

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 (FC) the creation of the following, with effect from 1 April 2018 or with immediate effect upon approval of FC, whichever is later –

- (a) a new one-rank grade and 1 permanent post/non-civil service position of Commissioner for Belt and Road
(D6) (\$243,250 - \$250,450);
- (b) 1 permanent post of Administrative Officer Staff Grade B
(D3) (\$191,300 - \$208,800); and
- (c) 1 supernumerary post of Administrative Officer Staff Grade C for a period of five years
(D2) (\$164,500 - \$179,850).

PROBLEM

We need dedicated staffing support at the directorate level to lead the Belt and Road Office (BRO) under the Commerce and Economic Development Bureau (CEDB) with a view to taking forward the work on the Belt and Road Initiative (B&RI) more effectively and on a sustained basis.

/PROPOSAL

PROPOSAL

2. Having reviewed the institutional framework and arrangements for supporting Hong Kong's participation in B&RI, we consider it necessary for BRO to be made a permanent full-fledged set-up with its leadership strengthened at the directorate level.

3. We therefore propose the creation of the following position/posts, with effect from 1 April 2018 or with immediate effect upon approval by FC, whichever is later –

- (a) one permanent one-rank grade post/position of Commissioner for Belt and Road (CBR) (D6) which can be filled by either a civil servant (irrespective of grades) or a non-civil servant;
- (b) one permanent post of Administrative Officer Staff Grade B (AOSGB) (D3); and
- (c) one supernumerary post of Administrative Officer Staff Grade C (AOSGC) (D2) for a period of five years.

JUSTIFICATION

4. B&RI is one of the most important economic drivers for Hong Kong, and the Government's work on this front will continue to be a priority on a long-term basis. BRO was set up as a temporary arrangement in August 2016, offering advice to the former Chief Executive on opportunities for Hong Kong under B&RI. In the current-term Government, CEDB has been tasked to lead and co-ordinate the work of the Government of the Hong Kong Special Administrative Region (HKSAR) on B&RI. Secretary for Commerce and Economic Development (SCED) is steering the work on B&RI, integrating it as part and parcel of his overall portfolio. In face of the substantial opportunities being brought by B&RI and the associated challenges in capturing them, the future work demand on BRO is bound to increase not only in volume and depth, but also in complexity. We see a pressing need to reinforce the manpower of BRO to provide high-level leadership in policy co-ordination and strategic platform-building to enable Hong Kong to take a full part in the Initiative, thus bringing new impetus for our economic growth.

Significant Expansion in Scope and Responsibilities of BRO

5. In tandem with the increasing momentum of B&RI around the world, a proactive multi-pronged approach is being adopted by CEDB with a view to translating the Initiative into tangible benefits for Hong Kong businesses and professionals. The multi-pronged approach encompasses new and expanded work for BRO (as deliberated in paragraphs 6 to 10) as follows –

/(a)

- (a) acting as the focal point of liaison with Mainland authorities, official contacts of countries along the Belt and Road, and relevant sectors of Hong Kong businesses and professionals in relation to Hong Kong's participation in B&RI;
- (b) providing policy input into formulation of B&RI related measures and co-ordination amongst bureaux/departments (B/Ds) as well as quasi-government/statutory bodies;
- (c) exploring the establishment of an information sharing platform for Belt and Road projects and facilitating Hong Kong businesses' participation in B&RI;
- (d) initiating and/or (co-)organising programmes, including business forums, visits, exhibitions and trade missions to Mainland cities/countries along the Belt and Road to forge closer economic relationship and seek out collaborative opportunities; and
- (e) enhancing rapport between the Government and business/professional sectors, and working in concert with quasi-government/statutory bodies, chambers of commerce, etc., to promote business collaboration, augmenting Hong Kong as a platform for two-way investment, and trade and economic co-operation.

6. The Government is stepping up co-operation with Mainland authorities in participating in B&RI. BRO has been in close discussion with the National Development and Reform Commission (NDRC), and an 'Arrangement between the NDRC and the Government of the HKSAR for Advancing Hong Kong's Full Participation in and Contribution to the Belt and Road Initiative' (the 'Arrangement') was signed on 14 December 2017 to provide a blueprint for mutual co-operation. It puts forward specific collaboration measures, covering various areas such as finance and investment; infrastructure and maritime services; economic and trade facilitation; people-to-people bonds; project interfacing and dispute resolution services; as well as taking forward the Guangdong-Hong Kong-Macao Bay Area Development. BRO will undertake the liaison and co-ordination roles between Mainland authorities and B/Ds.

7. To facilitate Hong Kong businesses' effective participation in B&RI, BRO will look into the possibility of collaboration in establishing and making fuller use of existing information sharing platform on the Belt and Road projects. This will enable enterprises to have a better grasp of relevant information and facilitate more effective project interfacing and enterprise collaboration. On this front, we plan to collaborate with the Hong Kong Trade Development Council (TDC) with a view to enhancing its existing Belt and Road Portal. BRO's work in respect of studies and research will also be strengthened.

8. Furthermore, CEDB will bolster its external relations efforts and enhance co-operation at both government and industry/sector levels. This task will also be joined by TDC through its global network and our overseas Economic and Trade Offices (ETOs)¹. BRO will work together with relevant B/Ds and strategic partners, i.e. chambers of commerce, professional associations, quasi-governments/statutory bodies, etc., to promote Government-to-Government and Government-to-Business exchanges as well as Business-to-Business collaboration for exploring new markets.

9. TDC will be an important strategic partner of BRO on Belt and Road collaborative efforts. TDC will organise more trade missions to countries along the Belt and Road for identifying business opportunities, and make efforts to strengthen its capabilities in risk profiling research, project scoping and business matching. BRO will continue to co-organise with TDC the annual Belt and Road Summit in Hong Kong, a major platform for Hong Kong to showcase our strengths and to make the best use of opportunities of B&RI. The second Summit held in September 2017 had gained much success and the third Summit is scheduled to take place in June 2018, under possible theme of ‘Collaborate for Success’ to highlight the importance of wider, deeper and closer collaboration among governments and businesses for successful implementation of Belt and Road projects.

10. Efforts will also be made to promote strategic partnership between enterprises in Hong Kong and the Mainland for joint investment in Belt and Road projects and collaborative development of overseas economic and trade co-operation zones. These will include conducting market study and organising trade and investment promotion in priority countries relating to B&RI; as well as providing professional services to enterprises with a view to establishing Hong Kong as a composite and world-class professional services platform for B&RI. A large-scale seminar in Beijing targeting at state-owned enterprises is being planned by BRO (to be joined by Invest Hong Kong under CEDB and relevant B/Ds including the Financial Services and the Treasury Bureau and the Constitutional and Mainland Affairs Bureau, etc.) in conjunction with the newly established Belt and Road General Chamber of Commerce and other chambers of commerce and professional associations to promote Hong Kong’s edge and its financial and high-end professional services, including our position as the unique two-way platform connecting the Mainland market and investors with the global market.

/Need

¹ The Government shall continue to make every effort to broaden our representation in countries along the Belt and Road by setting up new ETOs in those regions /countries with significant B&RI projects.

Need for a Permanent Post/Position of CBR

11. B&RI is a national policy in which our participation cuts across a number of key policy areas and requires extensive policy co-ordination both within and outside the Government. Senior directorate leadership is crucial for acting as the Government's focal point of contact on B&RI with external stakeholders², entering into strategic dialogues with senior officials and business leaders of countries along the Belt and Road, and establishing strategic collaborative platforms with quasi-government/statutory bodies and different sectors of the community.

12. We therefore consider it essential to create a new one-rank grade post/position of CBR (also designated as CBR), as the head of BRO to spearhead measures and programmes in Hong Kong, and work with related organisations such as chambers of commerce, professional associations, quasi-government/statutory bodies, etc. The post-holder should have a track record of commanding key positions with extensive experience in dealing with the business and professional sectors.

13. CBR is also expected to mobilise various sectors of the community in pursuit of B&RI while maintaining a dedicated overview of Hong Kong's participation in the Initiative. The post-holder will represent Hong Kong in the Mainland and the international arena on matters relating to B&RI, meeting with high-level leaders and personalities, and hence he/she should possess extensive experience and have high capability to command respect and confidence both within and outside the Government.

14. The post-holder of the CBR post will report to the Permanent Secretary for Commerce and Economic Development (Commerce, Industry, and Tourism) (PSCIT), and through him to SCED. Having policy responsibilities to assist SCED in a wide range of trade and business matters, including external commercial relations, industry and business support, trade facilitation, investment promotion, tourism, etc., PSCIT maintains an overview of the efforts of Commerce, Industry and Tourism Branch (CITB) of CEDB and its agencies (including Trade and Industry Department, Invest Hong Kong and Tourism Commission) in taking forward B&RI in close synergy with BRO while helping SCED in setting the overall direction for BRO.

/15.

² For example, in discussing new initiatives to be taken jointly forward with Mainland authorities, including the NDRC and the Ministry of Commerce, etc.

15. Having considered the scope and complexity of the work portfolio, and the significance of B&RI into which high-level input is required, we propose that the new grade and rank of CBR to be created should pitch at the level commensurate with a head of department, i.e. D6, to ensure that the incumbent has the necessary experience and leadership to work effectively within the top echelon of the government to press ahead long-term strategies and initiatives that span across different key policy areas within the government and has direct access to the key decision makers. In order to trawl from a wider pool of candidates and to tap the talents of the private sector, we propose that CBR will be a permanent post which can be filled by either a non-civil servant or a civil servant (irrespective of grades). This arrangement will allow the Government to draw talents with suitable experience and capability from various sectors of the community, and at the same time maintaining the flexibility of considering appropriate talents within the Civil Service. The proposed job description of CBR is at Enclosure 1.

Encl. 1

Need for a Permanent AOSGB Post

16. To underpin CBR, we propose to create an AOSGB (D3) post, designated as Deputy Commissioner for Belt and Road (DCBR). DCBR will support CBR in providing policy input in strategy formulation, drawing up B&RI related policy proposals/measures, as well as developing work priorities and plans for the implementation of B&RI related activities. The post-holder will work with government stakeholders, including different ministries in the Mainland and officials of countries along the Belt and Road, in addition to assisting in co-ordinating efforts amongst various B/Ds. DCBR will suitably represent the HKSAR Government or deputise CBR on B&RI matters at the public arena, including engagement with various stakeholders. DCBR will also assist in overseeing the overall operation of BRO. The proposed job description of DCBR is at Enclosure 2.

Encl. 2

17. Given the importance and complexity of the work involved, we consider it appropriate to have a permanent AOSGB (D3) to deputise the CBR, so that the future post-holder will possess the necessary leadership skills, administrative experience, strategic vision and political acumen to serve as the second senior official in BRO overseeing Hong Kong's participation in B&RI.

Need for a Supernumerary AOSGC Post

18. At the initial stage of the operation of BRO as a permanent establishment, we propose that a supernumerary AOSGC (D2) post, to be designated as Assistant Commissioner for Belt and Road (ACBR), be created

/initially

Encl. 3 initially for five years so as to provide enhanced policy and managerial support to the CBR and DCBR. ACBR will work in close consultation with CBR and DCBR and assist them in liaising and discussing with relevant B/Ds, stakeholders from different sectors and engaging Mainland/overseas authorities to explore opportunities and facilitate Hong Kong's participation in B&RI projects. In particular, the post-holder will supervise and assist the organisation of B&RI related events. The post-holder will also assist DCBR in managing the daily operation of BRO. The proposed job description of ACBR is at Enclosure 3. Further requirement of the post beyond the proposed five-year period will be reviewed at a suitable juncture and proposal(s) will be made in the light of circumstances and new developments.

Encl. 4 19. An organisation chart of BRO showing its set-up after the creation of the proposed directorate posts is at Enclosure 4.

Non-Directorate Support

20. The three proposed directorate posts will be supported by a total of 23 non-directorate staff in strength, including seven permanent non-directorate posts of Trade Officer Grade, Executive Officer Grade, Information Officer Grade, Personal Secretary Grade and Motor Driver Grade and one five-year time-limited Personal Secretary I post to be created to provide policy, executive, liaison, research and clerical/secretarial support. Together with the proposed CBR, DCBR and ACBR, BRO shall formally become a dedicated set-up with 26 staff.

ALTERNATIVES CONSIDERED

Encl. 5 21. B&RI related work was carried out mainly by a smaller designated team of BRO without dedicated directorate establishment. In the current-term Government, BRO has been integrated into CEDB to lead and co-ordinate the work on B&RI for better synergy and overall efficiency. Following the implementation of B&RI related work as set out above and, alongside with the inter-related efforts in synergy with external commercial relations, industry and business support, trade facilitation, investment promotion, and tourism etc., the volume of work undertaken by various units in CEDB has been increasing. We have critically examined whether the duties of the proposed posts can be absorbed by existing directorate officers at D2 level and above at CITB but found it not feasible. These officers have been fully engaged in their respective portfolios with increasing responsibilities as detailed in Enclosure 5.

/FINANCIAL

FINANCIAL IMPLICATIONS

22. The proposed creation of directorate posts will bring about an additional notional annual salary cost at mid-point of \$7,531,800 as follows –

| | Notional annual salary at mid-point (\$) | No. of Posts |
|--|---|-------------------------|
| Permanent Position/Posts | | |
| one-rank grade post/position of CBR (D6) | 3,005,400 | 1 |
| AOSGB (D3) | 2,431,800 | 1 |
| Supernumerary Post | | |
| AOSGC (D2) | 2,094,600 | 1 |
| Total | 7,531,800 | 3 |

The additional full annual average staff cost, including salaries and staff on-cost is \$10,805,000.

23. The notional annual salary cost at mid-point for the seven permanent non-directorate posts of Trade Officer Grade, Executive Officer Grade, Information Officer Grade, Personal Secretary Grade and Motor Driver Grade and one five-year time-limited Personal Secretary I post to be created (see paragraph 20 above) is \$5,007,060 and the full annual average staff cost, including salaries and staff on-cost, is \$6,948,000.

24. The changes in establishment and the provision required will be included and reflected in the draft Estimates of the relevant financial years.

PUBLIC CONSULTATION

25. On 19 December 2017, we consulted the Legislative Council Panel on Commerce and Industry on the above proposal. Members supported the submission of this proposal to the Establishment Subcommittee.

/ESTABLISHMENT

ESTABLISHMENT CHANGES

26. The establishment changes of the civil service posts under Head 152 in the past two years are as follows –

| Establishment (Note) | Number of Posts | | | |
|-------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | Existing (1 January 2018) | As at 1 April 2017 | As at 1 April 2016 | As at 1 April 2015 |
| A [@] | 18+(1) [#] | 18+(2) | 18+(1) | 18+(1) |
| B | 72 | 71 | 59 | 50 |
| C | 140 | 132 | 128 | 124 |
| Total | 230+(1) | 221+(2) | 205+(1) | 192+(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
- @ – not including supernumerary posts created under delegated authority
- # – as at 1 January 2018, there was no unfilled directorate post in CEDB(CITB)

CIVIL SERVICE BUREAU COMMENTS

27. The Civil Service Bureau supports the above proposal of creating a new one-rank grade and one permanent post/non-civil service position of CBR to be pitched at D6 level; creating one permanent AOSGB post; and creating one supernumerary AOSGC post for a period of five years. The grading and ranking of the proposed posts are considered appropriate having regard to the level and scope of responsibilities concerned.

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

28. The Standing Committee on Directorate Salaries and Conditions of Service (the “Directorate Committee”) has advised that the grading proposed for the permanent CBR and AOSGB posts would be appropriate. The Directorate Committee also noted the proposed creation of a supernumerary AOSGC post.

**Proposed Job Description of
Commissioner for Belt and Road**

Post Title : Commissioner for Belt and Road

Rank : One-rank grade post/Non-civil service position (D6)

Responsible to : Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism Branch)

Main Duties and Responsibilities –

- (i) To formulate overall strategy and spearhead policy in taking forward Hong Kong's participation under the Belt and Road Initiative (B&RI), and to provide strategic advice to the Secretary for Commerce and Economic Development.
- (ii) To provide dedicated overview of the Government's strategies and initiatives under B&RI, and to co-ordinate at a key position within the Government on Belt and Road work.
- (iii) To act as the Government's focal point of contact with the Mainland/overseas authorities and relevant business/professional sectors of the Hong Kong in pursuit of B&RI.
- (iv) To promote Government-to-Government and Government-to-Business connections and to establish strategic platforms with relevant stakeholders to capitalise on the opportunities brought by B&RI.
- (v) To lead the Belt and Road Office to draw up policy proposals and measures in support of Hong Kong's participation in B&RI.
- (vi) To promote and enhance connections with the community and to represent Hong Kong in the Mainland and the international arena on matters relating to B&RI.

**Proposed Job Description of
Deputy Commissioner for Belt and Road**

Post Title : Deputy Commissioner for Belt and Road

Rank : Administrative Officer Staff Grade B (D3)

Responsible to : Commissioner for Belt and Road

Main Duties and Responsibilities –

- (i) To assist the Commissioner for Belt and Road (CBR) in formulating strategies and policy initiatives in taking forward Hong Kong's participation in the Belt and Road Initiative (B&RI), and to provide policy input into overall Government's direction.
 - (ii) To provide policy support in co-ordination with government bureaux/departments and quasi-government/statutory bodies, and to co-ordinate cross-bureaux/multi-lateral Belt and Road efforts.
 - (iii) To assist CBR in liaising and discussing with the Mainland/overseas authorities as well as strategic partners and relevant business/professional sectors, etc.
 - (iv) To deputise CBR in representing the HKSAR Government on Government-to-Government and Government-to-Business connections and to reach out various business/professional sectors on Hong Kong's participation in B&RI.
 - (v) To oversee the overall operation of the Belt and Road Office, including developing work priorities and plans for the implementation of B&RI related activities, as well as matters concerning financial and human resources.
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**Proposed Job Description of
Assistant Commissioner for Belt and Road**

Post Title : Assistant Commissioner for Belt and Road

Rank : Administrative Officer Staff Grade C (D2)

Responsible to : Deputy Commissioner for Belt and Road

Main Duties and Responsibilities –

- (i) To assist the Commissioner for Belt and Road (CBR) and Deputy Commissioner for Belt and Road (DCBR) in coordinating/implementing measures and programmes under the Belt and Road Initiative (B&RI).
 - (ii) To assist CBR and DCBR in liaising with relevant bureaux/departments (B/Ds) and stakeholders from different sectors and engaging Mainland/overseas authorities to explore opportunities and facilitate Hong Kong's participation in B&RI projects.
 - (iii) To supervise and assist the organisation of B&RI related events, including trade missions, forums, seminars and exhibitions in concerted efforts with quasi-government/statutory bodies, chambers of commerce, professional associations, etc.
 - (iv) To support CBR and DCBR in co-ordinating B/Ds' efforts in taking forward B&RI for Hong Kong.
 - (v) To manage the daily operation of the Belt and Road Office and the provision of secretariat support as required.
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**Main Duties and Responsibilities of
Existing Directorate Officers at D2 Level and Above
in the Commerce, Industry and Tourism Branch of
the Commerce and Economic Development Bureau**

The Commerce, Industry and Tourism Branch (CITB), headed by Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism), is responsible for policy matters on Hong Kong's external commercial relations and those with the Mainland, industry and business support, intellectual property protection, investment promotion, tourism, consumer protection, competition policy, postal services and meteorological services.

2. At present, there are three Deputy Secretaries in CITB. Deputy Secretary (Commerce and Industry) 1 (pitched at Administrative Officer Staff Grade B1 (D4)), underpinned by two Principal Assistant Secretaries (PASs)¹, oversees policies and strategies in relation to Hong Kong's external commercial relations with other economies, the competition policy, the development of exhibition and convention services, housekeeping matters for the Hong Kong Trade Development Council and the Hong Kong Export Credit Insurance Corporation and their interface with the government, policies and housekeeping matters related to overseas Economic and Trade Offices, the Trade and Industry Department and Invest Hong Kong, as well as the general administration and the allocation of the resources of CITB. She also assists the Permanent Secretary on matters related to the Trade Officer Grade.

3. Deputy Secretary (Commerce and Industry) 2 (pitched at Administrative Officer Staff Grade B (AOSGB) (D3)), underpinned by two PASs, oversees policies related to intellectual property protection and housekeeping matters of the Intellectual Property Department, policies related to and the development of Government Electronic Trading Services and the Trade Single Window, policies related to trade facilitation in respect of cargo clearance, the development of wine-related business, as well as policies related to meteorological services and housekeeping matters of the Hong Kong Observatory.

4. Deputy Secretary (Commerce and Industry) 3 (pitched at AOSGB (D3)), underpinned by two PASs, oversees policies related to consumer protection and housekeeping matters of the Consumer Council, policies related to general

/industry

¹ All PASs are Administrative Officer Staff Grade C (D2) officers.

industry support including that for small and medium enterprises, policies in relation to the commercial relations with the Mainland and matters related to the support for Hong Kong enterprises operating in the Mainland, matters related to the development of commercial relationship with Taiwan, as well as policies related to postal services and housekeeping matters of the Post Office.

5. Separately, the Tourism Commission (TC) under CITB is responsible for policy matters on tourism development. TC is headed by the Commissioner for Tourism (pitched at Administrative Officer Staff Grade A (D6)), who is supported by one Deputy Commissioner at AOSGB (D3) level, four Assistant Commissioners² at AOSGC/Senior Principal Executive Officer (D2) level, and the Registrar of Travel Agents at Principal Executive Officer (D1) level. The major duties of the above officers include coordinating work on policy and projects/initiatives to facilitate tourism development; preparing for the legislation for the establishment of the Travel Industry Authority and implementation of the new regulatory framework for the tourism sector in Hong Kong; promoting quality and honest tourism; overseeing the supply of hotel; facilitating the implementation of the waterpark and hotel projects of the Ocean Park; formulating and coordinating MICE (Meetings, Incentive, Conventions, Exhibitions) tourism initiatives; taking forward new tourism projects/initiatives; monitoring and facilitating the smooth operation of existing tourism attractions; coordinating the development and promotion of green, heritage, cultural and creative tourism; housekeeping the Hong Kong Tourism Board; overseeing the operation of the Kai Tak Cruise Terminal; promoting cruise tourism in Hong Kong; overseeing the operation and development of the Hong Kong Disneyland Resort; and overseeing the operation of the Travel Agents Registry.

² One of the Assistant Commissioner posts has lapsed on 1 January 2018 and we will seek relevant approval for re-creation of this supernumerary post for a period of three years.