

For information

Legislative Council Panel on Economic Services

Subsidiary Legislation under Merchant Shipping (Local Vessels) Ordinance, Cap. 548

In the discussion of the subsidiary legislation under Merchant Shipping (Local Vessels) Ordinance at the meeting on 27 January 2003, Members requested the Administration to provide supplementary information relating to Merchant Shipping (Local Vessels) (Compulsory Third Party Risks Insurance) Regulation and Merchant Shipping (Local Vessels) (Fees) Regulation.

2. This paper provides Members with the required information.

I. Merchant Shipping (Local Vessels) (Compulsory Third Party Risks Insurance) Regulation

Consultation list

3. In 1997, a Working Group on Third Party Risks Insurance Coverage for Local Craft was set up under the Provisional Local Vessels Advisory Committee. The Working Group comprised of representatives of local vessel operators, Marine Insurance Association, the Protection and Indemnity Association, Transport Department and Marine Department (membership list at Annex 1).

4. The Working Group reviewed the third party risks insurance requirement for local vessels, proposed to extend such requirement to all local vessels and recommended the minimum levels of insurance be set at \$5 million for vessels carrying up to 12 passengers and at \$10 million for vessels carrying more than 12 passengers.

5. The compulsory third party risks insurance requirement has been discussed by a number of advisory bodies, including -

- (i) Port Operations Committee (membership list at Annex 2A);
 - (ii) Provisional Local Vessel Advisory Committee (membership list at Annex 2B);
 - (iii) Committee on Boating and Yachting (membership list at Annex 2C);
- and

- (iv) Advisory Committee on Agriculture & Fisheries, Capture Fisheries Subcommittee (membership list at Annex 2D).

6. In addition, relevant trade organisations were also consulted. They included -

- (i) Hong Kong Cargo Vessels Traders Association;
- (ii) Hong Kong and Kowloon Motor Boats and Tug Boats Association;
- (iii) Marine Insurance Association;
- (iv) Representatives of fishermen's associations;
- (v) Representatives of operators of shuttle sampan (M1 vessels);
- (vi) Local shipping agents for Mainland river-trade vessels;
- (vii) Owners of Mainland river-trade vessels in Guangzhou; and
- (viii) Mainland insurers in Guangzhou.

Marine accidents in 2002

7. Marine accidents occurred in 2002 and the casualty involved are listed at Annex 3.

Compensation received by third party victims in marine accidents

8. The following compensation was awarded by the court in the past five years to third party victims in marine accidents-

Year	Type of vessel	Accident	Amount of compensation
2000	Pleasure vessel	In 1995, one person was killed in an attempt to refloat the grounded pleasure vessels.	\$590,000
2001	Ferry vessel	In 1998, one passenger was injured by the ferry vessel's fender while the vessel was berthing.	\$3,133,471
2002	Pleasure vessel	In 1999, four passengers were killed in a collision between two pleasure vessels.	\$1,360,160 to \$1,699,673 per case of death

II. Merchant Shipping (Local Vessels) (Fees) Regulation

9. At the panel meeting on 27 January 2003, members noted the changes in licence fees of different classes of vessels in absolute terms. They requested the same analysis in percentage terms. This is set out below -

		Pay less	Pay more
<i>Class I</i> (passenger vessels)	percentage of vessels affected	11%	20%
	in \$ terms	\$55 - \$1,475	\$300 - \$2,485
	in % terms	2% - 50%	9% - 223% ¹
<i>Class II</i> (cargo vessels)	percentage of vessels affected	15%	33%
	in \$ terms	\$255 - \$3,650	\$65 - \$2,448
	in % terms	2% - 50%	2% - 13%
<i>Class III</i> (fishing vessels)	percentage of vessels affected	11%	23%
	in \$ terms	\$24 - \$589	\$72 - \$155
	in % terms	1% - 12%	3% - 74%
<i>Class IV</i> (pleasure vessels)	percentage of vessels affected	7%	12%
	in \$ terms	\$355 - \$1,400	\$345 - \$2,800
	in % terms	7% - 50%	20% - 100%

Economic Development and Labour Bureau
February 2003

¹ The 223% increase in licence fee applies to a hovercraft which no longer operates in Hong Kong waters. Taking this new development into account, Class I vessels will be subject to fee increase from \$ 300 to \$ 1400 (9 % to 64%).

Membership of the Working Group on the Third Party Risks Insurance Coverage for Local Craft

Chairman: General Manager/Operations, Marine Department

Members:

Representative of the Hong Kong Federation of Insurers

Representative of Hong Kong Ferry (Holdings) Co Ltd

Representative of Hong Kong Cargo-Vessel Traders' Association Ltd

Representative of Hong Kong and Kowloon Motor Boats and Tug Boats Association Ltd

Representative of Committee on Boating and Yachting

Representative of the Shipowner's Mutual P&I Association (Luxembourg)

Representative of Marine Excursion Association

Representative of Hong Kong and Kowloon Floating Fishermen Welfare Promotion Association

Representative of Marine Department

Secretary: Executive Officer, Marine Department

Membership of the Port Operations Committee

Chairman: Director of Marine

Members:

Representative of oil industry

Representative of Hong Kong Liner Shipping Association

Representative of Hong Kong Shippers' Council

Representative of terminal operators

Representative of wharf and godown operators

Representative of local ferry operators

Representative of Hong Kong Shipowners Association

Representative of Hong Kong Pilots Association

Representative of tug operators

Representative of Hong Kong General Chamber of Commerce

Representative of Hong Kong Cargo-Vessel Trader Association

Representative of Civil Engineering Department

Representative of Port & Maritime Board

Representative of Marine Department

Secretary: Marine Officer, Marine Department

Membership of the Provisional Local Vessel Advisory Committee

Chairman: Deputy Director of Marine

Members:

Representative of ship survey work sector

Representative of fishing industry

Representative of naval architecture sector

Representative of launch and excursion vessels' operations sector

Representative of ferry vessels' operation sector

Representative of marine insurance industry

Representative of river trade cargo operations sector

Representative of cargo vessels' operations sector

Representative of ship building and repairing industry

Representative of pleasure boating operations sector

Representative of seafarers' training sector

Representative of seafarers' association

Representative of Hong Kong Police Force

Two representatives of Marine Department

Secretary: Assistant Departmental Secretary, Marine Department

Membership of the Committee on Boating and Yachting

Chairman: General Manager/Operations, Marine Department

Members:

Four representatives of the Hong Kong Yachting Association

Representative of the Royal Hong Kong Yacht Club

Representative of Home Affairs Bureau

Representative of Home Affairs Department

Representative of Leisure & Cultural Services Department

Representative of Civil Engineering Department

Representative of Marine Department:

Secretary: Executive Officer, Marine Department

Membership of the Capture Fisheries Sub-committee of the Advisory Committee of Agriculture and Fisheries

Chairman: Academic and expert in marine biology

Vice-Chairman: Chairman, the Federation of Fishermen's Co-operative Societies of Shau Kei Wan District Ltd.

Members:

Representative of Marine Department

Representative of Agriculture and Fisheries Department

Chairman, the Federation of Fishermen's Co-operative Societies of Tai Po District NT Ltd.

Chairman, HK & Kln Floating Fishermen Welfare Promotion Association

Academic and expert in animal physiology, endocrinology and fish culture

Leading fisherman of Aberdeen District

Leading fisherman of Castle Peak District

Leading fisherman of Shau Kei Wan District

Chairman, Fishery Development Association (HK) Ltd.

Chairman, Shau Kei Wan Deep Sea Capture Fishermen Credit Co-operative Society

Marine Accidents in 2002

Type of Vessel	Type of Accident												Casualty			
	Collision	Stranding / Grounding	Foundering / Sinking	Fire / Explosion	Missing Vessel	Capsized / List	Structural Failure	Machinery Failure	Heavy Weather Damage	Contact	Damage to Equipment	Others (e.g. Flooding)	Total	Report Death	Report Injuries	
Total number of marine accidents involving river trade vessels	132	8	1	2	0	3	0	8	0	10	0	2	166	2	7	
Total number of marine accidents involving local vessels	109	22	13	21	0	5	0	2	2	29	0	2	205	11	33	
Analysis by type of local vessels *	Barge/DSL	50	3	1	6	0	1	0	1	0	2	0	1	65	0	4
	Ferry	1	0	0	1	0	0	0	0	0	3	0	0	5	0	2
	Fishing Vessel	22	10	6	7	0	0	0	1	0	0	0	2	48	1	3
	Cargo	54	1	1	3	0	4	0	4	0	1	0	1	69	6	6
	Govt Vessel	21	1	0	1	0	0	0	1	1	18	0	0	43	0	5
	Motor Launch	8	0	0	1	0	0	0	1	0	1	0	0	11	0	4
	Passenger Ship	0	0	0	1	0	0	0	1	0	0	0	0	2	0	0
	Pleasure Vessel	11	6	4	2	0	1	0	0	1	1	0	1	27	3	17
	Sampan in Typhoon Shelter	1	0	0	0	0	0	0	0	0	0	0	0	1	0	1
	Other Motor Sampan	1	0	0	0	0	1	0	0	0	1	0	0	3	2	12
	Tanker	2	0	0	0	0	0	0	3	0	0	0	0	5	0	0
	Tug	36	2	0	0	0	0	0	0	0	2	0	0	40	0	6
	Kaito	0	0	0	0	0	0	0	0	0	2	0	0	2	0	0
	Others	0	1	2	2	0	2	0	0	0	0	0	0	7	2	2

Notes * : There may be more than one vessel involved in one accident. Therefore the sum of numbers of vessels involved is larger than the total number of accidents.