

**For discussion  
on 24 September 2021**

**FCR(2021-22)69**

## **ITEM FOR FINANCE COMMITTEE**

**HEAD 158 – GOVERNMENT SECRETARIAT :  
TRANSPORT AND HOUSING BUREAU  
(TRANSPORT BRANCH)**

**Subhead 000 Operational expenses**

Members are invited to approve the creation of the following supernumerary post in the Transport Branch of the Transport and Housing Bureau with immediate effect upon approval of the Finance Committee for five years –

1 Administrative Officer Staff Grade C  
(D2) (\$179,350 - \$196,050)

### **PROBLEM**

The Transport Branch of the Transport and Housing Bureau (THB(TB)) needs dedicated staffing support at the directorate level to oversee the formulation and implementation of policies and initiatives in fostering the sustainable development of the maritime and port industry in Hong Kong, thereby enhancing our position as an international maritime centre, expanding our maritime services cluster, and strategising our coordination and collaboration with the Greater Bay Area (GBA) ports, so as to reinforce our status as an international shipping and maritime centre as well as a regional transshipment hub, amidst the challenges and opportunities arising from the changing international political and economic landscape.

**/PROPOSAL .....**

## PROPOSAL

2. We propose to create a supernumerary Administrative Officer Staff Grade C (AOSGC) (D2) post (to be designated as Principal Assistant Secretary for Transport and Housing (Transport) 11 (PAS(T)11) in Division 5 of THB(TB) with immediate effect upon approval of the Finance Committee (FC) for five years to oversee policies and formulate and implement initiatives, so as to strengthen the development of Hong Kong's maritime and port sector.

## JUSTIFICATION

### Promotion of Maritime and Port Development

3. Maritime and port industry is a highly competitive global industry involving a large number of different types of businesses. Hong Kong has a vibrant and full-fledged maritime cluster comprising three major sectors of the industry, viz. –

- (a) the port and related sector, which involves the terminal operation, midstream operation, port facilities and storage of Hong Kong Port (HKP);
- (b) the shipping sector, which includes activities on ship owning and operation, inland water transportation and cargo forwarding; and
- (c) the maritime services sector, which refers to ancillary and professional services that support sea-transportation businesses.

4. It is the Government's policy commitment to consolidate and enhance Hong Kong's position as an international maritime centre. Throughout the years, the Government has taken multi-pronged measures on the development of high value-added maritime services, facilitation for the shipping sector, as well as overall industry promotion. The Hong Kong Maritime and Port Board (HKMPB) was established in April 2016 to bring together key industry players and major stakeholders in collaborating efforts on all fronts to strengthen Hong Kong's maritime and port industry. The achievements made in the past few years on fostering the maritime and port development and the follow-up work required are set out in Enclosure 1.

Encl. 1

5. The maritime and port sector, being a traditional industry of Hong Kong, has been facing huge challenges arising from international and regional competitions in recent years. While there are opinions that Hong Kong maritime and port sector may look less prosperous than before as seen from the decline in Hong Kong's global position in the total throughput handled by HKP,

/there .....

there are still opportunities and room for further development with the joint efforts made by the trade and the Government. For example, the port operators have been offering port services of high quality to the shipping lines, which was manifested by the recent research study conducted by the World Bank and IHS Markit (a provider of global, industry and technical information) that ranked Hong Kong, among the global 350 ports, as seventh in terms of the quality of port infrastructure and the turnaround time. This shows that despite the downtrend in throughput, HKP remains highly competitive globally in terms of its service quality and efficiency.

6. The Government is well aware of the challenges that our maritime and port industry is facing, and hence, a supernumerary post of PAS(T)11 was created in November 2015 on a time-limited basis for about five years up to 31 March 2020 to provide directorate support in overseeing the initiatives set out in Enclosure 1. While the supernumerary PAS(T)11 post has lapsed, the need for introducing new policies and measures to foster the growth of the maritime and port sector has become more pressing.

### **New Measures to Enhance Hong Kong's Status as an International Maritime Centre**

7. We need to implement new initiatives to sustain Hong Kong's position as an international maritime centre and regional transshipment hub, taking into account the evolving international and regional development trends, for instance the changing geo-political situations and the opportunities brought forward by the national development plans. There is a pressing need to re-create a supernumerary PAS(T)11 post such that THB(TB) will have dedicated directorate support to carry out the upcoming policy and administrative work, including coordinating policy analysis on the latest industry situation, as well as devising and implementing the comprehensive strategic initiatives to further strengthen the competitiveness of the maritime and port cluster in Hong Kong, in addition to following up the initiatives as set out in Enclosure 1.

#### ***(a) Further Developing Hong Kong as a Maritime Services Hub***

8. New measures such as new tax concessionary measures and international promotion activities are required to strengthen the maritime cluster, including high value-added maritime services. At present, nearly 900 shipping-related companies are operating in Hong Kong, conducting businesses for clients both at home and abroad. Their scope of business spans across ship owning, operation and management; ship broking and agency; maritime-related financial, insurance and legal services, as well as classification societies and surveying, forming a quality service cluster preferred by the international maritime community.

9. In the light of the intense competition with neighbouring ports in recent years, relying on the port sector alone can no longer bring strong and sustained impetus for Hong Kong's continued economic growth. Whilst continuing to facilitate the port sector to enhance its operational efficiency, the industry, leveraging on Hong Kong's edges in professional services, is moving towards developing high value-added maritime services. The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area Development", with the vision of developing the GBA into the top bay area cluster in the world, recognises Hong Kong's strengths in driving the growth of the professional maritime services in the Area. Furthermore, the "Outline of the 14<sup>th</sup> Five-Year Plan for the National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (14<sup>th</sup> Five-Year Plan), approved in the fourth session of the 13<sup>th</sup> National People's Congress, also supports the development of the Hong Kong's services sector towards a high-end and high value-added direction, with a view to enhancing Hong Kong's status as an international financial, maritime and trade centre, as well as an international aviation hub.

(i) *Ship Finance, Marine Insurance and Maritime Arbitration*

10. Among the maritime services, ship finance, marine insurance and maritime arbitration are sub-sectors with clear growth potentials. To facilitate their respective development so as to bolster Hong Kong's role as a maritime services hub, the proposed PAS(T)11 post will provide pertinent policy inputs for Deputy Secretary for Transport and Housing (Transport)5 (DS(T)5) in deepening existing measures as well as formulating new initiatives on this front. The current position of the respective sub-sectors and the areas for further development are summarised below –

- (a) Ship finance is a fast growing business. In the past decade, shipping loans and advances in Hong Kong have surged by an average of 8.6% per year, amounting to about \$129.1 billion by end-2020. To attract more companies to Hong Kong to develop ship leasing businesses, the Government introduced a relevant preferential tax regime with effect from 1 April 2020. In view of the evolving global taxation environment, the proposed PAS(T)11 post will have to keep abreast of the latest developments, conveying views and comments from the trade to the respective government departments, as well as deliberate and devise strategies to maintain the competitiveness of our shipping tax regimes.
- (b) Shipping, by its nature, is a high risk business because any delay in the delivery of cargoes may lead to a huge loss, and marine insurance is widely regarded as the oldest form of indemnity. At present, there are close to 90 local and foreign insurance companies offering marine insurance products in Hong Kong. In 2020, the total gross premiums

of the overall marine insurance business amounted to about \$2,850 million (preliminary figure), registering an average annual growth of 6.5% during the past decade.

Hong Kong is a major hub for Protection and Indemnity (P&I) business. Twelve out of the 13 members of the International Group of P&I Clubs (which underwrite about 90% of the world's ocean-going tonnage) are present in Hong Kong, making our city the largest P&I cluster outside London. We have introduced tax concession measures to offer incentive for more marine insurance companies to start or expand business in Hong Kong. The proposed PAS(T)11 post will work closely with the Financial Services and the Treasury Bureau and the Insurance Authority on the constant review of the policy and related implementation and promotion strategies, with a view to attracting more overseas and Mainland maritime insurance bodies and companies to set up presence in Hong Kong.

- (c) Maritime arbitration is a commonly adopted dispute resolution mechanism in the shipping industry. With our strategic location at the heart of the Asia-Pacific region and being a common law jurisdiction, Hong Kong is one of the prominent dispute resolution centres in the region. With a view to better promoting a wider use of Hong Kong's maritime arbitration, the Hong Kong Maritime Arbitration Group, a previous Division under the Hong Kong International Arbitration Centre since 2000, has become an independent specialist institution since March 2019. Separately, the Baltic and International Maritime Council (BIMCO) has also officially approved in 2020 inclusion of the BIMCO Law and Arbitration Clause by naming Hong Kong as the fourth designated arbitration venue, alongside London, New York and Singapore. The proposed PAS(T)11 post will work closely with the Department of Justice to promote the maritime arbitration and legal services, such as fostering local and overseas legal and arbitration institutions to organise seminars and events to raise awareness of the shipping industry.

11. In order to further develop ship finance and marine insurance sectors, the proposed PAS(T)11 post will have to closely liaise with the maritime trade to understand their needs and deliberate solutions with the tax authority, in order to assist the trade to overcome the challenges arising from the changing global taxation environment. The proposed PAS(T)11 post is essential in constantly monitoring the industry situation (including the sub-sectors highlighted above) and reviewing the corresponding supportive measures so as to further develop Hong Kong as a maritime services hub.

*/(ii) .....*

(ii) *Shipping Commercial Principals*

12. Separately, the Government reckons that shipping commercial principals (such as ship managers, agents and brokers) are the important core elements of the maritime cluster supporting the sea transportation activities and driving the growth of the maritime sector. With reference to the ship leasing tax concession exercise, a dedicated Task Force on Commercial Principals has been formed under HKMPB to study tax concessionary measures and advise on the economic impacts and details of the tax concession proposals, with a view to drawing up the legislative framework for introducing tax concessions for shipping commercial principals.

13. As this initiative enters the critical stage of legislative amendment, the proposed PAS(T)11 post will coordinate the Government's work in crafting out the detailed legislative proposals for introduction into the Legislative Council (LegCo). The post-holder will also need to identify, on an on-going basis, the challenges and opportunities facing the maritime industry at a macro and global level, and accordingly formulate timely measures for various maritime sub-sectors, thereby reinforcing Hong Kong's position as a premier maritime services hub.

(b) *Enhancing Efficiency of HKP*

14. It is imminent for HKP to catch up with the international trend by adopting advanced technology in its operational system in order to enhance its efficiency. Developing smart port has been an inevitable trend among the different port cities in response to the ever-changing market landscape with numerous challenges<sup>1</sup>. While the industry traditionally relies heavily on manual operations and paper-based processes, in recent years it has started to embrace and leverage innovative technologies to enhance their efficiency, so as to stay competitive and customer-friendly. For instance, with an aim to digitalise the port operations, the Port Community System (PCS) was developed by individual ports<sup>2</sup> to connect port users across different sectors electronically and provide comprehensive digital services. As reflected by the trade, the current port system used at the HKP is far from competitive when compared with those of other ports in the world, and it would be imminent for HKP to develop a PCS which will serve as a common platform to facilitate data sharing among stakeholders in the maritime and port industry such as individual port operators, liners, truckers, etc.

/15. ....

---

<sup>1</sup> Major challenges faced by the port industry worldwide include increasing the size of vessels with a higher cargo volume to be handled per calling, emerging technologies and re-engineered processes adopted by other players along the supply chain, reliability and real-time visibility requirements by end customers of e-commerce and the fierce competitions between the hub ports, etc.

<sup>2</sup> Examples of PCS of other port cities include Portbase in Rotterdam and Portnet in Singapore.

15. Dedicated directorate support from the Government is required to liaise with the trade and assess how the Government may support the industry in enhancing the efficiency of HKP. The proposed PAS(T)11 will work with the trade to explore the development of a PCS for deployment by the port operators and various stakeholders, with a view to further enhancing port efficiency and reducing cargo handling time and cost through streamlining and optimising the multi-party coordinated processes electronically.

*(c) Measures for the Maritime Trade in relation to the 14<sup>th</sup> Five-Year Plan*

16. The National People's Congress has promulgated the 14<sup>th</sup> Five-Year Plan on 11 March 2021, which states and reinforces Hong Kong's status as, among others, an international maritime centre. It also supports the development of the Hong Kong's services sector towards a high-end and high value-added direction, the closer cooperation of the pan-Pearl River Delta Region, and the high-quality construction of the GBA. To better capitalise the 14<sup>th</sup> Five-Year Plan and integrate into the country's development course, the Government will need to strategise HKP for better coordination with the GBA ports, so as to sustain Hong Kong's position as an international maritime centre.

17. In 2020, laden throughput with the GBA ports accounted for 77% of Hong Kong's laden throughput with the Mainland, or around one-third (33%) of Hong Kong's total laden throughput, reflecting the importance of the GBA as our trading partner. At the same time, HKP has been facing keen competition from neighbouring ports in the Pearl River Delta (PRD) region<sup>3</sup>. Being further away from the manufacturing base and hence cargo source in Southern China and relatively high handling costs of port operation are two key drawbacks undermining HKP's competitiveness vis-à-vis our neighbouring ports in the PRD.

18. Dedicated directorate steer is required to map out strategies in order for Hong Kong's maritime sector to fully grasp the business opportunities brought about by the 14<sup>th</sup> Five-Year Plan. The proposed PAS(T)11 post will map out appropriate strategies and priorities for Hong Kong to further our linkages with the GBA ports with due consideration of Hong Kong's own strengths (such as the provision of high value-added maritime services to GBA cities) and the respective strategies and measures adopted by the relevant ports. The proposed PAS(T)11 post

/will .....

---

<sup>3</sup> Total container throughput of HKP decreased at an average annual rate of 2.7% during 2010-2020. In terms of container throughput volume, HKP ranked ninth globally with a total throughput of about 18 million twenty-foot equivalent units in 2020. In other words, Hong Kong still ranks one of the top ten ports in the world.

will also be responsible for monitoring the latest developments and policy measures put forward by nearby ports <sup>4</sup> through frequent liaison with relevant bureaux/departments (B/Ds) as well as the industry stakeholders to seek their advice and inputs.

***(d) Creating a Business-friendly Environment and Facilitating the Operation of the Shipping Sector***

19. We need new measures to enhance the resilience of the maritime and port sector, with a view to entrenching the business-friendly environment and facilitating the operation of the shipping sector. The international and local maritime industry has experienced an unprecedented challenge under the disruptions brought by the COVID-19 pandemic. In 2020, Hong Kong's cargo throughput by land, air (excluding airmail) and water recorded visible declines by 6.4%, 6.0% and 5.3% respectively. The pandemic and related anti-epidemic measures of various ports have forced many commercial activities to come to a halt. The slashing international trade volume, coupled with the drastic reduction of air and sea freight services, have caused serious disruptions to the global supply chains and relevant port, maritime and logistics services. Notwithstanding the global pandemic situation, there has been an increase in container throughput of HKP year-on-year by 1.1% in the first half of 2021. The proposed PAS(T)11 will work with stakeholders involved (including the health authorities) in coordinating measures to support the maritime trade by facilitating the shipping sectors to resume normal businesses as soon as possible whilst ensuring the health of the frontline maritime and port workers and the rest of the public.

20. Furthermore, international regulatory bodies from time to time will impose new requirements which may bring changes to the business landscapes. We also note that the International Maritime Organisation has resolved to take forward various environmental requirements, for example the reduction of greenhouse gas emissions by 2050. The proposed PAS(T)11 post will support DS(T)5 in further exploring trade facilitation measures in areas of environmental conservation (such as adopting green initiatives including provision of liquefied natural gas bunkering services in Hong Kong), port operation, shipping and customs procedures, in consultation with relevant B/Ds.

*/(e) .....*

---

<sup>4</sup> For example, the State Council decided at its executive meeting in October 2020 to implement preferential tax measures for international shipping services in the GBA for further trade liberalisation, including export tax rebate applied to waterborne goods departing from 37 ports in nine cities in the PRD and exported from Nansha and Qianhai ports from 1 October 2020 until 31 December 2023, which serves to reduce pressure on the shipping companies' working capital since tax rebates will be issued once the goods leave the ports instead of after they leave the border. This will encourage trading companies to export via Nansha and Qianhai ports which may adversely affect HKP's competitiveness.



***(e) Strengthening the Role of the HKMPB***

21. Chaired by the Secretary for Transport and Housing, the HKMPB was set up in April 2016 and is composed of a comprehensive representation of the industry. It serves as a high-level tripartite platform for the Government to work in partnership with the various maritime and port sectors as well as industry associations/institutions. Three Sub-committees, all convened by industry figures, have been formed to steer the work in the areas of maritime and port development, manpower development and promotion and external relations respectively.

22. HKMPB conducts regular meetings to explore and advocate policies and initiatives that are conducive to the further growth of the industry, notably the tax concession for ship leasing business and service enhancement for the Hong Kong Shipping Register amongst many others mentioned in paragraph 10 above and in Enclosure 1. The proposed PAS(T)11 post will render administrative support to the HKMPB to ensure its continued effective operation and to formulate and take forward newly identified initiatives, such as those in relation to technological application and sustainable shipping mentioned in paragraphs 14 to 15 and 19 to 20 above.

23. The Government has been open to the suggestion from the maritime trade for enhancing the role and functions of the HKMPB to better coordinate the efforts of the Government and the trade. The proposed PAS(T)11 post will actively engage the HKMPB to put forward possible improvement to the existing mechanism, for example how the HKMPB Secretariat may provide better support for the operation of the HKMPB as well as the maritime and port industries. The proposed PAS(T)11 post will also be responsible for reviewing the functions and powers of the HKMPB holistically and examining the feasibility of broadening and strengthening the role of the HKMPB having regard to the possible legal and resources implications, etc.

***(f) Other Strategic Planning for Further Development of HKP***

24. To sustain the competitiveness of the maritime and port sector, we will need to consider and review various longer-term issues, such as the future development and positioning of the container terminal, its interface with other nearby ports, and explore ways to better utilise the land concerned. All these require an in-depth and holistic technical feasibility and economic analysis study. Indeed, HKP has been fertilising the growth and development of various back-up and logistics industries, which have already formed an ecosystem in totality supporting the economy of Hong Kong. Given the time-limited nature of the proposed PAS(T)11 post, subject to the views of the HKMPB and that of other stakeholders, the proposed PAS(T)11 post will conduct a preliminary analysis to consider further studies on issues pertinent to the longer-term development of HKP.

**Need for the Supernumerary AOSGC (D2) Post**

25. At present, Division 5 of THB(TB) is responsible for policy matters in relation to maritime port and logistics as well as house-keeping the Marine Department. The Division is headed by DS(T)5, ranked at the Administrative Officer Staff Grade B (D3) level. Insofar as the maritime portfolio is concerned, DS(T)5 is currently underpinned by only one directorate officer, being a Principal Marine Officer (ranked at D1) (designated as Chief Assistant Secretary (Transport) (CAS(T))) which provides support for maritime manpower training, port and marine facilities development and local vessel trade.

26. The previous PAS(T)11 post, which was lapsed in April 2020, was then the only directorate post supporting DS(T)5 on the policy and measures concerning the overall maritime development in Hong Kong. At present, DS(T)5, CAS(T) and other officers under Division 5 of THB(TB) are handling the duties of the previous PAS(T)11 post, on top of their regular duties on a short-term basis. As DS(T)5, CAS(T) and other officers under Division 5 of THB(TB) are already fully engaged and stretched with their existing duties, they cannot continue to absorb the additional workload in devising and implementing maritime-related policies. There is an imminent need to re-create the PAS(T)11 post for five years so as to provide essential support in devising and implementing new maritime-related policies and to deliver the specific tasks as detailed in paragraphs 7 to 24 above (in particular those relating to the expansion of the maritime services cluster, development of a PCS and a smart port roadmap, and coordination and collaboration with GBA ports) in order to maintain the competitive edge of Hong Kong's maritime and port sectors. Given the need for high level policy review of maritime related initiatives, the extensive scope and complexity of work involved, and the heavy workload, a dedicated directorate officer to be pitched at AOSGC (D2) rank with appropriate administrative and management experience and seniority is essential and suitable for the effective discharge of these duties. Specifically, to deliver the required policy deliverables, the post-holder has to possess requisite policy vision and capability in formulating and implementing policies, necessary experience in rendering intensive policy and legislative inputs as well as political acumen in engaging a broad range of stakeholders on issues straddling across various policy portfolios.

27. The proposed PAS(T)11 post will assist in conducting policy analysis and formulating policy proposals regarding the long-term development of the maritime and port industry, consult and liaise with industry players and other stakeholders on various initiatives, handle work related to legislative amendments and LegCo Panel consultation, oversee the implementation and review the effectiveness of measures and provide quality secretariat support for the HKMPB. The job description of the proposed PAS(T)11 post is at Enclosure 2.

Encl. 2

28. We consider that there is an imminent need to create the proposed PAS(T)11 post to cope with the imminent operational needs for overseeing the formulation and implementation of initiatives in fostering the sustainable development of the maritime trade in Hong Kong. We propose first re-creating the supernumerary PAS(T)11 post for a period of five years to carry out the aforementioned duties, particularly mapping out strategies for Hong Kong's maritime sector to fully grasp the business opportunities brought about by the 14<sup>th</sup> Five-Year Plan as well as liaising with the trade and assess how the Government may support the industry in enhancing the efficiency of HKP so as to catch up with the international trend. That said, since the work relating to maintaining Hong Kong's competitive edge in maritime and port development and devising and reviewing maritime and port policies are on-going in nature, we see the long-term needs of the additional manpower so that the enhanced support to further developing the maritime and port sector can be sustained. We will review the necessity of retaining the PAS(T)11 post prior to its expiry.

### **Non-directorate Support**

29. The proposed post of AOSGC in the THB(TB) will be supported by a team comprising 11 existing non-directorate civil service posts. They will assist in planning and carrying out on-going and new policy initiatives, stepping up work on trade facilitation and promotion, serving the HKMPB Secretariat, and stakeholders engagement.

### **ALTERNATIVES CONSIDERED**

30. We have critically assessed whether the workload of PAS(T)11 can be absorbed by other Principal Assistant Secretaries (PASs) within the THB(TB). Since all the existing PASs are fully engaged in their own duties, it is operationally not possible for them to take up additional roles while not affecting their own existing work. Hence, it would be imminent to re-create the AOSGC post dedicated to map out the development strategies and take forward the initiatives for the further development of the maritime and shipping industry in Hong Kong. The existing and proposed organisation charts of Division 5 and THB(TB) together with the major duties of its existing PASs are at Enclosures 3, 4 and 5 respectively.

Encls. 3 to 5

### **FINANCIAL IMPLICATIONS**

31. The proposed re-creation of the supernumerary AOSGC (D2) post will bring about an additional notional annual salary cost at mid-point of \$2,283,600 and the additional full annual average staff cost, including salaries and staff on-cost is about \$3,106,000. We have included sufficient provision in the Estimates to meet the cost of the proposal and will reflect the resources required in the Estimates of subsequent years concerned.

/PUBLIC .....

## PUBLIC CONSULTATION

32. When the supernumerary AOSGC post was first created in November 2015, we undertook to “review the long-term requirement for directorate support for the maritime portfolio taking into account the work progress at different fronts”. Having reviewed the ongoing nature of the work in promoting maritime and port development, we were of the view that a permanent PAS(T)11 post was necessary to take forward the required work. We consulted the Panel on Economic Development on 26 November 2019 on our original staffing proposal of making permanent the PAS(T)11 post upon the lapse of the post on 1 April 2020. Members generally supported the proposal in order to maintain directorate level support for the development of Hong Kong’s maritime industry on a long-term basis, while there were some suggestions that more detailed justifications should be provided for making the post a permanent one. The Establishment Subcommittee (ESC)’s endorsement on the original proposal was sought on 6 May 2020. While individual Members called for more detailed justifications on the permanency of the proposed post, ESC endorsed the original proposal and recommended the submission of the proposal to FC.

33. Noting the views of LegCo Members in general on the creation of directorate posts, the Chief Executive announced in the 2020 Policy Address that the Government would withdraw all the staff establishment proposals awaiting scrutiny (including the original proposal mentioned in the preceding paragraph) and would review them individually. Upon thorough review and having considered the comments raised by Members, we have revised our proposal and propose to first re-create the supernumerary PAS(T)11 post for a period of five years to cope with the imminent operational needs for overseeing the formulation and implementation of initiatives in fostering the sustainable development of the maritime trade in Hong Kong.

## BACKGROUND

34. In 2020, Hong Kong’s freight volume through land, air and water transportation amounted to over 270 million tonnes, among which over 90% were transported by water, reflecting the importance of water transport to our economy. As an important component of Hong Kong’s economy, the maritime and port industry directly contributes 1.1% (\$30.8 billion) to Hong Kong’s Gross Domestic Products (GDP)<sup>5</sup> and provides about 81 500 jobs, accounting for 2.1% of the total employment. It also underpins the development of trade and logistics industry, which accounts for 19.8% of Hong Kong’s GDP and 17.5% of total employment.

/35. ....

---

<sup>5</sup> For the reference year of 2019.

35. To strengthen THB's capability in the formulation and implementation of policies for the maritime industry, we secured FC's approval on 27 November 2015 to create a supernumerary PAS(T)11 post for about five years up to 31 March 2020 to take forward the establishment of a new maritime body as announced in 2014 and 2015 Policy Addresses, formulate strategies to further promote the development of the maritime trade, and devise plans and strengthen the support for manpower development of the maritime sector.

## ESTABLISHMENT CHANGES

36. The establishment changes under Head 158 – Government Secretariat: THB (TB) for the past three years are as follows –

Establishment (Note)	Number of Posts			
	Existing (as at 1 September 2021)	As at 1 April 2020	As at 1 April 2019	As at 1 April 2018
A	21+(6)	20+(4)	20+(6)	20+(4)
B	72	64	62	57
C	129+(1)	129+(6)	122	121
<b>Total</b>	<b>222+(7)</b>	<b>213+(10)</b>	<b>204+(6)</b>	<b>198+(4)</b>

Note –

A - ranks in the directorate pay scale or equivalent

B - non-directorate ranks, the maximum pay point of which is above MPS point 33 or equivalent

C - non-directorate ranks, the maximum pay point of which is at or below MPS point 33 or equivalent

( ) - number of supernumerary directorate posts

## CIVIL SERVICE BUREAU COMMENTS

37. The Civil Service Bureau supports the re-creation of the supernumerary AOSGC (D2) post in THB(TB) for five years. The grading and ranking of the proposed post are considered appropriate having regard to the level and scope of responsibilities.

/ADVICE .....

**ADVICE OF THE STANDING COMMITTEE ON DIRECTORATE SALARIES AND CONDITIONS OF SERVICE**

38. As the directorate post proposed to be created is on a supernumerary basis, its creation, if approved, will be reported to the Standing Committee on Directorate Salaries and Conditions of Service in accordance with the agreed procedure.

-----

Transport and Housing Bureau  
September 2021

**Achievements on Fostering Maritime and Port Development  
and Follow-up Work**

**Developing Hong Kong as a Maritime Services Hub**

**(a) *Ship Finance***

To develop Hong Kong as a ship leasing centre in the Asia-Pacific region, the Transport and Housing Bureau (THB) had set up a dedicated Task Force on Ship Leasing under the Hong Kong Maritime and Port Board (HKMPB) in late 2018 to devise the details of the relevant tax measures for providing profits tax concessions to qualifying ship lessors and qualifying ship leasing managers. Principal Assistant Secretary for Transport and Housing (Transport) 11 (PAS(T)11) served as the secretary of the Task Force, provided policy inputs to the study, and coordinated the Task Force's deliberation as well as industry consultation process. The Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 was enacted in June 2020 to provide tax exemption and half-rate tax concession to qualifying ship lessors and ship leasing managers respectively, with retrospective effect from 1 April 2020.

2. Apart from taking forward the legislative exercise on ship leasing, THB has mapped out a series of promotion strategies and initiatives to publicise the new tax regime, including rolling out a dedicated website with InvestHK to promote the new regime; holding briefings and meetings with targeted industry associations and companies in Hong Kong; making use of the opportunities during the HKMPB's overseas and Mainland promotion visits, exhibitions and participation in various regional and international maritime events and conferences to promote the new tax concessionary measure to relevant maritime authorities, banking institutions and leasing companies; and preparing for promotion publications and materials for dissemination. THB will oversee the implementation of the new regime and conduct regular review on its effectiveness.

**(b) *Marine Insurance***

3. To enhance Hong Kong's competitiveness as an international insurance hub, the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 was enacted in July 2020 to reduce profits tax rate by 50% (i.e. 8.25%) for specified insurance businesses, including eligible marine insurance businesses. The tax concession, which came into effect

/on .....

on 19 March 2021, will offer incentive for more eligible insurance companies to start or expand business in Hong Kong. Similar to the ship leasing tax regime, THB has been working together with the Financial Services and the Treasury Bureau and the Insurance Authority on the constant review of the policy, with a view to attracting more overseas and Mainland maritime insurance bodies and companies to set up presence in Hong Kong.

**(c) *Maritime Arbitration***

4. Together with the industry, the Government has stepped up efforts in promoting Hong Kong's arbitration services to the Mainland and overseas maritime community. In March 2019, a HKMPB delegation visited Denmark and Norway. Among other things, a meeting was held with the Baltic and International Maritime Council (BIMCO) to share the strengths of Hong Kong's maritime arbitration services. Following the positive exchanges then, BIMCO officially approved the BIMCO Law and Arbitration Clause 2020 in September 2020 which named Hong Kong as the fourth designated arbitration venue, alongside London, New York and Singapore. With all the efforts made, Hong Kong has been ranked as the third most preferred seat for arbitration in the 2021 International Arbitration Survey<sup>Note</sup>. Looking ahead, THB will further work with the Department of Justice to develop new measures to promote the maritime arbitration and legal services. For instance, a publicity strategy will be devised and implemented to promote the positive development under the BIMCO. We will also extend invitations to local and overseas legal and arbitration institutions to organise events and initiatives during the Hong Kong Maritime Weeks (HKMWs).

**Creating a Business-friendly Environment and Facilitating the Operation of the Shipping Sector**

5. Since shipping and maritime business operation often straddles across several policy portfolios, PAS(T)11 coordinated with other relevant bureaux and departments in drawing up suitable facilitation measures for the industry.

6. Through inter-departmental cooperation, the Government in early 2017 lifted the maximum hours of stay for feeders holding a multiple entry permit. This measure is conducive to river trade business operation. Besides, we have been implementing an immigration facilitation arrangement since December 2017 to enable the crew of ocean-going vessels to remain in Hong Kong for more than 14 days through an employment visa or entry permit should the concerned vessel need to stay in Hong Kong for a longer period due to unforeseeable circumstances. The Government has also relaxed the air draft restriction at

/Tsing .....

---

<sup>Note</sup> <http://www.arbitration.qmul.ac.uk/research/2021-international-arbitration-survey/>



Tsing Ma Bridge from 53 metres to 57 metres above sea level through amending the Shipping and Port Control Regulations (Cap. 313A) and the Merchant Shipping (Local Vessels) (General) Regulation (Cap. 548F) to facilitate the access of mega vessels, in particular ocean-going container vessels, to the Hong Kong Port (HKP). The relaxation, which came into effect on 28 January 2021, has provided a new, clear and lucid standard for the shipping trade, with a view to facilitating the shipping trade operation and maintaining the competitiveness of HKP while upholding the bridge integrity and ship navigation safety.

7. In addition, PAS(T)11 worked closely with the Marine Department (MD) in exploring possible service enhancement of the Hong Kong Shipping Register (HKSR). Currently being the fourth largest shipping register in the world in terms of total registered gross tonnage, HKSR performs well in both tonnage and fleet quality. As at end-July 2021, 2 583 ships with a total gross tonnage of nearly 132 million have been registered with HKSR, representing an increase of 1.9% in gross tonnage from a year ago. Hong Kong registered ships are also among the best performers in the world, with an average port state control detention rate of 1.53% in 2020, compared with the global average of 2.22%.

8. To keep up with the global maritime industry trends and render better support for ship owners and operators of Hong Kong registered ships, we have been enhancing HKSR's services. Examples include the introduction of the round-the-clock ship registration services and technical advice services on a need basis, enhanced arrangement in disseminating the latest HKSR's requirements on international conventions, the facilitation of the collection of ships' Certificates of Registry (COR) by shipowners/operators through selected overseas and Mainland Economic and Trade Offices (ETOs) and Liaison Units, delegation of power currently vested with Director of Marine in issuing exemptions to other officers of MD, as well as the provision of an online authentication system to enable shipowners or foreign port authorities to verify the validity of the COR issued by MD. On the whole, services and regulation of the HKSR are considered very efficient and user-friendly.

9. As the next step, THB will keep working with MD on the preparation, implementation and review of a number of HKSR enhancement measures, including the ongoing establishment of HKSR Regional Desks in selected overseas or Mainland ETOs by phases to provide more direct and prompt support for shipowners of Hong Kong registered ships and enhance regulation, as well as facilitating the use of electronic certificates.

**/Strengthening .....**

## **Strengthening Promotion and Collaboration with Overseas and Mainland Maritime Economies**

10. Apart from sector-specific support, PAS(T)11 was responsible for formulating overall strategies to raise Hong Kong's maritime profile and sustain the growth momentum of the maritime industry. To step up promotion efforts of Hong Kong's maritime trade to overseas and Mainland counterparts, the post-holder had organised, supported and/or personally taken part in a number of HKMPB promotion visits to various destinations, including Athens, London, Hamburg, Tokyo, Shanghai, Beijing, Guangxi, Copenhagen, Oslo and Bergen. We had set up Hong Kong Pavilions in major international maritime exhibitions, including the Posidonia in 2016 and 2018, as well as Marintec China in 2017 and 2019.

11. With the concerted efforts of the industry and the Government, the HKMPB and Maritime London of the United Kingdom signed a Memorandum of Understanding in September 2017. Following that, reciprocal delegation visits to the HKMW 2018 and London International Shipping Week 2019 were organised to forge closer ties and collaboration between the two cities. Moreover, one of the most renowned maritime organisations, the International Chamber of Shipping (ICS), established its first-ever ICS (China) Liaison Office in Hong Kong in November 2019. The setting up of the ICS Liaison Office would help build a closer connection between the international and Mainland shipping community via Hong Kong.

12. External promotion aside, PAS(T)11 had been planning and organising the HKMWs since 2016 in collaboration with the industry. The HKMWs aim at uniting local maritime industry and showcasing Hong Kong's strengths as a preferred base for operating maritime business. The 2019 HKMW was held from 17 to 23 November with around 40 events staged by local and international maritime bodies. In view of the continuous severity of COVID-19 epidemic situation worldwide in 2020, with the agreement from HKMPB, the HKMW 2020 was cancelled. That said, HKMPB provided sponsorships to various activity organisers to continue to host several events which were originally planned for HKMW 2020.

13. In future, the proposed PAS(T)11 post, if approved, will continue to organise the HKMWs, coordinate and encourage government and industry participation in international and regional maritime exhibitions and trade fairs as well as arrange promotion visits by the HKMPB and government delegations to overseas and Mainland maritime cities to promote Hong Kong's strengths as an international maritime centre. At the same time, THB will work closely with the

Invest Hong Kong, which has set up a dedicated maritime desk to take a more focused approach to reach out to overseas and Mainland maritime companies. Between July 2020 and June 2021, the maritime desk has conducted 123 meetings with relevant companies and is currently closely following up with 26 of them. The proposed PAS(T)11 post will continue to play a key role in meeting and briefing targeted companies on the overall port and maritime development in Hong Kong, respective government policies and business facilitating measures with a view to attracting them to expand business and/or set up presence in Hong Kong. Past experience affirms that such external promotional and outreaching efforts need to be conducted in a continual manner in order to achieve the desired results.

-----

**Job Description**  
**Principal Assistant Secretary (Transport) 11**

**Rank** : Administrative Officer Staff Grade C (D2)

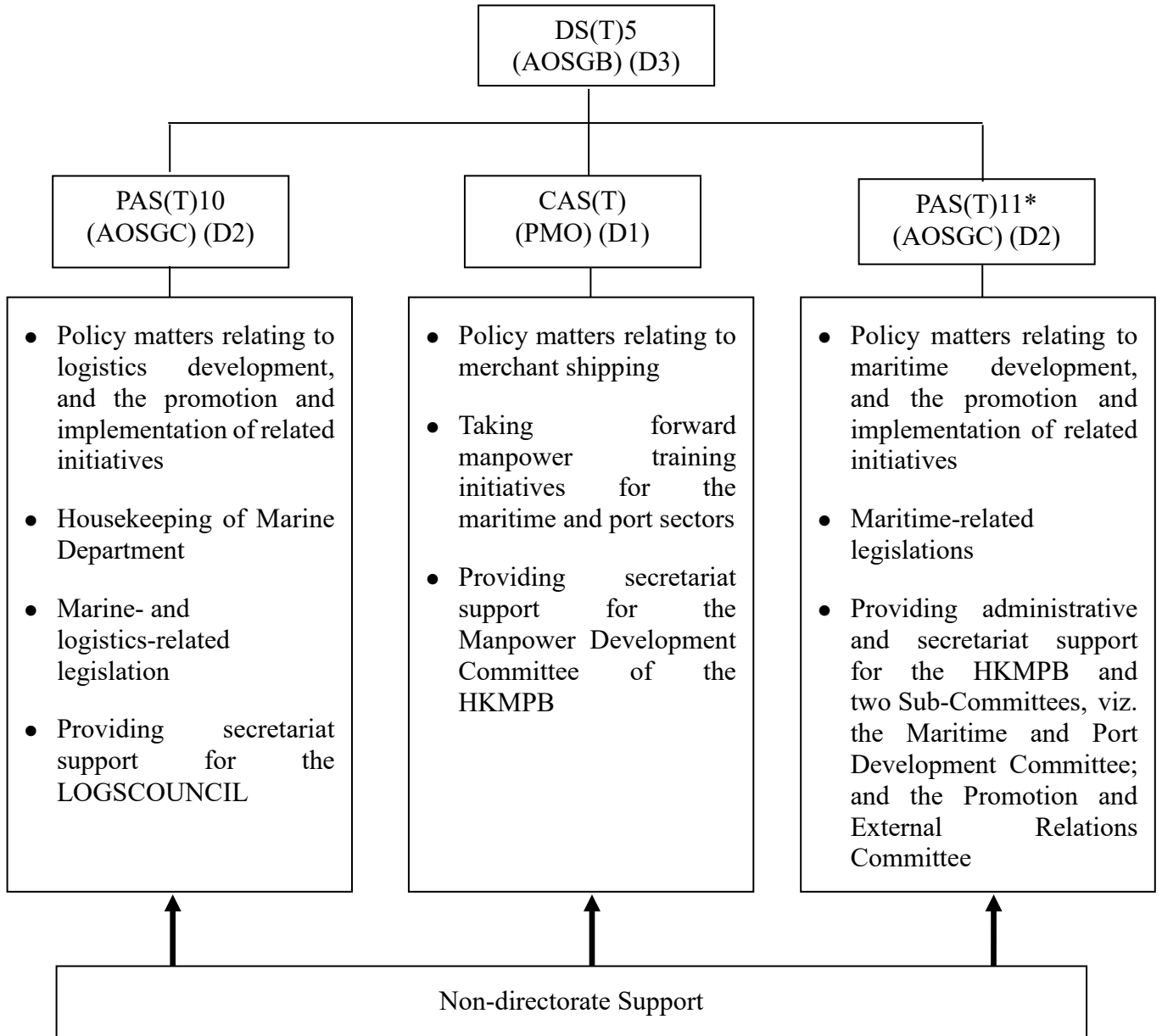
**Responsible to** : Deputy Secretary for Transport and Housing (Transport) 5 (DS(T)5)

**Main Duties and Responsibilities –**

1. To assist DS(T)5 to lead and manage the secretariat for the Hong Kong Maritime and Port Board (HKMPB), and follow up on initiatives endorsed by the HKMPB and its committees, including arranging and/or attending local and overseas marketing and promotional events/visits, holding seminars and exhibitions, and organising community awareness events.
2. To assist DS(T)5 in formulating and implementing policy initiatives for the development of high value-added maritime services in Hong Kong and to enhance Hong Kong's development of a maritime cluster and position as an international maritime centre (IMC), including consulting the industry, the Legislative Council, etc., and overseeing the related work.
3. To assist DS(T)5 in conducting thematic studies related to development trends of the maritime industry in the international and Mainland markets, and supporting the HKMPB to conduct consultancy studies/policy research, etc.
4. To oversee the implementation of relevant initiatives to promote Hong Kong's maritime industry, such as the Hong Kong Maritime Weeks and overseas promotional visits, with a view to strengthening Hong Kong's role as an IMC.

-----

**Organisation Chart of Division 5 of the  
Transport Branch of the Transport and Housing Bureau**



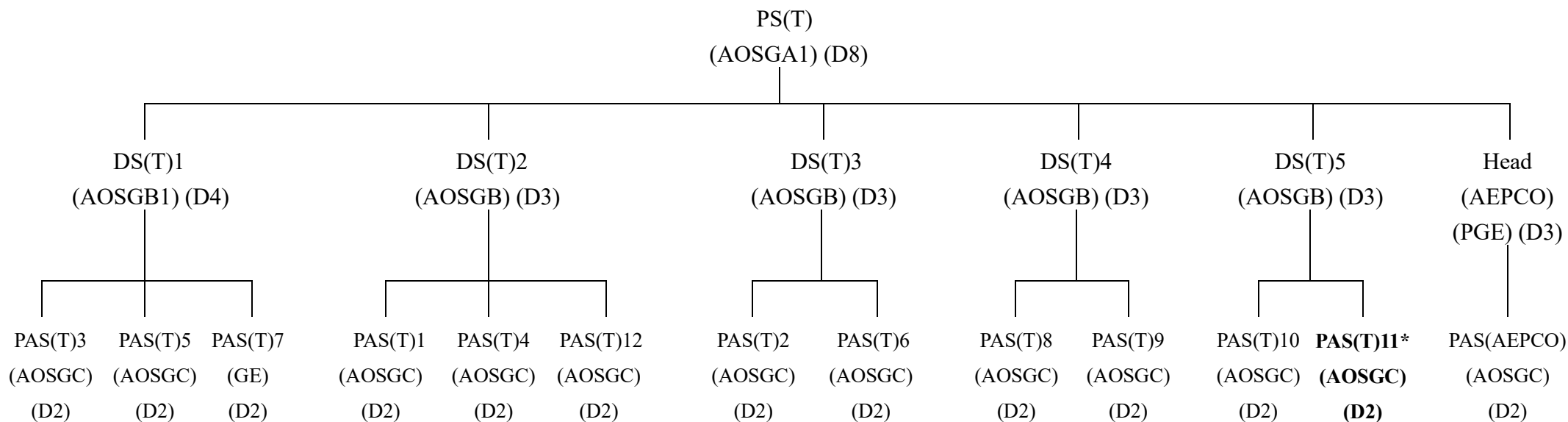
**Remarks**

\* Supernumerary directorate post proposed to be re-created

**Legend**

AOSGB	- Administrative Officer Staff Grade B
AOSGC	- Administrative Officer Staff Grade C
CAS(T)	- Chief Assistant Secretary for Transport and Housing (Transport)
DS(T)	- Deputy Secretary for Transport and Housing (Transport)
HKMPB	- Hong Kong Maritime and Port Board
LOGSCOUNCIL	- Hong Kong Logistics Development Council
PAS(T)	- Principal Assistant Secretary for Transport and Housing (Transport)
PMO	- Principal Marine Officer

**Existing and Proposed Organisation Chart of  
Transport Branch, Transport and Housing Bureau#**



**Legend**

AEPCO - Airport Expansion Project Coordination Office  
 AOSGA1 - Administrative Officer Staff Grade A1  
 AOSGB - Administrative Officer Staff Grade B  
 AOSGB1 - Administrative Officer Staff Grade B1  
 AOSGC - Administrative Officer Staff Grade C

DS(T) - Deputy Secretary for Transport and Housing (Transport)  
 GE - Government Engineer  
 PAS(T) - Principal Assistant Secretary for Transport and Housing (Transport)  
 PGE - Principal Government Engineer  
 PS(T) - Permanent Secretary for Transport and Housing (Transport)

**Note**

# Excluding posts below D2 level

\* Supernumerary AOSGC post proposed to be re-created

**Main Duties and Responsibilities of  
the other Principal Assistant Secretaries in the Transport Branch (PAS(T)s  
of the Transport and Housing Bureau (THB)**

All the PAS(T)s of the THB are fully engaged in their respective duties. Their major duties and work priorities are set out below (except PAS(T)10 whose duties are set out in Enclosure 3). They have no spare capacity to take up the additional duties of the proposed directorate post of an Administrative Officer Staff Grade C (D2).

**PAS(T)1**

- Overseeing the transport policies on franchised buses, public light buses and trams
- Overseeing the fare adjustment arrangement for the above mentioned public transport services and policy issues relating to fare adjustment applications from these public transport operators
- Overseeing the transport policy on non-franchised bus services
- Overseeing the transport policy on the co-ordination of services among different modes of public transport
- Overseeing the public transport policy for persons with disabilities

**PAS(T)2**

- Overseeing matters relating to the Transport Advisory Committee and the Transport Complaints Unit
- Policy matters relating to tolled roads, Build-Operate-Transfer tunnels and government tunnels
- Policy work on road safety
- Policy work on traffic management and parking provision
- Overseeing the application of IT to traffic management
- Co-ordination of Bureau's inputs on transport-related environmental issues
- Housekeeping of Transport Department

/PAS(T)3 .....

### **PAS(T)3**

- Policy input into various strategic and regional transport planning studies and dealing with all town planning matters
- Policy input on the implementation of Railway Development Strategy 2014 (projects in North West New Territories and South Island Line (West))
- Policy work relating to the planning of cross-boundary railway projects
- Policy work relating to implementation of enhanced monitoring and control strategies for new railway projects, including preparation for the establishment of a new Railways Department.
- Overall transport policy co-ordination
- Coordination of Legislative Council Business

### **PAS(T)4**

- Overseeing and monitoring the transport policies and administrative matters concerning the operation of and services provided by Mass Transit Railway Corporation Limited
- Overseeing the policy on railway safety
- Overseeing the transport policies on ferries
- Overseeing transport policy issues relating to Octopus
- Overseeing the policy and implementation of the park and ride scheme

### **PAS(T)5**

- Policy work relating to implementation of transport infrastructure projects
- Policy work relating to the planning and implementation of the Hong Kong-Zhuhai-Macao Bridge and related Hong Kong infrastructure projects
- Policy work relating to the implementation of the Universal Accessibility Programme and Hillside Escalator Links and Elevator Systems



- Resource planning in respect of highway infrastructure projects by coordinating the Capital Works Reserve Fund – Resource Allocation Exercise submissions
- Administration of the Secretary for Transport and Housing’s responsibilities under the Roads (Works, Use and Compensation) Ordinance
- Housekeeping of Highways Department

#### **PAS(T)6**

- Overseeing the quota regime on cross-boundary coaches, hire cars and private cars; as well as cross-boundary vehicular traffic at land crossings
- Overseeing cross-boundary ferry services and operation of cross-boundary ferry terminals
- Overseeing the policy on vehicle maintenance
- Overseeing the policies on driving and vehicle licences, as well as driver training
- Overseeing the policies relating to walkability (such as covered walkways) and bicycle-friendliness in new towns
- Overseeing matters relating to the Transport Tribunal

#### **PAS(T)7**

- Formulating Transport and Railway Development Strategies
- Policy work relating to the implementation of Railway Development Strategy 2014 (projects in urban area and on Lantau Island)
- Policy work relating to the Shatin to Central Link project
- Policy work relating to the planning and implementation of Route 11 (section between Yuen Long and North Lantau) and the associated major roads
- Overseeing the implementation of the Strategic Studies on Railways and Major Roads beyond 2030

/Overseeing .....

- Overseeing the updates of the Comprehensive Transport Study Model and Railway Development Study Model
- Administration of the Secretary for Transport and Housing's responsibilities under the Railways Ordinance

#### **PAS(T)8**

- Policy work relating to airport development, and housekeeping of the Airport Authority Hong Kong (AAHK)
- Overseeing AAHK's implementation of initiatives to enhance airport services and the airport's connectivity and competitiveness
- Development of Hong Kong's aircraft leasing and the promotion of a dedicated tax regime
- Policy work of the Hong Kong International Aviation Academy in providing aviation-related training
- Formulating and implementing manpower development strategies, training and promotion initiatives under the Maritime and Aviation Training Fund in relation to the aviation industry
- Taking charge of air services negotiations/air transport policy in relation to Africa, other parts of China, Europe, Central Asia, Indian Sub-continent, and the Middle East

#### **PAS(T)9**

- Policy work relating to civil aviation management, and housekeeping of the Civil Aviation Department
- Overseeing legislation for regulating civil aviation and enhancing aviation safety
- Taking charge of air services negotiations/air transport policy in relation to Southeast and Northeast Asia, Australasia and America; and coordination of air transport related matters in the context of Asia-Pacific Economic Cooperation
- Overseeing the policy work and formulating strategies for the development of cross-boundary helicopter services
- Policy work relating to the Air Transport Licensing Authority

**PAS(T)12**

- Overseeing transport policy on taxis
- Overseeing the coordination and implementation of measures under the Public Transport Strategy Study
- Overseeing the policy and implementation of the Public Transport Fare Subsidy Scheme
- Co-ordination of Bureau's inputs relating to the Traffic and Transport Strategy Study

**PAS(Airport Expansion Project Coordination Office)**

- Formulating the overall strategy for the development and implementation of the Three-Runway System (3RS) Project
- Co-ordinating with AAHK, relevant Bureaux/Departments and stakeholders in the planning and implementation of the 3RS Project
- Formulating public consultation plans and participating in public engagement exercise for the development and implementation of the 3RS Project
- Reviewing AAHK's financial proposals, advising AAHK on the financial arrangements for the smooth delivery of the 3RS Project and assisting in monitoring the expenditure of the works undertaken by AAHK

-----