



司法機構政務處

Judiciary Administration

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26 July 2017

Ms Sophie Lau
Clerk to the Panel on
Administration of Justice and Legal Services
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong

Dear Ms Lau,

**Panel on Administration of Justice and Legal Services
Meeting on 27 February 2017**

At the meeting of the Panel on Administration of Justice and Legal Services held on 27 February 2017 when the Judiciary's paper on "Review of Solicitors' Hourly Rate – An Update" was discussed, the Judiciary Administration was requested to provide information on the number and frequency of meetings held by the Working Party on Review of Solicitors' Hourly Rates for Party and Party Taxation ("the Working Party") and by the Advisory Group of the Working Party since their establishment.

2. In providing the required information, it is considered advisable to set out the work of the Working Party and the Advisory Group of the Working Party in greater details, so that the matter could be considered in its proper context. It is important to note that the Working Party and the Advisory Group have not only done their work through meetings, but they have also conducted much work outside meetings and through circulation of papers.

3. The Working Party and the Advisory Group were formed in January 2014. The Working Party first met in March 2014 to discuss the principles guiding the review on solicitors' hourly rate for party and party taxation ("SHRs"). After deliberations, the Working Party concluded that factors such as access to justice, recoverability gap, impact on law firms and impact on legal aid were relevant for this purpose. The Working Party also decided to take a two-stage approach to the review of SHRs with an independent consultant to be engaged in each stage to undertake the project.

4. Pursuant to the decision of the Working Party, since May 2014, the Judiciary Administration conducted three rounds of invitation of quotations in the course of engaging an independent consultant. Three rounds were required because no reply was received in the first round; and in the second round, the proposed consultancy fee exceeded the financial limit for a quotation exercise, resulting in cancellation of the exercise and re-tendering of the service. The Working Party and the Advisory Group were consulted and kept fully informed of the above by circulation of papers. Eventually, an independent consultant was successfully engaged in February 2015 for the Stage 1 study.

5. It has taken the independent consultant more time than they originally anticipated to complete the Stage 1 study. In the course of their task, the independent consultant approached the Law Society requesting for assistance in organizing focus-group discussions with some of the law firms. However, because of the lack of positive response from the Law Society, no focus-group discussions could be held. The consultant had to approach selected law firms for interviews on their own.

6. In around September 2015, the consultant came up with a draft interim report on the approach and methodology for conducting the review and mechanism for setting the SHRs. The draft interim report was then circulated to members of the Advisory Group in October 2015. The Advisory Group had a meeting in November 2015 to discuss the draft interim report. In December 2015, the Law Society provided its KPMG's 2nd Report to the Judiciary. As a result, the Advisory Group held another meeting in March 2016 to discuss the interim report in light of the comments raised in the KPMG's 2nd Report. After that meeting, the consultant proceeded to prepare the revised interim report. In May 2016, the Law Society wrote to the Chief Justice, reiterating their views on SHRs, copied to the Working Party and the Advisory Group. In June 2016, the Judiciary Administration replied to the Law Society.

7. At a meeting in September 2016, the Working Party endorsed the final report prepared by the consultant. Thereafter, the Working Party considered the draft Report for the Stage 1 Study of Reviews of Solicitors' Hourly Rates for Party and Party Taxation ("the Stage 1 Report") by circulation in December 2016.

8. The Working Party concluded and submitted the Stage 1 Report to the Chief Justice in early February 2017, making recommendations on the approach and methodology for the Stage 2 Study.

9. Upon the endorsement of the Chief Justice of the Stage 1 Report in February 2017, the Judiciary Administration took action immediately to engage a separate service provider to conduct the market survey as recommended in the Stage 1 Report. The service provider was successfully engaged in end April 2017. The progress was reported to the Working Party and the Advisory Group in May 2017. Currently, the service provider has been taking action to take forward the market survey. The Chairman of the Working Party also wrote to the President of the Law Society requesting him to encourage their members to take part in the market survey.

10. We hope that the above would provide Members of the Panel with a fuller picture of the work of the Working Party and the Advisory Group since their inception.

Yours sincerely,



(Mr Wilson Chiu)
for Judiciary Administrator