

**For information
on 2 February 2015**

**Legislative Council Panel on Economic Development
The 2015 Policy Agenda
Policy Initiatives of the Transport Branch of the
Transport and Housing Bureau**

Introduction

This paper elaborates on the initiatives set out in the 2015 Policy Agenda that the Government will pursue and continue to pursue to reinforce and enhance Hong Kong's status as an international maritime and aviation centre.

The further development of Hong Kong as an international maritime and aviation centre

2. The maritime and aviation industry is highly globalized, and is facing keen competition both at regional and global levels. Therefore, we must make use of our prime geographical location, the advantages of our system, and the eastward shift of the global economic development, together with developing manpower resources and through various major infrastructure projects, to fully grasp the opportunities for growth, and enhance Hong Kong's external connectivity by sea, land and air, with a view to maintaining Hong Kong's status as an international and regional maritime and aviation hub.

3. In the past year, the Transport and Housing Bureau (THB) has completed a few major studies, including the "Preliminary Feasibility Study for Container Terminal 10 (CT10) at Southwest Tsing Yi" (PFS), the "Study on the Strategic Development Plan for Hong Kong Port 2030" (HKP2030)¹, as well as a review on the usage and management of port backup land around Kwai Tsing Container Terminals (KTCT) under Short Term Tenancy. The results/recommendations based on the in-depth analysis of the aforementioned studies will facilitate the Bureau to identify the next direction of the port and logistics development and formulate the action plan and

¹ The Executive Summary of the two studies have been uploaded to the website of the Hong Kong Port Development Council: <http://www.pdc.gov.hk/eng/bulletin/report.htm>

policy measures for the coming year.

4. PFS mainly examined the technical feasibility of the Southwest Tsing Yi site for the development of container terminal, including the proposed reclamation. The findings of the PFS indicate that the development of CT10 at Southwest Tsing Yi should be technically feasible. However, as assessed under HKP2030 study, the project is not viable financially or economically. HKP2030 also forecasts that the total container throughput of Hong Kong Port (HKP) would have an average annual growth of 1.5% up to 2030, with total container throughput estimated to reach 31.5 million twenty-foot equivalent units. The growth in international transshipment would be the main driver. The HKP2030 study reveals that cross-boundary transport has shifted from trucking to river transport; the size of ocean going vessels has increased; and international transshipment which was mainly concentrated at the KTCT has surged. Therefore, the HKP2030 study proposes that the Government adopt appropriate measures to enhance the handling capacity of the terminals so as to sustain the competitiveness of the HKP. It anticipates that the proposed measures (see paragraph 19) should be sufficient to enhance the handling capacity of existing container terminals to cope with future growth. Hence, planning for CT10 before 2030 is not recommended.

5. Further to the Central Authorities' support under the 12th Five-Year Plan for Hong Kong to reinforce and enhance its status as an international maritime centre, the Government is driving the further development of the maritime services sector to tie in with the planning under the 13th Five-Year Plan. We will continue to improve the transport infrastructure network and Hong Kong's land, sea and air connectivity with the Mainland, Asia and the world. We will also capitalise on Hong Kong's advantages as a regional hub to play the role as the "super connector", by serving as the platform for Mainland maritime companies to "go global" and providing professional services for overseas maritime companies to tap into the Mainland market. This will help drive the further development of high value-added aviation and maritime services in Hong Kong.

6. At present, there are about 700 shipping-related companies in Hong Kong, offering a comprehensive range of maritime services, including ship management, broking and chartering, finance, marine insurance, maritime law and arbitration and other support services. Hong Kong has the potential to become an important international maritime services hub for China and the Asia-Pacific region. Taking marine insurance as an example, seven of the 13 members of the International Group of Protection and Indemnity Clubs have presence in Hong Kong, being the largest cluster of representatives

outside London. In addition, the Hong Kong Shipping Register offers quality ship registration service, with its registered total gross tonnage ranked fourth in the world. We will make full use of these competitive advantages and continue to take forward the establishment of a new maritime body (see paragraph 14) and expand the talent pool of the industry (see paragraphs 9-10).

7. On the civil aviation side, the Hong Kong International Airport (HKIA) is the world's busiest cargo airport and one of the world's busiest passenger airports. We will continue to entrench and enhance Hong Kong's status as an international aviation hub. The key areas of work include supporting manpower training and development for the aviation industry, pushing ahead with full force the planning work of the Three-Runway System (3RS), developing the North Commercial District (NCD) on the airport island, enhancing Hong Kong's capacity to handle the passenger and cargo traffic, maintaining high efficiency in air traffic management, regularly reviewing the local demand for air services, as well as strengthening the links between the HKIA and the Pearl River Delta (PRD) Region, and continuing the conduct of regulatory work in regard to local airlines.

On-going Initiatives

8. We will continue to implement various on-going initiatives in 2015 as set out in paragraphs 9 to 45 below.

Manpower Development

(a) Implementing various initiatives and incentive schemes under the Maritime and Aviation Training Fund and continuing to promote tripartite collaboration with the industries and the academia so as to support the manpower development of the maritime and aviation industries.

9. The Maritime and Aviation Training Fund (MATF) was launched on 1 April last year. With the \$100-million funding provided by the Government, THB has launched a number of training and incentive schemes which seek to provide support to more young people or in-service practitioners to undertake relevant skills training and pursue professional studies, and encourage them to join the maritime and aviation industries, thereby enhancing the overall competency and professionalism of the sectors.

10. The Maritime and Aviation Internship Network (MAIN) is one of the major initiatives being introduced under the MATF. Through tripartite collaboration between the Government, industry and academia, internship positions were provided in maritime- and aviation-related companies to over 250 tertiary students last summer. The 29 participating companies are in the maritime law and marine insurance, ship broking/chartering, liner, shipping, ship repair, terminal operation, airport, airlines and air cargo terminal operation, aircraft maintenance and ground handling services sectors etc.. We have received positive feedback from the participating companies and students, remarking that the MAIN had been useful to them. This year, THB will continue with the scheme and will encourage more companies to join, so as to provide even more diversified internship positions for students to enrich their understanding of the maritime and aviation sectors. Another major MATF initiative is the Professional Training and Examination Refund Scheme (ProTERS). It aims to encourage and support in-service practitioners of the two sectors to attend courses being offered by education institutions and professional/industry associations, as well as to sit for professional examinations, with a view to enhancing their competency and facilitating them to acquire professional qualifications. Under ProTERS, successful applicants will be refunded 80% of the fees after completion of/passing the approved courses/examinations. By end of last year, about 50 professional courses and examinations have been listed under ProTERS and over 100 applications received.

11. MATF will continue to support other incentive and scholarship schemes including the Sea-going Training Incentive Scheme, the Local Vessel Trade Training Incentive Scheme, the Partial Tuition Refund Scheme for the Specialised Aircraft Maintenance Programme etc.. New initiatives will also be launched to provide overseas learning opportunities for undergraduate (Ug) and taught-postgraduate (TPg) students of selected maritime-related programmes, and to provide scholarships for selected Ug and TPg aviation-related programmes.

(b) With the support of the Working Group on Transportation under the Economic Development Commission, conducting a study on the feasibility of establishing a civil aviation training institute. The institute aims at enhancing the skills of local and overseas practitioners of the aviation industry, thereby nurturing talent for the industry, enhancing the level of safety and efficiency of air transport, and further strengthening Hong Kong's leading status as a major aviation hub in the region. We will follow up the results of the feasibility study and

examine the detailed arrangements for the establishment of the institute.

12. The Civil Aviation Department (CAD) has engaged a consultant to carry out a feasibility study on establishing a civil aviation training institute. The scope of the study includes an assessment on the current and future manpower resources and training needs of the Hong Kong and overseas aviation industry, and the feasibility of establishing a civil aviation training institute and related issues, including the scale of the institute, types and level of training to be offered, trainers, and interaction and collaboration with the stakeholders (including those existing training institutes), etc.

13. The feasibility study has commenced in mid-2014. During the conduct of the study, the consultant has consulted the stakeholders of the aviation industry, and contacted local and overseas aviation organizations and training institutes to collect relevant information and seek their comments. The consultancy study is expected to be completed early this year. The Government will follow up the results of the feasibility study, and examine the detailed arrangements for establishing the civil aviation training institute.

Maritime-related Initiative

(c) Taking forward the establishment of a new maritime body to promote the long-term development of the industry, drawing up the structural framework of and financial arrangements for the new body; consulting the industry and commencing preparatory work.

14. The consultant released the findings of the consultancy on “Enhancing Hong Kong’s Position as an International Maritime Centre” in end 2013. Among other things, the consultant recommended that the Government set up a new maritime body. The new body is to drive the development of the Hong Kong maritime industry in seizing opportunities in the global economy and facing competition from other maritime centres. Last year, THB commissioned an expert study to look into the scope of work and organisation of the new body with a view to ascertaining its financial and business sustainability. The expert study is in the final stages. Preliminary proposals are expected to be available in the first half of this year. The Government will then consult the Legislative Council (LegCo) and the industry, and start the relevant preparatory work as appropriate.

15. The trend for the maritime industry in Hong Kong to move towards high value-added services is obvious. The consultant recognises that Hong Kong has the potential to further enhance its position as an international

maritime services hub. Setting up a new maritime body will bring together resources of the Government and the industry more effectively in driving policy and industry research, overseas promotion, manpower training etc.. Pending the establishment of the new body, THB will enhance the functions of the Hong Kong Maritime Industry Council (MIC), and will join hands with the industry, Hong Kong Trade Development Council, Invest Hong Kong and Vocational Training Council to step up promotion in overseas and the Mainland markets, conduct policy research and manpower training, and attract more high value-added maritime services to cluster in Hong Kong.

(d) Joining efforts with the MIC, Working Group on Transportation under the Economic Development Commission and other related organisations to consolidate and enhance Hong Kong's position as an international maritime centre.

16. The Government will continue to join efforts with the industry to promote the diversified and quality maritime services on offer in Hong Kong. An MIC delegation visited Athens and London in June last year, participating in a large-scale international maritime exhibition and staging a promotional seminar to promote to overseas counterparts Hong Kong's competitive advantages in providing high value-added services, including maritime law and arbitration, ship registration, shipbroking, finance and marine insurance. This year, THB and MIC plan to conduct a promotional visit to Germany in April, participate in the Marintec China in Shanghai towards the end of this year and visit other maritime centres in the Mainland. We will, through these visits, promote Hong Kong as the platform for operating international maritime business and present to our counterparts the quality maritime services Hong Kong can offer.

17. To date, Hong Kong has made double taxation relief arrangements covering shipping income with 39 major trading partners². The Government is negotiating with 15 other economies³ on similar arrangements, and will continue to take forward the work with a view to creating an even more friendly business environment for the maritime industry

² Austria, Belgium, Brunei, Canada, Chile, Czech, Mainland of China, Denmark, France, Germany, Guernsey, Hungary, Indonesia, Ireland, Italy, Japan, Jersey, Korea, Kuwait, Liechtenstein, Luxembourg, Malaysia, Malta, Mexico, the Netherlands, New Zealand, Norway, Portugal, Qatar, Singapore, South Africa, Spain, Sri Lanka, Switzerland, Thailand, United Arab Emirates, the United Kingdom, the United States and Vietnam.

³ Bahrain, Bangladesh, Finland, Germany, Greece, India, Israel, Latvia, Macao SAR, Mauritius, Pakistan, Romania, Russian Federation, Taiwan China and Saudi Arabia.

(e) Progressively following up and implementing improvement measures to enhance the competitiveness of Hong Kong Port.

18. The Government released findings of the HKP2030 on 1 December 2014 which reveals that container throughput in HKP will continue to see growth in the coming years, but in order to cope with a projected future increase in throughput up to 2030, it is necessary to enhance the handling capacity of the existing container terminals and related infrastructural facilities.

19. The HKP2030 proposes a series of enhancement measures, including upgrading Stonecutters Island Public Cargo Working Area to a modern container handling facility for ocean-going or river trade vessels, thereby improving operational efficiency; enabling the River Trade Terminal, which can accommodate ocean-going vessels, to become a terminal for both ocean-going and river trade vessels; providing additional barge berths at the KTCT to relieve congestion caused by the increase of river cargo throughput; and making better use of land and other facilities around the terminals to enhance operational efficiency and accommodate future growth in transshipment. Since the proposed measures involve the interests and needs of different operators, the Government will continue to work closely with the industry to devise and implement feasible options to ease the pressure faced by the port and to enhance the operational capability and efficiency of terminals so as to maintain the competitiveness of the HKP.

20. At the same time, in order to rationalise and enhance the existing port facilities and backup land and to enhance the land use efficiency, the Government is reviewing the allocation and management of port backup land in the vicinity of KTCT leased under short-term tenancies. The review will explore how to better utilise the land to support the efficient operation of the container terminals and the Port as a whole. Proposals will be set out in a document for industry consultation in due course.

21. In addition, the Government commissioned in June last year a consultancy study on a site in Kwai Chung, currently used for port backup purposes, to explore the feasibility of developing the site into a multi-storey car park principally for use by container trucks and medium/heavy goods vehicles, with the aim of freeing up some sites under short-term lease currently used as open-air car parks for port backup uses so as to provide better support to port operations. The study is expected to be completed by around the middle of this year.

Logistics-related Initiative

- (f) Facilitating the provision of high-value-added third-party logistics services in Hong Kong by continuing to work with the departments concerned to identify suitable sites for the development of modern logistics facilities.***

22. Hong Kong, with its strategic location and comprehensive transport network, is a preferred transportation and logistics hub in Asia. We have a convenient multi-modal transport network and efficient transport infrastructure including the airport and port. Moreover, we enjoy the status of a free port, with good intellectual property protection as well as experienced professionals. These advantages have contributed to Hong Kong's development into a high value goods inventory management and regional distribution centre.

23. To support industry development in the high-end market segment and to meet growing service needs, we have reserved about 10 hectares of land in Tuen Mun West for the construction of modern logistics facilities. The relevant traffic impact assessment is near finalisation. Subject to confirmation of feasibility of the proposed logistics development, consultation with the District Council and planning approval from the Town Planning Board, we expect the logistics land to be made available to the market in phases starting from the second half of 2015 at the earliest. In addition, we will continue to work with the relevant departments to identify suitable land for logistics use in the new development areas, so as to strengthen Hong Kong's position as a regional logistics hub.

24. We will also continue to discuss with the Hong Kong Logistics Development Council (LOGSCOUNCIL) on the implementation of various initiatives to promote e-logistics, enhance the industry's operation efficiency and encourage manpower training. For example, we will launch the SME-plug Jumpstart Programme in March 2015 to sponsor 100 logistics companies in the installation of the SME-plug. A sum of \$3 million has been reserved for this project. The SME-plug will assist logistics companies to get connected to large electronic platforms for freight handling and encourage the wider use of information technology by the industry.

Aviation-related Initiative

- (g) Working with the Airport Authority (AA) to develop the North Commercial District on the airport island so as to maximise the development potential of this site, taking into account the future***

development of the Hong Kong International Airport (including the three-runway system) as well as the synergy with Lantau and the Western Pearl River Delta region.

25. We will continue to work together with AA on development of the NCD of the HKIA. During the development of NCD, we will also take into account the future expansion plan of the HKIA, including the planning of 3RS, and synergy with developments on Lantau, with a view to maximising the benefits of NCD. AA has completed a master layout plan study setting out the blueprint of the NCD development, proposing retail and hotel developments in two phases. The total gross floor area of the first phase of retail development will be around 200 000 square metres. AA is organizing a design workshop to solicit creative design ideas for the first phase retail, dining and entertainment destination development from selected professional design companies.

(h) Working with the Airport Authority to implement initiatives which enhance airport capacity and airport services, including the midfield expansion project, and actively assisting the Airport Authority in taking forward the development of the three-runway system at the Hong Kong International Airport to meet the long-term air traffic demand of Hong Kong.

26. In light of the ever increasing air traffic demand of Hong Kong, the existing two-runway system (2RS) at HKIA is expected to reach its maximum capacity within a few years. Given that other international airports in the region (including Singapore Changi, Seoul Incheon, Guangzhou Baiyun, Shenzhen Bao'an airports, etc.) have all committed/planned respective expansion projects, the Government is actively assisting the AA in pressing ahead the planning work for the 3RS project in order to meet the long-term air traffic demand and maintain Hong Kong's status as an international and regional aviation hub.

27. The planning work of the 3RS project has been progressing well, of which, AA has successfully completed the statutory environmental impact assessment process with the Director of Environmental Protection's issuing an environmental permit for the project in early November last year. AA has also completed recently the remaining planning work, including the associated design details and financial arrangement study of the project, and submitted its recommendations to the Government in mid-January 2015. AA wishes to be able to commence the construction works as early as possible in 2016 with a view to commissioning the 3RS in 2023.

28. With the 3RS in place, AA expects that the capacity of HKIA will increase from currently 420,000 flight movements per year under the 2RS to 620,000 per year. The additional capacity can cope with the long-term air traffic demand of HKIA. We expect that HKIA will handle around 100 million passengers and 8.9 million tonnes of cargo annually by 2030, up from around 60 million passengers and 4.1 million tonnes of cargo in 2013.

29. Separately, to cope with both short and medium term air traffic demand, AA is implementing midfield development project. A passenger concourse is under construction to provide 20 additional aircraft parking stands. The project started in late 2011 and is expected to be completed this year. At the same time, AA has constructed 28 additional aircraft parking stands on the West Apron, of which 20 were completed in 2013 and the remaining eight were also completed by end of last year. Upon completion of all these expansion projects, the number of aircraft parking stands will increase to around 180.

(i) Improving air traffic management through optimising the use of airspace and implementing measures to enhance the air traffic control system.

30. The Government attaches paramount importance to aviation safety, and is committed to maintaining an efficient air traffic management.

31. Over the past year, the CAD has, through various optimization measures of air traffic management, increased the aircraft movements at the HKIA under two-runway system from the maximum of 63 movements per hour in early 2013, to the maximum of 66 movements per hour last year. CAD will continue to take measures to further increase the aircraft movements under 2RS of the HKIA to the maximum of 68 movements per hour in the second half of this year as planned to cope with the continued growth in air traffic volume.

32. The CAD has maintained close liaison with the Civil Aviation Administration of China and the Civil Aviation Authority of Macao to discuss further implementing the consolidated plan drawn up by the three parties in 2007 which seek to optimize the airspace structure and the cooperation arrangements for air traffic management. During the formulation of the consolidated plan, the three parties have considered the safety standards promulgated by the International Civil Aviation Organization (ICAO), as well as the needs of the airports in the PRD region for future expansion, including the development of the 3RS of the HKIA. At the moment, a number of improvement measures in the plan have already

been implemented, including the addition of peripheral routes of the PRD airspace, establishment of new entry points, and adjustment of the Zhuhai airspace, etc, which have facilitated the airspace management and coordination in the region. The three parties will continue to enhance the airspace volume and air traffic management efficiency while ensuring safety and smooth operation of air traffic.

33. In addition, the CAD has continued proactively implementing the replacement of the air traffic control (ATC) system during the year. Seven out of eight major system projects of the new ATC system have been substantially completed as scheduled. Two of the systems have been put into operational use since 2013. The other five systems are planned for commencing operation in phases this year. The CAD has urged the contractor to expedite its work, and conduct stringent acceptance tests for the remaining system, while ensuring its safety, stability and efficiency. The CAD estimates that the new ATC system can be completed in the first half of this year, and arrange for training for air traffic control personnel. The system will then commence operation in the first half of next year. The new ATC system will meet the latest air traffic management standards and safety requirements promulgated by the ICAO, enhance the handling capacity of the CAD in air traffic management, and improve the coordination with the other ATC systems in the region, thereby coping with the continued growth in air traffic volume.

(j) Reviewing the air services arrangements with our aviation partners, with a view to further liberalising our air service regime, thereby supporting the continued growth and development of the local civil aviation industry.

34. In 2014/15, we signed a new air services agreement with the Republic of Madagascar. We also reviewed and expanded our air services agreements with five aviation partners (Italy, the mainland China, New Zealand, Thailand and the Philippines) to provide more growth and development opportunities for the local aviation industry.

35. We will continue to review the demand for air services from time to time and initiate air services negotiations with our aviation partners with a view to increasing air traffic capacity to meet market demand.

(k) Assisting the Airport Authority in expanding inter-modal connections to strengthen the links between the Hong Kong International Airport and the Pearl River Delta (PRD) region.

36. The HKIA is a gateway of Mainland China, supported by an integrated and multi-modal transport network. Cross-boundary coaches, limousine and ferry services connect passengers between the PRD and international destinations via the HKIA. Last year, an average of about 550 trips by coaches were made every day to link the HKIA with 110 PRD cities and towns.

37. The SkyPier at HKIA provides speedy ferry services with more than 80 trips a day for air-to-sea/sea-to-air transit passengers travelling to and from HKIA and eight PRD ports, namely Shekou and Fuyong of Shenzhen, Maritime Ferry Terminal and Taipa in Macao, Dongguan Humen, Guangzhou Nansha, Zhongshan and Zhuhai Jiuzhou.

38. With the planned completion of various major transport infrastructure in Hong Kong and PRD Region, including the Hong Kong-Zhuhai-Macao Bridge (HZMB), Guangzhou-Shenzhen-Hong Kong Express Rail-link and Tuen Mun-Chap Lap Kok Link in the coming future, the travelling distance for passengers and cargo to the HKIA will be further shortened and the network between Hong Kong and the PRD Region will be strengthened. It will then take one hour to travel from Hong Kong to Macao and Zhuhai, three hours to most of the major towns and cities in Western PRD. To maximise the synergy effect between HZMB and HKIA and facilitate air passengers in the region, AA is exploring the expansion of intermodal facilities.

(l) Supporting the Air Transport Licensing Authority in regulating our local airlines.

39. The Air Transport (Licensing of Air Services) (Amendment) Regulation 2011 (the amended regulation) strengthens the regulatory regime of the Air Transport Licensing Authority (ATLA) in regulating the financial capability of licence holders, and requires that licence holders notify ATLA of certain matters and submit annual financial statements etc. so as to ensure that ATLA can more effectively assess the continuing financial capability of licence holders to operate the air services. Since the implementation of the amended regulation, the relevant arrangements under the new regime have been operating smoothly. Existing licence holders and new applicant have followed the stipulated requirements and the procedural guide in submitting the relevant information and making applications to ATLA.

Marine Safety-related Initiative

(m) Implementing the improvement measures regarding the regulatory regime lo local passenger-carrying vessels to enhance marine safety; Continuing to follow up recommendations in the report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 (CoI).

40. The Marine Department (MD) continues to follow up on the recommendations made in the CoI Report and implement the recommended measures. A comprehensive systemic review and reform of the Department is underway with focus on introducing improvement measures to enhance marine safety, reviewing and improving its business processes and operational procedures, and mapping out its manpower strategy and training matters.

41. On improvement measures to enhance marine safety, five improvement measures that were identified in the first phase have been smoothly implemented. The new requirements had started to take effect respectively in March, May and November last year. The second phase of work mainly relates to improving the navigational and communication equipment of passenger vessels by requiring them to install three kinds of navigational and communication equipment (namely Automatic Identification System (AIS), radar and Very High Frequency radiotelephone). The proposed requirement was agreed by the trade last year. Since this will involve amendments to the existing legislation, the Government plans to consult this Panel on the subject matter later this year. In the meantime, in order to encourage the trade to install AIS on their vessels, MD launched an incentive scheme in last November to fully subsidise installation of AIS at local passenger vessels.

42. In addition, MD will enhance the requirement on the provision of lifejackets on passenger vessels. MD is exploring the feasibility of developing a lifejacket which is suitable for use by both adult and child. The feasibility study is expected to be completed within this year. Subject to the outcome of the study and subsequent consultation with the trade, we will report to the LegCo as appropriate.

43. As the third phase of work, MD will take forward the following improvement measures this year : (a) enhancing the training of coxswains; (b) requiring coxswains to undergo regular medical examination; (c) devising guidelines on rest arrangements of crew; (d) installing recording equipment to facilitate monitoring of the wheelhouse of vessels; (e) specifying a

standard for the attachment of seats to the deck; and (f) legislating the requirement for child passengers wearing lifejackets at all times while on board and keeping a passenger and crew list on board for major events at sea.

44. The CoI Report had identified issues in MD in regulating local passenger vessels and called for a systemic change in the Department. An organisational review has been carried out to this end, and the first and second phases of review had been completed. MD is following up on the review recommendations to improve its regulatory functions and business procedures, e.g. making necessary changes in systems and procedures, as well as work arrangements and responsibilities of staff, etc. In addition, MD has reviewed the recruitment difficulties and manpower shortage problem of its professional staff, and appropriate measures are being taken to improve the situation, e.g. relaxing the entry requirements on post-qualification working experience, enhancing in-house training for junior officers, etc.

45. With respect to possible problems with MD officers in carrying out their duties in the past as mentioned in the report, including possible maladministration and negligence of duty, an Investigation Team was set up in June 2013 to conduct an internal investigation into MD. The Investigation Team submitted a report to the Secretary for Transport and Housing on 31 March 2014. The internal investigation was completed in a thorough, comprehensive, fair and impartial manner. The internal investigation report recommends disciplinary action to be taken against some MD officers; the investigation report has been forwarded to the Civil Service Bureau in early April 2014 for consideration and initiation of action. The Police are following up the criminal investigation involving MD officers and are in close contact and collaboration with the Department of Justice (DoJ) in order to deal with possible criminality. THB and DoJ explained on various occasions why the internal investigation report cannot be disclosed to the public at this stage. The foremost consideration against this is the adverse impact it will have on the criminal investigation and any possible criminal proceedings that may be undertaken. DoJ is currently following up with the legal representatives of some bereaved families on matters about discovery of the investigation report in the context of legal proceedings. Apart from this, THB, having consulted legal advice, has also agreed to the request of this Panel for all LegCo Members to peruse the internal investigation report under some broad arrangements, and has undertaken to discuss with the LegCo Secretariat in due course on the draft confidentiality undertaking and other details.

Members' Views

46. We welcome Members' views on the various initiatives.

**Transport Branch
Transport and Housing Bureau
January 2015**