

LC Paper No. ESC17/99-00

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**Establishment Subcommittee of the Finance Committee
of the Legislative Council**

**Minutes of the 3rd meeting
held at the Legislative Council Chamber
on Wednesday, 10 November 1999, at 10:45 am**

Members present:

Dr Hon Philip WONG Yu-hong (Chairman)
Hon NG Leung-sing (Deputy Chairman)
Hon Michael HO Mun-ka
Ir Dr Hon Raymond HO Chung-tai, JP
Hon Margaret NG
Hon Mrs Selina CHOW LIANG Shuk-ye, JP
Hon MA Fung-kwok
Hon CHEUNG Man-kwong
Hon CHAN Kwok-keung
Hon Bernard CHAN
Hon CHAN Wing-chan
Hon Jasper TSANG Yok-sing, JP
Hon Howard YOUNG, JP
Hon YEUNG Yiu-chung
Hon CHOY So-yuk

Members absent:

Dr Hon David LI Kwok-po, JP
Dr Hon LEONG Che-hung, JP
Hon Andrew WONG Wang-fat, JP
Hon Emily LAU Wai-hing, JP
Hon SZETO Wah

Public officers attending:

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| Mrs Carrie LAM, JP | Deputy Secretary for the Treasury |
| Mr K K LAM | Principal Executive Officer (General), Finance Bureau |
| Mr D W PESCOD, JP | Deputy Secretary for the Civil Service |
| Mr Wilfred TSUI | Judiciary Administrator |
| Mrs Betty CHU | Judiciary Secretary |
| Mr Alan LO | Principal Assistant Secretary for Economic Services |
| Mr Albert K Y LAM, JP | Director of Civil Aviation |
| Mr W Y LEUNG | Assistant Director of Civil Aviation |
| Mr John LAU | Air Traffic General Manager, Civil Aviation Department |
| Miss Susie HO | Deputy Secretary for Financial Services |
| Mr Alan WONG, JP | Commissioner of Insurance |
| Mr Victor NG | Assistant Commissioner of Insurance |

Clerk in attendance:

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| Miss Polly YEUNG | Chief Assistant Secretary (1)3 |
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Staff in attendance:

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| Ms Pauline NG | Assistant Secretary General 1 |
| Ms Sarah YUEN | Senior Assistant Secretary (1)4 |

EC(1999-2000)21 Proposed creation of one permanent post of Adjudicator, Small Claims Tribunal (JSPS 10) in the Judiciary to cope with the increasing workload as a result of the raising of the financial jurisdictional limit of the Small Claims Tribunal from \$15,000 to \$50,000

In response to Miss Margaret NG's enquiries, the Judiciary Administrator (JA) confirmed that the present paper would not propose any increase to what the Panel on Administration of Justice and Legal Services (AJLS) had been briefed earlier in the context of the proposed amendments to the Small Claims Tribunal Ordinance. While stating her support in principle for the creation of a permanent post of Adjudicator in the Small Claims Tribunal (the Tribunal), Miss NG cast doubt on whether the projected increase in caseload as a result of cases transferred from the District Court to the Tribunal following its revised financial jurisdiction was realistic, bearing in mind that such transfers would not be automatically effected but would also

depend on the nature of the cases. In response, JA explained that the projection had been made on the basis of past figures of transferable claims ranging from \$15,001 to \$50,000 dealt with in the District Court, which included cases of non-payment of debts, private loans, rents, deposits, etc.

2. In view of signs of recovery in the economy, Miss Margaret NG questioned if the increase in the Tribunal's caseload in 1998 resulting from the economic downturn would recur in 1999. In response, JA reported that no levelling-off sign had been observed. Since the raising of the Tribunal's financial jurisdictional limit on 19 October 1999, about 20% increase in cases was already noted. Moreover, although a 28% caseload increase had been projected for the Tribunal for 1999, the current proposal was only about 16% increase in establishment terms.

3. Mr CHAN Wing-chan stated his support in principle for the proposal but raised concern about the impact of a decrease in the Tribunal's caseload on staffing arrangements when the economy improved. JA assured members that in such a case, the Tribunal's resources would be efficiently redeployed to other levels of the Judiciary. He nevertheless pointed out that changes in the economy were only one of the many factors that would affect the caseload of the Tribunal.

4. On the feasibility of redeploying judicial resources from the District Court to the Tribunal, JA drew members' attention to the recently introduced District Court (Amendment) Bill 1999 which proposed to raise the civil jurisdiction of the District Court by five-fold from \$120,000 to \$600,000 and to transfer cases from the High Court to it. Hence, notwithstanding the transfer of some of its cases to the Tribunal, additional caseload for the District Court was still anticipated. JA further explained that there was also no plan to redeploy judges of the High Court to the District Court despite future transfers of some of the former's cases to the latter due to an anticipated increase in appeal cases to be handled by the High Court.

5. Mr NG Leung-sing enquired about the maximum number of cases a full-time Adjudicator could handle having regard to the need to meet the statutory requirement of hearing a case within 60 days after it was filed. In reply, JA stressed that the Judiciary's workload could not be measured solely with reference to the number of cases. He further informed members that on average, a case could be heard 40 days after it was filed.

6. Mr NG Leung-sing further enquired if there were plans to review the Tribunal's staffing establishment to cope with a possible surge in caseload resulting from its raised financial jurisdiction. JA advised that there was no immediate timetable for review but assured members that the caseload and staffing situation of the Judiciary were regularly reported to the Panel on AJLS for members' information.

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7. Miss Margaret NG referred to claims that due to insufficient judicial staff, claimants filing claims in the Tribunal were often being pressured into settling their claims with the defendants out-of-court. She asked whether the present proposal could help alleviate such pressure on private settlement. In response, JA pointed out that mediation with a view to assisting both parties to reach a mutual settlement was part and parcel of the Tribunal's procedures. Mediation was carried out by specially trained Tribunal Officers who were both experienced and conversant with the laws. Noting Miss NG's concern, he agreed to gear up the training of the Tribunal staff responsible for conducting mediation. To avoid giving an impression of partiality, Miss Margaret NG suggested that the service of outside professional mediators should be engaged. JA noted her suggestion for consideration.

8. As regards the qualifications required of the proposed Adjudicator, JA advised that the candidate should be a legal practitioner with at least five years' practice.

9. Mrs Selina CHOW expressed strong support for the proposal but urged that claims from tourists be dealt with more expeditiously in view of their short stay in Hong Kong. In response, JA stressed that tourists' claims were already being processed through the fast track according to the professional guidelines issued to Adjudicators. Such claims were normally dealt with on the following day unless contended by the defendant. In any event, a trial would be conducted in not more than five days. He assured members that every effort would be made to expedite handling of cases involving tourists.

10. The item was voted on and endorsed.

EC(1999-2000)22 Proposed creation of two permanent posts of one Chief Electronics Engineer (D1) and one Chief Air Traffic Control Officer (D1) in the Civil Aviation Department with effect from 1 January 2000 to lead a new Electronics Engineering (Projects) Section of Technical and Planning Division and a new Project and Development Section of Air Traffic Management Division respectively

11. Mr Howard YOUNG stated his support for the proposal but was concerned that the staff costs so increased would lead to higher charges for the airlines and hence airfare increases. He opined that apart from providing technical and operational support for the Communications, Navigation, Surveillance and Air Traffic Management (CNS/ATM) project, the two proposed posts should also be required to exercise stringent cost control to achieve savings to offset the additional staff costs. In response, the Director of Civil Aviation (D of CA) assured members that the Civil Aviation Department (CAD) had always been able to exercise careful control to ensure

implementation of projects within budget. For example, where the CNS/ATM project was concerned, CAD had only sought funds for its study and trial phases, and would only seek further financial provision for its implementation phase when relevant information on the system design, equipment requirement and possible sharing of facilities with neighbouring airports was available.

12. On the 0.2% increase in total cost for the En-route Navigation Services, D of CA confirmed that the increase had arisen from the need to recover the cost for the staff proposed in this paper for developing the CNS/ATM Systems. He further confirmed that the total cost of the Systems would be shared by en-route and landing aircraft in the ratio of 20:80 as the latter required more air traffic control services.

13. In reply to Mr Michael HO on whether the workload of the two proposed posts would decrease substantially upon commissioning of the CNS/ATM Systems, D of CA pointed out that this had yet to be reviewed. However, according to experience, the workload resulting from such new commitments was usually not one-off but that regular updates to the Air Traffic Control (ATC) system would be needed to cater for developments in ATC/aviation technologies. In view of the uncertainty, Mr Michael HO questioned the need for creating permanent, instead of supernumerary, posts for the purpose. In response, D of CA advised that as the CNS/ATM project would span over ten years, it was necessary to engage permanent staff.

14. Noting that the existing Chief Electronics Engineer (CEE) in the Technical and Planning Division was responsible, inter alia, for working out arrangements to ensure the reliability of power supply, Mr CHAN Wing-chan enquired whether the recent power failure at the airport had affected the ATC systems as well. In reply, the Assistant Director of Civil Aviation (AD of CA) reported that the ATC systems were also affected but because they were well supported by backup generators and Uninterrupted Power Supply (UPS) devices, their service had not been affected. He further reported that the Airport Authority and China Light and Power Co. Ltd. had already formed a working group to co-ordinate and prepare contingency plans for power failures to ensure a reliable power supply for the airport. D of CA supplemented that to achieve cost-effectiveness, different power backup devices were provided for different items of equipment according to their importance. Important equipment such as radar and communications systems whose uninterrupted service was essential to flight safety would be supported by various backup devices including the UPS. For other items of equipment which could withstand a break of several seconds, backup generators would be provided. For non-essential facilities, there would not be any backup power supply.

15. As to whether there was a need for an additional CEE to cope with the increased workload of the existing CEE, especially upon commissioning of the equipment facilities for the Backup ATC Centre and Tower, AD of CA advised that smooth operation of the backup systems in the Centre was essential to the

provision of immediate backup service whenever necessary to ensure flight safety. As such, when the Centre's over 20 different equipment facilities were commissioned, the existing CEE's workload would inevitably be increased and require sharing out by an additional CEE.

16. On whether the present proposal had stemmed from a shortage of staff overseeing flight safety, D of CA assured members that there was no problem with flight safety but the two proposed posts were required for developing the CNS/ATM Systems and for necessary redistribution of duties. He quoted that while there was need for an additional CEE to cope with the operation of the Backup ATC Centre and Tower, an additional Chief Air Traffic Control Officer (CATCO) would also be required to formulate a new and improved ATC scheme, lead his Section to design, evaluate and validate new flight procedures and ATC operating procedures, and co-ordinate with neighbouring civil aviation authorities. In this regard, the proposed additional posts could also help enhance operational efficiency and safety.

17. Mr NG Leung-sing opined that the proposed CEE should mainly be responsible for ensuring the fulfilment of provisions of the Technical Services Agreement in respect of project needs of CAD, and questioned why he should be required to handle staffing, finance and policy matters with the contractor as well. In response, AD of CA explained that in pursuance of flight safety and efficiency, CAD's contractors were requested to observe the high standards set. However, since in bidding for the contracts, the contract prices had been kept to the minimum, it might be possible that some contractors would compromise quality in the light of financial and staffing constraints. As such, it was important for the CEE to examine with the contractors concerned their staffing, finance and policy matters to identify possible adjustments that could help them better meet the standards with minimal cost implications.

18. Mr NG Leung-sing, nevertheless, was of the view that more detailed contract negotiation should instead be conducted beforehand to ensure the requirements had been clearly specified and agreed upon. In response, D of CA explained that owing to the complexity of contracts under the CNS/ATM Systems, there was a need for very close direction and supervision of, and liaison with the contractors concerned to ensure correct interpretation of the contract terms, and that the deadlines and high standards required would be met. There was also a need for on-site supervision of equipment production/installation. In this connection, the Deputy Secretary for the Treasury confirmed that the Technical Services Agreement was no ordinary service contract but an agreement to supply services to user departments as needed and that as recommended by the Public Accounts Committee, closer management supervision of the level of service sought and provided was necessary.

19. Addressing Miss CHOY So-yuk's concern about the capacity of the runways to cope with the planned integrated mode of operation without

compromising flight safety, D of CA pointed out that the existing ATC arrangements for the runways could only cater for a segregated mode of operation, i.e., of the two runways, one was designated for departing aircraft and the other for arriving aircraft. This mode of operation had however limited the runway capacity to about 50 aircraft movements per hour and, to increase the capacity, an integrated mode of operation which could allow departures and arrivals at both runways would be required in the long term. He further stressed that equipped with the Instrument Landing Systems, the two runways were equally safe for both departures and arrivals. The only difference was that the ATC system of one of them could allow Category III landing from a lower altitude while the other could only cater for Category II landing.

20. The item was voted on and endorsed.

EC(1999-2000)23 Proposed creation of one permanent post of Assistant Commissioner of Insurance (D2) in the Office of the Commissioner of Insurance of the Government Secretariat: Financial Services Bureau to be offset by deletion of one post of Assistant Commissioner of Insurance (D2) with effect from 10 January 2000 to head a new Policy and Development Division after the functions of the Office of the Registrar of Occupational Retirement Schemes are transferred to the Mandatory Provident Fund Schemes Authority

21. Mr NG Leung-sing, while expressing support in principle for the proposed Assistant Commissioner of Insurance (AC of I) post, enquired about the estimated workload involved in carrying out the duty to plan and implement a strategy for promoting Hong Kong as a regional insurance centre. In response, the Commissioner of Insurance (C of I) advised that the related activities would involve conducting overseas promotional visits as well as participating in international conferences and roadshows. This area of work was presently taken up by him but there was a need for the proposed post to share the workload. He further explained that as a result of these promotional efforts, Hong Kong's high potential in becoming a regional insurance centre had been covered in international financial magazines. Such efforts would in future be focussed on attracting more reinsurers and captive insurers to set up their operation in Hong Kong. Members noted that in mapping out a more proactive and systematic publicity programme in this direction, the Financial Services Bureau would also work closely with the Industry Department and Hong Kong's Overseas Economic and Trade Offices.

22. On Hong Kong's potential for developing the reinsurance and captive insurance services, C of I reported that as a result of tax and special regulatory concessions given to professional captive insurance companies recently, one

such company had already been incorporated in Hong Kong. At present, Hong Kong's main competitors in the neighbouring region were Singapore and Malaysia, but with many international companies conducting such business in Southern Mainland, Hong Kong should be able to compete in this sector. As for reinsurance, C of I informed members that at least five reinsurance companies had been incorporated in Hong Kong within the past three years, raising the number of such companies to around 24. Having regard to Hong Kong's sound financial basis and the need for reinsurance when conducting business in the Mainland to spread out relevant risks, the potential for further development in reinsurance was therefore high.

23. On the Mainland market, C of I confirmed that in developing Hong Kong into a regional insurance centre, the Mainland would be targeted as one of its most important markets in consideration of its 7% to 8% economic growth, the implementation of many large-scale infrastructure projects in its big cities and the fast development of its insurance industry. C of I further advised that as foreign insurance companies might encounter difficulties in seeking a licence to conduct direct business in the Mainland while there was greater flexibility allowed for conducting reinsurance there, Hong Kong would aim at developing itself into an off-shore reinsurance centre for the Mainland by providing services such as underwriting and processing of compensation claims. In addition, other neighbouring countries such as Thailand, the Philippines, Taiwan and Vietnam were also Hong Kong's potential markets in this regard.

24. As for the need to intensify efforts to promote Hong Kong, C of I referred to the 1996-97 Budget Speech in which the Financial Secretary mentioned plans to promote Hong Kong's service industries. In consideration of Hong Kong's apparent edge in financial services, the Administration had identified insurance, securities and banking services as targets for promotion and a more proactive approach had since been adopted. Members noted that such an approach was in keeping with the international trend for major cities such as New York, Singapore, Bermuda and Dublin to promote themselves as regional or international insurance centres in response to the globalisation of economy.

25. Mr MA Fung-kwok enquired about the scope of the AC of I's power in formulating policies on promoting Hong Kong. In response, C of I stressed that this area of work required the collaboration of other departments/bureaux and there was relevant legislation to govern his regulatory powers. The AC of I would essentially be representing the C of I in providing input to such inter-departmental teamwork. However, C of I also pointed out that promotional activities only constituted about one-tenth of the proposed AC of I's duties and his contribution should not be measured solely with reference to promotional work.

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26. The item was voted on and endorsed.
27. The Subcommittee was adjourned at 11:50 a.m.

Legislative Council Secretariat

14 December 1999