

Minutes of the 38th POC Meeting

Date : Tuesday, 11 December 2001

Time : 11:30 am

Venue : MD VIP Launch “Tin Hau”

Present	Mr S Y Tsui	Chairman
	Mr K M Lee	Member
	Mr K L Choi	Member
	Mr Raymond Yuen	(on behalf of Mr David C S Ho)
	Mr Neil Russell	Member
	Mr S H Pau	Member
	Mr Chris Pooley	Member
	Mr H Y Cheng	(on behalf of Mr Terence Sit)
	Mr Y K Lee	(on behalf of Mr Alex Fong)
	Mr H Y Cheung	(on behalf of Mr Bosco Louie)
	Mr Sunny Ho	(on behalf of Mr Jeffrey Lam)
	Mr Terence Tse	(on behalf of Mr Luo Hui Lai)
	Mr K Y Wong	Secretary
In attendance	Mr Roger Tupper	MD
	Mr Francis Liu	MD
	Mr C Y Tsang	MD
	Mr C K Yeung	MD
	Mr K C Pau	MD
Apologies	Mr Rueben Chung	Member
	Mr John Lee	Member
	Mr F M Luk	Member

1. Open of Meeting

1.1 The **Chairman** welcomed all to the meeting.

2. Confirmation of Minutes of the Last Meeting

2.1 The draft minutes of the 37th meeting held on Wednesday, 26 September 2001 were confirmed subject to the amendment at the [Annex](#).

3. New Items

3.1 POC Paper No. 14/01

Port Benchmarking for Assessing Hong Kong's Maritime Services and Associated Costs with other Major International Ports

3.1.1 **Mr. C Y Tsang** briefed members on the findings, conclusions and recommendations of the captioned study.

3.1.2 The **Chairman** said that members could access the Marine Department's website to obtain details of the study in due course.

3.1.3 **Mr. Pooley** said that one of the strengths of Hong Kong lied in its relative easiness of maintaining its deep shipping channels, unlike some estuarine ports which experienced significant siltation problems for example. As such, this point should be reflected in the Study Report. The **Chairman** agreed and stated that Hong Kong was endowed with deep approaches to allow safe and free passage of vessels.

3.1.4 Though Hong Kong had high terminal tariffs, **Mr. Pooley** said that this disadvantage was to a certain extent offset by efficient port formalities, high container handling rate achieved by Kwai Chung container port and Hong Kong's relative short approach channel. In comparison with ports associated with a much longer approach channel, the time and costs saved by ships visiting Hong Kong should be factored into the overall port cost equation. **Mr. C Y Tsang** said that these factors had already been taken into account in the benchmarking study.

3.1.5 **Mr. Russell** asked and **Mr. C Y Tsang** responded that the terminal tariffs quoted in the study were based on the cargo operation at Kwai Chung container port. **Mr. Russell** opined that using terminal tariffs charged by Kwai Chung terminal port as a guide might not be appropriate as the charges associated with the mid-stream operation would be different and relatively lower. **Mr. Choi** shared the view of **Mr. Russell**. Though large containerships could not be served in the mid-stream, **Mr. Choi** said that the cost-savings accrued to smaller ships from working in the mid-stream should

be mentioned in the report. In response, **Mr. Tupper** said that since the majority of leading container ports did not have mid-stream operation, the tariffs levied by container terminals were thus used as an indicator for comparison purposes. However, **Mr. Tupper** said that in order to balance the study on this aspect, a new paragraph featuring the mode of mid-stream operation in Hong Kong would be added in the report.

- 3.1.6 **Mr. Ho** asked whether the figures quoted were representative of the terminal tariffs in Hong Kong as it was known that container terminals had different schemes of discount for major shipping lines. **Mr. Tupper** in acknowledging that terminals offered various discount schemes said that the terminals handling charges were therefore used as the benchmark and were published and publicly available. **Mr. C Y Tsang** said that since such charges were extracted from shipping lines' port disbursement accounts, the quoted rates should be fairly close to the market rates.
- 3.1.7 **Mr. Ho** said that the port of Hong Kong had two major disadvantages, namely high cross-boundary road haulage costs and high terminal handling charges. In terms of road haulage costs, the costs had been reduced by 30 to 40% over the last three years. Besides, a lot of efforts had been made to improve the connectivity between Hong Kong and the Southern China such as the expansion of Lok Ma Chau border-crossing facilities, the decision to build the Shenzhen Western Corridor and so forth. On terminal handling charges (THC), **Mr. Ho** said that nothing had been done to make the rates more competitive and this would be a great disincentive to shippers using the port of Hong Kong. Given that cargo-related expenses accounted for 99% of port costs incurred by a ship calling in Hong Kong, **Mr. Ho** urged the Government to exercise more efforts in enhancing the competitiveness of the port of Hong Kong, in the light of mounting competition from neighboring ports. The **Chairman** said that the primary objective of conducting this study was to find out what the Marine Department could do with a view to strengthening Hong Kong as a regional hub and gateway port in the region, and emphasized that the commercial aspect of the container trade between carriers and terminal operators was not the focus of the study.
- 3.1.8 **Mr. S H Pau** said that apart from containerships, there seemed to be no mention of other types of ships in the current study. Given that Hong Kong was considered as a potential bunkering port in the Chief Executive's Policy Address, **Mr. S H Pau** asked whether tankers and other types of ships would also be studied. **Mr. Pooley** wondered whether it would be worthwhile to study other types of vessels (e.g tanker, bulk carrier etc.) as competition amongst major ports was mainly arising from their container ports rather than their industrial facilities. The **Chairman** said that the Marine Department had a timetable to study various aspects of port operations, and tankers would also be studied in due course. **Mr. Tupper** supplemented that a comparison

of port costs incurred by different sizes of tankers would be conducted, and a study of the effects of future mega-containerships on port development would be the focus of the next study.

- 3.1.9 After discussion, the **Chairman** said that the full Report of the study could be accessed through the website of the Marine Department at a later date.

3.2 POC Paper No. 15/01

Traffic Management Measures for the Kwai Chung Basin

- 3.2.1 **Mr. C K Yeung** briefed members on the new traffic management measures for the Kwai Chung Basin.
- 3.2.2 **Mr. Pooley** advised that requiring marine craft engaged in constructing the Stonecutters Bridge to be fitted with VHF sets could be enforced by way of a tender condition to be complied with by the successful tenderer. The **Chairman** noted the suggestion and asked **Mr. Tupper** to follow up on this matter.
- 3.2.3 **Mr. Choi** said that he did not envisage any objection from local craft operators to the installation of VHF sets. But, **Mr. Choi** was concerned about the difficulty of obtaining a VHF license from the Telecommunications Authority. In response, **Mr. C K Yeung** said that Marine Department had been liaising with OFTA on this issue. As VHF nowadays was no longer the only communication equipment onboard because of the advent of other communication means, the issue was indeed a matter of how to regulate its use by local craft so as not to affect the safety of normal traffic. **Mr. S H Pau** was supportive of the new measures and said that since the establishment of the two local traffic stations at both Kwai Chung and Ma Wan the safety records for these areas had been greatly improved.
- 3.2.4 After discussion, the paper was endorsed by the Committee.

3.3 Assessment of Typhoon Shelter Space Requirements, 2001-2016

- 3.3.1 **Mr. Maurice Pau** briefed members on the findings of the 2001 assessment of the typhoon shelter space requirements.
- 3.3.2 The **Chairman** said that a copy of the assessment report would be circulated to members for information and comments after the meeting. He then highlighted that the current indication in accordance with the latest round of assessment was that planning works for a new typhoon shelter would be initiated around 2009.
- 3.3.3 **Mr. Pooley** asked and the **Chairman** responded that the assessment of the

typhoon shelter space requirements would be updated on an annual basis with a view to ensuring that a new typhoon shelter would come on stream timeously to meet the anticipated demand.

- 3.3.4 **Mr. Choi** pointed out that as the Tuen Mun River Trade Terminal (RTT) was not a properly gazetted typhoon shelter, he wondered whether the assumption made in the assessment with regard to this facility was correct, let alone the fact that barges and lighters were not permitted to enter therein to seek refuge. In addition, as some typhoon shelters did not permit barges and lighters to enter, **Mr. Choi** said that operators of such vessels had no choice but to moor their vessels outside the Yau Ma Tei Typhoon Shelter during the passage of typhoons. The **Chairman** said that before the onset of typhoons, operators were advised to allow sufficient time for their vessels to seek shelter. Nevertheless, everyone tried to wait until the last minute before so doing. This explained why there were still vacancies in some typhoon shelters. Thus, the **Chairman** urged the industry to take note of this problem and to make full use of gazetted typhoon shelter. **Mr. Tupper** noted the difficulties faced by the industry and pointed out that because of the Government's town planning strategy, the possibility of providing additional typhoon shelter space in the urban area was very low.

(Post Meeting Note : River Trade Terminal Co. Ltd. has recently advised in writing that “vessels including lighters working and waiting for operation at the RTT can stay in the basin when typhoon signal is hoisted. For the sake of humanity, RTT may also allow vessels and lighters nearby to enter the RTT basin during typhoon events provided that there are still room available”).

- 3.3.5 **Mr. Choi** asked whether it would be possible to gazette the Yau Ma Tei anchorage as a typhoon anchorage in order to ease the problems faced by the industry. **Mr. K M Lee** responded that at this moment it would not be prudent to do so given the uncertainty as to whether the area was safe in all respects for vessels to stay during the passage of typhoons; however, as the Department gained more experience such proposal could be considered.
- 3.3.6 **Mr. K M Lee** observed that many barges actually moored outside the Yau Ma Tei Typhoon Shelter for the sake of convenience during the passage of typhoons. It was not uncommon that removal notices had to be issued to urge barges to enter the nearby typhoon shelters. **Mr. Choi** agreed that convenience could be one of the reasons but opined that the problems were mainly arising from the blocking of entrances by other vessels, silting problem encountered in some typhoon shelters and so forth.

4. Date of Next Meeting

4.1 The date of the next meeting would be advised in due course.

5. Close of Meeting

5.1 The meeting was closed at 1230 hours.

Confirmed this day of 2002

Chairman

Secretary

Annex

Amendments to the Draft Minutes of the 37th meeting held on 26 September 2001

Number	Paragraph	
1	Para. 3.4.3	Amend the last sentence as “Mr. Mak clarified that only the Kwun Tong PCWA would be temporarily reprovisioned at the former runway. It was the intention to permanently reprovision the PCWA to Area 131 at Tseung Kwan O before the cruise terminal became operational.” (Proposed by Territory Development Department)
2	Para. 3.4.7	Insert “ ; however, various water sports would be carried out at the waterfront.” after “ than marine usage.” (Proposed by Territory Development Department)
3	Para. 3.4.10	Replace “fully reprovisional” with “relocated”; and “Territory Development Department” with “Government.” (Proposed by Territory Development Department)
4	Para. 3.5.3 Last sentence	Delete “and the merits associated with the provision of public piers.” (Proposed by Territory Development Department)
5	Para. 3.5.6 Last sentence	Replace “some 3 ha.” with “between approximately 3 ha. – 5 ha.)” (Proposed by Territory Development Department)