

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

HEAD 152 – GOVERNMENT SECRETARIAT : COMMERCE AND ECONOMIC DEVELOPMENT BUREAU (COMMERCE, INDUSTRY AND TOURISM BRANCH)

Subhead 000 Operational Expenses

Members are invited to recommend to Finance Committee the creation of the following supernumerary post in the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau for three years with immediate effect upon approval of the Finance Committee –

1 Administrative Officer Staff Grade C
(D2) (\$154,950 - \$169,450)

PROBLEM

The Commerce, Industry and Tourism Branch (CITB) of the Commerce and Economic Development Bureau (CEDB) needs dedicated directorate support on a time-limited basis to oversee and steer the work of a new Project Management Office (PMO) in taking forward the development of a Trade Single Window (SW) in Hong Kong.

PROPOSAL

2. We propose to create a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post in CITB for three years with immediate effect upon approval of the Finance Committee (FC) to head the new PMO.

/JUSTIFICATION

JUSTIFICATION

Need to Develop and Implement an SW in Hong Kong

Need for an SW in Hong Kong

3. At present, a total of 51 trade documents are required to be submitted to the Government for the trading of goods into, out of and through Hong Kong. These include the Import and Export Declarations (TDEC), Cargo Manifests, advance cargo information (ACI) of different forms, as well as licences, permits and other documents required for goods that are subject to specific controls or schemes. They are to meet regulatory requirements for a number of public policy reasons, such as statistics, levies and duties, anti-smuggling, public safety and health, and security purposes.

4. Notwithstanding the various facilitation schemes¹, a great many business-to-government (B2G) trade document requirements are now being met by conventional paper means (over the counter, by mail, etc.). Regardless of the availability of electronic services or otherwise, stakeholders have to deal with each and every government agency separately as may be required at different points of time. The fragmented approach is not conducive to the efficient processing of incoming and outgoing goods, taking a toll on not only the trading community but also government agencies such as the Customs and Excise Department (C&ED).

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¹ Existing electronic means include –

- (i) Government Electronic Trading Services (GETS) since 1997 - a front-end electronic service mandatory for the trading community to submit commonly used trade documents to the Government via private sector service providers. The documents include TDEC, Certificate of Origin and Dutiable Commodities Permit and Cargo Manifest for air and sea modes (i.e. (a) Statement One Cargo Manifest (sea mode) (upon demand), (b) Statement Two Cargo Manifest (air mode), (c) Statement Two Cargo Manifest (sea mode) and (d) voluntary Electronic System for Cargo Manifest (EMAN) Statement One Submission Scheme for Ocean Going Vessels (OGVs));
- (ii) Air Cargo Clearance System since 1998 - an electronic system for air cargo operators to submit electronic information of imported goods to the Government on a voluntary basis for customs clearance purposes;
- (iii) Road Cargo System since 2010 - an electronic system for shippers to submit electronic ACI for road cargoes as required under the Import and Export (Electronic Cargo Information) Regulation (Cap. 60L); and
- (iv) various voluntary schemes for sea cargoes - for OGVs, carriers may submit ACI (at the master, more general level) under the voluntary EMAN Statement One Submission Scheme for OGVs. Sea freight forwarders may submit ACI (at the house, more detailed level) under the E-Sea Customs Clearance Scheme (e-SCC Scheme) on a voluntary basis. For River Trade Vessels (RTVs), carriers may submit ACI under the voluntary ACI for RTVs Scheme.

5. Following mainstream international development and to uphold Hong Kong's competitiveness, we plan to set up an SW as a single information technology (IT) platform for the one-stop lodging of all 51 B2G documents for all trade declaration and customs clearance purposes, as announced by the Financial Secretary in his 2016-17 Budget Speech.

6. The SW is expected to possess the technical capability to facilitate, if required in future, interfaces with business-to-business (B2B) platforms operated by the private sector and connections with SWs of other economies. We will also take the opportunity of SW development to consider whether and how best the SW may take on board a new requirement for pre-shipment TDEC as well as pre-shipment Cargo Reports².

Benefits of SW

7. The SW will bring about time and cost savings for the trading community, as they no longer need to approach different government agencies separately and can lodge B2G trade documents electronically round the clock through a centralised platform. Data can be reused more conveniently within the SW system, thus minimising data input efforts and errors. Traders can also keep track of the status of their applications and submissions via the SW platform³ round the clock.

8. For the Government, the sharing of crucial information between participating government agencies (PGAs) will be conducive to efficient trade control and facilitation for achieving various policy objectives. It would be easier to ascertain traders' compliance with legal and procedural requirements given up-to-date and comprehensive information captured by the SW. The SW will also create opportunities for PGAs to promote online services, streamline business processes and integrate computer systems.

9. At the government-to-government level, the SW will facilitate customs cooperation and connectivity. Exchange of specified trade information between SWs of different economies, subject to conclusion of bilateral agreements and traders' consent, will in turn expedite the cargo clearance process and enhance trade efficiency.

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² At present, carriers are required to submit Statement One Cargo Manifests and/or ACI pre-shipment for customs clearance, as well as Statement Two Cargo Manifests post-shipment for matching with TDEC. Similar information is submitted more than once. It is proposed that a pre-shipment Cargo Report will replace the existing requirements for cargo manifests and ACI which streamlines and simplifies the submission requirements.

³ The trading community is estimated to save up to around \$860 million to \$1,500 million per annum in administrative cost after the SW is fully implemented.

10. The SW unifying the B2G interface will be an important building block for any wider e-commerce initiative driven by the market, such as possible connection with private sector B2B systems to improve coordination among traders, logistics operators, and agents alike and enhance efficiency along the supply chain. Such connections will also contribute to Hong Kong's position as a logistics hub.

Initial timetable

11. We have set out the Government's proposal for taking forward the SW initiative in a Consultation Paper released on 13 April 2016 to gauge the views of stakeholders and the public over a three-month period. Subject to the consultation outcome, we plan to develop and roll out the SW in three phases –

- (a) Phase 1 (Q1 2018 the earliest) – covering 14 documents that do not require legislative amendments in migrating to the SW, for voluntary use to solicit and cultivate early buy-in of the SW initiative across different stakeholders;
- (b) Phase 2 (Q4 2021 the earliest) – in addition to those in Phase I, covering another 26 documents, after making legislative amendments to make submission to the SW mandatory; and
- (c) Phase 3 (Q4 2023 the earliest) – in addition to those in Phase I and II, covering TDEC and Cargo Reports.

Project Management Office

Need for dedicated manpower to take forward SW initiative

12. The development of a full-fledged SW is a mega project involving a substantial capital cost⁴ and a series of legislative exercises. Given its scale and complexity, we see the need to have dedicated manpower from different disciplines to set up a PMO within CEDB to champion the cause.

13. The PMO will be responsible for –

- (a) analysing the views collected in the three-month public consultation on SW development and following up as appropriate;

/(b)

⁴ IT projects of comparable scale include the development of the Next Generation Smart Identity Card System (a capital cost of \$1,449 million of which \$967 million is for the development of a new IT system) and the first stage of the Electronic Health Record Development Programme (a capital cost of \$702 million).

- (b) developing SW Phase 1 and preparing the detailed requirements and implementation programme for SW Phases 2 and 3, taking into account the consultation outcome;
- (c) undertaking various technical tasks, including business process review and data harmonisation work for 51 trade documents and submissions required by nine departments;
- (d) preparing legislative proposals underpinning the SW;
- (e) preparing funding proposals at different stages for seeking Government resources and the approval of the FC;
- (f) preparing tender for the design and development of SW Phases 2 and 3, both sizeable IT projects on their own, and overseeing the technical design and operation of the SW system to meet industry needs; and
- (g) ensuring the smooth implementation of the SW system, including preparation and execution of relevant migration plans.

14. The PMO will comprise four units, namely the (a) Policy and Legal Unit, (b) Business Process Unit, (c) Information Technology Unit and (d) Resources, Planning and Administration Unit. The organisation chart of the PMO is at Enclosure 1.

Encl. 1

Need for an AOSGC (D2) post

15. We propose to create a supernumerary AOSGC (D2) post, designated as Principal Assistant Secretary (Single Window) (PAS(SW)) in the CEDB, initially for three years, to oversee and steer the work of the PMO. Having regard to the complexities involved, the heavy workload and the importance of the SW initiative for Hong Kong, strategic input and directorate leadership at the D2 level is considered necessary to kickstart this mammoth IT and policy exercise –

- (a) the whole project will require a substantial capital investment and some eight years to complete (by phases with the rolling out of Phase 1 in 2018 the earliest) to cover some 90 million transactions a year (over four times of that of GETS nowadays). The scale is rare, if not unprecedented, in Government; and
- (b) nine government agencies under six policy bureaux are involved in the 51 trade documents and submissions covered that contain more than 5 000 data items. Putting all these under one SW roof requires

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review, reconciliation, alignment and rationalisation of many procedures and business processes that are entrenched in legislative provisions found in over 15 principal Ordinances and 14 pieces of subsidiary legislation, departmental practice and culture and existing IT infrastructure developed over time, as well as tedious data harmonisation.

16. As the head of the PMO, which is a multidisciplinary team with expertise in policy, public administration, IT, public service delivery and management, customs administration and enforcement and legal matters, PAS(SW) is expected to provide policy steer and play a leadership role in the sophisticated co-ordination work among internal and external stakeholders.

17. PAS(SW) will lead the PMO in concluding and following up the current consultation exercise, to analyse views from stakeholders and the general public, to thrash out implementation details of the whole SW scheme with specific deliverables and to secure support from stakeholders accordingly. Importantly, he/she will champion the review on the case for switching to a pre-shipment documentation regime in the new SW environment in the light of the consultation outcome and help formulate policy recommendations for the consideration of the Government. PAS(SW) will see through the development of Phase 1 for launch, and preparation for Phases 2 and 3 for seeking legislative and funding approvals (based on the SW detailed requirements, delineation of services to be maintained by the Government vis-à-vis the private sector, formulation of a migration plan for each trade document, etc.).

Encl. 2 18. The proposed job description of PAS(SW) is at Enclosure 2. We will review the continued need for the post before its expiry in the light of the project progress, operational experience and an assessment of the updated implementation plan ahead.

Non-directorate support

19. The proposed post will be supported by 16 time-limited non-directorate staff. They will come from various grades, including disciplinary grades from C&ED, Administrative Officer, Executive Officer, other grades from Office of the Government Chief Information Officer, Efficiency Unit and Department of Justice, as well as secretarial and clerical grades.

/ALTERNATIVES

ALTERNATIVES CONSIDERED

20. We have critically assessed if the duties of the proposed supernumerary AOSGC can be absorbed by existing manpower at the directorate level within CITB. There are currently six⁵ directorate officers at AOSGC level dealing with commerce and industry matters in CITB. These officers are fully engaged with their own heavy portfolios, including, apart from the vast amount of routine duties, a number of important policy initiatives and legislative exercise on policies related to Hong Kong's external commercial relations, Mainland and Hong Kong Closer Economic Partnership Arrangement, investment promotion, intellectual property protection, industry support, trade facilitation, competition policy and consumer protection etc.. It will not be viable for any one of these officers to absorb or share the duties of PAS(SW) without risking the existing duties under their care. As regards PAS (Commerce and Industry) 4 who oversees and monitors the operation of GETS and plans for its long term development, the PAS concerned is heavily engaged in the extension of GETS model to ensure its continued services until 2024 (when SW is expected to be ready to fully take over GETS) and a smooth migration from GETS to SW. Her regular responsibilities in various policy areas also include trade facilitation, retail manpower development, promotion of wine-related business, meteorological services and supporting the professional services sector through a new scheme announced in the 2016 Policy Address. She has no spare capacity to oversee the development of SW which is a mammoth policy and IT exercise. The duty schedules of these existing six posts are set out in Enclosure 3.

Encl. 3

FINANCIAL IMPLICATIONS

21. The proposed creation of a supernumerary AOSGC (D2) post will require an additional notional annual salary cost at mid-point of \$1,973,400 and the additional full annual average staff cost, including salaries and staff on-cost is \$2,780,000.

22. Moreover, the creation of 16 non-directorate posts in PMO will entail an additional notional annual salary cost at mid-point of \$15,111,000 and the additional full annual average staff cost, including salaries and staff on-cost is about \$22,920,000.

23. We have included the necessary provision in the 2016-17 Estimates to meet the staff cost and will reflect the resources required in the Estimates of subsequent years.

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⁵ Including one time-limited post to be lapsed by August 2016.

PUBLIC CONSULTATION

24. We briefed the Legislative Council Panel on Commerce and Industry on 19 April 2016 regarding the launch of a public consultation on the development of an SW in Hong Kong and the related staffing proposal to create a supernumerary post of AOSGC. Members supported the SW initiative and the above staffing proposal, and reminded the Government to work closely with the industry to gauge their views on the detailed design and operation of SW, as well as the implementation of a pre-shipment regime in Hong Kong. The Government was also suggested to look into possible manpower savings within the Government in future, after the implementation of the SW.

ESTABLISHMENT CHANGES

25. The establishment changes under Head 152 – Government Secretariat: Commerce, Industry and Tourism Branch for the past two years are as follows –

Establishment (Note)	Number of posts			
	Existing (As at 1 May 2016)	As at 1 April 2016	As at 1 April 2015	As at 1 April 2014
A*	18+(1) [#]	18+(1)	18+(1)	18+(1)
B	61	59	50	50
C	129	128	124	122
Total	208+(1)	205+(1)	192+(1)	190+(1)

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
- * – excluding supernumerary post created under delegated authority
- () – number of supernumerary directorate posts
- # – as at 1 May 2016, there was no unfilled directorate post in CITB

CIVIL SERVICE BUREAU COMMENTS

26. The Civil Service Bureau supports the proposed creation of a supernumerary AOSGC post for a period of three years to head the dedicated PMO to take forward the development of SW in Hong Kong. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of the responsibilities required.

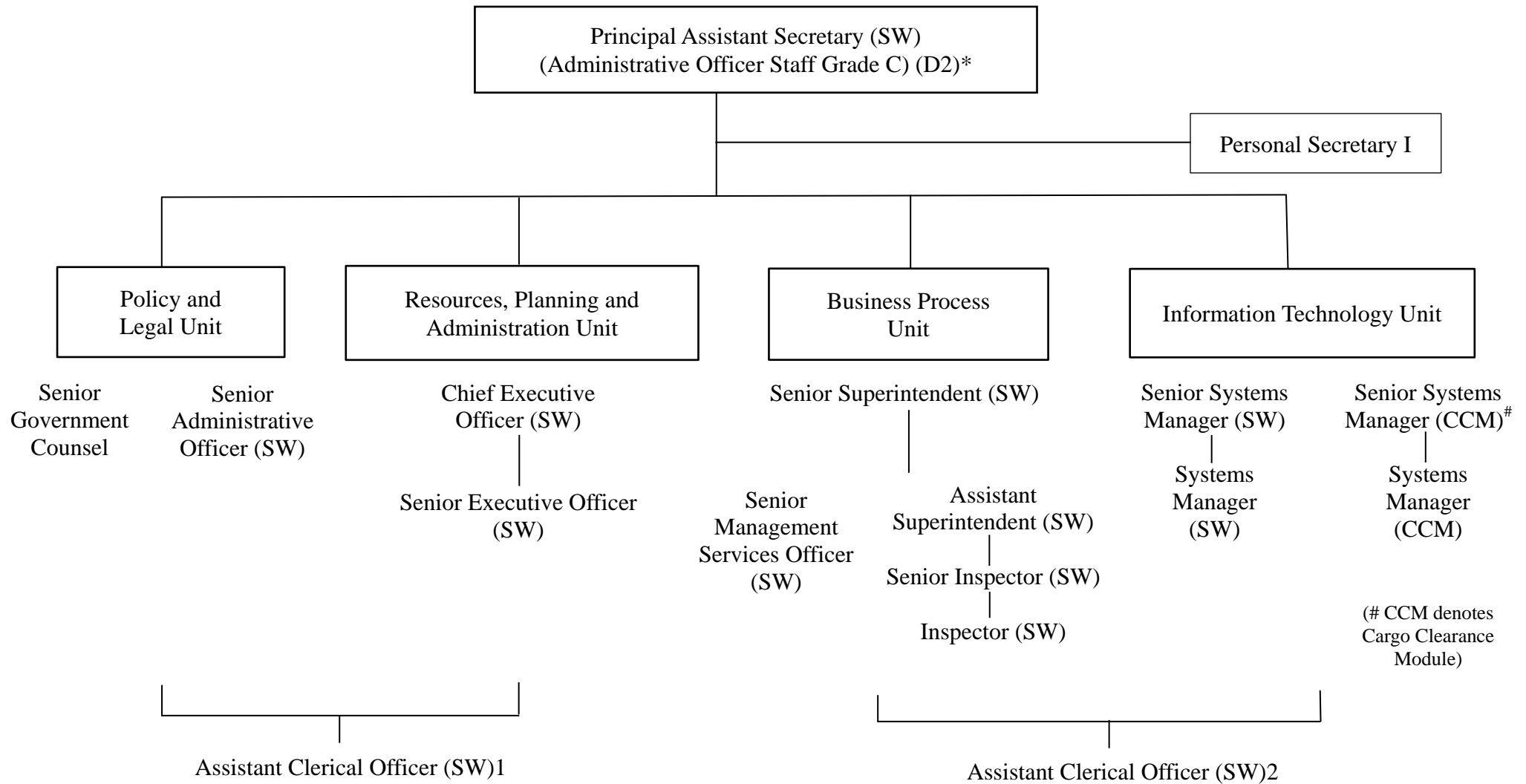
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ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE

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.

Commerce and Economic Development Bureau
May 2016

**Organisation Chart of the Project Management Office
for the Development of Trade Single Window (SW), Commerce and Economic Development Bureau**



(# CCM denotes Cargo Clearance Module)

Remarks:

* Supernumerary directorate post proposed to be created

Job Description
Principal Assistant Secretary (Single Window)

Rank : Administrative Officer Staff Grade C

Responsible to : Deputy Secretary for Commerce and Economic Development (Commerce and Industry)²

Main Duties and Responsibilities –

- (1) To lead a dedicated team in the Commerce and Economic Development Bureau to oversee and coordinate the relevant work of departments under different Bureaux, in developing the Trade Single Window (SW) infrastructure and in building connectivity with other systems based on international standards;
- (2) To provide strategic steer and advice on the overall implementation of the SW and to oversee the streamlining of processes for the handling of the documents/submissions concerned and support services in future;
- (3) To formulate policies, development plans and work targets for the SW development, the migration plan for the documents and submissions concerned and the proposed pre-shipment trade declaration (TDEC) and Cargo Report requirements, if implemented, and that for the seamless transition from the Government Electronic Trading Services to SW in due course;
- (4) To review the legal framework and take forward legislative amendments relating to the use of SW and the proposed pre-shipment TDEC and Cargo Report, if implemented;
- (5) To engage the trading and logistics sectors in the development of SW under the proposed requirement for pre-shipment TDEC and Cargo Report, if implemented, and to work out the framework for the information technology and related sectors to provide value-added services for SW users;
- (6) To formulate a programme of exchange of information with other economies as allowed under future legislation in the light of international developments; and
- (7) To oversee and provide steer on the financial and contractual management for SW development.

**Main Duties and Responsibilities of
six existing Principal Assistant Secretaries
(Administrative Officer Staff Grade C)
in the Commerce, Industry and Tourism Branch of
the Commerce and Economic Development Bureau**

Major duties and responsibilities and work priorities of the six Principal Assistant Secretaries (PASes) in the Commerce, Industry and Tourism Branch are summarised in the ensuing paragraphs.

Under Deputy Secretary (Commerce and Industry)1 (DS(CI)1)

Principal Assistant Secretary (Commerce and Industry)1 (PAS(CI)1)

2. PAS(CI)1 assists DS(CI)1 in dealing with bilateral commercial relations with America and Europe. She handles policy matters relating to exhibition and convention services, and control on trade in textiles and strategic commodities. She is also responsible for housekeeping matters for the Hong Kong Trade Development Council and the Hong Kong Export Credit Insurance Corporation and their interface with the Government.

Principal Assistant Secretary (Commerce and Industry)2 (PAS(CI)2)

3. PAS(CI)2 assists DS(CI)1 in dealing with bilateral commercial relations with Asia excluding the Mainland, and the rest of the world excluding America and Europe. He handles matters relating to implementation of sanctions under the United Nations Sanctions Ordinance, competition policy (including the implementation of the Competition Ordinance) and to serve the Competition Policy Advisory Group. He is also responsible for housekeeping matters for the Trade and Industry Department and policy matters on inward investment promotion and housekeeping matters of the Invest Hong Kong.

Under Deputy Secretary (Commerce and Industry)2 (DS(CI)2)

Principal Assistant Secretary (Commerce and Industry)3 (PAS(CI)3)

4. PAS(CI)3 assists DS(CI)2 in handling policy matters on intellectual property protection, including protection of copyright, trade marks, patents, registered designs, and housekeeping matters of the Intellectual Property Department. She oversees public education initiatives to promote respect for intellectual property rights in the community, matters relating to exchanges and

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co-operation with the Mainland in intellectual property protection and multilateral and regional co-operation on intellectual property protection under World Trade Organization, World Intellectual Property Organization and Asia-Pacific Economic Co-operation. She is also responsible for overseeing matters relating to fostering the development of intellectual property trading in Hong Kong.

Principal Assistant Secretary (Commerce and Industry)4 (PAS(CI)4)

5. PAS(CI)4 assists DS(CI)2 in overseeing and monitoring the operation of the Government Electronic Trading Services and plans for its long-term development. She is responsible for formulating and implementing trade facilitation initiatives in the context of the relevant international/regional Frameworks of Standards to facilitate and secure international trade. She deals with promotion on the development of wine-related business, implementation of relevant recommendations of the Task Force on Manpower Development of the Retail Industry and the new scheme for supporting the professional services sector as announced in 2016 Policy Address. She also takes charge of policy matters on meteorological services and housekeeping matters for the Hong Kong Observatory.

Under Deputy Secretary (Commerce and Industry)3 (DS(CI)3)

Principal Assistant Secretary (Commerce and Industry)5 (PAS(CI)5)

6. PAS(CI)5 assists DS(CI)3 in overseeing policy matters relating to general support for small and medium enterprises, commercial relations between Hong Kong and the Mainland and matters related to the support for Hong Kong enterprises operating in the Mainland. She takes charge on matters relating to the development of commercial relationship with Taiwan. She is also responsible for policy matters on postal services and housekeeping matters for the Post Office.

Principal Assistant Secretary (Commerce and Industry)SD (PAS(CI)SD)

7. PAS(CI)SD assists DS(CI)3 in handling policy matters related to consumer protection including trade practices and consumer goods safety. She is responsible for housekeeping matters for the Consumer Council and also provides secretariat support for the Economic Development Commissions.
