

立法會
Legislative Council

LC Paper No. CB(1)1085/13-14
(These minutes have been seen
by the Administration)

Ref : CB1/PL/EDEV/1

Panel on Economic Development

Minutes of special meeting
held on Monday, 16 December 2013, at 10:45 am
in Conference Room 2 of the Legislative Council Complex

- Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Ronny TONG Ka-wah, SC
Dr Hon LAM Tai-fai, SBS, JP
Hon Paul TSE Wai-chun, JP
Hon Albert CHAN Wai-yip
Hon Steven HO Chun-yin
Hon Frankie YICK Chi-ming
Hon YIU Si-wing
Hon Charles Peter MOK
Hon CHAN Han-pan
Hon Kenneth LEUNG
Hon Dennis KWOK
Hon Christopher CHEUNG Wah-fung, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon SIN Chung-kai, SBS, JP
Dr Hon Elizabeth QUAT, JP
Hon TANG Ka-piu
Hon CHUNG Kwok-pan
- Members absent** : Hon Jeffrey LAM Kin-fung, GBS, JP (Deputy Chairman)
Dr Hon LEUNG Ka-lau

**Public officers
attending**

: Agenda Item I

Mr YAU Shing-mu
Under Secretary for Transport and Housing

Ms Candy NIP Kai-yan
Principal Assistant Secretary for Transport and
Housing (Transport) 8

Ms Julina CHAN Woon-yee
Deputy Secretary for Transport and Housing
(Transport) 5

Mr WONG Sai-fat
Assistant Director of Marine / Shipping (Acting)
Marine Department

Agenda Item II

Ms Jenny CHAN
Principal Assistant Secretary for Transport and
Housing (Transport)

Mr CHUNG Siu-man
Assistant Director / Port Control
Marine Department

Mr LEUNG Man-chiu
Senior Maintenance Manager
Marine Department

Mr LEUNG Wai-hok
Senior Surveyor of Ships / Government New
Construction
Marine Department

Agenda Item III

Mr Godfrey LEUNG
Under Secretary for Commerce and Economic
Development
Commerce and Economic Development

Mr Esmond LEE
Deputy Judiciary Administrator (Development)
The Judiciary Administration

Ms Wendy CHEUNG
Assistant Judiciary Administrator (Development)
The Judiciary Administration

Clerk in attendance : Mr Derek LO
Chief Council Secretary (1)5

Staff in attendance : Mr Daniel SIN
Senior Council Secretary (1)7

Ms Michelle NIEN
Legislative Assistant (1)5

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I Proposed establishment of a Maritime and Aviation Training Fund

(LC Paper No. CB(1)501/13-14(01) —Administration's paper on establishment of a Maritime and Aviation Training Fund

LC Paper No. CB(1)501/13-14(02) —Paper on the establishment of a training fund for maritime and aviation transport prepared by the Legislative Council Secretariat (background brief))

Under Secretary for Transport and Housing ("USTH") introduced the paper which sought Panel members' views on the proposed establishment of the Maritime and Aviation Training Fund ("MATF") to support manpower development for the relevant industries in Hong Kong.

Manpower shortage in the maritime and aviation sectors

2. Mr CHAN Kam-lam supported the proposal to set up MATF. He said that the maritime and aviation industries were facing manpower shortage, especially those with technical skills. Mr CHAN said that MATF should be targeted at young people, but he queried how the Administration would attract more people to work in these sectors, especially in jobs that did not require high-level skills or academic qualifications.

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3. USTH said that the Administration was aware of the manpower shortage situation in the maritime and aviation sectors. As he saw it, there seemed to be a general lack of understanding amongst young people of the opportunities and diversity of jobs that the maritime sector offered, although the career prospects in the industry were quite promising. He said that this would be emphasized more in future publicity efforts to attract young people to the trade. USTH further advised that under the proposed MATF, the Administration would fund a number of summer intern placements to increase the awareness of students of various disciplines about opportunities in the maritime industry. Meanwhile, the Administration was also discussing with the sectors on measures to improve the remuneration and conditions of service for maritime and aviation personnel under training.

4. Mr TANG Ka-piu commented that the number of training places being offered by various training institutions were too small and asked if the Administration would, say, double the number of training places.

5. USTH said that at present, the Maritime Services Training Institute offered a total 60 student places for the Higher Diploma in Maritime Studies. It might not be feasible to double the number of training places in the institution within a short time as there were constraints in the availability of teaching staff and facilities.

6. Mr Albert CHAN commented that different sectors were experiencing manpower shortage. The Administration should examine the issue from the broader perspectives of the population and economic policies, and should implement measures to facilitate better matching of talents and job types in various sectors. The current situation where different industries implemented their own programmes to compete for talents would only result in chaos.

7. Mr CHUNG Kwok-pan noted that there were about 2 200 vacancies in the shipping and aviation-related sectors, and that the Administration intended to broaden Hong Kong's pool of expertise. Mr CHUNG asked which types of jobs in the maritime and aviation sectors had the highest number of vacancies and how the Administration planned to attract "new blood" to reduce the vacancies.

8. Mr CHUNG Kwok-pan also noted that the Administration would proceed to build the third runway in the Hong Kong International Airport. He asked how the Administration would enhance training to meet the needs of the development of aviation industry in Hong Kong.

9. USTH responded that manpower shortage was relatively more serious with technical jobs such as aircraft maintenance, and jobs which required menial

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and manual efforts (both in airport and port). Apart from improving remuneration, transportation arrangement for staff to commute between the workplace and home was also an issue that needed to be considered.

10. USTH said that the development of the third runway would, in the short term, require more construction and related professionals. When the third runway was commissioned and with the development of the aviation industry in Hong Kong, the Administration envisaged a higher demand for maintenance and ground operations personnel, and the Administration would focus on improving development of talents in these areas.

Career development of sea cadets

11. Mr CHAN Kam-lam asked for a breakdown by age groups of people attending various existing training programmes in the maritime field. He commented that many trainees switched to work on-shore in maritime-related fields rather than serving directly on ships. Mr TANG Ka-piu commented that many locally trained cadets tended to switch to on-shore positions after having obtained professional qualifications.

12. USTH explained that many professional and supporting positions in the maritime-related fields required personnel with some seafaring experience. The Administration recognized that some of the cadets chose to serve in different positions in the maritime sector after their training, i.e. taking up on-shore positions, rather than working on board ships as they would still be contributing valuably to the development of the maritime industry. The Administration hoped to attract more young people to join the maritime sector and move up the career ladder through exposure to different on-board service experience and acquiring relevant professional qualifications.

13. USTH said that the Administration's objective in MATF was to broaden Hong Kong's pool of expertise in maritime and aviation industries, whether they were serving on a vessel or aircraft or working in an ancillary profession. USTH said that Hong Kong aimed to move towards the development of high value-added maritime services, so cadets needed not be expected to spend their entire career on board vessels.

Remuneration and subsidy level of ocean-going vessel cadets

14. Mr CHAN Han-pan welcomed the introduction of MATF. He said that many industries were competing for talents, and the Construction Industry Council, for example, was offering training and internship programmes during which trainees could receive about \$10,000 per month in salary after completion of training. By contrast, cadets on board ocean-going vessel only received

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\$6,000 in allowance during their 18-months sea-going service. Mr CHAN Han-pan asked if the Administration would enhance the subsidy level for cadets in order to attract young people to become seamen.

15. USTH said that the Administration proposed to increase the monthly subsidy from \$5,000 to \$6,000 for sea cadets under the Sea-going Training Incentive Scheme ("SGTIS"). In addition, sea cadets also received a monthly salary from their shipping companies, and hence their monthly income would in broad terms come up to about \$10,000. If these cadets could obtain the relevant professional qualifications and become deck officers or marine engineers, their income could reach about \$30,000 per month. In response to a further query from Mr CHAN Han-pan and the Chairman, Assistant Director of Marine/Shipping (Acting) ("AD/Shipping (Ag)") said that in general, more than half of the sea cadets were able to pass their first professional examinations and acquired the qualification.

16. Mr Frankie YICK declared that he was a director of the "Star" Ferry Company, Ltd. and might be an organization that could benefit from the Fund. Mr YICK welcomed the Administration's proposal to set up MATF. He said that the local maritime sector was in need of government support as operators were experiencing very harsh business environment. While the sector welcomed the Administration's proposal to increase the monthly subsidy provided to sea cadets from the current \$5,000 to \$6,000, many considered the increase insufficient. Mr YICK suggested that the Administration should further raise the amount of subsidy if the proposal turned out to unattractive to young people.

Preference for employing locally trained cadets

17. Mr TANG Ka-piu said that he had received feedback from some seafarers unions that shipowners would not necessarily employ locally trained shipping personnel. Shipowners or shipping operators preferred to employ overseas shipping personnel as their turnover rates were comparatively lower. Mr TANG considered that the Administration should encourage shipping companies to employ locally trained shipping personnel as cadets.

18. The Chairman asked the Administration to provide a written response to Mr Albert CHAN's enquiry whether the Administration would require Hong Kong shipowners and shipping operators to employing locally-trained shipping personnel.

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Streamlining prerequisites for ratings on board local vessels to sit for professional examinations

19. Mr Steven HO commented that the requirement for sea-going experience thresholds for marine professionals were too high, as a rating on board local vessel needed to acquire at least 12 months' sea-time before he or she was eligible to sit for the first professional examination. He asked if the Administration would lower the requirement in order to attract more young people to join the maritime industry. Mr Frankie YICK made a similar comment and asked if the training hours could be counted towards the period of sea-time required for the professional examinations.

20. USTH responded that, whereas the qualifications for working on an ocean-going vessel should meet a certain internationally agreed minimum professional standard, for those serving on local vessels, the Administration was exploring with the local shipping sector to design new training programmes and qualification requirements to suit Hong Kong's situation. The feasibility of reducing the length of sea-time required to sit for professional examinations for serving on board local vessels would be considered, but maritime safety would be a key factor of consideration.

Sea-going training incentive and scholarship schemes

21. Mr YIU Si-wing asked how many of the beneficiaries of SGTIS had remained in the maritime sector. Mr YIU noted that many scholarships were awarded to students or practitioners taking courses in maritime law. As the maritime sector was in shortage of frontline workers, Mr YIU asked whether the awards or incentives should be given to frontline workers instead.

22. USTH said that of the 270 cadets who joined SGTIS, 141 had successfully obtained professional qualifications. They would be working in the maritime field. Furthermore, scholarships had been granted to some 150 students under the three schemes run by three universities, of whom 98 joined the maritime sector upon graduation and were serving in different positions. USTH said that the Administration's objective was to expand the pool of expertise in the maritime and aviation sectors, and it was acceptable that awardees worked in a profession of their choice as long as it was related to the maritime and aviation industries.

23. Mr SIN Chung-kai expressed concern that the training programmes offered to awardees of SGTIS should be practical and employment-oriented, so that trainees having undertaken the training and studies could find employment in the maritime sector.

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24. USTH said that about half of the trainees receiving awards under SGTIS had remained in the maritime sector. He added that the Administration's proposals to enhance the marine training incentive and scholarship schemes were intended to motivate more young people to enroll in related skills training and join the maritime and aviation sectors upon graduation. Apart from incentivizing students/cadets, the proposals also aimed at providing opportunities to those who were already being employed in the relevant maritime and aviation sectors, hence the training programmes would be practical and employment-related. USTH added that conditions were imposed in some of the scholarship schemes to require the awardees to work in the related profession for a certain period of time.

25. Mr Albert CHAN requested that it be put on record that he objected to the proposal. The Chairman concluded that the Panel in general supported the proposal and that it should be submitted to the Finance Committee for deliberation.

II Replacement of four patrol launches for Harbour Patrol Services

(LC Paper No. CB(1)501/13-14(03) —Administration's paper on replacement of four patrol launches of the Marine Department)

26. Principal Assistant Secretary for Transport and Housing (Transport) ("PAS(T)") briefed members on the proposal to replace four patrol launches operated by the Marine Department ("MD") as set out in the paper.

27. Mr Albert CHAN supported the proposal in principle. Mr CHAN expressed concern about the illegal entry of Mainland vessels into Hong Kong waters and asked whether the Administration had co-ordinated efforts to curb these activities.

28. Assistant Director/Port Control ("AD/PC") said that MD would deploy patrol vessels to take actions against illegal entry of non-local vessels into Hong Kong waters upon receipt of complaints, and would carry out joint operations with relevant government departments.

29. Mr Albert CHAN expressed dissatisfaction with MD for tolerating the illegal operations of non-local vessels in Hong Kong waters. He said that MD should be able to identify any in-coming vessels in its Vessel Traffic System and should take immediate action against unauthorized entry. He asked whether the

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Administration could step up law enforcement action and reduce the instance of such intrusion if the proposed replacement of patrol launches was approved.

30. AD/PC said that with the new patrol launches fitted with better equipment, MD would certainly improve its capacity in combating illegal activities.

Speed of the vessels

31. Mr CHUNG Kwok-pan noted that the recurrent fuel cost of the proposed new patrol launches would be higher than the existing ones. He said that new patrol launches should be more fuel-efficient and queried why they would not bring about savings in fuel cost. Mr CHUNG also queried how the decommissioned patrol launches would be disposed of.

32. Senior Maintenance Manager replied that although new launches should, in general, be more efficient in fuel consumption, the proposed new patrol launches were larger in size and required more powerful engines to attain the same speed i.e. 20 knots as that of the existing vessels. As a result, fuel consumption and fuel cost of the new vessels would be higher.

33. In response to Mr CHUNG Kwok-pan and the Chairman, Senior Surveyor of Ships/ Government New Construction said that the new vessels were larger than the existing launches in size.

34. Mr CHUNG Kwok-pan queried the justifications for acquiring larger vessels which required higher fuel consumption without any gain in speed.

Sufficiency of fleet size

35. Mr WONG Ting-kwong supported the proposal in principle. He asked whether MD's fleet of 25 vessels was sufficient in delivering its services including the work of monitoring the whole stretch of Hong Kong waters to prevent illegal entry of vessels.

36. AD/PC responded that MD patrol launches' main duty was to regulate marine traffic and therefore the launches would be mostly deployed in the busy waters of Hong Kong. He said that the Marine Police was also responsible for taking enforcement actions especially near the boundary against illegal entry of non-local vessels into Hong Kong waters. AD/PC considered that the current MD fleet was sufficient to perform the required functions.

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37. Mr WONG Ting-kwong asked, apart from MD, Marine Police and the Immigration Department, which other departments managed its own launch fleet. Mr WONG also asked the Administration to provide a breakdown of patrol vessels by government departments. The Administration undertook to provide the information after the meeting.

Vessel replacement plan

38. Mr YIU Si-wing enquired about the conditions or procedures adopted by the Administration for replacing aged departmental vessels and what other vessels were due for decommissioning and replacement in the coming few years. Mr YIU asked if the Administration could draw up a more detailed and systematic vessel replacement plan for members' consideration, rather than seeking funding approval for vessel replacement one by one.

39. AD/PC explained that patrol launches with fibre-glass hulls had a normal serviceable life of 15 years. MD would conduct thorough examination of these vessels near the end of their serviceable life to determine whether it was more cost-effective to continue to maintain them or to replace them with new vessels. Steel-hull vessels had a serviceable life of around 20 years. These vessels were subject to detailed inspections to determine the need for replacement when they were due for decommissioning. The Administration would seek funding approval from the Finance Committee for replacing existing vessels on a need basis, and it was expected that there would be eight vessels that needed to be replaced in the coming years.

40. The Chairman said that members were supportive of the proposal and that the item should be submitted to FC for deliberation.

III Proposed legislative amendments to the Competition Ordinance relating to the Competition Tribunal

(LC Paper No. CB(1)501/13-14(04) —Administration's paper on proposed legislative amendments to the Competition Ordinance relating to the Competition Tribunal

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LC Paper No. CB(1)501/13-14(05) —Paper on the proposed legislative amendments to the Competition Ordinance relating to the Competition Tribunal prepared by the Legislative Council Secretariat (background brief)

41. Under Secretary for Commerce and Economic Development ("USCED") and Deputy Judiciary Administrator (Development) ("DJA(D)") briefed members on the proposed legislative amendments to the Competition Ordinance (Cap. 619) relating to the Competition Tribunal ("the Tribunal").

Registrar of the Competition Tribunal

42. Mr Dennis KWOK asked whether the duties of the Tribunal's registrars would be shared by High Court registrars. He commented that the workload of the High Court registrars was very heavy and that the Administration should create new posts to relieve their work pressure.

43. DJA(D) said that a Deputy Registrar post had been created following the approval of the Legislative Council ("LegCo") in early 2013. With the creation of the post, there was a total of ten registrar-related posts in the Judiciary, which should be adequate. DJA(D) added that depending on the actual workload of the Tribunal, it might not be cost-effective to require the Deputy Registrar to work for the Tribunal full-time.

44. Mr Dennis KWOK said that the Judiciary Administration should keep the workload and staffing situation under review and should enhance staffing support as necessary. DJA(D) agreed.

Penalty to be imposed by the Competition Tribunal

45. Mr Christopher CHEUNG noted that the Tribunal might order any person to pay to the Government or any other person an amount not exceeding the amount of any profit gained or loss avoided by that person as a result of any contravention of the competition rules. Mr CHEUNG queried whether the level of penalty was too lenient to have any deterrent effect.

46. USCED said that there were other more severe penalties under the Competition Ordinance. Principal Assistant Secretary for Commerce and Economic Development (Commerce and Industry)² ("PAS(CI)") said that under section 93 of the Competition Ordinance, the pecuniary penalty imposed in relation to conduct that constituted a contravention of a competition rule could

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be as high as 10% of the local turnover of the undertaking concerned for each year in which contravention occurred. If the contravention occurred in more than three years, the maximum pecuniary penalty would be 10% of the local turnover of the concerned undertaking for the three years in which the contravention occurred that saw the highest, second highest and third highest turnover.

47. In response to Mr Christopher CHEUNG's enquiry, PAS(CI) said that the public and stakeholders had been consulted on the level of penalties imposed under the Competition Ordinance. The public would have the opportunities to give their views on the regulatory guidelines to be formulated by the Competition Commission on the implementation and interpretation of the Ordinance.

48. Mr Charles MOK noted that there were comments that the penalty against anti-competition conduct by telecommunications and broadcasting companies was too lenient. The Administration had explained that the penalty under the Competition Ordinance would be heavier. Mr MOK asked how the penalties would differ under the new ordinance.

49. PAS(CI) referred members to section 93 of the Competition Ordinance which set out the major penalty provisions for contravention of a competition rule. Under the Competition Ordinance, the Tribunal might on application by the Competition Commission, order that the amount of a pecuniary penalty up to 10% of the local turnover of the undertaking concerned for each year in which the contravention occurred. If the contravention occurred in more than three years, the maximum pecuniary penalty would be 10% of the local turnover of the concerned undertaking for the three years in which the contravention occurred that saw the highest, second highest and third highest turnover. Schedule 3 of the Competition Ordinance also allowed the Tribunal to declare, amongst others, that any agreement (the making or giving effect to which constituted the contravention of the competition rules) to be void or voidable, or to require any person to pay to the Government or to any other specified person an amount not exceeding the amount of any profit gained or loss avoided by that person as a result of the contravention.

50. Mr Charles MOK asked whether the appeal mechanisms under the Broadcasting Ordinance (Cap. 562), the Telecommunications Ordinance (Cap. 106) and the Competition Ordinance would be similar and whether it would also take 18 months from now for the provisions relating to the appeal mechanism under the Competition Ordinance to take effect.

51. PAS(CI) replied that it was the Administration's intention to put the Competition Ordinance into full operation when all the preparatory work was in

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place. Section 154 of the Competition Ordinance provided that an appeal lied as of right to the Court of Appeal against any decision, determination or order of the Tribunal made under the Competition Ordinance. However, the making of an appeal to the Court of Appeal did not necessarily suspend the effect of the decision, determination or order of the Tribunal to which the appeal related.

Timetable for implementing the Competition Ordinance

52. Dr Fernando CHEUNG queried why the legislative proposals concerning the operation of the Tribunal were not put forward together with the principal legislation in the previous term of LegCo.

53. USCED said that the Administration had been discussing with the Judiciary on the implementation of the Competition Ordinance following its enactment. The Tribunal was established on 1 August 2013, and it was found that certain changes needed to be introduced into the Ordinance to facilitate the operation of the Tribunal. It was hoped that the proposed amendments could be introduced to LegCo in mid-2014.

54. In response to Dr Fernando CHEUNG on whether the Administration had set a timetable for the implementation of the whole legislation, USCED replied that the Ordinance would come into effect by stages and the Administration hoped that the Ordinance could come into operation as early as possible, but the date depended on the progress of various underlying preparatory work. In this connection, USCED said that the Competition Commission would commence consultation on the guidelines in early 2014.

55. Mr Andrew LEUNG said that he was a member of the Competition Commission. At the invitation of the Chairman, Mr LEUNG explained to the Panel the current progress of work of the Commission. He said that the Commission was conducting global recruitment for its key posts, and it was expected that these posts could be filled by April to May 2014. Meanwhile, the regulatory guidelines were being formulated. Taking into account the time needed for public consultation, the guidelines would be ready by the end of 2014. When the preparatory work was completed, the Administration would then submit commencement notice to LegCo. Mr LEUNG said that the whole exercise would take about 18 months to complete.

56. PAS(CI) supplemented that the Administration's intention was that the major sanction provisions in the Competition Ordinance should come into full operation when the Competition Commission and the Judiciary had completed preparatory work.

IV Any other business

Request for additional meeting to discuss outstanding issues

57. In response to Mr SIN Chung-kai, the Chairman said that the Secretariat had referred the letters from Mr SIN of 6 December and 11 December 2013 in respect of a submission from "a group of middle management staff of Airport Authority Hong Kong" and 2014-2018 development plans of the two power companies respectively to the Administration for written response. The Administration had already provided information in respect of the questions on the two power companies in Mr SIN's letter (the Chinese and English versions of it were issued vide LC Paper Nos. CB(1)556/13-14 on 13 December 2013 and CB(1)583/13-14 on 18 December 2013 respectively).

58. Mr SIN Chung-kai said that in view of the nature of issues alleged in the submission from the staff the Airport Authority Hong Kong ("AAHK") and media reports on the alleged mismanagement of AAHK, there might be a case for members to take a closer look at the matter at a meeting. Mr Charles MOK supported Mr SIN's stance.

59. Mr Charles MOK said that members could only receive the papers on power companies' five-year plans and tariff review arrived on the day of the meeting when these issues were discussed and there was indeed not enough time for members to raise questions at a two-hour meeting. Many issues remained to be clarified. Mr MOK suggested that the Panel should make it a standing practice that at least two meetings should be scheduled for discussion on the power companies' five-year development plans and tariff review.

60. Mr WONG Ting-kwong agreed that further discussion on the power companies' five-year development plans and tariff review might be necessary and could be included in the agenda of one of the Panel's regular meetings in future.

61. The Chairman said that the agendas of the regular meetings in the first quarter of 2014 were already quite heavy and it would be difficult to include an item on power companies' five-year plans and tariff review for discussion at those meetings. The Chairman said that if a meeting had to be held for discussing the matter, he would consider that a slot in early February 2014 should be explored.

(Post-meeting note: Notice of a special meeting scheduled for 6 February 2014 for discussing the above-mentioned matters related to the two power companies and the AAHK was circulated to members vide CB(1)679/13-14 on 7 January 2014.)

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Date of next regular meeting

62. The Chairman said that the Panel's next regular meeting would be held at 10:45 am on 27 January 2014 at which the respective bureau secretaries would brief members on the policy initiatives relating to Panel on Economic Development in the Chief Executive's 2014 Policy Address.

63. There being no other business, the meeting was adjourned at 12:30 pm.

Council Business Division 1
Legislative Council Secretariat
14 March 2014