

立法會
Legislative Council

LC Paper No. CB(1)1916/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EDEV/1

Panel on Economic Development

**Minutes of meeting held on
Monday, 26 April 2010, at 10:45 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Jeffrey LAM Kin-fung, SBS, JP (Chairman)
Hon Paul TSE Wai-chun (Deputy Chairman)
Hon Albert HO Chun-yan
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon Fred LI Wah-ming, SBS, JP
Hon CHAN Kam-lam, SBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Vincent FANG Kang, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHIM Pui-chung
Hon Starry LEE Wai-king
Hon Paul CHAN Mo-po, MH, JP
Dr Hon LEUNG Ka-lau
Hon IP Wai-ming, MH
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Dr Hon Samson TAM Wai-ho, JP

Members absent : Hon Miriam LAU Kin-ye, GBS, JP
Hon Emily LAU Wai-hing, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP

Public officers attending : Agenda Item IV
Mr Gregory SO, JP
Under Secretary for Commerce and Economic
Development

Mr Philip YUNG, JP
Commissioner for Tourism

Mrs Laura ARON
Assistant Commissioner for Tourism

Mr Alan LO
Principal Assistant Secretary for Security

Agenda Item V

Miss Emmy WONG
Acting Deputy Secretary (Transport)
Transport and Housing Bureau

Mr M K CHAN
Chief Assistant Secretary (Transport)
Transport and Housing Bureau

Mr Francis LIU, JP
Acting Director of Marine
Marine Department

Mr K F CHICK
Acting Assistant Director/Shipping
Marine Department

**Attendance by
invitation**

: Agenda Item IV

Travel Industry Council of Hong Kong

Mr Michael WU
Chairman

Mr Joseph TUNG
Executive Director

Mr Johnny SO
Member of the Outbound Committee

Mr Simon MA
Member of the Outbound Committee

Clerk in attendance : Ms Debbie YAU
Chief Council Secretary (1)6

Staff in attendance : Ms Angel SHEK
Senior Council Secretary (1)1

Ms Michelle NIEN
Legislative Assistant (1)9

Action

I Confirmation of minutes and matters arising

(LC Paper No. CB(1)1668/09-10 - Minutes of meeting held on 29 March 2010)

The minutes of the meeting held on 29 March 2010 were confirmed.

II Information paper issued since last meeting

(LC Paper No. CB(1)1536/09-10(01) - Tables and graphs showing the import and retail prices of major oil products from March 2008 to February 2010 furnished by the Census and Statistics Department)

2. Members noted the above information paper issued since the last meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1)1658/09-10(01) - List of outstanding items for discussion

LC Paper No. CB(1)1658/09-10(02) - List of follow-up actions)

3. The Panel noted and agreed to discuss the following items proposed by the Administration at the next meeting to be held on 24 May 2010:

(a) Review of the operation of the Travel Industry Council of Hong Kong; and

(b) Strengthening consumer protection legislation against unfair trade practices: broad directions of the review.

4. Mr Albert HO enquired whether the item on strengthening consumer protection legislation would cover issues relating to regulation of multi-level marketing, having regard to the numerous complaints received in the past associated with this sales practice. The Chairman advised that the Administration

would be invited to include related information in the discussion paper for the meeting.

5. Mr Ronny TONG noted from recent print media reports that vehicles owners had to pay more as local oil companies only sold the more costly 98-octane petrol, whereas their vehicles did not require petrol of such a high octane level. He suggested that the Panel should invite the oil companies to discuss the issue, including petrol quality and price. Mr WONG Ting-kwong observed that most of the local vehicles could already attain optimal efficiency even if they used 95-octane petrol, the price of which was far lower than that of 98-octane petrol. He said that in the Mainland, the price difference between 98-octane and 97-octane petrol was as much as \$0.7 per litre. Given that the environmental performance of the two types of petrol was not significantly different, he considered it unnecessary to use 98-octane petrol.

6. The Chairman said that related issues had been discussed by the Panel in the past, and the oil companies had explained the technical difficulties and storage problem in supplying petrol of different octane numbers at the same petrol filling station (PFS). Nevertheless, he agreed to arrange discussion with the oil companies and the Administration to review the latest situation. Mr Ronny TONG opined that there should be solutions to resolve the technical difficulties claimed by the oil companies. Given the limited number of vehicles in Hong Kong, few of which required 98-octane petrol, he suggested that the oil companies should consider providing 98-octane petrol in selected PFSs. The Panel could also discuss with the Administration about the lease conditions for PFS sites in this regard.

7. The Chairman advised that as the two items proposed by the Administration for the next regular meeting required more time for thorough discussion, he suggested that the issue on introduction of petrol of lower octane level by oil companies be tentatively scheduled for discussion at the regular meeting in June 2010. Members agreed.

IV Policy of Travel Industry Council of Hong Kong on package tours bound for places where the Outbound Travel Alert is in force

(LC Paper No. CB(1)1658/09-10(03) - Administration's paper on policy of Travel Industry Council of Hong Kong on package tours bound for places where the Outbound Travel Alert is in force

LC Paper No. CB(1)1658/09-10(04) - Submission on policy of Travel Industry Council of Hong Kong on package tours bound for places where the Outbound Travel Alert is in force from Travel Industry Council of Hong

Kong (Chinese version only)

LC Paper No. CB(1)1513/09-10(01) - Hon Paul TSE's letter dated 25 March 2010 to the Secretary for Commerce and Economic Development on the decision of the Travel Industry Council of Hong Kong regarding package tours bound for Bangkok (Chinese version only)

LC Paper No. CB(1)1658/09-10(05) - Paper on policy regarding package tours bound for places where the Outbound Travel Alert is in force prepared by the Legislative Council Secretariat (background brief)

Briefing by the Administration

8. At the invitation of the Chairman, the Under Secretary for Commerce and Economic Development (USCED) briefed members on the Government's role in relation to the arrangement of the Travel Industry Council of Hong Kong (TIC) for package tours bound for places where an outbound travel alert (OTA) was in force. He stressed that the Government's primary consideration in issuing an OTA was travellers' personal safety, and had exchanged views with the travel trade and relevant sectors before drawing up the OTA system for implementation in October 2009. When the Government raised the OTA to Red for Thailand (Bangkok) on 10 March 2010, TIC had discussed with affected travel agents in the handling of package tours to Bangkok in accordance with the established mechanism, and representatives of the Tourism Commission (TC) had attended all relevant meetings during this process. While the Administration considered that the mechanism had in general operated smoothly, it had requested TIC to review the arrangements and make improvements where appropriate.

Presentation by the Travel Industry Council of Hong Kong

9. Mr Joseph TUNG, Executive Director of TIC outlined TIC's mechanism for handling package tours affected by OTA and other unforeseen circumstances as set out in its paper (LC Paper No. CB(1)1658/09-10(04)), which had been endorsed by the Outbound Committee of the TIC Board in January 2009. In accordance with the established mechanism, TIC had invited all those travel agents which had registered with TIC for operating tours to Bangkok to discuss the handling of package tours to the affected areas after the Red OTA was issued for Thailand (Bangkok) on 10 March 2010. The travel agents had come to a consensus that all package tours to Bangkok between 11 and 17 March 2010 would be cancelled, and subsequently, the cancellation arrangement was further extended to 23 March 2010 having regard to the latest situation in Bangkok. These travel agents met again on

23 March 2010 and upon tour participants' requests, decided that package tours to Bangkok would depart as scheduled from 24 March 2010 onward but it was up to the tour participants to decide whether to depart or not. TIC had also duly advised the travel agents to amend the itineraries to avoid visiting areas affected by the protests in Bangkok, so as to ensure the safety of tour participants. Mr TUNG said that TIC had coordinated the efforts of the travel agents in disseminating information to affected tour participants, and the arrangements were supported by the TIC Board.

10. Mr Simon MA, Member of the Outbound Committee of TIC said that his company was one of the member travel agents of TIC operating package tours to Bangkok. After the decision was made for package tours to Bangkok to resume from 24 March 2010 onward while the Red OTA was still in force, the travel agents concerned had asked tour participants whether they intended to depart as scheduled, change to tours bound for other destinations, obtain refund or retain the tour fares for future trips. They had also acted on TIC's advice to adjust the itineraries of the tours avoiding areas of risk in Bangkok, while keeping track of the latest updates from the tourism authority of Thailand and the industry's business partners in the area.

Discussion

11. The Chairman declared that he was a shareholder and non-executive director of a travel agency. Mr Paul TSE also declared that he was a shareholder of a travel agency which was a TIC member and member of the eight TIC Association Members. He also served as adviser to four of the TIC Association Members. Mrs Regina IP declared that she was an independent member of the 2009-2010 TIC Appeal Board. Mr CHAN Kam-lam said that he was a member of the Travel Industry Compensation Fund Management Board.

TIC's mechanism for handling package tours affected by unforeseen circumstances

12. Mr Fred LI expressed dissatisfaction that while TIC was endowed with the power to regulate travel agents and TIC membership was a statutory requirement for obtaining or renewing travel agent's licence, the recent resolutions made at the relevant meetings between TIC and travel agents to cancel or resume the package tours to Bangkok were just "consensus" with no binding effect on the travel agents. He also queried the inconsistency in the decisions made on 10 and 23 March 2010 when the same Red alert was in force. As the Security Bureau had advised the public to avoid non-essential travel for places to which a Red OTA was issued, he queried the justification for resuming the tours from 24 March 2010 onward. Mr Paul TSE also took the view that TIC should strive to minimize confusion among tour participants by cancelling all trips bound for places where the Red alert was in force.

13. Mr Michael WU, Chairman of TIC stressed that the decision to resume the package tours had taken into account the requests of tour participants to receive the same treatment as individual visit travellers who could make their trips of

hotel-plus-air packages as scheduled during the period. It was also noted that the protest activities had not affected the operation of the Bangkok International Airport and airlines concerned could continue to provide flight services to Bangkok. As such, TIC and travel agents had come to a consensus in the evening of 23 March 2010 that the package tours bound for Bangkok would depart as scheduled from 24 March 2010 onward. Mr WU remarked that the role of travel agents was to provide tour-related services, and they had not mandated affected tour participants to depart as scheduled.

14. Mr Johnny SO, Member of the Outbound Committee of TIC said that as the Red OTA was issued for the first time on 10 March 2010, the level of threat to personal safety associated with the alert was unclear. Hence, travel agents adopted a more conservative approach to cancel package tours bound for Bangkok. Taking into account the latest updates from the tourism authority of Thailand and in response to tour participants' requests, travel agents concerned subsequently agreed to resume the package tours on condition that the tour participants could opt to depart or not. Mr SO said that when the Thai government declared a state of emergency in Bangkok and its peripheral areas, travel agents had already taken the initiative to cancel tours heading Thailand before the OTA for the area was raised to Black on the next day. This showed that the travel agents had accorded priority to the safety of tour participants and not focused purely on business interests.

15. In reply to the enquiry of Mr Fred LI and Mr Paul TSE about the role and input of the Government in the decision-making process and how it had monitored the travel agents' arrangements agreed at their meetings, USCED said that TC representatives had attended all relevant meetings during the process and specifically requested the travel agents concerned to pay particular attention to the safety of travellers and staff. The Security Bureau had also attended some of the meetings to provide information on the relevant OTA and explain that the guiding principle was the concern over personal safety. The Administration had monitored the situation in Bangkok closely, particularly during the resumption of the package tours to the area. It was observed that TIC's established mechanism for handling package tours affected by unforeseen circumstances had worked well.

16. In reply to Mr Fred LI's further question about the role of TIC's Outbound Committee over the decisions, Mr Michael WU of TC advised that at its meeting held in January 2009, the Outbound Committee had discussed the mechanism that TIC should adopt when package tours were affected by unforeseen circumstances, and decided that in handling such situations, TIC would invite all those travel agents who had registered with TIC for operating tours to the affected area to attend a meeting chaired by the Convenor or Deputy Convenor of the Outbound Committee.

17. Mr Paul TSE opined that there might be conflict of interests for the incumbent Convenor of TIC's Outbound Committee, who, according to his understanding, was associated with an airline company providing scheduled flight services between Hong Kong and Thailand, to chair the meetings. Mr Michael WU of TIC clarified that while the Convenor of the Outbound Committee had

chaired the meetings, he did not have voting right. Mr WU further said that subsequent to the media reports about the possible conflict of interests, he or other members of TIC's crisis management team had taken up the chairmanship from the third meeting onward.

18. Mr Paul TSE queried that as TIC had issued to its member travel agents directives in respect of cancellation of package tours on one hand and "requested" the travel agents to protect tour participants' interests by giving them freedom to choose on the other, it seemed that the arrangements under the directives were not binding on the travel agents. Mr TSE considered that TIC and travel agents should adopt a consistent practice to cancel all package tours for places where the Red OTA was in force. He did not consider it necessary to take into account the requests of the tour participants as they, upon cancellation of the package tours, could still organize their own trips and depart as scheduled. TIC should exercise monitoring over travel agents this way and uphold the professional ethics of the industry. As the decisions of the travel agents concerned were announced by TIC, Mr TSE considered that the public might misunderstand that those decisions were delivered by the TIC Board which comprised TC representatives and independent directors. He also queried how these TIC Board members could supervise TIC as they were not involved in the decision-making process on the matter. It appeared that TIC had evaded its responsibility to monitor the travel agents, as well as protect employees' and consumers' safety.

19. Mr Michael WU of TIC said that TIC Board members had been invited to comment on the resolutions made at the relevant meetings before they were promulgated for the information of the public. Mr Joseph TUNG of TIC added that the TIC Board had been informed of the mechanism for handling package tours affected by unforeseen circumstances after it was adopted by the Outbound Committee in January 2009. The Outbound Committee considered that inviting affected travel agents to discuss the relevant arrangements would better facilitate coordination to suit the needs of travel agents and their business partners. To cater for tour participants' rights to choose to depart as scheduled or not in accordance with the key message of the Red OTA that Hong Kong residents should adjust travel plans and avoid non-essential travel, TIC could not mandate all travel agents concerned to cancel the affected package tours. Nevertheless, TIC would review the mechanism in the light of members' suggestions.

20. The Commissioner for Tourism (C for Tourism) said that at the relevant meetings, the TC representatives had specifically requested the travel agents concerned to pay particular attention to the safety of travellers and travel agents' staff, explain clearly the situation to them and make proper arrangements for refund or rescheduling. He remarked that the arrangements made for package tours to Bangkok were in line with the TIC's mechanism and Directive No. 143 on "Cancellation of package tours for reasons beyond control", and had been reported to TIC Board. Nonetheless, the Government had urged the TIC to draw experience from the incident and make improvements in future, such as ways to ensure TIC Board members could receive more timely information about the decisions made at the relevant meetings.

21. Mr Paul TSE said that he remained confused whether the decisions for handling the recent package tours bound for Bangkok in response to the Red OTA was a collective decision of the travel agents concerned or TIC, given that the TIC Board was only "informed" of the decisions after the meetings, instead of making the decisions. He hoped that TIC would review the mechanism on the way forward.

Arrangements for package tours bound for places where an OTA was in force

22. Mr CHAN Kam-lam appreciated that in the light of the previous incident arising from the cessation of operation of the Bangkok International Airport in late 2008, the travel industry had strived to tie in with the Government's implementation of the OTA system which had enhanced the accountability to the travelling public. However, he expressed concern that while tour participants were given the option to decide whether to depart for a place where the Red OTA was in force, the travel agents concerned should clearly explain to them the safety risks and liabilities involved as the situation could deteriorate quickly at any time. For example, the safety of attractions away from the protest areas could become dangerous, and there were cost implication of taking chartered flights back to Hong Kong when necessary.

23. Mr Simon MA of TIC said that the travel agents concerned had advised the tour participants to purchase insurance and take note of the scope of coverage for places where the Red alert was in force. Mr Michael WU of TIC added that travel agents were also required to explain clearly the safety risks and liabilities to tour participants. Compensation for loss or damage incurred by the trips would depend on the insurance coverage.

24. Mr CHAN Kam-lam suggested that TIC should consider asking tour participants to acknowledge in writing about the risks and liabilities involved in visiting places where a Red OTA was in force. He also considered that the Administration should see to it that the travel agents would act in the interests of travellers.

25. Mrs Regina IP observed that there was no problem in the implementation of OTA system and TIC's mechanism for handling package tours affected by unforeseen circumstances. However, as the political unrest of the place where the Red OTA was in force might heighten quickly, the Government should specify this clearly and advise the travelling public to remain highly vigilant. While agreeing that there was difficulty among the travel agents to determine whether package tours should depart for the place when the Red OTA was in force, especially when tour participants did not want to cancel their scheduled holidays, she opined that the tourism authority and the business partners in the affected areas might have watered down the associated risks in order to protect their business interests. She shared the suggestion for the tour participants to acknowledge the associated risks in writing, which should include an understanding that chartered flights might not be arranged for their immediate evacuation.

26. USCED said that the Administration had always attached great importance to travellers' safety and their rights to know the risks and liabilities of their trips. Mr Michael WU of TIC also agreed that the signing of a formal acknowledgment by tour participants could enhance protection for both consumers and the travel agents. TIC would follow up on the suggestion subsequently.

27. Mr Ronny TONG said that as the travel industry had conflict of interests in deciding whether their package tours bound for places where the Red OTA was in force should be cancelled or depart as scheduled, he opined that the Government should exert stronger influence by promulgating daily through special highlights first-hand information on the latest development in the affected place together with the travel advice to facilitate travellers to make an informed decision. The Chairman opined that there was room for strengthening dissemination of travel advice to the public, and TIC and the Government should seek to send a consistent, clear and simple message to the public.

28. On the promulgation of travel alerts, the Principal Assistant Secretary for Security said that the OTA system was intended to assist the public to better understand the risk to personal safety when travelling to overseas places by dissemination of alert messages. Since the Red alert was issued for Thailand (Bangkok) on 10 March 2010, the Security Bureau had kept close contact with TIC, and provided updates on the situation through press releases issued daily. Travel alerts and the key messages were also disseminated through the OTA webpage, the media, pamphlets and radio broadcast, while posters were displayed at the boundary control points to increase the awareness of the travellers about the OTA system. Hong Kong residents who needed help overseas could call the Immigration Department's hotline ((852)-1868). In any case, the Administration would consider ways to enhance publicity extent in the light of members' suggestions. USCED and C for Tourism said that TC had closely liaised with the Security Bureau and TIC, and provided relevant information and advice to TIC in the recent arrangements.

29. Mr Albert HO said that the merit of OTA was to facilitate travel agents and travellers to understand more easily the threat to personal safety when visiting places where OTA was in force. However, he enquired about the refund arrangements for cancellation of package tours under different alerts and expressed concern whether such arrangements were binding on the travel agents. Mr Michael WU of TIC stressed that all registered travel agents operating package tours to Bangkok had taken part in the relevant meetings and agreed with the arrangements. They were required to follow TIC Directive No. 143 in handling the matter. Participants of affected package tours bound for Bangkok might choose either to have their tour fare retained for six months or refunded after deducting an amount not exceeding the stipulated service fee, i.e. \$150 for package tours lasting five days or fewer. Disbursed fees for visa application would not be refunded.

30. Mr Paul TSE said that as he understood, some travel agents had charged \$800 instead of \$150 as the service fee for cancellation of package tours. Mr Michael WU of TIC explained that the extra fees were service charges paid to the airlines in advance due to additional flight services provided in peak season during the Easter holidays, which was not refundable. The travel industry would review with the airlines on relevant arrangements for peak seasons in due course. Noting the explanation, Mr TSE urged TIC to state this clearly in the TIC Directive No. 143.

31. Mr WONG Ting-kwong stressed the importance for the Government to give travel advice to assist the travelling public to better understand the risk or threat to personal safety in areas afflicted by political unrest or natural disasters. As it was the first time a Red alert was issued since the implementation of the OTA system, he observed that there was room for improvement. In particular, TIC and its member travel agents should review their coordination with airlines, hotels, insurers and other business partners in making arrangements for travel destinations where a Red alert previously in force was subsequently raised to Black.

32. Mr Joseph TUNG of TIC agreed that TIC should review with the travel industry and its business partners to improve the arrangements where warranted. He sought members' understanding about the difficulty of the travel agents in negotiating for refunds from service providers after cancellation of package tours, and some of them had suffered losses as a result. Nevertheless, travel agents would strive to coordinate with their business partners in making the best arrangements for affected tour participants. Mr WONG Ting-kwong remarked that while he understood the difficult situation faced by travel agents in making the contingent arrangements with their overseas business partners, the travel agents should improve the mechanism and provide better services in the interests of consumers.

33. Mr Albert HO enquired about the number of complaints received in relation to the cancellation of the recent Bangkok package tours and if any cases remained unresolved. Mr Joseph TUNG of TIC advised that TIC had not received any complaints lodged by package tour participants so far. In their understanding, all the arrangements pertaining to cancellation of tours and refunds had been settled smoothly. Mr Paul TSE referred to a number of complaints he had received from consumers against the practice of travel agents, and urged TIC to handle them promptly. In response, Mr Michael WU of TIC understood that these complaints concerned only hotel-plus-air packages for individual visits. While understanding the travel industry was adversely impacted by the incident, Mr TSE nevertheless urged TIC to consider making the same arrangements for participants of hotel-plus-air packages.

34. Mr IP Wai-ming enquired whether tour participants opting to join the tours and depart as scheduled could change their minds at the airport right before departure. Mr Michael WU of TIC advised that for package tours bound for places where the OTA was raised from Red to Black before the tours departed, TIC would coordinate with travel agents to cancel such tours as soon as practicable.

As in the recent case, the notification to travel agents for cancellation of related package tours had been speedily done within some 20 minutes. However, he saw difficulty to allow tour participants to cancel the tours when the same Red alert was still in force because the air tickets had already been issued and the flight expenses disbursed.

Insurance

35. Mr Ronny TONG said that the travel agents should encourage tour participants to acquire travel insurance, including tours bound for places where the Red OTA was in force. As the policy of some travel insurance plans might not cover losses arising from special circumstances such as wars or political disturbances, travel agents should ensure that the travel insurance schemes they recommended would provide adequate coverage, and remind tour participants of such if they purchased the insurance on their own.

36. Mr Michael WU of TIC said that the travel industry had all along advised tour participants to purchase insurance, either through the travel agents or other channels in the market, for their travel plans. In fact, some frequent travellers had acquired annual travel insurance plans to suit their travel needs. In any case, they were advised to keep a copy of their insurance certificates with the travel agents for necessary action in the event of incidents at the travel destinations.

37. Mr Johnny SO of TIC advised that before departure, the travel agents concerned had confirmed that the insurance plans arranged for tour participants and staff would remain effective for places where the Red OTA was in force. Mr SO also observed that around 85% of travellers had acquired insurance through travel agents or other channels and the number of travellers who did not purchase insurance for their travel plans was getting less and less. As such, he considered it a ripe time to make travel insurance a statutory requirement. Mr Paul TSE said that while he agreed on the direction of mandatory travel insurance, there was a need to strike a balance between consumers' interests and the operation of the travel agents, and related issues required thorough study.

38. Mr IP Wai-ming expressed concern whether insurance plans would still be effective if the Red OTA was raised to Black in the middle of the trips. Mr Joseph TUNG of TIC said that in his understanding, travel insurance plans acquired at the time when the Red OTA was in force for the travel destination in question would still be effective even if the alert was subsequently raised to Black in the middle of the trip. TIC and travel agents concerned would further clarify with their insurance companies in this regard.

39. In response to the Chairman's enquiry, Mr Michael WU of TIC advised that there was no requirement under the insurance policy the timeframe within which tour participants should return to Hong Kong from a travel destination to which the Black OTA was issued, as the insurance plan would cover the scheduled dates of the package tours. Nevertheless, travel agents would liaise with airlines to arrange return flights to Hong Kong if the tour participants wished to return immediately

after the Black OTA was issued. If the return trip was delayed due to uncontrollable circumstances, such as the recent suspension of flight routes caused by the Icelandic volcano eruption, whether and how the additional days of stay would be insured would depend on individual insurance policies.

Tour escorts and tourist guides

40. Mr Albert HO enquired if tour escorts and tourist guides could refuse to lead package tours departing for a place where an OTA was in force. Sharing the same concern, Mr IP Wai-ming asked whether TIC or the travel agents had consulted the Labour Department in this regard. Mr Michael WU of TIC said that travel agents would normally discuss with the tour escorts and tourist guides concerned whether they wished to lead the assigned tours bound for areas where an OTA was in force, and travel agents would arrange employee compensation insurance as appropriate. Staff refusing to lead the assigned tours would not be penalized but they would not be awarded with the commissions for the trips. Nevertheless, Mr WU assured members that tour escorts and tourist guides upheld a high standard of service and most of them would escort the tours.

Conclusion

41. The Chairman concluded that members recognized the need for the OTA system but they expressed concerns about TIC's mechanism for handling package tours affected by OTAs, insurance of tours bound for places where an OTA was in force, and the coordination between travel agents and their business partners in making the arrangements. Members hoped that the Administration, TIC and travel agents would enhance the dissemination of consistent travel advice through simple but clear messages to the public in a timely manner. The Chairman also called upon members of the public to exercise vigilance, with due regard to personal safety, in making travel plans for places where a Red OTA was in force. USCED said that while the OTA system and TIC's related mechanism had generally operated smoothly, the Administration had asked TIC to make reference to the experience in the past weeks and members' suggestions for improving the mechanism.

V Sea-going Training Incentive Scheme

(LC Paper No. CB(1)1658/09-10(06) - Administration's paper on Sea-going Training Incentive Scheme

LC Paper No. CB(1)1658/09-10(07) - Paper on Sea-going Training Incentive Scheme prepared by the Legislative Council Secretariat (background brief)

LC Paper No. CB(1)1733/09-10(01) - Submission from Merchant Navy Officers' Guild - Hong Kong (Chinese version only)
(tabled at the meeting and subsequently issued via e-mail on 26 April 2010)

Briefing by the Administration

42. At the invitation of the Chairman, the Acting Deputy Secretary for Transport and Housing (Transport) (DS/TH(T)(Atg)) briefed members on the background of the Sea-going Training Incentive Scheme (the Scheme) and sought members' support for a proposal to increase the approved commitment by \$19.2 million for the extension of operation of the Scheme to 2013-2014, details of which were set out in the Administration's paper (LC Paper No. CB(1)1658/09-10(06)). She highlighted that Hong Kong's maritime industry was facing an acute shortage of maritime professionals with a sea-going background for the last decade. The problem, if unattended, would erode Hong Kong's edge as an international maritime centre and a regional hub port. To help arrest and reverse the trend of the declining number of home-grown sea-going professionals, the Scheme was introduced in 2004 with the support of the Hong Kong Maritime Industry Council (HKMIC) to provide a financial incentive to attract youngsters to the sea-going career. DS/TH(T)(Atg) further outlined the collaborative efforts of the maritime industry to promote the sea-going profession and publicize its promising opportunities, and improvements observed since the launch of the Scheme, including the growing intake of the Maritime Services Training Institute (MSTI). She said that the number of cadets joining the Scheme was estimated to be 38 for 2010-2011 and 79 for 2013-2014. During the proposed extension of the Scheme, the Administration would review the situation in consultation with the industry to map out a sustainable strategy of addressing the shortage of maritime professionals in the long run.

Discussion

Scheme operation and industry's participation

43. Mr Fred LI said that given the Scheme was to address the shortage of maritime manpower, the industry should also provide financial assistance to the Scheme. Noting that only about half of the graduates had opted to go to sea since the launch of the Scheme, Mr LI expressed concern that it would be a waste of public resources to reimburse a Scheme participant the fee of the Class 3 Certificate of Competency (CoC) Examination if he did not join the sea-going profession upon completion of the training. He suggested that the cadets should be required to undertake to serve in the industry for a minimum period in order to be eligible for reimbursement of examination fees.

44. On industry's support for the Scheme, DS/TH(T)(Atg) advised that the maritime industry was unique in nature in that it could employ globally and a ship might operate without a cadet. Notwithstanding this, the Hong Kong Shipowners Association (HKSA) had assisted with the placement of cadets and shipowners had agreed to employ them with pay. The number of cadetship training places was around 20 per year on average since the operation of the Scheme. DS/TH(T)(Atg) clarified that the average percentage of 46.7% graduates who had opted to go to sea referred to the graduates of the MSTI programmes. Among the 123 graduates from MSTI and other institutions joining the Scheme, 70.7% (i.e. 87 cadets) had successfully completed their sea-going training with the remainder still on training. 53 of them had even obtained their Class 3 CoC or Class 2 CoC, which showed that they had stayed in the industry and achieved good professional qualifications. She supplemented that examination fees were reimbursed to these cadets only after they had successfully passed the examinations as some form of checks and balances.

45. Mr IP Wai-ming supported the proposal and expressed concern on the declining number of home-grown sea-going professionals in Hong Kong. He conveyed the call from the Hong Kong Seamen's Union for enhancing the training incentives and other initiatives to attract more youngsters to the industry. He enquired about other industry measures, apart from job placement under the Scheme, to provide more training opportunities to the cadets.

46. In response, DS/TH(T)(Atg) said that apart from providing training onboard ships under the Scheme, the industry had also joined the Government promotional efforts to publicize the Scheme and put in extra resources to nurture local expertise through other initiatives.

47. Mr Paul CHAN said that he did not agree that the proposal would help fortify Hong Kong's edge as a major maritime centre, as the Scheme only concerned deck or engineer cadetship training. Nevertheless he expressed support for the Scheme as it involved just a small amount of funding which served as a means to attract more youngsters to join the sea-going profession. Mr Ronny TONG also conveyed the concerns of some industry members that the proposed increase in the commitment by about \$19 million for the extension of the Scheme was inadequate.

48. DS/TH(T)(Atg) said that while the status of Hong Kong as a regional hub port hinged on many factors, the success of the maritime industry was largely attributable to a strong pool of maritime professionals, in particular those possessing sea-going experience. As such, it was deemed important to provide incentives under the Scheme together with other promotional efforts to attract more youngsters to take up the sea-going profession so as to sustain Hong Kong's status as an international maritime centre.

49. Mr Paul CHAN enquired if the Administration would keep track whether the cadets would continue to stay in the industry after completion of training under the Scheme. He urged the Administration to monitor the effectiveness of the Scheme to ensure that public resources were put to gainful uses. Noting that the

local shipping companies generally lacked the initiative to train up Hong Kong cadets who were comparatively remunerated with higher wages, he expressed concern about the competitiveness of the cadets after training.

50. DS/TH(T)(Atg) said that since the implementation of the Scheme in 2004, the Administration had regularly reviewed the Scheme on a half-yearly basis, including the development of the cadets after training, and reported the outcome to the Human Resources Task Force of HKMIC. As regards the competitiveness of the cadets, the sea-going experience and relevant training would equip them with the practical knowledge and skills to serve onboard merchant ships, and enhance their competitiveness in the long run. She assured members that so far, the Scheme had received positive response and support from the industry.

Publicity of the Scheme

51. Mr CHAN Kam-lam expressed support for the proposal. Referring to his previous sea-going experience, he commented that the sea-going profession was an attractive career that could help nurture the self-independence of youngsters and broaden their horizon. However, a sea-going career appeared to be unappealing to the youth today largely because they did not want to leave home for too long and life at sea was perceived to be less colourful. Parents might also be worried about the risks associated with sea-going training. To avoid misunderstanding of the profession among the public, he opined that the Government should step up publicity about the promising prospect of the sea-going career, the high standard of the sea-going training comparable to professional training offered by other tertiary institutions and the attractive life on board with a view to attracting more youngsters to join the sea-going profession. Mr IP Wai-ming shared similar views and urged the Administration to increase the publicity extent for the Scheme.

52. Mr WONG Ting-kwong expressed support for the proposal, and commented that the number of local residents joining the seafaring profession had significantly dropped compared to that in the last century. While the Scheme was targeted at young graduates of maritime study programmes, he considered that the Administration should also open the Scheme to those other than young people for them to consider switching to the sea-going profession.

53. DS/TH(T)(Atg) said that the Government recognized the importance to promote the Scheme and the sea-going profession. Publicity were conducted to enhance public awareness of the career progression from cadets to ship master, and the opportunity to take up on-shore maritime profession in middle to senior management ranks after acquiring some sea-going experience. In this connection, the Marine Department (MD) and HKSA had provided career counseling services to interested young people. Apart from providing cadetship training under the Scheme, the industry had also joined the Government promotional efforts to publicize among the general public, especially the youngsters, the maritime industry and the promising opportunities in the industry. These activities included participating in the annual Career Expo, conducting secondary school promotion talks, etc. She further said that the Human Resources Task Force of HKMIC also

met regularly to discuss measures to attract more local people to the sea-going profession.

Other maritime training and study programmes

54. Mr Ronny TONG referred to his LegCo question on "Courses conducted for seafarers" raised at the Council meeting on 21 April 2010, and relayed the concerns of some industry players that seafarers were required to complete designated courses in Hong Kong before the expiry of their licences or certificates in order to obtain the necessary practising qualification. In the event that there were not enough courses, seafarers would be forced out of employment because they could not obtain the necessary qualification. Some members of the industry had indicated that at present, there was a shortage of courses in Hong Kong for certain minor licences, such as the radar licence, in the industry. Despite the Government claimed that it had not reduced the number of maritime training courses, Mr TONG considered that the Administration should devise measures to help existing seafarers to obtain the relevant qualifications by providing more relevant courses, and not just focusing on encouraging youngsters to join the sea-going profession.

55. DS/TH(T)(Atg) said that the Government placed equal emphasis on training in-service seafarers and nurturing shored-based maritime professionals. To meet the industry demand, the Maritime Services Training Board (MSTB) comprising representatives from MD and the industry, had discussed issues relating to the type and number of training courses to be run. She further explained that seafarers could attend most of the required courses prior to their sea-going profession and in-service refresher courses were offered from time to time to help them keep up with the latest technology development. Nevertheless, it was observed that publicity could be further enhanced to strengthen dissemination of information of courses on offer among potential attendees. As a member of MSTB, MD would bring the matter to the attention of the Board at the next meeting.

56. Mr Paul TSE said that as the shortage of maritime professionals involved manpower providing a wide range of essential services such as pilotage, vessel traffic regulation, surveying, ship management, ship repair etc, the training incentives and resources should be deployed to strengthen manpower on these fields instead of the basic cadetship training. In this connection, he enquired whether sea-going training was a prerequisite to the said professions. The Chairman urged the Administration to ensure that the training courses could keep up with the latest technology and vessel developments.

57. DS/TH(T)(Atg) stressed that the requirements of sea-going training and experience for certain shore-based jobs were not set by the Government but reflected the practical needs of the industry. According to a survey conducted with the industry on the job requirements for different maritime professions, a sea-going background was necessary or would have an edge for certain shore-based jobs, in particular those providing vital services, such as pilotage, port control, and

vessel re-fuelling.

58. Mr Paul TSE enquired whether the Administration would consider relaxing the policy on the importation of maritime professionals so as to address the manpower shortage in the industry, given that not many local people were willing to join the sea-going profession.

59. DS/TH(T)(Atg) said that there were at present 688 serving maritime professionals, among them over 200 were foreign nationals and Mainlanders who worked as marine superintendents or managers. She emphasized that to maintain Hong Kong's status as a major maritime centre, there was a genuine need to nurture home-grown sea-going professionals and maintain stability in the maritime workforce, in face of keen competition for maritime professionals among major ports which had led to greater mobility of imported professionals. The Chairman agreed that the Administration should strike a balance between training local expertise and importation of foreign labour to ensure adequate manpower supply for the development of the maritime industry.

60. Mr IP Wai-ming considered that the Administration should look into the reasons why more than half of the graduates of MSTI maritime study programme had not joined the sea-going profession upon completion of their studies. Mr Paul CHAN also enquired about the industries to which the graduates in question had switched.

61. On the reasons for dropping out, DS/TH(T)(Atg) said that the Administration had discussed with the institutes concerned. It was observed that youngsters generally did not want to leave home for too long and the remuneration of deck or engineer cadets appeared unattractive to them. She agreed to check with the institutes to see if they had conducted some form of exit surveys and provide more information, if available, in this regard for members' reference. DS/TH(T)(Atg) further said that as a member of the MSTB, MD would discuss the issue and related measures with other members at its future meetings.

Admin

(Post-meeting note: The information provided by the Administration was circulated on 13 May 2010 vide LC Paper No. CB(1)1881/09-10(01).)

Conclusion

62. The Chairman concluded that members supported the proposal to increase the approved commitment for the Scheme, and expressed concerns about operation and publicity of the Scheme, industry's support and the success rates of the Scheme and other maritime training programme. He requested the Administration to take note of members' concerns for making improvements in future.

VI Any other business

63. There being no other business, the meeting ended at 12:50 pm.

Council Business Division 1
Legislative Council Secretariat
20 May 2010