

LEGISLATIVE COUNCIL BRIEF

MERCHANT SHIPPING (REGISTRATION) (AMENDMENT) BILL 2001 MERCHANT SHIPPING (REGISTRATION) (FEES AND CHARGES) (AMENDMENT) REGULATION 2001

INTRODUCTION

At the meeting of the Executive Council on 6 February 2001, the Council ADVISED and the Chief Executive ORDERED that –

- (i) The Merchant Shipping (Registration) (Amendment) Bill 2001, at Annex A, should be introduced into the Legislative Council; and
- (ii) The Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation 2001, at Annex B, should be made under Section 90 of the Merchant Shipping (Registration) Ordinance

to streamline the ship registration procedures.

BACKGROUND AND ARGUMENT

General Background

2. Since April 1999, a number of improvement measures have been introduced to enhance the attractiveness of the HKSR. These measures include simplifying the fee structure and reducing fees for ship registration and other related services, streamlining registration procedures to make the HKSR more attractive and user-friendly, and implementing the Flag State Quality Control system to ensure quality of Hong Kong registered ships. Along with the introduction of these measures, an ambitious promotional programme, including promotional visits to leading shipping companies in Hong Kong, the Mainland and other countries, has been launched to promote the HKSR. These efforts have collectively resulted in rapid growth of the fleet registered in the Hong Kong Special Administrative Region (HKSAR), which reached ten million gross registered tons on 18 October 2000, one-and-a-half years earlier than the target date of April 2002.

Requirement for Presentation of Original Title Document

3. On-going efforts are being taken to further improve registration procedures. The proposals under the Bill form part of these efforts. They seek to remove the requirement for original title document for provisional registration of ships. Such requirements often delay processing of ship registration since delivery of the original title document from the place of sale of ship overseas (Europe and North America in most cases) to Hong Kong can take several days. The ship registration process is thus slowed down, resulting in unnecessary delay to the ship to resume service. To proceed from one port to another, the ship is required to have on board a certificate of registry issued by the HKSAR Government.

4. To overcome the above problem, we propose that a copy instead of the original title document be acceptable for provisional registration. This will require consequential changes to the ship registration process –

- ◆ To prevent commercial fraud, a confirmation by the ship mortgagee that he has seen the original title document and he is aware that a copy instead of the original document will be used for the provisional registration.
- ◆ To reduce the period of provisional registration from three months to one month, after reviewing the usual time lag between initial registration and availability of the original title document.
- ◆ To reduce the annual tonnage charge for ships provisionally registered from 1/4 to 1/12 of the annual tonnage charge in proportion to the reduced period of provisional registration.

Other Amendments

5. The Bill also seeks to streamline the administrative procedures of the HKSR by removing the requirement for retention of the title document by the Registrar upon the registration of a ship. The Bill also adds the term “sub-demise charter” to the Merchant Shipping (Registration) Ordinance (the Ordinance) with a view to bringing relevant provisions in the Ordinance in line with commercial practices of the industry.

THE BILL

6. The main provisions of the Bill are -

- (i) **Clauses 2(a) and (4)** amend sections 2 and 19(5)(b)(ii)(B) of the Ordinance respectively to reflect that an owner or a demise charterer may let the ship on time charter or voyage charter and delegate the technical management of the ship to ship management companies specializing in this type of work.
- (ii) **Clause (3)** amends section 11(2)(b)(iii) to clarify that it is through the sub-demise charter that the rights of the sub-demise charterer are assigned, making a registered ship cease to be registrable.
- (iii) **Clauses (5) and (8)** repeal the existing requirement under sections 25(e) and 31(e) respectively for retention of documents at the Registrar upon registration of a ship.
- (iv) **Clause 6** amends section 27 to provide for the acceptance of copy of title document for provisional ship registration.
- (v) **Clause 7** amends section 29 to reduce the period of provisional registration from three months to one month.
- (vi) **Clause 9** amends section 44 to require the mortgagee's confirmation of his acknowledgement that a copy instead of original of title document will be used for provisional ship registration.

The existing provisions which are being amended are at Annex C.

THE REGULATION

7. Section 2 of the Regulation amends Part 3 of the Schedule to the Merchant Shipping (Registration) (Fees and Charges) Regulations to reduce the annual tonnage charge for a ship provisionally registered from 1/4 to 1/12 of the annual tonnage charge, in proportion to the change in the provisional registration period. It also removes the provision for the deduction of the amount paid for the provisional registration of a ship from the amount payable for the subsequent full registration of the ship. The

amendment brings up-to-date practices currently prevailing. The existing provisions which are being amended are at Annex D.

LEGISLATIVE TIMETABLE

8. The legislative timetable for the Bill will be -

Publication in the Gazette	23 February 2001
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First Reading and commencement of Second Reading	14 March 2001
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Resumption of Second Reading debate, committee stage and Third Reading	To be notified
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9. The legislative timetable for the Regulation will be -

Publication in the Gazette	23 February 2001
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Tabling at the Legislative Council	28 February 2001
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Implementation	To be appointed by Secretary for Economic Services
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BASIC LAW IMPLICATIONS

10. The Department of Justice advises that the Bill and Regulation are consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

11. The Department of Justice advises that the Bill and Regulation have no human rights implications.

BINDING EFFECT

12. The Bill and Regulation will not affect the current binding effect of the Ordinance.

ECONOMIC IMPLICATIONS

13. The Bill and Regulation will make the HKSR more user-friendly and attractive to shipowners. This would have positive implications for the shipping industry.

FINANCIAL AND STAFFING IMPLICATIONS

14. The Bill and Regulation will generate additional revenue of about \$400,000 per annum. There are no staffing implications.

ENVIRONMENTAL IMPLICATIONS

15. There are no environmental implications.

PUBLIC CONSULTATION

16. The shipping industry and the Legislative Council Panel on Economic Services have been consulted on the proposals in the Bill and the Regulation. They have indicated support to the proposals.

PUBLICITY

17. A press release will be issued on 8 February 2001. A spokesman will be made available to answer media enquiries and any questions the public may raise.

ENQUIRY

18. Any enquiry on this brief can be addressed to Mr Raymond TANG, Assistant Director of Marine (2852 4408) or Miss Polly CHOY, Assistant Secretary for Economic Services (2537 2842).