

For discussion
on 16 December 2013

Legislative Council Panel on Economic Development

Establishment of a Maritime and Aviation Training Fund

PURPOSE

This paper seeks 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.

BACKGROUND

The Maritime and Aviation Industries of Hong Kong

2. The maritime and aviation industries constitute around 3.7% (\$71 billion) of Hong Kong's Gross Domestic Product. The maritime sector alone creates 54 000 jobs¹, representing 1.5% of total employment. As for the aviation sector, employment on the airport island alone is about 65 000, and the number is a few times more when indirect and induced jobs created by the aviation sector outside the airport island are taken into account. The two sectors are important drivers to Hong Kong's economy.

3. According to the Hong Kong Shipowners Association, its members own and manage more than 2 100 ships or about 150 million deadweight tonnes, representing 10% of the world's merchant fleet. In addition, there is a maritime cluster of over 700 shipping-related companies operating in Hong Kong. They provide a variety of quality maritime services, ranging from ship agency and management, ship

¹ Including jobs related to port-related activities, such as container terminals, transport of containerised goods and other related port services.

finance, maritime law and arbitration services, ship broking, marine insurance to port-related operations etc. In 2012, the Hong Kong Port was ranked the third busiest container ports in the world, handling 23.1 million twenty-foot equivalent units (“TEUs”).

4. The Hong Kong International Airport (“HKIA”) is the world’s busiest cargo gateway, and one of the world’s ten busiest passenger airports. At present, over 100 airlines operate about 7 000 flights per week, serving about 180 destinations worldwide. In 2012, HKIA handled a total of 56.5 million passengers and 352 000 aircraft movements, representing annual growth of 4.7% and 5.3% respectively. The total cargo handled in 2012 rose 2.2% to 4 million tonnes.

Hong Kong as an International Maritime Centre

5. The Chief Executive announced in his 2013 Policy Address that we will continue to enhance Hong Kong’s role as an international and regional hub for passenger and cargo traffic and that, among others, we will seek to reinforce the maritime service cluster and develop high value added maritime services. In the 2013-14 Budget, the Financial Secretary announced that a sum of \$100 million would be allocated to establish a training fund for maritime and aviation transport to sustain and expand various schemes and scholarships, and to implement other new initiatives. The objective of the fund is to help attract young people to enroll in related skills training and degree programmes and join the industry upon graduation, providing a wealth of vibrant and competitive talent for the industry, as well as to enhance training in the industry through other initiatives.

FURTHER DEVELOPMENT OF THE INDUSTRY

Existing Manpower Situation

6. The maritime and aviation sectors provide a vast number and variety of job opportunities covering :

- (a) basic positions such as ratings and crew working on board ships, ramp handling and baggage handling workers in the airport;
- (b) skilled and technical positions, such as captains / pilots / coxswains and engineers serving on board ships / aircrafts, and ship / aircraft maintenance;
- (c) professional positions in specialised services such as ship and aircraft finance, marine insurance, shipbuilding and chartering, maritime law and arbitration services; and
- (d) other general knowledge-based supporting positions such as accounting, business administration, management, information technology, marketing and sales etc.

7. While the two sectors offer plenty of quality job opportunities with promising prospects, the industries have difficulties in recruiting sufficient new and competitive talents.

8. In respect of the maritime sector, there have been reports of ageing captains and crew serving on local vessels; a general lack of interest amongst young people to work on board ocean-going vessels (“OGVs”), partly because new entrants are required to undergo a relatively low-paid cadet training period before they could sit for the first professional examination². As for professional maritime services such as ship management and finance etc., it has been reflected to us that young people in general do not have a clear picture of the career opportunities and the diversity of jobs the maritime sector has on offer, and hence are reluctant to join. Meanwhile, industry feedback reveals that in-service practitioners at different levels hope to receive continual training or further accreditation to enable them to move up the career ladder.

² In respect of OGVs, the first professional examination is for the Certificate of Competency (“CoC”) for Class 3 (Deck Officer) and Class 3 (Marine Engineer). In respect of local vessels, it is for the Coxswain Grade 3 Certificate and Engine Operator Grade 3 Certificate.

9. In respect of aviation sector, there have been various degrees of manpower shortage as reported by operators at the HKIA. According to industry stakeholders, the two most serious issues with the manpower situation in the aviation industry are (i) difficulties in recruitment and (ii) difficulties in staff retention. These problems are relatively more obvious with technical (e.g. aircraft maintenance) and menial and manual jobs (e.g. baggage handling). Young people in general do not have a clear picture of the variety of career opportunities that the aviation sector provides. On the other hand, many in-service practitioners are unaware of opportunities for professional enhancement.

10. According to a recent survey by the Vocational Training Council (“VTC”) in 2012, there is an estimated manpower shortfall for about 2 200 vacancies in the shipping / aviation-related sectors³. While the proposed MATF may not be able to instantly address these shortages, the Fund will help broadening our pool of expertise in the long run.

Existing Government-funded Incentive and Scholarship Schemes

11. To help groom talents at the technical and professional levels, the Government and the Hong Kong Maritime Industry Council⁴ (“MIC”) have been running five maritime training incentive and scholarship schemes in collaboration with local education institutions / universities. Two of the schemes are targeted respectively at subsidising sea cadets for acquiring seafaring experience and training workers to acquire skills for ship repair, and the remaining three are scholarship schemes run in collaboration with three local universities in professional training in law and maritime programmes. These schemes are :

³ The surveyed sectors include warehousing and cold storage, cargo handling terminals, trucking and container haulage, air freight transport, forwarding agents, stevedoring services, couriers (international), other transport logistics services providers, sea freight transport, ship management and chartering.

⁴ The MIC is chaired by the Secretary for Transport and Housing, and comprises private sector and Government officials. Its function is to advise the Government on the formulation of measures and initiatives to further develop Hong Kong’s maritime industry. It also assists the Government to promote the comprehensive maritime services provided and the edges of operating maritime business in Hong Kong.

Technical level / sea-going

- (a) the Sea-going Training Incentive Scheme (“SGTIS”) (since 2004);
- (b) the Ship Repair Training Incentive Scheme (since 2006);

Collaboration with universities

- (c) the Hong Kong Maritime and Logistics Scholarship (since 2007);
- (d) the University of Hong Kong (“HKU”) - Dalian Maritime University (“DMU”) Academic Collaboration Scheme (since 2008); and
- (e) the Hong Kong Maritime Law Scholarship (since 2010).

To date, a total of 270 sea cadets, 152 workers for ship repair, and some 580 university students and in-service practitioners have benefitted from the above schemes. Details of these schemes are at **Annex A**.

Looking Ahead – Expanding and Upgrading the Talent Pool

12. The sustained development of the maritime and aviation sectors hinges on the availability of quality labour. To achieve our strategic objective of enhancing Hong Kong’s position as an international maritime centre and to address the manpower situation as set out in paragraphs 7 to 10 above, the Government is committed to injecting resources with a view to :

- (a) attracting more new blood to expand the pool of talent and to address the issue of aging workforce;
- (b) diversifying expertise of the workforce to meet manpower demands of the sectors, especially in providing high value-added

services; and

- (c) enhancing the overall competency and professionalism of the sectors and in turn our global competitiveness as an international maritime centre.

Our policy goal is to build up in due course a vibrant, diversified and competitive pool of professionals and technical personnel to support Hong Kong's future development in maritime and aviation sectors. Together with our institutional strengths, such as independent judicial and common law system, free flow of capital and information, and freely convertible currency, Hong Kong would maintain as a competitive international maritime centre.

THE PROPOSAL

13. To meet the policy goal outlined in paragraph 12 above, we **propose** to create the MATF, with a commitment of \$100 million over a period of five years from 2014-15 to 2018-19, to sustain and enhance existing training measures and to launch new initiatives aimed at :

- (a) incentivising more young people to enroll in related skills training and degree programmes and join the maritime and aviation sectors upon graduation;
- (b) enriching the learning experience of students of maritime programmes or other related disciplines; and
- (c) raising the professionalism and competency level of in-service practitioners for the two sectors.

I. To Sustain Existing Incentive and Scholarship Schemes

14. The existing schemes as set out in paragraph 11 have received positive feedback. Out of the 270 cadets who joined the SGTIS, 141 of

them have successfully obtained their professional qualifications⁵. For the three scholarship schemes, scholarships have been granted to a total of 150 students. Of these, 98 joined the local maritime sector upon graduation, serving in positions across the wide maritime service spectrum, such as executives, legal officers, analysts, associate shipbrokers.

II. To Enhance and Expand the Existing Schemes

15. We **propose** that the five existing schemes in paragraph 11 above should continue to operate, and with enhancement. Built on the results of the existing schemes and in pursuit of our objective for building a pool of skilled and knowledge-based workforce for the two important sectors for Hong Kong, we have taken the opportunity to review the content of the schemes to see how we could further incentivise participation, increase collaboration with the academia, expand the pool of beneficiaries and enrich the training component so as to make our talents more competitive in all respects. On this basis, the following enhancement measures are proposed -

- (a) increasing the monthly subsidy provided to sea cadets under SGTIS from the current \$5,000 to \$6,000;
- (b) overseas learning and exposure for students of the two postgraduate programmes under the Hong Kong Maritime Law Scholarship Scheme and the Hong Kong Maritime and Logistics Scholarship Scheme; and
- (c) academic collaboration with the Shanghai Maritime University.

The estimated funding for the continuation of the five existing schemes together with the enhancement measures above is approximately \$40 million over five years. Details of the above enhancement measures,

⁵ The 141 cadets who have obtained qualifications include : 6 deck cadets and 3 engineer cadets who have obtained Certificate of Competency (“CoC”) for Sea-going Class 1 Deck Officer and Marine Engineer as the highest qualification respectively; 7 deck cadets and 8 engineer cadets who have obtained CoC for Class 2 Deck Officer and Marine Engineer as the highest qualification respectively; and 68 deck cadets and 49 engineer cadets who have obtained the CoC for Class 3 Deck Officer and Marine Engineer as the highest qualification respectively.

as well as the estimated number of persons to be benefitted and the funding requirement, are at Annexes B(1) – (2).

III. To Launch New Initiatives

16. To further expand and upgrade our pool of talents, new initiatives are formulated with special emphasis on measures that may help attract new blood to the maritime and aviation sectors, and support in-service workforce to take on courses / examinations with a view to upgrading their skills, qualifications or knowledge to meet up-to-date industry demands. To raise industry awareness, which is crucial to the development of the two sectors, MATF will also fund measures to help strengthen the promotion for maritime and aviation careers to the younger generations and the community at large.

Local vessel trade

17. Since the collision of vessels incident near Lamma Island on 1 October 2012, it has been reflected to us that the local vessel trade has been facing great difficulties in recruiting coxswains, engine operators and deck / engine ratings to serve on board. The trade has called on the Government to devise measures to help attract new recruits, and step up training for the current workforce in anticipation of marine safety improvement measures such as installation of equipment for safer navigation etc. We are alive to these concerns. Indeed, maintaining the marine safety in Hong Kong waters is critical for shipping activities in Hong Kong and upholding our position as an international maritime centre. Upgrading workforce in the local vessel trade is essential. We **propose** that part of the Fund will be used for this purpose.

Tripartite collaboration

18. Another significant element in our new initiatives is the emphasis on collaboration among Government, industry and the academia. We believe that support from the industries and the training institutions are crucial for the success of implementation of measures to expand and upgrade our pool of talent, in particular proposed sector-wide

initiatives. We have consulted the MIC, the Steering Committee on the Systemic Reform of the Marine Department, the Aviation Development Advisory Committee, and the Working Group on Transportation under the Economic Development Commission. We have also sounded out local seafarers unions, Hong Kong Shipowners Association, local universities, VTC and its Maritime Services Training Institute. All of them are supportive of the proposals.

New initiatives

19. A more strategic and proactive approach is adopted in devising new training and promotion initiatives under the MATF, which are :

- (a) support for professional training of in-service practitioners in both maritime and aviation sectors, including the local vessel seafarers;
- (b) early exposure for university students to maritime- and aviation-related jobs through an Internship Network;
- (c) overseas learning opportunities for undergraduates of selected maritime-related disciplines;
- (d) a partial-tuition refund scheme for specialised aircraft maintenance programme;
- (e) financial incentive for young people to acquire the first professional qualification as coxswains or engine operators on local vessels;
- (f) a scholarship scheme for selected degree or higher degree programmes in the aviation sector; and
- (g) new promotion initiatives.

The estimated funding for the new initiatives above is approximately \$60 million over five years. Details of the above initiatives, as well as

the estimated number of persons to be benefitted and the funding requirement, are at **Annexes C(1) – (2)**.

20. The creation of the proposed MATF will help build the necessary pool of talents, as well as raise the level and breadth of expertise, for provision of maritime- and aviation-related services. It will hopefully help the two sectors meet the manpower and training needs at both frontline and professional levels, and will be a strategic move to achieve our vision to further develop Hong Kong as an international maritime centre.

NEXT STEP

21. Subject to funding approval by the Finance Committee of the Legislative Council for the setting up of the MATF in due course, implementation details of each of the new initiatives will be worked out through Government-industry-academia collaboration. The local universities concerned will identify partnering institutions overseas and work out the co-operation agreement, selection criteria and course requirements. We will continue to work with local vessel unions and trade associations on training for local seafarers. We will also engage the industry players and academia to work on the internship network and other professional / trade bodies on the suitable training courses or examinations to be supported under the MATF. We aim to roll out the various initiatives starting from the 2014-15 financial year.

22. A Tripartite Taskforce on Manpower Training⁶ under the MIC will monitor and review the implementation of the initiatives concerning the maritime sector. Likewise, a dedicated committee, comprising representatives from the Government, industry stakeholders and education institutions will be formed to monitor and review the implementation of the initiatives concerning the aviation sector. We will review the usage of the MATF regularly and fine-tune the implementation details in the light of practical experience and feedback. Refinements to

⁶ The Taskforce comprises representatives from the Government, industry stakeholders and education institutions, as well as some Members of the Sub-group on Maritime under the Economic Development Commission.

the existing schemes and proposed new initiatives as well as other necessary new programmes may be introduced where appropriate within the overall scope of the MATF during the implementation period.

FINANCIAL IMPLICATION

23. On funding source for existing schemes, SGTIS in paragraph 11(a) above was introduced since 2004 with a commitment of \$9 million. In May 2010, the Finance Committee of the Legislative Council approved the increase in commitment for SGTIS from \$9 million by \$19.2 million to \$28.2 million for extending its operation. As at end September 2013, the remaining balance of the SGTIS commitment is about \$14.3 million, and it is expected that such funding will enable SGTIS to operate up to 2016-17, upon which SGTIS will be funded by MATF for further operation up to 2018-19. As we propose to use the approved commitment of SGTIS to pay for the increased subsidy of \$6,000 per month starting from 2014-15 until 2016-17, we shall seek approval from the Finance Committee for this proposed change to the existing features of SGTIS at one go when seeking funding approval of \$100 million for establishing the MATF.

24. For the Ship Repair Training Incentive Scheme and the Hong Kong Maritime Law Scholarship Scheme (i.e. paragraphs 11(b) and (e)), after their current sources of funding are expended, they will be funded by MATF starting from 2016-17 and 2015-16 respectively for continued operation up to 2018-19. For the remaining two scholarship schemes (i.e. paragraphs 11 (c) and (d)), they will be funded by MATF starting from 2014-15 up to 2018-19. A table summarising the financial position and the estimated funding requirement of the existing schemes to operate for the five years from 2014-15 to 2018-19 is at **Annex D**.

25. The total financial commitment for the MATF is \$100 million over a period of five years. The projected cash flow requirement for the MATF from 2014-15 to 2018-19 is at **Annex E**.

ADVICE SOUGHT

26. Members' support for the proposed establishment of the MATF is sought. Subject to Members' views, the proposal will be submitted to the Financial Committee for approval.

Transport and Housing Bureau
December 2013

Existing Maritime-related Training Incentive/Scholarship Schemes

	Name	Launch year	Institution involved	Objective	Description and current award amount	Total no. of persons benefitted	Funding injected
1	Sea-going Training Incentive Scheme (“SGTIS”)	2004	Not Applicable ⁷	To attract more local talents to take up sea-going training as cadets and subsequently become qualified personnel to fill a wide range of marine- and shore-based senior positions.	<u>Deck cadets</u> receive a subsidy of \$5,000 per month during the cadetship training for a period up to 18 months plus an examination fee remission of \$4,820. <u>Engineer cadets</u> receive a subsidy of \$5,000 per month during the cadetship training for a period up to 6 months plus an examination fee remission of \$1,930.	270	\$28.2M
2	Ship Repair Training Incentive Scheme	2006	Vocational Training Council (“VTC”)	To attract more people to join the ship repair industry and undergo training to become skilled workers.	<u>Apprentices</u> receive a monthly subsidy of \$1,500 during their apprenticeship for up to 36 months (maximum \$54,000 in total).	152	\$7.2M
3	Hong Kong Maritime and Logistics Scholarship Scheme	2007	Hong Kong Polytechnic University (“PolyU”)	To attract local, Mainland and overseas talents to undertake maritime studies in Hong Kong and in turn serve the Hong Kong maritime sector.	<u>Selected PolyU students of the Master of Science in International Shipping and Logistics</u> to receive scholarships of \$177,130 each which covers the full tuition fee and a living allowance ⁸ .	87	\$12.2M

⁷ The scheme is administered by the Marine Department.

⁸ Scholarship recipients are required to work in the Hong Kong maritime sector for a period not less than 12 months after graduation.

	Name	Launch year	Institution involved	Objective	Description and current award amount	Total no. of persons benefitted	Funding injected
4	The University of Hong Kong (“HKU”) – Dalian Maritime University (“DMU”) Academic Collaboration Scheme	2008	HKU, DMU	To nurture professionals well-versed in the Hong Kong and Mainland legal systems as well as the specialised field of maritime law and in turn serve the Hong Kong maritime sector.	<p><u>Selected DMU students</u> to receive scholarships of \$169,000 each which covers the full tuition fee for enrolling in the Master of Common Law at the HKU⁸.</p> <p><u>Selected HKU students</u> to receive sponsorships of around \$15,000 each to attend Summer Course at DMU.</p> <p><u>Selected Hong Kong practitioners</u> to receive sponsorships of around \$5,000 each to attend Executive Training at DMU.</p> <p><u>Visiting professor from DMU</u> to teach elective courses on Mainland shipping law at HKU at the cost of about \$100,000 per semester.</p>	471	\$9.4M
5	Hong Kong Maritime Law Scholarship Scheme	2010	City University of Hong Kong (“CityU”)	To help build up a pool of maritime law professionals and in turn serve the Hong Kong maritime sector.	<u>Selected CityU students of the Master of Laws in Maritime and Transportation Law</u> to receive scholarships of \$108,960 each which covers the full tuition fee ⁸ .	24	\$3.7M
Total						1 004	\$60.7M

Enhancement Measures for Existing Schemes

(a) Increasing the monthly subsidy provided to sea cadets under Sea-going Training Incentive Scheme (“SGTIS”) from the current \$5,000 to \$6,000

Cadets are required to gain a certain period of sea time (usually about 18 months, by serving on board ocean-going vessels (“OGV”)) before they become eligible to sit for the first professional qualification as deck officers / marine engineers and for further progression. Such qualifications ultimately open up the cadets’ career path to a wide range of both marine- and shore-based senior positions such as becoming an OGV master, harbour pilot, ship manager, ship surveyor and more importantly, qualified pool for entry to the main professional grades in the Marine Department. However, the monthly salary offered to OGV cadets is normally referenced to the international level (e.g. less than \$5,000 per month) and is hardly attractive to Hong Kong youths. In order to entice our young generations to join the maritime sector and gain sea-going experience, SGTIS, when started in 2004, offered a subsidy of \$4,000 per month to each cadet. The subsidy was revised to \$5,000 in January 2009 and has since remained at that level. Taking into account the increase in cost of living as well as the continued need to incentivise the younger generations to embark on this career, we **propose** to increase the monthly subsidy of the SGTIS from \$5,000 to \$6,000. The subsidy period will be the same as the present arrangement, i.e. not more than 18 months for a deck cadet and not more than six months for an engineering cadet. We expect about 265 cadets will be benefitted in the five-year period.

(b) Overseas learning and exposure for students of the two postgraduate programmes under the Hong Kong Maritime Law Scholarship Scheme and the Hong Kong Maritime and Logistics Scholarship Scheme

At present, around 80 students are enrolled in the Master of Laws in Maritime and Transportation Law programme of the City University of Hong Kong (“CityU”) and the Master of Science in International Shipping and Logistics of the Hong Kong Polytechnic University (“PolyU”) annually.

The programme scope covers maritime law (e.g. maritime insurance law, bill of lading law, charterparties law), and a range of maritime-related areas (e.g. economics, finance, management, logistics, law, insurance, marketing and IT applications). Since maritime jobs are highly globalised, providing Hong Kong students with an opportunity to undertake maritime-related courses at world-renowned universities will give them good exposure and will in turn enrich Hong Kong's pool of maritime workforce. We **propose** that sponsorships, on a fixed amount basis of not more than \$50,000 each, be granted to selected students of the two programmes for taking one semester of credit-bearing courses at a partnering overseas institution. The proposed amount is estimated to cover about 80% - 90% of the additional expenditure incurred by the students in respect of tuition fee, living expenses and air fare⁹. The students are expected to bear the remaining costs. Details will be worked out between the relevant local universities and their partnering university or college.

(c) Academic collaboration with the Shanghai Maritime University

The University of Hong Kong ("HKU") has been collaborating with the Dalian Maritime University ("DMU") since 2008 for students in the field of law studies. We **propose** achieving academic collaboration with the Shanghai Maritime University ("SMU") as well, in more disciplines such as ship/nautical engineering. SMU welcomes in principle such collaboration when we sounded them out. The mode and mechanism for student exchange will be worked out upon the setting up of the MATF.

⁹ Out of the \$50,000, it is estimated that \$20,000 will be used for covering the additional tuition fee, \$20,000 for the living expenses, and \$10,000 for the airfare.

Annex B(2)

Enhancement Measures for Existing Schemes – Funding Requirement and Beneficiaries

	Description	Partner Institution	Target	Estimated no. of persons to be benefited in 5 years	Estimated funding required for 5 years
1	Increasing the monthly subsidy under the <u>Sea-going Training Incentive Scheme</u> from \$5,000 to \$6,000	Not Applicable	Sea-going Deck / Engineering cadets	265	\$4.3M
2	Overseas learning and exposure for students of the two postgraduate programmes under the <u>Hong Kong Maritime Law Scholarship Scheme</u> and the <u>Hong Kong Maritime and Logistics Scholarship Scheme</u>	CityU, PolyU	Postgraduate students of maritime programmes	40	\$2M
3	Academic collaboration with the Shanghai Maritime University (“SMU”)	SMU	Undergraduate students of selected maritime-related disciplines such as engineering	80	\$2.4M
Total				385	\$8.7M

New Training and Promotion Initiatives

(a) Support for professional training of in-service practitioners in both maritime and aviation sectors, including local vessel seafarers

The new scheme seeks to incentivise those already working in the maritime and aviation sectors, including local vessel seafarers, to attend courses and sit for examinations¹⁰ that are being offered by various education institutions, professional or trade bodies to gain qualifications and skills. The scheme will also assist practitioners that have not received any pre-employment maritime / aviation-related training or education in their career progression. We **propose** that eligible participants be reimbursed 80% of the fees upon satisfactory completion of an approved course or passing a relevant professional examination. Each individual may apply for fee reimbursement for more than one course / examination, up to a ceiling of \$18,000 per person. Upon the establishment of the MATF, we will work out in consultation with the relevant trades, professional bodies and academia to draw up an approved list of courses / examinations that are generally recognised for their status and relevance to the industries, and appropriate for reimbursement. The list will be reviewed and updated from time to time. We estimate that about 2 460 people will be benefitted over the five-year period.

(b) Early exposure for university students to maritime- and aviation-related jobs through an Internship Network

It has been revealed that the young generations are not aware of the wide spectrum of career opportunities in the maritime and aviation sectors,

¹⁰ For examples, on the maritime services side, the Institute of Chartered Shipbrokers runs a variety of courses and professional examinations related to a wide range of sectors including dry cargo chartering, ship operations and management, ship sales and purchases, liner trades and marine insurance etc. The Baltic and International Maritime Council (“BIMCO”) also runs the BIMCO Asia Shipping School that provides in-depth knowledge of the commercial aspects of shipping. On the sea-going and navigational side, there are preparatory courses offered by the Vocation Training Council and trade associations for acquiring qualifications as deck / engineering officers and coxswains. On the aviation services side, the International Air Transport Association and the Civil Aviation Department run a variety of aviation-related courses ranging from air navigation services, aviation security, ground operations, cargo and dangerous goods regulations etc. There are also professional language enhancement courses offered by non-governmental organisations or training institutes.

in particular the former. Internship experience would give them early exposure to these sectors, so that these sectors could hopefully become one of their career choices. We **propose** to invite companies in the maritime and aviation sectors to participate in the Internship Network and offer intern places during summer vacation. This scheme will be open to local students from any undergraduate programmes of seven UGC-funded institutions¹¹ and the sub-degree programmes of VTC. Out of the monthly honorarium that the student will receive, the MATF would contribute up to 75% or \$6,000 (whichever is the lower) for an internship period up to two months, while the remaining sum of honorarium as well as the cost for provision of guidance and coaching will be contributed by the companies. Both student interns and participating companies will be asked to provide an assessment after the internship. We estimate that about 1 200 students will be benefited over the five-year period.

(c) Overseas learning opportunities for undergraduates of selected maritime-related disciplines

The maritime sector needs talent from various disciplines (namely, business administration, marketing, accounting, finance, information technology, and engineering etc.). It would be better still if they have global exposure and have some knowledge of maritime. We therefore **propose** that sponsorships, on a fixed amount basis of not more than \$30,000 each¹², be provided to students of selected maritime-related undergraduate programmes to enable them to complete one semester of credit-bearing maritime-related courses in a partnering overseas institution. The overseas institution(s) will be identified by the local universities concerned, in consultation with a Tripartite Taskforce on Manpower Training under the MIC. We estimate that 100 students will be benefitted over the five-year period.

¹¹ Namely, the City University of Hong Kong (CityU), the Hong Kong Baptist University (“HKBU”), Lingnan University (“HKLU”), the Chinese University of Hong Kong (“CUHK”), the Hong Kong Polytechnic University (“PolyU”), the Hong Kong University of Science and Technology (“HKUST”), and the University of Hong Kong (“HKU”).

¹² The proposed level of sponsorship is estimated to cover about 80%-90% of the additional expenditure incurred in respect of living expenses (about \$20,000) and air fare (about \$10,000). The students are expected to bear the remaining costs.

(d) A partial-tuition refund scheme for specialised aircraft maintenance programme

We note from the industry that the aircraft maintenance industry suffers from serious manpower shortage problem. According to aircraft maintenance operators at the Hong Kong International Airport, most of their entry-level intakes are graduates from the two specialised aircraft maintenance programmes offered by the VTC, namely, the Higher Diploma in Aircraft Maintenance Engineering and the Diploma in Vocational Education (Aircraft Maintenance). With a view to giving young people an extra financial incentive to join the aircraft maintenance industry, we **propose** that a one-off 50% refund of a student's total tuition fee of the two specialised aircraft maintenance programmes be provided. Students who complete the programmes and who join the aircraft maintenance industry will be eligible for the one-off partial tuition refund. To encourage a longer commitment on the part of the recipients, eligible applicants will be required to sign an undertaking of working in the local aircraft maintenance industry for at least two years. We estimate that 600 students will be benefited over the five-year period.

(e) Financial incentive for young people to acquire the first professional qualification as coxswains or engine operators on local vessels

The local vessel trade faces great difficulties in recruiting coxswains, engine operators and deck / engine ratings to serve on board. While there is no entry requirement for becoming deck / engine ratings on local vessels¹³, they are required to accumulate about 12 months of sea-going experience before becoming eligible to sit for their first professional examinations¹⁴ as coxswains or engine operators. To attract new blood to join the local vessel trade, we **propose** that, modeling on the SGTIS, financial incentive of \$2,500 per month, on top of their salary, be provided to deck / engine ratings newly employed by the local vessel trade up to 12 months (i.e. maximum \$30,000 per person in total). To further incentivise them to acquire

¹³ The 23-week Junior General Purpose Rating Course being offered by the Maritime Services Training Institute of VTC is a source from which the trade may recruit deck ratings.

¹⁴ The examination for Coxswain Grade 3 Certificate (the first professional qualification as coxswains) or that for Engine Operator Grade 3 Certificate (the first professional qualification as engine operators).

professional qualification, about \$12,000 of the \$30,000 incentive will be withheld until the rating passes the examination for Coxswain Grade 3 Certificate or Engine Operator Grade 3 Certificate. We estimate that about 250 persons will be benefitted over the five-year period. At the same time, these 250 persons as well as other serving seafarers may seek reimbursement under the refund scheme (item (a) of this annex) of 80% of the fees of attending skills training courses or sitting for professional examinations.

(f) A scholarship scheme for selected degree or higher degree programmes in the aviation sector

To encourage continuous professional enhancement for the aviation sector, we **propose** that full scholarships, capped at about \$100,000 each, be provided to selected students to complete aviation-related degree or higher degree programmes. Regarding the cap of the scholarship amount, we have taken into account the tuition fees of aviation-related bachelor degree and master degree programmes offered by local institutions¹⁵. The exact scholarship amount to be offered will be subject to the tuition fees of the programmes identified for this proposed initiative. Upon the establishment of the MATF, we will form a dedicated committee, comprising representatives from the Government, industry stakeholders and education institutions to monitor and review the implementation of the initiatives concerning the aviation sector (including determining an approved list of programmes that are eligible for the scholarship scheme and selecting eligible students for the scholarship). The proposed scholarship will be granted on the condition that the recipient undertakes to, after graduation, work in the sector in Hong Kong for one year. We estimate that about 25 persons will be benefitted over the five-year period.

(g) New promotion initiatives

From time to time, the industries and non-profit making bodies organise promotional and out-reaching activities such as career talks in schools and expos. We **propose** that part of the MATF (i.e. around \$7 million) be used for sustaining the industries' effort to reach out to the

¹⁵ The tuition fees of Master of Science in Mechanical Engineering and Bachelor of Engineering (Honours) in Mechanical Engineering offered by the Hong Kong Polytechnic University are \$81,000 (one year full time/two and a half years part-time) and \$168,400 (four years full time) respectively.

younger generations and the community at large. Particular focus will be on youngsters in their early secondary years by launching promotion initiatives such as career week and summer tour with maritime/aviation elements. We also plan to launch more targeted promotion strategies (e.g. embedding messages in TV-series / radio programmes, viral marketing techniques, through social media networks) with a view to effectively promoting the “brand awareness” for the sectors.

Annex C(2)

New Training and Promotion Initiatives – Funding Requirement and Beneficiaries

	Initiative	Objectives	Partner Institution	Description	Estimated no. of persons to be benefited in 5 years	Estimated funding required for 5 years
1	Support for professional training of in-service practitioners in both maritime and aviation sectors, including the local vessel seafarers	To upgrade the competency and professionalism of our in-service practitioners.	Organisations offering the courses / examinations concerned	<ul style="list-style-type: none">• For in-service practitioners to reimburse 80% of the course / examination fees, up to \$18,000 per person.• Reimbursable courses / examinations to be nominated by the industries	2 460	\$13.5M
2	Early exposure for university students to maritime- and aviation-related jobs through an Internship Network	To provide eye-opener to students by giving them early exposure to the sectors so that they may consider joining the relevant sectors after graduation.	HKU, CUHK, HKUST, CityU, PolyU, LU, HKBU, VTC, Airport Authority	<ul style="list-style-type: none">• For local students from any undergraduate programmes of seven UGC-funded institutions and sub-degree programmes of VTC, if they are recruited as interns by participating companies.• The MATF to contribute up to 75% or \$6,000 (whichever is lower) of the monthly honorarium to be paid to each student for an internship period up to two months.	1 200	\$14.4M

	Initiative	Objectives	Partner Institution	Description	Estimated no. of persons to be benefited in 5 years	Estimated funding required for 5 years
3	Overseas learning opportunities for undergraduates of selected maritime-related disciplines	To cultivate business and general talents for the maritime sector who, better still, have global exposure and possess network with international counterparts.	HKUST, CUHK	<ul style="list-style-type: none"> • For undergraduates of maritime-related disciplines (to be nominated by the maritime sector) who opt to undertake one semester of credit-bearing overseas studies on maritime-related subjects under the arrangements to be made by the institutions concerned. • The MATF to provide sponsorships, on a fixed amount basis of about \$30,000 each. 	100	\$3M
4	A partial tuition refund scheme for specialised aircraft maintenance programme	To give young people an extra financial incentive to choose specialised aircraft maintenance programme and join the industry after graduation	VTC	<ul style="list-style-type: none"> • For graduates of the specialised aircraft maintenance programme and have entered the aircraft maintenance industry. • The MATF to provide one-off tuition refund of 50% of the total tuition fee, capped at \$30,000 each. 	600	\$12M

	Initiative	Objectives	Partner Institution	Description	Estimated no. of persons to be benefited in 5 years	Estimated funding required for 5 years
5	Financial incentive for young people to acquire the first professional qualification as coxswains or engine operators on local vessels	To attract more young people to join and support the local vessel trade by serving on locally licensed vessels.	VTC, organisations offering relevant training	<ul style="list-style-type: none"> • For graduates of the Junior General Purpose Rating Course (or other equivalent training) who is employed by the local vessel trade. • The MATF to provide \$30,000 as incentives for each deck / engine rating newly employed by the local vessel trade to accumulate the required sea time (about one year) and pass the professional examination for Coxswain Grade 3 Certificate or Engine Operator Grade 3 Certificate. 	250	\$7.5M
6	A scholarship scheme for selected degree or higher degree programmes in the aviation sector offered by recognised local (or overseas) education institutions	To help build up a pool of aviation professionals and in turn serve the Hong Kong aviation sector.	Institutions offering the programmes concerned	<ul style="list-style-type: none"> • For selected students who pursue a selected degree or higher degree programme in the aviation sector by recognised education institutions. • The MATF to provide full scholarships capped at about \$100,000 each. 	25	\$2.5M

	Initiative	Objectives	Partner Institution	Description	Estimated no. of persons to be benefited in 5 years	Estimated funding required for 5 years
7	New promotion initiatives	To reach out to the younger generations and the community at large, in particular youngster in their early secondary years, to promote the “brand awareness” of the maritime and aviation sectors.	Industry associations	<ul style="list-style-type: none"> • To support industry associations to organise promotional and outreach programmes to the younger generations and the community at large, in particular early secondary school students. • To adopt non-traditional promotion strategies such as promotion events by TV / radio stations and social media network such as facebook. 	Not Applicable	\$7.2M
Total					4 635	\$60.1M

Annex D

Estimated Funding Requirement for Existing Schemes to Operate for Next Five Years

	Scheme	Estimated Funding required for 5 years (a)	Remaining balance of the funding provided to institutions / MD (as at end Sept 2013) (b)	MATF funding to sustain the scheme for 5 years ((a) – (b))	Estimated no. of persons to be benefitted for 5 years
1	Sea-going Training Incentive Scheme	\$22.4M	\$14.3M	\$8.1M	265
2	Ship Repair Training Incentive Scheme	\$4M	\$1.8M	\$2.2M	75
3	Hong Kong Maritime and Logistics Scholarship Scheme	\$9.7M	\$0.2M	\$9.5M	55
4	HKU-DMU Academic Collaboration Scheme	\$9.3M	\$0.3M	\$9M	455
5	Hong Kong Maritime Law Scholarship Scheme	\$3.8M	\$1.4M	\$2.4M	35
	Total	\$49.2M	\$18M	\$31.2M	885

Estimated Cash Flow Requirement of the Proposed Maritime and Aviation Training Fund

2014-15	2015-16	2016-17	2017-18	2018-19	Total
\$17.06M	\$17.68M	\$18.92M	\$22.92M	\$23.42M	\$100M