

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2437/02-03  
(These minutes have been seen  
by the Administration and  
cleared with the Chairman)

Ref: CB1/PL/ES/1

**Panel on Economic Services**

**Minutes of special meeting held on  
Friday, 18 July 2003, at 11:45 am  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon James TIEN Pei-chun, GBS, JP (Chairman)  
Dr Hon LUI Ming-wah, JP (Deputy Chairman)  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon HUI Cheung-ching, JP  
Hon CHAN Kam-lam, JP  
Hon SIN Chung-kai  
Hon Jasper TSANG Yok-sing, GBS, JP  
Hon Miriam LAU Kin-ye, JP  
Hon CHOY So-yuk  
Hon Abraham SHEK Lai-him, JP  
Hon Henry WU King-cheong, BBS, JP

**Members absent** : Hon Kenneth TING Woo-shou, JP  
Dr Hon Eric LI Ka-cheung, GBS, JP  
Dr Hon David LI Kwok-po, GBS, JP  
Hon Fred LI Wah-ming, JP  
Hon CHEUNG Man-kwong  
Dr Hon Philip WONG Yu-hong, GBS  
Hon Howard YOUNG, SBS, JP  
Hon LAU Chin-shek, JP  
Hon LEUNG Fu-wah, MH, JP

**Public officers  
attending** : **Agenda item I**

Economic Development and Labour Bureau

Ms Miranda CHIU  
Acting Permanent Secretary for Economic Development  
and Labour (Economic Development)

Mr Raymond FAN  
Deputy Secretary for Economic Development and Labour  
(Economic Development) 3

Marine Department

Mr S Y TSUI  
Director of Marine

Mr P F CHUN  
Assistant Director of Marine (Multi-lateral Policy)

**Agenda Item II**

Economic Development and Labour Bureau

Ms Miranda CHIU  
Acting Permanent Secretary for Economic Development  
and Labour (Economic Development)

Mr Wilson FUNG  
Deputy Secretary for Economic Development and Labour  
(Economic Development) 2

Mr Aaron LIU  
Acting Principal Assistant Secretary for Economic  
Development and Labour (Economic Development)

Airport Authority

Mr Howard ENG  
Airport Management Director, Airport Authority

Mr Eric WONG  
General Manager, Terminal, Airport Authority

Mr Allan YEUNG  
General Manager, Property, Airport Authority

**Clerk in attendance** : Mr Andy LAU  
Chief Assistant Secretary (1)2

**Staff in attendance** : Ms Debbie YAU  
Senior Assistant Secretary (1)1

Miss Winnie CHENG  
Legislative Assistant 5

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**I Proposed Merchant Shipping (Limitation of Shipowners Liability) (Amendment) Bill**  
(LC Paper No. CB(1)2201/02-03(01) - Information paper provided by the Administration)

Introduction by the Administration

At the invitation of the Chairman, the Director of Marine (D of M) briefed members on the proposed Merchant Shipping (Limitation of Shipowners Liability) (Amendment) Bill 2003 (the Bill). The Bill would cover amendments relating to two international conventions, namely the Convention on Limitation of Liability for Maritime Claims, 1976 (LLMC) and the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea, 1974 (Athens Convention).

2. D of M said that in May 1996, the International Maritime Organization (IMO) adopted the 1996 Protocol which increased the limit of liability for claims in respect of loss of life or personal injury and property as set out in the LLMC. To enhance protection for passengers and cargo owners and bring the domestic legislation into line with international standards as prescribed in the 1996 Protocol, the Administration intended to introduce the Bill to give effect to the 1996 Protocol when there would be sufficient subscription to bring the protocol into force.

3. Regarding the Athens Convention, D of M explained that the Athens Convention established a regime of limited liability for damage suffered by passengers carried on an ocean-going vessel. The Convention had ceased to apply to carriages between Hong Kong/Macau and Hong Kong/Mainland ports since Hong Kong and Macau's reunification with China in 1997 and 1999 respectively because these were no longer regarded as international carriages as defined in the Athens Convention. The Bill proposed to expand the coverage to apply the liability regime provided under the Athens Convention also to carriages between Hong Kong/Macau and Hong Kong/Mainland ports.

The 1996 Protocol

4. Noting that as at 31 May 2003, only eight states had ratified the 1996 Protocol, the Chairman enquired about the total number of contracting states to the LLMC and the level of shipowners' liability for maritime claims prior to the application of the 1996 Protocol in Hong Kong.

5. D of M replied that there were at present 40 contracting states to the LLMC. He clarified that the prevailing limits of shipowners' liability for maritime claims in the

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Merchant Shipping (Limitation of Shipowners Liability) Ordinance (Cap. 434) (the Ordinance) were based on the LLMC Convention 1976.

6. Mr CHAN Kam-lam, Mr Abraham SHEK, and the Chairman were concerned about the possible increase in insurance premium due to increase in the limits of liability as set out in the 1996 Protocol. Given that as at 31 May 2003, only eight states had ratified the 1996 Protocol, they enquired about the need and timing for the Government to enact a local legislation at this stage to give effect to the 1996 Protocol. They were worried that the pioneering move of the Government might increase the operating costs of shipowners and, in turn, adversely affect the competitiveness of Hong Kong in attracting foreign-owned ships to join the Hong Kong Shipping Register, bearing in mind our competitors such as Singapore, Japan and the United States of America had not indicated when they would ratify the 1996 Protocol.

7. D of M explained that the Administration had consulted the Shipping Consultative Committee and the Port Operations Committee on the proposed amendments to implement the 1996 Protocol and obtained their support. Indeed, the proposal aimed at enhancing protection for passengers and cargo owners and bring the domestic legislation into line with international standards as prescribed in the 1996 Protocol. Whilst the Administration had proposed to amend legislation to prepare the implementation of the 1996 Protocol in Hong Kong and to apply the liability regime provided under the Athens Convention also to carriage between Hong Kong/Macau and Hong Kong/Mainland ports, the actual implementation of the 1996 Protocol would still be subject to certain conditions. First, the Protocol would only enter into force 90 days after ratification by 10 States. Second, even with the enactment of the Bill to give effect to the 1996 Protocol, the commencement date of the relevant part of the legislation would be determined by Secretary for Economic Development and Labour by publication in the Gazette, which would be subject to negative vetting by the Legislative Council.

8. Regarding members' concern about the possible increase of insurance premium as a result of the implementation of the 1996 Protocol, D of M clarified that the amount of insurance premium was not directly related to the limits of shipowners' liability for claims in respect of loss of life or personal injury and property claims. He said that according to the protection and indemnity (P&I) clubs, the new limits under the 1996 Protocol would not bring about an immediate increase of premium or contribution. In fact, the premium or contribution for a particular vessel was set according to the amount of claim, if any, made in the previous years as well as the quality of the vessel. On the amount of insurance cover, shipowners were at liberty to decide on their own. The 1996 Protocol only increased the limits of shipowners' liability for claims in marine incidents as set out in the LLMC. The actual amount of compensation for maritime claims would be decided by the court or by mutual agreement of the affected parties.

9. Members were not convinced of the Administration's reply. They pointed out that upon the increase of the limits of shipowners' liability under the 1996 Protocol, shipowners had to take out additional insurance cover to minimize their risks. Under

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such circumstances, members could not understand why P&I clubs would not adjust the insurance premium accordingly and would instead absorb all the additional risks so incurred. The Chairman sought further explanation from D of M on the implications of the implementation of the 1996 Protocol on the amount of insurance premium to be paid by shipowners in Hong Kong.

10. D of M explained that insurance covers provided by P&I clubs were in fact contributed by owners of vessels in the form of membership fees. The level of contribution would be set in accordance with the size of vessels. This kind of insurance system was a well-established system in the shipping industry. He reiterated that the amount of insurance premium was not directly related to the limits of shipowners' liability for claims.

## The Athens Convention

11. Ms Miriam LAU was concerned whether locally-owned and Mainland river trade vessels would be covered by the Athens Convention provisions under the Ordinance, and if so, whether the related trade associations had been consulted. She also sought further details regarding the consultation with the Guangdong Maritime Safety Administration and the Macau Marine Department on the proposed expansion of the coverage of the Ordinance.

12. D of M and the Assistant Director of Marine (Multi-lateral Policy) pointed out that the Athens Convention established a regime of limited liability for damage suffered by passengers carried on an ocean-going vessel. The Convention should apply to any international carriage if-

- (a) the ship was flying the flag of or was registered in a State Party to the Athens Convention;
- (b) the contract of carriage had been made in a State Party to the Athens Convention; or
- (c) the place of departure or destination, according to the contract of carriage, was in a State Party to the Athens Convention.

As China was one of the State Parties to the Athens Convention, the Mainland passenger carriers would be subject to the same liability limits as stipulated in the Athens Convention. D of M also confirmed that the Hong Kong Shipowners' Association and Hong Kong Maritime Law Association, which represented all passenger vessels running between Hong Kong/Macau and Hong Kong/Mainland ports, had been consulted on the proposed expansion of coverage of the Athens Convention under the Ordinance.

13. Summing up, the Chairman asked the Administration to take note of members' views expressed at the meeting. He said that when the Bill was introduced into the Council, Members would consider the need to form a Bills Committee to examine the Bill in detail. He urged the Administration to provide further information to the Council when introducing the Bill to allay members' concerns.

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**II Cross-boundary passenger ferry services between Hong Kong and the Pearl River Delta**

(LC Paper No. CB(1)2201/02-03(02) - Information paper provided by the Administration)

14. At the invitation of the Chairman, the Deputy Secretary for Economic Development and Labour (Economic Development)<sup>2</sup> (DS/EDL(ED)2) briefed members on the plan of the Airport Authority (AA) to develop cross-boundary ferry services for transit passengers between the Hong Kong International Airport (HKIA) and major ports in the Pearl River Delta (PRD). The AA and relevant Government departments including the Immigration Department, Customs & Excise Department, Hong Kong Police Force and Civil Aviation Department had reached a consensus on the mode of operation and the security measures for the ferry services. Detailed guidelines were being prepared to ensure that ferry passengers would stay within the airport's Restricted Area while transiting and were subject to the same security measures for air transit passengers, e.g. security screening of passengers and baggage before boarding aircraft. Moreover, the AA had separately entered into agreements with airlines and the ferry terminal operator regarding the necessary measures they would take to ensure that the ferry operation would be in compliance with the relevant security requirements. Works relating to the renovation of the ferry terminal and construction of the bonded road connecting the ferry terminal and the Passenger Terminal Building had largely been completed. The AA expected that the ferry terminal at the HKIA would be operational in the 4th quarter of this year, i.e. 1 October 2003.

15. With the aid of PowerPoint, the General Manager, Terminal, Airport Authority (GM,T/AA) outlined the objectives of the services, the estimated journey time between HKIA and PRD ports and the arrangements for sea to air/air to sea transit passengers.

16. In reply to the Chairman's enquiry about the frequencies of the ferry services, GM,T/AA said that the ferry schedules were worked out with reference to flight schedules. Initially, four to five despatches would be operated between CLK and individual PRD ports each day. This could be adjusted upward to cater for increase in passenger demand. He estimated that passengers would need to start their journeys three to four hours before the scheduled flight departure time if they wished to make use of the ferry services.

17. Whilst acknowledging that the proposed ferry services could enhance the competitiveness and viability of HKIA, Mr Abraham SHEK was concerned about AA competing for profit with the private sector. In his view, the provision of an efficient cross-boundary ferry service might lead to a reduction in drop-by visitors, thereby affecting the overall economy, in particular the hotel service, retail and catering sectors. In addition, he was also worried that the existing ferry services between Hong Kong/Macau and Hong Kong/PRD would be affected if the same operator was given the right to operate the new cross-boundary ferry services between HKIA and PRD.

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18. DS/EDL(ED)2 said that the cross-boundary ferry services targeted mainly at Mainland visitors transiting via the HKIA and provided them with speedy connecting services. Initially, the AA estimated that the ferry services would attract over 23 000 additional passenger throughput per month for the airport and the figure was expected to go up to 500 000 passengers per year. The new service would also provide about 200 job opportunities in baggage handling, catering and retail services at HKIA.

19. The General Manger, Property, Airport Authority (GM,P/AA) informed members that the ferry services would not be operated by AA but their business partners. To this end, AA had conducted an open tendering exercise and awarded the operating right of the ferry service to a joint-venture company of Chu Kong Shipping Enterprises (Holdings) Company Limited and Shun Tak-China Travel Shipping Investments Ltd.

20. Mr CHAN Kam-lam was worried that once the Shenzhen Western Corridor and Hong Kong-Zhuhai-Macau Bridge were completed by 2005 and 2007 respectively, the cross-boundary ferry services would become less attractive, bearing in mind the road-based infrastructure were operated round-the-clock and the co-location arrangement for passenger clearance would minimize inconvenience to passengers. Dr LUI Ming-wah echoed Mr CHAN's view and said that the market share of the cross-boundary ferry service might drop significantly as a result. He sought information on the current number of bus passengers travelling between HKIA and PRD and the cost comparison between cross-boundary bus services and ferry services.

21. DS/EDL(ED)2 said that one of the competitive edges of the cross-boundary ferry services at HKIA was that passengers using the ferry services would not be required to go through another round of customs, immigration and quarantine (CIQ) clearance at the HKIA. Whereas in other boundary control points including both land and sea transport, passengers would be required to go through CIQ clearance once when entering Hong Kong and again when they departed Hong Kong via HKIA.

22. The Airport Management Director, Airport Authority added that over the years, the transit passengers through HKIA to PRD rose significantly. It was estimated that the annual demand would be increased from 1.7 million passengers to over 3 million passengers by 2006. The new cross-boundary ferry service was expected to absorb about 1.4 million passengers per year. On fare level, he believed that the ferry service operators would set a competitive fare to ensure the viability of the service.

23. Mr Henry WU also queried about the attractiveness of the cross-boundary ferry services between HKIA and PRD ports, particularly in the light of the experience of the existing ferry service between Hong Kong and Shenzhen Airport. To improve the viability of the former, he opined that the service should be expanded to cover in-bound passengers visiting Hong Kong.

24. DS/EDL(ED)2 said that the demand for cross-boundary ferry services would ultimately be determined by market force. At this stage, both the Government and AA held an open mind over the next phases of development of the ferry services. AA

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would certainly take into account the member's suggestion of covering inbound passengers. The Administration would brief the Panel on phase II development in due course. He also undertook to provide Members with passenger figures of the existing ferry services between PRD and Hong Kong. He further explained that the case in the Shenzhen airport was different from that of HKIA. The Shenzhen airport was a domestic airport with no international connection. The demand for ferry-cum-air services from HK would be constrained as long as the prices of direct flights from HKIA to Mainland cities remained competitive.

*(Post-meeting note: The information on the passenger throughput of ferry services between existing major ports in PRD and Hong Kong provided by the Administration was circulated to members on 12 August 2003 vide LC Paper No. CB(1)2356/02-03(01).)*

25. Given that the new cross-boundary ferry services would provide visitors with an additional choice, Ms Miriam LAU expressed her support for the services. She remarked that unless there were new developments in the next 5 to 10 years, such as direct air service agreements between Taiwan and the Mainland or development of helicopter services between HKIA and PRD at affordable price, the new ferry service should be attractive to transit passengers.

26. The Chairman concluded that the Panel was in support of the new services. He however drew the Administration's attention to the need to improve the supporting facilities at PRD ports.

**III Any other business**

27. There being no other business, the meeting ended at 1:05 pm.