

For Discussion
on 18 December 2001

Legislative Council Panel on Economic Services

—
Re-organisation of the Port and Maritime Board Division
in Economic Services Bureau
—

Introduction

This paper seeks members' support for the proposed re-organisation of the Port and Maritime Board (PMB) Division into a new Port, Maritime and Logistics Development Unit in the Economic Services Bureau (ESB) and creation of an Administrative Officer Staff Grade C (AOSGC) (D2) post to support the "Logistics Hong Kong" initiative.

Problem

2. The existing structure and manpower support in the PMB Division of ESB are no longer adequate to cope with the increase in workload and responsibilities in the areas of port, maritime and logistics services development.

Proposal

3. We propose to re-organise the PMB Division into a new Port, Maritime and Logistics Development Unit (PMLDU) in the ESB and create one permanent post of AOSGC to head a section dedicated to support the work on logistics development in the PMLDU. We intend to submit the proposal to the Establishment Sub-committee (ESC) of the Finance Committee on 16 January 2002 for consideration. An advance copy of the draft submission setting out the proposal is at Annex I.

Annex I

Economic Services Bureau

December 2001

ADVANCE DRAFT

**For discussion
on 16 January 2002**

EC(2001-02)XX

**ITEM FOR ESTABLISHMENT SUB-COMMITTEE
OF FINANCE COMMITTEE**

**HEAD 145 - GOVERNMENT SECRETARIAT:
ECONOMIC SERVICES BUREAU
Subhead 001 Salaries**

Members are invited to recommend to Finance Committee the creation of the following permanent post in the Economic Services Bureau –

1 Administrative Officer Staff Grade C
(D2) (\$122,450 - \$130,050)

arising from the re-organisation of the Port and Maritime Board Division into a new Port, Maritime and Logistics Development Unit in the Economic Services Bureau.

PROBLEM

The existing structure and manpower support in the Port and Maritime Board (PMB) Division of the Economic Services Bureau (ESB) are no longer adequate to cope with the increase in workload and responsibilities in the areas of port, maritime and logistics services development.

PROPOSAL

2. We propose to re-organise the PMB Division into a new Port, Maritime and Logistics Development Unit (PMLDU) in the ESB and create one permanent post of Administrative Officer Staff Grade C (AOSGC) (D2) to head a section dedicated to support the work on logistics development in PMLDU.

JUSTIFICATION

“Logistics Hong Kong” and New Responsibilities

3. In the past few years, there have been increasing demand and aspirations from the logistics industry and Legislative Council Members¹ to expedite the development of the logistics sector and increase the competitiveness of Hong Kong as an international and regional transportation and logistics hub. The Government is committed to providing a conducive environment, the necessary infrastructure and supporting facilities to develop Hong Kong into a logistics hub and a supply-chain base by enhancing the connectivity and collaboration amongst various sectors in the supply chain.

4. The Administration has announced a new institutional structure to take forward the “Logistics Hong Kong” initiative². It includes a new Steering Committee on Logistics Development (LOGSCOM) chaired by the

¹ The motion of “Expediting the development of the logistics industry” moved by the Honourable Kenneth Ting was carried at the LegCo Meeting held on 11 July 2001.

² As stated by the Chief Executive in the 2001 Policy Address, with Hong Kong's excellent transportation facilities and the Pearl River Delta's high productivity, we can develop into a logistics hub to link the Mainland with the world and promote the development of an inter-modal system and consider other supporting facilities to speed up the flow of goods and information. The provision of integrated services will also strengthen Hong Kong's competitive advantage as a supply-chain base.

Financial Secretary, with the Secretary for Economic Services, the Secretary for Commerce and Industry and the Secretary for Information Technology & Broadcasting as standing members. The Committee provides policy steer to accelerate the development of “Logistics Hong Kong”. It has already held its first meeting in November 2001. In addition, a new Hong Kong Logistics Development Council (LOGSCOUNCIL) chaired by the Secretary for Economic Services has been established to provide a forum for the public and private sector stakeholders to discuss and co-ordinate matters concerning “Logistics Hong Kong” and to carry out joint projects between public and private sectors. Members of the Council are drawn from the Government and the industry and appointed by the Financial Secretary. Apart from providing a forum for discussion, the Council is tasked with the implementation of specific programmes. The LOGSCOUNCIL would have at least five project groups to take forward the specific areas of logistics initiatives as set out in Enclosure 1. Our work focus for “Logistics Hong Kong” in the coming years is summarised at Enclosure 1. The institutional structure also includes a re-organised PMB Division in ESB.

5. The PMB Division used to focus on maritime policies, port development and support for the Hong Kong Port and Maritime Board (HKPMB). With Government’s commitment to develop Hong Kong into an international and regional transportation and logistics hub, the Division is now also tasked to support the development of policy initiatives on logistics, as well as co-ordinate and integrate actions and programmes arising from deliberations at the LOGSCOM and the LOGSCOUNCIL and across the various segments spanning across sea, air and land transport in the supply chain. To ensure that the Government can keep track of industry developments so as to develop policies that can better position Hong Kong in an increasing competitive environment, the PMB Division works closely with logistics enterprises /organisations both in the public and private sectors and with other players in

the demand and supply chain outside the maritime sector (e.g. shippers, consignees and other players in the transportation community). The Division also liaises with the Mainland authorities where collaboration efforts require a Mainland interface.

6. In order to provide the necessary support to the LOGSCOM and the LOGSCOUNCIL and to cope with the increased workload both in terms of volume and complexity, we propose to re-organise the PMB Division into a new PMLDU with three functional sections. The new Unit will be headed by the existing post of AOSGB (D3) to be designated as Head, Port, Maritime and Logistics Development Unit (H, PMLDU). Apart from running a secretariat to support the work of HKPMB, he will also be running a new secretariat to support the work of the LOGSCOM and the LOGSCOUNCIL. The revised job description for the H, PMLDU is at Enclosure 2.

Encl. 2

7. The three functional sections are the Logistics Development (LOGS) Section, the Port and Maritime Board (PMB) Section and the Port, Maritime and Logistics (PML) Section. Each section will be headed by a directorate officer reporting to H, PMLDU. The revised organisation chart of PMLDU is at Enclosures 3. The revised organisation chart of ESB showing the schedule of responsibilities of the directorate posts is at Enclosure 4.

Encl. 3

Encl. 4

The Logistics Development Section (LOGS Section)

8. We propose to create a permanent AOSGC (D2) post (PAS(LOGS)) to head this section. He will be supported by an existing post of Senior Administrative Officer working on port and maritime policies and a new post of Administrative Officer (AO) to be created under delegated authority. The Section will mainly be responsible for supporting the work of the LOGSCOM and the LOGSCOUNCIL for “Logistics Hong Kong” as

follows -

- (a) assisting in formulating policy and developing programmes for “Logistics Hong Kong”;
- (b) co-ordinating policy input and efforts of Government bureaux and departments as well as relevant public and private sectors players on facilitation matters and on connectivity and collaboration projects; and
- (c) providing secretariat support for the LOGSCOM and the LOGSCOUNCIL.

Encl.5 The proposed job description for PAS(LOGS) is at Enclosure 5.

9. The work of the LOGSCOUNCIL will be supported by five project groups. Initially, LOGSCOM and LOGSCOUNCIL are expected to meet on a bi-monthly basis, whereas the LOGSCOUNCIL project groups would meet as regularly as required to discharge their duties. It is expected that LOGSCOM, LOGSCOUNCIL and the LOGSCOUNCIL project groups will generate a substantial amount of secretariat and programme organisation work to be followed up by the LOGS Section. We need an AOSGC to oversee the provision of secretariat support, the development of strategies and the co-ordination among concerned parties within and outside the Government. He will also serve as Government’s frontline representative in liaising with market players and other public authorities.

The Port and Maritime Board Section (PMB Section)

10. The PMB Section will be headed by the existing PAS(PMB) ranked at Assistant Director of Marine (D2) in the PMB Division. He will be

supported by a new post of Senior Marine Officer (SMO) to be created under delegated authority. The Section will continue to focus on the existing secretariat functions of the HKPMB Secretariat. These include servicing of HKPMB Secretariat, Port Development Committee, Shipping Committees and other related project groups, monitoring and implementing initiatives and projects to develop and promote Hong Kong as a leading port and a premier international maritime centre (IMC) and liaison with the public and private sector players in the port and maritime sectors.

11. Further work is required to formulate a competitive strategy and a Master Plan for the future development of the port and maritime services as part of our strategy to develop Hong Kong as the preferred international and regional transportation and logistics hub and as a base for integrating service providers for the global and regional demand and supply chain. With the increase in the responsibilities in the planning, development and implementation of various initiatives and programmes relating to port development and maritime services, an additional SMO post is required to strengthen the support for the HKPMB.

The Port, Maritime and Logistics Section (PML Section)

12. Originally, when the post of the Chief Assistant Secretary (PMB) (CAS(PMB)) ranked at Principal Marine Officer (D1) was created in the PMB Division, it was mainly responsible for management of research studies and projects relating to port development and facilities. To strengthen the professional support and research capability of PMLDU, the post title of the CAS(PMB) will be redesignated as CAS(PML). He will head the PML Section and will be underpinned by five existing non-directorate staff, i.e. a Senior Economist, a Senior Town Planner, a Statistician, an Executive Officer and a Senior Information Officer. The PML Section will provide professional

input and research support for PMLDU to underpin work relating to the formulation of policy initiatives and competitive strategy for strengthening Hong Kong's position as a leading port, a premier IMC and the preferred international and regional transportation and logistics hub. It will also provide general administrative support to PMLDU. With the increase in the responsibilities of the PML Section, the revised job description for CAS(PML)

Encl.6 is at Enclosure 6.

Other Alternatives Considered

13. We have examined the feasibility of the redistribution of duties among existing directorate posts both within the Bureau and departments under ESB's purview but consider this impracticable. As reflected in the revised Encl. 4 organisation chart for ESB at Enclosure 4, the existing PASs are fully occupied with their own duties and do not have spare capacity for taking on further duties arising from the new initiatives for "Logistics Hong Kong". Furthermore, the volume and complexity of work in ESB will increase with developments on various fronts, including, inter alia, development of the Hong Kong International Airport Master Plan 2020, the electricity market review, improvements in the delivery of postal services, and policy initiatives on competition and consumer protection. We are also satisfied that there is little scope of redeploying the directorate posts from departments under ESB's purview. Without this additional AOSGC post, we will not be able to render the necessary support for LOGSCOM and LOGSCOUNCIL and for the development of logistics in general.

FINANCIAL IMPLICATIONS

14. The additional notional annual salary cost of the proposal at mid-point is \$1,515,000. The full annual average staff cost of the proposal, including salaries and staff on-cost is \$2,500,056. In addition, this proposal will necessitate the creation of two non-directorate posts (one AO post and one SMO post) at a total notional annual mid-point salary cost of \$1,666,740 and a full annual average staff cost of \$2,697,024. We have included sufficient provision in the 2001-02 Estimates to meet the cost of this proposal. The proposal would have no impact on fees and charges as we have no intention to recover any cost in relation to the proposal from any persons or companies in the market and the community.

Economic Services Bureau
December 2001

Work Focus for “Logistics Hong Kong”

. The Port, Maritime and Logistics Development Unit will focus its work for “Logistics Hong Kong” in the coming years with the following agenda -

- (a) **p-logistics** : to strengthen the infrastructural and inter-modal transportation links under the demand and supply chain that operates through Hong Kong, including improvements to and expedition of customs and immigration clearance.
- (b) **e-logistics** : to enhance collaboration and develop the information technology links to better integrate and enhance the efficiency of service providers in the demand and supply chain that operates through or from Hong Kong.
- (c) **h-logistics** : to collaborate with stakeholders for a more integrated short term and long term manpower development programme to support “Logistics Hong Kong”.
- (d) **m-logistics** : to develop marketing synergies amongst the promotional programmes of the Airport Authority, Hong Kong Port and Maritime Board (HKPMB), Hong Kong Trade Development Council (HKTDC) and Invest Hong Kong to create a more effective promotional campaign for “Logistics Hong Kong”.
- (e) **s-logistics** : to review how assistance to SMEs (small and medium enterprises) can be strengthened so as to encourage them to embrace the concepts and practices of the 4 “L”s (i.e. p-logistics, e-logistics, h-logistics and m-logistics).

2. Five Project Groups will be formed under the LOGSCOUNCIL to assist the development and implementation of projects and programmes for LOGSCOUNCIL. The PMLDU, in collaboration with the five Project Groups will, carry out joint projects (between public and private sectors) for the development of p-logistics (physical and regulatory infrastructure), e-logistics (cyber and IT infrastructure), h-logistics (human resources infrastructure), m-logistics (marketing and promotion) and s-logistics (support for SMEs). The work plans for 2002 for each of these areas are being worked out by the PMLDU in collaboration with other bureaux and departments.

3. Logistics services span over sea, air and land transport, and various policy areas. To ensure connectivity between the various sectors in the supply chain, both the public and private sectors need to collaborate and co-ordinate their services. Major studies including the Study to Strengthen Hong Kong's role as the Preferred International and Regional Transportation and Logistics Hub (IRTLH), the Port Cargo Forecast and the Port Development Strategy Review recently completed have given us good pointers on broad directions for the future, but further follow up studies would need to be taken before we can map out an appropriate competitive strategy to consolidate our edge as a premier international maritime centre and a leading port and to face international and regional challenges which affect Hong Kong for the next decade or so.

4. In the coming years, the PMLDU will need to work closely with the HKPMB to map out a Master Plan for the future development of the port and maritime sector as part of our strategy to develop and promote Hong Kong as the preferred international and regional trade, transportation and logistics hub and as a base for integrating service providers for the global and regional demand and supply chain, in much the same way as the Airport Authority has developed a Master Plan for the airport. Also further port development will have to tie in with

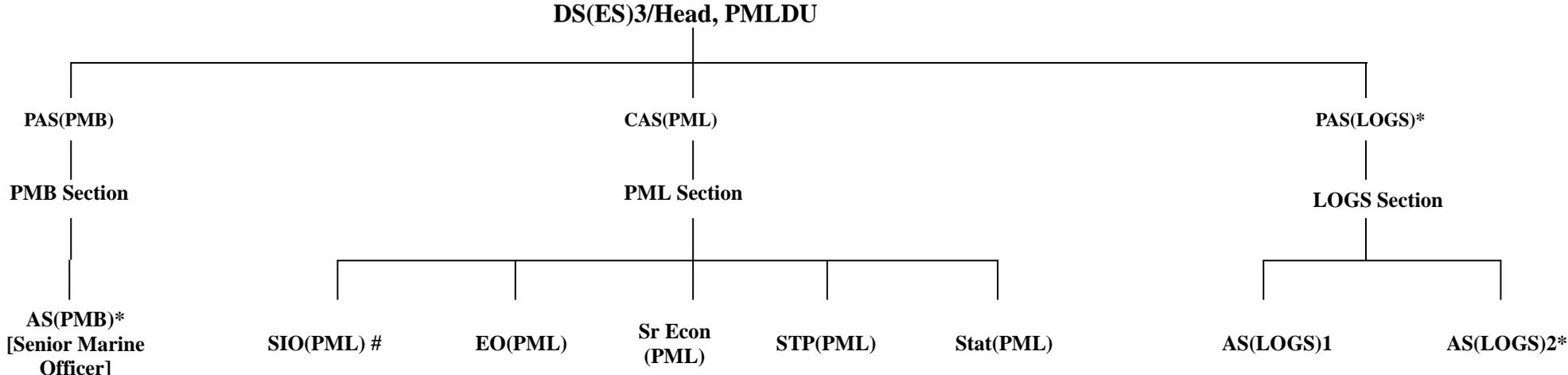
sustainable development assessments. The development of the Master Plan will be a complex exercise and will require substantial policy considerations, co-ordination and liaison with stakeholders in the port, maritime and logistics services sectors both within and outside the Government.

**Revised Job Description for
Deputy Secretary (Economic Services)3 [DS(ES)3]/
Head, Port, Maritime and Logistics Development Unit (H,PMLDU)**

- (a) Supporting SES on formulation of policies on development and promotion of Hong Kong as a leading port, international maritime services centre and the preferred international and regional transportation and logistics hub.
- (b) Supporting the Chairman of HKPMB on the work of the PMB Secretariat.
- (c) Supporting Chairmen of the LOGSCOM and the LOGSCOUNCIL on the work of the LOGSCOM and LOGSCOUNCIL secretariat.
- (d) As H,PMLDU, managing the PMLDU to deliver key results required under the port, maritime and logistics portfolio.

**Economic Services Bureau
Port, Maritime and Logistics Development Unit (PMLDU)**

Revised Organisation Chart



Port and Maritime Services
<ul style="list-style-type: none"> • Servicing of PMB Secretariat and Committees • Development and implementation of projects relating to port and maritime sectors • Liaison with public and private sector players in the port and maritime sectors

Public Relations
<ul style="list-style-type: none"> • Media relations • Visitors • Public enquiries

Administration
<ul style="list-style-type: none"> • Office administration • Personnel • Finance

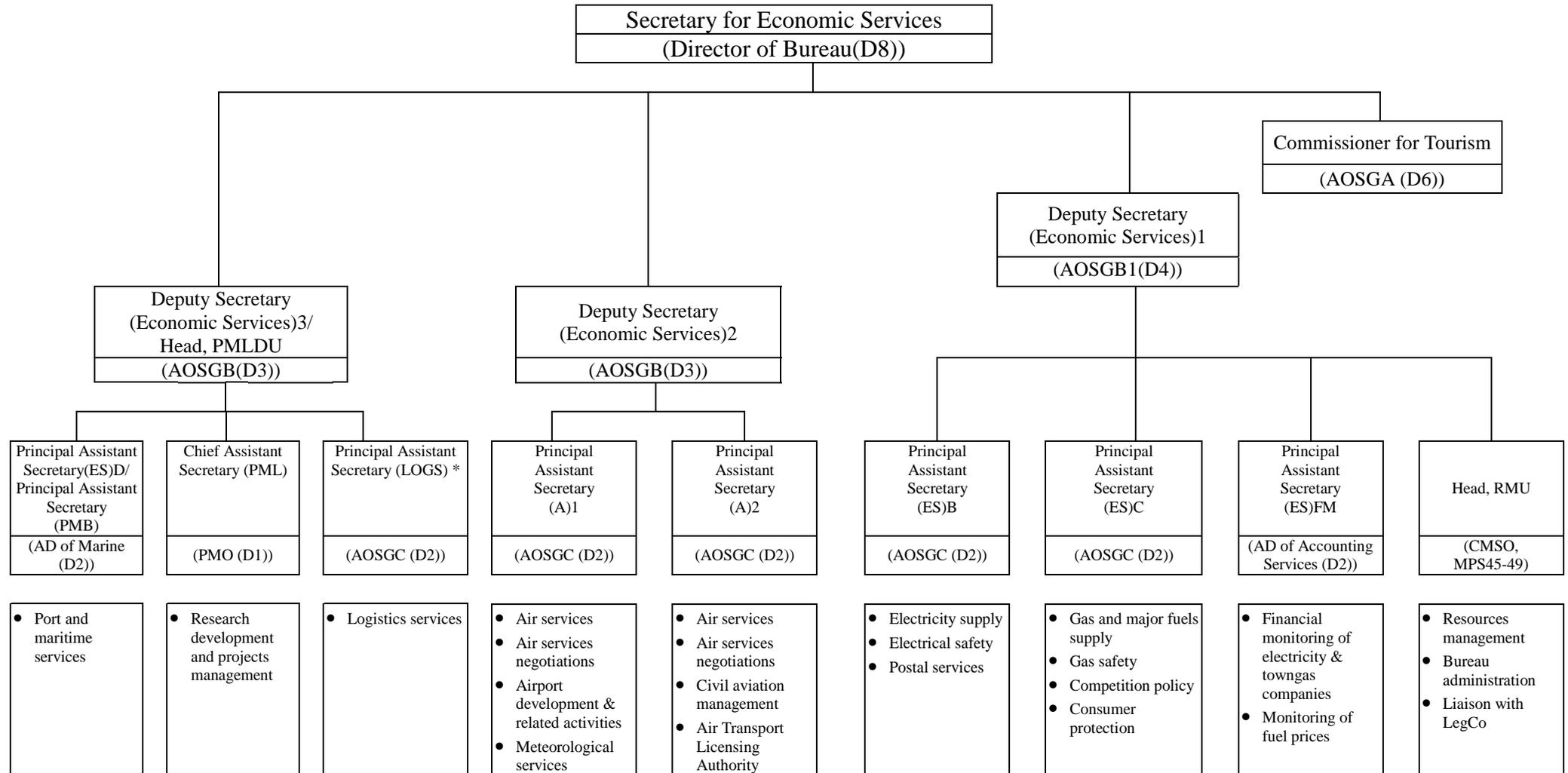
Research and Development
<ul style="list-style-type: none"> • Research studies commissioned by PMLDU • Statistics and data collection • Analysis relating to demand and supply of port, maritime and logistics facilities and services • Liaison with the Mainland authorities • Project management

Marine Department
<ul style="list-style-type: none"> • LegCo and housekeeping of Marine Department • Taxation agreement negotiations • Marketing and promotion visits

Logistics Services
<ul style="list-style-type: none"> • Servicing of LOGSCOM and LOGSCOUNCIL • Development and implementation of projects relating to logistics services development • Liaison with public and private sector players in the logistics services sector

* New posts to be created
On loan from the Information Services Department

**Economic Services Bureau
Revised Organisation Chart**



- Notes**
- (1) The Tourism Commission headed by the Commissioner for Tourism (CT) operates as an entity separate from the Economic Services Bureau proper. CT is underpinned by 6 directorate posts, including one supernumerary post for Hong Kong Disneyland project.
 - (2) An Electricity Adviser on non-civil service terms for three years will shortly be in post to provide professional support in the electricity market review.
 - (3) The Chief Assistant Secretary (PMB) will be retitled as Chief Assistant Secretary (PML) after the reorganisation of the PMB Division into the PMLDU.
- * New post to be created

**Proposed Job Description for
Principal Assistant Secretary (Logistics Development)
[PAS(LOGS)]**

Rank : Administrative Officer Staff Grade C (D2)

Main Duties and Responsibilities

Responsible to the Head, Port, Maritime and Logistics Development Unit for the following duties :

- (a) Formulation of new policy initiatives and action programmes to strengthen Hong Kong's role as the preferred international and regional transportation and logistics hub.
- (b) Co-ordination of policy input and efforts of Government bureaux and departments as well as other public organisations to support the "Logistics Hong Kong" initiative.
- (c) Provision of secretariat support for the LOGSCOM and the LOGSCOUNCIL and its project groups.
- (d) Oversight of the implementation of the legislative programme relating to the port, maritime and logistics sector.
- (e) Policy oversight over the work of Marine Department.

Enclosure 6 to EC(2001-02)XX

**Revised Job Description for
Chief Assistant Secretary (Port, Maritime and Logistics) [CAS(PML)]**

To assist H, PMLDU in the following duties :

- (a) Undertaking and supervising research studies and development projects for port, shipping and logistics as commissioned by PMLDU, HKPMB and LOGSCOUNCIL.
- (b) Compiling statistics and developing data base related to port, maritime and logistics sectors.
- (c) Analysing demand for and supply of port, maritime and logistics facilities and services.
- (d) Liaising with the Mainland authorities on issues related to port, shipping and logistics development in Hong Kong and the Mainland.
- (e) Undertaking project management assignments as instructed by H, PMLDU.
- (f) Supervising the provision of general administrative support for PMLDU.