

## LC: CS presents Government Minute in response to Report of Public Accounts Committee No. 69

Following is the speech (translated from Chinese) by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in presenting the Government Minute in response to the Report of the Public Accounts Committee No. 69 in the Legislative Council today (May 16):

President,

Laid on the table today is the Government Minute (GM) responding to Report No. 69 of the Public Accounts Committee (PAC).

I welcome the submission of Report No. 69 by the Chairman of PAC to the Legislative Council on February 7, which embodies a conclusion of and recommendations on the chapter of "Procurement and maintenance of government vessels" in the Director of Audit's Report. I am also grateful for the time and effort that the Chairman and Members of PAC devoted to investigating this subject.

There had been some inadequacies in the Marine Department's (MD) procurement of government vessels before 2013. There has also been persistent manpower shortage in two professional grades of MD. We are pleased to note that the PAC Report recognises a series of reform measures implemented by MD in the Government Fleet Division (GFD) and the improvement measures and work adopted to resolve the manpower shortage problem of MD's professional grades in recent years.

We accept PAC's various recommendations and have set out in detail the specific responses of the Transport and Housing Bureau (THB) and MD in the GM. Today, I would like to highlight the key measures that the Government has taken to improve MD's work in procurement and maintenance of government vessels, including those implemented and the progress made.

In May 2013, the Government established the Steering Committee on Systemic Reform of the Marine Department (the Steering Committee) chaired by the Secretary for Transport and Housing, who personally steered and monitored MD in conducting the review and reform. The Steering Committee published its Final Report in April 2016, which recommended MD to replicate the good practices introduced in certain divisions in other divisions of MD, notably GFD, to improve its operations and procedures. In this connection, MD's Task Force on Reform has been stepping up its efforts in reforming GFD since 2016, with a series of reform measures progressively implemented to further enhance the efficiency of GFD.

The slow progress in the procurement of government vessels during the

period from 2010 to 2013 has led to the ageing of major vessels in the government fleet. MD has strengthened the management oversight of GFD since December 2015 to better monitor the implementation of various improvement measures. To expedite the procurement of government vessels, additional resources had been obtained for the Government New Construction Section to create time-limited posts for setting up two teams to clear procurement backlogs, and arrangement was made for the secondment of two Supplies Officer grade officers with rich procurement experience from the Government Logistics Department to assist professional grade staff in MD in vessel procurement.

The reform measures of GFD have started to deliver results. For instance, as compared with only two to three tenders each year before 2016, MD has expedited vessel procurement with a total of 15 tenders issued involving 63 government vessels for six departments between 2016 and 2017.

For government vessels which have reached their reference serviceable lifespan but are still in operation, MD has strengthened the inspection and maintenance work for the hull, machineries and equipment of the vessels during maintenance services to ensure that the vessels are safe and efficient to operate.

In improving the management of maintenance materials in the Government Dockyard, MD has completed the review on over 2 000 items without movement for more than 20 years and is now reviewing the items without movement for less than 20 years. The disposal of obsolete/dormant items, in accordance with the procedures stipulated in Stores and Procurement Regulations (including commercial disposal or dumping, etc.), has been conducted in phases following the review. MD is also proceeding with the enhancement of the Government Fleet Information System with a view to strengthening its analytical capacity and management reporting functions to facilitate the stock management of the Government Dockyard.

On the issue of manpower shortage of the professional grades staff in MD, the Administration is pleased to note that the Standing Commission on Civil Service Salaries and Conditions of Service has completed a grade structure review (GSR) for the two professional grades of MD, i.e. the Marine Officer and Surveyor of Ships grades, and will seek the approval of the Finance Committee (FC) of LegCo soon. Subject to the approval of FC, we will implement the recommendations of the GSR as soon as possible to resolve the manpower shortage and succession problems of the two grades in the long run.

THB will continue to perform the duties of a policy bureau. Through regular meetings with the senior management of MD, THB will closely monitor the Department's overall work performance and progress on various issues and, as and when necessary, discuss with MD the issues requiring the Bureau's attention and provide policy steer and guidance. Moreover, THB also maintains ongoing daily communications with MD on different issues requiring policy inputs, and arranges visits to the facilities and offices of MD by the senior management of the Bureau from time to time to gain a more comprehensive understanding of the issues MD is facing at the operational level, so as to enable THB to formulate policies in a timely and effective manner. Other than

these, THB will assess and monitor the performance of MD in various aspects with reference to certain indicators developed and adopted, and in case a target is not met or when the performance has deteriorated, examine the issues and reasons with MD, keep in view the ongoing development of these matters as well as consider whether further steer and guidance from the Bureau is necessary.

The Government also attaches great importance to the manpower training of the maritime sector. In April 2014, \$100 million was established to set up the Maritime and Aviation Training Fund (MATF), which aims to attract and encourage young people and in-service practitioners to receive aviation and maritime education and training, thereby enhancing the overall competitiveness and the professional standards of the industries. As at end-2017, 12 maritime-related training subsidy and incentive schemes were implemented under MATF, benefitting over 2 780 students and maritime practitioners and involving an amount of \$31 million. Furthermore, the Manpower Development Committee (MDC) has also been set up under the Hong Kong Maritime and Port Board since the Board's inception in April 2016 with a view to facilitating the formulation of manpower development strategies. In summary, in response to the manpower shortage problem faced by the industry, THB will continue to work closely with MDC, industry stakeholders and relevant education institutions to explore and devise new measures or enhancements to the existing initiatives under MATF. Besides, THB would embark on a review of the overall implementation and effectiveness of MATF, with a view to mapping out its way forward.

President, I would like to thank the Chairman and all Members of PAC again for their efforts and guidance. THB and MD will strictly follow their responses in the GM and implement improvement measures in a timely manner in order to enhance the overall service quality of the government fleet.

Thank you, President.