

For information

Legislative Council Panel on Economic Services Meeting on 19 December 2000

Legislative Proposals to Streamline Ship Registration and Improve Freight Container Handling, Stacking and Transportation Safety

INTRODUCTION

This paper informs Members of –

- (a) Proposals in the Merchant Shipping (Registration) (Amendment) Bill (the "amendment bill") and the Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation (the "amendment regulation") which seek to streamline the ship registration process. We plan to introduce the amendments into Legislative Council on 14 March 2001; and
- (b) Proposals in the subsidiary legislation made under the Freight Containers (Safety) Ordinance which seek to improve the safety of freight handling, stacking and transportation. We plan to introduce the amendments into Legislative Council in January 2001.

(A) Merchant Shipping (Registration) (Amendment) Bill and Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation

2. Since April 1999, a number of improvement measures have been introduced to enhance the attractiveness of the Hong Kong Shipping Register (HKSR). These measures included 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 (FSQC) system to replace the previous mandatory flag state survey. Along with the introduction of these improvement measures, an

ambitious promotional programme, including promotional visits to leading shipping companies in Hong Kong, Mainland China and other countries, was launched to market the HKSR to the industry simultaneously. These efforts have collectively resulted in rapid growth of the fleet registered in the HKSR over the past 18 months, reaching 10 million gross registered tonnage (GRT) on 18 October 2000. This has been achieved one and a half years earlier than the target date of April 2002 stated by the Financial Secretary in his 1999/2000 budget speech. An event to commemorate this achievement, to be officiated by the Chief Executive, is scheduled to be held in early January 2001.

3. The proposals under the amendment bill are technical in nature. They seek to further streamline the registration process for ships registering under the HKSR. Copies of title documents (i.e. sale certificate or bill of sale) would be made acceptable for provisional ship registration. This will resolve the existing difficulties caused by the requirement for original documents. Such requirement often delays processing of ship registration since delivery of the original documents from the place of ship sale overseas (Europe and North America in most cases) to Hong Kong can take several days, thus slowing down the registration process and affecting the commercial activity of the ship concerned.

4. The acceptance of copies of title documents for provisional registration will require consequential changes to the ship registration process –

- ◆ New requirement for confirmation by the ship mortgagee that he is aware that copy instead of original document has been used for the provisional registration;
- ◆ Reduction of 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 documents; and
- ◆ Reduction of the annual tonnage charge for ships provisionally registered from 1/4 to 1/12 of the annual tonnage charge (which is \$1 500 for a 1 000 net registered tons (NRT) ship or for the first 1 000 NRT of a ship. The charge is \$3.5 for each additional NRT over 1 000 up to 15 000 and \$3 for each additional NRT over 15 000, subject to a maximum charge of

\$100 000) in the Schedule to the Merchant Shipping (Fees and Charges) Regulation, which is proportional to the scope of reduction in the provisional registration period.

Consultation

5. The proposals in the amendment bill originate from the shipping industry. The Shipping Consultative Committee has been consulted. The industry supports the proposals.

Implementation

6. We plan to introduce the amendment bill and the amendment regulation into Legislative Council on 14 March 2001. Subject to scrutiny and passage by Members, the amendment bill and amendment regulation will be implemented in mid-2001.

(B) Subsidiary legislation under the Freight Container (Safety) Ordinance

7. The International Convention to Safe Containers 1972 (the Convention) was drawn up under the aegis of the International Maritime Organisation (IMO) to standardise requirements for the testing, inspection and approval of containers; and to prescribe procedures for their maintenance, examination and control so as to ensure safety in their handling, stacking and transportation. To implement the Convention in Hong Kong, the Freight Container (Safety) Ordinance ("the Ordinance") was enacted on 23 April 1997. Further regulations/orders are required to implement the Ordinance. This will be achieved by the subsidiary legislation we propose to introduce in January 2001 -

(a) Freight Containers (Safety) (Arrangements for Authorised Persons) Order

8. Sections 4-7 of the Ordinance specify that a container in use should have a valid approval issued by or under the authority of a foreign government which has acceded to the Convention, or by the Director of Marine or a person appointed by the Director of Marine for that purpose. This Order sets out the details concerning this appointed person. It lays down the conditions under which a person is eligible for appointment as an authorised person, functions of an authorised person, records to be

maintained by an authorised person and conditions under which appointment of an authorised person would be revoked. The person is normally a full member of the International Association of Classification Societies.¹

(b) Freight Containers (Safety) (Examination Procedure) Order

9. Section 4 of the Ordinance stipulates that a container in use should meet the examination requirements of Section 12 in accordance with an examination procedure approved by the Director of Marine. This Order sets out the details of the examination procedure to satisfy the requirements, including the frequency of examination, requirement for a competent person to carry out the examination, manner of carrying out the examination, factors to be considered during and procedure of an examination, duties of a competent person after completing an examination, criteria for setting the date of the next examination, procedure to follow when a container is found to be defective, and requirements for keeping record of an examination by a container owner.

(c) Freight Container (Safety) (Applications for Approval of Containers) Regulation

10. This regulation sets out the provisions concerning applications for approval of containers, including details for approval of an individual new container, a modified container, a design type and a modified design type; and duties of an applicant to whom an approval has been granted.

¹ Classification societies have dual function with regard to safety at sea. They set standards by issuing rules and guidance notes stipulating technical requirements for ship and other maritime-related equipment including freight containers, and perform surveys and inspections on ships to ensure that the ship and the equipment on board comply with the respective rules as well as requirements under relevant international conventions. The following seven classification societies are presently authorised to carry out statutory surveys for Hong Kong registered ships -

- (1) American Bureau of Shipping;
- (2) Bureau Veritas;
- (3) China Classification Society;
- (4) Det Norske Veritas;
- (5) Germanischer Lloyd's;
- (6) Lloyd's Register of Shipping; and
- (7) Nippon Kaiji Kyokai.

(d) Freight Container (Safety) (Fees) Regulation

11. This regulation specifies the new fee to be paid by an applicant for approval of an examination procedure. The proposed fee of \$5,500 is set to recover the full cost of providing the service.

Consultation

12. The shipping industry including shipping lines, freight forwarders, leasing companies, storage depot operators, terminal operators and stevedore companies have been consulted. They have no objection to the proposals in the orders / regulations.

Implementation

13. We plan to gazette the orders / regulations and table them to Legislative Council in January 2001.

Economic Services Bureau
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