

立法會

Legislative Council

LC Paper No. CB(4)1516/20-21

(These minutes have been
seen by the Administration)

Ref : CB4/PL/EDEV

Panel on Economic Development

Minutes of meeting
held on Monday, 24 May 2021, at 10:45 am
in Conference Room 1 of the Legislative Council Complex

Members present : Hon Christopher CHEUNG Wah-fung, SBS, JP
(Chairman)
Hon Starry LEE Wai-king, SBS, JP
(Deputy Chairman)
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, BBS
Hon Elizabeth QUAT, BBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon LUK Chung-hung, JP
Dr Hon CHENG Chung-tai
Hon Tony TSE Wai-chuen, BBS, JP

Member attending : Hon Michael TIEN Puk-sun, BBS, JP

Member absent : Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Public Officers : Agenda item III
attending

Mr Edward YAU, GBS, JP
Secretary for Commerce and Economic
Development

Ms Vivian SUM, JP
Commissioner for Tourism

Miss Wendy CHUNG
Deputy Commissioner for Tourism

Mr Henry LAI
Assistant Commissioner for Tourism

Agenda item IV

Ms Christina CHONG
Deputy Secretary for Transport and Housing
(Transport) 5

Miss Winnie TSE
Deputy Secretary for Transport and Housing
(Transport) 4

Miss Winsome AU
Principal Assistant Secretary for Transport and
Housing (Transport) 8

Mr L K LAW
Chief Assistant Secretary for Transport and
Housing (Transport)

Related organization : Agenda item III

Hong Kong Disneyland Resort

Mr Michael MORIARTY
Managing Director

Ms Anita LAI
Vice President, Communications and Public
Affairs

Clerk in attendance : Ms Shirley CHAN
Chief Council Secretary (4)5

Staff in attendance : Ms Shirley TAM
Senior Council Secretary (4)5

Ms Carol WONG
Council Secretary (4)5

Ms Zoe TONG
Legislative Assistant (4)5

Miss Mandy LUI
Clerical Assistant (4)5

Action

I. Information papers issued since the last regular meeting

(LC Paper No. CB(4)867/20-21(01) — Administration's response to the discussion on issues relating to the management of typhoon shelters and sheltered anchorages

LC Paper No. CB(4)904/20-21(01) — Tables and graphs showing the import and retail prices of major oil products from April 2019 to March 2021 provided by the Administration)

Members noted the above papers issued since the last regular meeting.

II. Items for discussion at the next meeting

(LC Paper No. CB(4)998/20-21(01) — List of outstanding items for discussion

LC Paper No. CB(4)998/20-21(02) — List of follow-up actions)

2. Members agreed to discuss the following items at the next regular meeting scheduled for Monday, 28 June 2021 at 10:45 am –

- (a) Report on the work of the Competition Commission; and
- (b) Auto-fuel prices in Hong Kong.

3. The Chairman sought members' views on inviting representative(s) of the Competition Commission to participate in the discussion of item (b) above. Members agreed. Mr Holden CHOW considered that such invitation was necessary to facilitate a fruitful discussion on item (b) above.

III. Update on Hong Kong Disneyland Resort

(LC Paper No. CB(4)998/20-21(03) — Paper provided by the Administration

LC Paper No. CB(4)998/20-21(04) — Updated background brief prepared by the Legislative Council Secretariat)

Presentation by the Administration and the Hong Kong Disneyland Resort

4. At the invitation of the Chairman, Secretary for Commerce and Economic Development ("SCED") gave an introductory remark on the update on Hong Kong Disneyland Resort ("HKDL"). With the aid of the powerpoint presentation materials, Mr Michael MORIARTY, Managing Director of HKDL, briefed members on the operations of HKDL in Fiscal Year 2020 ("FY20") (i.e. from late September 2019 to early October 2020). Members noted that HKDL's business was adversely affected by the tourism downturn arising from the social unrest in the first quarter of FY20 and the coronavirus disease 2019 ("COVID-19") epidemic in the remainder of FY20. In FY20, the theme park attendance dropped by 73% year-on-year to 1.7 million, and the total revenue dropped by 76% to \$1.4 billion as compared with that in FY19. Earnings before interest, taxes, depreciation and amortization ("EBITDA") were negative \$1.5 billion, and a net loss of \$2.7 billion was recorded in the year. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)998/20-21(03)).

(Post-meeting note: The powerpoint presentation materials provided by HKDL were issued to members vide LC Paper No. CB(4)1023/20-21(01) on 24 May 2021.)

Discussion*HKDL's performance in FY20*

5. Mr Tony TSE said that the net loss of HKDL in FY20 was understandable given the adverse impact brought by the COVID-19 epidemic. To shore up HKDL's finances, it was essential for HKDL to explore more revenue streams leveraging the joyful atmosphere of the theme park and the growth of local visitors who were eager to have fun and relaxation at HKDL during holidays. Considering that the average occupancy rate of HKDL's hotels was 15% in FY20 which was on the low side comparing with that of other hotels, he suggested HKDL launching more staycation packages with overnight stays and/or nighttime events especially during summer to drive hotel occupancy and patronage of HKDL.

6. Mr Michael MORIARTY of HKDL advised that HKDL had recently rolled out various promotions including the "2+1 Magic Offer" which had successfully driven a lot of attendance. In fact, during the Easter holidays in 2021, HKDL recorded the highest number of visitors paying standard admission fees since 2009. HKDL was preparing to launch summer promotions shortly which would be attractive to the local market. The relatively low hotel occupancy rate at 15% in FY20 was due to the impact of the COVID-19 epidemic, but it was improving as the staycation packages being offered by HKDL were well received by local residents. On food and beverages ("F&B") promotions, "The Royal Food and Drink Fair" being held for park visitors to enjoy award-winning dishes attracted good response, and HKDL would continue to offer more F&B promotions.

7. Mr LUK Chung-hung noted that in view of the reduced capacity limit of catering facilities under the social distancing requirements, HKDL was unable to fully make use of the theme park to receive visitors. He suggested HKDL exploring different means to cater for the F&B needs of park visitors, such as setting up temporary catering facilities in outdoor area of the theme park, and thus maximizing patronage.

8. Mr Michael MORIARTY of HKDL explained that although HKDL was allowed to increase its theme park capacity limit from 50% to 75% of its overall capacity in accordance with the Government's latest social distancing requirements, HKDL still maintained the capacity capped at 50% instead of 75% so as to match the 50% seating capacity requirement applied to catering premises within the theme park, otherwise, the F&B demand of park visitors might not be met within a reasonable timeframe.

9. SCED supplemented that the catering premises within HKDL's theme park were required to observe the prevailing social distancing requirements and other infection control measures in relation to catering business in Hong Kong. The requirement that dine-in services were capped at 50% of the normal seating capacity had been relaxed recently, on the condition that staff members and customers of the catering premises were vaccinated. The Government would review the relevant requirements giving due regard to the COVID-19 development.

10. Concerning the interests of HKDL's employees consisting of over 5 300 full-time and 1 800 part-time staff members, Mr LUK Chung-hung enquired if there were any layoffs due to the financial situation of HKDL. Mr Michael MORIARTY of HKDL advised that HKDL did not lay off any staff members during this difficult time and had no plan to do so in the near future.

11. Mr Holden CHOW considered that HKDL's poor financial performance in FY20 was understandable as its business was hard hit by the social unrest in the first quarter and the COVID-19 epidemic in the remainder of FY20. He was glad to see that HKDL did not lay off staff to manage costs despite its financial position. However, he was concerned about the financial impact on staff members under the one-day-per-week unpaid leave arrangement, in particular whether such arrangement was implemented in a reasonable manner.

12. Mr Michael MORIARTY of HKDL replied that to tide over the difficult period together, HKDL had implemented a number of cost-saving initiatives and adjusted operations throughout the year, including one-day-per-week unpaid leave for all staff, reduction of marketing spending and cancellation of certain seasonal events, in order to preserve jobs while prudently managing costs. Under the one-day-per-week unpaid leave arrangement, full-time staff members worked for four days every week during a specified period.

13. Mr Michael TIEN expressed concern about HKDL recording a negative EBITDA in FY20 which rarely happened in the past. It was also unsatisfactory that while the revenue had dropped largely by 70%, HKDL did not adjust its operating expenses to a similar extent, especially when it was not required to pay rental. He called on HKDL to exercise more effective cost control and set a reduction target of about 50% for operating expenses in FY21 as compared to the normal level, with a view to achieving a balance of costs and revenue.

14. Mr Michael MORIARTY of HKDL responded that during FY20, HKDL strove to strike a balance between providing the best experience to

visitors while increasing revenue and managing its costs as far as possible. HKDL would continue to tighten cost control, although there was limited room to tighten fixed costs and labour requirements without affecting HKDL's operations. To better understand the effectiveness of HKDL's cost control measures, Mr Michael TIEN requested HKDL to provide a breakdown of its operating costs and expenses in FY20 and FY19 by the categories of the costs and expenses involved.

(Post-meeting note: The Administration's response was issued to members vide LC Paper No. CB(4)1373/20-21(01) on 13 August 2021.)

15. SCED added that similar to other businesses in Hong Kong, HKDL faced unprecedented challenges in FY20 including the halt of inbound tourism which constituted about two-thirds of HKDL's annual attendance during normal time. While focusing on attracting local visitations throughout the year, HKDL also closed its theme park on and off for nearly 60% of the calendar days in FY20 in response to the Government's anti-epidemic requirements. In light of the uncertain epidemic development, it was necessary for HKDL to maintain stable staff resources for the theme park's operations while implementing cost containment measures. The Administration would continue to monitor the financial situation of HKDL. Meanwhile, the Government was keenly aware of the difficulties faced by different sectors under the epidemic and had all along striven to facilitate resumption of economic activities as soon as the situation allowed.

16. Dr CHENG Chung-tai was of the view that according to HKDL's financial performance in the past decade, it appeared that HKDL had been facing ongoing operational difficulties with repeated net losses before the outbreak of social unrest and the pandemic. Concerning its long-term financial sustainability, he said that the public would be disappointed if HKDL sought funding support from the Government in future like the case of the Ocean Park Corporation. Meanwhile, he also enquired about the latest progress of the expansion and development plan at the Phase 1 site of HKDL ("the Expansion Plan") and whether its development schedule as well as budget would be affected by HKDL's financial situation.

17. Mr Michael MORIARTY of HKDL replied that under the Expansion Plan, certain new attractions had been commissioned, including "Moana: A Homecoming Celebration" stage show, "Ant-Man and The Wasp: Nano Battle!" ride, and "Castle of Magical Dreams". A new daytime show "Follow Your Dreams" was set to debut on 30 June 2021 at the Castle, and a new nighttime show would be launched subject to the pace of tourism recovery. Under the impact of the epidemic, the

development schedule of the "Frozen" project was affected by various issues including the delay in transporting construction materials, and the completion date had yet to be specified for the time being. Currently, the Expansion Plan was still within budget, and there was no plan to seek additional funding from the Government for the Expansion Plan.

18. Mr Jeffrey LAM was delighted about the reopening of HKDL's theme park in February 2021 after its closure for over two months under the epidemic, so that Hong Kong people could have fun at the theme park and visit its new attractions. He said that HKDL had done relatively well as no Government's funding was specifically sought in respect of the net loss. However, he was still concerned about HKDL's financial position and enquired about measures to sustain its long-term operations.

19. Ms Elizabeth QUAT said that the net loss of HKDL in FY20 was within expectation given that the theme park was closed for nearly 60% of the calendar days in the year. However, she was worried about HKDL's financial sustainability in the long run, taking into account its repeated net losses over the past years. She also hoped that the Expansion Plan could strengthen the theme park's attractiveness to draw more visitors.

20. Mr Michael MORIARTY of HKDL explained that for HKDL's business recovery, it was important to keep the theme park open without further closure and to re-open boundary/border so that HKDL could receive both local and non-local visitors. Currently, HKDL focused on attracting local visitations, and the average daily number of local visitors during the operating days in the first half of FY21 surged by 46% over the same period in FY20 together with spending increase. HKDL was optimistic about the long-term business potential upon resumption of travelling between Hong Kong and the Mainland and other overseas economies. It would roll out marketing and sales campaigns in different source markets and focus on the Greater Bay Area market to capture the opportunities brought by the well-developed cross-boundary transport infrastructure. The Third Runway of the Hong Kong International Airport to be commissioned shortly was also expected to bring more visitors from the international market.

21. In view of the negative EBITDA of HKDL in FY20, Ms Elizabeth QUAT and Mr Holden CHOW enquired whether both the base and variable management fees payable by HKDL to The Walt Disney Company ("TWDC") were/would be waived for FY20 and FY21 respectively based on the established charging mechanism. Ms QUAT also enquired whether the royalties charged by TWDC would be waived or reduced during HKDL's difficult times. Mr Jeffrey LAM further asked whether HKDL would request TWDC to waive the royalties for two years so as to help reduce HKDL's expenditure.

22. Mr Michael MORIARTY of HKDL said that royalties were charged by TWDC for Disney resorts outside the United States for the access to and use of Disney's intellectual properties, whereas the management fees were fully linked to HKDL's performance through its EBITDA. No management fees, including both base and variable components, were charged for FY20 given the negative EBITDA. For FY21, it remained premature to make predictions, but no management fees would be charged if HKDL could not achieve a positive EBITDA. Any change to the agreement on management fees and/or royalties would be subject to the discussion between HKDL's shareholders, i.e. the Government and TWDC.

Liquidity of HKDL

23. Considering that HKDL's business performance in FY20 was within expectation, Mr YIU Si-wing expected that HKDL's revenue would be at least cut by half from the normal level if the travel restrictions were not lifted in a timely manner during FY21, and HKDL could only rely on the local market. He was concerned about HKDL's liquidity and enquired about the contingency plan if its cash balance was depleted. In particular, he enquired whether the funding contributed by the Government and TWDC for the Expansion Plan totaling at \$10.9 billion would be allocated to weather HKDL's liquidity issue if necessary. He also suggested that the Government should discuss with TWDC on waiving the royalties of HKDL.

24. Mr Michael MORIARTY of HKDL highlighted that HKDL's business viability highly hinged on whether its theme park could stay open without further closure and when the travel restrictions would be lifted. He stressed that with the \$2.1 billion revolving credit facility provided by TWDC, HKDL had no plan to seek additional funding from its shareholders at this moment.

25. SCED added that there had been positive signs of HKDL's business recovery including the growing number of local visitors and that more revenue streams had been opened up to boost the topline. With the revolving credit facility provided by TWDC, HKDL was able to operate the theme park without the need to seek extra funding from the Government. He stressed that the Government's funding of \$5.45 billion as previously approved by the Legislative Council ("LegCo") for the Expansion Plan could not be used for other purpose without LegCo's separate approval.

26. In response to Mr Tony TSE's enquiry about the details of the revolving credit facility and whether HKDL was required to repay the money with interest, Mr Michael MORIARTY of HKDL explained that

TWDC had been providing the revolving credit facility of \$2.1 billion to HKDL since 2017, and HKDL started drawing down this facility in FY21 to support working capital and operational needs. This facility bore interest at a rate of three-month HIBOR plus 1.25%, which was lower than the interest rates of the loans previously borrowed by HKDL from its shareholders.

27. The Chairman was pleased to note that there was no layoff by HKDL and no management fees were charged by TWDC in FY20. However, even with the revolving credit facility granted by TWDC, he was still concerned about the long-term financial sustainability of HKDL given the uncertainty of the epidemic development and the pace of HKDL's business recovery. He enquired about the contingency measures that the Government might pursue when the existing revolving credit facility was exhausted, such as providing financial support to help HKDL's survival.

28. SCED stressed that HKDL and all businesses in Hong Kong were facing difficult business environment amidst the COVID-19 epidemic, and it was difficult to anticipate when the market conditions would recover. For HKDL and the Ocean Park in particular, it was hoped that both of them could sustain their operations by reducing operating costs, while gearing up for receiving non-local visitors when cross-boundary/border travel resumed. Currently, HKDL was utilizing the revolving credit facility provided by TWDC to support working capital and operational needs. In the long term, it was essential for Hong Kong to bring the epidemic under control so as to re-open the boundary/border and resume travel activities with places considered to be safe.

Promotion of COVID-19 vaccination

29. Mr SHIU Ka-fai considered that HKDL had been doing its best to generate revenue although it recorded a net loss of \$2.7 billion in FY20. He was pleased to see that there were new initiatives upon the theme park re-opening and HKDL did not lay off any staff. Mr SHIU pointed out that many theme parks worldwide also suffered from low attendance under the epidemic, and it was essential to keep operating the theme park which was of great value to Hong Kong. Considering that the vaccination rate against COVID-19 was not satisfactory in Hong Kong, he suggested that the Government should provide incentives, e.g. free HKDL tickets, to encourage vaccination among the public.

30. SCED advised that the Government had endeavoured to encourage members of the public to get vaccinated against COVID-19, which was of utmost importance to protect their own health and prevent them from being infected. He welcomed suggestions from the business sector on incentivizing the public to get vaccinated.

31. Mr LUK Chung-hung enquired if HKDL had provided any incentives to encourage vaccination among staff members. He considered that if HKDL could achieve a high vaccination rate among its staff, the public would have more confidence in visiting the theme park.

32. Mr Jeffrey LAM said that he had been coordinating with the commercial and industrial sectors on providing incentives, such as providing free tickets, coupons and discounts, with a view to encouraging vaccination amongst the public and hence resuming normal activities of the economy. He appealed to HKDL to provide incentives for this purpose which might also give impetus to other companies to follow suit.

33. Mr Michael MORIARTY of HKDL said that currently all HKDL staff members had to take COVID-19 test once every 14 days. HKDL ensured that its staff members were aware of the need to get vaccinated. HKDL provided facilitation and incentives to its staff members getting vaccinated, e.g. paid time-off. HKDL was considering other approaches to drive vaccination among its staff members and visitors.

34. Mr Holden CHOW appreciated HKDL's efforts to encourage vaccination. He believed that being one of the major corporations in Hong Kong, HKDL's action could convey a positive message to appeal to the public in this regard. He enquired about the number of HKDL's staff who had received vaccination and suggested HKDL updating the Panel on such information from time to time.

35. Mr Michael MORIARTY of HKDL said that HKDL was not tracking the vaccination rate among its staff members, and thus the relevant figure was not available. He concurred that vaccination was important not only to keep people safe but also to enable the resumption of cross-boundary/border travel. HKDL was taking extra steps to ensure that its staff members were safe from the epidemic and exploring different ways to incentivize staff to take vaccination.

Site reserved for development of HKDL

36. Ir Dr LO Wai-kwok referred to the site ("the Site") which Hongkong International Theme Parks Limited ("HKITP") was previously granted an Option to purchase for taking forward further development of HKDL with an expiry date on 24 September 2020 according to the Option Deed signed in 2000 between the Government and HKITP. Noting that the Government announced in September 2020 not to extend the expiry date of the Option, he sought further information about such decision and the Government's plan and timetable to use the Site in the short and long term.

37. SCED advised that having taken into account the economic conditions and global tourism downturn, the Government announced on 23 September 2020 that the validity period of the Option was not extended. In other words, HKITP no longer had the Option right for the Site starting from 25 September 2020. At present, the Site was being used as temporary quarantine facilities. As the quarantine facilities did not fall under the permitted use of the Site under the Deed of Restrictive Covenant ("DRC") signed between the Government and HKITP, the Government discussed with TWDC in early 2020 on this subject. TWDC supported the Government's epidemic prevention and anti-epidemic work and agreed to allow the Government to use the Site as temporary quarantine facilities. It was expected that the arrangement of using the Site as temporary quarantine facilities would last for some time. As for the long-term usage of the Site, according to the North-East Lantau Outline Zoning Plan, the Site was planned for theme park, resort hotel and the related uses. The Government would review the long-term planning of the Site in an open-minded manner. If necessary, the Government would amend the statutory planning as well as discuss with TWDC to amend the land use and building height under the DRC so as to make better use of the Site.

IV. Update on the Maritime and Aviation Training Fund

(LC Paper No. CB(4)998/20-21(05) — Paper provided by the Administration

LC Paper No. CB(4)998/20-21(06) — Background brief prepared by the Legislative Council Secretariat)

Presentation by the Administration

38. At the invitation of the Chairman, Deputy Secretary for Transport and Housing (Transport) 5 ("DSTH5") briefed members on the latest implementation of the Maritime and Aviation Training Fund ("MATF"). Details of the briefing were set out in LC Paper No. CB(4)998/20-21(05).

Discussion

39. Members in general expressed their support to MATF and other related initiatives launched by the Administration in facilitating the development of the maritime and aviation industries. Ir Dr LO Wai-kwok was however concerned about the impact brought by COVID-19 pandemic on both industries, in particular the massive layoffs of airline companies and the quarantine measures imposed on seafarers.

40. Mr YIU Si-wing was worried about the employment situation of practitioners of the maritime and aviation industries who might be laid off or forced to take unpaid leaves due to the economic downturn. He enquired if the Administration would incentivize the companies in both industries to retain employees who might otherwise be made redundant until recovery of the industries.

41. Concerning about the problem of unemployment and underemployment in the maritime and aviation industries under the impact brought by the COVID-19 pandemic, Mr Tony TSE asked if the Administration had designed any specific training courses for unemployed practitioners to equip themselves so that they could rejoin the industries when the pandemic was under control. He also asked whether the Administration had taken any further measures in addition to the 14 existing MATF schemes to help the practitioners of both industries tide over this difficult period and solve the long-term problem of manpower shortage in both industries.

42. DSTH5 replied that with the prolonged impact of COVID-19 on the maritime and aviation industries, the Administration had been working to put in place a support measure under the Professional Training and Examination Refund Scheme ("ProTERS") to incentivize the industry practitioners to upgrade their skills for self-enhancement during the economic downturn. Practitioners who had left job in their respective sector during the pandemic period but subsequently re-join the industry not later than 31 March 2022 would be eligible for seeking reimbursement of fees of courses/examinations completed during the relevant period. The reimbursement could cover a number of courses/examinations subject to a ceiling, which would also be raised from \$18,000 to \$30,000 for both sectors. To attract new blood and expand the pool of talents, several incentive, internship and scholarship schemes were operated to support those who were interested to join the maritime and aviation industries or for the younger generation, e.g. the Sea-going Training Incentive Scheme ("SGTIS") and the Maritime and Aviation Internship Scheme ("MAIS").

43. On the other hand, DSTH5 advised that to provide assistance or relief to enterprises hard hit by the epidemic or affected by anti-epidemic measures, the Administration had offered a one-off survey fee subsidy for local commercial vessels and a one-off non-accountable subsidy of \$10,000 and \$500,000 for each local commercial mechanized vessel and eligible cross-boundary ferry vessel respectively under the Anti-epidemic Fund. Apart from the mentioned MAIS to attract new blood from undergraduates in various disciplines and the support measures contemplated for ProTERS, the Administration planned to implement two new schemes, namely the

"Maritime Services Traineeship Scheme" and the "Maritime Specialist Scholarship Scheme", to support and enhance the manpower development for high value-added maritime services in Hong Kong.

44. Deputy Secretary for Transport and Housing (Transport) 4 ("DSTH4") added that as the pandemic had seriously affected the opportunities of securing employment in the aviation sector, three of the aviation-related schemes under MATF, viz. Hong Kong Aviation Scholarship Scheme, Partial Tuition Refund Scheme for the Specialised Aircraft Maintenance Programme and Aviation Operation Training Incentive Scheme, provided for an extension of job acquisition time period and allowed continuous education instead of employment. To encourage airport staff to enhance competencies and skills, the Airport Authority Hong Kong ("AAHK") had also provided training allowance to frontline airport staff who took on training while they were on no-pay leave. On top of that, AAHK had launched several rounds of relief measures supporting the airport community, and such measures had been further extended to 31 July 2021.

45. In response to Ir Dr LO Wai-kwok and Mr YIU Si-wing's question on the number of new intake and turnover rates for both maritime and aviation industries, DSTH5 said that the manpower situations of the maritime services industry were surveyed with findings or updates published regularly by the Maritime Services Training Board under the Vocational Training Council ("VTC"). According to the Manpower Update Report in 2020 ("the Report"), there was a continuously increasing demand for labour across various service sectors in the maritime industry due to the ageing workforce. While the intake or turnover rate was not specifically mentioned, the Report recommended joint efforts of the employers, training institutions and the Administration to attract more new blood to join the maritime industry.

46. For the aviation industry, DSTH4 advised that AAHK conducted the Hong Kong International Airport Workforce Survey ("the Survey") every two years, covering aviation-related companies/organizations operating at the Hong Kong International Airport ("HKIA"). According to the 2019 Survey, around 70 000 to 80 000 people were working at the HKIA. AAHK would conduct the Survey from time to time to understand the latest manpower situation.

47. Noticing that The International Chamber of Shipping ("ICS") had set up its China Liaison Office in Hong Kong recently, Mr Holden CHOW observed the potential of developing the high value-added maritime services sector in Hong Kong, including ship management, ship broking and chartering, marine insurance, ship finance and maritime law and

arbitration. To enhance Hong Kong's status as an international maritime services centre, he called on the Administration to formulate measures to attract more international maritime bodies to set up offices in Hong Kong and expand the future career prospects of local graduates and practitioners of the maritime industry.

48. DSTH5 replied that the establishment of the first overseas ICS office outside London in 2019 reaffirmed the unique status and attractiveness for international bodies to set up offices in Hong Kong. In September 2020, the Baltic & International Maritime Council ("BIMCO") also announced its adoption of the BIMCO Law & Arbitration Clause 2020 which included Hong Kong as one of the four designated arbitration venues, alongside London, New York and Singapore. This decision recognized Hong Kong's increased popularity as an international centre for dispute resolution and maritime arbitration.

49. DSTH5 added that the Administration would continue taking different measures to attract international maritime bodies to set up offices in Hong Kong. For example, the Inland Revenue (Amendment) (Profits Tax Concessions for Insurance-related Businesses) Ordinance 2020 and the Inland Revenue (Amendment) (Ship Leasing Tax Concessions) Ordinance 2020 were enacted in July and June 2020 respectively to reduce the profits tax rate by 50% for selected general insurance business including marine insurance, and give profits tax concessions to qualifying ship lessors and ship leasing managers. At the same time, the Maritime Services Traineeship Scheme was designed to incentivize the maritime user companies or associations to provide bespoke traineeship for young recruits in designated regimes, such as maritime legal profession, in developing the high value-added maritime services for Hong Kong. It was believed that the incoming international maritime bodies and the strengthened local high value-added maritime services workforce would complement each other in enhancing Hong Kong's status as an International Maritime Centre.

50. Mr SHIU Ka-fai acknowledged the Administration's efforts in nurturing talents from vocational perspective for the maritime and aviation industries by providing various specialized and professional training or incentive schemes. He called on the Administration to formulate measures to help these scheme beneficiaries take up jobs in respective industries after relevant training so that they could apply what they had learnt.

51. In response to Mr SHIU Ka-fai's enquiry about the number of students who joined the maritime and aviation industries after studying related courses funded by MATF, DSTH5 replied that MATF schemes were subject to reviews to ensure effective use of the fund. The proportion of students and in-service practitioners who were benefitted from MATF was

30% and 70% respectively. In-service practitioners would contribute to the industries with enhanced competencies after receiving training. Meanwhile, recipients of scholarships funded by MATF had to undertake to work full-time in the related industry for 12 to 18 months after graduation.

(At 12:45 pm, the Chairman directed that the meeting be extended for 15 minutes.)

52. Mr LUK Chung-hung reflected that some local sea-going cadets faced difficulty in finding jobs after acquiring professional qualifications. Although the maritime companies could employ staff globally as vessels sailed around the world, he opined that local maritime companies should fulfill their corporate social responsibilities by according priority in employment to local cadets. On Mr LUK's enquiry about the employment status of SGTIS beneficiaries, DSTH5 replied that up to end-March 2021, a total of 317 cadets had received subsidy under SGTIS and it was gathered that most of these cadets stayed in the industry for career development after acquiring professional qualifications. As reflected by the Report of VTC, local maritime companies were receptive to hire local seafarers.

53. In response to Mr LUK Chung-hung's question on the manpower demand of the maritime sector and initiatives of the Administration to raise the awareness of the maritime sector among young people, DSTH5 advised that the manpower demand of the maritime sector was consistently on the high side. She explained that the maritime industry might not be appealing to young people due to its nature requiring practitioners to leave home to work on vessels and having some job positions to be physically demanding. The Administration had worked with industry associations to organize promotional and outreaching programmes, e.g. talks and seminars in primary and secondary schools and open days. Online promotional resources were also available with a view to promoting the maritime sector among young people.

V. Any other business

54. There being no other business, the meeting ended at 12:55 pm.