

## Minutes of the 39th POC Meeting

**Date :** Wednesday, 15 May 2002

**Time :** 1430 hours

**Venue :** Conference Room (A), Marine Department Headquarters, Central

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<b>Present</b>	Mr S Y Tsui	<b>Chairman</b>
	Mr K M Lee	Member
	Capt H Y Cheung	Member
	Mr Raymond Chung	(on behalf of Secretary, PMB)
	Mr Reuben Chung	Member
	Mr David C S Ho	Member
	Mr Sunny Ho	(on behalf of Mr Jeffrey Lam)
	Mr C C Lee	Member
	Mr Eddy Ma	Member
	Capt K W Pang	Member
	Mr Chris Pooley	Member
	Mr Neil Russell	Member
	Mr Terence Sit	Member
	Mr Terence Tse	Member
	Mr H B Chan	Secretary
<b>In attendance</b>	Mr Roger Tupper	MD
	Mr Francis Liu	MD
	Mr C Y Tsang	MD
	Mr S H Tse	MD
	Mr K L Wong	MD
<b>Apology</b>	Mr Anthony Loo	Member

## **1. Open of Meeting**

1.1 The **Chairman** welcomed all to the meeting. Since this meeting was the first time after the membership renewal in February 2002, the **Chairman** introduced the following newly appointed members and persons:

- (i) **Capt H Y Cheung** representing Shipowners' Association
- (ii) **Mr C C Lee** representing HK Cargo-vessel Trade Association
- (iii) **Mr Eddy Ma** representing Terminal Operators
- (iv) **Capt K W Pang** representing Hong Kong Pilots Association
- (v) **Mr K W Tse** representing Wharf and Godown Operators
- (vi) **Mr Sunny Ho** representing Hong Kong Shipper's Council on behalf of **Mr Jeffrey Lam**
- (vii) **Mr Raymond Chung** representing the Secretary, Port and Maritime Board (Head of Port, Maritime and Logistics Development Unit, ESB)
- (viii) **Mr H B Chan** as the new secretary

## **2. Confirmation of Minutes of the Last Meeting**

2.1 The draft minutes of the 38th meeting held on Tuesday, 11 December 2001 were confirmed without amendment.

## **3. New Items**

### **3.1 POC Paper No. 1/02**

#### **Study on the Next Generation of Large Containerships and its Impact on the Port of Hong Kong**

- 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 MD had endeavored to collect relevant information through various channels for compiling the Study Report. It was believed that the findings were quite accurate in reflecting the current and future trend of containerships, and Hong Kong would be able to accommodate the next generation of containerships for the next decade.
- 3.1.3 **Mr Russell** said that dredging works should be prioritized for the Rambler Channel as some of the berths at Kwai Chung might not reach the prescribed depth. He also opined that the effect of the future trend of container fleet should be taken into account as major market players might withdraw the

whole fleet from calling at Hong Kong even if only one of their containerships could not be accommodated. In addition, Hong Kong should keep on improving the productivity in container handling operations and building of rails connecting the container port in Kwai Chung and our hinterland should be seriously considered by the Government.

- 3.1.4 The **Chairman** noted the concerns on the depth of water and said that the effect on the future container fleet was one of the factors to be considered. The dredging works, including that for the Rambler Channel, were still ongoing and on schedule. The approach channel would be dredged to a depth of 15.5m for receiving large ships on commissioning of CT9. However, there were still some navigational limitations mainly due to the depths of some existing berths at Kwai Chung might not be dredged down to the same level as that of the dredged channel depth. With regard to the handling capacity at Kwai Chung, the **Chairman** also recalled that the existing container terminals in theory had reached the saturation in early 1998. The terminal operators, in fact, had greatly improved their productivity by using modern management techniques and enhancing their computer software to make operations more efficient. There was no doubt that further improvement would be made continuously to develop Hong Kong as a premier port and international maritime centre.
- 3.1.5 **Mr Tupper** supplemented that the port rails were still at the strategic planning stage and this issue would be looked at in a later stage. **Mr Tupper** further stated that the whole basin would be maintained at 15.5m in depth and the port would be opened to all operators so that they could accommodate all types of containerships. **Mr Francis Liu** added that PMB had set up a task group with concerned stakeholders to examine the future depth requirements. A mechanism would be set up to monitor such requirements. Based on the data collected, it would be possible to identify when improvement of the water depth at the container port area should be required. The **Chairman** also suggested presenting this report to PMB after the report was finalized.
- 3.1.6 **Mr Eddy Ma** said that the terminal operators had tried their best to improve their productivity in recent years. To achieve higher handling rate, co-operation would be required from liners as well. Super cranes with outreach capable of handling 22 rows would be installed by respective terminal operators to cope with the future needs for receiving large ships. The terminal operators always prepared to serve the needs of the largest container ships so as to maintain the Port of Hong Kong as a global maritime hub in the Asian region.
- 3.1.7 **Mr Pooley** said that Hong Kong was particularly well placed to respond to the trend and the dredging was not a problem which could not be solved. However, the shipping lines needed to review how far they should go on the size as it might diminish their return for such huge investment. Moreover, the true economic cost should be looked at rather than just taking into account the development in most of the major Asian ports while disregarding the other end in the U.S. and Europe as they might not be able to accommodate such size of ships. The requirements on the land availability and the development

of infrastructure to cater for the demands arising from mega ships should also be included in the report. The **Chairman** shared the views and agreed that Hong Kong should keep an eye on the global containership development and future reference would be made from the annual report on these port operations and facilities. The **Chairman** further added that MD was taking a proactive initiative to conduct this kind of study so as to identify the strength and weakness of our port and present the findings to PMB for formulating the policy on the port development.

- 3.1.8 Despite the physical readiness of the Hong Kong port, **Mr Terence Sit** said that how Hong Kong attracted cargo to fill these big ships was one of the important issues needed to be evaluated. The port cost competitiveness against our neighbouring ports should be considered and addressed. Although Hong Kong had a large cargo-generating hinterland, transshipment relating to the Mainland via Hong Kong might easily be moved over to our neighbouring ports. The **Chairman** responded that the newly formed 'Port, Maritime and Logistics Development Unit' would look into these policy matters.
- 3.1.9 **Mr Raymond Chung** said that this kind of research would raise the awareness on the global development and the future impact on the Port of Hong Kong. PMB was working in parallel with the shipping industry under the Port Development Committee to develop a mechanism to monitor the draft of future vessels that might visit the Port of Hong Kong. There was also a composite study called Hong Kong Port Master Plan 2020 to look at the possible future volume of cargo expected to be handled in Hong Kong, the capacity of the terminals together with a competitiveness strategy for Hong Kong. As the port was facing keen competition from neighbouring ports, in particular Shenzhen, the Government and the shipping industry should join hands in mapping out the future plan for maintaining the competitiveness of the Port of Hong Kong.
- 3.1.10 **Mr Sunny Ho** expressed his appreciation on MD's initiative for conducting this kind of report. He said that similar studies should be conducted in-house rather than simply relying on the consultants. It was important to keep all the knowledge and the expertise within the Government itself.
- 3.1.11 **Capt Pang** said that pilots' main concern was the safe passage for such mega size containerships proceeding from Ngan Chau to Kwai Chung (KC) and vice versa, in particular the passage from Kellett Buoy to KC as the marine traffic would become heavier when CT9 was completed. **Capt Pang** envisaged that more effective traffic regulation from Kellett Bank to KC and the employment of more powerful tugs for attending these mega size vessels through the navigational channel would be required.
- 3.1.12 **Mr David Ho** said that the mega containership was associated with the concept of super hub. Considerations had been given to whether super hubs should be developed in several continents. As mega containerships would trade among a few hubs only with containers being transshipped to and from other ports. The question was how the Port of Hong Kong would respond to

this concept upon its debut. It would be more positive to show that Hong Kong would be ready to play its part as a hub port by providing the necessary infrastructure, human and other resources within two to three years so as to compete with our neighbouring ports. The **Chairman** responded that there would be no question on the professional or technical aspects for building such mega vessels. However, the shipowners and terminal operators were in a better position to decide on type/size of ships that they were going to deploy and accommodate with which ports they were planning to do their business. MD would endeavor to collect all relevant information to analyze and estimate the possible future size of containerships.

- 3.1.13 **Mr David Ho** queried whether the Government could be more proactive to contact major carriers to get their views and intentions on the future size of containerships to facilitate future planning of container terminals.
- 3.1.14 Although a number of leading shipping lines had rendered assistance in devising a model for monitoring the draft requirements of containerships under the auspices of PMB, **Mr Raymond Chung** supplemented that detailed intelligence on building plans for mega size ships were difficult to get due to the commercial sensitivity of such information. However, PMB would maintain close dialogue with relevant stakeholders and bring greater synergy and cohesiveness in port development planning and implementation that would benefit both international and local shipping communities and maritime business. PMB would also continue working to ensure the Port of Hong Kong would be ready to receive such mega ships when they were introduced. However, the point about dredging down to 18m depth for accommodating the 12,000 TEU containerships might be controversial due to the large amount of investment involved and environmental consideration. Terminal operators were requested to consider this sensitive issue carefully and provide the Government with details of the depth requirements. Meanwhile, the depth of 15.5m at the approach channel should be maintained by conducting regular maintenance dredging. Considerations would have to be given to strengthening the related seawall and quay decks if another extra 1 to 1.5m was required. In the study for the future container port, the ability to accommodate big ships was definitely one of the main factors to be considered.
- 3.1.15 **Mr Russell** further added that most shipping liners had suffered from over capacity from time to time. They were looking for higher efficiency with lower cost. Due to economy of scale, the mega size vessels would probably be introduced in the next few years and Hong Kong should be prepared to face the development. Hence, the trend of building larger size ships should be closely monitored.
- 3.1.16 The **Chairman** asked **Mr Tupper** to follow up with those concerns raised by members and remarked that the final report would be placed on the MD's website after finalization.

### 3.2 POC Paper No. 2/02

#### **Port Benchmarking for Assessing the Positioning and Competitiveness of HK's Port Costs with Other Major International Ports – Port Costs for Tanker/Bulk Trade**

- 3.2.1 **Mr C Y Tsang** briefed members on the findings, conclusions and recommendations of the captioned study.
- 3.2.2 The **Chairman** emphasized that the study was based on a sample of specific sizes of tankers. Thus, the port cost incurred would differ from that of smaller size tanker vessels. Owing to the employment of pilots and tug assistance, as far as the pilots and tug operators were concerned, they were required to follow the berthing guidelines as specified by the Pilots Advisory Committee (PAC). However, a strict application of the guidelines could result in a significantly different tariff should the length of a vessel be varied by one metre. In order to allow more flexibility during the day to day operations, the PAC would consider whether some operational flexibility should be built into the berthing guidelines.
- 3.2.3 **Capt Pang** said that pilots' prime concern was the safety of ships. Berthing guidelines were reviewed from time to time to ensure a high standard of safety and efficiency could be maintained and that the requirements kept in pace with development in the maritime industry. Due to improvements in the power and capability of tugs in the last decade, a temporary reduction of tug requirements had been put on trial recently, i.e. 3 tugs for berthing and 2 tugs for unberthing for tankers of less than 245m in length and with 13m draft, instead of 4 for berthing and 3 for unberthing respectively. This trial would be continued until the end of the wet season. If the trial turned out to be successful, proposed amendments to the guidelines would be submitted to the PAC for endorsement. **Mr Russell** welcomed the proposal and said that the guidelines should be regularly reviewed in order to keep up with the technological changes. **Capt Pang** added that there was pressure for more operational flexibility as there was a batch of tankers with LOA a few metres more than the stipulated 180m specified in the guidelines, and thus this trial would cover vessels with LOA reaching 184m.
- 3.2.4 **Mr Pooley** said that he was requested by the industry to respond to this paper to reflect the current environment in respect of the employment of tugs for different sizes of vessels described in the report. He enquired whether it was possible to have a like for like comparison, as operating environment might vary from place to place, such as rapid tidal stream at Tsing Yi whilst long travelling time was required for chemical tanker requiring to berth at Tolo Harbour. **Mr Pooley** further advised that the average cost between three tug companies for berthing at Caltex, Tsing Yi (4 for berthing and 3 for unberthing) was about US\$8,800 after taking into account all miscellaneous expenses. Since tug tariff was a very complicated issue all over the world, the industry would like to co-operate with MD in conducting the study with a view to ensuring that distorted figures would not be released thus affecting shipowners' thought on the competitiveness image of Hong Kong. Ports around the world usually published tariffs at a regular interval and the tariff

rates in Hong Kong were about half the price levels in Europe, the USA and Australia. **Mr Pooley** further stated that it was interesting to note that the charging rate was much less than Shanghai and in many Mainland ports. In Melbourne, the tariff was about US\$15,000 and was due to be increased by 23%. The tariff in Indonesia was one of the highest in the Asian Region.

- 3.2.5 The **Chairman** re-iterated that the sample size of vessels might not reflect the whole picture as the use of different sizes of vessels would end up with different figures. He suggested **Mr C Y Tsang** to take into account the information provided by **Mr Pooley** in finalizing the Study. Regarding the use of tugs in accordance with the berthing guidelines, it was an ongoing issue that could be further discussed under the PAC as different berths and conditions might affect the requirements. **Mr Pooley** added that the use of tugs for bulk carriers might be excluded due to the small number of calls involved. Apart from the capesize and panamax size vessels calling the CLP power station at Tap Shek Kok and the HEC power station at Lamma Island, other bulk carriers calling at Hong Kong seldom used tugs for berthing and unberthing operations, i.e. used the anchorages or buoys only.
- 3.2.6 **Capt Cheung** said that Australia's 23% increase in tariffs was due to the monopoly of the tug business in Australian ports. The government and the port authority were now looking into this issue because it was not conducive to the interest of the shipping industry in Australian ports.
- 3.2.7 **Mr C Y Tsang** supplemented that, in the course of the Study, it was difficult to have exactly a like for like comparison because of the different in the sizes of vessels, traffic environment in different ports and the vested interest of different stakeholders. **Mr C Y Tsang** further stated that in compiling this Study Report, information about port costs was obtained through port users whose selected vessels had been visiting a number of designated ports. To better understand the market environment, the service providers were requested to provide MD with more information concerning their scope of services and price levels so that it could be properly reflected in the report.
- 3.2.8 The **Chairman** said that after collecting more information the paper would be further discussed in the next meeting.
- 3.2.9 **Mr K M Lee** said that this paper had brought up an issue of competitiveness though tanker traffic only accounted 2% of the total traffic. He would like to praise the Pilots Association for their initiative to review the berthing guidelines, i.e. put on trial a proposal to amend the tug requirements for vessels and to change the length limit from 180m to 184m. The 4 metres change affected about 40% of the total tankers calling at Hong Kong and the port costs involved would be significant. To this end, the trade itself was well aware of the situation and more proactive manner would be taken to keep Hong Kong as efficient and competitive as before. **Capt Pang** re-iterated that a step-by-step approach would be adopted in revising the berthing guidelines. For the new trials, pilots were now feeling comfortable and confident, and he further assured that safety of ships would not be compromised. The **Chairman** added that the amendments to the berthing

guidelines should be brought back to the PAC so that the technical committee could look into the safety aspects. **Mr C Y Tsang** would follow up with the amendments and present the new findings in the next meeting.

### 3.3 POC Paper No. 3/02

#### **Amendments to the International Regulations for Preventing Collisions at Sea, 1972 adopted by the 22<sup>nd</sup> Session Assembly of IMO**

- 3.3.1 **Mr S H Tse** briefed members on the details of the proposed amendments to COLREGs to keep in line with the amendments adopted by IMO.
- 3.3.2 The **Chairman** said that the introduction of the 'Wing-In-Ground craft' (WIG) was unlikely to be applicable in Hong Kong as such a craft would be treated as an airplane under the present policy rather than treated it as a navigational vessel in water. It was very difficult for WIG to operate in such busy waters. Members could provide their comments, if any, later. The **Chairman** added that Hong Kong was obliged to follow the amendments to COLREGs as adopted by IMO.

### 3.4 POC Paper No. 4/02

#### **Proposed Amendments to Legislation Relating to Conveyance of Dangerous Goods in Hong Kong Waters**

- 3.4.1 **Mr K L Wong** briefed members on the details of the proposed amendments to the Dangerous Goods Ordinance (DGO) and its subsidiary legislation.
- 3.4.2 The **Chairman** said that this paper was basically an update of the Dangerous Goods (Shipping) Regulations (DG(S)R) to bring those amendments to get in line with the international regulations (IMDG Code). In summary, it also tried to remove the ambiguity in the categorization of type of vessels under the DG(S)R. In order to suit the local environment, some of the IMDG Code provision for controlling Type III vessel should be modified, such as DGs should be stowed and segregated either in accordance with IMDG Code or the conditions as laid down in a permit.
- 3.4.3 **Mr K M Lee** supplemented that in a longer term, a new control concept would be introduced in which a trained person would be required to manage the handling of DGs. MD was co-ordinating with the training institutes, such as the Seamen Training Centre (STC), for arranging some of the training programmes for the trade. **Mr K L Wong** added that the STC would run a pilot course around July and then start the training course around November 2002. In response to **Mr Reuben Chung's** queries, **Mr K L Wong** said that the fees of the course would be less than HK\$1,000.
- 3.4.4 **Mr Reuben Chung** queried whether there were sufficient trained persons available for Type III vessels before the training programme could be put in place. **Mr K M Lee** responded that there would be a grace period for implementing the regulations and sufficient training courses providing to the trade. Besides, a code of practice for the guidance of the Trade would be published.



- 3.4.5 In response to **Mr Reuben Chung**'s queries on the training course for tankers, **Mr K M Lee** said that simplified tanker courses would be organized by the training institutes to ensure the supply to the trade.
- 3.4.6 In response to **Mr C C Lee**'s queries, **Mr K M Lee** said that each loading/unloading operation should be supervised by a trained person who should have a basic understanding of handling DGs. MD intended to introduce Chinese IMDG Code for the benefit of local operators.
- 3.4.7 **Capt Cheung** supplemented that his company had developed a DG training course on the website, which required about 8 to 10 hours plus instructor's briefing before taking the examination. This training course was initially for their management staff and then to be introduced to the rest of their staff. Over one thousand of their staff had been trained globally since the programme was developed for two years ago. It was also introduced to the Vocational Training Centre (VTC) for interested parties, as MD, shipping lines and all the related DG handling companies recognized that it was necessary and beneficial to the industry. The details of the course were being developed through discussion with the VTC and it might be translated into Chinese in future. The charge for the course would be on a cost recovery basis only and would not be expensive.
- 3.4.8 In response to **Mr Terence Tse**'s queries as to whether a trained person-in-charge (PIC) of the operation should be onboard or he might be located at some other place, say in office, the **Chairman** said that the trained PIC should be onboard while DGs were being handled, loaded or unloaded on a Type III vessel.

#### **4. Any Other Business**

- 4.1 No other business was raised.

#### **5. Date of Next Meeting**

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

#### **6. Close of Meeting**

- 6.1 The meeting was closed at 1630 hours.

Confirmed this                      day of    2002

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**Chairman**

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**Secretary**