

**Notes of 3rd Meeting of Hong Kong Fleet Operation Advisory Committee  
(HKFOAC)**

Date : 10 December 2018 (Monday)  
Time : 3:00 p.m. to 5:10 p.m.  
Venue : Conference Room A, Marine Department Headquarters, 24/F,  
Harbour Building

<b>Chairman</b>	Mr. WONG Sai-fat	Deputy Director, Marine Department
<b>Members</b>	Ms. Sandy CHAN	The Hong Kong Shipowners Association Limited
	Capt. LI Chi-wai	Hong Kong Seamen's Union
	Capt. LI Chan-kuen	The Merchant Navy Officers' Guild - Hong Kong
	Capt. ZHOU Jian-feng	Wah Kwong Maritime Transport Holdings Limited
	Mr. Anil ARORA	Unique Shipping (H.K.) Limited
	Mr. Uttam KUMAR JAISWAL	Pacific Basin Shipping (HK) Limited
	Mr. SHUM Yee-hong	Goldbeam International Limited
	Capt. LAM Ming-fung, Lothair	Parakou Shipping Ltd.
	Mr. Laxman KUMAR	Fleet Management Limited
	Mr. LEE Tin-ho, Peter	Reed Smith Richards Butler
	Mr. CHAN Chun-kam, Kelvin	American Bureau of Shipping
	Mr. Martin ROWE	Clarkson Platou Asia Ltd.
	Dr. LEE Wing, Stephanie	The Hong Kong Polytechnic University
<b>In-attendance</b>	Mr. ZHOU Wei	Orient Overseas Container Line (stand-in representative for Mr. TAI Shan-chien, James)
	Mr. WONG Chin-hang	Wealth Ocean Services Ltd. (stand-in representative for Mr. WONG Ching-hoi, Ernest)
	Capt. Vikrant MALHOTRA	Anglo-Eastern Ship Management Ltd. (stand-in representative for Capt. Pradeep Kumar CHAWLA)

<b>MD officials</b>	Mr. CHENG Yeung-ming	Assistant Director/ Shipping
	Mr. CHOI Chi-chuen	Assistant Director/ Multi-lateral Policy
	Mr. SHI Qiang	General Manager/ Ship Safety Branch
	Mr. LUI Kam-leung, Stanley	Chief/ Maritime Policy
	Mr. NG Ngai-wing, Jammy	Senior Surveyor/ Seafarers' Certification Section
<b>Absent with Apology</b>	Mr. LAI Ming-hong, Leon	Amalgated Union of Seafarers, Hong Kong
	Mr. CHEN Yan	COSCO (Hong Kong) Shipping Co., Ltd.
	Mr. TAI Shan-chien, James	Orient Overseas Container Line
	Mr. WONG Ching-hoi, Ernest	Wealth Ocean Services Ltd.
	Capt. Pradeep Kumar CHAWLA	Anglo-Eastern Ship Management Ltd.
	Miss Catherine YEN	Ernest & Young (CPA Firm)
<b>Secretary</b>	Ms Jennifer LAM	Executive Officer / Shipping & Multi-lateral Policy Divisions (1)

**The Chairman** welcomed all attendees of the meeting.

2. He invited members to disclose and declare any direct personal or pecuniary interest in relations to any of the agenda item in the meeting. No conflict of interests was recorded from the floor.

### **Agenda Item 1: Endorsement of Notes of Last Meeting (11.7.2018)**

3. The Secretary reported that the draft of last meeting notes has been circulated to members prior the meeting and no comment was received. **The Chairman** invited the floor to give comments

4. Since Members have no objection, **the Chairman** endorsed the last notes of meeting.

### **Agenda Item 2: Matters Arising**

*(i) Revision of Fees*

5. **The Chairman** reported that in the last meeting held in July 2018, MD has tabled a proposal on revision of fees pertaining to port facilities and light dues, fees for permit to remain, registration fee, examination fees and other miscellaneous in relation to seafarers. Subsequently, the government has carefully considered the views of the trade by means of consultation and with regards to the aim of enhancing the competitiveness of Hong Kong Port to rise to the challenges arising from uncertain economic outlook faced by the maritime sector, it is decided to temporarily shelve the proposed fee revision.

6. **Ms Sandy CHAN from Hong Kong Shipowners' Association** enquired for the reason for shelving the proposal. She remarked that ship owners in Hong Kong welcomed the reduction of tonnage fees as mentioned in the original proposal.

7. **The Chairman** responded that the consideration made by the Treasury with regards to this fee revision proposal was based on overall consideration with respect to maintaining the competitiveness of Hong Kong maritime services amongst other neighbouring ports. In principle, the Treasury would assess the resource investment and the collected fees in these services to make recommendations on any raise and reduction of fees.

8. **Capt. LI Chi-wai from Hong Kong Seamen's Union** enquired if there would be any reduction in examination fees of seafarers.

9. **The Chairman** replied that no reduction was directly imposed on examination fees of seafarers. Yet, with a view to encourage more youngsters joining the maritime industry, the Maritime and Aviation Training Fund (MATF) was set up to allow examination candidate to apply for refund of fees after completing approved courses or passing examinations.

*(ii) Development of New Mobile App*

10. **The Chairman** reported that the new mobile app developed by the Hydrographic Office was expected to be rolled out in January 2019. He highlighted that the new mobile app would facilitate public's access to sea map for navigation purpose.

*(iii) Issue of Electronic Certificates of Registry*

11. **Mr. NG Ngai-wing, Jammy from MD** reported that the Shipping Registry Information System (SRIS) was in the process of revamp and the development was on schedule. Completion is expected in Q3 of 2019. **Mr. SHI Qiang from MD** supplemented that regarding the compatibility of legislative provisions on the adoption of electronic certificates, including the Certificate of Registry (CoR) and other trading certificates, in consultation with the Department of Justice (DoJ), MD would proceed with the respective legislative amendments when opportunity arises.

12. **The Chairman** explained that DoJ had preliminary look into the feasibility of incorporation of e-certification elements into local maritime legislations. It appeared that the grant of blanket coverage on all these legislations was not quite possible and therefore MD shall review each and every related subsidiary legislation individually. In total, there were around 40 sub-legislations under MD's ambit that involved Cap. 413 and Cap. 478. Given that complexity of these amendment exercises, considerable time would be needed to update all relevant legislations.

13. **Mr. Anil ARORA from Unique Shipping (H.K.) Limited** pointed that MD shall consider not only incorporate e-certificate element into CoR, but also all other trading certificates. He also requested that MD shall set forth an implementation timeframe. **The Chairman** highlighted that it was not a mandatory requirement put up by the IMO for full implementation of electronic certificates. MD would take time to develop and introduce electronic certificates progressively and the first phase shall cover CoR.

*(iv) Developing Ship Registration Guidelines*

14. **Mr. NG Ngai-wing, Jammy from MD** reported that the Frequently Asked Questions (FAQ) set has been uploaded to MD's website on 7.12.2018. **The Chairman** supplemented that a more detailed guideline was under preparation by the Shipping Registry and Marine Mercantile Office (SRMMO) and was expected to be released before end of 2019.

*(v) Strengthening the Services at Economic and Trade Offices (ETOs)*

15. **Mr. NG Ngai-wing, Jammy from MD** addressed that the collection services of CoR envelopes at Jinan, Shenyang and Singapore ETOs/Liaison Units have commenced on 17.9.2018. For ship transactions arranged near Qingdao and Dalian areas, SRMMO has been encouraging the shipowners to engage with services in these ETOs/Liaison Units.

16. **Mr. CHENG Yeung-ming from MD** was invited by the Chairman to introduce the way forward of establishing Regional Desk Offices of Marine Department. He cited that the Policy Address 2018 has pledged to set up Regional Desks of Hong Kong Shipping Registry (HKSR) in selected ETOs and Mainland Offices and Liaison Units to render more direct and prompt support to shipowners at the ports concerned and to promote the HKSR. The establishment of these Regional Desks intends to save time and cost of ship owners as the new arrangement could facilitate on-site support through minimizing the travelling time for registration and inspections, as well as to ensure that the services could be provided in the same time zone. In the first phase, Regional Desks are expected to be opened in Shanghai, Singapore and London. MD officers stationed in these Regional Desks will discharge a vast range of services including ship registration, FSQC inspections and pre-arrival check. Together with government officials from other B/Ds, i.e. Invest Hong Kong, these outstation MD officers will also uphold the role to promote HKSR and Hong Kong as the maritime centre.

17. **The Chairman** supplemented that outstation MD officers could process and respond to exemption and dispensation requests more flexibly as they could work in the same local time zone. On the other hand, MD is exploring the feasibility of delegating the power of granting exemption and dispensation so as to enhance operational efficiency.

18. **Capt. ZHOU Jian-feng from Wah Kwong Maritime Transport Holdings Limited** enquired if trading certificates could be obtained at Regional Desks. **Mr. CHENG Yeung-ming from MD** advised that the true copies of supporting documents could be submitted at Regional Desks, however, the ground work for processing the applications for trading certificates would be based in Hong Kong MD Headquarters. For the issuance of Certificates of Registry (CoR), subject to legislative requirements, MD would appoint those Regional Desk officers to serve as Registrar(s) to facilitate the granting of certificate locally.

19. **Mr. Anil ARORA from Unique Shipping (H.K.) Limited** expressed that if MD intends to conduct pre-arrival check on ships, it would be more effective to set up a comprehensive selection mechanism to focus on high-risk ships.

20. **Mr. Laxman KUMAR from Fleet Management Limited** noted that the detention rate of Australia MSA was alarming and he viewed that the conduct of pre-arrival check could help improving detention statistics in the region.

21. **Mr. SHUM Yee-hong from Goldbeam International Limited** enquired if MD

would charge ship companies for any pre-arrival check or PRQC inspection. **The Chairman** responded that inspections initiated by MD would not be charged against the ship owner or ship company.

22. **The Chairman** took the opportunity to thank HKSOA for supporting the proposal of establishing Regional Desks. **Ms Sandy CHAN from Hong Kong Shipowners Association** expressed that HKSOA welcomed the proposal and she wished that the government could allocate adequate financial resources to improve the services for the maritime industry.

*(vi) Detention of Hong Kong Registered Ships and Safety Seminars*

23. **Mr. SHI Qiang from MD** reported as at the meeting date, the total number of detention for 2018 is 45. Out of which, United States Coast Guard (USCG), Australia Maritime Safety Authority (AMSA) and Paris MOU accounts for 3, 20 and 6 ships respectively. Compared to 41 detentions in 2017, the total number of detentions in 2018 was slightly higher. He also mentioned that the upcoming PSC seminar will be held on 7.1.2019 at Sheung Wan Civic Centre and invitations have been sent out to ship companies in early December 2018.

24. **Mr. SHI Qiang from MD** emphasized that noting the high detention rates in Australian ports, figures reflected that most of the detention cases were related to violation of MLC requirements on crew wages. Many ship companies or its crew agents have lower wages to crew than that mentioned on the crew agreement.

25. **Mr. Laxman KUMAR from Fleet Management Limited** pointed that the ship detention figure in AMSA was alarming and his serving ship company had reminded manning agents in China, Philippines, Vietnam and Thailand to pay more attention on MLC compliance when arriving Australian ports. He highlighted that ships once detained in any Australian ports would be prohibited from entering Australia waters for the next 12 months.

26. **Mr. Anil ARORA from Unique Shipping (H.K.) Limited** noted that the root cause of non-compliance to MLC requirements might be related to management issues of the ship owning companies. To address the issue more effectively, he therefore suggested MD to visit those targeted companies. **Mr. CHENG Yeung-ming from MD** responded that MD would continue to disseminate relevant messages to crew agents and ship companies, especially to those countries with more seafarers. Some company visits would be targeted to the Northern parts of China in the next few months and they would be briefed about the major issues for the implementation of MLC.

*(vii) New Arrangements of issuing Nairobi Convention Certificates by Shenzhen MSA*

27. **Mr. SHI Qiang from MD** reported that subsequent to the enforcement of Nairobi International Convention on the Removal of Wrecks (WRC), 2007 entered into force on 14.4.2015, China MSA has appointed Shenzhen MSA to issue WRC certificates for Hong Kong registered ships. In response to the peak season for renewal of insurance policies between December 2018 and February 2019, MD has issued a circular letter on 7.12.2018 to all shipowners and announced that there would be four special periods of certificates collection, i.e. applicable on submissions dated between 7 December 2018 and 18 January 2019, at Hong Kong MD Headquarters during the annual renewal exercise. Such collection arrangement echoed the wish conveyed by HKFOAC members in the last meeting as ship owners or ship companies could minimise the travelling time to collect certificates at Shenzhen MSA office.

28. **Mr. WONG Chin-hang from Wealth Ocean Services Ltd.** raised that there might be typos or errors in the printed certificates by Shenzhen MSA, he enquired how MD would cope with the re-issuance of these certificates. **Mr. SHI Qiang from MD** replied that similar arrangement would be adopted as for BCC/CLC renewal exercise. In general, should the certificate issued be found with errors, MD would return the certificate to Shenzhen MSA for re-issuance and would arrange re-collection in Hong Kong as far as practicable.

29. **Mr. SHUM Yee-hong from Goldbeam International Limited** pointed that many ship companies would change their P&I Club near the end of insurance validity period. He thus suggested that MD shall extend the collection period in Hong Kong MD Headquarters. **Mr. SHI Qiang from MD** responded that the cut-off date of collection period has to be set earlier, given that Shenzhen MSA office would be closed for one week during Chinese New Year holidays, i.e. early February 2019.

*(viii) Hong Kong Convention*

30. **Mr. LUI Kam-leung, Stanley from MD** reported that during the regular meeting between MD and China MSA in October 2018, discussions had been made with regards to the ratification to Hong Kong Convention. MD was given to understand that China MSA was liaising with other mainland authorities on ratification and implementation of Hong Kong Convention. To keep our local legislation abreast with IMO's requirements, MD have been commencing the relevant legislative

exercise.

31. **Ms. Sandy CHAN from Hong Kong Shipowners Association** pointed that the HKSOA fully supports the ratification of Hong Kong Convention. She understood that the recycling capacity being a major concern, China might foresee difficulties in real life implementation and more time is needed to lobby support from different government departments. She appreciated that MD has planned to convene the legislative exercises in parallel while pending progress made by the Central People's Government.

32. **The Chairman** thanked HKSOA's consideration on the matter. With respect to the legislative exercises, it is anticipated that a new subsidiary legislation would be created to implement the change. He supplemented that by now, only 6 countries have ratified to the convention and more support is required from other jurisdictions until the convention could come into force. In this connection, MD would keep in view of the ratification progress and continue to exchange information with China MSA.

*(ix) IMO's 2020 Global Sulphur Cap*

33. **Mr. LUI Kam-leung** from MD reported that with respect to the MEPC 73 held between 22 and 26 October 2018, the meetings had reached consensus to adopt the prohibition of the carriage of non-compliant fuel oil on board ships. The meeting also agreed that presence of an exhaust gas cleaning system can be easily found in the IAPP certificate (supplement) if the ship has exhaust gas cleaning system. A draft MEPC circular on Guidance on Best Practice for Fuel Oil Suppliers for assuring the quality of fuel oil delivered to ships had been finalised. The resolution endorsed in MEPC 73 would be come into force on 1.3.2020.

34. **Ms. Sandy CHAN from Hong Kong Shipowners Association** enquired about the departments involved in putting forth policies and legislations relating to sulphur cap. **The Chairman** answered that both EPD and MD would be involved for the enforcement of the global sulphur cap, yet MD would focus on matters pertaining to the initiatives imposed by IMO. **Mr. CHOI Chi-chuen from MD** supplemented that EPD would make a new legislation that align with the setting up of Domestic Emission Control Area (DECA) in the Pearl River Delta by the Mainland authority. By 2019, ships entering Hong Kong waters are mandated to comply with the new sulphur content requirements, i.e. 0.5%.

35. **Ms. Sandy CHAN from Hong Kong Shipowners Association** continued to ask if MD would offer any assistance for the local maritime industry to cope with the



tightened sulphur emission standard. **Mr. CHOI Chi-chuen from MD** responded that MD would provide information on the supplier list for bunkering service. Should individual ship companies anticipate questions or difficulties on complying with the new sulphur cap requirement, they could approach MD for assistance.

36. **Mr. Anil ARORA from Unique Shipping (H.K.) Limited** enquired if Hong Kong has any de-bunkering facilities. **Mr. Martin ROWE from Clarkson Platou Asia Ltd.** raised that even though de-bunkering of non-complying fuel might be an option to fulfill the new sulphur cap requirement, IMO did not mandate administrations to allow de-bunkering within its waters.

37. **Mr. CHOI Chi-chuen from MD** responded that it is not the flag Administration's obligation to offer de-bunkering facilities for ships. **Mr. LUI Kam-leung, Stanley from MD** highlighted that MEPC 73 has clarified that offering the option for de-bunkering is not a mandatory requirement for flag Administrations. During the experience building phase, IMO was still considering different options for putting forth the new sulphur cap requirement and MD delegation would voice out stakeholders' concern in the upcoming MEPC 74.

38. **The Chairman** noted members' concern. He thus tasked MPD to carry out research on the practicability and availability of de-bunkering services in Hong Kong.

39. **Mr. ZHOU Wei from Orient Overseas Container Line** pointed that de-bunkering is sometimes unavoidable as ships travelling in conventional waters have to ascertain that its fuel did not carry more than 0.5% sulphur. **Mr. CHENG Yeung-ming from MD** noted that there is still adequate time for ship companies to consume its existing fuel oil inventory (i.e. with higher sulphur content) and the new fuel oil available in market would already comply with the new sulphur cap requirement. **Mr. Laxman KUMAR from Fleet Management Limited** supplemented that in terms of cost, the new and old fuels would not vary a lot as the technology of minimising sulphur content has been greatly improved in recent years.

40. **Mr. LUI Kam-leung, Stanley from MD** reported that discussions had been made in MEPC 73 about granting of grace period during the initial implementation of the new sulphur cap. However, such recommendation had been defeated. For ships which encountered difficulty in sourcing compliant fuels at particular ports could report the incident via IMO GISIS.

*(x) Maritime Labour Convention (MLC), 2006*

41. **Mr. CHENG Yeung-ming from MD** reported that the MLC, 2006 was fully implemented with effect from 20.12.2018. As at the meeting date, a total of 2,402 DMLC Part 1, involving 265 companies have been issued by MD.

**Agenda Item 3: Legislation Work**

*(i) Legislation Progress in 2018*

42. **Mr. CHOI Chi-chuen from MD** reported that three legislative amendment exercises have been gazetted on 7.12.2018, including Merchant Shipping (Safety) (Dangerous Goods and Marine Pollutants) Regulation under Cap. 413H, Construction and Survey pertaining to SOLAS II-1 and II-2 and various sub-legislations under Cap. 369, as well as Fire Protection and Fire Fighting Appliances under various sub-legislations under Cap. 369. He supplemented that the draft regulation legislation for Carriage of INF Cargoes was tabled to Legislative Council on 14.11.2018. Subject to the negative vetting ended on 12.12.2018, Cap. 369BC shall commence in effect on 9.1.2019.

*(ii) Coming Legislation Work*

43. **Mr. CHOI Chi-chuen from MD** reported that for the implementation of Polar Code, several new subsidiary legislations pertaining to safety measures for ships operating in polar waters, training and qualifications, prevention of oil pollution, control of pollution by NLS in bulk, prevention of pollution by sewage, prevention of pollution by garbage under Cap. 369, 478 and 413 will be amended and they would be tabled to Legislative Council in Q1 of 2019. In parallel, the legislative exercises on Merchant Shipping (Prevention of Air Pollution) Regulation (Cap. 413P) in relations to MARPOL Annex VI are in good progress and will be tabled to Legislative Council in Q1 of 2019. **The Chairman** concluded that with continuous hard work of the Multi-lateral Policy Division, the legislative backlogs could be cleared within 2019.

44. **Mr. Anil ARORA from Unique Shipping (H.K.) Limited** enquired if Direct Reference Approach (DRA) would be applied in future legislative exercises. **The Chairman** explained that whether or not to adopt DRA in individual exercises would depend on the professional judgement of government counsels of DoJ.

**Agenda Item 8: A.O.B.**

***(a) Placement Opportunities for Hong Kong Seafarers***

45. **Mr. LI Chan-kuen from the Merchant Navy Officers' Guild (MNOG) - Hong Kong** pointed that some young seafarers were unable to find placement opportunity, despite that MNOG has invited some China shipping companies to conduct recruitment in Hong Kong. He urged MD to provide more support to the new blood of the maritime industry.

46. **The Chairman** responded that three major seafarers union, HKSOA, Vocational Training Council (VTC), Maritime Professional Promotion Federation (MPPF), Maritime Services Training Institute (MSTI) were keen on bridging placement opportunities for maritime graduates. There were regular career talks hosted by different organisations to help graduates sourcing sea working experience.

47. **Mr. ZHOU Wei from Orient Overseas Container Line** explained that ship companies might have reservation on hiring Hong Kong cadets as not many youngsters would choose sea-going career as a life-long career. Despite the investment of training resources, ship companies would not be able to retain these young graduates for a long time. For instance, MD has created the assistant professional grade (*i.e. Assistant Surveyor of Ships and Assistant Marine Officer*) which had indeed attracted a pool of qualified Hong Kong seafarers to join the government.

48. **The Chairman** responded that the recruitment quotas for Assistant Surveyor of Ships and Assistant Marine Officer were limited and youngsters could still choose the sea-going career upon their personal preference.

49. **Capt. ZHOU Jian-feng from Wah Kwong Maritime Transport Holdings Limited** shared his own experience on hiring Hong Kong graduates. His company originally intended to hire 6 cadet officers in Hong Kong but eventually only 3 graduates have applied and 1 failed in the selection interview. He pointed that ship companies would also consider the candidates' quality with regards to offering placement opportunities.

50. There being no other business, the meeting was adjourned at 5:10 p.m. The date of the next meeting would be announced in due course.

**Secretariat  
Multi-lateral Policy Division  
Marine Department  
January 2019**