

ITEM FOR FINANCE COMMITTEE

HEAD 96 – GOVERNMENT SECRETARIAT : OVERSEAS ECONOMIC AND TRADE OFFICES Subhead 000 Operational expenses

Members are invited to approve the pay scale and adjustment mechanism for locally-engaged staff in the Hong Kong Economic and Trade Office in Jakarta.

PROBLEM

We need to establish a self-standing mechanism to determine the pay scales and pay adjustment mechanism for locally-engaged (LE) staff in the Hong Kong Economic and Trade Office (ETO) to be set up in Jakarta.

PROPOSAL

2. We propose to link the pay scales of LE staff in Jakarta ETO to comparable United Nations (UN) pay scales, and adjust these in line with the UN pay scales for future revisions.

JUSTIFICATION

Establishment of a new ETO in Jakarta

3. With the gradual shift of the global economic development to the Asian region, the rise of the Association of Southeast Asian Nations (ASEAN) economies¹ has, in particular, created new business opportunities for Hong Kong. To strengthen our representation and profile in the region, and forge closer ties with our ASEAN partners, a new ETO in Jakarta will be set up with a view to increasing our presence in Southeast Asia.

/4.

¹ ASEAN comprises Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam.

Encl. 1

4. The Jakarta ETO will be headed by “Director-General, Hong Kong Economic and Trade Affairs, Jakarta” (DGJ) pitched at the rank of AOSGB (D3). DGJ will be supported by 13 non-directorate staff, including four Hong Kong-based officers and nine LE staff. The four Hong Kong-based officers will come from the Administrative Officer, Executive Officer, Information Officer and Trade Officer grades. The nine LE staff will take up investment promotion, public relations, administrative and supporting duties. They will altogether form three teams, namely the “Public Relations and Administration Unit”, “Commercial Relations Unit” and “Investment Promotion Unit” to discharge various duties. The proposed organisation chart of the Jakarta ETO is at Enclosure 1. The proposal to create DGJ post and increase the establishment ceiling to cater for the creation of LE staff to support the operation of Jakarta ETO was endorsed by the Establishment Committee vide EC(2016-17)5 on 6 June 2016.

General Principles of Devising Pay Scales for LE staff

5. To provide supporting services to Hong Kong-based officers posted to ETOs, it has been our established practice to recruit in the host countries/cities supporting staff mostly in the clerical and secretarial grades, and investment promotion staff whose work requires good local knowledge and contacts. This arrangement is more economical than sending Hong Kong-based staff to fill these posts. In the case of non-English speaking countries, the ability of the LE staff to speak the local language is an added advantage to the work of the ETOs concerned. The general principles² in devising pay scales for LE staff are –

- (a) In line with the principles of the Hong Kong Civil Service pay policy, the pay scales of LE staff should be maintained at a reasonable and sufficiently competitive level so as to attract, retain and motivate suitable staff to join and continue working in the ETOs; and
- (b) Separate packages should be devised to tailor to the special circumstances of each overseas location.

6. In line with the above principles, it has been our standing practice to mirror the pay scales and annual pay adjustment mechanism of the LE staff in ETOs with those of international organisations (e.g. the World Trade Organization (WTO) and the World Customs Organization (WCO)) or local civil service in their respective host cities with comparable job nature and duties.

/Proposed

² These general principles were approved by FC vide FCR(91-92)45 in 1991 in approving the pay scales for the LE staff in the Geneva ETO.

Proposed mechanism for determining and adjusting pay scales of LE Staff in Jakarta ETO

7. As with other ETOs, LE staff (nine in total) with good local knowledge, contacts and language skills will need to be recruited to support the Hong Kong-based officers to be posted to the new Jakarta ETO. We have commissioned an international Human Resources consultant to conduct a study on the proposed remuneration package for the LE staff of the Jakarta ETO, having regard to the general principles and standing practice set out in paragraphs 5 and 6 above. The consultant recommended that the UN pay scales should be adopted as the basis of determining the pay scales for the LE staff of the Jakarta ETO given the comparable job nature of the LE staff and those of the UN.

8. The conditions of service of locally recruited staff of UN as a major international organisation reflect the competitive prevailing conditions of similar work in the relevant places. To ensure comparability of their pay and conditions with the market trend, the UN reviews its pay scales annually and conducts comprehensive salary surveys every five years. Taking into account the comprehensive coverage and transparency of UN's pay system, and more importantly the comparable job nature of UN's local staff and those of the Jakarta ETO, we propose to mirror the pay system of the UN in devising the pay scales of the LE staff, as set out at Enclosure 2. To keep the pay scales of the LE staff competitive and in line with the changes in employment circumstances, we will vary and adjust the pay scales as appropriate having regard to the prevailing pay package of the UN, general principles set out in paragraphs 5 and 6, local legislative requirements and employment practice. Future adjustments to the pay scales in Enclosure 2, provided in line with the proposal in paragraph 2 above, will be approved by the Secretary for Financial Services and the Treasury.

Encl. 2

9. Apart from salary, LE staff of the Jakarta ETO will enjoy other fringe benefits, such as medical benefits, work-related accident benefits, provident fund/pension benefits and leave. These are consistent with local legislation and employment practice, as well as generally comparable to those offered by the UN to its local staff in Jakarta. A summary of the fringe benefits is at Enclosure 3. We will review the fringe benefits as appropriate having regard to changes in local legislation and employment practice.

Encl. 3

FINANCIAL IMPLICATIONS

10. The proposed ETO will involve an additional estimated annual expenditure of \$19.4 million, and among which the estimated provision for the nine LE staff is around \$2.1 million. We have earmarked sufficient provision in the 2016-17 Estimates to meet the funding requirements of this proposal.

/PUBLIC

PUBLIC CONSULTATION

11. We consulted the Legislative Council Panel on Commerce and Industry on 15 March 2016. The Panel supported the proposed pay scales for the LE staff in Jakarta ETO.

BACKGROUND

12. There are at present 11 overseas ETOs in Washington D.C., New York, San Francisco, Toronto, Brussels, London, Geneva, Berlin, Tokyo, Sydney and Singapore respectively.

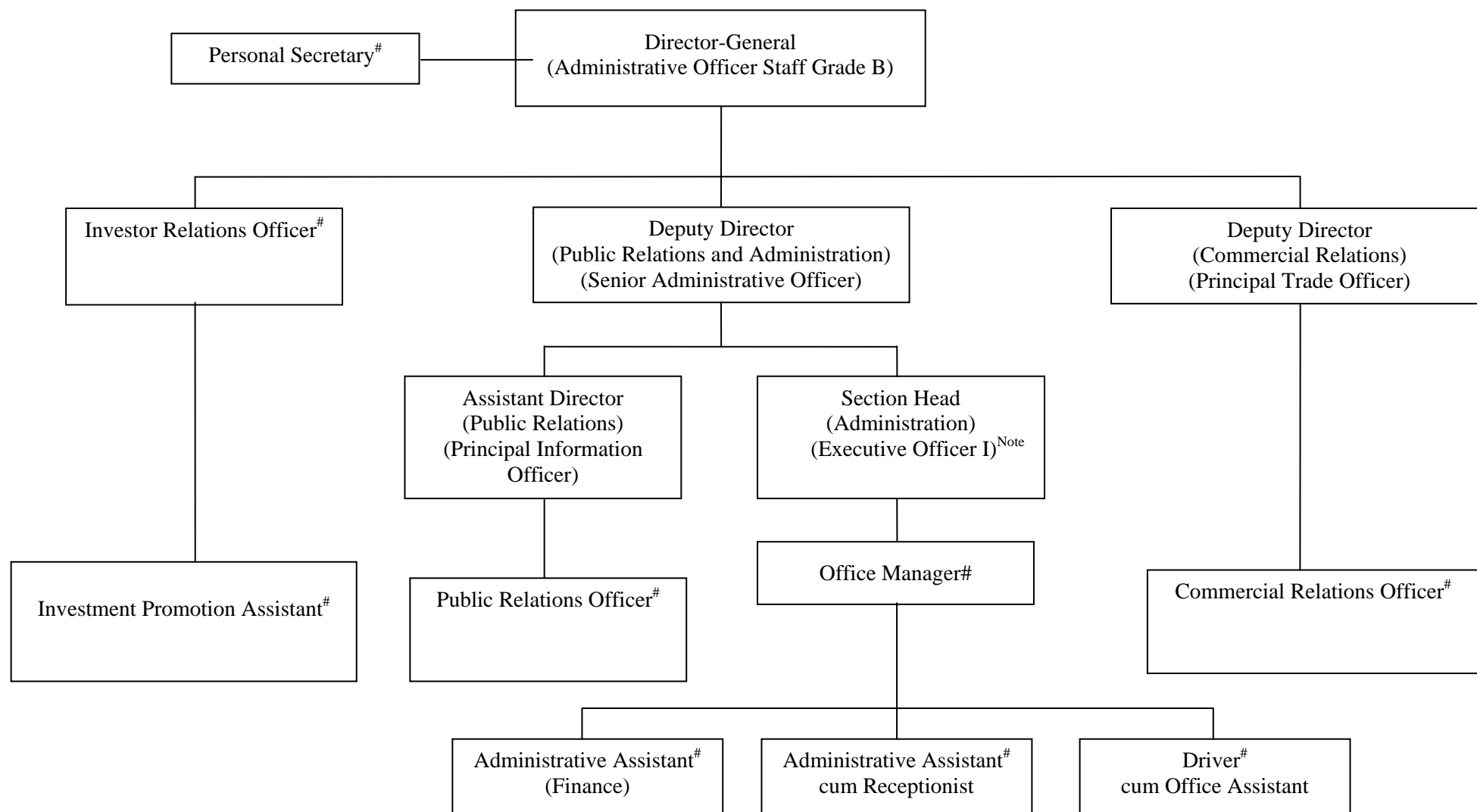
13. According to the established mechanism, when a new ETO is to be set up, the Government will seek approval of the Finance Committee (FC) for the pay scales of LE staff (forming part of establishment of the Government) where applicable.

14. On the basis of FC's decisions on 12 July 1991 (regarding Geneva ETO), 11 December 1992 (regarding Brussels ETO), and 16 May 1997 (regarding eight ETOs in Washington, New York, San Francisco, London, Tokyo, Toronto, Singapore and Sydney), a summary of the pay scale arrangements for overseas ETOs (except Berlin ETO which has not established a pay scale for its local staff) is as follows –

ETO	FC approval	Basis for determining pay scale for LE staff	Basis for pay adjustment
Geneva	12.7.1991	WTO (formerly known as General Agreement on Tariffs and Trade)	WTO
Brussels	11.12.1992	WCO (formerly known as Customs Cooperation Council)	WCO
London	16.5.1997	UK Civil Service	Department for Business, Innovation and Skills of UK Government (formerly known as Department of Trade and Industry)

ETO	FC approval	Basis for determining pay scale for LE staff	Basis for pay adjustment
Singapore	16.5.1997	British Embassy/ British Consulate General/ British High Commission	Singapore Civil Service
Sydney			Australian Public Service, as determined by the Australian Industrial Relations Commission
Toronto			Federal Government of Canada
Tokyo			Japanese Civil Service, as determined by the National Personnel Authority
New York			US Federal Government
San Francisco			
Washington			

Proposed Organisation Chart of Jakarta ETO



Note Section Head (Administration) is a time-limited post for two years.

Locally-engaged staff

Proposed Monthly Pay Scales for Locally-engaged Staff of Jakarta ETO

		Increments in Indonesian Rupiahs (Hong Kong Dollars equivalence ^{Note})										
UN Level	Post	I	II	III	IV	V	VI	VII	VIII	IX	X	XI
NO-C	Investor Relations Officer	56,633,000 (31,376)	60,473,000 (33,503)	64,313,000 (35,630)	68,153,000 (37,758)	71,994,000 (39,886)	75,834,000 (42,013)	79,674,000 (44,141)	83,514,000 (46,268)	87,355,000 (48,396)	91,195,000 (50,524)	95,035,000 (52,651)
NO-B	Office Manager	42,067,000 (23,306)	44,780,000 (24,809)	47,492,000 (26,311)	50,204,000 (27,814)	53,026,000 (29,377)	55,935,000 (30,989)	58,844,000 (32,601)	61,753,000 (34,212)	64,661,000 (35,823)	67,570,000 (37,435)	70,479,000 (39,047)
7	Public Relations Officer Commercial Relations Officer Investment Promotion Assistant	27,051,000 (14,987)	28,603,000 (15,847)	30,155,000 (16,706)	31,707,000 (17,566)	33,260,000 (18,427)	34,834,000 (19,299)	36,449,000 (20,193)	38,064,000 (21,088)	39,680,000 (21,983)	41,295,000 (22,878)	42,910,000 (23,773)
5	Personal Secretary to Director	14,781,000 (8,189)	15,603,000 (8,644)	16,424,000 (9,099)	17,251,000 (9,557)	18,115,000 (10,036)	18,979,000 (10,515)	19,842,000 (10,993)	20,706,000 (11,471)	21,570,000 (11,950)	22,434,000 (12,429)	23,298,000 (12,907)
4	Administrative Assistant (Finance) Administrative Assistant cum Receptionist	11,030,000 (6,111)	11,643,000 (6,450)	12,256,000 (6,790)	12,869,000 (7,130)	13,481,000 (7,469)	14,094,000 (7,808)	14,707,000 (8,148)	15,320,000 (8,488)	15,933,000 (8,827)	16,545,000 (9,166)	17,160,000 (9,507)
2	Driver cum Office Assistant	6,189,000 (3,429)	6,533,000 (3,619)	6,876,000 (3,809)	7,220,000 (4,000)	7,564,000 (4,191)	7,908,000 (4,381)	8,251,000 (4,571)	8,595,000 (4,762)	8,939,000 (4,952)	9,283,000 (5,143)	9,627,000 (5,334)

^{Note} The Hong Kong dollars equivalence is set out above for reference purpose (based on the exchange rate of 1 HKD = ~ 1805 IDR as at 11.12.2015).

**Fringe Benefits for Locally-engaged Staff
of Jakarta ETO**

- (a) Medical Benefit : The premium is about 5% of the monthly salary including 4% to be contributed by the employer and 1% by the employee. The maximum contribution of the employer is limited to IDR 3,360,000 (equivalent to HK\$ 1,861)^{Note} per year.
- (b) Work-related Accident Benefit : Employer's contribution is 0.25% of the monthly salary.
- (c) Death Benefit : Employer's contribution is 0.3% of the monthly salary.
- (d) Provident Fund Benefit : Employer's contribution is 3.7% of the monthly salary.
Employee's contribution is 2% of the monthly salary.
- (e) Pension Benefit : Employer's contribution is 2% of the monthly salary. The maximum contribution of the employer is limited to IDR 1,680,000 (equivalent to HK\$ 931)^{Note} per year.
Employee's contribution is 1% of the monthly salary.
- (f) Vacation Leave : 12 days per year.
- (g) Religious allowance : The employer should grant religious allowance to employees who have worked continuously for at least 1 month regardless of the employment status. The religious allowance is calculated as follows -
 - 1. 1-month salary for those who have worked continuously for 12 months; and
 - 2. On pro-rata basis for those who have worked for more than 1 month but less than 12 months.

^{Note} The Hong Kong dollars equivalence is set out above for reference purpose (based on the exchange rate of 1 HKD = ~ 1,805 IDR as at 11.12.2015).