

ITEM FOR ESTABLISHMENT SUBCOMMITTEE OF FINANCE COMMITTEE

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

**HEAD 148 – GOVERNMENT SECRETARIAT :
FINANCIAL SERVICES AND THE TREASURY
BUREAU (FINANCIAL SERVICES BRANCH)**

**HEAD 152 – GOVERNMENT SECRETARIAT :
COMMERCE, INDUSTRY AND TECHNOLOGY
BUREAU (COMMERCE AND INDUSTRY BRANCH)**

Subhead 000 Operational expenses

Members are invited to recommend to Finance Committee the following changes with effect from 1 June 2004 –

(a) the creation of the following permanent posts in the Financial Secretary's Office –

1 Government Economist
(D4) (\$145,150 - \$149,600)

4 Principal Economist
(D2) (\$113,520 - \$120,553)

1 Assistant Director of Management Services
(D2) (\$113,520 - \$120,553)

/to

to be offset by the deletion of the following permanent posts –

*Financial Services and the Treasury Bureau
(Financial Services Branch)*

1 Government Economist
(D4) (\$145,150 - \$149,600)

4 Principal Economist
(D2) (\$113,520 - \$120,553)

*Commerce, Industry and Technology Bureau
(Commerce and Industry Branch)*

1 Assistant Director of Management Services
(D2) (\$113,520 - \$120,553); and

- (b) adjustments to the ceiling placed on the total notional annual mid-point salary value of all non-directorate posts in the permanent establishment of the following Heads of Expenditure in 2004-05 –

Head 142

an increase from \$146,386,000 by \$19,501,164 to \$165,887,164

Head 148

a decrease from \$69,662,000 by \$12,058,848 to \$57,603,152

Head 152

a decrease from \$44,461,000 by \$7,442,316 to \$37,018,684.

/PROBLEM

PROBLEM

We need to provide secretariat and executive support for the Economic and Employment Council (EEC) chaired by the Financial Secretary (FS) and establish a suitable organisational structure for overseeing the economic analysis and helping business functions.

PROPOSAL

2. The Director of Administration proposes to merge the existing Economic Analysis Division (EAD) in the Financial Services Branch (FSB) of the Financial Services and the Treasury Bureau (FSTB), and Division 4 in the Commerce and Industry Branch (CIB) of the Commerce, Industry and Technology Bureau (CITB) to form a new unit, viz., the Economic Analysis and Business Facilitation (EABF) Unit under the Financial Secretary's Office (FSO). FSO is placed under Head 142 – Government Secretariat: Offices of the Chief Secretary for Administration and the Financial Secretary. The reorganisation proposal aims to take forward the Chief Executive's undertaking to establish EEC and to integrate the existing set-up within the Government for overseeing the economic analysis and helping business functions. Specifically, this is a cost-neutral transfer that involves –

- (a) the permanent redeployment of one post of Government Economist (G Econ) (D4) and four posts of Principal Economist (Pr Econ) (D2) from FSB to FSO;
- (b) the permanent redeployment of one post of Assistant Director of Management Services (ADMS) (D2) from CIB to FSO; and
- (c) adjustments to the establishment ceiling placed on the total notional annual mid-point salary (NAMS) value of all non-directorate posts in the permanent establishment of the Offices of the Chief Secretary for Administration and the Financial Secretary, FSB and CIB in 2004-05 to facilitate the cost-neutral transfer of non-directorate posts under the reorganisation proposal.

JUSTIFICATION

3. EEC was established to replace four committees under FS, namely, the Economic Advisory Committee, Business Advisory Group, Investment Promotion Strategy Group and Task Force on Employment. These committees were supported by EAD in FSB, Division 4 in CIB, Invest Hong Kong (InvestHK) and the Economic Development and Labour Bureau (EDLB) respectively. The

/terms

terms of reference of EEC are to advise FS on the development and implementation of policies and initiatives to promote economic activities, encourage inward investment, facilitate business, and engender employment opportunities. It requires the effective and dedicated support by a secretariat, which will provide executive service, co-ordinate policy inputs and analyses from relevant policy bureaux and departments on specific issues taken up by EEC, and monitor overall progress on behalf of EEC.

4. As EAD in FSB and Division 4 in CIB are currently undertaking work closest to that of EEC, we propose to merge EAD in FSB and Division 4 in CIB into a single entity to be named the EABF Unit, which will serve as the secretariat to EEC. Given FS' wide-ranging interests for the economy, and for facilitating business and engendering employment, it would be desirable from an organisational viewpoint for the proposed EABF Unit to be placed directly under FSO. Such an organisational arrangement would also facilitate effective co-ordination within the Government on issues taken up by EEC that cut across a number of bureaux and departments.

5. The EABF Unit will comprise an EAD and a Business Facilitation Division (BFD). The former will continue to discharge existing functions and responsibilities of EAD in FSB, while the latter will continue to perform existing functions of Division 4 in CIB in implementing the Helping Business Programme and managing projects and studies to further facilitate and improve the business environment. Apart from the transfer to FSO of their helping business and economic analysis functions, there will be no other changes in the responsibilities of CIB and FSB respectively. The EABF Unit will also co-ordinate inputs from relevant bureaux and departments (including InvestHK and EDLB which previously serviced the Investment Promotion Strategy Group and Task Force on Employment respectively) in support of the work of EEC.

6. To implement the proposal above, 33 posts in EAD of FSB (namely one post of G Econ, four posts of Pr Econ, and 28 non-directorate posts) and ten posts in Division 4 of CIB (namely one post of ADMS and nine non-directorate posts) will be permanently redeployed to FSO. We propose that the EABF Unit should be headed by G Econ (now heading EAD in FSB). In addition to heading the EABF Unit, G Econ will also report to FS directly on matters pertaining to economic policies and analyses. The proposed organisation chart of the EABF Unit is at Enclosure 1. There will altogether be six directorate posts in the EABF Unit, and the proposed job descriptions for these posts are at Enclosures 2 to 7.

Encl. 1
Encls.
2 - 7

/FINANCIAL

FINANCIAL IMPLICATIONS

7. The permanent redeployment of the directorate posts concerned will be cost-neutral with no change in the Government's directorate establishment, as shown below –

	NAMS \$	Full Annual Average Staff Cost \$	No. of posts
<i>Head 142</i>			
G Econ (D4)	1,795,200	2,423,496	1
Pr Econ (D2)	5,617,680	7,401,168	4
ADMS (D2)	1,404,420	2,021,604	1
Total :	8,817,300	11,846,268	6
Less <i>Head 148</i>			
G Econ (D4)	1,795,200	2,423,496	1
Pr Econ (D2)	5,617,680	7,401,168	4
<i>Head 152</i>			
ADMS (D2)	1,404,420	2,021,604	1
Total :	8,817,300	11,846,268	6
	0	0	0

8. As mentioned in paragraph 6 above, the proposal will require the permanent redeployment of 37 non-directorate posts (28 from FSB and nine from CIB) to FSO, involving a total NAMS value of \$16,880,232 and full annual average staff cost of \$26,860,000. Moreover, following the past practice whereby CIB is given additional NAMS value to cater for the creation of additional posts from time to time for short-term, ad hoc assignments in implementing the Helping Business Programme, an additional NAMS value of \$2,620,932 will be transferred from Head 152 to Head 142 accordingly.

9. We will seek the Finance Committee's approval of supplementary provision required in 2004-05 for Head 142 around May 2004. The supplementary provision is to be offset by corresponding cuts under Head 148 and Head 152. The full-year requirements of the EABF Unit will be reflected effective from the 2005-06 Estimates.

/BACKGROUND

BACKGROUND INFORMATION

10. The Government is committed to improving the business environment so as to attract investments and create jobs. To improve co-operation between the Government and the business sector to achieve these common objectives, the Chief Executive announced in his Policy Address on 7 January 2004 that FS would merge and reorganise four committees under his purview into one high-level body.

11. In late January 2004, EEC was inaugurated with extensive representation from the political, business, labour and academic sectors. EEC is expected to provide a comprehensive forum for discussions on issues relating to facilitating business, promoting economic development and creating employment opportunities.

12. At present, EAD in FSB, which is headed by G Econ, is responsible for providing economic analyses and related advice on government policies. Specifically, EAD serves to –

- (a) monitor developments in the economy and produce regular economic reports and forecasts;
- (b) provide inputs and analyses for the budgetary process;
- (c) render advice on economic matters to government bureaux and departments; and
- (d) assess the economic implications of government policies, measures and projects.

13. The Government's efforts on business facilitation are co-ordinated under the Helping Business Programme by Division 4 in CIB, which is headed by an ADMS. The Programme aims to –

- (a) cut red tape and eliminate over-regulation;
- (b) reduce cost of compliance to business and regulatory cost to the Government;
- (c) introduce new and improved services for the business community; and

/(d)

- (d) transfer public services to the private sector where appropriate market conditions prevail.

ESTABLISHMENT CHANGES

14. The establishment changes under Head 142, Head 148 and Head 152 in the past two years are as follows –

Establishment (Note)	Number of Posts		
	Existing (as at 1 April 2004)	As at 1 April 2003	As at 1 April 2002
Head 142			
A	26 + (2)#	26 + (3)	26 + (2)
B	80	81	48
C	347	366	347
Total	453 + (2)	473 + (3)*	421 + (2)
Head 148			
A	17#	16	16
B	60	60	58
C	108	108	109
Total	185	184	183
Head 152			
A	11	11	11
B	25	29	27
C	84	92	93
Total	120	132	131

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.

As at 1 April 2004, there were two unfilled directorate posts under Head 142 and one under Head 148.

/CONSULTATION

CONSULTATION WITH LEGISLATIVE COUNCIL PANEL

15. We consulted the Legislative Council Panel on Commerce and Industry at its meeting on 13 April 2004. Other LegCo Members were also invited to attend the meeting for the discussion. Members present supported the reorganisation proposal. In response to a suggestion made at the meeting, we pointed out that the new Unit is expected to take on additional work within its existing resources. In addition to its primary duties to provide effective secretariat and executive support for EEC, it will continue with all existing responsibilities transferred from FSTB and CITB.

CIVIL SERVICE BUREAU COMMENTS

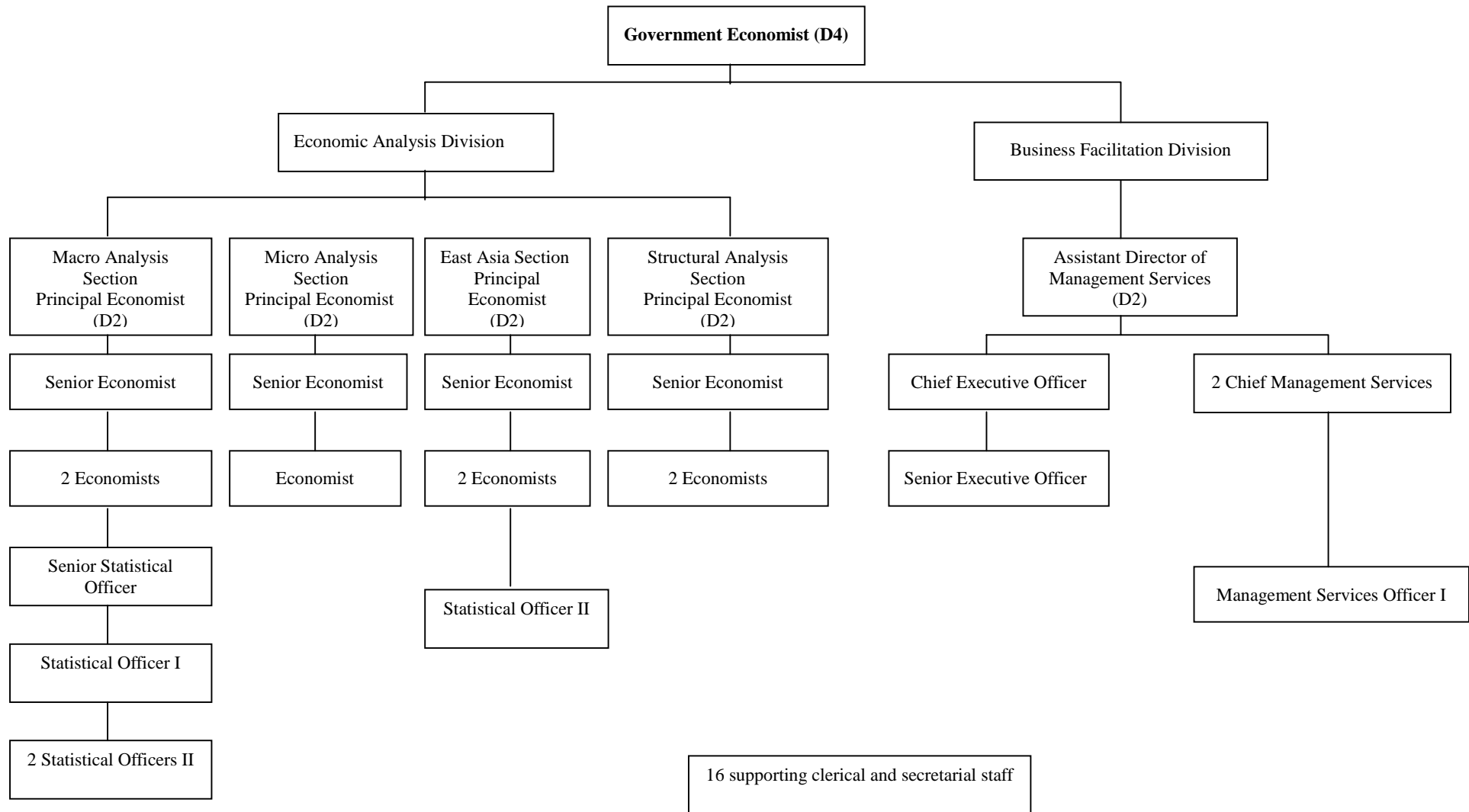
16. The Civil Service Bureau supports the proposed transfer of posts among the offices concerned. The proposed organisational restructuring would provide an improved organisational set-up for overseeing the economic analysis and helping business functions and in turn the provision of more effective support to EEC.

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

17. The Standing Committee on Directorate Salaries and Conditions of Service has advised that the grading proposed for the posts would be appropriate if the proposal were to be implemented

Offices of the Chief Secretary for Administration and the Financial Secretary
Commerce, Industry and Technology Bureau
Financial Services and the Treasury Bureau
April 2004

**Proposed Organisation Chart of
the Economic Analysis and Business Facilitation Unit**



Job Description

Post Title : Government Economist
(Head of the Economic Analysis and Business Facilitation Unit,
Financial Secretary's Office)

Rank : Government Economist (D4)

Responsible to : Financial Secretary

Duties and Responsibilities –

1. to render economic analysis and advice in all streams for the Government;
- 2.* to oversee the work programmes on business facilitation; and
- 3.* to assist the Financial Secretary in overseeing the work of the Economic and Employment Council.

* additional responsibilities of the Government Economist upon the proposed establishment of the Economic Analysis and Business Facilitation Unit

Job Description

Post Title : Head of Macro Analysis Section

Rank : Principal Economist (D2)

Responsible to : Government Economist (D4)

Duties and Responsibilities –

1. to monitor developments in the Hong Kong economy and in Hong Kong's major overseas markets;
2. to produce regular economic reports and forecasts;
3. to provide input and analysis on budgetary matters and liaise with the Treasury Branch of the Financial Services and the Treasury Bureau on all such requirements; and
4. to liaise with the Hong Kong Monetary Authority on the interface between macroeconomic and monetary developments.

Job Description

Post Title : Head of Micro Analysis Section

Rank : Principal Economist (D2)

Responsible to : Government Economist (D4)

Duties and Responsibilities –

1. to analyse and provide advice on the economic implications of policies and measures in such areas as –
 - land, housing and property development
 - territorial development strategy formulation
 - transport
 - infrastructural development
 - industrial development
 - building and construction
 - public utilities (electricity, gas, telecommunications)
 - travel and tourism
 - environmental protection

2. to monitor developments in the property market and the building and construction industry.

Job Description

Post Title : Head of East Asia Section

Rank : Principal Economist (D2)

Responsible to : Government Economist (D4)

Duties and Responsibilities –

1. to monitor developments in the East Asian economies, including in particular the Mainland economy, and analyse their implications for the Hong Kong economy;
2. to monitor developments in regional economic cooperation and in international trade and economic relations (e.g. in the context of Asia-Pacific Economic Co-operation, Pacific Economic Co-operation Council, Organisation for Economic Co-operation and Development, World Trade Organisation) and analyse their implications for the Hong Kong economy; and
3. to monitor Hong Kong's position in regard to credit rating and international competitiveness.

Job Description

Post Title : Head of Structural Analysis Section

Rank : Principal Economist (D2)

Responsible to : Government Economist (D4)

Duties and Responsibilities –

1. to provide analysis on structural and sectoral aspects of the Hong Kong economy;
2. to monitor developments in the labour market and analyse the economic implications of issues in the labour field;
3. to analyse the economic implications of issues in the population, community and welfare fields; and
4. to liaise with and provide support to the private sector and the academia on their research into the structural aspects of the economy; and
5. to liaise with the Census and Statistics Department on statistical matters of bearing to economic analysis.

Job Description

Post Title : Head of Business Facilitation Division

Rank : Assistant Director of Management Services (D2)

Responsible to : Government Economist (D4)

Duties and Responsibilities –

1. to co-ordinate the development and implementation of the Helping Business Programme;
- 2.* to service the Economic and Employment Council (EEC) chaired by the Financial Secretary;
3. to oversee and co-ordinate the conduct of business studies; and
4. to develop and implement a programme to cultivate a helping business mindset throughout the civil service.

* The Assistant Director of Management Services was formerly responsible for the servicing of the Business Advisory Group prior to the establishment of EEC.