

For Discussion  
on 24 February 2014

**Legislative Council Panel on Economic Development**  
**Update on Follow-up Actions Arising from the**  
**Report of the Commission of Inquiry into the**  
**Collision of Vessels near Lamma Island on 1 October 2012**

**PURPOSE**

This paper updates Members on the latest position of the follow-up actions taken by the Government after the release of the Report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 (“the CoI Report”).

**BACKGROUND**

2. The Administration briefed this Panel at its meetings on 27 May, 22 July and 25 November last year on the major follow-up actions taken by the Administration since the release of the CoI Report on 30 April last year, including the various measures being taken forward by the Marine Department (“MD”) on enhancing marine safety, the reviews undertaken by the Steering Committee on Systemic Reform of the MD (“Steering Committee”), the internal investigation being conducted regarding possible problems with MD officers in carrying out their duties in the past in relation to *Lamma IV*, and other related follow up work on the recommendations made in the CoI Report.

**LATEST PROGRESS**

(I) The Steering Committee on Systemic Reform of the Marine Department

3. As at mid-February 2014, the Steering Committee, chaired by the Secretary for Transport and Housing (“STH”), has held eight meetings since its setting up in May 2013. The Steering Committee has been focusing its work on three areas, viz enhancing marine safety by means of improvement measures, reviewing and improving the business processes and operational procedures of MD, and the manpower strategy and training matters of MD.

(i) Review on Business Processes and Operational Procedures of MD

4. The Steering Committee invited the Efficiency Unit (“EU”) in August last year to carry out an organisation review on the business processes and operational procedures of MD. The first phase of the review, which primarily examines the licensing, certification and regulatory work for local vessels, is near finalisation. Review findings suggest that there is room for improvements by MD in terms of operational efficiency and effectiveness, internal communication and collaboration, information transparency and external communication and records management. EU recommends that MD should introduce reform to its systems and procedures, as well as work arrangements, roles and responsibilities of staff, and their required skill set. The Steering Committee is scheduled to meet and discuss the findings in end-February. The second phase of the organisation review will commence shortly to review the operation process of other divisions and the various regulatory functions of the Department.

(ii) Manpower Strategy and Training Matters of MD

5. On manpower and training aspects, the Department has long encountered recruitment difficulties and manpower shortage for its two major professional grades (i.e. Marine Officer and Surveyor of Ships). The Steering Committee is of the view that MD should work towards adjusting the entry requirements of these grades, so as to recruit young candidates who have just attained the necessary academic/professional qualifications to join MD at an earlier time. The possibility of relaxing the entry requirements on post-qualification working experience and correspondingly enhancing in-house training programmes for junior officers of the two professional grades is being actively explored. Also, as the maritime industry is highly globalised and English is the common language used among sea-going professionals, MD is considering to relax the entry requirement on use of Chinese for the above two professional grades so as to tap into the pool of, otherwise, qualified applicants, and the Department will correspondingly make appropriate posting arrangements. In parallel, MD is exploring feasible measures to take in relevant degree graduates early, for instance, by training them in-house to acquire the relevant professional qualifications. The Steering Committee has asked MD to formulate the details and implementation timetable of the various proposed measures early as they will have implications for deployment of resources, design and arrangement of training programmes and need of recognition by relevant accreditation bodies, etc.

### (iii) Follow-up Actions on Enhancing Marine Safety

6. The Steering Committee has also continued to oversee follow-up actions undertaken by MD in enhancing marine safety. The Department has been actively following up on the implementation of various short-, medium- and long-term improvement measures in consultation with stakeholders. In particular, at the New Year's Eve countdown celebrations and the Lunar New Year Fireworks Display held in the last two months, MD stepped up the inspection of spectator vessels to ensure sufficient provision of life-saving appliances on board, the donning of lifejackets by children at all times and the keeping of a list of passengers and crew by coxswains on board. MD and the Marine Police also conducted anti-speeding operation at sea on both event days.

#### First-phase Improvement Measures

7. On 29 November 2013, MD introduced the first phase of improvement measures by amending the Code of Practice. These measures include enhancing look-out by crew, provision of a muster list, review of minimum safe manning scale, improving signage and directives relating to lifejackets, and the requirement of fitting watertight-door alarms in wheelhouse. The above measures will take effect by phases within a year. Three of them will take effect by late May this year, while the other two which could involve employment of additional crew and training will take effect in late November this year.

8. On the trade's earlier concerns about the implications arising from the review of minimum safe manning scale, i.e. substantial increase in manpower requirements which will in turn drive up operating costs, and the problem of manpower shortage in the trade, we have explained to them that the measure would only start to take effect in late November 2014 so as to allow the trade sufficient time to make necessary preparation. It is estimated that some 20+ vessels will need to engage more crew members, but more than 30 vessels will on the contrary need less number of crew. Meanwhile, to enhance transparency, MD will discuss with the trade to devise a guideline on the minimum safe number of crew, which should help the trade in provisioning and arranging their crew members. The guideline will be based on the number of decks, number of passengers to be carried, permitted navigation speed and size of the relevant vessel, etc.

9. As for the improvement measure on enhancing look-out by crew, all crew keeping a look-out will be required to meet prescribed eyesight standards as attested by an eyesight test at an interval not exceeding five years. This improvement measure will come into effect in late November this year so as to give the trade sufficient time for making preparations and assigning the look-out

duty to crew members, as well as arranging them to take eyesight tests. To encourage advance implementation by the trade, MD will introduce in end of this month an incentive scheme under which vessel operators will be reimbursed with the cost for the eyesight tests arranged for their crew<sup>1</sup> when they implement the improvement measure at their vessels by 30 June this year. It is estimated that the reimbursement scheme involves about \$245,000 and the costs will be absorbed by MD's existing available resources.

### Second-phase Improvement Measures

10. On the introduction of the second-phase improvement measures for enhancing marine safety, MD has been liaising closely with the stakeholders on the implementation details. The measures include proposals mainly relating to the installation of navigational equipment and provision of lifejackets on board.

#### *Proposed Installation of Navigational Equipment*

11. The CoI Report recommended that local passenger vessels permitted to carry more than 100 passengers should be required to install Automatic Identification System ("AIS") and radar, and those permitted to carry more than 12 passengers should be required to carry Very High Frequency ("VHF") radio. MD reckoned that these proposed requirements will be conducive to enhancing the overall marine safety and the safety of passengers on board.

12. On installation of AIS, in addition to local passenger vessels, MD proposes to extend the installation requirement to local cargo vessels carrying dangerous goods or of 300 gross tonnage and above. Due to the dangerous nature of the goods carried by these vessels and their large size, they pose greater potential hazard to marine safety and therefore their navigational status should be more readily detected by nearby vessels for safe navigation with the use of AIS. MD will adopt a phased implementation approach by requiring the installation of AIS on local passenger vessels first, whereas local cargo vessels will be covered at the second stage.

13. We understand the concerns of vessel operators that the required installation of new navigational equipment would impose additional financial burden and some crew would also need relevant training. In view of the

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<sup>1</sup> The reimbursement is capped at \$350 per eyesight test and five crew members per vessel. Only the costs of the eyesight tests which crew members have passed can be reimbursed.

benefits that the use of navigational equipment would bring to overall marine safety, MD has proposed to the trade that it would provide full subsidy to install AIS and half subsidy to install radar on local vessels. MD will discuss with the trade the implementation plan and details. As for the proposal of equipping VHF radio, the costs will be borne by the trade as they are relatively low. MD aims to introduce legislative amendments on the requirement of the installation of the above three types of navigational equipment into the Legislative Council in the 2014-15 legislative year. As for training on the use of such equipment, MD will continue to liaise with the relevant training institutions on providing suitable training courses. The newly established Maritime and Aviation Training Fund will also subsidise participants for their fees for subscribing the necessary professional courses. (Details refer to ensuing paragraphs 21 and 22)

### *Proposed Measures Relating to Lifejackets*

14. Under the current law, local vessels are generally required to carry child lifejackets for 5% of the total number of persons on board. The CoI Report recommended that sufficient child lifejackets should be carried for every child on board all classes of vessels, and consideration should be given to the provision of infant lifejackets.

15. MD concurs that it would better protect the safety of children on board if a child lifejacket is provided to each of them. Therefore, MD proposes to require that a child lifejacket should be provided to every child on board all classes of vessels.

16. As infants are much smaller in size and lighter in weight, even lifejackets sized for children may not fit them well. It would therefore further enhance passenger safety protection if infant lifejackets are also provided on board. As normally there would not be too many infants on board a vessel on a given journey, and having made reference to the requirements under the International Convention for the Safety of Life at Sea<sup>2</sup>, MD proposes that local passenger vessels should provide a number of infant lifejackets not less than 2.5% of the number of persons that the vessel is licensed to carry.

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<sup>2</sup> The International Convention for the Safety of Life at Sea provides that for passenger ships on voyages less than 24 hours, a number of infant lifejackets equal to at least 2.5% of the number of passengers on board shall be provided.

17. During our consultation with the trade, the latter has expressed strong reservations about providing a number of child lifejackets on board more than that required under the current law. While the trade appreciates the community's concern about marine safety, the provision of a child lifejacket for every child passenger would bring them extra financial burden. In addition, they indicated that there would be practical difficulties in the implementation, such as firstly, under Hong Kong's circumstances, it would be difficult for vessel operators, especially ferry operators, to forecast and ascertain the number of child passengers finally on board before each journey, and therefore they could hardly ensure if the number of child lifejackets on board is sufficient. Secondly, there is insufficient space on vessels at present to store more child lifejackets unless through substantially reducing the space for carrying passengers. Thirdly, in the chaos of an emergency situation, notwithstanding the lifejackets are clearly marked, there runs a risk of an adult putting on a child lifejacket and vice versa. MD understands the trade's concerns, and is considering feasible solution and will further discuss with the trade.

#### Other Medium- and Longer-Term Measures

18. After finalising the second phase of improvement measures, MD will focus on the proposed improvement measures relating to the training and physical fitness of crew, for example, practical operation assessment for coxswains, regular medical examination of coxswains, type-rating requirement for coxswains operating fast-speed vessels and rest arrangements of crew.

19. Meanwhile, MD has been actively following up on the proposal to increase third party risks insurance coverage and exploring the feasibility of introducing a Marine Traffic Accident Victims Assistance Fund. On the former, the trade is concerned about the possible increase in insurance premium if the present level of minimum liability is raised. On this, MD has liaised with the Hong Kong Federation of Insurers ("HKFI") to conduct an actuarial study on the estimated premium levels under various options, and the study outcome is being awaited. On the latter, MD has commissioned a consultancy to study the feasibility of introducing an assistance fund. During the course of their study, the consultants have made reference to the operation of the Traffic Accident Victims Assistance Scheme, and gathered statistics on marine traffic accidents in local waters. The consultants have also consulted the views of the trade, which indicated that if they are to be required to pay a levy, the level should be set at a relatively low level or otherwise it would become a burden to them. The consultancy report reveals that the number of vessels operating in the waters of

Hong Kong and the number of marine accidents are rather low when compared with that in road traffic. On the other hand, when a serious marine accident does occur, the casualties are difficult to predict. Under such circumstances, a dedicated victims assistance fund for marine traffic accidents would be highly unstable and uncertain in its financial operation, with unpredictable financial implications for the trade and the Government. Also, the definition of “marine traffic accident” is more complicated than that of road traffic accident. The consultants have also noted that there is no similar fund established at other ports of the world. As such, the consultants do not advise on setting up a dedicated assistance fund to deal with marine traffic accidents. The Government may consider other options, including giving consideration to widening the scope of other existing financial assistance schemes to cover as well marine traffic accidents. MD will ask the consultants to explore the feasibility of other alternatives.

20. MD has also been sounding out the Maritime and Coastguard Agency (“MCA”) of the Government of the United Kingdom on providing advice on regulation, management and marine safety standards, etc, and comparable practices in other major ports in these areas in the course of the review of MD. MCA has however turned us down recently due to its manpower constraint. MD will nonetheless continue to identify suitable international experts to provide advice.

## (II) Manpower Training for the Local Vessel Trade

21. To enhance the safety of local passenger vessels, it is essential to step up their manpower training. According to the trade, the crew serving on board are ageing and there is a lack of new blood, and they are faced with great difficulties in recruiting coxswains, engine operators and deck/engine ratings. As such, new initiatives will be implemented by the Transport and Housing Bureau (“THB”) under the newly established Maritime and Aviation Training Fund<sup>3</sup> to, inter alia, incentivise more people to join the local vessel trade, and to facilitate in-service practitioners to raise their professionalism and competency. Such initiatives include the provision of financial incentive, modelled on the

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<sup>3</sup> With a commitment of \$100 million over a period of five years from 2014-15 to 2018-19, the Maritime and Aviation Training Fund aims to sustain the existing training schemes and scholarships, introduce enhancement measures, and launch new initiatives for the maritime and the aviation sectors.

Sea-going Training Incentive Scheme, for deck/engine ratings that have completed relevant course(s) and newly employed by the local vessel trade for up to \$30,000 per person (which will be distributed in 12 monthly instalments). To further incentivise them to acquire professional qualification, \$12,000 of the \$30,000 will be withheld until they pass the examination for Coxswain Grade 3 Certificate or Engine Operator Grade 3 Certificate. Moreover, in-service practitioners (including local vessel seafarers) will be reimbursed 80% of the fees upon the completion of approved course(s) or passing relevant professional examination(s) (at a ceiling of HK\$18,000 per person).

22. The Vocational Training Council (“VTC”) has also taken active measures to help broaden the pool of expertise in the maritime sector. Last year, VTC increased the number of training places of the 23-week Junior General Purpose Rating Course offered by its Maritime Services Training Institute from 60 to 80 per year. Furthermore, with a view to offering relevant programmes and in-service training to young people who wish to pursue their career in the industry, VTC is actively considering to include the local maritime sector in the forthcoming Pilot Training and Support Scheme<sup>4</sup>. The industry has initially expressed interest and support for the Scheme and will work with VTC and MD to further explore and work out a feasible proposal to include the local vessel trade in the Scheme. To alleviate the current acute manpower situation in the local vessel trade, MD has proposed a series of improvement proposals to the examination-related aspects, which include shortening the required shipboard service time for candidates who have successfully completed certain professional courses, allowing candidates to submit their applications for examination three months in advance of their eligibility for examination so as to shorten the waiting time, etc, with a view to facilitating in-service practitioners to acquire the relevant professional qualifications at an earlier date. MD exchanged views with the trade on the above proposals in the fourth quarter of 2013, and will discuss the matters in detail at a meeting of a sub-committee under the Local Vessels Advisory Committee (LVAC)<sup>5</sup> to be held on 20 February. Subject to the trade’s support and LVAC’s endorsement, these

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<sup>4</sup> The Pilot Scheme covers trades and industries encountering manpower shortage. Under the Scheme, the Government and participating industries will offer apprentices an allowance and a guaranteed salary, such that the latter can earn a steady income while equipping themselves with knowledge and skills.

<sup>5</sup> Members of the Joint Sub-committee on Class I and Class IV Vessels, a sub-committee under the Local Vessels Advisory Committee, comprise representatives from trade organisations and vessel operators.



improvement proposals are expected to take effect in the third quarter of this year the soonest.

### (III) Internal Investigation

23. Possible problems with MD officers in carrying out their duties in the past relating to the Lamma IV are mentioned in the CoI report, which include possible maladministration and negligence of duty. In this respect, the Investigation Team set up in THB, which is led by the Permanent Secretary for Transport and Housing (Transport), has been conducting its work in full swing since its establishment in late June last year, with a view to identifying any possible responsibilities and ensuring that the investigation is comprehensive, thorough and fair. The current investigation covers a substantial period of time and involves considerable number of officers. The Investigation Team has to consult voluminous amount of files and documents in the Department that are dated back to as early as 1995 and 1996, and seek legal advice in the process. Concerned officers have also been invited to provide information and attend individual interviews. The number of MD officers involved in the investigation is more than that of the 23 officers who testified before the CoI, basically covering all of the concerned officers who had handled the Lamma IV, including serving as well as retired officers in both directorate and non-directorate ranks. At present, the Investigation Team has largely completed the collection of information, and is carrying out analysis and compiling an investigation report to be submitted to the STH by end of March this year.

### (IV) Progress on Other Matters

24. As for the criminal investigation, the Police will continue conduct of a full investigation into the vessels collision incident from all fronts, and will keep in close contact with the Department of Justice (“DoJ”).

25. Since June last year, STH and his Under Secretary have in total met five times with families of the deceased. Some 30 to 50 members of families attended on each occasion to communicate on matters of mutual concern. THB has also handled specific requests for assistance made by individual families. In addition, the Social Welfare Department has continued to follow-up on the families in need by providing them with necessary assistance, including psychological counselling and seeing to their welfare needs.

26. Furthermore, in relation to the vessel collision incident, DoJ has received certain requests on civil claims and is dealing with them. The Legal Aid Department has also received applications for legal assistance, and as at early this month, the Department has approved 14 applications.

### **ADVICE SOUGHT**

27. Members are invited to note the above follow-up actions undertaken by the Government and provide views and comments.

Transport and Housing Bureau  
Marine Department  
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