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Establishment Subcommittee of the Finance Committee

Minutes of the 15th meeting
held in Conference Room 1 of Legislative Council Complex
on Monday, 29 June 2015, at 2:30 pm

Members present:

Hon Kenneth LEUNG (Chairman)
Hon SIN Chung-kai, SBS, JP (Deputy Chairman)
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Hon Starry LEE Wai-king, JP
Hon WONG Kwok-kin, SBS
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Hon Albert CHAN Wai-yip
Hon Claudia MO
Hon NG Leung-sing, SBS, JP
Hon Steven HO Chun-yin
Hon WU Chi-wai, MH
Hon YIU Si-wing
Hon Gary FAN Kwok-wai
Hon MA Fung-kwok, SBS, JP
Hon Charles Peter MOK

Hon CHAN Chi-chuen
Dr Hon Kenneth CHAN Ka-lok
Dr Hon KWOK Ka-ki
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
Dr Hon Helena WONG Pik-wan
Hon IP Kin-yuen
Hon Martin LIAO Cheung-kwong, SBS, JP
Hon POON Siu-ping, BBS, MH
Hon TANG Ka-piu, JP

Member attending:

Hon Frankie YICK Chi-ming

Members absent:

Hon Albert HO Chun-yan
Prof Hon Joseph LEE Kok-long, SBS, JP, PhD, RN
Hon Ronny TONG Ka-wah, SC
Hon CHEUNG Kwok-che
Hon KWOK Wai-keung
Hon CHUNG Kwok-pan

Public Officers attending:

Ms Esther LEUNG, JP	Deputy Secretary for Financial Services and the Treasury (Treasury)1
Mr Eddie MAK Tak-wai, JP	Deputy Secretary for the Civil Service (1)
Mr YAU Shing-mu, JP	Under Secretary for Transport and Housing
Mr Kerr LI Ming-yat	Assistant Secretary for Transport and Housing (Transport)11A
Mr Arthur NG, JP	Acting Judiciary Administrator
Ms Wendy CHEUNG	Assistant Judiciary Administrator (Development)
Mr Andy CHAN, JP	Deputy Secretary for Transport and Housing (Transport)2
Mr Philip HAR	Principal Assistant Secretary for Transport and Housing (Transport)4

Mr CHAN Fan, JP	Director of Electrical and Mechanical Services
Dr LEUNG Kin-man, JP	Assistant Director of Electrical and Mechanical Services (Railways)

Clerk in attendance:

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

Ms Anita SIT	Assistant Secretary General 1
Mr Jason KONG	Council Secretary (1)4
Ms Alice CHEUNG	Senior Legislative Assistant (1)1
Miss Yannes HO	Legislative Assistant (1)6
Ms Clara LO	Legislative Assistant (1)8

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The Chairman drew members' attention to the information paper ECI(2015-16)6 which set out the latest changes in the directorate establishment approved since 2002 and the changes to the directorate establishment of civil servants in relation to the five discussion items on the agenda for the meeting. He 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 funding proposals under discussion at the meeting before they spoke on the items. He also drew members' attention to RoP 84 on voting in case of direct pecuniary interest.

EC(2015-16)5 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in Division 5 of the Transport Branch of Transport and Housing Bureau for about five years with immediate effect upon the approval by the Finance Committee up to 31 March 2020 to steer and oversee the promotion of the long-term development of the maritime industry in Hong Kong

2. The Chairman remarked that the Administration's proposal was to create a supernumerary Administrative Officer Staff Grade C ("AOSGC") (D2) post (to be designated as Principal Assistant Secretary (Transport)11 ("PAS(T)11") in Division 5 of the Transport Branch of Transport and Housing

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Bureau ("THB(TB)") for about five years with immediate effect upon approval of the Finance Committee ("FC") up to 31 March 2020, for steering and overseeing the long-term development of the maritime industry in Hong Kong.

3. The Chairman said that the Panel on Economic Development had discussed the proposal at the meeting on 27 May 2015. Panel members considered that the proposed post should be filled by an AO conversant with the maritime industry and had the relevant experience. Members also requested the Administration to provide concrete information as how it would foster the development of the maritime industry and reinforce Hong Kong's position as an international maritime centre ("IMC") with creation of the proposed post when the item was discussed at the meeting of the Establishment Subcommittee.

The need for the proposed post, and duties and qualifications of the post holder

4. Mr Frankie YICK declared that he was a member of the Hong Kong Maritime Industry Council ("MIC") and the Hong Kong Logistics Development Council. He expressed support for the proposal and said that the two Councils had discussed and indicated support for creation of the proposed post to oversee and take forward the Government's policy commitments and initiatives in fostering the development of Hong Kong's maritime industry. He pointed out that a consultancy study commissioned by MIC had indicated that the maritime industry was facing keen competition from other maritime centres in the region and recommended the Government to set up a new maritime body to proactively drive the long-term development of the maritime industry. Mr YICK urged the Administration to speed up the process in creating the proposed post before establishment of the new maritime body.

5. Under Secretary for Transport and Housing ("USTH") agreed that establishment of a new maritime body could help drive the long-term development of the maritime industry in Hong Kong. The proposed AOSGC post would oversee the preparation, establishment and initial operation of the new maritime body. He added that under the existing establishment of THB(TB), an additional directorate post ranked at the D2 level would be required to assist Deputy Secretary for Transport and Housing (Transport)5 ("DS(T)5") to oversee the maritime team in view of the increasing workload and complexity of work.

6. Noting that the main duties of PAS(T)11 covered the formulation and implementation of policies and initiatives for promoting the development

of the maritime industry in Hong Kong and enhancing its position as an IMC, Mr Albert CHAN considered that the post holder should possess in-depth knowledge of and relevant working experience in the maritime industry. He had reservation about filling the proposed post by an AO as AOs seldom had exposure to the operation of the maritime industry. He enquired if the Administration had considered filling the post through open recruitment.

7. Mr LEUNG Kwok-hung shared Mr Albert CHAN's concern about the appropriateness of filling the proposed post by an AO. In particular, he expressed doubt on the capability of an AO in discharging duties relating to formulation of strategies and engagement of stakeholders in respect of Hong Kong's maritime development in the context of the coming National 13th Five-Year Plan and the "One Belt, One Road" Initiative, and steering legislative measures to enhance safety in the Hong Kong waters. He asked whether THB(TB) had considered recruiting an expert in the maritime industry to fill the post.

8. USTH responded that PAS(T)11 would assist DS(T)5 to prepare for the setting up of a new maritime body, strengthen talent and manpower development for the maritime industry through steering and administering the Maritime and Aviation Training Fund ("MATF") and enhance Hong Kong's position as an IMC. The work of PAS(T)11 would mainly focus on policy planning and implementation, coordinating with industry stakeholders, external parties (e.g. academia and tertiary institutions) and Government bureaux/departments, and representing the Government in liaison with overseas jurisdictions (e.g. negotiation with trading partners on Avoidance of Double Taxation Agreements ("DTAs") covering shipping incomes). Having regard to the level and scope of responsibilities, the Administration considered it appropriate to fill the proposed post by an AO. THB(TB) would further discuss with the Civil Service Bureau ("CSB") and would be mindful in identifying a suitable candidate to fill the post. He supplemented that PAS(T)11 would be underpinned by non-directorate staff in THB(TB) who would provide relevant professional support to the post holder.

9. Mr WU Chi-wai enquired about the deliverables to be achieved by PAS(T)11 in the coming five years. Ms Cyd HO sought information on the liaison work to be undertaken by PAS(T)11.

10. USTH said that the proposed post was created for about five years to provide strong administrative support to DS(T)5 in devising policies and implementation strategies with a view to fostering the development and enhancing the competitiveness of Hong Kong's maritime industry. He added that a number of major initiatives had been developing, such as the initiatives to strengthen support for manpower development for the maritime industry

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and the preparation work for the establishment of a new maritime body. Owing to the complexity and growing volume of work, PAS(T)11 would take forward the existing and future initiatives to promote and facilitate the development of the maritime industry. USTH advised that PAS(T)11 would, among other things, liaise with Government bureaux/departments, industry stakeholders and tertiary institutions in discharging duties in administering MATF.

Government's initiatives in promoting Hong Kong's maritime industry

Maritime and Aviation Training Fund

11. Noting that it was among the duties of PAS(T)11 to steer and administer MATF with the aims to attract new blood to join the maritime and aviation industries and promote local employment in the industries, Mr LEE Cheuk-yan enquired if the post holder would liaise with airlines in Hong Kong to promote the employment of ethnic Chinese pilots as he observed that airlines preferred expatriate pilots to ethnic Chinese pilots and had less incentive to recruit and train Chinese pilots.

12. USTH clarified that the PAS(T)11 post would be created in Division 5 of THB(TB) to work on policy matters relating to the maritime industry development. PAS(T)11 would be in charge of the overall management of MATF and oversee the maritime-related initiatives under the Fund. The aviation-related initiatives of MATF were under the purview of Division 4 of THB(TB).

13. Mr LEE Cheuk-yan requested the Administration to provide supplementary information on the respective duties and responsibilities of Division 4 and Division 5 in THB(TB) in overseeing and administering MATF to enhance manpower development for the aviation and maritime sectors.

(Post-meeting note: The information was circulated to members vide LC Paper No. ESC109/14-15(01) on 28 July 2015.)

14. Mr POON Siu-ping enquired about the summer internship scheme for the maritime and aviation industries under MATF. USTH advised that the scheme was first launched in the summer of 2014 with some 250 tertiary student participants in total. The scheme aimed at giving tertiary students early exposure to the two industries to enhance their understanding of the operation and career prospects of the industries. He added that around 460 internship places were offered in 2015 and some 60 companies had indicated interest to participate in the scheme. For the maritime industry, USTH advised that MATF also funded scholarship/sponsorship schemes for tertiary

students to undertake maritime-related programmes or relevant short-term overseas exchange programmes. MATF also provided financial support for in-service practitioners in the maritime industry to undertake courses or sit for examinations to upgrade their professionalism and acquire further qualifications.

15. In reply to Mr POON Siu-ping's and Mr TANG Ka-piu's enquiries on the scope of the maritime programmes under MATF, USTH said that the programmes not only targeted on developing manpower for ocean-going vessels (e.g. the training of qualified ocean-going seafarers) and port operations but also for local passenger vessels and other maritime-related services. To address members' concerns, USTH undertook to provide supplementary information on the details, progress and achievements of MATF, including the various programmes and schemes supported by the Fund, and how the Fund could facilitate the implementation of new initiatives introduced for the maritime and aviation industries in recent years.

(Post-meeting note: The information was circulated to members vide LC Paper No. ESC109/14-15(01) on 28 July 2015.)

16. Mr WU Chi-wai enquired about the current staffing arrangement for administering MATF and if there would be changes after creation of the PAS(T)11 post. Assistant Secretary for Transport and Housing (Transport)11A ("AS(T)11A") responded that the daily operation of MATF was currently taken up by non-civil service contract ("NCSC") staff and they would continue to be responsible for administering MATF while PAS(T)11 would focus on formulating development strategies and new initiatives under MATF.

Work of the Hong Kong Maritime Industry Council

17. Mr WU Chi-wai noted from paragraph 5 of the Administration's paper that the Government had allocated \$5 million for MIC to conduct policy research and undertake promotional activities. He enquired about the details of the research work.

18. USTH and AS(T)11A explained that the funding of \$5 million earmarked in 2015-16 and 2016-17 was to support MIC in conducting policy-related research and promotional activities. One of the researches being carried out was an in-depth analysis of the economic contribution of various maritime services sectors, including ship management, finance, chartering, marine insurance, etc.

Establishment of a new maritime body

19. Mr TANG Ka-piu expressed support for the proposal. On the initiative to set up a new maritime body, Mr TANG asked if DS(T)5 and PAS(T)11 would follow through the whole process until establishment of the new body. He also sought information on the timeframe for establishing the new maritime body and its institutional set-up, including whether it would be a statutory body vested with regulatory powers over the maritime industry and safety of the Hong Kong waters.

20. USTH advised that THB(TB) had commissioned a consultant to conduct a Business Case Study to work out the structure, functions, mode of operation and funding arrangements of the new maritime body. The consultant was expected to submit its recommendations to the Government in the next few months. PAS(T)11 would facilitate and expedite the work for setting up the new maritime body. He/she would engage the maritime industry and garner support in firming up the structure and modus operandi of the new body, as well as seeking policy and resource approvals from the Legislative Council and the relevant Government bureaux. On the work of the new maritime body, USTH said that it would focus on promoting Hong Kong's maritime services industry to the Mainland and overseas and enhancing manpower training and development for the industry. The new maritime body might not be established as a statutory body with regulatory functions as such functions were currently undertaken by the Marine Department. With regard to whether the incumbents of the DS(T)5 and PAS(T)11 posts would oversee the related work until establishment of the new maritime body, USTH said that deployment of AOs was subject to the relevant established mechanism.

21. Dr KWOK Ka-ki stressed the need for the Administration to devise strategies and concrete measures to promote sustainable development of the maritime industry and nurture human capital for the various sectors of the industry. He enquired if THB(TB) would consider collaborating with other Government bureaux/departments, such as the Commerce and Economic Development Bureau and Education Bureau, in taking forward initiatives to foster the infrastructure and manpower development of Hong Kong's maritime industry, like conducting feasibility study on building an oil refinery in Hong Kong with a view to attracting oil tankers to Hong Kong. He remarked that participation in promotional activities alone such as the Marintec China in Shanghai and Posidonia in Athens as mentioned in paragraph 5 of the Administration's paper would not be conducive to enhancing quality development of Hong Kong's maritime industry.

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22. USTH re-iterated that according to the consultancy study on "Enhancing Hong Kong's Position as an International Maritime Centre" commissioned by MIC in 2011, Hong Kong's maritime industry was facing keen competition from other maritime centres in the region. In order to reinforce and maintain Hong Kong's position as an IMC, Hong Kong should develop high value-added maritime services such as maritime law and finance. Hence, the consultancy study had recommended setting up a new maritime body to bring concerted efforts of the Government and the industry in taking forward related initiatives and measures. Before establishment of the new maritime body, PAS(T)11 had to keep up the momentum in promoting the maritime industry and implementing measures to strengthen manpower development for the industry. He/she would also oversee the preparation, establishment and initial operation of the new maritime body. As regards promotional activities for the maritime industry, USTH advised that Marintec China and Posidonia were large-scale international exhibitions and conferences of the maritime industry. Participation in such important global maritime events could help promote and raise the profile of Hong Kong's maritime industry in the international arena.

23. Mr LEUNG Yiu-chung was of the view that berthing and supporting services for vessels, including maintenance and repair and replenishment of supplies, played an important role in complementing the development of Hong Kong's maritime industry. He enquired about the Administration's plans to develop such services in Hong Kong including identifying suitable sites for the operation of vessel maintenance and repair services and providing training for related technical personnel. The Chairman remarked that future development in Hong Kong's maritime industry might not necessarily result in more vessels coming to Hong Kong and hence driving the demand for berthing and supporting services.

24. USTH said that there was no direct relationship between the economic contribution of the maritime services industry and the number of vessels coming to Hong Kong. The policy directions were to further develop the high value-added services sectors of the maritime industry including ship management, broking and chartering, finance, marine insurance, maritime law and arbitration as well as maritime education; and to nurture talents for the various services sectors. That said, the Administration recognized the need to enhance berthing and supporting facilities in facilitating the development of Hong Kong's maritime industry. To this end, the Port Development Section and Logistics Development Section in Division 5 of THB(TB) were pressing ahead initiatives relating to port and logistics development.

25. Mr LEUNG Yiu-chung re-iterated concern about insufficient support for developing berthing and supporting facilities in Hong Kong.

USTH pointed out that with creation of the PAS(T)11 post and additional non-directorate support to oversee policy matters relating to maritime development, the current manpower support for port development could provide dedicated support in steering related policy matters. USTH added that THB(TB) would monitor the workload and review the manpower needs of Division 5, and consider creation of new posts through the established mechanism when necessary.

26. Ms Cyd HO opined that in taking forward the initiatives in developing Hong Kong's maritime industry, PAS(T)11 should ensure that industry participants would pay attention to environmental aspects and comply with the relevant requirements. USTH replied that the Administration was mindful of the environmental impact of the maritime industry and would monitor developments in the relevant international standards and requirements on marine equipment and port facilities.

Opportunities for Hone Kong's maritime industry under the "One Belt, One Road" Initiative

27. Mr Martin LIAO considered that the National 13th Five-Year Plan and the "One Belt, One Road" Initiative would provide plenty of opportunities for Hong Kong's maritime industry. He enquired about the work of PAS(T)11 in formulating strategies and work plans in these areas, and if the Administration had plans to enhance co-operation with the Guangdong Nansha Free Trade Zone which was also planning to develop itself into an IMC.

28. Mr WU Chi-wai enquired about the role of Hong Kong's maritime industry in the "One Belt, One Road" Initiative and the potential opportunities for the industry in the "21st Century Maritime Silk Road".

29. Ms Cyd HO opined that Hong Kong should have already developed a comprehensive global maritime network and strong cooperation with overseas countries in maritime business. She sought elaboration on how the creation of the PAS(T)11 post would enhance Hong Kong's maritime development in the "One Belt, One Road" Initiative.

30. USTH responded that "One Belt, One Road" was a new strategic vision announced by the Central Government with the aim to foster closer cooperation and create new economic opportunities with countries along the routes. Being an IMC, Hong Kong had developed a comprehensive maritime network covering different parts of the world and possessed competitive edges including the high quality and well-managed port infrastructure, a good supply of related talent and a robust financial system. Hong Kong should capitalize on the new opportunities brought by the "One Belt, One Road" Initiative as

well as the National 13th Five-Year Plan and participate actively in such opportunities, in particular in the provision of high value-added maritime services. For instance, Hong Kong could act as a fund-raising platform for enterprises in the Mainland and countries along "One Belt, One Road". The well-established intermediary services in Hong Kong, like maritime law and arbitration, could facilitate overseas enterprises in entering the Mainland market and assist Mainland enterprises in going global. USTH added that PAS(T)11 would assist DS(T)5 in mapping out strategies and implementation plans in related areas. He/she would also take the lead in the negotiation of DTAs in respect of shipping incomes with countries/economies along the routes. USTH said that it would be under the purview of the proposed new maritime body to develop quality and international maritime services in Hong Kong, and as an interim measure, THB(TB) would take forward the relevant initiatives before the new maritime body came into operation.

Creation of supernumerary/time-limited posts

31. Mr Albert CHAN expressed concern on the increasing trend of the Government in creating supernumerary directorate posts and re-iterated his request made in the previous meeting for information on the establishment of directorate posts for the past and current terms of the Government.

32. Deputy Secretary for the Civil Service (1) ("DS(CS)1") responded that CSB was compiling the information requested by Mr CHAN and would provide it in due course. He drew members' attention to the information paper (i.e. ECI(2015-16)6) submitted to the Subcommittee before the meeting which indicated changes in the directorate establishment since 2002, and said that the number of civil service directorate posts as at June 2015 was similar to that as at January 2002. USTH added that there had been little change in the directorate establishment of THB(TB) in the past two years.

(Post-meeting note: The information concerned was circulated to members vide LC Paper No. ESC103/14-15(01) on 14 July 2015.)

33. Mr LEE Cheuk-yan expressed concern that the practice of deploying civil servants in the permanent establishment to fill supernumerary/time-limited posts in lieu of recruitment of new staff might result in shortage of civil servants in the permanent establishment. He requested the Administration to provide supplementary information on the Government's policy on the creation of supernumerary/time-limited posts and the relevant arrangements for filling such posts, in particular the measures to address his concern about the possible shortage of civil servants in the permanent establishment arising from deploying existing civil servants to fill supernumerary/time-limited posts.

(Post-meeting note: The information was circulated to members vide LC Paper No. ESC109/14-15(02) on 28 July 2015.)

34. DS(CS)1 advised that directorate posts required for undertaking time-limited tasks would be created on a supernumerary basis. Government bureaux and departments were required to follow the established mechanism for creation of supernumerary/time-limited posts. Taking into account the retirement situation and other wastage of the grades concerned, the Government bureaux/departments would be responsible for deploying officers to fill the supernumerary/time-limited posts. As only a small percentage of civil servants in the permanent establishment was deployed to fill supernumerary/time-limited posts, the impact of filling such posts by existing civil servants on the overall permanent establishment would be minimal. DS(CS)1 added that whether a post should be created on a permanent or supernumerary basis depended on the nature of the tasks to be performed by the relevant post holder. The Government bureaux/departments concerned would consider the matter in a prudent manner taking into account their operational needs.

35. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. Mr LEUNG Kwok-hung requested that the item be voted on separately at the relevant FC meeting.

EC(2015-16)6 Proposed creation of one supernumerary post of Administrative Officer Staff Grade C (D2) in the Development Office of the Judiciary Administration of the Judiciary for three years with immediate effect upon approval of the Finance Committee to steer and supervise the legislative amendments in the coming few years

36. The Chairman remarked that the Judiciary Administration ("JA")'s proposal was to create a supernumerary post of AOSGC (D2), to be designated as Assistant Judiciary Administrator (Development)2 ("AJA(D)2"), in the Development Office of JA of the Judiciary for three years with immediate effect upon approval of FC to steer and supervise the legislative amendments relating to the Judiciary in the coming few years.

37. The Chairman advised that the Panel on Administration of Justice and Legal Services ("AJLS Panel") had discussed the proposal at its meeting on 18 May 2015. Panel members supported the proposal to strengthen

administrative support in taking forward many initiatives of the Judiciary requiring legislative amendments.

Duties and qualifications of the proposed post

38. Mr Alan LEONG noted that the main duties of the two AJA(D)s were to take forward the two key initiatives of the Judiciary namely, implementation of the Information Technology Strategy Plan ("ITSP") and review of Family Procedure Rules ("the two key initiatives"). He enquired whether there would be qualification requirement for the post holder, and requested JA to further elaborate the duties involved.

39. Given that the proposed AJA(D)2 post would steer and supervise a substantial amount of legislative amendments, Mr LEUNG Kwok-hung enquired about the reasons for not filling the post by a relevant expert from the Judiciary or the Department of Justice ("DoJ") as he considered that a legal professional could discharge the required duties more effectively particularly in liaising with the legal profession and preparing draft legislation. He said that JA should consider filling the proposed post by a legal expert and the arrangement would be conducive to the successful implementation of ITSP.

40. Mr James TO enquired whether duties relating to the two key initiatives were currently taken up by the incumbent of the existing AJA(D) post (to be renamed as AJA(D)1), and the arrangement for this post with creation of the proposed AJA(D)2 post. He concurred that it would be more cost effective for JA to recruit an external consultant to take up the job or contract out the tasks as he opined that there would be many suitable legal experts in the market. He suggested that JA should explore other alternatives to tackle the surge in workload relating to the two key initiatives, including secondment of staff from DoJ and entrusting the development of ITSP to IT staff, and the existing AJA(D) could take up a coordinating role among various experts.

41. Acting Judiciary Administrator ("JA(Act)") responded that the AJA(D)2 post was created to cater for the surge in legislative work associated with the two key initiatives. The nature of work of the AJA(D)2 post was similar to that of the existing AJA(D) post, which was also an AOSGC post. AJA(D) added that she was currently the only AOSGC officer in the Development Office, and was providing administrative support for all legislative policy proposals initiated by the Judiciary, including the legislative work relating to the implementation of ITSP (which commenced in 2013) and other duties of the Development Office. As for the review of Family Procedure Rules, the relevant legislative work had not yet commenced as the related outcome of consultation had just been published in May 2015. Due to

her heavy work portfolio, she alone could not cope with the expected surge in workload arising from the two key initiatives. AJA(D) stressed that creation of the proposed post was necessary for the timely implementation of the two key initiatives.

42. On the duties of AJA(D)1 and AJA(D)2, AJA(D) explained that they would mainly provide the necessary strategic and high-level administrative input relating to implementation of the two key initiatives, including liaison with technical experts within the Judiciary on issues relating to IT, discussions with the Judges and Judicial Officers within the Judiciary on the formulation and refinement of relevant legislative proposals, liaison with DoJ on legal policy matters involved and drafting of the legislative provisions, consultation with relevant external stakeholders (such as Government bureaux and departments as well as the legal professional bodies including the Hong Kong Bar Association and the Law Society of Hong Kong), and taking the legislative proposals to the Executive Council and the Legislative Council ("LegCo"). AJA(D) added that the post holders would be responsible for preparing the drafting instructions having regard to the views of the relevant stakeholders.

43. JA(Act) responded that it was common to assign AOs to steer and supervise legislative amendment exercises. He stressed that duties of AJA(D)2 were not confined to law drafting and would involve lots of liaison and consultation work with the relevant stakeholders. AJA(D)2 would be required to have knowledge in relevant legislative work, and would be supported by experts, including colleagues from DoJ, in discharging technical tasks like law drafting. Regarding the alternatives proposed by Mr James TO, JA(Act) explained that it would not be feasible to fill the AJA(D)2 post by an external consultant or a legal personnel seconded from DoJ as the post holder had to be familiar with the internal operation of the Government and needed to perform extensive liaison and consultation work with the relevant stakeholders. The Judiciary had already engaged technical staff to conduct IT-related tasks, but it would not be suitable for them to supervise legislative amendment exercises.

44. Responding to Mr Charles MOK's enquiry about the estimated workload of AJA(D)1 and AJA(D)2 on the two key initiatives, AJA(D) advised that it was envisaged that the workload of each of the initiatives would take up about half of each post holder's time. Based on the experience of a similar exercise in the United Kingdom, it was anticipated that the review of Family Procedure Rules would take at least six years to complete. AJA(D) clarified that IT-related tasks of ITSP would be taken up by technical staff within the Judiciary, and AJA(D)2 would only steer and supervise the implementation of the necessary legislative amendments.

45. The Chairman sought details on the support from experts for AJA(D)1 and AJA(D)2 in discharging their duties. AJA(D) advised that for the implementation of ITSP, apart from seeking the views of Judges and Judicial Officers as well as legal professionals in DoJ, AJA(D)2 would need to consult IT experts including those from the Office of the Government Chief Information Officer. On the review of Family Procedure Rules, she said that an internal working group consisting of Judges and Judicial Officers from different levels of court and a representative of Judicial Clerk had been established. It was envisaged that AJA(D)1 would need to assist in the preparation of the drafting instructions for many Orders (which were subsidiary legislation) similar to those of the Rules of the High Court (Cap. 4A) for consideration of the working group as well as DoJ before seeking approval from the Chief Justice of the Court of Final Appeal. The drafting work would subsequently be taken up by law draftsmen in DoJ.

Duration of the proposed post

46. Mr Alan LEONG enquired about reasons for creating the AJA(D)2 post for three years. Given the extensive and complicated legislative amendments involved in ITSP, the Chairman expressed concern that the relevant work might not be completed in three years. He asked if JA had considered creating the proposed post for a longer duration. Mr Charles MOK shared similar views and considered it more appropriate for the duration of the AJA(D)2 post to tie in with completion of the Six-year Action Plan (i.e. the first phase of ITSP).

47. JA(Act) stressed that JA had to exercise vigilance in creating directorate posts and the AJA(D)2 post was thus created for an initial period of three years only. JA would review the continued need of the post near its expiry having regard to the progress of implementing ITSP and the overall workload of the Development Office, and would consider extending the post if necessary. He further remarked that the timetable for completing the Six-year Action Plan would largely depend on the progress of the legislative amendments.

Progress in the Information Technology Strategy Plan and enhancement of information technology systems in the Judiciary

48. Ms Emily LAU pointed out that the Judiciary had been charging high fees for some of its services, such as the provision of transcripts of court proceedings. She called on the Judiciary to increase resources in enhancing its IT facilities so as to improve accessibility of judicial information to the public and lower the costs of its services. Ms LAU enquired about the role of

AJA(D)2 in expediting the work in this area.

49. JA(Act) advised that with FC's approval in 2013, the Judiciary created a new commitment for implementing ITSP which aimed to provide more effective and efficient services to all Judiciary's stakeholders through the greater application of IT in its operation. To enable the processes and services (like filing of documents) of the Judiciary to be operated electronically, quite a number of principal legislation and subsidiary legislation relevant to court operations might need to be amended. Nevertheless, not all components of ITSP required legislative amendments for their implementation. The Judiciary would seek to roll out those ITSP components which did not require legislative changes as soon as possible first. He added that court users could seek, in the first instance, to listen to audio records of court proceedings before deciding whether to apply for the transcripts or not.

50. Mr Alan LEONG enquired about the details of the legislation requiring amendments for implementation of ITSP, and whether the legislative exercise would cover the High Court Ordinance (Cap. 4) ("HCO"), the District Court Ordinance (Cap. 336) ("DCO") and legislation relating to the Magistrates' Courts and various tribunals. He further asked if the Judiciary aimed to implement "paperless courts" in the long run.

51. AJA(D) responded that it was envisaged at this initial stage that a new primary legislation similar to the existing Electronic Transactions Ordinance (Cap. 553) would be introduced to enable the provision of IT services and processes in various courts. Consequential amendments might also be required for those legislation relevant to court operations, including HCO, DCO, Evidence Ordinance (Cap. 8), Criminal Procedure Ordinance (Cap. 221) and Magistrates Ordinance (Cap. 227), etc. Legislative amendments would be needed to enable the provision of electronic processes and services, e.g. "filing" and "servicing" of documents. Other aspects such as possible new offences and penalties as well as admissibility of documents submitted through electronic means, etc., would also need to be considered in the legislative amendment exercise. AJA(D) added that it was likely that some 100 pieces of legislation might need to be examined and possibly some 20 pieces would require amendments.

52. Responding to Mr LEUNG Kwok-hung's enquiry about the implementation timetable of ITSP, JA(Act) advised that the first phase of ITSP (i.e. the Six-year Action Plan) was expected to take about six years from 2013 to around 2019, and was further divided into two stages each lasting about three years. There would be a final phase for the ITSP after the Six-year Action Plan. The details of this final phase would very much depend on the

progress of the two stages of the first phase.

53. Mr LEUNG Kwok-hung expressed concern that it would take nine years for the Judiciary to complete ITSP. He urged the Judiciary to expedite implementation of ITSP and opined that LegCo should support the Judiciary in seeking additional resources in this regard. He considered that the relevant legislative amendment exercises should be expedited to avoid delay in implementing ITSP.

54. JA(Act) assured members that the Judiciary had been according priority to the implementation of ITSP. It was envisaged that a number of components not requiring legislative amendments, such as the electronic submission of some documents, could first be rolled out in phases starting from about late 2016. He said that the Judiciary would report the progress of implementing ITSP to the AJLS Panel at suitable junctures as necessary.

55. Mr Charles MOK opined that the major obstacle encountered by the Judiciary in implementing ITSP lied with the relatively long time required for the various levels of court to change their existing procedures and practices. At the request of the Chairman and Mr MOK, the Judiciary was required to provide information on details of ITSP, including the deliverables, tasks and timetables for various stages of ITSP, expected service improvement to users; as well as the Judiciary's plans for reviewing ITSP and reporting the results to the relevant Panel of LegCo for consideration of necessary additional resources support.

(Post-meeting note: The information was issued to members vide LC Paper No. ESC106/14-15(01) on 23 July 2015.)

Compilation of statistics by the Judiciary

56. Ms Cyd HO expressed concern about rising numbers of prosecutions under section 161 of the Crimes Ordinance (Cap. 200) (i.e. access to computer with criminal or dishonest intent) and applications of warrants from the courts to access information kept by Internet service providers. Ms HO enquired about resources allocated by the Judiciary for compiling statistics on various types of litigation cases as she considered that establishing an electronic case classification system could facilitate court users and the public in retrieving the relevant information easily, thus enhancing the Judiciary's services.

57. JA(Act) responded that the main duty of the Judiciary was to conduct hearings and adjudicate on legal disputes. It would be more appropriate for members of the public to approach the relevant law

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enforcement agencies for the statistics concerned. He remarked that the Judiciary would only collect information necessary for discharging its duties and would do so in a prudent manner, and would refrain from collecting information irrelevant to the performance of its functions. JA(Act) added that given that some litigation cases were complex and might involve various issues, it would be difficult for the Judiciary to classify such cases under defined categories.

58. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. Mr LEUNG Kwok-hung requested that the item be voted on separately at the relevant FC meeting.

EC(2015-16)7 Proposed creation of two permanent posts of one Chief Electrical and Mechanical Engineer (D1) and one Chief Electronics Engineer (D1) in the Electrical and Mechanical Services Department with immediate effect upon the approval by the Finance Committee to enhance the safety inspection and monitoring of existing railway service and new railway projects

59. The Chairman remarked that the Administration's proposal was to create two permanent directorate posts in the Railways Branch of the Electrical and Mechanical Services Department ("EMSD"), including a Chief Electrical and Mechanical Engineer ("CEME") post and a Chief Electronics Engineer ("CEE") post, for enhancing the safety inspection and monitoring of the existing railway service and new railway projects respectively.

60. The Chairman said that the Subcommittee on Matters Relating to Railways ("Railways Subcommittee") had discussed the proposal on 6 March 2015, and supported the proposal in general. Some members of the Railways Subcommittee considered that the proposed CEE post should be created on a supernumerary basis as upon completion of the new railway projects the monitoring work would be greatly reduced. On the other hand, some members opined that creation of the CEE post to oversee the safety performance of new railway projects could already address the current manpower shortage in EMSD, and hence, the proposed CEME post should be created as a time-limited post. At the request of the Railways Subcommittee, the Administration had provided supplementary information on the justifications for creating the two permanent Chief Engineer ("CE") posts.

Performance of the railway system

61. Ms Emily LAU said that there was grave public concern over disruptions of the MTR service happened in the previous week. Stressing the need for the Government to ensure the stability and reliability of railway service, she sought information on improvement measures the Government and MTR Corporation Limited ("MTRCL") would take and how creation of the two proposed posts could enhance work in this regard.

62. Director of Electrical and Mechanical Services ("DEMS") responded that the Government was well aware of the public expectations on the MTR service as the MTR system accounted for about 40% of daily public transport trips and any delay or disruption in service could affect a large number of passengers. DEMS said that it was the Government's objective to maintain the MTR system with a high level of stability and reliability, and the proposal to create the two CE posts was formulated to meet this objective.

63. On the performance of MTRCL's train service, DEMS said that it had achieved a high ranking in the international benchmark comparison of the Community of Metros ("CoMET") (members of CoMET covered the operators of 16 major metro systems in the world). In respect of train reliability, the number of railway incidents per million revenue car-kilometre of the MTR network was below one and MTRCL was in the third place in CoMET's benchmark comparison.

64. As regards follow-up to train service disruptions, DEMS said that the Government would examine the causes of disruption incidents to check if any systemic problems existed, review results of the investigation conducted by MTRCL, and request MTRCL to make improvements. MTRCL had been cooperative in implementing the Government's recommendations over the years.

65. In response to Mr LEUNG Kwok-hung's enquiry about the factors considered in CoMET's train reliability benchmark comparison, DEMS explained that mainly technical performance data relating to operational safety, patronage, train punctuality, etc. were taken into account. Other factors such as the respective role of the metro system in a city's public transport system and user-utilization pattern of the system were not considered.

66. Ms Emily LAU expressed concern about whether the existing MTR system had reached its saturation given the continuous increase in train frequency and the over-crowded conditions in the train compartments. She sought details about the parameters adopted by the Government in working out the carrying capacity of MTR trains. She also asked if the two proposed

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posts would consider measures to further increase train frequency. Ms Cyd HO and Mr LEUNG Kwok-hung shared the concern about congested conditions at station platforms and in train compartments.

67. Deputy Secretary for Transport and Housing (Transport)2 ("DS(T)2") responded that the railway system was designed based on a safety standard of accommodating up to six persons (standing) per square metre ("ppsm") in trains. Based on this standard, loading on the existing MTR system had yet to reach its limit. Nevertheless, due to changes of passenger riding habit, trains running during the busiest hours on the busiest corridors of certain railway lines achieved a passenger density of around four ppsm in recent years. Should this be adopted as the standard, which reflected the level of comfort of passengers, to assess the loading of the trains, certain busiest corridors were nearly full during the peak hours. This had been reported to the Railways Subcommittee before. The Railways Development Strategy ("RDS") 2014 was formulated with a view to expanding the overall carrying capacity of the railway network. DS(T)2 added that MTRCL endeavoured to increase the train frequency where possible. With the signalling system of various railway lines due for upgrading in coming years, it was envisaged that a 10% increase in the carrying capacity of these railway lines could be achieved upon completion of the upgrading works.

Performance indicators for and deliverables of the two proposed posts

68. Mr YIU Si-wing asked whether quantitative and qualitative indicators would be developed for evaluating the performance of the two post holders and ensuring their accountability. Mr WU Chi-wai sought details on the expected deliverables of the two proposed posts.

69. DEMS pointed out that the main purpose of the safety regulatory regime was to monitor the operational safety of MTRCL's train service. In discharging the regulatory duties, the two proposed CEs would be supported by a team of professional and technical staff members, including nine newly created non-directorate posts of which seven being professional and technical staff members, in the Railways Branch. In respect of quantitative indicators for measuring the performance of the two proposed CEs, DEMS said that they would include the numbers of inspections on facilities and investigations conducted on railway incidents. As an illustration, the numbers of inspections on railway facilities and investigations of railway incidents conducted by the Railways Branch would be increased to 280 and 110 respectively by 2020. In addition, modification and upgrading of the existing railway system and the seven new railway projects recommended in RDS 2014 would create a heavy workload for the Railways Branch. The number of works proposals submitted by MTRCL for vetting by the Railways Branch

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was expected to increase to 600 per year involving around 12 000 plans. As regards quality improvement in train service, DEMS reiterated that the regulatory work of the Railways Branch would be expanded to cover undertaking proactive inspection work at the system level to examine MTRCL's workflow, procedures and safety management system in addition to conducting purposeful investigations after occurrence of railway incidents. Moreover, the two proposed CEs would seek to enhance the transparency of MTRCL's operation to facilitate monitoring by the public and LegCo. They would also be responsible for keeping EMSD's railway safety regulatory regime on par with the international standards and best practices. In response to the Chairman's question on examples of the international standards, DEMS said that CoMET measured train reliability by the number of incidents that led to service disruptions of five minutes or above per million revenue car-kilometre.

The Government's regulatory regime over safety of the railway system

70. Mr LEE Cheuk-yan observed that faults in the signalling systems were a common cause of railway incidents and enquired if the Government had worked out a solution with MTRCL to improve the signalling systems. Mr Charles MOK referred to the concerns expressed by engineering and IT experts about the security of MTR's operational systems including the electrical and mechanical, electronic, and IT systems as well as the signalling systems. He asked if the two proposed CEs would be responsible for enhancing the IT security of MTRCL's systems, and how the Government could ensure that the post holders would possess the relevant professional knowledge and experience.

71. DEMS emphasized that creation of the two CE posts would enable the Railways Branch to enhance its daily regulatory work and adopt a proactive and precautionary approach in responding to safety and major service disruption issues. There would be enhancement in the monitoring work at various levels covering safety and reliability of the railway system. Apart from the purposeful investigations at the "point level", inspection work would cover the various systems of MTRCL at the "line level". In addition, there would be enhancement in the regulatory work at the "plane level" as the Railways Branch would conduct regular supervisory audits on MTRCL's safety mechanism and asset management procedures, as well as look into adequacy of its resources investment in railway safety.

72. Regarding MTR's signalling systems, DEMS stressed that both the Government and MTRCL attached great importance to maintaining reliability of the signalling systems. For this purpose, MTRCL planned to invest over \$10 billion to replace the signalling systems at seven railway lines and 78

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trains in the coming years with new and more advanced systems and trains. One of the proposed CE posts was pitched at the CEE rank and would be filled by a professional with expertise in railway-related information and communication technology as the new signalling systems would be composed of electronic systems. The Government also recognized that safeguarding IT security of the railway service was an integral part of the safety regulatory regime. To ensure that the two post holders would be competent in discharging the regulatory duties, the Government would assess the professional knowledge, relevant experience in safety management of railway system, public administration experience, and leadership capabilities of the candidates in a prudent manner in selecting the most suitable personnel in filling the posts.

73. Mr WU Chi-wai supported the proposal to create the two CE posts for strengthening the safety inspection and monitoring of railway service, and the general direction in enhancing the safety regulatory regime. He enquired if creating the two posts could expedite the signalling system replacement project which was targeted to complete in 2026, and further suggested conducting testing of the new signalling systems during test runs of the Shatin-to-Central Link ("SCL") so as to speed up the replacement project. He also sought details on the supervisory audits on MTRCL's asset management procedures and measures to ensure MTRCL would follow up on the Government's recommendations.

74. DEMS responded that the signalling system replacement project was extremely complex because during the replacement process several signalling systems would need to be used on the same MTR route concurrently. In order to avoid affecting the normal operation of train service, the relevant work would be time-critical and could only be carried out between midnight and early morning before resumption of train service. Supervision of the various complex tasks would be a challenge for the Railways Branch and require dedicated directorate support. The Railways Branch would monitor the work of MTRCL and seek to expedite the project where possible without compromising the safety and stability of the railway service. On the SCL project, DEMS explained that during the transition period before the commissioning of SCL, there would be challenges in ensuring the compatibility between different signalling systems and different train types. The Railways Branch would work in close collaboration with MTRCL to ensure smooth implementation of the signalling system replacement project.

75. Responding to Mr WU Chi-wai's enquiry about whether installation of platform screen doors for some routes including the East Rail Line ("ERL") would tie-in with implementation of the signalling system replacement project, DEMS said that as the existing ERL signalling system could not accurately

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determine the train positions, operation of the signalling system could not synchronize with the platform screen door system. It was MTRCL's plan to replace the ERL signalling system by 2021 and install platform screen doors on ERL at the same time.

76. On the supervisory audits, DEMS explained that the purposes were to identify areas for improvement on MTRCL's assets and its service reliability, as well as minimize the potential impacts of incidents on train service. The audits would be conducted with reference to the ISO 55001 asset management standards promulgated by the International Organization for Standardization. He said that the Government was confident that MTRCL would implement the recommendations of the supervisory audits. So far, MTRCL had never refused improvement recommendations put forward by the Government identified in the investigations on railway incidents.

77. Mr NG Leung-sing declared that he was an Independent Non-Executive Director of MTRCL. He stressed that human factor was an important component in the safety and risk management of the railway system, and asked if the safety regulatory regime over MTRCL had covered the monitoring of personnel-related issues, including measures to prevent chronic fatigue of MTR drivers due to long working hours which might jeopardize the safe operation of trains.

78. DEMS confirmed that the safety regulatory regime over MTRCL's train service had included the human element. He said that the Railways Branch had been closely monitoring the human factors in relation to railway safety which covered aspects including training, performance assessment, and staff management actions. As the performance of train captains had a direct impact on the safe operation of MTR trains, train captains were given a short break after every four hours of continuous work to avoid fatigue and ensure occupational safety.

79. Ms Cyd HO noted that the proposed CEE would monitor the safety performance of the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL") upon its commissioning. She expressed concern about discrepancies in the safety standards of railway network in Hong Kong and the Mainland, and asked if the standards would be aligned in ensuring the safe operation of XRL.

80. DEMS responded that as XRL was a cross-border railway infrastructure, there would be close coordination and cooperation between the control centres of MTRCL and the Mainland operator to ensure efficient and safe operation of train service. It was necessary for the two parties to conduct joint tests and adopt a common communication and train control

system for the XRL operation. He stressed that XRL train captains would need to comply with the relevant safety requirements and procedures of both Hong Kong and the Mainland, and they would be provided with the relevant training.

81. In reply to Mr WU Chi-wai's question on whether the Government would disclose to the public details of its supervisory audits on MTRCL's asset management procedures, DEMS said that MTRCL would disclose information relating to its asset upgrading projects, such as the signalling system and train replacement projects in the coming years which involved expenditures of some \$3.3 billion and \$7 billion respectively. MTRCL would not disclose commercial and financial sensitive information to the public.

Frontline staffing support for railway maintenance

82. Ms Cyd HO opined that MTRCL should strengthen the establishment of its frontline technical staff to cope with increased workload arising from expansion of the railway network. She sought information on MTRCL's plans to recruit technical personnel with the commissioning of several new lines in the coming years.

83. DEMS responded that MTRCL had been strengthening its manpower resources in tandem with expansion of the railway network. The establishment of MTRCL's technical staff had registered an increase of around 10.5% from 3 800 in 2010 to 4 200 in 2014. He reiterated that in future, the Railways Branch would monitor MTRCL's asset management work, including adequacy of its manpower resources for undertaking daily inspection and maintenance of the railway network.

84. Mr LEE Cheuk-yan said that he was opposed to contracting out MTRCL's daily maintenance work due to concerns about expertise and experience of the contractors and the arrangement resulting in a cumbersome monitoring system. He sought details about the latest position in the outsourced maintenance service, including that for the Tseung Kwan O Line ("TKL").

85. DEMS said that as informed by MTRCL, with effect from August 2015, the maintenance of TKL's infrastructure (including tracks, signalling system, electrical distribution systems and overhead lines) would be conducted by its in-house staff. In response to Ms Cyd HO's further question, DEMS advised that the total number of outsourced posts for the railway maintenance service was 1 100 in 2010 and 1 300 in 2014.

Dissemination of train information by MTR Corporation Limited

86. Mr NG Leung-sing considered that CoMET's benchmark comparison was a useful indicator of MTRCL's performance and suggested that MTRCL should enhance public awareness of its performance in the benchmark comparison. Moreover, he opined that MTRCL should make immediate announcement on a service disruption so that passengers could understand the situation and decide whether to switch to other types of transport. He added that after each service disruption, MTRCL should review whether the period of suspension of service was reasonable and release such findings to the public on a regular basis.

87. DS(T)2 said that MTRCL attached great importance to disseminating train service information to passengers in a timely manner, and it had introduced various enhancement measures in this aspect, such as providing information on its train service performance in the advertising panels of stations. He pointed out that both MTRCL and the Government had been from time to time providing reports to LegCo on the number of train service disruptions. He took note of members' views on enhancing dissemination of train service information to passengers and mentioned that the Government would continue to closely liaise with MTRCL on this.

88. Mr LEUNG Kwok-hung opined that to enhance transparency and facilitate public monitoring, MTRCL should make available on the Internet information relating to its daily inspection/maintenance work of the railway network and investigations on incidents. DEMS responded that under existing arrangements, MTRCL published regular reports on railway incidents. He undertook to reflect Mr LEUNG's views to MTRCL.

89. At 6:27 pm, the Chairman suggested that the meeting be extended for 15 minutes up to 6:45 pm. Ms Claudia MO raised objection. At the request of the Chairman, the Clerk clarified that if the Subcommittee decided otherwise, there would be no extension of the meeting time. Members then agreed that the item be put to vote immediately.

90. The Chairman put the item to vote. Members agreed that the Subcommittee should recommend the item to FC for approval. Mr LEUNG Kwok-hung requested separate voting on the item at the relevant FC meeting.

91. The Chairman said that this meeting was the last Subcommittee meeting in the current legislative session. He thanked members for their contribution to the work of the Subcommittee.

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92. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 1
Legislative Council Secretariat
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