

## Minutes of the 26<sup>th</sup> Meeting

**Date :** Tuesday, 26 August 1997

**Time :** 2:30 pm

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

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### Present

Mr I B <b>Dale</b>	Chairman
Mr K L <b>Choi</b>	Member
Mr C <b>Pooley</b>	Member
Mr C S <b>Ho</b>	Member
Mr W M <b>Ng</b>	Member
Capt. H E <b>Liaw</b>	Member
Mr R <b>Yuen</b>	Member
Mr R F <b>Tupper</b>	Member
Mr C K <b>Shuen</b>	Secretary

### In attendance

Mr M B <b>Sandpearl</b>	MTL
Mr K F <b>Cheung</b>	MD
Mr C S <b>Lau</b>	MD
Mr T C <b>Sin</b>	MD
Mr W S <b>Chu</b>	MD

### Apologies

Mr X <b>Dong</b>	Member
Mr S Y <b>Lau</b>	Member
Mr L K <b>Ho</b>	Member
Mr W Y <b>Shiu</b>	Member
Mr L K <b>Sit</b>	Member
Mr Y K <b>Lee</b>	Member

## **1 Open of Meeting**

1.1 **The Chairman** welcomed all to the meeting and introduced :

- (i) **Mr Michael B Sandpearl** from the Modern Terminals Limited (MTL) who was attending as an observer for the presentation of Paper No.11/97 and
- (ii) **Mr W S Chu** who would take over from **Mr C K Shuen** as the Secretary of the Committee as from 1 September 1997.

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

2.1 The minutes of the 25<sup>th</sup> meeting held on 17 June 1997 were confirmed subject to the amendments at **Annex 1**.

## **3 Matters Arising**

### **3.1 MARPOL Charging Scheme**

- 3.1.1 A Summary of MARPOL Waste Collection and Charging for the period from July 1996 to June 1997 was tabled for members information. (A copy of the summary was at **Annex 2**)
- 3.1.2 **The Chairman** said that as members might not be able to consider the summary thoroughly at the meeting, they were welcome to submit their comments afterward.
- 3.1.3 **Mr R Tupper** informed members that the Secretary for Planning, Environment and Lands had submitted a proposal to the Secretary for the Treasury concerning revision of MARPOL charges for 1998. Assuming that the revised charging was to be implemented in January 1998, consultation would be conducted in October which would include consultation of this committee and LegCo's approval would be sought in November 1997.

### **3.2 Visit to the Ngan Chau Pilot Boarding Station**

- 3.2.1 A draft programme for the visit, which would be held on 13 September 1997, was tabled for members consideration at the meeting.
- 3.2.2 **Members** agreed to the programme.

## **4 New Items**

#### 4.1 POC Paper No.11/97

##### Competitiveness of Hong Kong's Container Port

- 4.1.1 **The Chairman** invited **Mr R Yuen** to present the paper.
- 4.1.2 **Mr Yuen** presented the paper. He emphasized that it was important for the government and the industry to work hand in hand with the common goal of promoting our Hong Kong's competitiveness and maintaining its status as the hub port of the region. The main purpose of the paper was to stimulate discussion and to seek the industry's views rather than to set out the government's thinking.
- 4.1.3 Before discussion, **the Chairman** allowed members a few minutes to go through the opinions of the fellow members of the Shipping Committee of the Hong Kong General Chamber of Commerce collected by **Mr L K Sit** and tabled at the meeting. (A copy of the opinions was at **Annex 3**)
- 4.1.4 **Mr M Sandpearl** considered that on the whole the paper was a well balancing informative document but on issue of Terminal Handling Charges (THC) discussed in Para 28 of the paper, he pointed out that the high charges in Hong Kong was primarily attributable to the high costs in Hong Kong. He said that it would be very difficulty and unreasonable to expect that a labour intensive organization such as container terminals would be able to automatically reduce costs suddenly to a level comparable to the Shenzhen ports.
- 4.1.5 **The Chairman** asked and **Mr Sandpearl** replied that clearly the trend would be for terminal charges to go down or at least not going up, because of competition. However, the differential between Hong Kong and Shenzhen ports was so great that even if Hong Kong cut its price by 10-15%, it was still at a high level.
- 4.1.6 **The Chairman** asked and **Mr Sandpearl** replied that at the moment shipping lines were in fact bearing certain additional costs basically in setting up their operations in China but these costs were gradually reducing. The container terminal operators viewed that Hong Kong should be taking a cautious approach and assume that there would be price differential. This factor should be carefully looked at in developing our territory. Their perspective was that in five years time, Hong Kong, Yantian and other Shenzhen ports would all be competing with each other.
- 4.1.7 **Mr Yuen** was of the view that even if the present economic growth in China continued at a modest pace, it would provide a strong backbone for sustainable port development in Hong Kong and Shenzhen ports. It would be more important that port developments in the area were coordinated and that for Hong Kong's long term future, container terminal operators should target to extend their cargo sources.
- 4.1.8 On the cost differential issue, **Mr Yuen** considered that the major contributory causes could be the high salary of Hong Kong truck drivers and the cumbersome cross-border procedures which were all associated

with land transportation. However, the trucking cost had recently been lowered significantly due to market forces. The differential would be further narrowed or even reversed if boxes were transported by river.

- 4.1.9 **Capt H E Liaw** pointed out that the pressure on the container terminals to reduce their charges also came from shipping lines because of the poor freight rate.
- 4.1.10 **The Chairman** asked and **Mr K L Choi** replied that unlevelled playing field did exist in the river-trade business. River-trade vessels were mostly owned by China companies although quite a few Hong Kong companies joined venture with these companies.
- 4.1.11 **The Chairman** asked and **Mr Yuen** replied that the weakness of river transport was one of the logistic. For a river cargo, it had to be first transported by land to one of the river port, loaded onto a river-trade vessel, transported by river into Hong Kong and then possibly by land transportation again before it was eventually loaded onto an ocean-going vessel. This was one of the major area that the River Trade Terminal operation was urged to improve with an aim to achieve a hassle free one stop service for shippers.
- 4.1.12 **Mr C Pooley** had the following observations :
- (i) It was clear that Hong Kong was still a cheap port in terms of its low overall port charges. Claims and complaints of high charges relate only to the rates charged by container terminal operators and to the opposition of THC charges by the shipping lines which is not really a Hong Kong issue, and anyway beyond the control of Hong Kong operators.
  - (ii) The efficiency in Hong Kong was such that delay was unthinkable. As such, operators in Hong Kong incurred huge extra cost in meeting peak demand. A sensible approach to compare costs to shippers therefore would be one which compared the total cost of all port related charges and relative delays/distances steamed resulting from deviations on point to point, e.g. Europe-Hong Kong-Japan Vs Europe-Shenzhen -Japan etc.
  - (iii) The inflation rate in china was much higher than Hong Kong. The question was that for how long more Southern China could enjoy the present cost benefit.
- 4.1.13 Finally, **Mr Pooley** requested and **the Chairman** agreed that a joint attempt of the Port Development board and Marine Department would be made together with the assistance from Mr Sandpearl to compare the total average cost of a standard containership entering Hong Kong and a Shenzhen port, and the delay it experienced.

## 4.2 POC Paper No.10/97

## **Assessment of Typhoon Shelter Space Requirement, 1997 - 2016**

- 4.2.1 **The Chairman** invited **Mr K F Cheung** to present the paper.
- 4.2.2 **Mr Cheung** presented the paper.
- 4.2.3 **Mr Choi** raised that the shortage of space for barges was in fact more serious than that reflected in the report because not all the shelters were catered for them. The problem was aggravated by the presence of :
- (i) unlicensed vessels which was not insignificant as indicated in the report;
  - (ii) shallow patches; and
  - (iii) pleasure vessels.
- 4.2.4 Regarding unlicensed vessels, **the Chairman** said that the problem would be investigated.
- 4.2.5 Regarding shallow patches, **Mr Tupper** said that certain funds had been set aside for dealing with this problem.
- 4.2.6 Regarding shortfall of space for barge, **Mr Cheung** asked and **Mr Choi** replied that the Hei Ling Chau Typhoon Shelter would not be favoured by barges but it was advisable to use its space to accommodate those unlicensed vessels.
- 4.2.7 **Mr Choi** asked and **the Chairman** replied that although the idea of designating the water area north of the stonecutters as sheltered anchorage was not advisable, it would be considered.
- 4.2.8 **Mr C S Ho** was concerned that barges occupying the sea area off Cheung Sha Wan during the early stage of typhoon would endanger users of the shipyards in the vicinity.
- 4.2.9 In response, **Mr Tupper** said that the department would step up monitoring of the area.
- 4.2.10 **Mr Ho** queried the figure given in Table 1 on P 12 of the report for the number of ferries in year 1996 because he knew that there were more than 100 ferries at that time.
- 4.2.11 In response, **the Chairman** asked Mr Cheung to check the figure.
- 4.2.12 **Mr Choi** suggested and **the Chairman** agreed that in future assessment, the space requirement of different categories of vessels should be addressed separately to take account of their specific characteristics.
- 4.2.13 Subject to the comments on the report, **Members** endorsed the findings of the assessment.

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**Post-meeting Note :**

***Para 4.2.10 & 4.2.11***

Marine Department records confirmed that there were 92 ferries as at 27 August 1997 which agreed with the figure for December 1996 in Table 1.

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**4.3 POC Paper No.12/97**

**Dangerous Goods Information System**

- 4.3.1 **The Chairman** invited **Mr C S Lau** to present the paper.
- 4.3.2 **Mr Lau** presented the paper and demonstrated the system.
- 4.3.3 **Capt Liaw** asked and **Mr Tupper** replied that the “PROTECT” Electronic Dangerous Goods Reporting System employed in Northern European was being examined.
- 4.3.4 **Mr W M Ng** asked and **Mr Lau** said that bulk oil cargoes were covered by the Tanker Arrival Notice.
- 4.3.5 **The Chairman** concluded that the system was a significant step forward in dangerous goods documentation and would provide a good basis for further improvement.

**5 Any Other Business**

**5.1 POC Paper No.13/97**

**Realignment of Hung Hom, Central and Yau Ma Tei Fairways**

- 5.1.1 **The Chairman** invited **Mr T C Sin** to present the paper.
  - 5.1.2 **Mr T C Sin** presented the paper. He added that Marine Department would identify other alternative sites for putting more harbour moorings and investigate the optimum composition of “A” and “B” buoys to ensure efficient use of limited water space.
  - 5.1.3 **Mr Choi** asked and **Mr Yuen** replied that the Lamma Breakwater project was tied to the Lantau Port Development programme.
  - 5.1.4 **The Chairman** asked and **Mr Sin** replied that the proposal would be implemented as soon as possible subject to the time taken in amending the relevant schedule.
  - 5.1.5 After discussion, **Members** endorsed the proposal.
- 5.2 Request of the Merchant Navy Officers’ Guild - Hong Kong (the Guild) Seeking Membership to the Port Operations Committee and its Working Group**

5.2.1 **Members** considered that the interests of our shipping community had already been well represented by the current membership of the Committee and agreed that the Guild could be invited to join the working group if it so wished.

### 5.3 **Matters of the POC Working Group on Regulation of Marine Traffic in the Waters of Hong Kong**

#### 5.3.1 *Review of Membership*

5.3.1.1 **Mr Tupper** informed members that a review of Membership of the working group had been concluded. There were certain changes to the composition and number of members

5.3.1.2 **The Chairman** suggested and **Members** agreed that it was not necessary for the committee to vet the appointment of members of the working group.

#### 5.3.2 *Background Lights Scattered from Container Terminal No.8 (CT 8) and Western District*

5.3.2.1 **Mr Tupper** informed members that during a boat trip of the working group conducted in the evening of 3 June 1997, some members of the Guild expressed concern that these lights would affect the safety of navigation. However, subsequent investigation had shown that until now there was only one complaint on the lighting of CT 8 shortly after its commissioning. No further complaint was received since then after the problem was rectified. As for the Western District, there had been no complaint at all.

#### 5.3.3 *Provision of Lights on some Government Mooring Buoys (GMB) north of the North Green Island Fairway*

5.3.3.1 **Mr Tupper** informed members that it was agreed at the last working group meeting that a proposal to introduce lights to GMB A70, A75 and A76 should be further pursued. It was considered that the introduction of lights would benefit those vessels navigating in the North Green Island Fairway particularly those high speed craft approaching and turning into the fairway from the southwest.

## 6 **Date of Next Meeting**

6.1 The next meeting would be held on 21 October 1997.

## 7 **Close of Meeting**

7.1 The meeting closed at 4:55 pm.

**Confirmed this**

**day of**

**1997**

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**Chairman**

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**Secretary**