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Panel on Economic Development
Special meeting on 16 December 2013

Background brief on the establishment of a training fund
for maritime and aviation transport

Purpose

1. This paper sets out the background of the proposed establishment of a training fund for maritime and aviation transport, and summarizes some of the key concerns raised by Members.

Hong Kong as an international shipping centre and aviation hub

2. Hong Kong flourishes as a hub port serving the South Asian Pacific region and acts as an entrepot for the Mainland of China. During 2012, some 383 350 sea-going vessels and river-trade vessels arrived and departed from Hong Kong. Hong Kong handled 23.1 million TEUs (20-foot equivalent units) containerized cargoes in 2012, making it one of the world's busiest container ports.

3. Hong Kong is a maritime centre in Asia. There are about 700 shipping-related companies in Hong Kong offering a wide range of services such as shipping management, agency, finance, legal services and arbitration, and a large number of jobs. In 2012, the number of ships registered in the Hong Kong Shipping Register increased by 241, amounting to an increase of 10.66 million gross tons. By 30 June 2013, 2 283 ships have registered under the Hong Kong Shipping Register with a total gross tonnage of 83.29 million. Furthermore, 16 282 vessels are licensed to operate locally and in the Pearl River Delta Region. Hong Kong has 1 503 local officers and ratings serving on board more than 137 sea-going and river-trade ships of five different marine nations.

4. As regards aviation, there are over 100 airlines operating about 1 010 passenger and cargo flights every day, 960 of which are scheduled passenger

and all-cargo flights between Hong Kong and around 180 designations worldwide, including about 45 Mainland cities. There are also about 350 non-scheduled passenger and cargo flights each week. About 70% of these flights are operated with wide-bodied jets. The Hong Kong International Airport handled four million tonnes of cargo in 2012, and is currently offering more than 60 000 jobs.

Strengthening Hong Kong's status as an international shipping centre

5. In the 2013 Policy Address, the Chief Executive (CE) points out that the Central People's Government has made clear its support for Hong Kong to reinforce and enhance its status as an international shipping centre (which, according to CE, covers both aviation and maritime transport). CE announces that the Administration will continue to improve Hong Kong's aviation, maritime and land transport facilities and their connectivity, and reinforce and enhance Hong Kong's role as a regional hub for passenger and cargo traffic.

6. In this connection, to support training for the local shipping and aviation industry, the Financial Secretary, in his Budget Speech for 2013-2014, proposes that \$100 million should be designated to establish a training fund for maritime and aviation transport. The objective of the initiative is to sustain and expand various schemes and scholarships, and to implement other new initiatives. The fund is expected to help attract young people to enrol in related skills training and degree programmes, and to join the industry upon graduation, providing a wealth of vibrant and competitive talent for the industry.

7. In his opening remarks at the Legislative Council special Finance Committee meeting held on 11 April 2013, Secretary for Transport and Housing announced that the Administration would consult the industry and would submit funding application to the Finance Committee.

Views previously expressed by Members

8. Members have followed up on the proposed maritime and aviation transport training fund and raised queries on its details in the context of the examination of the 2013-2014 Estimates of Expenditure during the special Finance Committee meetings. The key issues Members raised include the following –

- (a) details of the proposed fund, including the amount of scholarships to be provided, the courses involved, the

estimated expenditure of these initiatives, as well as the number of people expected to receive training;

- (b) the number of local degree programmes relating to the shipping and aviation industry;
- (c) the estimated number of persons who may be attracted to the shipping and aviation industry, and the major trades involved, as a result of the funding initiative;
- (d) how and by which authority would the training fund be monitored and operated;
- (e) whether any review mechanism would be implemented;
- (f) whether the Administration would consider providing financial incentives to shipping companies in return for more training opportunities on board; and
- (g) whether and how the Administration would apply the proposed fund to step up training of different skill sets of land, maritime and aviation transport, in order to meet the multifaceted needs of the shipping and logistics industry.

9. The Administration had advised Members that the Transport Branch of the Transport and Housing Bureau was working with the relevant stakeholders in devising the implementation details and action plan for the proposed training fund. A number of Members have expressed support for the establishment of the maritime and aviation transport training fund.

Concern about manpower supply

10. Members have, on various occasions, expressed concerns about the aging and succession problems of seafarers, and queried what initiatives the Administration would implement to encourage more young people to work in the maritime industry.

11. The Administration explained that, to address aging and succession problems of seafarers, in addition to enhancing training through the training fund, a Sea-going Training Incentive Scheme had been launched, under which about 270 sea-going cadets had participated, and 100 participants of them had acquired the qualifications as officers on board sea-going ships. The Administration would continue to work with training institutions such as the Maritime Services Training Institute as well as seafarer unions on measures to attract young people to join the industry.

12. One Member questioned whether \$100 million was sufficient to achieve the objectives of the proposed training fund. The Administration had advised that the use of the fund would depend on the manpower demand in maritime and aviation transport, and the amount of resources that should be provided could be reviewed some time after the implementation of the training fund.

13. During the debate of the Appropriation Bill 2013 and the 2013-2014 Budget, one Member commented that the training fund was mainly targeted at training such technical personnel as navigators, and appeared to exclude other fields such as shipping management, finance, insurance and legal services. Some Members also commented that the Administration had not addressed the situation that Hong Kong is close to full employment and the maritime and aviation industries have to "scramble" for talents from other sectors, which would end up driving up labour costs without solving manpower and succession problems. One Member suggested that the Administration should consider importing labour to alleviate the manpower needs of the industries.

Latest developments

14. The Administration will brief the Panel on the proposal of setting up the maritime and aviation transport training fund at the special meeting on 16 December 2013.

References

15. A list of the relevant papers is as follows:

Hong Kong: the facts – The Port

<http://www.gov.hk/en/about/abouthk/factsheets/docs/port.pdf>

Hong Kong: the facts – Civil Aviation

http://www.gov.hk/en/about/abouthk/factsheets/docs/civil_aviation.pdf

2013 Policy Address – paragraphs 40 and 41

<http://www.policyaddress.gov.hk/2013/eng/p40.html>

2013 – 2014 Budget Speech – paragraphs 84 and 85

<http://www.budget.gov.hk/2013/eng/budget14.html>

Opening remarks by Secretary for Transport and Housing at the Legislative Council special Finance Committee meeting on 11 April 2013 (transport session)

http://www.legco.gov.hk/yr12-13/english/fc/fc/sp_note/session15-thb-t-e.pdf

Administration's replies to Members' questions for the special Finance Committee meetings (THB(T)071, THB(T)082, THB(T)094, THB(T)112, THB(T)233, THB(T)234, THB(T)272, THB(T)281, THB(T)287)

http://www.legco.gov.hk/yr12-13/english/fc/fc/w_q/thb-t-e.pdf

Report on the examination of the Estimates of Expenditure 2013-2014 (paragraphs 15.49 to 15.51)

http://www.legco.gov.hk/yr12-13/english/fc/fc/minutes/sfc_rpt.pdf

Minutes of meeting of the Panel on Transport held on Friday, 24 May 2013 (paragraphs 62 and 63)

<http://www.legco.gov.hk/yr12-13/english/panels/tp/minutes/tp20130524.pdf>

Official record of proceeding of the Legislative Council meeting on 30 October 2013 (pages 1408 to 1410)

<http://www.legco.gov.hk/yr13-14/english/counmtg/hansard/cm1030-translate-e.pdf>

Official record of proceeding of the Legislative Council meeting on 17 April 2013 (pages 8405, 8488, 8501)

<http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0417-translate-e.pdf>

Official record of proceeding of the Legislative Council meeting on 24 April 2013 (pages 8655, 8656)

<http://www.legco.gov.hk/yr12-13/english/counmtg/hansard/cm0424-translate-e.pdf>

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