

**立法會**  
**Legislative Council**

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seen by the Administration)

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**Establishment Subcommittee of the Finance Committee**

**Minutes of the 7<sup>th</sup> meeting  
held in Conference Room 1 of Legislative Council Complex  
on Wednesday, 23 January 2019, at 8:30 am**

**Members present:**

Hon Mrs Regina IP LAU Suk-yee, GBS, JP (Chairman)  
Holden CHOW Ho-ding (Deputy Chairman)  
Hon WONG Ting-kwong, GBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon CHAN Chi-chuen  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, BBS, JP  
Hon Martin LIAO Cheung-kong, SBS, JP  
Hon POON Siu-ping, BBS, MH  
Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon CHU Hoi-dick  
Hon HO Kai-ming  
Hon SHIU Ka-fai  
Hon SHIU Ka-chun  
Dr Hon Pierre CHAN  
Hon CHAN Chun-ying, JP  
Hon Jeremy TAM Man-ho  
Hon AU Nok-hin

Hon Vincent CHENG Wing-shun, MH  
Hon Tony TSE Wai-chuen, BBS

**Members absent:**

Hon James TO Kun-sun  
Hon WONG Kwok-kin, SBS, JP  
Dr Hon CHIANG Lai-wan, SBS, JP  
Hon YUNG Hoi-yan

**Public Officers attending:**

Ms Carol YUEN Siu-wai, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Brian LO Sai-hung, JP	Deputy Secretary for the Civil Service 1
Miss Eliza LEE Man-ching, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Ms Vivian SUM Fong-kwang, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry)1
Miss Connie CHEUNG Suet-fan	Principal Executive Officer (Administration), Commerce, Industry and Tourism Branch, Commerce and Economic Development Bureau
Ms Julina CHAN Woon-ye, JP	Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries)
Miss Agnes WONG Tin-yu, JP	Director-General of Communications Office of the Communications Authority
Mr Sammy LI Chi-shing	Assistant Director (Support) Office of the Communications Authority

**Clerk in attendance:**

Ms Connie SZETO	Chief Council Secretary (1)4
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**Staff in attendance:**

Miss Sharon LO	Senior Council Secretary (1)9
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Ms Alice CHEUNG  
Miss Yannes HO  
Ms Haley CHEUNG

Senior Legislative Assistant (1)1  
Legislative Assistant (1)7  
Legislative Assistant (1)10

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Action

The Chairman drew members' attention to the information paper ECI(2018-19)14, which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment in relation to the 10 items on the agenda. She then reminded members that, in accordance with Rule 83A of the Rules of Procedure ("RoP"), they should disclose the nature of any direct or indirect pecuniary interest relating to the item under discussion at the meeting before they spoke on the item. She also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

**EC(2018-19)21      Proposed creation of three permanent posts of one Administrative Officer Staff Grade C (AOSGC) (D2) in the new Hong Kong Economic and Trade Office (ETO) in Bangkok with immediate effect upon approval of the Finance Committee (FC) to head the new Bangkok ETO, one Administrative Officer Staff Grade B (D3) in the new Hong Kong ETO in Dubai with effect from 1 April 2019, or with immediate effect upon approval of the FC, whichever is later to head the new Dubai ETO and one AOSGC (D2) in the new ETO Policy Division of the Commerce, Industry and Tourism Branch of the Commerce and Economic Development Bureau with immediate effect upon approval of the FC to head the new ETO Policy Division**

2. The Chairman remarked that the staffing proposal was to create three permanent posts of one Administrative Officer Staff Grade C ("AOSGC") (D2) in the new Hong Kong Economic and Trade Office (ETO) in Bangkok with immediate effect upon approval of the Finance Committee ("FC") to head the new Bangkok ETO, one Administrative Officer Staff Grade B (D3) in the new Hong Kong ETO in Dubai with effect from 1 April 2019, or with immediate effect upon approval of FC, whichever was later to head the new Dubai ETO and one AOSGC (D2) in the new ETO Policy Division of the Commerce, Industry and Tourism Branch ("CITB") of the Commerce and Economic Development Bureau ("CEDB") with immediate effect upon approval of FC to head the new

Action

ETO Policy Division. She pointed out that discussion of the item was carried over from the meeting on 9 January 2019.

Establishment of Economic and Trade Offices

3. Mr Alvin YEUNG supported the Administration to expand the network of overseas ETOs and increase their manpower. He noticed that only 50 Hong Kong-based officers were deployed in 12 overseas ETOs and expressed concern whether the ETOs had sufficient manpower to carry out the duties. He asked if the proposed permanent directorate posts to be created in the Bangkok and Dubai ETOs were sufficiently capable of ensuring ready access to senior local government officials and business contacts. He suggested that instead of deploying staff from different grades to take up posts in overseas ETOs under the current arrangement, consideration should be given to creating dedicated posts in overseas ETOs to retain experience of Hong Kong-based officers and enhance the efficiency of ETOs.

4. Mr IP Kin-yuen echoed the view of Mr Alvin YEUNG. He cited Honorary Consuls as an example and suggested that consideration could be given to appointment of Honorary Ambassadors to leading trading and investment partners of Hong Kong where ETOs had not yet been set up with a view to expanding Hong Kong's overseas trade network.

5. In addition to setting up ETOs, Mr Holden CHOW asked whether consideration would be given to appointment of eminent persons or prominent figures from the business sector as ambassadors to promote the edges and latest development of Hong Kong and to raise the city's profile in the international arena.

6. Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism) ("PS(CIT)") said that ETOs were official representatives of the HKSAR Government in countries under their respective coverage to handle bilateral economic and cultural matters between Hong Kong and countries under their purview. Since the establishment of the first ETO in 1946, Hong Kong had so far set up a total of 12 overseas ETOs. Hong Kong was the world's seventh largest commodity trading entity, an achievement made possible only by hard effort. To consolidate and enhance Hong Kong's status and standing among its trading partners and to further explore new business opportunities, the current-term Government had been actively expanding the network of overseas ETOs, in particular planning for creation of additional ETOs in emerging markets with economic development

Action

potentials (including the Association of Southeast Asian Nations ("ASEAN"), Eastern Europe and the Middle East). She pointed out that a total of 50 directorate and non-directorate officers had been deployed to the 12 existing ETOs, and that locally-engaged ("LE") staff (a total of 115 LE staff so far) had been employed mainly responsible for handling investment promotion and public relations work (as the relevant work required employees to possess good local knowledge and contacts) as well as providing support services for ETOs. Where necessary, ETOs would also employ local non-civil service contract ("NCSC") staff (currently standing at 42) to cope with short-term or part-time service needs (e.g. short-term logistical support for major promotional activities) when such needs arose. As regards the establishment of the Bangkok and Dubai ETOs, the Administration planned to deploy five Hong Kong-based officers (one directorate officer and four non-directorate officers) and employ 12 LE staff for the two new ETOs respectively. In drawing up the relevant establishment, reference had been made from the establishment of the existing ETOs and the coverage and duties of the two ETOs had been taken into consideration. The Administration believed the proposed establishment would be sufficient for the ETOs to handle their work, but reviews would be conducted where necessary. She also pointed out that the directorate posts of overseas ETOs were held by Hong Kong-based Administrative Officer grade staff, while the non-directorate Hong Kong-based officer posts would be filled by officers of the Administrative Officer, Trade Officer, Information Officer and Executive Officer grades. Given their knowledge on the system and operation of the HKSAR Government and their work experience in their respective grades, they were capable of handling the daily work of ETOs. The Administration had no plan to create dedicated posts for overseas ETOs or appoint promotion/Honorary Ambassadors. In response to Mr Holden CHOW's further enquiry, PS(CIT) said that a number of civil servants had taken up posts in different overseas ETOs; the Administration encouraged civil servants to take up overseas posts in order to accumulate experience and help the Government strengthen its external relations.

7. The Chairman pointed out that the United Arab Emirates ("UAE"), some ASEAN countries and some countries along the Belt & Road ("B&R") were Islamic nations. Knowledge of Islamic languages and cultures could facilitate an enhanced relation in economic and trade between Hong Kong and countries in the region. She asked whether CEDB would consider suggesting the Education Bureau ("EDB") to provide scholarships for students (e.g. earmarking funding under the Hong Kong Scholarship for Excellence Scheme) and encourage young people to learn Arabic languages and Islamic culture. She also asked how the

Action

Administration would help the head of the Dubai ETO and other non-directorate officers to better understand the local cultural background, and whether priority would be given to posting male staff to the Dubai ETO in light of the local customs and culture.

8. PS(CIT) noted that relevant schemes had been put in place by EDB to subsidize Hong Kong students to study and exchange in different countries of the world. For Hong Kong-based officers in ETOs, they were entitled to allowances for learning the local language during their posting (for example, officers at the Geneva ETO and the Brussels ETO could attend French courses) to help them carry out their daily operation in a more effective manner. Pending the commencement of the operation of the Dubai ETO, CEDB would liaise with the United Arab Emirates Consulate to arrange introductory sessions for the relevant Hong Kong-based officers to enrich their knowledge on the local customs and culture. She acknowledged that it could be preferable to deploy male officers to the Dubai ETO.

Functions of Economic and Trade Offices

9. Mr Tony TSE expressed support for this staffing proposal. He pointed out that exploring overseas markets for Hong Kong's professional services had been spearheaded by the Hong Kong Trade Development Council ("HKTDC") in general, but he considered that liaison at the government level would be more formal and more effective. He asked if concrete plans were in place to further promote Hong Kong's professional services in overseas markets. He was of the view that ETOs, being official representatives of the Government, should enhance access to senior local government officials and business contacts under their respective purview, with a view to promoting Hong Kong's professional services more effectively through liaison at the government level.

10. PS(CIT) remarked that the Administration was committed to facilitating and supporting the development of Hong Kong's professional services, and had been making arrangements for principal officials and delegations from the commercial and trade and professional sectors to visit the emerging markets, including the countries and regions along B&R, to look for new investment opportunities. To consolidate Hong Kong's status as a professional services centre, the Administration would also encourage local governments and companies to use Hong Kong's professional services. The new ETOs would enhance the relations and contacts with local governments, the commercial sector and other industries at the government level to help further promote Hong Kong's professional

Action

services.

11. Mr Christopher CHEUNG expressed support for this staffing proposal. He noted that Hong Kong had signed a Free Trade Agreement ("FTA") with ASEAN since November 2017, and asked the countries and sectors among the 10 ASEAN Member States ("AMS") that had attracted relatively more investments from Hong Kong; and how ETOs could help Hong Kong businesses expand their trade network and investment opportunities in the ASEAN market amidst the trade conflict between China and the United States.

12. Referring to a recent Legislative Council ("LegCo") visit to the United Kingdom ("UK") Parliament and its International Trade Committee, Mr IP Kin-yuen noted that Members of the UK Parliament were unaware that Hong Kong could sign FTAs with other economic entities in the name of Hong Kong, China under "One Country, Two Systems". He opined that ETOs should strengthen the communication and liaison with the governments and commercial sectors of different countries to promote Hong Kong's distinctive status and edges under "One Country, Two Systems", with a view to entering into bilateral FTAs between Hong Kong and its trading partners and strengthening bilateral ties. Mr AU Nok-hin echoed the view of Mr IP that ETOs should help facilitate Hong Kong to enter into FTAs with other economic entities.

13. In response, PS(CIT) responded that ASEAN, as a bloc, was Hong Kong's second largest merchandise trading partner and fourth largest services trading partner. Five out of the ten ASEAN countries were among our top 20 merchandise trading partners, viz. Singapore, Thailand, Malaysia, Vietnam and the Philippines. As the FTA and related Investment Agreement signed between Hong Kong and ASEAN in November 2017 were expected to come into effect in mid-2019, the HKSAR Government would further strengthen the economic and trade ties with AMS to explore the huge business opportunities there. At present, the HKSAR Government had two ETOs in the ASEAN region, namely the Jakarta ETO in Indonesia and the Singapore ETO. Currently, the Jakarta ETO was responsible for the bilateral ties among Hong Kong and four AMS as well as matters between Hong Kong and ASEAN as a whole, whereas the Singapore ETO was responsible for the bilateral ties among Hong Kong and six AMS. The Bangkok ETO, once set up, would take over the bilateral relations with three ASEAN countries, namely Thailand, Cambodia and Myanmar, from the Singapore ETO. It would also be responsible for the bilateral ties between Hong Kong and Bangladesh. In future, the three ETOs in ASEAN would focus more on handling the

Action

bilateral matters with the countries under their purviews and maintaining close communication with the local sectors to promote Hong Kong's unique advantages and explore more business opportunities for Hong Kong businesses.

14. Regarding FTAs, PS(CIT) said that according to the Basic Law, Hong Kong could join international organizations and sign agreements in the name of Hong Kong, China, while negotiations on FTAs would be undertaken by CEDB and the Trade and Industry Department ("TID"). Hong Kong had already concluded nine FTAs with trading partners since the handover which had enabled Hong Kong to maintain economic and trade relations with other economic entities independently in the name of Hong Kong, China. The Administration was also exploring the feasibility of entering into an FTA with UK subsequent to Brexit.

15. Mr Steven HO referred to the experience of a delegation from the fisheries sector visiting Dubai for business opportunities that local support (e.g. arrangement of legal advice and translation services) was unavailable from the Administration. He believed that detailed explanation should be given by the Administration on how ETOs could help Hong Kong businesses, including fishermen, explore overseas business opportunities, especially the support to be given to fishermen and fisheries organizations after commencement of the new Dubai ETO.

16. The Chairman asked in addition to giving logistic support to visits from Hong Kong officials and business delegations, whether ETOs had given assistance and support to the cultural, art and educational exchange activities between Hong Kong and local organizations.

17. Mr IP Kin-yuen asked whether ETOs like the Hong Kong Economic, Trade and Cultural Office in Taiwan, were responsible for promoting and facilitating exchanges and cooperation in cultural and art between Hong Kong and the countries under their purviews.

18. PS(CIT) reiterated that ETOs were primarily responsible for handling the bilateral economic, trade, investment and cultural matters of the countries under their respective coverages. At present, the network of ETOs did not cover the Gulf Cooperation Council ("GCC"), namely UAE, Bahrain, Kuwait, Oman, Qatar and Saudi Arabia. The Dubai ETO would focus efforts on contact-making and audience-building work with various sectors in the Middle East region in the future, as well as enhancing Hong Kong's economic, trade and investment promotion work in GCC member states. Assistance would then be given to Hong Kong businesses



Action

(including fishermen and fisheries organizations) to explore business opportunities there. Furthermore, ETOs had been assisting and supporting different Hong Kong organizations to hold promotional and exchange activities on culture, art and education locally.

19. In response to the question by Mr Steven HO's enquiry on the timetable for setting up the two ETOs, PS(CIT) said that negotiations on the establishment of the Bangkok ETO between the Administration and the Thai Government had been concluded, and relevant preparatory work by and large had been completed. Furthermore, the internal procedures of the Thai Government had come to a final stage. The Bangkok ETO was expected to commence operation in end-February this year. Besides, the discussion between the Administration and the UAE Government, which covered the privileges and immunities given to the ETO and its staff by the UAE Government, was progressing well. The next meeting would be held in February this year, and an agreement was expected to conclude shortly. Upon conclusion of the discussion, work on site selection and preparation for the commencement of the ETO would commence. As such, the proposed post to be created to head the Dubai ETO would be effective from 1 April or upon approval of FC, whichever was later to ensure sufficient manpower for the preparation work to enable the Dubai ETO to commence operation as soon as possible within this year.

Effectiveness of the promotion efforts of Economic and Trade Offices

20. Mr WU Chi-wai noted that the Administration had formulated indicators covering three areas of work to evaluate the performance of ETOs, including commercial relations, public relations and investment promotion. He opined that in addition to those indicators, reference could be made from the Israel and Singapore governments to formulate concrete value-for-money indicators to evaluate the substantive economic benefits ETOs could contribute to Hong Kong (e.g. the growth rate in external investment and local Gross Domestic Product). Dr Fernando CHEUNG also agreed that value-for-money indicators should be formulated for ETOs. Furthermore, Mr WU Chi-wai noted that according to the 2018-2019 Budget, over 80% of the funding allocated for ETOs aimed to promote commercial relations and public relations. However, he was of the view that ETOs should deploy more resources to investment promotion.

21. In response, PS(CIT) said that the Administration had formulated indicators to evaluate the performance of ETOs which focused on three major areas of work including commercial relations, public relations and investment promotion. An Investment Promotion Unit ("IPU") was set up

Action

within each ETO (except for the Geneva and Washington ETOs) whose responsibility was to attract foreign direct investment to Hong Kong and promote Hong Kong's many advantages particularly being a regional hub and the preferred business location in Asia. On investment promotion, the value-for-money indicators covered the number of new projects generated and number of projects completed. In the annual Budget, ETOs would set out in the Controlling Officer's Report relevant performance figures covered by such indicators in the year, the indicators to be formulated in the forthcoming year, and the major work of ETOs. Meanwhile, the Bangkok and Dubai ETOs would also formulate relevant indicators. As the daily work of ETOs also included maintaining close contact with local government officials, chambers of commerce, the media, etc., organizing/co-organizing various promotional activities, as well as receiving visiting Hong Kong government officials and business delegations, it was difficult to use quantitative methods to evaluate the substantive benefits brought to the economy of Hong Kong. PS(CIT) further pointed out that on the allocation of resource for promotion of investment work, ETOs, when organizing various types of activities, would seize every opportunity to promote Hong Kong's various advantages to different local parties and build networks there. When holding activities for promotion of "external commercial relations" and "public relations", ETOs would also highlight the business advantages of Hong Kong, such as the opportunities brought to Hong Kong by the B&R Initiative and the development of the Guangdong-Hong Kong-Macao Bay Area. As investment promotion was part of the overall external promotion work of ETOs, it was difficult to come up with a separate calculation on the expenditure in this respect.

Flexible Ranking System

22. Mr AU Nok-hin noted the approval given by FC in June 1991 for the Government to adopt a flexible ranking system to facilitate the posting and retention of directorate heads and directorate deputy heads to/in overseas ETOs. Under this system, the Secretary for the Civil Service could exercise delegated authority to create one supernumerary post at a pre-determined higher rank held against the permanent directorate head or deputy head post. Such supernumerary post was to be temporarily filled by an officer of relevant rank. He asked whether the flexible ranking system was still in use and the details of supernumerary posts created by the Secretary for the Civil Service at a pre-determined higher rank held against the permanent directorate head and deputy head posts of the lower rank.

Action

23. PS(CIT) advised that among the 12 overseas ETOs, the flexible ranking system was only applicable to a total of 18 directorate head or deputy head posts. At present, only the post for heading the Sydney ETO, which was pitched at AOSGC level, was filled under the flexible ranking system. As no suitable AOSGC officer was identified to fill such post, the Secretary for the Civil Service exercised the delegated authority under the system to create a supernumerary post at Administrative Officer Staff Grade B ("AOSGB") level to hold against such permanent post. She stressed that in creating directorate posts in overseas ETOs, due consideration would be given to the duties and ranks of the relevant posts as appropriate. Furthermore, the post would be created after the Establishment Subcommittee ("ESC") had been consulted and approval of FC had been given in accordance with established practice. Under the flexible ranking system approved by FC, the Administration would only, in certain specified situations, create a supernumerary directorate post at the next pre-determined higher rank rather than at other higher ranks (i.e. only one supernumerary AOSGB post and one supernumerary AOSGB1 (D4) post would be created in the Bangkok ETO and the Dubai ETO respectively) to make flexible arrangements for posting and retaining directorate heads and deputy heads of overseas ETOs. Such arrangements would not involve creation of supernumerary directorate posts at higher ranks and would not bypass the scrutiny of LegCo.

24. Mr CHU Hoi-dick requested the Civil Service Bureau to provide the following information: (a) apart from overseas ETOs, other government bureaux/departments that were permitted to adopt the flexible ranking system; and (b) details of the posts created at a pre-determined higher rank held against the permanent posts through exercising delegated authority by the Government in the past.

25. Deputy Secretary for the Civil Service 1 said that to his knowledge, the flexible ranking system was only applicable to overseas ETOs. He undertook to provide supplementary information to ESC after the meeting.

*(Post-meeting note: The supplementary information provided by the Administration was circulated to members vide LC Paper No. ESC60/18-19(01) on 13 February 2019.)*

Main duties of the new Economic and Trade Office Policy Division

26. Mr WU Chi-wai requested the Administration to elucidate on the specific work of the new ETO Policy Division in relation to strategy formulation and planning. He was also concerned about the work of the

Action

ETO Policy Division in analyzing the information about the countries under the purviews of overseas ETOs, and that its duty to provide relevant bureaux and departments with updates on subjects of interest to Hong Kong might overlap with the work of overseas ETOs.

27. Mr WU Chi-wai and Mr AU Nok-hin enquired about the specific strategies and targets formulated by the ETO Policy Division regarding network expansion of overseas ETOs, including factors that had been taken into consideration in identifying countries where new offices would be created.

28. Mr IP Kin-yuen suggested the ETO Policy Division to formulate policies and measures to help Hong Kong-based officers in overseas ETOs better understand the work of ETOs and the languages and cultures of the relevant countries.

29. Mr Martin LIAO noted that the ETO Policy Division was primarily responsible for coordinating ETOs' inputs and support to request from bureaux/departments on updates under their policy responsibilities. He expressed concern about the establishment of the ETO Policy Division which only comprised one AOSGC, one Senior Executive Officer ("SEO") and one Personal Secretary I ("PSI"), and enquired whether such establishment was sufficient to coordinate and support the work of the existing 12 ETOs as well as the proposed five new ETOs.

30. PS(CIT) explained that the Administration Division of CITB was tasked to provide administrative support, including personnel, resources management, etc. to CITB and ETOs, as well as supporting the preparatory work for creation of new ETOs. Over the past 10 years, the Administration had set up two new ETOs (i.e. the Berlin ETO in 2009 and the Jakarta ETO in 2016). The current-term Government had identified five emerging markets for setting up new ETOs. Given the increasing number of ETOs and changing international economic scene, it was difficult for the existing establishment and manpower of the Administration Division to cover the policy work relating to ETOs which was increasing in complexity. A dedicated policy division with appropriate ranks of staff was proposed to be set up to take on such work.

31. PS(CIT) further pointed out that as regards expanding the networks of overseas ETOs, the proposed Principal Assistant Secretary ("PAS") (ETO Policy) would be responsible for following up the detailed arrangements for the set-up of new ETOs in Dubai, Moscow, Mumbai and Seoul, including discussion with foreign ministries of the respective host

Action

governments or their Consulate Generals in Hong Kong on the provision of privileges and immunities for ETOs and the staff, site selection for ETOs and relevant preparatory work. Besides, the ETO Policy Division would continue to study pro-actively the feasibility of establishing ETOs among Hong Kong's trade and investment partners (including reviewing the coverages of the existing ETOs, the countries being considered for creating ETOs and the cities in which the new ETOs should be located as well as the countries under their purviews etc.), with a view to further consolidating and elevating the status of Hong Kong on economic and trade areas in the international arena. The new ETO Policy Division would coordinate the work of overseas ETOs to facilitate relevant bureaux and departments to promote their policies and measures overseas. For example, it was stated in the Policy Address last year that the Marine Department would set up the Regional Desks of the Hong Kong Shipping Registry in selected ETOs. In this regard, PAS (ETO Policy) would coordinate the relevant work taken forward by ETOs and provide appropriate support for the Marine Department.

32. PS(CIT) explained the internal operation of ETOs by citing an example that the remuneration packages for most LE staff of ETOs were formulated over 20 years ago, and some of the local government departments against which reference was made no longer existed. As a result, the ETO Policy Division was required to conduct a review on individual ETOs and make appropriate adjustments in certain specified situations to ensure that the remuneration packages were maintained at a reasonable and competitive level.

33. PS(CIT) added that, in consultation with the Panel on Commerce and Industry in July last year, CEDB proposed creation of the ETO Policy Division on a time-limited basis. The Panel supported the proposal and agreed that continual efforts were needed to expand ETOs' network and strengthen their functions. Given that the network expansion and policy work relating to ETOs were of an ongoing nature, the Administration considered it necessary to establish the ETO Policy Division on a permanent basis. As such, the Administration proposed to create one permanent AOSGC post to head the new ETO Policy Division. Other officers included one SEO and one PSI. It was believed that these three posts would be adequate for handling the relevant work.

Action

Motion proposed by a member pursuant to paragraph 31A of the Establishment Subcommittee Procedure

34. At 9:20 am, the Chairman advised that she had received a proposed motion to be moved by Mr AU Nok-hin under paragraph 31A of the ESC Procedure. After examination, she considered that the proposed motion was directly relevant to the agenda item. She said that she would deal with the motion after members had finished asking questions.

35. At 10:00 am, the Chairman put to vote the question that Mr AU Nok-hin's proposed motion be proceeded. At the request of Mr SHIU Ka-fai, the Chairman ordered a division, and the division bell rang for five minutes. Ten members voted for the question and 15 against it. The Chairman declared that the question was negatived.

Voting on the item

36. There being no further questions from members, the Chairman put the item to vote. Mr WU Chi-wai requested that the two staffing proposals regarding overseas ETOs and the ETO Policy Division as set out in the paper be voted on separately. The Chairman said that the two proposals as set out in the paper be voted on separately. Members agreed with the relevant arrangement. The relevant voting arrangements were as follows:

- (a) Voting on the first item: creation of one AOSGC post in the new Hong Kong ETO in Bangkok to head the new Bangkok ETO and one AOSGB post in the new Hong Kong ETO in Dubai to head the new Dubai ETO (i.e. the proposal set out in paragraph 2(a) and 2(c) of the Government paper); and
- (b) Voting on the second item: creation of one AOSGC in the new ETO Policy Division of CITB of CEDB to head the new ETO Policy Division (i.e. the proposal set out in paragraph 2(b) of the Government paper).

37. The Chairman put the first item to vote. She was of the view that the majority of the members present and voting were in favour of this proposal. She declared that the Subcommittee agreed to recommend the item to FC for approval.

Action

38. The Chairman then put the second item to vote. She was of the view that the majority of the members present and voting were in favour of this proposal. She declared that the Subcommittee agreed to recommend the item to FC for approval. Mr WU Chi-wai and Mr CHU Hoi-dick requested that the second item be voted on separately at the relevant FC meeting.

**EC(2018-19)20      Proposed rationalization of one permanent post of Chief Telecommunications Engineer (D1) to one Chief Regulatory Affairs Manager (D1) in the Office of the Communications Authority with immediate effect upon approval of the Finance Committee for coping with the workload of regulating the telecommunications sector arising from the increasingly intertwining technical and economic regulatory issues of much greater diversities and complexities**

39. The Chairman remarked that the staffing proposal was to rationalize one permanent post of Chief Telecommunications Engineer ("CTE") (D1) to one Chief Regulatory Affairs Manager ("CRAM") (D1) in the Office of the Communications Authority ("OFCA") with immediate effect upon approval of FC for coping with the workload of regulating the telecommunications sector arising from the increasingly intertwining technical and economic regulatory issues of much greater diversities and complexities.

40. Dr Elizabeth QUAT, who was the Chairman of the Panel on Information Technology and Broadcasting, reported that the Panel had discussed the aforesaid staffing proposal on 9 April 2018. The Panel had no objection to the Administration's proposal in principle, and supported the Administration's submission of the proposal to ESC and FC for consideration. Members noted that the nature of work of the Communications Authority ("CA") had expanded from the traditional technical regulatory issues to economic regulatory issues. The Administration opined that it was more appropriate for the relevant duties of CTE to be undertaken by Regulations Affairs Manager ("RAM") grade staff who had multi-disciplinary background. The arrangement for re-grading the post were made by the Administration taking into account the opinions of Telecommunications Engineer ("TE") grade staff and recommendations by external consultants.

Action

Impact of re-grading Telecommunications Engineer grade staff

41. Dr LO Wai-kwok noted that after considering the opinions of TE grade staff and the results of the independent review conducted by the external consultant on the functions of each post in the TE grade, the Administration decided that 25 out of the 39 TE grade posts would be retained while the remaining 14 posts would be re-graded to posts of equivalent ranks in the RAM grade by phases upon the retirement of the TE grade post holders. Dr LO expressed concerns over the impact of the re-grading on the promotion and morale of TE grade officers. He asked whether any TE grade officers had been deployed to hold the posts in the RAM grade upon implementation of the re-grading.

42. Director-General of Communications, Office of the Communications Authority ("D-G of C, OFCA") advised that the re-grading aimed to rationalize the directorate support for OFCA to cope with the work of regulating the telecommunications sector which was increasing in diversities and complexities, particularly in the areas relating to economic, regulation and legal support. Given the concerns of TE grade officers that the re-grading might affect their promotion prospect, OFCA had implemented the plan by phases. Furthermore, as some TE grade officers retired and left office in recent years, recruitment of the TE grade had re-commenced since 2015. D-G of C, OFCA further said that the current establishment of OFCA comprised over 60 RAM grade officers, 22 of whom had education qualifications and specialties in telecommunications.

Justifications for the re-grading and the areas of work of the Telecommunications Engineer and Regulations Affairs Manager posts

43. Mr AU Nok-hin opined that the major work of OFCA should be undertaken by professional/technical staff with engineering qualifications. As such, he had reservations on the proposed re-grading. He asked whether TE grade officers should be responsible for assisting in the implementation of work related to trade law (e.g. facilitating the Trade and Industry Department ("TID") to categorize high-technology products and review the control list of Import and Export (Strategic Commodities) etc.), and the details of the ranks of the staff. He also asked whether the work related to installation of radio base stations, including handling complaints about radiation, was the responsibility of TE grade or RAM grade officers.

44. D-G of C, OFCA explained that in recent years, the nature of work of OFCA had expanded from the traditional technical regulatory issues to



Action

economic regulatory issues, including formulating provisions for telecommunications licences, protecting consumers' rights, conducting public consultation exercises and providing legal support, etc. The Administration considered it more appropriate for these duties to be undertaken by RAM grade staff who had multi-disciplinary background. D-G of C, OFCA pointed out that officers of the TE grade were mainly responsible for providing telecommunications engineering support to CA and performing technical regulatory work, including planning and assignment of frequency spectrum, setting of technical standards, regulation of communications satellite systems and services, as well as provision of technical advice on telecommunications infrastructure related matters. As such, it was imperative that such posts were held by professional/technical staff with engineering qualifications. Furthermore, OFCA had sent staff members to TID to help carry out work related to trade law. Assistant Director (Support) of OFCA added that the team deployed to TID was led by one TE and was mainly responsible for categorizing strategic commodities and conducting regular review on Hong Kong's control list of strategic commodities.

45. In response to the enquiry by Mr AU Nok-hin on the installation of radio base stations, D-G of C, OFCA said that the TE and the inspection team under his/her leadership were responsible for examining the installation applications submitted by telecommunications service providers. Meanwhile, the RAM grade officers would be responsible for facilitating telecommunications service providers to identify appropriate sites (e.g. government properties) for installation of radio base stations.

Protection of consumers' rights in telecommunications service

46. Dr KWOK Ka-ki pointed out that while the Administration intended to introduce a statutory cooling-off period for certain consumer contracts, the arrangement did not cover telecommunications service contracts. He noted with concern the unfair terms in the telecommunications service contracts and the exorbitant roaming tariffs charged by telecommunications companies. He requested the Administration to provide information on the work undertaken by the proposed re-graded CRAM post regarding the protection of consumers' rights and the concrete plans of OFCA for further protecting consumers' rights.

47. D-G of C, OFCA remarked that the Communications Association of Hong Kong had established an independent mediation service centre to help resolve by mediation billing disputes in deadlock between

Action

telecommunications service providers and consumers. OFCA supported and pro-actively promoted relevant mediation service, including contributing to part of the funding of such service centre. Regarding protection of consumers' rights, OFCA, through promotional and educational work, had reminded consumers on areas where they should pay attention to, and be mindful of the details and tariffs of roaming services. Besides, OFCA had issued a Code of Practice on the Cessation Arrangements for Mobile Virtual Network Operator ("MVNO") Services to the industry with provisions for MVNOs to follow in the event of service cessation, i.e., provision of a minimum notice period of at least one week in advance of the service cessation for local services and/or one day in advance of the service cessation for international services to their customers or the public. Furthermore, MVNOs were required to, for at least three months after the date of the service cessation, provide mobile number portability services to assist any affected customers of the MVNO to port out their mobile numbers to other service providers and maintain customer service hotlines for handling public enquiries and complaints.

The fifth generation mobile services

48. Dr KWOK Ka-ki enquired how the re-grading of CRAM post could facilitate the launch of the fifth generation (i.e. "5G") mobile services. He referred to the remarks of MVNOs that when assigning the 3.4-3.6 GHz band ("3.5 GHz band") for public mobile services, CA would impose restriction zones whereby installation of mobile base stations of public mobile services operating in the 3.5 GHz would be forbidden, and he was concerned about the impact of imposing restriction zones on the 5G mobile services. He also asked how OFCA would ensure fair assignment of 5G spectrum among MVNOs.

49. D-G of C, OFCA replied that the proposed re-graded CRAM would hold the post of Head of Regulatory Division 2, Regulatory Affairs Branch. Regulatory Division 2 had conducted a public consultation on the use of 26 GHz band and 28 GHz band ("26/28 GHz bands") for 5G mobile services. After conducting the public consultation and considering the over-supply of 26/28 GHz bands (a total of 4 100 MHz of spectrum), CA opined that the market did not have competing demands for such spectrum. Hence, it had decided to assign such spectrum administratively rather than by way of auction and applications had been invited from interested parties for use of the spectrum. The spectrum that could be assigned to individual applicant was capped at 800 MHz. For the spectrum utilisation fee ("SUF"), D-G of C, OFCA said that CA would charge SUF only when 75% or above of the spectrum in the 26/28 GHz

Action

bands were occupied. In response to a further enquiry by Dr KWOK Ka-ki, D-G of C, OFCA said that charges for mobile services were commercial decisions of MVNOs. Nevertheless, given the fierce competition in Hong Kong's mobile services sector, it was believed that reasonable charges would be offered by prospective 5G mobile network operators to attract consumers to use their mobile services.

50. On issues relating to the assignment of the 3.5 GHz band, D-G of C, OFCA remarked that only 200MHz spectrum was available. As CA expected demand for this spectrum would be greater than supply, the spectrum would be assigned by auction. She said that eligible interested parties could submit applications for assignment of the 26/28 GHz band and take part in the bidding for the 3.5 GHz band. For imposing restriction zones on the 3.5 GHz band, D-G of C, OFCA explained that as such band had been allocated to satellite services, and the base stations for mobile services would cause interference to the existing satellite control stations in Tai Po and Stanley, CA planned to impose restriction zones in Tai Po and Stanley where deployment of base stations for 5G mobile services operating in the 3.5 GHz band inside the restriction zones would be prohibited. D-G of C, OFCA pointed out that 5G services could be provided via various bands (including 3.3 GHz, 3.5 GHz, 4.9 GHz and 26/28 GHz band) instead of solely through the spectrum of 200MHz in the 3.5 GHz band. Such 5G spectrums could cover the restriction zones of 3.5 GHz band and provide 5G services for relevant districts. Furthermore, CA had established a task force to study the feasibility of providing limited (e.g. indoor) 5G mobile services operating in the 3.5GHz band inside the restricted zones. Members of the task force included the Hong Kong Applied Science and Technology Research Institute, satellite companies and mobile network operators.

*(At 10:22 am, the Chairman ordered that the meeting be extended for 15 minutes. No members raised any objection.)*

Voting on the item

51. There being no further questions from members, the Chairman put the item to vote. She was of the view that the majority of the members voting were in favour of the item. She declared that the Subcommittee agreed to recommend the item to FC for approval.

52. No members requested that the item be voted on separately at the relevant FC meeting.

Action

53. There being no other business, the meeting ended at 10:43 am.

Council Business Division 1  
Legislative Council Secretariat  
14 February 2019