

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

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

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the retention of the following supernumerary post for a period of three years with effect from 1 February 2004 –

1 Administrative Officer Staff Grade B
(D3) (\$128,365 - \$136,015)

PROBLEM

There is a need to provide continued senior directorate support to foster closer Hong Kong Guangdong cooperation. However, the existing supernumerary post of Administrative Officer Staff Grade B (AOSGB) (D3), heading the Hong Kong Guangdong Cooperation Coordination Unit (HKGCCU), will lapse on 1 February 2004.

PROPOSAL

2. The Director of Administration proposes to retain in the Chief Secretary for Administration (CS)'s Office a supernumerary post of AOSGB for a period of three years from 1 February 2004 to 31 January 2007 to head the HKGCCU.

/JUSTIFICATION

JUSTIFICATION

Role of HKGCCU in Fostering Closer Hong Kong Guangdong Cooperation

3. Fostering closer cooperation between Hong Kong and Guangdong is the common goal of both the Hong Kong Special Administrative Region (HKSAR) Government and the Guangdong Provincial Government. Our shared vision is to turn the region into one of the world's most vibrant economic hubs within the next 20 years. In this regard, Guangdong will focus on developing itself into a global manufacturing base, while Hong Kong will strive to upgrade its international services centre role.

4. The public at large and the local business community, while generally welcoming the achievements in the facilitation of the cross-boundary people and cargo flows, expect to see continual improvements in cross-boundary travel through infrastructure upgrading and coordination. They have also demanded more comprehensive cooperation on other fronts. We have come to realise that Hong Kong Guangdong cooperation should not be pursued as an ad hoc programme, but rather as a strategic economic initiative encompassing various policy portfolios such as trade and investment, professional services, intellectual property, technology, tourism and sustainable development. The conclusion of the Closer Economic Partnership Arrangement (CEPA) has added urgency to such work. The HKGCCU has a key role to play in coordinating and spearheading initiatives to forge closer links between Hong Kong and Guangdong and in fostering the joint development of the region.

Hong Kong Guangdong Cooperation Joint Conference (Joint Conference)

5. The importance of fostering closer Hong Kong Guangdong cooperation has been underlined by the upgrading and expansion of the Joint Conference. Starting from the Sixth Plenary of the Joint Conference, the meeting is to be chaired by the heads of the two administrations, i.e. the Chief Executive and the Governor of Guangdong. The Executive Vice-Governor of Guangdong and the CS are responsible for steering and taking forward the agreed items for cooperation. There are 15 Expert Groups set up to oversee various cooperation initiatives. They cover CEPA implementation, control point operation, infrastructure, investment promotion, tourism, notification mechanism on infectious diseases, innovation and technology, education, intellectual property rights and environmental protection, etc. The new framework of the Joint Conference is at Enclosure 1.

Encl. 1

6. The HKGCCU, in discharging its coordination function, liaises with relevant bureaux, departments as well as heads of Expert Groups to oversee work progress of various initiatives. When there are signs that certain work programmes

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are not proceeding as originally envisaged, the HKGCCU alerts the CS and recommends remedial actions. Apart from monitoring progress, the HKGCCU will coordinate with the Guangdong side to map out a rolling cooperation programme for agreement at the Plenary of the Joint Conference. Besides, the HKGCCU has to service the regular Working Meetings held between the CS and the Executive Vice-Governor of Guangdong. These Working Meetings serve as a platform for both sides to confirm progress, to agree redress measures and to exchange views on new initiatives at a high level.

7. Alongside the 15 Expert Groups, there will be two complementary bodies to the Joint Conference which are responsible for research and liaison with the business sector respectively. Hong Kong and Guangdong will each set up a “Hong Kong Guangdong Strategic Development Research Group” (Research Group), respectively headed by the Central Policy Unit (CPU) of the Hong Kong side and the Development Planning Commission of Guangdong Province to research into subjects which have a significant bearing on Hong Kong Guangdong cooperation. Depending on the topics, the Research Groups can either conduct studies independently or in a collaborated manner. It is expected that the research studies will focus on long-term cooperation strategy and policy implementation aspects. The key interface between the HKGCCU and the Hong Kong side’s Research Group will be characterised by the provision of high level policy steer on strategic subjects and the coordination of interdepartmental input to such studies. The HKGCCU will also help coordinate the submission of such study results to the Joint Conference for deliberation.

8. To facilitate discussion and exchanges between Hong Kong and Guangdong enterprises, trade and business associations, both Hong Kong and Guangdong have agreed to each set up its own Business Committee under the Joint Conference. The Business Committees’ mission is to complement the government efforts in identifying new investment opportunities and further improving the business environment in both Hong Kong and Guangdong. The Guangdong side’s Business Committee will be represented by the Guangdong Sub-council of the China Council for the Promotion of International Trade (CCPIT) and the Hong Kong side’s Business Committee will comprise leading members from local business and professional communities. The HKGCCU will be responsible for servicing the Hong Kong side’s Business Committee, mapping out discussion agenda and liaising with Guangdong side’s CCPIT. In formulating the discussion agenda, the HKGCCU will have to work with various chambers of commerce in Hong Kong and to outreach different sectors in the community. Furthermore, the HKGCCU will need to ensure coherence of action between the Business Committee and different Expert Groups such as the one on trade and investment promotion of “Greater Pearl River Delta” and another on the implementation of CEPA.

9. Fostering closer Hong Kong Guangdong cooperation is a long-term strategy for Hong Kong. To ride on the success of the Sixth Plenary of the Joint Conference and to ensure a synergistic partnership with Guangdong, in particular the Pearl River Delta (PRD), we need more focused coordination in order to produce concrete results. We need the HKGCCU to act as a dedicated body to coordinate and expedite efforts by different bureaux and departments in the implementation of agreements reached at the Joint Conference, to oversee the work of the 15 Expert Groups, to provide input to the Research Group and the Business Committee under the Joint Conference and to map out strategies targeting at further enhancement of ties with Guangdong. This is a continuing commitment and we see the need for the HKGCCU to continue its work under the CS' Office to see through the evolving development of Hong Kong Guangdong cooperation in the years to come.

Upcoming Priorities of HKGCCU

10. Against this background, the priority tasks of the HKGCCU are as follows –

- (a) to oversee the work progress of 15 Expert Groups and to ensure lateral communication among Expert Group leaders;
- (b) to keep in view cross-departmental issues such as those concerning infrastructure planning and construction as well as CEPA implementation to ensure that smooth coordination is taking place;
- (c) to coordinate policy steer for the CPU's Research Group;
- (d) to provide secretariat, planning and liaison support to the Hong Kong side's Business Committee with a view to mapping out a work programme for submission to the Joint Conference;
- (e) to assist the CS in formulating an overarching strategy on Hong Kong Guangdong cooperation; and
- (f) to mastermind a continuous programme of visits by the CS to PRD cities and townships in enhancing direct bilateral relationship; monitoring implementation of cooperation projects on the ground; and reviewing continually the effectiveness of government-to-government cooperation. Where necessary, the HKGCCU will also propose new areas of cooperation and spearhead their implementation.

/Establishment

Establishment of HKGCCU

Head, HKGCCU

11. The Head, HKGCCU is to provide senior directorate support to the CS in overseeing the development of various policies on Hong Kong Guangdong cooperation. The post-holder will function as the CS' senior staff officer acting as the one-stop contact within the Government on Hong Kong Guangdong cooperation matters. The Head, HKGCCU will maintain close liaison with the office of the Executive Vice-Governor of Guangdong and other senior government officials of Guangdong Province and its cities. Since these responsibilities are on-going in nature, the Head, HKGCCU post should ideally be made permanent. However, having regard to the need to maintain effective control over permanent directorate establishment in the Administration, we propose to retain the supernumerary post of AOSGB for a further period of three years with effect from 1 February 2004. The job description for the post of the Head, HKGCCU is at

Encl. 2 Enclosure 2.

Non-directorate staff

12. When the HKGCCU was first established on 1 August 2001, the Head, HKGCCU was underpinned by one Senior Administrative Officer and four senior professionals, all being on loan to the Unit. Subsequently, focussing on the immediate task of facilitating cross-boundary people and cargo flows, we created through the Departmental Establishment Committee mechanism one Senior Administrative Officer post and two senior professional posts, viz. one Principal Immigration Officer and one Senior Superintendent of Customs and Excise.

13. This main immediate task has now been completed. Looking into the future, we expect the work focus of the HKGCCU will be on policy coordination, strategic planning and project management. The volume of work will significantly increase as the 15 Expert Groups, the Research Group and the Business Committee start implementing various initiatives. We consider that one Senior Administrative Officer and four senior professionals are required to help the Head, HKGCCU oversee and monitor the work progress of each of the 15 Expert Groups; service the Business Committee and the Research Group; and perform other tasks on fostering Hong Kong Guangdong cooperation. We will consider the mix of the senior professionals having regard to the service requirement arising from the work of the 15 Expert Groups, the Business Committee and the Research Group. We will also need to slightly enhance the secretarial/clerical complement. The proposed organisation chart of the HKGCCU is at Enclosure 3. We will critically review the staffing requirement and composition as the work of the unit progresses in order to ensure the best use of manpower resources.

Encl. 3

/FINANCIAL

FINANCIAL IMPLICATIONS

14. The notional annual salary cost of the proposed AOSGB post (D3) at mid-point is \$1,585,680 and the full annual average staff cost, including salaries and staff on-cost, is \$2,609,000.

15. On the basis of the proposed set-up of the HKGCCU at Enclosure 3, we plan to have seven non-directorate civil service posts involving a notional annual salary cost at mid-point of \$6,087,240 and a full annual average staff cost of \$10,803,000. We also plan to engage three non-civil service contract staff to provide secretarial/clerical services.

16. We have sufficient provision in the current year Estimates to meet the cost of the HKGCCU's operations, and will include the necessary provisions in future Estimates.

ESTABLISHMENT CHANGES

17. The establishment changes of Head 142 Government Secretariat : Offices of the Chief Secretary for Administration and the Financial Secretary are as follows –

Establishment (Note)	Number of Posts			
	Existing (as at 1 November 2003)	As at 1 April 2003	As at 1 April 2002	As at 1 April 2001
A	26 + (2)	26 + (3)	26 + (2)	26 + (1)
B	81	81	48	47
C	366	366	347	348
Total	473 + (2)	473 + (3)*	421 + (2)	421 + (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

() - number of supernumerary directorate posts

* The increase over 1 April 2002 is mainly due to the integration of the former Management Services Agency into the Efficiency Unit.

/BACKGROUND

BACKGROUND INFORMATION

18. The HKGCCU was established on 1 August 2001 and we created under delegated authority a supernumerary post of AOSGB to head the unit. The post was subsequently sanctioned by the Finance Committee on 7 December 2001 on a supernumerary basis for two years from 1 February 2002. We undertook to conduct a review around mid 2003 to assess the need for the continued operation of the HKGCCU.

19. Reporting directly to the CS and the Financial Secretary, the HKGCCU was set up to tackle three main tasks –

- (a) to perform as 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;
- (b) to coordinate and expedite efforts by different bureaux and departments in the implementation of agreements reached at the Joint Conference; and
- (c) to map out a long-term action agenda at both the policy and operational levels for Hong Kong and the PRD to cooperate with each other.

20. The HKGCCU has reached significant milestones in respect of each of the tasks above with the following achievements attained over the past two years –

- (a) established the Steering Committee on Facilitation of People and Cargo Flows at Boundary Control Points chaired by the CS to coordinate interdepartmental discussions on cross-boundary traffic. The HKGCCU serves as the secretariat and to date seven meetings have been held. This forum has proved to be very effective in resolving cross-bureau and department issues concerning people and cargo flows across the land and sea boundaries;
- (b) established in the 2003 Policy Address the working targets of completing normal clearance procedures on both sides of the land boundary within 30 minutes for passengers, and 60 minutes for goods vehicles;

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- (c) conducted two consecutive annual surveys on time required by goods vehicles to pass through the Huanggang/Lok Ma Chau Boundary Control Point. We have noted that the percentage of goods vehicles which requires one hour or less to cross the two control points has increased from 79% in 2002 to 97% in 2003 for northbound direction and from 67% in 2002 to 84% in 2003 for southbound direction. Following close coordination with the Mainland side, significant improvements have been observed in the processing of goods vehicles during the period 2200 hours to 0700 hours;
- (d) worked alongside the Immigration Department to upgrade the level of passenger service, both in terms of efficiency and customer service. The main area that warrants closer attention is the processing of Mainland group tours and foreign passport holders. With further streamlining of procedures and the introduction of the Automated Passenger Clearance and Automated Vehicle Clearance technology in the near future, the efficiency of handling these categories of passengers will be enhanced;
- (e) introduced 24-hour passenger clearance at Lok Ma Chau Control Point on 27 January 2003. This marks the history of cross-boundary passenger travel. The service has been proved to be popular since its introduction. On average, about 7 500 travellers use the service every night during midnight to 0630 hours. On peak days, the figure goes up to some 12 000;
- (f) built on the strength of the existing 24-hour passenger clearance scheme and allowed private cars which possess Closed Road Permits for Man Kam To or Sha Tau Kok Control Point to access the Lok Ma Chau/Huanggang Control Point after midnight since 8 October 2003;
- (g) introduced a pilot scheme of pre-arrival clearance for river trade vessels of and over 700 tons. This scheme has proved to be successful and has been made permanent and its coverage widened to cover vessels under 700 tons as well;
- (h) increased the frequency of through-trains plying between Hong Kong and Guangzhou from eight scheduled services to ten per day. There is on-going dialogue with the Mainland side to further increase the frequency to 12 daily;
- (i) set in train the projects to install four extra pairs of kiosks at the Lok Ma Chau Control Point to facilitate clearance of private cars;

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- (j) ensured smooth progress of the construction of the Shenzhen Western Corridor. The Administration will continue to see through the implementation of co-location of immigration and customs clearance which will be located at the control point there;
- (k) introduced the ferry service connecting the Hong Kong International Airport to different ports in the PRD and the Macao Special Administrative Region;
- (l) formally embarked on the two new projects governing the building of two new cross-boundary bridges at Lok Ma Chau and Sha Tau Kok Control Points;
- (m) established the Mainland/HKSAR Conference on the Coordination of Major Infrastructure Projects to oversee key projects including Guangzhou-Shenzhen-Hong Kong Express Rail Line and Mainland-Hong Kong logistics cooperation; and
- (n) commenced advance work of the Hong Kong-Zhuhai-Macao Bridge.

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

21. We consulted the Legislative Council Panel on Commerce and Industry on 10 November. The Panel affirmed the work done by the HKGCCU and expressed general support for retaining the post of the Head, HKGCCU at senior directorate level. In this connection, some Members considered that the creation of a permanent AOSGB post for the Head, HKGCCU should be offset by the deletion of a permanent directorate post. Otherwise, they would support the retention of the supernumerary post only.

CIVIL SERVICE BUREAU COMMENTS

22. To enable sufficient support to be provided to foster closer Hong Kong Guangdong relations, the Civil Service Bureau supports the retention of the supernumerary post of the Head, HKGCCU for a period of three years with effect from 1 February 2004. Having regard to the level and scope of responsibilities of the HKGCCU and the various priority tasks ahead, we consider the grading and ranking of the post of Head, HKGCCU appropriate.

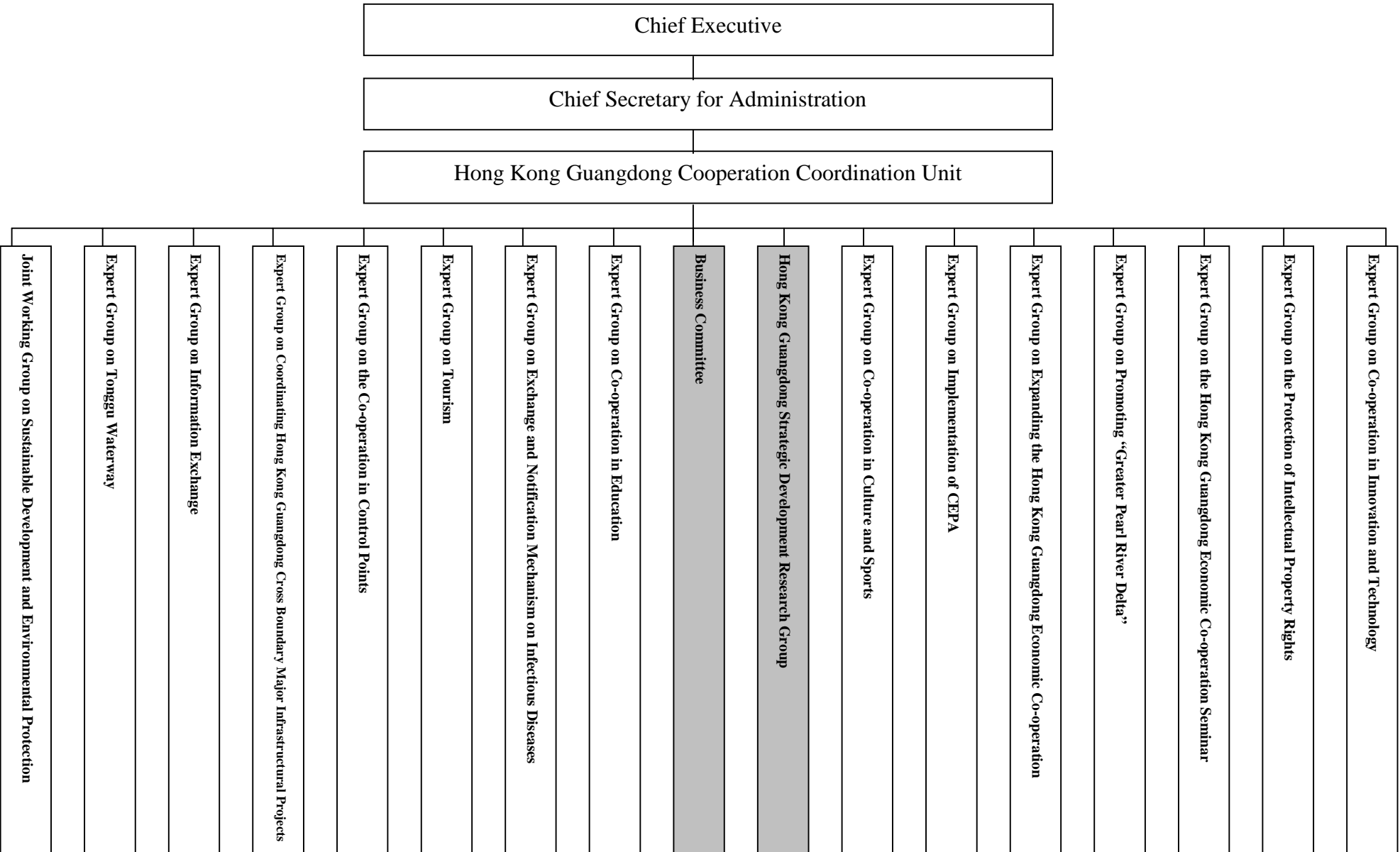
/ADVICE

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

23. As we propose to retain the post on a supernumerary basis, we will report its retention, if approved, to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

Offices of the Chief Secretary for Administration and the Financial Secretary
November 2003

New Framework of the Hong Kong Guangdong Cooperation Joint Conference



Note : The two complementary bodies to the Joint Conference are shown in shaded boxes.

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

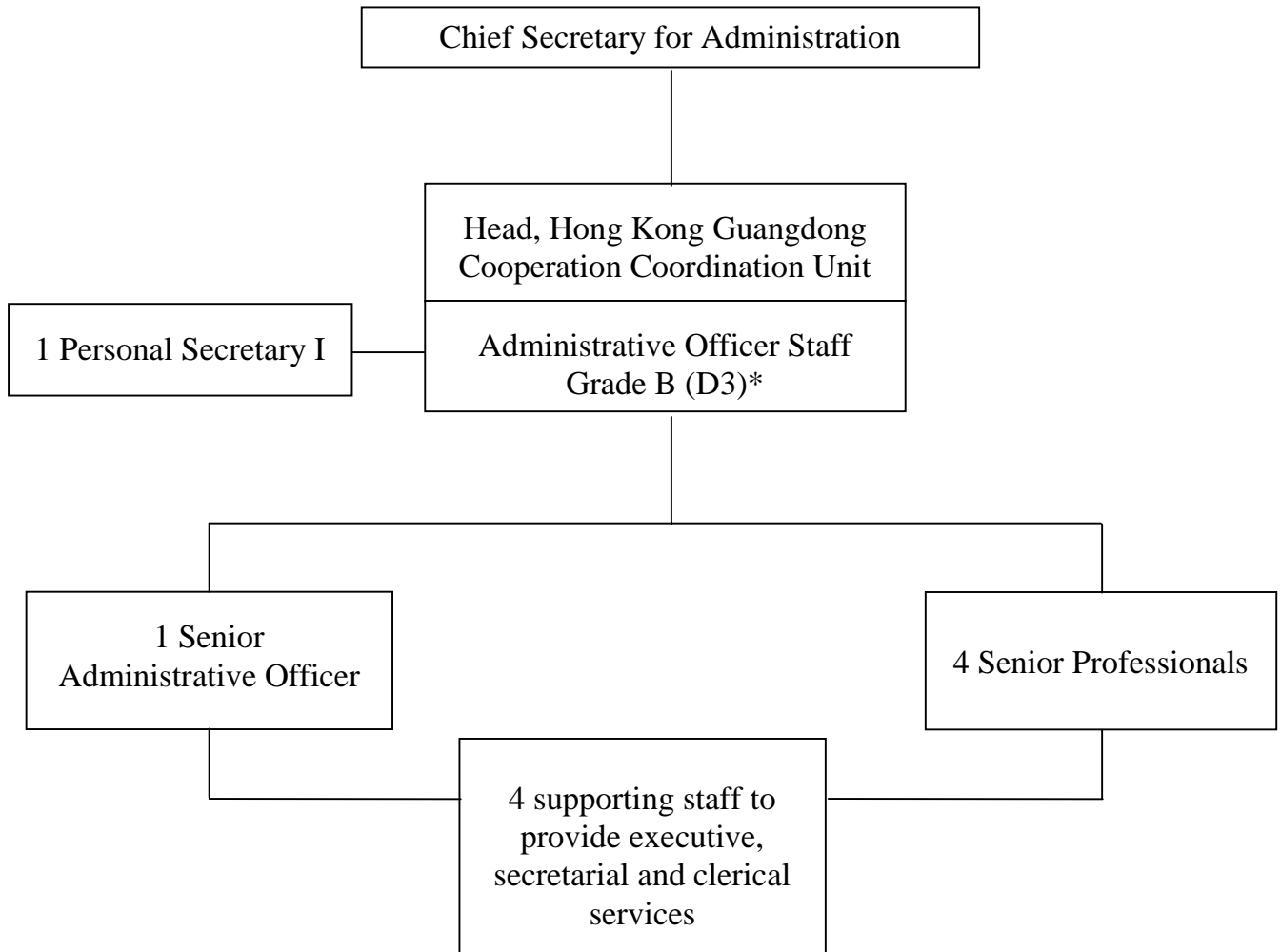
Proposed Rank : Administrative Officer Staff Grade B (D3)

Main Duties and Responsibilities –

1. to assist the Chief Secretary for Administration (CS) in planning, formulating and coordinating overall policy strategies for fostering Hong Kong Guangdong cooperation;
2. to help oversee and provide secretariat support to the plenary meetings of the Hong Kong Guangdong Cooperation Joint Conference (Joint Conference); and to coordinate and expedite efforts by different bureaux and departments in the implementation of agreements reached at the Joint Conference;
3. to assist the CS in coordinating and steering the work of the 15 Expert Groups as well as the Hong Kong Guangdong Strategic Development Research Group (Research Group) and the Hong Kong side's Business Committee under the Joint Conference;
4. to provide secretariat and management support to the Hong Kong side's Business Committee and to liaise with its Guangdong counterpart to discuss business cooperation matters;
5. to coordinate and process the study reports produced by the Research Group and to arrange for discussion by the Joint Conference or otherwise follow up as appropriate;
6. to maintain close liaison with the office of the Executive Vice-Governor of Guangdong; other senior government officials of the Guangdong province and its cities; and Hong Kong Special Administrative Region (HKSAR) Government's Economic and Trade Office in Guangdong so as to strengthen communication at working level;
7. to organise and coordinate visits for the CS to cities of the Guangdong Province so as to cultivate better mutual understanding with the high level Guangdong officials for achieving more coordinated and harmonised regional development;
8. to participate in the meetings or work of individual expert groups as and when necessary;

9. to provide secretariat support to the Mainland/HKSAR Conference on the Coordination of Major Infrastructure Projects and to follow up on the work of individual expert groups set up hereunder;
10. to provide secretariat support to the Steering Committee on Facilitation of People and Cargo Flows at Boundary Control Points chaired by the CS; and
11. to outreach to different sectors in both Hong Kong and Mainland to tap their views on Hong Kong Guangdong cooperation.

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



* Supernumerary post proposed to be retained.