

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2509/08-09  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/CI/1

**Panel on Commerce and Industry**

**Minutes of meeting**  
**held on Tuesday, 17 March 2009, at 2:15 pm**  
**in Conference Room A of the Legislative Council Building**

- Members present** : Hon Vincent FANG Kang, SBS, JP (Chairman)  
Hon WONG Ting-kwong, BBS (Deputy Chairman)  
Hon Fred LI Wah-ming, JP  
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon Emily LAU Wai-hing, JP  
Hon Tommy CHEUNG Yu-yan, SBS, JP  
Hon Andrew LEUNG Kwan-yuen, SBS, JP  
Hon Ronny TONG Ka-wah, SC  
Hon CHIM Pui-chung  
Hon Starry LEE Wai-king  
Dr Hon LAM Tai-fai, BBS, JP  
Hon Tanya CHAN  
Dr Hon Samson TAM Wai-ho, JP
- Member attending** : Hon Miriam LAU Kin-yee, GBS, JP
- Members absent** : Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Jeffrey LAM Kin-fung, SBS, JP
- Public officers attending** : Agenda Item IV  
Mr Gregory SO, JP  
Under Secretary for Commerce and Economic  
Development

Miss Vivian LAU Lee-kwan  
Deputy Director-General of Trade and Industry  
(Commercial Relations, Controls and Support)

Agenda Item V

Mr Gregory SO, JP  
Under Secretary for Commerce and Economic  
Development

Mr Christopher WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)

Ms Wendy CHEUNG  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)

Mr HO Ka-ying  
Assistant Commissioner (Excise and Strategic Support)  
Customs and Excise Department

Ms TSE Suk-han  
Senior Systems Manager  
Office of Information Technology  
Customs and Excise Department

Agenda Item VI

Mr Gregory SO, JP  
Under Secretary for Commerce and Economic  
Development

Mr Christopher WONG, JP  
Deputy Secretary for Commerce and Economic  
Development (Commerce and Industry)

Ms Wendy CHEUNG  
Principal Assistant Secretary for Commerce and  
Economic Development (Commerce and Industry)

Mr K CHOW  
Assistant Commissioner (Boundary and Ports)  
Customs and Excise Department

Ms Diana WONG  
Senior Staff Officer (Special Duties)  
Customs and Excise Department

Agenda Item VII

Mr Andrew LAI  
Deputy Commissioner for Innovation and Technology

Mr C C TSE  
Head of Laboratory  
Innovation and Technology Commission

**Clerk in attendance** : Ms YUE Tin-po  
Chief Council Secretary (1)3

**Staff in attendance** : Ms Annette LAM  
Senior Council Secretary (1)3

Mr Joey LO  
Council Secretary (1)3

Ms May LEUNG  
Legislative Assistant (1)6

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Action

**I. Confirmation of minutes of meetings and matters arising**  
(LC Paper No. CB(1)846/08-09 -- Minutes of meeting held on  
18 November 2008

LC Paper No. CB(1)865/08-09 -- Minutes of special meeting held on  
5 December 2008)

The minutes of the meetings held on 18 November and 5 December 2008 were confirmed.

2. The Chairman reported that he had paid a visit to Taiwan with Mr Tommy CHEUNG in February 2009 to study the implementation of the consumer vouchers programme there. Following the visit, they had published a study report, a copy of which was tabled at the meeting (subsequently issued to members vide LC Paper No. CB(1)1286/08-09(04) on 15 April 2009). The Chairman then briefed the Panel on the salient points of the findings and recommendations made in the study report.

3. On the proposal for the Panel to conduct a visit to Taiwan, members noted the stance of the Administration and agreed that the Panel would revisit the matter if the Taiwan authority was going to issue the second batch of consumer vouchers to further boost the economy of Taiwan.

**II. Information paper issued since last meeting**

(LC Paper No. IN09/08-09 -- Paper on economic and trade co-operation between Hong Kong and Taiwan prepared by the Legislative Council Secretariat (information note))

4. Members noted that the above paper had been issued for the Panel's information.

**III. Date of next meeting and items for discussion**

(LC Paper No. CB(1)1008/08-09(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1008/08-09(02) -- List of follow-up actions)

5. The next regular Panel meeting would be held on 21 April 2009 at 2:30 pm to discuss the following items proposed by the Administration:

- (a) Update on Government's efforts in the promotion and development of MICE industry;
- (b) Copyright protection in the digital environment; and
- (c) Mid-term review of Research and Development (R&D) Centres

*(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the item "Copyright protection in the digital environment" was deferred to a future meeting. The Chairman instructed that the item "Enhancement measures to boost the economy of Hong Kong" be included in the agenda for the next meeting.)*

**IV. Progress update on the support measures for small and medium enterprises arising from the global financial turmoil**

(LC Paper No. CB(1)1008/08-09(03) -- Administration's paper on progress update on the support measures for small and medium enterprises arising from the global financial turmoil

LC Paper No. CB(1)1008/08-09(04) -- Dr Hon LAM Tai-fai's question on Special Loan Guarantee Scheme at the Council meeting on 4 March 2009 and the Administration's reply)

Presentation by the Administration

6. At the invitation of the Chairman, the Under Secretary for Commerce and Economic Development (USCED) briefed members on the implementation progress of the support measures for small and medium enterprises (SMEs), namely the SME Loan Guarantee Scheme (SGS) and the Special Loan Guarantee Scheme (SpGS). USCED advised that as at 15 March 2009, a total of about 4 500 applications had been approved by the Government, involving a total loan amount of over \$9.3 billion. Since the last Panel meeting held on 17 February 2009, a \$5 billion (100%) increase in loan amount had been approved, demonstrating the smooth operation of the schemes, and the increasingly positive attitude of the participating lending institutions (PLIs) in offering loans. The figure was expected to rise further to \$10 billion within days.

Discussion

*Effectiveness of the SME Loan Guarantee Scheme*

7. Dr LAM Tai-fai noted that under the SpGS, only 3 680 applications involving a total loan amount of \$7.13 billion had been approved by the Trade and Industry Department (TID) as at 15 March 2009. He expressed strong disappointment that the result had lagged far behind the original target of providing a total loan amount of \$100 billion to 40 000 enterprises and queried the effectiveness of the scheme. He also enquired about the share of the number of applications approved and the total loan amount for SMEs and non-SMEs.

8. In response, USCED advised that under the SpGS, 80% of the approved cases involved SMEs hiring up to 20 employees, whilst 98% of the approved cases involved SMEs hiring up to 99 persons. This reflected that SMEs were the major beneficiaries of the SpGS. He stressed that the amount of \$100 billion was the total loan guarantee commitment rather than a target. The "40 000 enterprises" was an estimated number of beneficiaries based on the assumption that the entire commitment of \$100 billion would be granted and the average amount of loan guarantee for each enterprise would be \$2.5 million. It was not a target either.

9. In response to the Chairman's enquiry, USCED advised that there was no predetermined target on the total amount of loans to be granted to SMEs. The Administration had kept the situation under review and regularly reported the latest developments to the Panel. The SpGS would expire on 14 June 2009, and the Administration would determine nearer the time whether to extend or make adjustments to the scheme in the light of latest developments.

*Reasons for rejection of loan applications*

10. Noting that about 28% of the loan applications had been rejected by the PLIs, Mr WONG Ting-kwong considered that further assistance should be given to rejected applicants to help them tide over the financial crisis and avoid aggravating the unemployment problem. An appeal mechanism should also be set up for such applicants. Sharing a similar view, Ms Emily LAU expressed concern about the further deterioration of the Hong Kong economy leading to bankruptcies of local enterprises and rising unemployment, thus creating social problems. Noting that 1 635 loan applications had been rejected by the PLIs as at 1 March 2009, she opined that the loan assessment criteria should not be based solely on prudent commercial principles, but should be relaxed so that more SMEs could benefit from the SpGS in such difficult times.

11. In response, USCED advised that to better support business enterprises in tiding out the financial crisis, the Government had provided a 70% guarantee for loans granted under the SpGS. With some 40 lending institutions having signed up for the SpGS, SME applicants rejected by one PLI could approach other PLIs. USCED stressed that as the scheme involved the use of public funds, it was important to strike a balance between facilitating enterprises in obtaining loans and the prudent management of public money. In order to assist SMEs in obtaining loans under the schemes, a "Guide for SMEs in Obtaining Business Loan from Lending Institutions" setting out the relevant procedures and documentary requirement was provided on the Government website. Among all successful applicants under the SpGS, 14% had not taken out any loans from relevant PLIs before. USCED supplemented that out of the 5 251 applications received by the TID, 4 508 loan applications involving a total loan amount of \$9.3 billion had already been approved as at 15 March 2009, only three months since the SpGS was launched. Only a few applications which had passed the PLIs assessment were rejected by the TID.

12. Mr Tommy CHEUNG expressed grave concern about banks' reluctance to grant loans to SMEs in the catering industry. These SMEs had also experienced their credit lines being suddenly cut and credit ratings being downgraded in the wake of the financial tsunami. This had created liquidity problems for the SMEs and caused them to default on loans. As a result of their default records, their applications under the loan schemes were rejected by the PLIs. In this regard, he enquired about the number of applications in the catering industry out of the total 1 635 loan applications rejected by PLIs.

13. USCED responded that according to the statistical breakdown as set out in the Administration's paper, the PLIs had provided the number of applications approved in the food and beverage industry and the restaurant industry respectively, rather than the catering industry. He explained that outstanding default was not a major reason for rejection of loan applications. Out of the 1 635 loan applications rejected by PLIs, only 57 were rejected as a result of outstanding default. In response to Mr CHEUNG's enquiry, USCED advised that individual applications made by the same applicant to different PLIs would be counted separately.

*Loan conditions*

14. Ms Miriam LAU said that there had been complaints from the industry that the PLIs were overly prudent in approving loans. Besides being charged high interests ranging from 8 to 10%, some SMEs had been required to take out an insurance of US\$ 1 million in order to obtain a HK\$ 1 million loan. With a 70% Government guarantee on loans granted under the SpGS, she doubted whether it was necessary for PLIs to impose such harsh loan conditions.

15. In response, USCED advised that the amount of loan approved since the Administration last briefed the Panel on 17 February 2009 had increased by \$5 billion, and the figure was steadily rising. Loan applicants were encouraged to compare the interests charged and other conditions offered by different PLIs. With over 40 PLIs in the market, the Administration believed that the market mechanism would help enterprises identify the best deal. USCED advised that when the Administration last briefed the Panel in February, the interest rates charged for the majority (about 80%) of successful loans ranged between the "best lending rate" (P) and two percent over the "best lending rate" (P+2). To date, 94.85% of the loans were charged below P+2 under the SGS, whilst 95.02% of the loans were charged below P+2 under the SpGS.

*Loan guarantee commitment*

16. Mr CHIM Pui-chung said that the \$100 billion commitment was only a loan guarantee against default which would not be realized until and unless the SMEs concerned had gone bankrupt. It was the PLIs rather than the Government which provided the credit to the SMEs. Although the Government had provided a 70% loan guarantee, the PLIs might still be reluctant or unable to bear the remaining 30% of the credit risks by extending credit to the SMEs. Criticizing that the Government had only played a passive role in the schemes, he considered that the Government should provide other forms of assistance to the SMEs.

17. In response, USCED reiterated that within three months of implementation of the schemes, the PLIs had already provided loans totaling more than \$9.3 billion. The result had reflected the smooth operation of the schemes. He stressed that the \$100 billion guarantee was a solid commitment of the Government, which had pledged to assume 70% of the default risk of the loans. As approved by the Finance Committee, the basic principle of the SpGS was market driven, with the Government and PLIs sharing the default risk.

18. Noting that the Government of the United States had announced that it would provide a 90% guarantee on loans granted to SMEs, Mr WONG Ting-kwong enquired whether the Government would consider raising the level of Government guarantee ratio. USCED responded that although the Government of the United States would provide a 90% credit guarantee on SME loans, its total commitment was US\$ 375 million (HK\$ 2.9 billion) which was smaller than that of the HKSAR Government. He said that the Government was fully aware of, and would make

reference to, similar developments in other countries.

19. In summing up, the Chairman noted that the "no lay off" campaign initiated by him and Mr Tommy CHEUNG had protected over 50 000 employees from redundancy without costing any money. He suggested that the Administration should cooperate with the business sector in protecting employment opportunities for the staff of the SMEs. He urged the Administration to review the effectiveness of the SpGS, taking into account members' concerns about the inadequacy of the Government's support measures, and update the Panel on the progress of the support measures in due course.

**V. Replacement of the Air Cargo Clearance System for the Customs and Excise Department**

(LC Paper No. CB(1)1008/08-09(05) -- Administration's paper on replacement of the Air Cargo Clearance System for the Customs and Excise Department

Paper No. FCRI(2003-04)4 -- Supplementary information on Air Cargo Clearance System issued in May 2003

LC Paper No. CB(1)1089/08-09 -- Administration's paper on replacement of the Air Cargo Clearance System for the Customs and Excise Department (Chinese version only) (power-point presentation materials))  
*(tabled at the meeting and subsequently issued via e-mail on 18 March 2009)*

Presentation by the Administration

20. At the invitation of the Chairman, USCED briefed members on the Customs and Excise Department (C&ED)'s funding proposal to replace the existing Air Cargo Clearance System (ACCS) at the Hong Kong International Airport (HKIA). The primary objective was to sustain a speedy and reliable customs clearance service for air cargoes going through HKIA.

21. With the aid of power-point, the Acting Assistant Commissioner (Excise and Strategic Support) (AC(ES)(Ag.)) briefed members on the transition from the previous paper-based manual mode of customs clearance procedures to the existing electronic mode of operation, the justifications for and anticipated benefits of the replacement, the financial implications as well as the implementation timetable. The details were set out in the Administration Paper No. CB(1)1008/08-09(05) and power-point presentation materials (LC Paper No. CB(1)1089/08-09) tabled at the meeting.

22. Members noted that the major components of the ACCS which had been in use for 10 years since 1998 were becoming obsolete and the maintenance service for some hardware components might cease from early 2011 due to lack of spare parts. The new system would give C&ED added capacity to handle future growth in air cargo traffic and enhance interfacing with the Road Cargo System (ROCARS) being developed (which would in turn facilitate inter-modal transfer of transshipment cargoes). In short, the proposal would contribute towards upholding Hong Kong's position as a regional aviation and trading hub. The proposed replacement which required a non-recurrent provision of \$46 million was expected to bring realizable saving of \$3.2 million per annum arising from the sharing of maintenance and support services for the replacement system and C&ED's new IT infrastructure.

### Discussion

#### *Anticipated benefits of the new system*

23. Noting from the Administration's paper that the existing ACCS had enabled C&ED to sustain a speedy customs clearance and to enhance its handling capacity, Dr Samson TAM requested the Administration to provide quantitative data on the anticipated benefits brought about by the new system in respect of cargo handling speed and volume.

24. In response, Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (DSCED) advised that the volume of cargoes handled by ACCS in 2008 was about 22.2 million consignments. When designing the handling capacity of the replacement system, C&ED had factored in an annual increase of 6% in workload. On the speed of cargo handling, DSCED advised that under the ACCS, if the airlines could submit cargo data via cargo operators' computer system to C&ED three hours prior to the arrival of their cargoes at HKIA, C&ED should be able to give clearance instructions within 45 minutes as at present after confirming cargo details. Where a consignment was selected for inspection, the examination process would be completed within 80 minutes. As the business work flow would remain the same under the replacement system, the current performance targets on cargo handling time would be maintained.

25. Responding to Dr Samson TAM's request that the Administration should improve its performance targets on cargo handling speed under the new system, DSCED assured members that the Administration would endeavour to fine-tune its performance targets in the event that the respective handling time could be shortened under the new system. He cautioned that in law enforcement work, especially risk profiling which involved human judgment, there would be no room for compromise.

26. Ms Emily LAU enquired about the concrete benefits that the new system would bring in relation to the interfacing with the ROCARS and inter-modal transfer of cargoes, and the projected savings in terms of money and cargo handling time. DSCED and Principal Assistant Secretary for Commerce and Economic

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Development (Commerce and Industry) (PASCED) advised that the new system would enhance interfacing with ROCARS for customs clearance of road cargoes, thereby facilitating the passage of transshipment cargoes involving inter-modal transfer from land to air and vice versa. The transshipment cargoes concerned would be subject to customs inspection only once, at either the land boundary control point or HKIA, instead of having to be inspected at both control points. At members' request, the Administration undertook to provide more detailed descriptions, preferably with figures, on the anticipated benefits for the proposal as a whole, when submitting its funding proposal to the Finance Committee (FC) for consideration.

*Serviceability of the existing and proposed systems*

27. Noting that an estimated non-recurrent provision of \$46 million was required, the Chairman enquired about the serviceability of the existing ACCS and the possibility of upgrading it instead of developing a new one, as well as the life span of the proposed system. Due to design and capacity constraint, DSCED advised that C&ED did not see much room for upgrading the existing ACCS which had been in use for 10 years. The support service for some hardware components might cease from early 2011 due to lack of spare parts. As for the life span of the new system, DSCED said that the average life cycle of comparable IT systems was about 10 years.

*Provision for contingency*

28. Referring to the contingency provision of \$4.2 million in the funding proposal, Dr LAM Tai-fai enquired about the purpose and the use of the provision and the period to be covered. DSCED and PASCED advised that as a standard practice, a 10% contingency provision was reserved for buffering possible shortfalls in the budget for items such as communication links rental, software procurement and development. Such a provision was needed as the actual expenses would depend on prevailing market prices. The contingency would primarily be used during the implementation phase of the new system i.e. from July 2009 to December 2010.

*Participation of cargo operators*

29. Dr Samson TAM and Ms Emily LAU enquired whether cargo operators would be required to contribute to the development of the new system by way of a fee payable to the Government, or make changes to their IT system to tie in with the launching of the new system. In response, AC(ES)(Ag.) advised that the system was a Government-owned computer system, dedicated to facilitating electronic exchange of information between C&ED and the cargo operators. In line with the present arrangement, no charge would be levied on cargo operators. The new system would not entail any changes to cargo operators' existing business workflow. Nor would it place additional demands on their IT systems.

30. Noting that there were seven existing cargo operators at HKIA, the Chairman enquired about the proposed system's capability in handling cargoes from additional operators. AC(ES)(Ag.) advised that the proposed system would be designed to allow room for a modest increase in the number of cargo operators. He highlighted that, for example, it was technically possible for Cathay Pacific's new cargo terminal facility to be connected to the new system.

Summing up

31. Summing up, the Chairman concluded that the Panel supported in principle the funding proposal for replacement of ACCS for C&ED. Members noted that the proposal would be submitted to FC for consideration in May/June 2009.

**VI. Proposed subsidiary legislation for implementing the Road Cargo System**

(LC Paper No. CB(1)1008/08-09(06) -- Administration's paper on proposed subsidiary legislation for implementing the Road Cargo System

LC Paper No. CB(1)1008/08-09(07) -- Paper on the implementation of the Road Cargo System prepared by the Legislative Council Secretariat (background brief))

Presentation by the Administration

32. At the invitation of the Chairman, USCED briefed members on the background of the proposed subsidiary legislation for implementing ROCARS, an electronic system designed to facilitate customs clearance of road cargoes. The implementation of ROCARS would enable Customs officers to conduct risk profiling on cargo consignments in advance, and give Customs and Excise Department ("C&ED") added room to facilitate the passage of transshipment cargoes which involved inter-modal transfer. The Import and Export (Amendment) Ordinance, enacted by the Legislative Council in 2007, provided the necessary regulation making powers for implementing ROCARS which was expected to roll out in early 2010. To provide sufficient time for the industry to adjust their mode of operation, the Administration proposed to prescribe a transitional period of 18 months before mandating ROCARS submissions in mid-2011. The industry had been fully consulted and had given their support to the proposed arrangements.

33. The Deputy Secretary for Commerce and Economic Development (Commerce and Industry) (DSCED(CI)) briefed members on the details of the legislative proposal as set out in the Administration's paper (LC Paper No. CB(1)1008/08-09(06)). The Administration aimed to table the proposed subsidiary legislation before LegCo for negative vetting within the 2008-2009 legislative session.

Discussion

34. Ms Miriam LAU expressed grave concern on the Administration's proposal to prescribe upfront in the legislation an effective date of the subsidiary legislation. Although the industry players might have no objection to the proposed effective date, they might not be fully aware of the potential problems as ROCARS had never been put to test. She anticipated that small and medium-sized enterprises and individual truckers might find it difficult to cope with the new system. Ms LAU also opined that whilst the necessary funding had been approved by the Finance Committee in November 2007, the Administration had been dragging its feet until now to present the proposed subsidiary legislation to LegCo. She considered that there was no need to rush through the legislative procedure at this stage. Sharing a similar concern, Mr WONG Ting-kwong enquired about the rationale in proposing an 18-month transitional period.

35. AC(BP)C&ED advised that in the course of consultation, many industry players, including shippers and truckers, had expressed clearly the hope for early implementation of ROCARS. They were satisfied that the 18-month transitional period should provide sufficient time for them to get ready for the new mode of operation.

36. Ms Miriam LAU suggested that the Administration should draw on the successful experience in implementing the electronic cargo manifest (e-Manifest) system in 2003. To ensure a smooth migration, an open-ended transitional period should be provided to allow the industry to adapt to the new mode of operation. The Administration should review the situation by the end of 2010, taking into consideration the take-up rate by shippers and truckers and the smooth operation of the system, before mandating ROCARS submissions.

37. DSCED(CI) advised that the project had been taken forward largely in accordance with the schedule presented to LegCo before. Following the voting of funds, the Administration proceeded to finalize the relevant tender documents and then invited bids for developing the necessary IT infrastructure. The tenders were awarded in January 2009. Barring unforeseen circumstances, the system would be rolled out in early 2010, as opposed to end 2009 as previously scheduled. On the 18-month transitional period, the Administration had in fact made reference to the experience in taking forward the e-Manifest project. It was considered that prescribing a target implementation date upfront which gave a clear and achievable target for all parties concerned to prepare themselves for migration to ROCARS would be conducive to early launching of the system. Whilst individual stakeholders would prefer to see the system tried out for a while before specifying a date for mandating ROCARS submissions, the Administration observed that most of the industry players concerned agreed that an 18-month transitional period should be sufficient for them to try out the new system. Prescribing the 18-month transitional period upfront was the broad consensus reached among different stakeholders after extensive discussions. The Administration would make the best use of the run-up to the implementation of ROCARS in early 2010 and thereafter to

arrange for trials, publicity and training to raise awareness and encourage early migration to ROCARS. The Administration considered the present proposal a balanced one. Nevertheless, DSCED(CI) said that the Administration would, in deciding the way forward, carefully consider the alternative suggested by Ms LAU, namely reviewing the situation say by end 2010 before specifying the date for mandating ROCARS submissions.

38. The Chairman opined that Hong Kong had lagged behind the Mainland in the implementation of electronic road cargo information system for many years. Whilst supporting the early implementation of ROCARS, he urged the Administration to ensure that adequate training would be provided to the industry players, particularly the truckers.

39. AC(BP)C&ED advised that to enhance awareness and encourage early migration to ROCARS, C&ED would arrange publicity programmes, and organize seminars and training courses for users, in the run-up to the launching of the system in early 2010 and beyond. An outreach team would also be deployed to help the industry players to use ROCARS. The training programmes would continue to be offered to stakeholders in need throughout the transitional period.

40. Summing up, the Chairman said that members supported in principle the proposed subsidiary legislation for implementing ROCARS.

**VII. Converting a single-disciplinary post of Chief Electronics Engineer to a bi-disciplinary post in Innovation and Technology Commission**

(LC Paper No. CB(1)1008/08-09(08) -- Administration's paper on converting a single-disciplinary post of Chief Electronics Engineer to a bi-disciplinary post in Innovation and Technology Commission)

Presentation by the Administration

41. At the invitation of the Chairman, Deputy Commissioner for Innovation and Technology (DCIT) briefed members on the Administration's proposal to convert one Chief Electronics Engineer (CEE) post (D1) in Innovation and Technology Commission (ITC), designated as Head of Laboratory (HL) in charge of the Standards and Calibration Laboratory (SCL), from a single-disciplinary post open to officers of the Electronics Engineer (EE) grade to a bi-disciplinary post open to both the EE and Electrical and Mechanical Engineer (EME) grades. DCIT explained that the SCL was originally set up to provide metrology services in the field of electrical and electronic standards and measurements. As the range of technical specialties had grown beyond the traditional electrical and electronic engineering field into the mechanical engineering discipline, both the EE and EME grades were working in the SCL. A review had recently been conducted on the current arrangements of designating HL as a promotion post solely for the EE

stream. Having regard to the widening service scope and the staffing composition in SCL, the Administration considered that opening up the HL post to the EME stream would broaden the career prospect of the EME grade officers and remove unnecessary restriction on grooming potential candidates from the EME stream, a move that would be conducive to staff morale. The proposed conversion would not incur any additional cost, and had the general support of the relevant Departmental Grade officers.

Discussion

42. Noting that it would not incur any additional cost and would be conducive to staff morale, the Chairman expressed support for the proposed conversion.

*Effect of the conversion on professional staff*

43. Noting that the incumbent HL would not be affected by the proposed conversion and that the converted HL post would be a promotion post for the EE and EME grades when a vacancy arose, Ms Emily LAU enquired about the number of eligible candidates for the HL post before and after the conversion. In response, DCIT advised that currently there were four Senior Electronics Engineers (SEE) in the ITC who would be considered for the HL post when a vacancy arose. In the event that the proposed conversion was approved by the Legislative Council, three Senior Electronics and Mechanical Engineers (SEME) would also become eligible for consideration, thereby enlarging the pool of potential candidates to seven.

*Possibility of open recruitment*

44. Noting the small pool of potential candidates for the HL post, Ms Emily LAU enquired whether the Administration would consider the option of open recruitment so that other candidates with the requisite qualification(s) and expertise would also be considered for the post. Sharing a similar view, Mrs Sophie LEUNG opined that instead of retaining the HL post for internal promotion, open recruitment should be considered to draw on the external pool of expertise and provide a level playing field for eligible candidates in the private sector, which would be conducive to further development of the professional grade. She urged the Administration to cast off its "protectionist" mindset and seriously consider putting comparable posts within the civil service structure to open recruitment so as to identify person of the right calibre for the job and to inject new blood into the civil service, particularly in the senior directorate grade.

45. In response, DCIT said that the HL post required a candidate with strong management expertise and solid experience in the very specialized field of standards and calibration. Given that senior departmental professionals in both the EE and EME grades were suitable for appointment as HL, and having regard to the possible impact on staff morale, the option of open recruitment would not be considered at the present stage. DCIT stressed that in accordance with the established practice and procedures laid down by the Civil Service Bureau (CSB), eligible candidates from within the civil service would be considered first when a

vacancy arose. He nevertheless assured that in the event that a suitable candidate could not be identified from within the civil service, the options of in-service recruitment and open recruitment would be considered in consultation with CSB.

Summing up

46. In concluding the discussion, the Chairman said that the Panel supported in principle the submission of the proposal to the Establishment Subcommittee and FC for consideration.

**VIII. Any other business**

47. The Chairman advised that at the invitation of the Hong Kong Trade Development Council and the Hong Kong Applied Science and Technology Research Institute (ASTRI), two separate visits to the Atrium Link Expansion of the Hong Kong Convention and Exhibition Centre and the ASTRI would be held in April 2009. He invited members who were interested in the visits to confirm their attendance with the Secretariat as soon as possible.

48. There being no other business, the meeting ended at 4:20 pm.

Council Business Division 1  
Legislative Council Secretariat  
26 August 2009