

立法會
Legislative Council

LC Paper No. CB(1)1616/02-03
(These minutes have been seen by
the Administration)

Ref : CB1/PL/CI/1

Panel on Commerce and Industry

Minutes of meeting
held on Monday, 10 March 2003, at 4:30 pm
in Conference Room A of the Legislative Council Building

Members present : Hon Kenneth TING Woo-shou, JP (Chairman)
Hon HUI Cheung-ching, JP (Deputy Chairman)
Dr Hon LUI Ming-wah, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP

Member absent : Hon NG Leung-sing, JP
Hon CHEUNG Man-kwong
Hon CHAN Kam-lam, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, SBS, JP
Hon SIN Chung-kai
Hon Henry WU King-cheong, BBS, JP
Hon MA Fung-kwok, JP

Public officers attending : **Item IV**

Mr Gordon LEUNG
Principal Assistant Secretary for Commerce, Industry
and Technology (Commerce and Industry)

Mrs Margaret CHAN
Chief Executive Officer, Commerce, Industry and
Technology Bureau

Ms Joyce MOK
Chief Systems Manager, Information Technology and
Services Department

Mr S CHENG
Assistant Staff Officer, Customs and Excise
Department

Ms Josephine TSE
Senior Statistician, Census and Statistics Department

Item V

Mr Francis HO
Permanent Secretary for Commerce, Industry and
Technology (Information Technology and
Broadcasting)

Mrs Sarah KWOK
Acting Commissioner for Innovation and Technology

Mr Brian LO
Assistant Commissioner for Innovation and
Technology

Clerk in attendance : Ms Connie SZETO
Chief Assistant Secretary (1)4

Staff in attendance : Mr TSANG Siu-cheung
Senior Assistant Secretary (1)7

Ms Christina SHIU
Legislative Assistant

Action

I Confirmation of minutes of meeting
(LC Paper Nos. CB(1)971 and 987/02-03)

The minutes of the meeting and special meeting held on 13 January and 21 January 2003 respectively were confirmed.

II Information papers issued since last meeting

2. Members noted that no information paper had been issued since the last meeting.

III Date of the next meeting and items for discussion

(LC Paper Nos. CB(1)1042/02-03(01) and (02))

3. Members agreed to hold the next meeting on Monday, 14 April 2003 at 4:30 pm to discuss the subject “Briefing on Cargo Transhipment (Facilitation) Bill” proposed by the Administration.

(Post meeting note: As requested by the Administration and with the concurrence of the Chairman, the Panel would also discuss the item on “Briefing on measures to enhance investment promotion” at its meeting on 14 April 2003.)

4. Members also agreed to hold a joint meeting with the Panel on Information Technology and Broadcasting on Monday, 14 April 2003 at 4:00 pm to discuss the proposal to reorganize the Commerce, Industry and Broadcasting Bureau.

IV Enhancement of the Government Back-end System for Electronic Processing of Cargo Manifests

(LC Paper No. CB(1)1042/02-03(03))

5. The Principal Assistant Secretary for Commerce, Industry and Technology (Commerce and Industry) (PASCIT(CI)) briefed members on the proposal to enhance the Government’s back-end computer system for processing cargo manifests (EMAN system). The details were set out in the information paper provided by the Administration.

Anticipated benefits and resource savings achieved by the proposal

6. Mrs Selina CHOW was concerned that the proposal would only break-even in 2010-11 and did not consider it cost-effective. In view of the large fiscal deficit currently facing by the Government, she was particularly concerned about whether the proposal could directly benefit the carriers and improve the local business environment. The Chairman shared Mrs Selina CHOW’s views.

7. PASCIT(CI) appreciated Mrs Selina CHOW’s concerns. He advised that although the proposal would not bring about obvious and direct benefits to the carriers, it could improve the efficiency in handling cargo manifests and enhance the overall productivity of the Government. At present, the carriers were required to submit cargo manifests in paper form and the information contained therein was subject to manual checking. He considered such arrangements inefficient. Given the advancement of technology, he believed that the Administration could simplify the processing of cargo manifests with the computer system so as to achieve manpower reduction, lower operating cost and save resources. Moreover, the enhanced EMAN system would enable the Customs and Excise Department (C&ED) to conduct random checks on targeted

cargoes, so that C&ED could focus on high-risk consignments and would create the least interruption to legitimate trades.

8. Mrs Selina CHOW was concerned about the effectiveness of the enhanced EMAN system. PASCIT(CI) pointed out that the proposal would achieve an annual saving of \$23.2 million from 2007-08 onwards, which comprised \$10.7 million in realizable savings resulting from the deletion of 29 posts (including one Customs Officer, 24 Assistant Clerical Officers and four Clerical Assistants) and \$12.5 million in notional savings. He added that upon the deletion of these posts, the resources so saved would be made available for central redeployment and the affected grades would be incorporated in the Civil Service Voluntary Retirement Scheme. In response to Mrs Selina CHOW's enquiry, PASCIT(CI) clarified that the 29 posts referred to in paragraph 15 of the paper would be deleted in 2005-06.

9. Dr LUI Ming-wah agreed that enhancing the EMAN system would facilitate the imposition of proper control on cargo clearance. However, he also shared Mrs CHOW's views that the Administration should carefully examine and consider the feasibility of the proposal given the current stringent financial conditions. On the \$12.5 million notional savings mentioned in paragraph 15(b) of the paper, he was concerned that they were just nominal and not real savings.

10. As regards the anticipated benefits of the enhanced EMAN system, PASCIT(CI) referred to the situations and statistics listed out in Annex IV of the paper. He stressed that the proposal was put forward under the premise of making more effective use of existing resources. The Chief Executive Officer, Commerce, Industry and Technology Bureau (CEOCITB) supplemented that the proposal would result in more accurate risk assessments by C&ED during cargo clearance and expedite the process concerned. She particularly pointed out that C&ED's frontline staff would be provided with advanced equipment for enforcement purpose which allowed them remote access to the central database of the EMAN system. Under such arrangement, cargo clearance could be conducted in a more effective manner. As a result, the business sector would be benefited directly.

11. Mr HUI Cheung-ching enquired about the direct benefits on the traders through the implementation of the proposal. CEOCITB responded that links would be established between the EMAN system and other internal systems of the Government, particularly the trade declaration system, to enable automatic matching of manifest and trade declaration data. This would facilitate effective and speedy identification of discrepancies to prevent traders from being penalized for omission or delay in their submission.

12. Referring to the 8-month team formation and tendering period stated in paragraph 18 of the paper, Dr LUI Ming-wah considered it necessary to shorten the time required. The Chief Systems Manager, Information Technology and Services Department explained that based on the experience gained from open tendering exercises, it usually took the Administration one month to prepare

tender documents. As stipulated by the World Trade Organization Agreement on Government Procurement, prospective tenderers would be given about six weeks to respond. The Administration would assess the tenders approximately within one month. If necessary, it might further negotiate with the tenderers over the terms and conditions of the tender. The whole tendering process, excluding the preparation work undertaken by the team concerned, took about six months to complete.

Implications of the proposal on cargo clearance process and law enforcement

13. Mrs Selina CHOW was concerned about how the enhanced EMAN system would shorten the clearance time required by C&ED and requested the Administration to provide relevant information for members' reference. The Assistant Staff Officer, Customs and Excise Department responded that as different types of cargoes and modes of transport involved different examination procedures, it was difficult to make a detailed analysis and systematic comparison. However, based on the experience of a similar system implemented in the airport, handling cargo manifests electronically would expedite the flow of cargo examination to a certain extent, which would in turn enhance C&ED's enforcement efficiency. PASCIT(CI) added that the electronic handling of cargo manifests would facilitate more accurate and expeditious judgement by C&ED on whether it was necessary to examine individual cargoes. In response to the Chairman's enquiry about the ways to verify the information provided in the cargo manifests, PASCIT(CI) advised that with the computer system, C&ED could establish a large database with a view to enhancing the efficiency of risk assessment and intelligence analysis during the clearance process.

14. Dr LUI Ming-wah was concerned about the implications of the enhanced EMAN system on the workload of customs officers. PASCIT(CI) pointed out that customs officers would handle fewer cargo manifests in paper form under the proposal. However, after the automatic matching of manifest and trade declaration data had come into full operation, the Census and Statistics Department (CSD) would be able to examine in detail and follow up cases which had been identified as omissive or suspicious. On the contrary, detailed examination could only be conducted on a random basis under the existing manual process. Moreover, due to manpower constraint, about 18% of the cases which were considered omissive and suspicious after CSD's detailed examination were at present referred to C&ED. Given that the new system could enhance efficiency, it was expected that customs officers would follow up more cases. After the EMAN system had been implemented for some time, the Administration would review the workload of the affected staff in different ranks with a view to deploying manpower resources to cope with the actual needs.

15. Expressing reservation on the Administration's plan to conduct overall checks on all cargoes with the enhanced EMAN system, Dr LUI Ming-wah and the Chairman doubted the cost-effectiveness of such practice.

Conclusion

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16. Mrs Selina CHOW agreed in principle that the enhanced EMAN system could enhance the efficiency of C&ED in processing cargo clearance. However, as the paper could neither provide justification on the urgency of the proposal nor spell out its specific benefits, such as saving in actual cargo clearance time, she had reservation about the proposal. The Chairman shared Mrs CHOW's views and requested the Administration to reconsider the proposal and provide more detailed information to address members' concerns. PASCIT(CI) undertook to provide the relevant information after the meeting.

V Progress of the work of the Applied Science and Technology Research Institute

(LC Paper No. CB(1)1042/02-03(04))

17. The Permanent Secretary for Commerce, Trade and Technology (Information Technology and Broadcasting) (PSCIT(ITB)) reported to members the work progress of the Hong Kong Applied Science and Technology Research Institute (ASTRI).

Staffing establishment of ASTRI

18. In response to Dr LUI Ming-wah's concern about the ratio of research staff to administrative and supporting staff, PSCIT(ITB) advised that research staff would still form the majority of ASTRI's staffing establishment. However, the ratio would be adjusted in the light of the need at different stages of development. If there were technology transfer and better product commercialization development in future, more administrative and supporting staff might be engaged to provide suitable assistance to research and development projects.

Progress of technology transfer and product commercialization

19. Dr LUI Ming-wah enquired about the discussion between ASTRI and the three companies concerned regarding the arrangements for the development and technology transfer on voice recognition technologies. PSCIT(ITB) responded that the details would be reported to the Panel in due course (around April 2003) and released to the public with a view to enhancing the profile and transparency of the ASTRI. At that time, members would also be invited to participate in the publicity programme concerned.

20. Dr LUI Ming-wah advised that to the best of his knowledge, apart from the technology product which enabled interactive learning of spoken English on the Internet, ASTRI did not have any other technology project which could be commercialized successfully. As such, he was concerned about the progress of ASTRI in technology transfer. PSCIT(ITB) appreciated Dr LUI's concern. He stressed that if research projects biased towards platform development, it

would only undermine their acceptability. ASTRI therefore would focus its research on specific areas so that more technologies developed could ultimately be transferred to commercial products for application. He anticipated that in a few years' time, technological products in the areas of photonics technologies and wireless communications would be launched in the market.

Vetting and evaluation mechanism of research projects

21. In response to Mr HUI Cheung-ching's enquiry about the vetting and approving mechanism of ASTRI projects, PSCIT(ITB) advised that the Administration had been delegated the authority to approve individual projects not exceeding the prevailing funding ceiling for a Category D project in the Public Works Programme (currently at \$15 million) while projects exceeding that funding ceiling would require the approval of the Legislative Council (LegCo) Finance Committee (FC). ASTRI would closely monitor the progress of the funded projects to ensure the proper use of funding. Given that ASTRI was still at the initial stage of development, it had so far not received any individual applications for funding which exceeded \$15 million. In future, if ASTRI received any funding application exceeding \$15 million from individual projects or several related projects in certain research areas which could not be considered independently, consideration should be given to seek the FC's approval on the application. Moreover, if the funding ceiling was unable to cope with the development trend of technology research in future, the Administration would consider proposing suitable adjustments at LegCo having regard to practical needs.

22. In reply to Mr HUI Cheung-ching's enquiry about when the work of ASTRI would be assessed, PSCIT(ITB) advised that as ARSTI commenced operation in September 2001 and only six projects were being carried out so far, he considered it more appropriate to assess the overall performance of ARSTRI after it had commenced operation for three years.

Technological level of research projects

23. Given that ASTRI had received funding of \$72.5 million to carry out six research projects but engaged about 90 research staff, and 25 administrative and supporting staff in developing these projects, Dr LUI Ming-wah had reservation on the arrangements and considered that they might not be cost-effective. If these projects did not involve the development of high level innovation and technology, he opined that the Administration should consider buying the technology concerned from other places in order to make available resources for the development of technology projects of greater need. Since the six research projects which had already commenced involved applied rather than fundamental research on technology, an evaluation could be done in one or two years' time after the completion of the projects.

24. Except the one in Internet software (the project received \$4.8 million in funding) of which the technology was relatively easier to grasp, PSCIT(ITB)

advised that all the remaining funded research projects involved very complicated technology. He stressed that ASTRI only supported projects with technology level higher than that available in the market to avoid unnecessary competition with research enterprises. He considered the funding in the sum of \$75.2 million allocated to the six research projects reasonable. Furthermore, he advised that the Administration was willing to consider Dr LUI's suggestion to set a time-frame for evaluating the projects funded by ASTRI.

25. Dr LUI Ming-wah expressed concern about the technological level of the two research projects in the area of wireless communications which had already commenced as mentioned in paragraph 6(c) of the paper. PSCIT(ITB) explained that the projects did not focus on enhancing the effectiveness of wireless reception but aimed at establishing a top-notch wireless network by improving the technology and equipment concerned.

The way forward

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26. The Chairman concluded that members noted the progress of the work of ASTRI reported by the Administration. The Administration would regularly update the Panel on the latest development of ASTRI. Moreover, an overall evaluation of the work of ASTRI was expected to take place in September 2004. The Administration would report the outcome to the Panel in due course.

Secretariat

27. To enable members to better understand the operation of ASTRI, the Panel agreed to visit ASTRI. The Secretariat would liaise with the Administration for necessary arrangements.

VI Any other business

28. There being no other business, the meeting ended at 6:10 pm.