

Shipping Consultative Committee

Fees Reduction and Efficiency Improvement Measures

Purpose

1. This paper seeks members' comment on the Marine Department proposals to reduce the Annual Tonnage Charges (ATC), the fees for the issue of Hong Kong Licences, and other miscellaneous charges in relation to ship registration and services provided to ships and seafarers.

Background

2. According to the government's cost recovery principle, the fee levels of the various charges for the registration of ships are set to recover the full cost of services provided. Such fee levels are subject to review regularly taking into account the revenue generated each year. With the overwhelming support of shipowners, over the past ten years the tonnage in the HKSR has increased from 5 million GT in 1998 to over 38 million GT at present.

3. The revenue obtained from the ATC has increased considerably over the years. This increase in revenue under the HKSR has provided room for reduction of the related fees and charges. The first fee reduction measure, i.e., the ATC Reduction Scheme, was introduced in 2006 whereby a ship registered in the HKSR is entitled to a 50% reduction in ATC every two years provided the ship has no port State detention record within that period. Apart from satisfying the government's cost recovery principle, the main rationale of the ATC Reduction Scheme is to encourage owners/managers to maintain the quality of their ships. The Scheme has been in operation for more than two years and all existing registered ships meeting the qualifying condition are offered the ATC reduction.

4. Due to the continual growth in registered tonnage, the HKSR has room to further reduce its fees and charges once again.

Fee Reduction Considerations

5. Before HKSR fees and charges may be further reduced, the following factors have to be taken into consideration:

1. the additional resources required to administer and serve the expanded fleet;
2. new ships built in future are growing in size/tonnage, the fee structure should make HKSR more attractive to these vessels;
3. manning is an important part of ships' operation, and given the prevailing shortage of seafarers, owners/managers should be encouraged to invest more on seafarers' recruitment and training;
4. charges for services to seafarers should be reduced as a way to promote the seafaring career;
5. where possible and reasonable, charges should be waived to streamline the administrative procedures to save resources and enhance efficiency.

The Proposals

6. The following fee reduction measures are proposed:

1. the maximum ATC for a ship to be capped at \$77,500 (at a corresponding net tonnage of 24,000);
2. the following registration related services to be provided free of charge:
 - i. registration of a transfer of mortgage, transfer of bill of sale, transmission, mortgage or discharge of mortgage;
 - ii. issue of a new Certificate of Registry upon change of any of the particulars recorded in the register relating to a ship.
3. the fee for the issue of a Hong Kong Licence to deck and engineer officers holding recognized STCW Certificate of Competencies to be reduced from \$715 to \$400;
4. the following services to ships and seafarers rendered by the Mercantile Marine Office to be provided free of charge:
 - i. attesting new clause and inspecting (expired) crew agreement and

- opening of crew agreement at a place outside Hong Kong;
- ii. the inspection of expired log books;
- iii. the entry of a voyage or other official endorsement on form “Hong Kong Dis. 1” or employment registration book;
- iv. the issue of a pass to users of the government office;
- v. the issue of or the issue of substitute to engine room and navigational watch rating certificate;
- vi. the issue and renewal of employment registration book;
- vii. conducting a muster;
- viii. the issue of exemption certificate to non-registered seafarer;
- ix. the issue of permit to the use of emergency and re-employment procedures and operate the company roster;
- x. the amendment of the particulars in the company roster; and
- xi. the employment of seafarers through the company and emergency procedures.

7. The regulations and schedules related to the above fees are listed in the **Annex** to this paper.

Action requested

8. Members of the Committee are invited to comment and endorse the proposals in paragraph 6.

Marine Department

Date: September 10, 2008

I General Heading	II Provisions required
Cap. 415 Schedule, Part 1, Item 4	The provision to register a transfer of mortgage, transfer of bill of sale, transmission, mortgage or discharge of mortgage is to become a free service.
Cap. 415 Schedule, Part 1, Item 16	The provision to grant a new certificate of registry upon change of any of the particulars recorded in the register relating to a ship is to become a free service.
Cap. 415 Schedule, Part 3, Item 1(b)	The charge of \$100,000 is to be changed to \$77,500.
Cap. 478 Schedule, Part II, Item 5	The fee for the issue of Class 1, 2 or 3 licence to deck and engineer officer is reduced from \$715 to \$400.
Cap. 478 Schedule, Part III, Item 5	The provision to attest a new clause in a crew agreement at the office or outside the office is to become a free service.
Cap. 478 Schedule, Part III, Item 6(c)	The provision to inspect at the office expired official log book or crew agreement is to become a free service.
Cap. 478 Schedule, Part III, Item 6(f)	The provision to enter a voyage or other particular official endorsement on form "HK Dis. 1" is to become a free service.
Cap. 478 Schedule, Part III, Item 6(i)	The provision to provide the necessary documents and advice to enable a crew agreement to be opened at a place outside Hong Kong is to become a free service.
Cap. 478 Schedule, Part III, Item 6(j)	The provision to issue a pass to users of the office other than a government officer is to become a free service.
Cap. 478 Schedule, Part III, Item 8(a)	The provision to issue an Engine Room Watch Rating Certificate is to become a free service.
Cap. 478 Schedule, Part III, Item 8(c)	The provision to issue a substitute Engine Room Watch Rating Certificate is to become a free service.

I General Heading	II Provisions required
Cap. 478 Schedule, Part III, Item 9(a)	The provision to issue a Navigational Watch Rating Certificate is to become a free service.
Cap. 478 Schedule, Part III, Item 9(c)	The provision to issue a substitute Navigational Watch Rating Certificate is to become a free service.
Cap. 478 Schedule, Part III, Item 10(a)	The provision to the first issue of an employment registration book is to become a free service.
Cap. 478 Schedule, Part III, Item 10(c)	The provision to the replacement of the lost employment registration book is to become a free service.
Cap. 478 Schedule, Part III, Item 10(e)	The provision to enter voyage or other official endorsement in an employment registration book is to become a free service.
Cap. 478 Schedule, Part III, Items 11(a) to (h)	The provisions to the employment service provided by the office are to become free services.