

PROVISIONAL LOCAL VESSELS ADVISORY COMMITTEE

Minutes of the 37th Committee Meeting

Date : 17 December 2004 (Friday)
Place : Conference Room 1405-1406, 14/F, Harbour Building
Time : 9:30 a.m.

Present

Chairman:	Mr. Roger TUPPER	Deputy Director of Marine, Marine Department
Member:	Mr. SHUEN Wai	Representing Cargo Vessels Operators
	Mr. HO Chi-shing	Representing Ferry Vessels' Operators
	Mr. KEUNG Yin-man, MBE	Representing Fishing Industry
	Mr. KWOK Kam-tung	Representing Launch & Excursion Vessels' Operators
	<i>(on behalf of Mr. CHOI Kim-lui, JP)</i>	
	Mr. Elden YAU	Representing Marine Insurance Industry
	Mr. Tony YEUNG Pui-keung	Representing Maritime Services Training Institutes
	Dr. CHENG Jui-shan, MBE	Representing Naval Architects
	Dr. Alan LAU Kwok-lam	Representing Pleasure Boating Operators
	Mr. HUNG Bing	Representing Seafarer's Associations
	Mr. Vitus SZETO Kin	Representing Ship Building & Repairing Industry
	Mr. Martin CHU	Representing Ship Survey Industry
	Mr. NG Wai-ming, Raymond	Hong Kong Police Force
	Mr. Michael LEE	GM/LVS, Marine Department
	Mr. NG Kin-man	GM/Ops, Marine Department
Secretary:	Ms. Shirley HO	ADS/C&G, Marine Department

In Attendance

Mr. WONG Yiu-kan	HK Cargo Vessel Traders' Association Ltd.
Mr. PANG Wah-kan	HK Fishermen's Association
Mr. WU Ka-shun	HK Shipping Staff Association
Mr. KWOK Chi-hong	Marine Excursion Association Ltd.
Ms. CHING Ngon-lai	Small Craft Workers Union

Absent with Apologies

Mr. HE Wei-ping	Representing River Trade Cargo Operators
-----------------	--

Presentation of Papers

VMPR	Mr. Roderick D G COLSON	Sr. Superintendent of Police
Paper No. 26/2004	Mr. LEE Yuen-ho	Sr. Statistician, Marine Department (MD)
Paper No. 27/2004	Mr. Michael LEE Kwok-fai	GM/LVS, MD
Paper No. 28/2004	Mr. T C MAK	SS/P&T, MD
Paper No. 29/2004	Mr. F P LEUNG	SSO/MISS, MD
Paper No. 30/2004	Mr. Y M CHENG	SS/CRT, MD
Paper No. 31/2004	Mr. Francis LAU	Head, External Division, Hong Kong Monetary Authority (HKMA)
	Mr. Daniel CHU	Manager, External Division, HKMA
	Mr. S H TSE	SS/TP(1), MD

I. Opening Remarks

1. The Chairman welcomed all to the meeting and extended his welcome particularly to the following persons who were attending the meeting for the first time –
 - (a) Mr. Raymond NG, who was appointed as a representative from the Hong Kong Police Force vice Mr. LING Wai-po since November 2004; and
 - (b) Mr. KWOK Chi-hong, who was an observer from the Marine Excursion Association Ltd on behalf of Mr. CHEUNG Yau-kwong.
2. The Chairman told the meeting that Mr. HE Wei-ping was not able to attend the meeting and had sent apologies for absence.

II. Confirmation of Minutes of Last Meeting

3. The notes of last meeting held on 12 November 2004 were confirmed subject to the following amendment to *paragraph 9* –

Adding “Mr. WU Ka-shun agreed and suggested that a finger pier to be constructed by piling along the coast involving no additional reclamation would serve the purpose and make embarkation and disembarkation safer.” before the last sentence of the paragraph.

III. Matters Arising From Minutes of Last Meeting

PLVAC Paper No. 15/2004 – Study on Marine Traffic Risk Assessment for Hong Kong Waters (Implementation of Recommended Improvement Measures) (Para. 9, Page 4, Minutes of the 35th Meeting)

4. At the 35th meeting, Mr. WU Ka-shun requested MD to consider forming a working group to look at the implementation of various initiatives under the Study. The Chairman informed members that a working group would be set up under the Port Operations Committee to look into all aspects of the Study recommendations including those concerning small and local vessels and river trade vessels. He suggested letting the working group take up the responsibility and the findings of the working group would be reported back to the PLVAC for discussion. Mr. WU Ka-shun and other members agreed to the Chairman's suggestion.

PLVAC Paper No. 14/2004 “Merchant Shipping (Local Vessels) (General) Regulation, Merchant Shipping (Local Vessels) (Compulsory Third Party Risks Insurance) Regulation and Merchant Shipping (Local Vessels) (Fees) Regulation” (Para. 4, Page 3, minutes of the 36th meeting)

5. In response to the question raised by Mr. KEUNG Yin-man at the last meeting in relation to third party risk insurance for fishing vessels, Mr. Elden YAU advised that three of his member companies were interested in providing this kind of coverage and the estimated premium was ranged from \$2,000 - \$4,000. For negotiation of premium level for any individual case, Mr. KEUNG Yin-man was asked to contact Mr. Burnic FU of the Hong Kong Federation of Insurers. Upon Mr. KEUNG's request, Mr. Elden YAU agreed to help arrange a meeting between the interested insurance companies and the fishing vessels representatives to facilitate a more in-depth discussion.
6. The Chairman added that MD would be speaking with the insurance industry and the Commissioner for Insurance for providing as much as information that was available in the market to all operators of fishing vessels or other vessels concerned, as and when moving further towards the implementation of the expanded third party risks insurance in mid 2005.

PLVAC Paper No. 23/2004 – Finalized version of Code of Practice: Safety Standard for Class I, II and III Vessels (Para. 20, Page 7, Minutes of the 36th Meeting)

7. In response to the comments given by Mr. HO Chi-shing in para. 20(b) of the notes of last meeting, the Chinese version of paragraph 4 on page X-3 of the Code had been amended as required. Mr. HO was satisfied with the revised version and made no further comments.
8. In reply to Mr. WU Ka-shun's suggestion made on the relaxation of engine size in para. 20(c) of the notes of last meeting, Mr. Michael LEE advised that MD Examination Section would give endorsement to applicants on a case-by-case basis upon owner's request and provision of justification.
9. Mr. Vitus SZETO confirmed that he had no comments to make on the PLVAC Paper No. 23/2004.

PLVAC Paper No. 24/2004 – Code of Practice: Safety Standard for Class IV Vessels (Para. 23, Page 8, Minutes of the 36th Meeting)

10. Dr. Alan LAU said that he had sought views from other pleasure boat operators. They were generally at ease with the inclination test and the small amount of surveys required but worried about the possible high fee charged by the chartered engineers. Mr. Michael LEE noted the pleasure boat operators' concerns. He promised to monitor the situation and step in if and when required to help solve the high fee problem, if any. Dr. Alan LAU expressed thanks. The paper was endorsed without any other comments.

IV. Presentation of Papers

Versatile Maritime Policing Response (VMPR)

11. Upon the Chairman's invitation, Mr. Roderick D G COLSON, Senior Superintendent of Police, introduced to members the VMPR, which was a new marine policing strategy integrating existing land and barge based radar with day/night cameras covering the waters of Hong Kong to detect and identify targets, and respond to suspicious activity and other marine policing commitments with a versatile fleet of

police craft. His presentation briefly outlined the current maritime policing system, detailed the reasons for change, described the VMPR that included the coastal security system and new craft and finally set out the implementation plan.

12. Mr. Roderick D G COLSON claimed that the VMPR would result in a significantly improved Marine Police Service for Hong Kong at a substantially reduced cost. He told members that the VMPR had received the approval of the Commissioner of Police and the Secretary for Security and he was working on submissions to LEGCO Security Panel & Finance Committee.
13. Mr. KEUNG Yin-man urged the Marine Police (Marpol) and the MD to step up co-operation and work out a proper policy as regards the policing of small crafts with large horsepower. Mr. Roderick D G COLSON acknowledged and explained that the Marpol was not only working on the strategy for policing but also had to address the policy issue concerning local crafts and the use of pleasure vessels for activities other than their normal legal usage.
14. In response to Mr. Vitus SZETO, Mr. Roderick D G COLSON said that the Marpol got an expanding and closer relationship with the mainland law enforcement agencies. For the time being, the Marpol had not got a plan to integrate the VMPR Coastal Security System with the mainland authority but they were sharing information actively. It was discussed that they could coordinate more closely with each other in terms of particular activity in the proximity of the boundary of administration.
15. Mr. HO Chi-shing opined that the primary issue to look at should be the legislation of imposing heavier penalty against smuggling or the upgrading of the versatile fleet would only end up with a never-ending technology competition between the Marpol patrol fleet and the smuggling vessels. He also raised that the existing patrol vessel would create swell when launching in a high speed and cause danger to the local crafts nearby. He urged the Marpol to consider including a condition in the tender document for the new fleet for a design which could minimize creating swell and the water currents impact. Mr. Roderick D G COLSON noted Mr. HO's comments and said that the Marpol would go for a safer, more efficient and environmental friendly design for the new fleet.
16. The Chairman concluded that members' views were taken and reminded that on top of implementation of the new VMPR system, the application of the legislation should also be looked into to ensure that the new system would not end up with a technology race.

PLVAC Paper No. 26/2004 – Summary Findings of the 2004 Assessment of Typhoon Shelter Space Requirements

17. Mr. Y H LEE, Senior Statistician, reported to members in details the summary findings of the 2004 assessment of typhoon shelter space requirements. He concluded his presentation saying that the existing supply of typhoon shelter/sheltered anchorage space would have the scope to meet the future demand up to 2021 if its total area of 405.5 hectares was not affected by the reviews of Wan Chai Development Phase II project and South East Kowloon Development project. Mr. Y H LEE also clarified how the figures presented in the paper were worked out and how the conclusion was drawn.
18. Dr. CHENG Jui-shan asked, when doing the assessment, if any consideration had been given to the building of a bridge which might change the transport mode of cargoes coming into Hong Kong. Mr. Y H LEE replied that the point had been discussed when the model of assessment was being worked out. As no accurate figures about the impact of the bridge proposal were available, the projection could only be made by making use of the absolute figures about number of vessels available. If the building of bridge really had implications or impacts on the cargoes transportation mode, statistics of the number of vessels would reflect the impacts. Since the review would be done regularly in every one or two years, the impacts would also be reflected in the next assessment. The Chairman said that Dr. CHENG Jui-shan had made a valid point but for the time being, it would be probably safer to work on the basis of “no bridge” from MD point of view.
19. Mr. SHUEN Wai commented that difference always existed between the statistics and the real world. Scientifically, the statistics might have a projection that the supply of typhoon shelter space would meet the future demand but practically, some vessels still found difficulty in seeking a typhoon shelter space when typhoon signal no. 3 or above was hoisted because there was a mismatch of needs and location of available shelter space. An example was Ting Kau, which was an inconvenient location for vessels to shelter. The Chairman expressed his understanding and thanked Mr. SHUEN for his comments.
20. Mr. HO Chi-shing opined that the assessment model was good for constant situation and flat trend but not economic environment in big up and down. He suggested that MD should send out some simple questionnaires every two years to seek views from major fleet operators or trade associations on future development so that a true picture could be drawn and a more accurate forecast could be made. The Chairman

thanked for the good suggestion and said that the Senior Statistician would follow up to see if it would be feasible and useful in doing the assessment.

21. In reply to Mr. HO Chi-shing, Mr. K M NG said that MD had not collected any statistics about the utilization of the typhoon shelter space available at the Tuen Mun River Trade Terminal but he observed that, during typhoon season, most of the river trade vessels would shelter therein and the utilization rate was around 80%.
22. Mr. KWOK Kam-tung would like to know more about how the forecast of demand for typhoon shelter/sheltered anchorage space for passenger and trading vessels (Appendix 4 on P.12 of the Paper) was made and he would contact Mr. Y H LEE separately after the meeting.
23. Mr. KWOK Kam-tung reiterated at this meeting that a new location for reprovisioning the typhoon shelters should be identified before the phasing out of the typhoon shelters in South East Kowloon commissioned. The Chairman said that his comment would be passed to Planning Department for consideration and follow up action.

PLVAC Paper No. 27/2004 – Arrangement Details for Delegation of Survey of Local Vessels under Merchant Shipping (Local Vessels) Ordinance

24. Mr. Michael LEE presented the paper which elaborated the details of arrangement for delegation of survey work of low risk locally licensed vessels to individual person or a person belonging to a class of persons authorized by the Director other than public officers under the new Local Vessels Ordinance.
25. Mr. Vitus SZETO quoted Section 7(1) of the Merchant Shipping (Local Vessels) Ordinance, Cap. 548, which stipulated that “The Director may authorize in writing a person, or a person belonging to a class of persons, who is not a public officer to be a surveyor for the purposes of this Ordinance subject to such conditions, if any, as the Director thinks fit and specified in the authorization”. He queried if it would be correct to state that “The Authorized Organizations of recognized Classification Societies are authorized under section 7(1) of the Ordinance to carry out the following statutory surveys *on behalf of the Director* in respect of.....” in para. 1(1.1) of Appendix I of Attachment 3 of the paper. Mr. Michael LEE agreed to further clarify with the DoJ about the wording and check if the phrase was redundant and could be deleted.

26. In response to Mr. Martin CHU, the Chairman said that comments from the industry ahead of the legislation coming in were always welcomed but he reiterated that these guidelines were not set in stone. The guidelines would be reviewed and revised if and when MD or the industry found any weaknesses, especially regarding who was being authorized and the quality of work they were performing. This would be a continuous process. As regards the competency of individual surveyors, he reminded that, within the guidelines, there was a disciplinary penalty stipulated, which was known by all the representatives of the industry. The Chairman added that MD did not delegate responsibility but would authorize recognized parties to conduct surveys. MD had the responsibility to make sure that those standards were maintained and the staff who were previously conducting the surveys would be taking up the monitoring role for survey quality.
27. Mr. Martin CHU enquired about the checks and balances imposed on recognized organizations (i.e. Classification Societies) or RPEs for the authorization. He opined that it appeared there were different standards imposed on the organizations and on individual. He would like to clarify whether an individual surveyor working for a recognized organization could apply as an individual based on RPE background. Mr. Michael LEE replied that an individual working for an organization could apply as an individual for authorized surveyor based on RPE but he would be individually responsible for the surveys despite that he was engaged by the recognized organization and his work would also be accountable under the law from the point of employee and employer relationship.
28. As regards the authorization of surveyors for different disciplines of RPEs, Mr. Martin CHU questioned whether there would be a possibility perhaps to consider the grading of RPEs in the authorization based to that discipline, such that a naval architect would have authorization (or assumed authorization) for hull survey, and his authorization could be extended to engine items survey subject to special review instead of granting blanket authorization for different disciplines (i.e. hull and engine). The Chairman concurred that at first stage identifying the discipline for the authorization and then looking beyond if the system allowed for more suitable authorization might benefit the parties concerned. Mr. Michael LEE said he would take this point back to the RPE working group for further discussion.

PLVAC Paper No. 28/2004 – The Development of Legislation for Coastal Trade Vessels and Code of Practice - Safety Standards for Coastal Cargo Vessels (Draft, Nov 2004)

29. Mr. T C MAK briefed members on the progress of developments of the applicable requirements and safety standards for coastal cargo vessels, and sought members' endorsement on the enclosed draft document "Code of Practice – Safety and Technical Standard of Coastal Cargo Vessels".
30. Mr. WU Ka-shun supported and wished an early implementation of the Code. Members endorsed the paper without any comments.

PLVAC Paper No. 29/2004 – Code of Practice – Safety Standards for Lifting Appliances of Coastal Cargo Vessels (Draft, Nov 2004)

31. Mr. F P LEUNG presented the paper. He briefed members that the Code of Practice was a supplementary safety standard document, being part of Chapter 7 of the Code of Practice - Safety and Technical Standards of Coastal Cargo Vessels and set the standards for the survey and certification of lifting appliances and lifting gear of Hong Kong coastal cargo vessels.
32. Members were satisfied and unanimously endorsed the paper.

PLVAC Paper No. 30/2004 – Draft Mainland Trade Certificates of Competency for Deck Officers Determinations and Draft Mainland Trade Certificates of Competency for Marine Engineer Officers Determinations

33. Mr. Y M CHENG presented that the paper was a follow-up of the previous Paper No. 2/2001 - "The Development of Legislation for Coastal Trade Vessels" and reported on the developments of the relevant applicable requirements. Members were told that the draft documents had been studied and supported by the Technical Sub-committee of PLVAC.
34. Mr. Tony YEUNG enquired and Mr. Y M CHENG made the following clarification –
 - (a) The determinations would apply on general cargoes vessels and oil tankers;

- (b) As to the scope of the examinations, the middle in between that of the river trade vessels and the oceangoing vessels would be adopted. In other words, the requirements would be higher than that of the river trade vessels; and
- (c) The International Transport Logistics courses granted by the Hong Kong Polytechnic University mentioned in para. 3.3.7 of Attachment-1 of the paper consisted of modules concerning maritime which were recognized by the MD.

35. In reply to Mr. WU Ka-shun's concerns over the course arrangement and the bridging arrangement, Mr. Y M CHENG answered as follows –

- (a) It was understood that many of the river trade crew members were working on shift and their working schedules were not stable. MD would therefore work further on the detailed arrangement for the course and might have to work out part-time courses for such crew members;
- (b) Bridging arrangement for officers' competency was introduced in the paper. Those local crew members could complete some designated courses to get the certificate of relevant class; and
- (c) Upon Mr. WU's request, MD would consider in greater details the arrangement for issuing the certificates of competency in order to avoid many serving local crew members getting unemployed.

36. Members made no further comments and the paper was endorsed.

PLVAC Paper No. 31/2004 – Promulgation of the Rate of Interest under the Merchant Shipping (Limitation of Shipowners Liability) Ordinance, Cap. 434

37. The Chairman welcomed Mr. Francis LAU and Mr. Daniel CHU of the Hong Kong Monetary Authority (HKMA). Mr. Francis LAU gave a brief account of the paper. He told the meeting that the proposed amendment would involve a change of the way the rate of interest would be promulgated but not the interest rate to be applied, as in both cases, the HSBC Best Lending Rate (BLR) would be adopted, either by taking the six-month moving average of the HSBC BLR or simply adopting the HSBC BLR. The difference between the two interest rates should be very small.

38. Mr. Francis LAU added that the major objective of the proposed amendment was to enhance the transparency, clarity and robustness of the interest rate prescription mechanism. The proposed arrangement would ensure that the rate of interest used was most up-to-date. Such practice was also in line with the existing practices of a number of other Ordinances.
39. Mr. Francis LAU explained to Mr. Vitus SZETO that the BLR published by the HSBC was the rate of interest that would be used as the basis for HSBC to lend money to his clients. The BLR was not confidential and HSBC would announce publicly if there would be any change of the rate.
40. Members' endorsement to the paper was sought and the proposed legislative amendments would be proceeded further by the HKMA.

V. Any Other Business

41. There being no other business, the meeting ended at 12:40 p.m.

VI. Date of Next Meeting

42. The date of next meeting would be announced in due course.