

**For discussion on
23 April 2007**

Legislative Council Panel on Economic Services

Training to Meet the Manpower Need in the Maritime Industry

Purpose

This paper briefs Members on the measures taken by the Government to ensure the continued supply and development of maritime professionals to meet the needs of the industry and the proposed Hong Kong Maritime Scholarship Scheme aiming at attracting local and Mainland talents to enrol for maritime related post-graduate programmes in Hong Kong and, subsequently, join the maritime industry.

Background

2. Hong Kong is one of the busiest ports and the 7th largest maritime centre in the world. Key components of the maritime service cluster in Hong Kong include ship management, ship financing, marine insurance, maritime legal services and arbitration, ship brokering, ship repair and ship registration. The shipping and maritime industry contributes to 2.2% of our GDP. It is one of the major industries in Hong Kong supporting the development of other trades, including import and export, logistics, financial, legal and insurance services.

3. In 2005, the receipts of Hong Kong's sea-going vessels sector topped HK\$45.6 billion, representing an increase of over 50% from 2003. In the same period, the receipts of ship agents and shipbrokers rose by almost 30% to HK\$6.5 billion. The gross premium of the marine insurance business registered a growth of over 58% to over HK\$900 million in the period between 2000 and 2005. The Hong Kong Shipping Register has grown nearly six-fold since 1997 and now has a registered tonnage of about 33.2 million tons. Our shipowners own, manage or operate over 1,220 vessels of various types amounting to a total deadweight of over 75 million tonnes and over 8% of the world's merchant fleet. As shown in **Annex I**, the value added per capita in the maritime services sector is the highest among the different sectors in the logistics industry.

4. There is a general misconception that the maritime industry offers mainly sea-going employment. In fact, the maritime service cluster provides a wide range of shore-based job opportunities. Due to the broad nature of maritime related services, some of these services are sometimes subsumed under different service sectors, e.g., shipping finance is a sub-sector of banking services. Also, while long term sea-going experience would no doubt be useful to shore-based management posts in areas like ship management, it is not a must. Short-term sea-going experience would already provide a good background for maritime professionals.

5. The rapid growth and diversification of the Hong Kong economy leads to a wider choice of job opportunities in many sectors, and a sea-going career has become less and less attractive for young people joining the workforce in Hong Kong. Many people also mistakenly believe that the career path in shipping and maritime sectors compares less favorably with other service sectors.

6. The maritime industry faces keen competition in the manpower market. The industry stakeholders, the members of Maritime Industry Council (MIC) and the members of Focus Group on Maritime, Logistics and Infrastructure under the Economic Summit have expressed concern on the shortage of manpower which would significantly constrain the development of Hong Kong's maritime industry and affect our position as an international maritime centre. To sustain its growth, it is therefore important to ensure the continued supply and development of sufficient professionals to meet the demand of the industry including some home grown talent with seafaring skills and experience to manage our ships and to fill a wide range of jobs in the shore-based maritime related sectors.

Measures taken

7. At present, there are a number of full-time maritime related courses provided at tertiary and post-secondary level by universities and training institutions as set out in the list at **Annex II**. In addition, there are short term professional training courses to cater for the different needs of maritime professionals. It is noted that the number of student intake for maritime studies is fairly limited. In that regard, the maritime industry has urged the relevant training institutions and universities to allocate more resources to maritime related programme and courses.

Sea-going Training Incentive Scheme

8. Due to the international nature of the maritime industry, job vacancies for a sea-going career are readily filled by crews from outside Hong Kong with lower salary expectation. According to industry information, the salary for a Mainland cadet is about US\$250 per month. At this level, graduates from the maritime studies in Hong Kong do not find it attractive to start a sea-going career and fewer and fewer young people are willing to take on sea-going training. Certain sectors of the maritime industry need maritime professionals with qualification such as the certificate of competency for ships' officers. This qualification in turn requires some minimum sea-going training. Consequently, those sectors also suffer an acute shortage of home grown professionals with maritime qualification and sea-going experience capable of filling shore-based management positions.

9. With a view to encouraging more Hong Kong young people to take on and complete sea-going training with a view to developing their future careers in the maritime industry, we launched the Sea-going Training Incentive Scheme in 2004 with a funding of HK\$9 million. Under the scheme, each participating cadet will receive a financial incentive of HK\$4,000 per month from the Government during the cadetship training period. The training will qualify the cadet to sit for the Class 3 Deck/Engineer Officer Certificate of Competency Examination. The cadetship training and the qualification obtained can then pave the way for these young cadets to assume a shore-based management role in the shipping and maritime sector. 62 cadets have joined the Scheme since its launch in 2004, 18 of them have passed their first professional examination.

Ship Repair Training Incentive Scheme

10. To maintain and further develop Hong Kong as an international maritime centre and a first class container port, it is necessary to provide an efficient and effective ship-repair service to ships calling at our ports. The ship-repair industry is facing a persistent shortage of local qualified ship-repair personnel. Because of its laborious work nature and the testing work environment, the ship-repair career has become less and less attractive for people joining the workforce, and the shortage has become more acute in the past few years.

11. To ensure a quality workforce in the ship-repair sector, it is necessary to encourage more Hong Kong people to receive the necessary training and join the ship-repair industry. To address the manpower shortage, we launched a Ship Repair Training Incentive Scheme in 2006 by offering training programme and financial incentive. Under the scheme, an apprentice is required to attend a designated course provided by Vocational Training Council and thereafter complete a period of on-the-job training. To encourage people to join the Scheme, the participants will receive financial incentive on top of their salaries for the period of the on-the-job training programme. To date, 7 applications to the Scheme have been vetted and approved. The participants are being employed by 3 local shipyards as apprentices.

Education and Career Expo

12. To promote the career prospect in the maritime industry, we participated in the Education and Careers Expo in 2006 and 2007 jointly held by the Labour Department and the Hong Kong Trade Development Council. Through these events, we outlined the latest career opportunities in the maritime service cluster, disseminated information on training and qualifications relating to seafaring careers; and promote the professional image of the maritime industry to the students and job seekers.

13. As a part of the programme to promote the sea-going career, career talks were held in secondary schools in addition to the maritime training institutes. In 2005 and 2006, we organised talks attended by some 4,600 students in secondary schools and relevant training institutes.

Training Seminars

14. As an ongoing effort to enrich our maritime professionals' international shipping knowledge and skills, with the support of the industry, the MIC organized the following training seminars in recent years:

- (a) *The Use of an "Arbitration in Hong Kong" Clause in Standard Form Contracts* - a half-day seminar co-organized with the Hong Kong International Arbitration Centre (HKIAC) in May 2005;

- (b) *Training Seminar on Hong Kong Maritime Services* - a two-and-a-half-day seminar held in November 2005 and supported by the Hong Kong Maritime Law Association and other professional bodies; and
- (c) *BIMCO "Check before Fixing" Seminar* - a two-day seminar jointly organized with the Baltic and International Maritime Council (BIMCO) in February 2007.

Proposal

15. To help meet the manpower demand of the industry, we would launch the Hong Kong Maritime Scholarship Scheme (the proposed Scheme) aiming at attracting local and mainland talents to take up maritime related post-graduate programmes in Hong Kong and, subsequently join our shipping and maritime industry.

16. The proposed Scheme will initially cover the full-time master-degree programme "MSc Degree in International Shipping and Transport Logistics" (MSc Programme) run by the Hong Kong Polytechnic University (PolyU). The MSc programme, comprising 39 credits and 240 hours of internship, may reasonably be completed in two years. Apart from academic studies, the internship training offered by shipping companies in Hong Kong would provide valuable hands on experience for future maritime professionals. We have already enlisted the assistance of the Hong Kong Shipowners Association in internship placement.

17. Under the proposed Scheme, both eligible local and Mainland university graduates may apply for the scholarship for the MSc Programme. The scholarship will be granted to the successful applicants on the condition that they agree to work full time in Hong Kong's maritime industry for a period of not less than one year after completion of the study programme.

18. We would provide for the proposed Scheme a one-off funding of HK\$4 million. Each scholarship award, amounting to HK\$160,000, is intended to cover the full tuition fee of the MSc Programme and a living allowance. Initially up to ten scholarships will be awarded, but the number may be increased if necessary.

19. PolyU, the only Hong Kong institution that offers postgraduate courses relevant to the proposed Scheme, is the administrator of the Scheme. A Steering Committee, chaired by the Hon Ms Miriam Lau and comprising members representing the industry, PolyU and the Government, has been set up to work out the implementation details, select the scholarship awardees and oversee the implementation of the Scheme.

20. PolyU will make use of its established networks to publicise the Scheme. It will invite the relevant Mainland universities, including the Shanghai Jiao Tung University, Shanghai Maritime University, Dalian Maritime University and Nankai University, to help publicise the scholarship in Mainland. We aim to have the first batch of the scholarship awarded for the academic year 2007/08.

21. The proposed Scheme will help build up an elite workforce for the industry to sustain its development and enhance its service quality, and competitiveness in maintaining Hong Kong as an international maritime centre. We have consulted the industry through the MIC and its Human Resources Task Force. They strongly supported the proposal.

Way Forward

22. To further strengthen Hong Kong's position as an international maritime centre, we would continue to introduce measures to facilitate the manpower supply for maritime industry.

Advice Sought

23. We seek Members' comments on the measures taken by the Government and support for the proposed Hong Kong Maritime Scholarship Scheme.

Economic Development Branch
Economic Development and Labour Bureau
16 April 2007

**Value Added to Persons Engaged
in Maritime and other Logistics Services**

HK\$ '000

Service Sectors	2000	2001	2002	2003	2004	2005
<i>Maritime services</i>						
Ship owners or operators of sea-going vessels	907	663	488	1,456	2,605	2,024
Shipbrokers	625	617	657	807	1,128	1,769
Supporting services to water transport	665	624	613	608	672	604
Inland water freight transport	336	416	453	429	511	324
Sea cargo forwarding services	430	394	420	458	447	422
Ship agents and managers	374	336	337	373	426	450
<i>Other logistics services</i>						
Supporting services to air transport	801	814	884	836	993	1,037
Airlines companies**	890	743	990	825	949	985
Cargo inspection, sampling and weighing services	372	342	473	605	642	451
Air cargo forwarding services	411	417	407	385	415	517
Packing and crating services	180	192	213	188	261	210
Storage	261	229	212	244	253	298
Miscellaneous communications services (e.g. courier services)	280	232	230	242	250	260
Land freight transport	199	179	186	175	196	189

Note: ** Include passenger transport

Sources: Various annual economic surveys, Census and Statistics Department

Maritime-related Courses Provided in Hong Kong

I. List of Maritime-related Courses

The Hong Kong Polytechnic University (HK PolyU)
(Department of Logistics)

- * Master of Science Degree / Postgraduate Diploma in International Shipping and Transport Logistics (MSc – normally 30 months, maximum 5 years; PgD – normally 12 months, maximum 2 years)
- * Master of Philosophy Degree / Doctor of Philosophy Degree in Logistics (MPhil – normally 2 years; PhD – normally 3 years)
- * Bachelor of Science Degree (with Honours) in International Shipping and Transport Logistics (3-year course) (phasing out starting 2005/06)
- * Bachelor of Business Administration Degree (with Honours) in International Shipping and Transport Logistics (3-year course)
- * Higher Diploma in International Transport Logistics (2-year course)

Maritime Services Training Institute (MSTI)
(Former Seamen's Training Centre)

- * Diploma in Maritime Studies (2-year course)
(phasing out starting 2006/07)
- * Higher Diploma in Maritime Studies (3-year course)
(starting from 2007/08)

Hong Kong Institute of Vocational Education, Tsing Yi (IVE TY)

- * Higher Diploma in Mechanical Engineering (3-year course)
(become a 4-year course starting from 2006/07)

II. Figures of Students Pursuing Maritime-related Courses

Institute	Student Intake 2006/07	No. of Graduates 2006
<p><i>The Hong Kong Polytechnic University (HK PolyU)</i> (Department of Logistics)</p> <p>(1) Master of Science Degree / Postgraduate Diploma in International Shipping and Transport Logistics</p> <p>(2) Master of Philosophy Degree / Doctor of Philosophy Degree in Logistics</p> <p>(3) Bachelor of Science Degree / Bachelor of Business Administration Degree (with Honours) in International Shipping and Transport Logistics</p> <p>(4) Higher Diploma in International Transport Logistics</p>	<p>Yr 1 (53) Yr 2 (45) Yr 3 (26) Yr 4 (2) Yr 5 (1)</p> <p>MPhil (3) PhD (10) (as at 30 June)</p> <p>Yr 1 (34) Yr 2 (62) Yr 3 (27)</p> <p>Yr 1 (115) Yr 2 (74)</p>	<p>33 for MSc 1 for PgD</p> <p>N/A</p> <p>29</p> <p>69</p>
<p><i>Maritime Services Training Institute (MSTI)</i> (Former Seamen's Training Centre)</p> <p>(1) Diploma in Maritime Studies</p>	<p>Yr 1 (31) Yr 2 (25)</p>	<p>25</p>
<p><i>Hong Kong Institute of Vocational Education, Tsing Yi (IVE TY)</i> (Department of Engineering)</p> <p>(1) Higher Diploma in Mechanical Engineering (* figures of the Transport Technology Stream)</p>	<p>Level 1 (29) Level 2 (83) Yr 2 (34)* Yr 3 (28)*</p>	<p>37*</p>