

NOTE FOR FINANCE COMMITTEE

One-off Assistance to Fish Collector Owners Affected by the Trawl Ban

PURPOSE

This paper briefs Members on the provision of one-off assistance to fish collector owners¹ who have been genuinely affected by the trawl ban.

BACKGROUND

2. On 10 June 2011, the Legislative Council Finance Committee (FC) approved, vide paper FCR(2011-12)22, the creation of a new commitment of \$1,726.8 million for a one-off assistance package to trawler vessel owners, local deckhands and fish collector owners affected by the trawl ban and other related measures.

3. Inshore trawlers operate wholly or partly in Hong Kong waters. They were the group most affected by the trawl ban since they lost their fishing grounds in Hong Kong waters. At that time, readily available documentary evidence was not available to help identify inshore fish collectors which had hitherto been serving only inshore trawlers. Hence, it was decided that the Agriculture, Fisheries and Conservation Department (AFCD) should, after implementation of the trawl ban, assess if any bona fide fish collectors would be affected by the trawl ban, and if so, to what extent. Depending on the outcome of the assessment, consideration could then be given to rendering those who are genuinely affected with assistance that help them stay in the business or switch to other sustainable sea-related trades. An option which may be explored is to grant a one-off subsidy to inshore fish collector owners who can prove that they had been mainly serving inshore trawlers prior to the trawl ban and who take up loan schemes administered by AFCD for upgrading their fish collectors or switching to sustainable fisheries-related or other sea-related operations.

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¹ Fish collectors are vessels gathering fish from fishing vessels, which got their catch either from Hong Kong waters or further afield. Fish collectors would transport the catch to fish wholesalers either in Hong Kong or on the Mainland. Fish collectors' service is required because not all fishermen would wish to undertake the journey to the wholesalers for fuel and time efficiency reasons.

4. The trawl ban came into effect on 31 December 2012. AFCD has completed its assessment on the impact of the trawl ban on fish collectors.

ASSESSMENT OF IMPACT BY AFCD

5. There are currently about 400 fish collectors in Hong Kong. AFCD estimates that about 60 to 100 inshore fish collectors² had been mainly serving inshore trawlers³ prior to the implementation of the trawl ban. The remainder are larger fish collector vessels which mainly collect fish in the Mainland waters, fish collectors which collect fish from fish farms and/or shrimp trawlers operating offshore, and vessels which operate as fish transporters rather than collectors. These latter fish collectors are less affected by the trawl ban, if at all.

6. For the 60 to 100 fish collectors which had been mainly serving inshore trawlers prior to the implementation of the trawl ban, they are in general smaller vessels with lower engine power. That renders it difficult for them to navigate further offshore to explore new sources of income. In addition, after the trawl ban, many inshore trawler vessels have been sold or disposed of, and the remaining ones have moved their operations to the more distant Mainland waters (which are mainly served by the larger fish collector vessels). For this group of inshore fish collectors which had mainly been serving the inshore trawlers prior to the trawl ban, it is our assessment that they are genuinely affected by the trawl ban. Given the genuine hardship thus caused, we see a case for providing one-off assistance to such fish collectors on an ex-gratia basis.

PROVISION OF ONE-OFF ASSISTANCE

7. We will provide a one-off subsidy to inshore fish collector owners who had been mainly serving the inshore trawlers prior to the trawl ban and have been genuinely affected by the trawl ban, to alleviate their financial hardship and mitigate the impact on their livelihood caused by the trawl ban. The intention is to help them stay in the business or switch to other sustainable sea-related trade. As such, there would be a condition that the fish collector owners concerned have

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² Based on the information collected from an interview survey conducted by AFCD with the owners of inshore trawlers and information provided by the Fishing Marketing Organization.

³ An Interdepartmental Working Group (IWG) was formed to assess applications from trawler vessel owners for ex-gratia allowance. According to its assessment, there are 269 inshore trawlers.

to take up a loan scheme administered by AFCD⁴, as a demonstration of their commitment to stay in the fisheries industry. Taking into account the impact of the trawl ban on the earnings of the fish collector owners concerned, the one-off assistance would comprise two components:

- (i) an ex-gratia payment of \$90,000 to each eligible fish collector owner to cushion off the difficulties faced by them during their migration to other mode of operation; and
- (ii) an interest subsidy for payment of the interest of the loan taken up by the owner of an eligible fish collector. The subsidy is limited to off-setting the interest of one loan and is capped at \$30,000⁵ for each eligible fish collector.

FINANCIAL IMPLICATION

8. The commitment of \$1,726.8 million approved by the FC on 10 June 2011 included the provision of one-off assistance to affected fish collectors owners. No additional funding is required.

INTERDEPARTMENTAL WORKING GROUP

9. As mentioned in the FC paper, an Interdepartmental Working Group (IWG) comprising AFCD and relevant departments has been set up to handle all matters relating to applications received under the one-off assistance package to trawler vessel owners, local deckhands and fish collector owners affected by the trawl ban.

Encl. 10. The general eligibility criteria for the proposed one-off assistance to fish collectors affected by the trawl ban are set out at Enclosure. The IWG would examine the merits of each application based on the information and documents provided by the applicant and those which may be obtained by the IWG from other sources.

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⁴ Currently, AFCD administers a number of loan schemes for fishermen and business operators in the fisheries industries. These include the Fisheries Development Loan Fund (FDLF) and the Fish Marketing Organization Loan Fund (FMOLF). One-off loans are provided under FDLF to fish collectors affected by the trawl ban, if their applications are submitted on or before 31 December 2015, for upgrading their vessels to operate outside Hong Kong waters or switching to more sustainable fisheries operations and other fisheries-related operations, or for carrying out projects that will reduce fuel consumption or carbon footprint of their operations. FMOLF provides loans with a ceiling of \$100,000 to fish collectors for general productive purposes.

⁵ Since fish collectors most severely affected by the trawl ban are mainly smaller vessels with lower engine power, the loans taken up by them would unlikely exceed \$1 million. Assuming a loan amount of \$1 million and a loan tenure of 14 years (which is the maximum loan tenure under FDLF and the longest among the various loan funds), a one-off interest subsidy capped at \$30,000 would cover close to 50% of the interest incurred.

11. The IWG aims to brief the fish collectors concerned on the eligibility criteria, application procedures and registration arrangements with a view to conducting the registration exercise within 2014.

Food and Health Bureau
October 2014

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Affected by the Trawl Ban**

Eligibility Criteria for Applicants

The eligibility criteria are to be determined by the Interdepartmental Working Group (IWG) set up to handle all matters in relation to applications received under the one-off assistance scheme to trawler vessel owners, local deckhands and fish collector owners affected by the trawl ban. Only applicants who can meet the criteria are eligible for the assistance. The criteria should include the following

- (i) the applicant must be the owner of a fish collector which is used for fish collecting purpose only and not engaged in other commercial activities as at 13 October 2010, and at the time of application is still the owner of that vessel;
- (ii) the applicant must be the holder of a valid certificate of ownership and operating licence of a Class III vessel issued by the Marine Department under the Merchant Shipping (Local Vessels) (Certification and Licensing) Regulation (Cap. 548D) in respect of the fish collector on or before 13 October 2010; or has obtained an approval-in-principle letter for construction of a Class III vessel issued by the Marine Department on or before 13 October 2010, and submit a document proving that the vessel under construction is a fish collector;
- (iii) the applicant must provide the fish collector and equipment on board for inspection during registration;
- (iv) the particulars of qualified coxswain and engine operator of the fish collector (if applicable) must be provided for registration;
- (v) the applicant must be a successful applicant of a loan scheme administered by the Agriculture, Fisheries and Conservation Department;
- (vi) the applicant must be able to provide documentary proof to the satisfaction of the IWG that his fish collector had been mainly serving inshore trawlers prior to the trawl ban, and has been genuinely affected by the trawl ban; and
- (vii) other criteria as determined by the IWG.

2. The applicant is also required to provide any other information in relation to his application as may be requested by the IWG.
