and Trade Affairs, Sydney (AOSGC) (D2)	—	—
Singapore	Director, Hong Kong Economic and Trade Affairs, Singapore (AOSGC) (D2)	—	—

Flexible Ranking System for HKETOs

In June 1991 and after considering EC 1991-92 Item 18, Finance Committee approved a flexible ranking system to facilitate the posting and retention of directorate heads and directorate deputy heads of overseas offices. Owing to their representational role, the directorate heads and deputy heads of the overseas offices should be mature and experienced officers with well-honed skills in negotiation, lobbying and public relations. Based on past experience, it has been difficult to attract and retain suitable officers to fill these posts because –

- (a) the pool of suitable candidates at the designated ranks of the senior overseas posts is relatively small in view of the special qualities required of them;
- (b) an overseas posting involves disruption to family and social life. In the case of married officers, it could also involve loss of income and interruption to the career of working spouses; and
- (c) since the normal duration of an overseas posting is about three years, officers who are selected as directorate heads and deputy heads of overseas offices are often unwilling to accept such postings for fear that they will lose the opportunity to act in a higher rank which they might otherwise be given if they remained in Hong Kong. They also consider that their promotion prospects will be adversely affected if they are denied access to opportunities for acting appointment.

2. This flexible ranking system expanded the pool of potential candidates for overseas posts and removed a major disincentive for potential candidates by ensuring that officers in overseas posts receive the same opportunities for acting appointments and promotion as their counterparts in Hong Kong.

3. Under this system, Secretary for the Civil Service has been delegated the authority to create supernumerary posts at pre-determined higher rank held against the permanent directorate head and deputy head posts of the lower rank in the following situations –

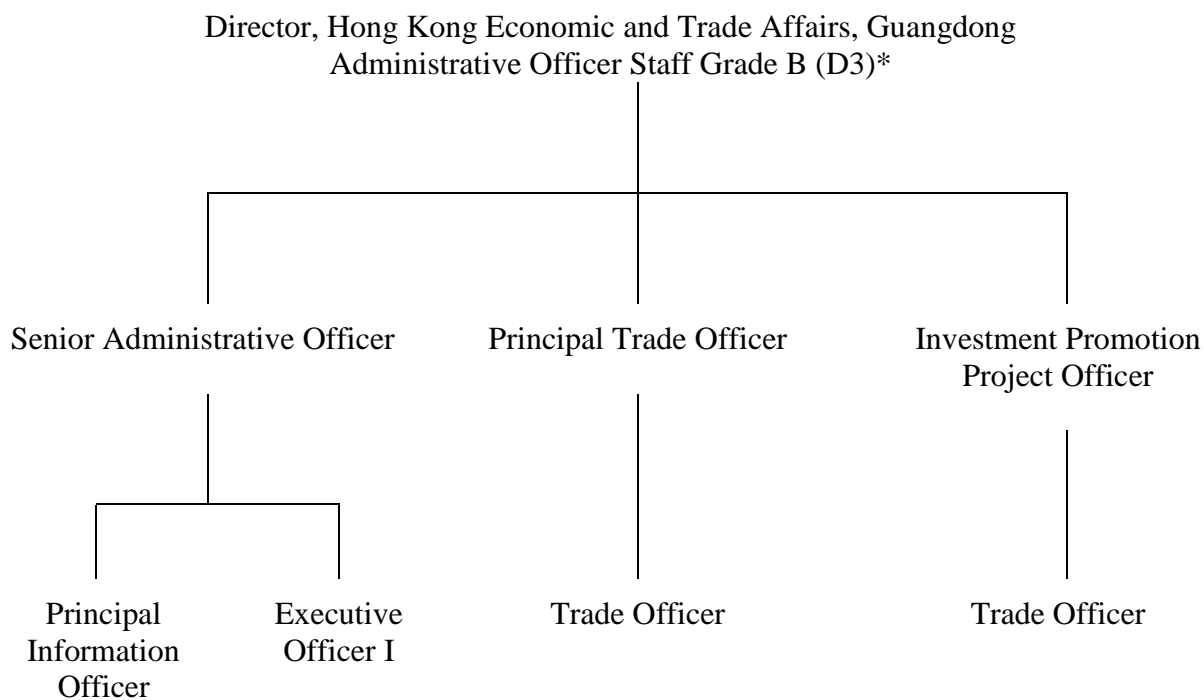
- (a) the promotion of an officer during his overseas tour to a rank higher than the rank of the post he currently occupies;

/(b)

- (b) the posting overseas of an officer whose substantive rank, at the time of posting, is already higher than the rank of the post in the overseas office to which he is posted;
- (c) the appointment of an officer to act in a rank higher than the rank of the post he occupies on being posted overseas, if it is considered that he would have been offered an acting appointment at that higher rank had he remained in Hong Kong; and
- (d) the appointment of an officer already serving overseas in his own substantive rank to act in the higher rank if, in all likelihood, he would have been offered an acting appointment at the higher rank had he remained in Hong Kong.

4. In June 1996, after considering EC(96-97)10 and the Supplementary Note, Finance Committee approved the extension of approved flexible ranking system to D6 Heads of overseas offices subject to a set of conditions as set out in the Supplementary Note.

**Organisation Chart of The Economic and Trade Office of the
Government of the Hong Kong Special Administration Region in Guangdong**



Notes

*Post proposed to be created

10 local support personnel will be engaged, viz. 1 Assistant Trade Officer, 1 Investor Support Officer, 1 Executive Secretary, 1 Executive Assistant, 5 General Assistants and 1 Driver.