

Shipping Consultative Committee

Minutes of the 33rd Meeting held at 2:30 p.m. on 14 November 2008 in the Marine Department Conference Room A

Present: Mr. P.F. Chun Marine Department (Chairman)
Capt. Malhortra Anglo-Eastern Ship Management Ltd
Capt. Mayank Mishra Fleet Management Ltd
Mr. Y.H. Shum Goldbeam International Limited
Mr. Arthur Bowring Hong Kong Shipowners Association
Mr. K.Y. Ting Hong Kong Seamen's Union
Mr. Harry L.H. Chan JSM
Ms. Serina W.M. Lee The Merchant Navy Officers' Guild – Hong Kong
Capt. L.C. Chan OOCL Ltd.
Mr. Jay K. Pillai Pacific Basin Shipping (HK) Ltd.
Mr. Norman W.H. Leung Patt Manfield and Company Limited
Mr. Renato Miu Sinotrans Shipping Ltd.
Mr. Sudeep Ghosh Univan Ship Management Ltd.
Capt. Arlton M.J. Alves Univan Ship Management Ltd.
Capt. C.Y. Cheng Unique Shipping (HK) Ltd.
Capt. T.T. Chang Wah Kwong Shipping Agency Co. Ltd.
Mr. Y.K. Li Marine Department (Secretary)

In attendance: Mr. Y.M. Cheng Marine Department
Mr. K.F. Chick Marine Department
Mr. H.K. Leung Marine Department
Mr. Jimmy W.H. Leung Marine Department
Mr. H.M. Tung Marine Department

Absent with apology :

Mr. Anil Arora
Capt. Pradeep Chawla
Mr. C. Kocherla
Mr. Ravi Korivi
Capt. Ning Pao Kun
Mr. K.S. Rajvanshy
Mr. P.C. So
Dr. Ranjan Varghese

Capt. C.M. Yu
Mr. Tian Zhongshan

1. The Chairman welcomed all present and mentioned that Dr. Ranjan Varghese of Univan Ship Management Ltd was appointed a new member of the Committee but unfortunately he was unable to come and being represented by Mr. S. Gosh. He then requested the Secretary to introduce those participants who stood in for the SCC members:

Capt. C.Y. Chan (for Mr. Anil Arora), Mr. Sudeep Ghosh (for Dr. Ranjan Varghese), Ms. W.M. Lee (for Capt. C.M. Yu), Capt. Malhotra (for Capt. P. Chawla), Capt. Mayank Mishra (for Mr. K.S. Rajvanshy), Mr. Renato Miu (for Mr. Z.S. Tian), Mr. Jay K. Pillai (for Mr. C. Kocherla).

Agenda Item 1 – Declaration of Interest

2. The Chairman reminded members that they were required to draw the attention of the Committee if their personal interest might substantially affect their views in the course of discussion of any topics at this meeting.

Agenda Item 2 – Confirmation of the Minutes of the 32nd Meeting held at 2:30 p.m. on 29 May 2008

3. The minutes of the 32nd meeting held on 29 May 2008 were confirmed with no amendment.

Agenda Item 3 – Maritime Security – Long Range Identification and Tracking Systems (LRIT) and Ship Security Officer

4. Mr. H.K. Leung reported on the latest development on the implementation of LRIT system. In the meeting of July 2008 Marine Department and Beijing Maritime Safety Administration (MSA) discussed the use of the China Transportation & Telecommunication Centre (CTTC) as the data center by Hong Kong registered ships in LRIT data transmission. The meeting achieved good progress and agreed that Hong Kong registered ships would report and send LRIT information for storage at the CTTC.

5. Regarding LRIT shipboard conformance tests, other than the CTTC recognized approved service provider (ASP), two more testing ASP had been authorized by Marine Department to conduct the test on LRIT equipment on board Hong Kong registered ships, and to issue the Conformance Test Report in accordance with the relevant provisions of MSC.1/Circ.1257. The two authorized testing ASP were:

- Pole Star Space Application Ltd; and
- Transas Telematics Ltd

6. Shipowners and operators of Hong Kong registered ships had been informed respectively between September and October 2008 of the arrangements for carrying out Shipboard LRIT Conformance tests via individual e-mail and HKMSIN No. 29/2008. The arrangement appeared working quite smoothly as up to now there was no negative feedback received from shipowners.

7. The Marine Department had been informed by MSA, Beijing in early November that the CTTC could only be ready for operation by June 2009 November due to tendering formalities. In the last Ad hoc LRIT Group Report, European Union (EU) also indicated that the EU LRIT data centre could only be ready by mid to late 2009. As it appeared that a lot of Contracting Parties had not yet established their national data centres (NDC), the Marine Department would monitor closely if the forthcoming MSC85 might postpone the implementation date of the LRIT system.

8. The Chairman pointed out that the LRIT system had been scheduled to become operational by the end of 2008, although a number of NDC might not be ready by that time, the shipowners should make early arrangement for the shipboard conformance test through the approved testing ASP whenever they were ready.

The issue of piracy attacks to merchant ships

9. Mr. Bowring mentioned that there were two Hong Kong registered ships still detained by pirates in Somali. He asked if the Government of Hong Kong SAR had taken any action for the release of the seafarers and vessels. The Chairman replied that the Hong Kong SAR had approached the mainland government to see if anything could be done to enable the release of the two vessels. However it was quite obvious that there were limitations as to what the Chinese Government could do and no concrete solution was evident at the present stage.

10. Mr. Bowring pointed out that the shipowners were working hard behind the scene to secure the release of the vessels. As to what the Chinese Government could do, he mentioned a few examples that France, India, United Kingdom and United State of America had deployed their navy vessels to the area to protect the merchant ships transiting the area. Mr. Bowring stated that the Chinese and Hong Kong SAR had so far remained silent on the issue. The situation was fast becoming unbearable, given Hong Kong was one of the major flags in the world, the HKSAR government should do much more than it had done so far to protect Hong Kong ships.

11. The Chairman advised that based on the relevant IMO circulars, ships transiting the area should avoid these particularly dangerous waters. If it was unavoidable, the crew should stay alert and take all necessary precautionary measures to prevent the pirates from getting on board. Besides, as Hong Kong SAR did not have its own navy, any action on the use of force would have to rely on the Chinese Mainland Government. Meanwhile the Chinese Government would do everything it could within the United Nation mandate to suppress the unlawful activities. With regard to the issue of whether the Hong Kong registered ship should be armed while in transit, the Chairman pointed out that the Crime Ordinance was applicable to Hong Kong ships while on the high sea. However, ships would also be subject to the laws of the coastal State while navigating in the territorial sea of that State.

12. Regarding suggestion from some shipowners to hire arm guards from the coastal State for protection when their vessels transit the EEZ of that State and discharge them after the transit, Mr. Bowring stated that the HKSOA would not encourage its members to employ arm guards on board since it might escalate violence and increase casualty in a pirate attack.

13. Mr. Bowring asked if the Government would provide compensation to the seafarers who were held hostage by the Somali pirates. The Chairman stated that it should be the responsibility of the shipowners to arrange additional insurance cover for protection of their crew when transiting the area. It would be the obligations of the shipowners to avoid areas susceptible to pirate attack or take special measures to prevent it from occurring. Mr. Bowring reiterated that he was grateful to see that the United Nations had passed a Resolution to help resolving the issue. However he was disappointed that China so far had not done much to assist ships to combat the piracy problems.

14. The Chairman stated that the issue on pirate attack could only be resolved by coordinated international efforts. It was unlikely that the Chinese Government would do

nothing because their ships were also among those being attacked. However, there were limitations that the Chinese Government could do in using force in international waters. MD had expressed the concern through regular contacts with the mainland and the Chinese Government.

Agenda Item 4 - Implementation of (a) revised MARPOL Annex I (Regulations for the prevention of pollution by oil), (b) revised MARPOL Annex II (Regulations for the control of pollution by noxious liquid substances in bulk) and (c) MARPOL Annex VI (Regulations for the prevention of air pollution from ships)

15. Mr. Y.M. Cheng reported on the following:

MARPOL Annex I –

1. At the last meeting, Marine Department reported that it would propose to remove all local requirements relevant to the issuance of HKOPP Certificate from Cap 413A to facilitate the adoption of the Direct Reference Approach (DRA).

2. THB worried the possible legislative gap if the local requirements could not be able to migrate to the relevant subsidiary legislation of the LVO in time. They then proposed to have two regimes in the new Cap.413A. One part was to regulate local vessels by retaining existing Cap. 413A with the latest MARPOL Annex I requirements incorporated into a separate part of Cap. 413A by DRA for application to seagoing ships.

3. A revised DDI was submitted on 10 November 2008 by splitting the draft detailed instructions into two separate parts for regulating respectively local vessels and sea-going ship. The revised DDI was being considered by the Department of Justice (DoJ).

16. The Chairman expressed his concern that MD needed to have the new legislation in place to give effect to the revised version of Annex I of MARPOL Convention by the end of next year. The revised version related to the elimination of single hull tanker. Without the new legislation there would be no legal basis for MD to implement such a requirement. MD should draw the attention of the THB to the problem if the new legislation could not be ready in time.

17. Revised MARPOL Annex II –

1. There had been no progress in the clearance of the drafting of the amendment to the Merchant Shipping (Control of Pollution by Noxious Liquid Substance in Bulk) Regulation, Cap. 413B.
2. Regarding the collection of waste of Class 1, Category 5, with flash point below 23 degree C, Environmental Protection Department (EPD) informed that the conversion project of the existing barge to collect such waste had been included as one of the tendering requirements in their tender for the oily and chemical waste collection service in HKSAR. EPD would invite tenders very soon but the outcome would not be known until next summer.

18. The Chairman supplemented that the contract to operate the reception facilities for noxious liquid substances as well as the oily wastes would terminate in the middle of next year, the EPD would tender the contract very soon for the period starting mid next year for the operation of such facility. The contract would include a provision to take wastes which had a flash point of less than 23 degree C.

19. MARPOL Annex VI –

1. The Merchant Shipping (Prevention of Air Pollution) Regulation had come into force since 1 June 2008.
2. On 10 October 2008, IMO adopted, by resolution MEPC.176(58), the amendments to MARPOL Annex VI which would enter force on 1 July 2010. SCC/138 was issued to consult SCC members from 22 October – 7 November 2008 on the views regarding our proposed implementation of the amendments to MARPOL Annex VI in the HKSAR. No objection had been received so far.
3. Our local legislation would be amended to give effect to the revised MARPOL Annex VI in due course.

20. The Chairman mentioned that the existing Merchant Shipping (Prevention of Air Pollution) Regulation came into force on 1 June 2008. As mentioned earlier, there was another new resolution of Annex VI which had been adopted by the IMO and would enter into effect by 1 July 2010. HKSAR would prepare to accept this new resolution which would impose more stringent control on the emission of SO_x and NO_x in the Emission Control Areas.

21. Mr. Norman Leung asked if the level of NO_x for existing ships was acceptable in 2016. The Chairman replied that the relevant amendments would come into force in 2010. For existing diesel engines there were requirements for retrofitting diesel engines of certain size to lower the emission to Tier 1 level when Approved Methods were available and certified. This would only apply to large size engines when the required kits for retrofitting were available. The new requirement would only be applicable after 1.1.2011.

22. Mr. Norman Leung expressed his concern about equipment availability. Mr. Y.M. Cheng supplemented that IMO took note of the issue and therefore proposed that the retrofitting had to be provided only when the kits were available. If the engine was too old and no kit was available for the retrofit, the NO_x emission level of the engine was not required to comply with the 'Tier I' emission limit.

23. In response to the Chairman's enquiry on the implementation of other MARPOL Annexes, Mr. Y.M. Cheng reported as follows:-

1. MARPOL Annex III

The revised Annex III of MARPOL 73/78, which amended Regulation 1 on 'Application' and Regulation 4 on 'Documentation' relevant to stopover loading and unloading operations, was anticipated to enter into force internationally on 1 January 2010. SCC/139 was issued to consult SCC members from 24 October – 10 November 2008 on the views regarding our proposed implementation of the amendment to MARPOL Annex III in the HKSAR. No objection had been received so far. MD would prepare the DDI for the legislation to give effect to the revised Annex III.

2. MARPOL Annex IV

The DDIs for amending the Merchant Shipping (Prevention of Pollution by Sewage) Regulation, Cap. 413K had been submitted to the Bureau early this year and were being considered by THB. The amendment related to the discharge criteria for the sewage originated from spaces containing living animals.

Agenda Item 5 - Maritime Labour Convention 2006 (MLC 2006)

24. Mr. Y.M. Cheng mentioned that since the Tripartite Working Group (TWG) was formed in January 2007, six meetings had been held. The last meeting was held on 29 August 2008 to discuss the draft report for submission to the Seafarer Advisory Board (SAB) for endorsement. The draft report with amendments agreed at the 6th TWG meeting was now being cleared internally and would soon be submitted to SAB soon. In the meantime, MD would start to prepare the drafting instructions for a new piece of subsidiary legislation under Cap. 478 to give effect to Title 5 and to amend existing subsidiary legislation under Cap. 478 to give effect to the remaining parts of the Convention. MD aimed at having all the amended and new regulations in place by 2010.

25. The Chairman supplemented that the MLC 2006 would likely come to effect internationally around 2011. Hong Kong should be ready by the time when this Convention was to be in force. The report to the SAB was being finalised and it would be ready very soon.

26. Mr. Bowring commented that the European Union would rectify the convention by 2010. Together with other large flag states that would fast become parties to the convention, the MLC, 2006 could come into force by early 2011. Because there would be only about two years to go, the classification societies were asking the owners to get some kinds of preliminary approval before the flag states would make the decision on the extent of flexibility in application. As the classification societies would have to certify a very substantial number of ships, they had to start the work early to avoid the final rush. As a recommendation of the HKSOA, Mr. Bowring pointed out that shipowners should act immediately and they should not wait for the flag state to decide the extent of application before they would do anything.

27. The Chairman replied that under the convention, the flag state had to declare the extent of the convention that would be applicable to their ships. Since the implementation of provisions in the convention would vary from flag State to flag State, it would be difficult for the shipowners to make a decision if the flag State had not informed the shipowners as to which provisions in the convention would be applicable to their ships.

28. Mr. Bowring supplemented that it would be a fairly minor issue as there would be a lot of the common provisions in all ships. The other reason was, if the convention came into force before a flag State could rectify, it would be better off for the ship to have a

certificate on board issued by the classification society certifying to what extent the ship had complied with the requirements. This would help the situation and might save the need of a full inspection in the port of a party state.

29. Mr. Bowring would like to know the development on the selection of the branches of social security for meeting the MLC, 2006 requirements. At a TWG meeting, the Labour Department stated that they reserved their position on the choice of the three branches proposed by the TWG. LD seemed to intimate that the delay in choosing the right branches would hold up the ratification of the convention in Hong Kong.

30. Mr. YM Cheng stated that during the meeting it was proposed that it should be the duty of the government to identify the 3 out of the 9 branches of the social security issues to be adopted for the purpose of meeting the MLC, 2006 requirement when ratifying the convention. After identifying the possible branches, MD would ask the Department of Justice to see if they could meet the requirement of the convention.

31. The Chairman supplemented that after the submission of report to the SAB, a decision would be made by the SAB to proceed with the required legislation to give effect to the MLC, 2006. MD would formally ask the permission of the government via the Bureau to prepare the legislation. The Government would then decide which three branches of social security would be adopted for compliance with the convention.

32. The Chairman stated that there should not be any major obstacle. However, the only problem at this stage would be the current law of Hong Kong on social welfare. The Comprehensive Social Security Assistance and the Social Security Allowance did not provide social security coverage for people that were not residing in Hong Kong for the previous 12 months before application. Such a requirement would be grossly unfair to seafarers as they had to leave Hong Kong for their work. Under the existing law when a seafarer left a ship and tried to apply for social security because he did not have sufficient income to maintain their living, he would have to wait for a year to get it. This situation would not be acceptable. Therefore, if no other branch was found suitable for meeting the requirement of the convention, the government would have to amend the law so that seafarers would treat equally like other shore workers on social security.

Agenda item 6 – Voluntary IMO Member State Audit Scheme

33. Mr. Jimmy W.H. Leung reported that on 6 June 2008, Central People's

Government (CPG) made a formal application to IMO to join the Voluntary IMO Member State Audit Scheme together with HKSAR. At the moment CPG was negotiating with IMO on the details of the concerned Memorandum of Understanding (MOU). Since the systems of law for maritime administration in HKSAR were different, the Ministry of Transport advised us that they would state in the MOU that HKSARG would directly negotiate with IMO for the necessary audit arrangements.

34. Since the commencement of audits in September 2006 until 31 August 2008, a total of 23 audits had been conducted. At the moment some 22 administrations were awaiting the audit to be carried out. It was estimated that the audit for HKSAR would not take place until 2010.

35. The Chairman supplemented that the Chinese government had not yet reached agreement relating to audit with the IMO. MD would wait for the Chinese government to conclude their agreement with IMO about the audit before HKSAR would start the negotiation with IMO. HKSAR would have a separate agreement with IMO on its audit in Hong Kong. The audit would be specifically for Hong Kong but it was unlikely to be held before 2010 since there were already a number of countries in the queue. The Chairman further supplemented that one of the MD surveyors had conducted an audit for Singapore administration. The experience gained would enable MD to learn how the audit would be conducted in a maritime administration similar to Hong Kong.

Agenda item 7 – IMO Diplomatic Conference for the adoption of the International Convention for Safe and Environmentally Sound Recycling of Ships (The Conference)

36. Mr. Jimmy Leung reported that the preparatory work for the Conference was in progress. The agreement with IMO would be divided into two parts, a “Host Country Agreement (HCA)” and an “Administrative Arrangement (AA)”. The HCA, to be signed between China and IMO, was being handled by CPG. HKSARG was discussing with IMO directly on the terms of the AA.

37. Details of the Conference could be found in the recently launched website “www.imoconf2009.hk”. Conference flyers were distributed at IMO during the last month’s MEPC 58th meeting (6-10 October) for the information of IMO delegates. Since the Diplomatic Conference would be held in HK next year, SCC members were welcomed to join as advisors in the Hong Kong delegation. For those who were interested, they

should inform the MPD at an early stage.

38. The Chairman mentioned that MD would make arrangements for those members who were interested to attend the Conference, including the social functions.

39. Mr. YM Cheng updated the members on the latest development of the International Convention for Safe and Environmentally Sound Recycling of Ships. During the 58 MEPC meeting the issue of bringing ships into scrap yards of non-party states was again raised by Australia, with support of Russia and the US.

40. To avoid favourable treatment to non-parties ships might only go to the scrap yards of non-party states provided that they met the Convention requirements. On the other hand some developing states pointed out that they would like to have some time for upgrading their re-cycling yards in order to meet the international standards, since they wished to continue their ship recycling business. It would not be fair to them if their work would have to come to a stop if the Convention came into place too soon. It was decided that a working group would be set up to discuss the issue in the upcoming Conference.

41. The Chairman stated that there should be no major problem for the Convention to be adopted in the upcoming Conference in Hong Kong since there were only a few issues left to be resolved.

Agenda Item 8 – Implementation of the International Convention on Liability and Compensation for Bunker Oil Pollution Damage in the HKSAR

42. Mr. Y. K. Li stated that the Bunkers Convention would enter into force on 21 November 2008 and so far 26 states had accepted the Convention. The Chairman stated that there were a number of party states willing to issue the Bunkers certificates to the non-party state vessels. The Hong Kong ship owners could apply for the Bunkers certificate through these party states to facilitate their trading. Hong Kong was now working on the legislation to give effect to the Bunkers Convention. Furthermore, there were indications that the Chinese Government would ratify the Convention before HKSAR. Hong Kong was expected to ratify the Bunkers Convention by the end of next year. The Bill on Bunkers Convention had been allocated a legislative slot on 18 March 2009.

43. Mr. Bowring inquired why work could not be started at the time when the Convention was adopted so that the legislation could be ready earlier to avoid trading of Hong Kong registered ships from being unduly affected.

44. The Chairman replied that the reason was because of the backlog in legislation work required to give effect to new IMO requirements. If there were urgency to a particular piece of legislation, MD would try to convince the THB to give priority to that legislation. If the backlog was excessive, all would become urgent and it would be extremely difficult for THB to accord priority to any legislation unless the reason was very obvious. The mounting workload in the Legislative Council today was another reason for the draft legislation being piled up.

45. Mr. Bowring said that he would write to the Legislative Council and THB to urge actions to be taken to improve the situation because the delay of important merchant shipping legislation would adversely affect the operations of Hong Kong registered vessels.

Agenda item 9 - Implementation of the International Convention on the Control of Harmful Anti-fouling Systems on Ships in the HKSAR

46. Mr. Y.M. Cheng reported that, on 30 July 2008, the revised DDIs for the proposed legislation, namely, Merchant Shipping (Control of Harmful Anti-fouling Systems on Ships) Regulation, incorporated with the comments by Department of Justice were submitted to the Transport and Housing Bureau (THB) for their consideration and further action. THB indicated that they would not be able to handle the proposed legislation in this legislative year due to shortage of workforce in THB.

47. Mr. Bowring pointed out that it was yet another example of delay in merchant shipping legislation. The Convention on the Control of Harmful Anti-fouling Systems was adopted in 1997 and it had been 10 years yet without any progress. The Chairman mentioned that the delay was outside the control of the MD and he hoped that it would not cause too much problem to the Hong Kong shipowners because Certificates of Compliance could still be issued by the authorized Classification Society.

Agenda Item 10 (a) – Matters relating to the Hong Kong Shipping Register (HKSAR)

48. Mr. K.F. Chick reported the matters relating to the Hong Kong Shipping Register. The statistics revealed that the majority of ship types in the registry were bulk carrier and general cargo ships. They were also ship types of highest age profiles in the registry. Ships' crew from PRC remained the highest nationality distribution among other nations. The statistics also showed a steady increase of tonnage registered in HKSAR. He highlighted that the tonnage reached 39 millions in October 2008 and the number of ships in the registry was over 1,300.

49. The Chairman mentioned that the recent warm up relation between Mainland and Taiwan might have the effect to encourage Taiwan shipowners to register their ships in Hong Kong. Such a trend would further increase the workload of the surveyors in MD. However MD at the moment was facing serious problem in surveyor recruitment.

Agenda Item 10 (b) – Flag State Quality Control (FSQC) and Pre-Registry Quality Control (PRQC) Statistics

50. Mr. H.M. Tung reported the update of Quality Assurance Inspections of HK ships in the Annex 1 of the statistics table. There were a total of 35 FSQC inspections of ships in the last 10 months of 2008, 9 ships of which were carried out after their detentions under PSC. The result of the FSQC inspections showed that about 63% of the ships were in satisfactory condition. For those ships graded less than satisfactory, MD had instructed the concerned classification societies to take necessary follow up actions and report back to MD. As regard to PRQC, 10 inspections had been carried out and 9 ships were accepted for registration in Hong Kong after receiving confirmation from the classification societies that the deficiencies identified during the inspections had been rectified. 1 company visit had been conducted in the past 10 months of 2008. The purpose of company visit was to verify effective implementation of the safe management system of the company concerned. No CAS was conducted so far during 2008.

51. Captain Malhotra asked if there were any criteria for conducting PRQC inspection for ships aged from 18 to 30 years. Mr. Tung replied that there was a marking scheme to assess ships applying for registration in Hong Kong to see if PRQC inspection was required. The assessment would take into account a number of factors such as ship age, previous 3 years PSC records, type of ship, classification society, previous flag etc.,

MD would advise the concerned applicants of the assessment results directly.

52. Captain L.C. Chan mentioned that two of their newly built Hong Kong registered ships were issued with 11 deficiencies using code 17 (rectify before departure) by PSC officer in one port. According to their Masters that they suspected there was a quota system in that port state control requiring the local PSC officer to issue at least 10 findings in each inspection. The Chairman replied that, if there was any evidence to suggest that a PSC inspection was conducted in an improper manner, the management company should reflect the problem to the Ship Safety Branch of MD for immediate follow up actions.

53. Mr. H.M. Tung further pointed out that there were no clear guidelines on the use of different action codes issued by IMO or Tokyo MOU (TMOU). A paper providing an analysis on uses of action codes by PSCOs under the TMOU regime was submitted to the TMOU Committee for discussion in November 2008. The paper recommended the TMOU Committee to develop appropriate guidelines for uses of action codes. Members would be informed of the result of the discussion in the next meeting. The Chairman expressed his concern on the long delay in the development of such guidance by the Tokyo MOU after some 15 years of operation. The guidelines would no doubt facilitate consistency for the PSC officers in the execution of their duty. The Chairman stated that since Hong Kong played an important role in the TMOU Committee, MD should press on with the TMOU Committee to produce the relevant guidelines as soon as possible.

Agenda Item 10(c) – Detention of HK Ships and Related Statistics

Agenda Item 10(d) – Detention of HK Ships on Security Ground

54. Referring to Annex 2a of the statistics, Mr. H.M. Tung reported that there were a total of 43 ship detentions under various MOUs between January to October 2008. These detentions included 21 ships under the Tokyo MOU. 16 out of which were detained in Australia, 8 under the Paris MOU, 8 under the Indian Ocean MOU, 2 under other MOU and 4 ships were detained by the USCG.

55. The detention figures indicated that the Hong Kong registered ships still encountered very strict PSC inspection in Australia ports. He advised the ship operators to take special attention when their ships sailed to Australian ports. Continuous and proper onboard maintenance and upkeep of equipment in good condition were the most effective ways to reduce the number of deficiencies and detentions. Under the exchange programme

of TMOU, MD had recently exchanged views with a visiting Australian PSC officer. A circular would be issued to shipowners to highlight some useful information for preparation of PSC inspection in Australian ports.

Post Meeting Note: The circular letter was issued to our ship owners/operators on 9 January 2009.

56. Mr. Tung reported that Hong Kong still maintained Qualiship 21 for the year of 2008 in the United States.

57. Mr. Arthur Bowring inquired if the name of the management company could be included in the "List of Detained Vessels". The Chairman stated that could be done if there were no objection from the members. After invitation of views from members, it was decided that the name of the management company be added on the "List of Detained Vessels".

58. Mr. Bowring mentioned an example of detention. In this detention the Hong Kong ship "Great River" was given fourteen "code 17" and one "code 30" deficiencies. The one code 30 deficiency that caused the detention was given on the basis of a large number of the "code 17" deficiencies. The ship was however, released on the next day. If the detention was justified, he was surprised that the fourteen "code 17" deficiencies could be rectified within such a short period.

59. Capt. Arlton M.J. Alves also pointed out that the AMSA PSC officers were generally fair but some of them however would tend to give a long list of deficiencies without reasonable justification. He stated that on two occasions that he had written to the chief executive of AMSA regarding the voyage plans which were identified as defective during a PSC inspection. The chief executive of AMSA however confirmed to Capt. Alves that the voyage plans were perfect. Mr. Bowring responded that he would discuss the matter with the chief executive of AMSA who would visit Hong Kong in 2009.

60. The Chairman supplemented that instead of merely identifying the problem, the PSC officer should point out the particular shortcomings in the voyage plans. Furthermore the TMOU Committee should try to eliminate the problem of inconsistency and provide more guidance to the PSC officers in discharging their duties. MD should participate actively and bring up the issues in the Committee meeting of the Tokyo MOU.

61. Mr. H.M. Tung reported on the details of detention of Hong Kong ships. Defects such as fire, safety, life saving appliances, general safety issues and ISM were the major factors causing detention. Shipowners were advised to pay special attention on these defects. Under the TMOU, the Concentrated Inspection Campaign (CIC) on SOLAS Chapter 5 relating to safety of navigation was started on 1 September 2008. The CIC would last till the end of November 2008. Up to the time of the SCC meeting there was no report of Hong Kong registered ship detained in respect of the CIC.

62. The Chairman stated that high detention rate of Hong Kong registered ships in Australia was discussed in the last meeting. The conclusion drew was that the Hong Kong registered ships were not particularly targeted but the PSC regime in Australia was generally very stringent. Shipowners were advised to pay particular attention in preparing their ships when intended to visit Australia ports.

63. As to the inconsistency of code application, the Chairman stated that different MOU authorities should solve this shortcoming to ensure consistency. Meanwhile, should any shipowner face any unreasonable detention, they should immediately draw the attention of MD so that necessary actions could be taken to negotiate with the relevant PSC authority.

64. Mr. L.C. Chan stated that one of their ships “OOCL Japan” was detained in Seattle due to a stowaway problem. The detention notification was however faxed to the ship after the ship had sailed from the port. Mr. Tung explained that the practice to detain a vessel after it had sailed was not in accordance to the IMO PSC guidelines. The Chairman reiterated that such case should be brought to the attention of MD immediately after it occurred so that an appeal could be made to USCG without delay. Mr. Tung supplemented that there was a case in early 2008 that MD had appealed successfully to the USCG in retracting a detention. MD still had two other cases under the process of appeal. One was the detention in India, the other was in Australia.

65. Mr. Tung reported that there was no record of PSC detention to Hong Kong registered ships on security grounds relating to ISPS issues.

Agenda Item 10 (e) – HK Ship Accidents and Casualty Statistics

66. Mr. H.K. Leung mentioned that at the request of the previous SCC meeting, a new column has been added to the casualty statistics table to reflect the fatality on each serious

case. Mr. Leung then presented the casualty statistics of Hong Kong registered ships since last SCC meeting on 29 May 2008. He drew members' attention to two severe casualty cases. The first case was in 19 May 2008 relating to a lifeboat accident. The accident occurred during a boat drill, which was conducted at sea. The lifeboat was lowered but it failed to stop. The boat continued to lower until it hit the water while the ship was proceeding at a speed of 14 knots. As a result the third officer inside the lifeboat was killed and the davit launch was badly damaged. The second accident related to collapse of a gantry crane that killed one able seaman. The accident occurred when the ship was discharging its cargo in Panama. Although both cases were still under investigation, one of the similarities between the two accidents was that the two pieces of failed equipment were both installed on board a fairly aged ship. Mr. Leung advised the members to pay particular attention to the maintenance of equipment if their ships became aged.

Agenda item 11 – Any Other Business

Consultation paper – No. SCC/137 - Fees Reduction and Efficiency Improvement Measures

67. Regarding Consultation No. SCC/137, Mr. Chick stated that the original proposal was to reduce the maximum Annual Tonnage Charges (ATC) for a ship to be capped from \$100,000 to \$77,500 as well as the reduction of licensing and other minor fees. Unfortunately due to the emergence of the financial tsunami and foreseeable economical situation in the Government, instead of a full implementation, it was decided to implement the proposal by stages. The first stage would be the capping of ATC to \$77,500 whilst the remaining parts would be implemented at a later stage.

68. Some members asked whether the capping of ATC would make the Hong Kong registry a Flag of Convenience (FOC). Mr. Bowring said that the level of ATC had nothing to do with the FOC and the answer to the question was no.

69. The Chairman supplemented that due to the sudden onset of financial crisis, the initial reaction of the government was to scrap all the proposals in relation to fee reduction. It was only after MD's intervention that the government understood the difficult situation of the shipowners and finally agreed to implement the proposals by stages.

Energy Efficiency Design Index (EEDI) for New Ships

70. Mr. Y.M. Cheng brought up the issue on the contribution of shipowners on the reduction of green house gas, as follows:

- (1) The Draft Guidelines on the Method of calculation of the new ship design Energy Efficiency Design Index (EEDI), previously known as CO₂ design index, was discussed and debated at MEPC58 held in London, IMO headquarters from 6 to 10 October 2008.
- (2) MEPC58 approved the use of the draft Interim Guidelines on the method of calculation of the EEDI for new ships, for calculation/trial purposes with a view to further refinement and improvement. The result of the calculation would indicate the amount of CO₂ emission per tonne-mile for individual ship. The CO₂ emission was reflected by the total fuel consumption used onboard while the tonne-mile was reflected by the product of the deadweight and the ship speed under the max. design load condition.
- (3) Members, shipowners and operators were encouraged to use the data on their ships to test the formula for calculation of the new ship EEDI. The collected information might be submitted to the 2nd Intersessional Working Group on GHG to be held on 9-13 March 2009 for discussion. As from the recent HKSOA e-mails exchange, HKSOA was requested by the Japan Administration to coordinate the submission of the aforementioned information from their members for processing by the Japan Administration.
- (4) Mr. Cheng asked the members to contact him if they were interested for a copy of the draft guidelines on EEDI for reference.

Wireless Broadband Access (BWA) for in Port of Hong Kong

71. Mr. Jimmy Leung reported that the Office of the Telecommunications Authority (OFTA) had been contacted regarding WiMax service in Hong Kong. The OFTA was going to invite interested parties to apply for participation in the auction for the broadband spectrum in January 2009. MD had discussed with OFTA for the possibility of including the related requirements for the port of Hong Kong into the new network license. However, due to OFTA's telecommunication policies, it was not possible to include the proposed coverage requirements as a license obligation for the successful bidders. In this respect,

OFTA and MD would coordinate with the network operators to let them have a better understanding on the short term requirements and the long term potential of data services in the Hong Kong waters.

72. The Chairman stated that although the government of Hong Kong would not impose any particular requirement to force the service provider for the provision of WiMax service, MD would liaise with OFTA and try to convince some of the service providers of the business opportunity.

73. Mr. Bowring inquired if the WiMax issue had been brought to the attention of the Port Development Council. The Chairman replied that he had drawn MD management's attention to the desirability of having such sort of services for the port of Hong Kong. Somehow the MD management had not decided to put forward the proposal to the PDB. However it would not stop any of the Members to bring the issue up to the PDB, if they think it would be beneficial to the port of Hong Kong.

Close of Meeting

74. As there was no other business, the meeting closed at 4:50 p.m.