

Report of the review
on
the composition of the Shipping Consultative Committee
and
the criteria for appointing its members

Multi-lateral Policy Division
Marine Department
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Review on the composition of the Shipping Consultative Committee (SCC)
and the criteria for appointing its members

Introduction

Hong Kong established its own shipping registry in 1990. Since then, Hong Kong needs to develop its own shipping policies and to strengthen its representation at the International Maritime Organization (IMO). Also, it is required to develop local legislation to keep up with the changing international maritime requirements.

2. Besides the Government, many owners of Hong Kong registered ships would like to play their part and be involved in the work mentioned in the preceding paragraph. To tap these resources, the Shipping Consultative Committee (SCC) was established on 1 April 1991 as a non-statutory technical committee with the terms of reference "To advise the Director of Marine on the efficient operation of the Hong Kong Register of Shipping (the Register) and Hong Kong's effective participation at the IMO".

3. SCC members are appointed for their knowledge of shipping matters and abilities to contribute to the Register having regard to the number/tonnage of ships their companies have on the Register. At present, the appointment of a member to the SCC is on an ad personum basis and at the discretion of the Director of Marine (the Director) based on the recommendation of the Secretary of the SCC through C/TP and AD/MP.

4. The term of service of an appointed SCC member will normally be two years and could be extended for two more terms in accordance with the guidelines for appointing members of advisory and statutory bodies (via the Secretariat Confidential Circular No. 3/99 at Annex 1) issued by the Director of Administration and at the discretion of the Director.

5. At present, there are no standard procedures or guidelines on how to handle unexpected changes of membership of the SCC. To enable future changes (expected or unexpected) of SCC membership to be carried out in a clear and consistent manner, a review on the composition of the SCC and the criteria for appointment has been conducted.

Composition of the SCC

6. The composition of the SCC, as at 30.9.2003, is enclosed at Annex 2. There are 16 members of the SCC representing the shipping industry. They include representatives from 12 shipping companies, 2 trade unions, 1 shipowners' association and 1 local law firm. As the majority of the SCC members are the clients of the Register with the remaining members being representatives from the major interest groups involved in the operations of Hong Kong ships, the existing composition of the SCC is considered a fair and reasonable representation of the Hong Kong shipping industry. It is therefore recommended that the existing composition should be maintained.

7. As at 23.10.2003, the Register has 635 ocean-going vessels each of which is 500 g.r.t or above. Their accumulative total tonnage is about 19.1m g.r.t. The existing membership of the SCC only represents 42.7% and 38% of the Register in terms of "total g.r.t" and "number of ships" respectively. If the criteria for appointment are better defined, representation of the Register in the SCC could be increased to 55% and 43% in terms of "total g.r.t." and "number of ships" respectively without increasing the number of committee members.

Criteria for appointment to the SCC from shipping companies

8. To improve the representation of the Register in the SCC, it is recommended that any future replacement of the SCC members representing shipping companies should be selected from those companies at the top of a league table determined by a score that reflects the tonnage and the number of ships in the Register a company operates. A sample of the league table is attached at Annex 3.

9. To compile the league table, points are given to the 25 companies with the highest rankings in terms of "total g.r.t" on the Register. The top company will be given 25 points while the 25th company will have 1 point. Similarly, points are then given to these 25 companies according to their rankings among themselves in terms of "number of ships" owned/operated by each company. As the "total g.r.t." a company has is considered more important than the "number of ships", the weighting for the "total g.r.t." and "number of ships" is respectively 2 and 1*. A scoring list is

* Companies having higher tonnage are usually larger companies with more qualified and experienced staff. The SCC will benefit by involving them more. However, for companies with comparable total tonnages, the company with more ships will have more effect on the quality of our register because it involves more crew and more of its ships will be subject to port State control inspections.

attached at Annex 4 for reference. The “total score” of a company is the sum of the points it obtains for its respective rankings in “total g.r.t.” and “number of ships” on the Register.

10. Since it would be meaningless to have a representative who does not normally available for consultation in Hong Kong, those shipping companies with their registered address (as registered on the DOC issued under ISM Code) outside Hong Kong would be excluded in preparing the league table.

11. If there is vacancy (a total of 12) in the SCC membership for shipping companies, the highest-ranking company in the league table that does not already have a representative will be invited to nominate its representative for the consideration of appointment by the Director.

Criteria for appointment to the SCC from a local law firm

12. In order to have the legal representative who would best represent the ship owners in the SCC, the SCC member representing a local law firm should come from a firm that handled most of the buying/selling/mortgage transactions for Hong Kong registered ships in the previous 24 months. If the law firm having the most business does not wish to nominate a representative, the next in line will be invited to nominate a representative for appointment to the SCC by the Director.

Criteria for appointment from HKSOA, MNOG and HKSU

13. At present each of the following organizations has one representative in the SCC: (a) Hong Kong Shipowners Association (HKSOA); (b) Merchant Navy Officers’ Guide – Hong Kong (MNOG); and (c) Hong Kong Seamen’s Union (HKSU).

14. As at 15.10.2003, the HKSOA claimed that its members owned/operated 1096 ships with a total of 36.30m g.r.t.; among which 495 were Hong Kong registered ships with a total of 14.66m g.r.t. The Managing Director of the HKSOA has been appointed as a member of the SCC since 3 July 1997. His input to the SCC has been very valuable because his association represents the voices of local owners/operators of Hong Kong and non-Hong Kong ships. It is suggested that HKSOA should always have a member in the SCC.

15. As at 15.10.2003, the MNOG claimed to have 8000 members who are merchant navy officers working on board ships owned by Hong Kong shipowners. The current practice is for the Executive Council of the MNOG to nominate one of its executive committee members to join the SCC. His input to the SCC could provide balanced views on matters concerning senior crew. It is recommended that this practice should continue.

16. As at 15.10.2003, the HKSU claimed to have 14,000 members who are officers and ratings (majority of them are ratings) working on board ships owned by Hong Kong shipowners. The existing Secretary General, who is a steering member of the Fair Practice Committee of the ITF, is employed by the HKSU to handle all crew related matters of the Association. His input to the SCC could provide balanced views on matters concerning crew and ITF. It is proposed that the current practice of having a member from HKSU in the SCC should continue.

Guidelines for appointment to the SCC

17. Under the existing system, a SCC member is appointed on an ad personum basis. The normal term of service of appointment is two years. If a member is actively participating in the consultation activities of the SCC, his term of service will normally be extended upon expiry of each term of service until it reaches the six-year limit regardless of the tonnage/number of ships his/her company remains on the Register. Such a situation is not desirable because it would deprive the shipping company, which has a higher ranking in the Register the chance of being a member of the SCC.

18. To ensure the membership of the SCC is always represented by the companies that own major tonnages in the Register, it is recommended to review the eligibility of a member in accordance with the general guidelines of appointment stipulated in the Secretariat Confidential Circular No. 3/99 and the criteria of appointment mentioned above every time the term of service of a member expires.

19. In the event that a member resigns, or he could not complete his term of service under unexpected circumstances such as: (a) the member has left the company he represents; (b) the member passes away before finishing his term of service; etc., his company may nominate another representative to serve the remaining term of service.

20. Since those engaged in the shipping business have to travel a lot and may not be available in short notice because of urgent matters, it is proposed that a member of SCC could appoint representative to stand in for him if he could not attend a scheduled SCC meeting for any reason. Such an arrangement is necessary to ensure maximum participation in the business of the SCC.

Exceptions

21. Although the general guidelines and criteria of appointment to the SCC should be followed under normal circumstances, it is recommended that the Director should have the discretion to adopt exceptions which he considers to be most suitable and effective in selecting the most eligible candidate for appointment to the SCC.

22. According to the general guidelines mentioned in the Secretariat Confidential Circular No. 3/99 (Annex 1), a member should not serve more than 6 years in an advisory or statutory body (the 6-year rule). This is to ensure that there is a turnover of members in an advisory or statutory body. However, the representatives from the HKSOA, the MNOG and HKSU usually are office-bearers who are the most suitable persons to represent their organizations. It is proposed that the 6-year rule should not apply to these three organizations and Director would accept anyone who are duly nominated by these organizations to the SCC.

Conclusion

23. To enable future changes of SCC membership to be carried out in a clear and consistent manner, our proposal could be summarized as follows :-

- i. The existing composition of the SCC is a fair representation of the Hong Kong shipping industry and should be maintained.
- ii. The criteria for appointment to the SCC membership could be better defined to increase the representation of the Register in the SCC.
- iii. To improve the representation of the Register in the SCC, representatives from shipping companies should be replaced by those from the 12 companies at the top of the league table representing their involvement in the Hong Kong shipping Registry. Paragraphs 8 –11 above refer.

- iv. If the SCC membership representing a local law firm is vacated, the law firm that handled most of the buying/selling/mortgage transactions for Hong Kong registered ships in the past 24 months should be invited to nominate its representative for the SCC membership. Paragraph 12 above refers.
- v. The SCC membership for the representatives from HKSOA, MNOG and HKSU should be retained and their nominations should not be subject to the six-year rule. Paragraph 13 to 16 & 22 refer.
- vi. A member could appoint his representative to stand in for him at any scheduled SCC meetings provided appropriate prior notice is given to the Secretary of the SCC. Paragraph 20 above refers.
- vii. Although the general guidelines and criteria of appointment to the SCC should normally be followed, the Director may exercise discretion in appointing members to the SCC. Paragraph 21 refers.

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