

Minutes of the 62nd POC Meeting

Date: 28 August 2012 (Tuesday)

Time: 1030 hours

Venue: Room A, 24/F, MD Headquarters

Present		Chairman
Mr. Francis H.P. LIU		Licensed Pilot (LP)
Mr. M.S. CHAN		HK Liner Shipping Association (HKLSA)
Mr. W. S. CHAN		Oil Industry Representative Committee (OIRC)
Mr. S.L. CHENG (on behalf of Miss Cecilia CHAN)		HK General Chamber of Commerce (HKGCC)
Mr. Raymond K.W. CHENG		Local Ferry Operators (LFO)
Mr. T.K. CHEUNG		Dockyard and Harbour Tug Operators (DHTO)
Mr. Phileas Y.C. FONG		HK Shippers' Council (HKSC)
Mr. Sunny L.K. HO		Wharf & Godown Operators (W&G)
Mr. M.S. WONG		HK Cargo Vessel Traders' Association (HKCVTA)
Mr. Andrew K.L. WONG		Container Terminal Industry (CTI)
Mr. Charles C.W. YUNG		HK Shipowners Association (HKSOA)
Mr. W. ZHOU		Transport & Housing Bureau (THB)
Mr. Kerr LI (on behalf of Ms. Julina CHAN)		

Mr. Gordon PEI (on behalf of Civil Engineering and Development
Mr. K.S. LI) Department (CEDD)

Mr. S.M. CHUNG Marine Department (MD)

Mr. M.S. CHAN Secretary

In Attendance

Mr. S.W. PANG Environmental Protection Department
(EPD)

Mr. Tony Y.T. LEE Environmental Protection Department
(EPD)

Ms. Phoebe LUI Environmental Protection Department
(EPD)

1. Opening Remarks

The Chairman welcomed all to the meeting and introduced the following persons:-

- **Mr. M.S. CHAN** representing Licensed Pilots
- **Mr. W.S. CHAN** representing the Hong Kong Liner Shipping Association
- **Mr. M.S. WONG** representing Wharf and Godown Operators
- **Mr. Andrew K.L. WONG** representing the Hong Kong Cargo Vessel Traders' Association
- **Mr. Charles C.W. YUNG** representing the Container Terminal Industry
- **Mr. W. ZHOU** representing the Hong Kong Shipowners Association
- **Mr. Kerr Li** representing the Transport & Housing Bureau on behalf of Ms Julina CHAN

- **Mr. Gordon PEI** representing the Civil Engineering and Development Department on behalf of Mr. K.S. LI
- **Mr. S.W. PANG, Mr. Tony Y.T. LEE and Ms. Phoebe LUI** of Environmental Protection Department (EPD) for presenting POC Paper NO. 4/2012

2. Confirmation of the Minutes of the 61st Meeting held on 10 February 2012.

As no amendments were proposed by Members, the minutes of the 61st POC meeting were confirmed.

3. POC Paper No. 4/2012

Port Facilities and Light Dues Incentive Scheme for Ocean Going Vessels Using Cleaner Fuel

- 3.1 **Mr. S.W. PANG** (EPD) made a PowerPoint presentation on the Incentive Scheme (IS), regarding the background, objective, implementation framework, registration and approval procedures as well as enforcement for the IS, etc. At the end of the presentation, **Mr. PANG** informed that EPD would conduct a briefing session for Ocean-going Vessel (OGV) operators, shipping agents and ship-owners in mid-September before the launch of the IS at the end of September 2012. He also invited POC Members to disseminate the information about the IS to their respective industries and requested full support from the industries.
- 3.2 **Mr. T.K. CHEUNG** (LFO) enquired and **Mr. S.W. PANG** (EPD) replied that local vessels, which do not fall into the definition of OGVs and consume light diesel, would not be eligible to the incentive. **Mr. PANG** further explained that the IS was to encourage OGVs to switch from heavy fuel oil to low sulphur fuel while at berth. **Mr. PANG** said that emission from OGVs at berth accounted for about 40% of the

marine emission. By switching to low sulphur fuel, the air quality in Hong Kong, especially in the area of the container port and its neighboring areas would improve.

- 3.3 **The Chairman** enquired and **Mr. T.K. CHEUNG** (LPO) responded that in general, most OGVs used heavy oil while they were in port except smaller sized OGVs which might have to change to the use diesel oil while in port.
- 3.4 **Mr. Sunny L.K. HO** (HK Shippers' Council) enquired whether there was any particular requirement on the submission of the true copy of the Bunker Deliver Note (BDN) for the past six months and whether the true copy concerned had to be notarized or certified by a lawyer or someone who could certify the truthfulness of copies as required by EPD. In respect of the requirement of sending the true copy of a document to EPD within 7 days, **Mr. HO** commented that it would be difficult to comply with the requirement as a ship would likely have already departed from Hong Kong.
- 3.5 **Mr. Tony Y.T. LEE** (EPD) responded that the Master of the ship could sign and certify the document as a true copy. It was not necessary for a lawyer to certify the document as a true copy. **Mr. LEE** mentioned that EPD would conduct a large scale briefing session before the IS was rolled out. More details about the procedures, the way to complete the application forms as well as arrangements for certified true copies etc., would be provided in a coming briefing session. He said POC Members and other stakeholders would be invited to attend the briefing session. **The Chairman** expressed that POC Members would expect more details and sample and specimen documents for better illustration of the procedures pertaining to the scheme.
- 3.6 **Mr. W. ZHOU** (HKSOA) asked and **Mr. S.W. PANG** (EPD) replied that 17 shipping companies had joined the Fairwinds Charter (FWC) but not all ships under the FWC had switched to use low sulphur fuel. **Mr. Tony Y.T. LEE** (EPD) supplemented that as the FWC was a voluntary scheme, it was not compulsory for all ships under the shipping companies to switch to use low sulphur fuel. **Mr. LEE** said the reduction in Port Facilities and Light Dues could be an incentive to encourage more OGVs to switch to use low sulphur fuel.

- 3.7 **Mr. W.S. CHAN** (HKLSA) enquired whether an IS participating vessel needed to register again if the shipping agent was changed. In response, **Ms Phoebe LUI** (EPD) said that re-registration was not necessary as the registration was on a ship basis. However, EPD should be informed of the change of a shipping agent. She supplemented that every ship would be given a reference number upon registration, and the shipping company would be responsible to advise their shipping agent to inform EPD about the reference number for the change of a shipping agent.
- 3.8 **Mr. W.S. CHAN** (HKLSA) enquired and **Ms Phoebe LUI** (EPD) responded that there were several means to make a declaration such as through MD's counter services, by fax, or through MD's Electronic Business System (eBS). If a vessel was berthed at/after mid-night, the declaration form could be submitted to MD by fax or through eBS system.
- 3.9 **Mr. W.S. CHAN** (HKLSA) enquired whether the declaration form and the Bunker Delivery Notes could be submitted to MD the following morning or in office hours if the vessel was berthed at/after mid-night. **Mr. S.W. PANG** (EPD) replied that the declaration had to be made upon a vessel's arrival in Hong Kong and within the time-frame as specified.
- 3.10 **Mr. S.M. CHUNG** (MD) explained that the critical point was the matter of a ship's turn-round time and her short stay at berth. There were several ways to receive the required information and there were two steps according to the flows of procedures. **Mr. CHUNG** expressed that MD needed to know whether a ship was qualified for Port Facilities and Light Dues reduction first and then MD could process further in respect of the information provided, i.e. the evidence for fuel switch and the duration of the switch.
- 3.11 **Mr. W.S. CHAN** (HKLSA) opined the 4-hour time-frame to submit a declaration was a constraint. In response, **Mr. S.W. PANG** (EPD) agreed to re-consider the 1st step of the procedure or adjust the time-frame on submission of the Application-cum Declaration.

- 3.12 **Mr. Charles C.W. YUNG**'s (CTI) enquired and **Mr. S.W. PANG** (EPD) responded that it was the minimum requirement for a vessel to switch to use low sulphur fuel at berth in order to be eligible to join the IS.
- 3.13 **Mr. Andrew K.W. WONG** (HKCVTA) asked EPD about the plan and the impact of introducing 0.1 % sulphur marine light diesel or less on them. **Mr. S.W. PANG** (EPD) replied that EPD had formed a working group in August with the objective of conducting a study and aiming at improving the quality of marine light diesel. **Mr. PANG** said that EPD had commenced a technical trial, which was expected to complete in January 2013. Subject to the findings and assessment of fuel cost implication, EPD would work out with the industries the implementation timetable and action plan.
- 3.14 **The Chairman** expressed that the industry was concerned about the use of low sulphur fuel and its impact on the trade due to the increased cost. In response, **Mr. S.W. PANG** (EPD) said that the industry currently consumed diesel fuel containing about 0.5 % or less sulphur content whereas the fuel under the testing contained 0.05 % sulphur content, which was one of the standard products produced by oil refineries in Asia. **Mr. PANG** said that the difference in Free on Board (FOB) price between the two types of diesel was less than 1 % and the impact on the trade should be insignificant. **The Chairman** was of the view that the impact on the trade would also be affected by the difference between the retail price and the FOB price.
- 3.15 **Mr. T.K. CHEUNG** (LFO) said that the local ferry operators and the industry could not survive based on the current difference between the supplier's retail price and the FOB price.
- 3.16 **Mr. W.S. CHAN** (HKLSA) asked whether the supply of low sulphur fuel by local bunker companies would be sufficient to cater for the need of the industry. **Mr. S.W. PANG** (EPD) responded that the local bunker companies supplied diesel fuel with 0.5 % sulphur content and that was the reason the IS set the sulphur content at 0.5 %. Also, **Mr. PANG** said that the sulphur content in fuel oil was 0.1 % as set by rules in Europe. If OGVs had their bunker supplied from Europe and arrived in Hong Kong, there should be no problem.

- 3.17 **Mr. W.S. CHAN** (HKLSA) enquired and **Mr. S.W. PANG** (EPD) responded that OGVs joining the FWC reported neither technical nor operational problem on the switching of fuel. **Mr. PANG** said that the main engine would be shut down at berth and the generators, auxiliary engines were run on low sulphur fuel.
- 3.18 **Mr. W.S. CHAN** (HKLSA) said the main engine of a newly designed ship could switch to use low sulphur fuel but modifications had to be made for older ships by adding some valves to the main engines. The modifications for a vessel could cost millions of dollars. **Mr. CHAN** said studies on such modifications were being undertaken by his company as required by some other ports. **Mr. S.W. PANG** (EPD) responded that some countries in Europe and the USA had already required ships to switch to use light sulphur fuel when entering their waters of territories and the modifications on main engines were required for OGVs concerned. **Mr. CHAN** expressed that the cost on main engine modifications was much greater than the Port Facilities & Light Dues reduction under the IS and he commented that the government should introduce more incentive so as to achieve a smooth implementation of the policy and attract more OGVs to join the scheme.
- 3.19 **Mr. Raymond K.W. CHENG** (HKGCC) enquired and **Mr. S.W. PANG** (EPD) responded that MD would process each application before Port Facilities & Light Dues reduction was granted. For fraudulence cases, MD would recover the reduction in the Port Facilities & Light Dues reduction would be following its normal practice in recovering over-due Port Facilities & Light Dues. **Mr. PANG** added that the shipmaster would be liable for the fraudulence as the declaration and other related documents were required to be signed and certified by the shipmaster.

4. Matters arising from the 61st Meeting

- 4.1 Paragraph 4.1 of the Minutes of the 61st POC Meeting – Dredging for

Kwai Tsing Container Basin and Approach Channel:

- 4.1.1 **The Chairman** updated Members on the progress of the project. The project was being gazetted after obtaining support from concerned District Councils. Also, **the Chairman** invited **Mr. Gordon PEI** (CEDD) to provide further update to Members.
- 4.1.2 **Mr. Gordon PEI** (CEDD) said that upon the authorization under Foreshore and Sea-bed (Reclamations) Ordinance, CEDD would make application to the Legislative Council for funding and the tendering procedure would then follow. The dredging works would be expected to start at the end of 2013 for completion in phases from end 2015 to mid 2016.
- 4.1.3 **The Chairman** informed Members that CEDD would hold a Marine Traffic Management Liaison Group Meeting on 29 August 2012 and MD would hold a Working Group meeting with Terminal Operators on 4 September 2012.
- 4.2 Paragraph 4.3 of the Minutes of the 61st POC Meeting – Upgrading of Vessel Traffic Services (VTS) System and Construction of a new Vessel Traffic Centre (VTC) and Marine emergency and Maritime rescue Co-ordination Centre (MRCC):
- 4.2.1 **The Chairman** invited **Mr. S.M. CHUNG** (MD) to update Members on the progress of the project.
- 4.2.2 **Mr. S.M. CHUNG** (MD) said that the funding proposal for the upgrading of VTS as reported in the last POC Meeting had been approved by the Finance Committee in April. MD was working with the project consultant i.e. the Electrical & Mechanical Services Department (EMSD) on finalizing the project management agreement and preparing the tender documents for system upgrading works. MD planned to start the upgrading works by the end of 2013 and to complete the works by the 3rd Quarter of 2016. **Mr. CHUNG** said that MD would report to the POC upon the completion of upgrading works.

- 4.2.3 **Mr. M.S. WONG** (W&G) enquired and **Mr. S.M. CHUNG** (MD) responded that the existing VTC would not be capable to accommodate the development needs. **Mr. CHUNG** said that MD was planning to find a new place to build a new VTC. The system at the existing centre would be upgraded and MD planned to build a new Vessel Traffic Centre (VTC) at a later stage.
- 4.2.4 With respect to **Mr. W.S. CHAN's** (HKLSA) enquiry and suggestion on the location of the new VTC, **Mr. S.M. CHUNG** (MD) said Members would be consulted in due course.
- 4.2.5 **The Chairman** thanked Members and said that the item would be removed from the next POC Meeting agenda.
- 4.3 Para. 4.4 of the Minutes of the 61st POC Meeting – Air Draught of Vessels Transiting underneath the Tsing Ma Bridge – Tidal Variations:
- 4.3.1 **The Chairman** invited **Mr. S.M. CHUNG** (MD) to update Members.
- 4.3.2 **Mr. S.M. CHUNG** (MD) said that eight Liners with their ships had participated in the trial until mid-August. The tidal range difference was about 1 to 2 metres and vessels with greater air draught could pass underneath the Tsing Ma Bridge (TMB) without exceeding the limitation of 53 metres at real time. A total of 53 container vessels from the eight Liners had utilized the tidal range difference to carry out 155 trials passing under the TMB. **Mr. CHUNG** said that the trial was planned to finish in July 2012. Due to the forecasts of stronger typhoon attacks this year and the estimated greater tidal ranges, the trials would be continued until the typhoon season ended in around October or November. **Mr. CHUNG** said the review on the trials and the guidelines to be prepared would be brought up to POC for discussion later.
- 4.3.3 **Mr. Phileas FONG** (Tug Operators) enquired and **Mr. S.M. CHUNG** (MD) replied that the trials had been conducted for about a year and those vessels passing under the TMB with the tidal range differences seemed to be practicable. However, MD needed more time to study the effect on the passing during typhoon passages. **Mr. CHUNG**

said those vessels participated in the trials could continue until the review was completed and the guidelines had been finalized. **Mr. CHUNG** expressed that MD would seek POC support on finalization of the guidelines.

4.3.4 **The Chairman** expressed that the trials were found to be satisfactory and MD would expedite the setting of conditions for passing underneath the TMB. In the meantime, trials would be continued.

4.4 Para. 5.1 of the Minutes of the 61st POC Meeting – Proposal for Reduction in Port Dues and Fees:

4.4.1 **The Chairman** said the scope for reduction in Port Dues and Fees was low and he explained that the government fiscal principle was to recover the cost of providing the services. **The Chairman** pointed out that reviews on fees were conducted regularly and that relevant fees had been reduced a few times in the past few years.

4.4.2 **Mr. W.S. CHAN** (HKLSA) suggested that MD should extend the waiving of Anchorage Dues from first 12 hours to first 24 hours. **Mr. S.M. CHUNG** (MD) responded that, from the policy point of view, it was an inducement to ships to stay at anchorage longer and would cause an adverse effect on Port Management. **Mr. CHUNG** opined that the longer time vessels stay at the anchorage, the turn around time would be longer and the port would be more crowded.

4.4.3 **Mr. W.S. CHAN** (HKLSA) said that reducing the fees would be difficult for MD to get approval but the extension of the period whereby dues were waived would not cause any decrease in incomes and it should be easier for getting an approval from the government. **Mr. S.M. CHUNG** (MD) responded that the suggestion would affect the incomes. MD needed to work out the financial implication on the change and the procedures to get approval from the Bureau and the government would be the same as that for the Reduction of Port Dues and Fees.

4.5 Para. 5.2 of the Minutes of the 61st POC Meeting - Air Draught

restriction to vessels using the Kwun Tong Typhoon Shelter:

- 4.5.1 **The Chairman** invited **Mr. Gordon PEI** (CEDD) to update Members on the latest development of the issue.
- 4.5.2 **Mr. Gordon PEI** (CEDD) informed the Members that the Kowloon Development Office of CEDD (KDO) was responsible for the project. The KDO, at their preliminary study, had communicated with the industries concerned and conducted two Public engagement workshops (PEW) in last May and June. The project was still in its preliminary stage. **Mr. PEI** said that CEDD would closely communicate with the industries and would take into account their opinions.
- 4.5.3 **Mr. W.S. CHAN** (HKLSA) said that he had attended the PEW and the industry was very concerned about the height restriction due to the monorail proposed. **Mr. CHAN** said barges over 25 metres could not pass underneath the monorail bridge and the industry was very anxious to ensure the proposed development project would not cause adverse impact on the operation of barges.
- 4.5.4 **The Chairman** enquired and **Mr. Gordon PEI** (CEDD) replied that the headroom for the bridge would be 21 metres. **The Chairman** said, as the headroom was 21 metres, the air draught restriction would be 17 metres and vessels with air draught of more than 17 metres would not be allowed to enter the typhoon shelter. **The Chairman** said that the typhoon shelter was an essential facility to the port. The recent typhoon attacked Hong Kong had a speed of some 200 Km per hour and the restriction would cause significant effect to port development, and vessel operations as well as posed safety threats to lives. Without sufficient typhoon shelter space, vessels might be set adrift, grounded and cause significant damage to the port infrastructures. (Post meeting note: CEDD KDO clarified that the air draught restriction to be imposed by the Kwun Tong Transportation Link would be 21m.)
- 4.5.5 **Mr. T.K. CHEUNG** (LFO) said he was a member the Harbourfront Commission (HFC) Task Force on the development project through the POC. He had explained to the task force the situation and expressed their concerns on safety. **Mr. CHEUNG** said that he had conveyed

the industry's stands on the issue and had suggested to the HFC Task Force to consider a by-pass or to raise the headroom to 50 metres. **Mr. CHEUNG** emphasized the bridge proposed would significantly hinder port development.

- 4.5.6 **The Chairman** enquired whether CEDD had any other resolutions to address the industry's concerns and needs on typhoon shelters. **Mr. Gordon PEI (CEDD)** responded that he would reflect the industry's opinion to his colleagues concerned.
- 4.5.7 **Mr. Andrew K.L. WONG** (HKCVTA) expressed that the industry had no problem on the development as long as a suitable substitute area for typhoon shelter purpose could be provided in the nearby area for their operational need. **The Chairman** responded that from the safety point of view, the industry was very concerned about the sufficiency of typhoon shelter space in the area for vessels to take shelter during the passage of typhoon. It was noted it would be very difficult to gain the support of the public for a new typhoon shelter to be located in the vicinity.
- 4.5.8 Regarding the Hei Ling Chau Typhoon Shelter (HLC T/S), **the Chairman** gave the Members a brief on its background and history. **The Chairman** expressed that the HLC was located at an outlying island which lacked of logistic support. There was no land link to other areas. Some vessels were not using the typhoon shelter during the passage of typhoons because the HLC T/S was not considered an idea typhoon shelter of their choice. In response, **Mr. T.K. CHEUNG** (LFO) said the HLC T/S had its usefulness and was used by some vessels, and hence it helped to ease the crowded situation of other typhoon shelters in port. With respect to the height restriction at the Kwun Tong Typhoon Shelter, **Mr. Cheung** expressed that CEDD should consider increasing the headroom. Otherwise, CEDD should consider a tunnel or a by-pass. **Mr. PEI** responded that CEDD would consider the opinions and look into any feasible resolution that could be accepted by all parties. **The Chairman** opined that as the topic would be discussed / covered in the Local Vessels Advisory Committee (LVAC) and is being updated by CEDD through other avenues or committees, this topic would be removed from next meeting agenda of POC.

5. Any Other Business

5.1 Extending the Incentive Scheme to Local vessels for Using cleaner Fuel:

5.1.1 **Mr. T.K. CHEUNG** (LFO) enquired whether the EPD could considered similar incentive scheme to encourage local vessels to use low sulphur fuel. **The Chairman** responded that, as EPD's representatives had left the meeting, the POC would put that on record and referred the request to EPD for consideration.

5.1.2 **Mr. M.S. WONG** (W&G) said that he would raise the issue for discussion in the next LVAC. **The Chairman** responded that the LVAC would welcome member's opinions when the topic was discussed in LVAC Meeting. **The Chairman** added that the industry might consider to write to the EPD or the Environment Bureau to register their concerns on the use of low sulphur fuel and the effect on their business.

5.2 The Third Runway of Hong Kong Airport at Chep Lap Kok:

5.2.1 **Mr. M.S. CHAN** (LP) enquired and **the Chairman** replied that MD had paid close attention to the planning and had provided many comments to the Airport Authority Hong Kong (AA) on the issue. MD was concerned about the marine traffic impacts, the problems on the navigation safety as the navigation space became narrower. MD had provided comments to the AA on the problems of water depth and narrower waterways as a result of the proposal which could endanger vessel navigation, in particular, during adverse weather conditions. **The Chairman** said opinions on the third runway from the industries concerned were welcome.

6. Date of Next Meeting

To be advised in due course.

7. Close of Meeting

The meeting closed at 1228 hours.

Confirmed this day of

Chairman

Secretary