

LEGISLATIVE COUNCIL BRIEF

Shipping and Port Control Ordinance
(Chapter 313)

Merchant Shipping (Local Vessels) Ordinance
(Chapter 548)

**SHIPPING AND PORT CONTROL (FERRY TERMINALS)
(AMENDMENT: FEE REDUCTION) REGULATION 2007**

**MERCHANT SHIPPING (LOCAL VESSELS) (FEES)
(AMENDMENT: FEE REDUCTION) REGULATION 2007**

INTRODUCTION

At the Executive Council meeting on 26 June 2007, the Council ADVISED and the Chief Executive ORDERED that the Shipping and Port Control (Ferry Terminals) (Amendment: Fee Reduction) Regulation 2007 at Annex A should be made under section 80 of the Shipping and Port Control Ordinance. The Secretary for Financial Services and the Treasury has also made the Merchant Shipping (Local Vessels) (Fees) (Amendment: Fee Reduction) Regulation 2007 (at Annex B) on 27 June 2007 under section 88 of the Merchant Shipping (Local Vessels) Ordinance. Both regulations seek to reduce the passenger embarkation fees from \$15 to \$11.

A

B

JUSTIFICATIONS

2. Under regulation 34 of the Shipping and Port Control (Ferry Terminals) Regulations, a passenger embarkation fee shall be paid by the owner of a ferry vessel in respect of each passenger embarking on the ferry vessel at cross-boundary ferry terminals. The passenger embarkation fees payable for a passenger who pays an amount exceeding \$12 for a single journey or who travels free of charge on a complimentary ticket (referred hereunder as the “relevant passenger embarkation fees”) were last revised in

2005 and are currently set at \$15 per passenger¹.

3. It is the Government's established policy that charges of Government utilities should in general be set at a level sufficient to recover the full cost for the provision of services, including the cost of the capital employed. The relevant passenger embarkation fee is one of the fees charged for use of the cross-boundary ferry terminals to recover the cost of providing the ferry terminal services and facilities². We regularly review the level of the relevant passenger embarkation fee, having regard to the above principle and other relevant factors such as the likely impact on inflation, public acceptance and affordability.

4. A recent review conducted has revealed that there is room to reduce the relevant passenger embarkation fee from \$15 per passenger by around 27% to \$11 per passenger, having regard to the considerations set out in paragraph 3 above. Under section 80(1)(p) of the Shipping and Port Control Ordinance, the Chief Executive in Council may make regulations for matters relating to fees or charges payable under thereunder. The Executive Council has therefore made the Shipping and Port Control (Ferry Terminals) (Amendment: Fee Reduction) Regulation 2007 to give effect to the proposed fee reduction.

5. The passenger embarkation fee is also specified under section 3(4) of the Merchant Shipping (Local Vessels) (Fees) Regulation, which provides for the fees in respect of local vessels defined under the Merchant Shipping (Local Vessels) Ordinance. By virtue of section 88 of the Merchant Shipping (Local Vessels) Ordinance, the Financial Secretary³ may make regulation for fees payable under the Ordinance. The Secretary for Financial Services and the Treasury has therefore made the Merchant Shipping (Local Vessels) (Fees) (Amendment: Fee Reduction) Regulation 2007 to reflect the fee reduction.

1 The other passenger embarkation fee also payable under regulation 34 of the Shipping and Port Control (Ferry Terminals) Regulations is for ferry fare of \$12 or below, which is no longer available in the market.

2 The cost of providing services at the cross-boundary ferry terminals is mainly recovered by charging the relevant passenger embarkation fee (payable by ferry owners based on the number of embarking passengers) and to a lesser extent the berthing fee (payable by ferry owners or masters based on the tonnage of vessels).

3 By virtue of section 3 of the Interpretation and General Clauses Ordinance, "Financial Secretary" means the Financial Secretary and Secretary for Financial Services and the Treasury.

THE AMENDMENT REGULATIONS

C 6. The Shipping and Port Control (Ferry Terminals) (Amendment: Fee Reduction) Regulation 2007 revises the relevant passenger embarkation fees prescribed in Part 3 of Schedule 2 to the Shipping and Port Control (Ferry Terminals) Regulations. The existing provisions being amended are at Annex C.

D 7. The Merchant Shipping (Local Vessels) (Fees) (Amendment: Fee Reduction) Regulation 2007 revises the relevant passenger embarkation fees prescribed in section 3(4) of the Merchant Shipping (Local Vessels) (Fees) Regulation. The existing provisions being amended are at Annex D.

OTHER OPTIONS

8. The relevant passenger embarkation fees are prescribed in statute. The proposal cannot be effected by non-legislative means.

LEGISLATIVE TIMETABLE

9. The legislative timetable is as follows -

Publication in the Gazette	6 July 2007
Tabling at the Legislative Council	11 July 2007
Commencement	19 November 2007

IMPLICATIONS OF THE PROPOSAL

E 10. The proposed fee reduction has financial and economic implications as set out at Annex E. It has no civil service, productivity, environmental or sustainability implications. The proposed legislative amendment is in conformity with the Basic Law, including the provisions concerning human rights, and do not affect the binding effect of the legislation to be amended.

PUBLIC CONSULTATION

11. The cross-boundary ferry operators have been consulted. They welcome the proposed fee reduction and have undertaken to reduce the ferry

fares to reflect the fee reduction in full. We also informed the Legislative Council Panel on Transport of the proposal on 27 April 2007. Members have no objection to the proposal.

PUBLICITY

12. A press release will be issued. A spokesman will be available to answer media enquiries.

ENQUIRIES

13. Enquiries about this brief should be addressed to Mr. Donald Ng, Principal Assistant Secretary for Transport and Housing (Transport) 6, at 2189 2186.

Transport and Housing Bureau
4 July 2007

Shipping and Port Control Ordinance
(Chapter 313)

Merchant Shipping (Local Vessels) Ordinance
(Chapter 548)

**SHIPPING AND PORT CONTROL (FERRY TERMINALS)
(AMENDMENT: FEE REDUCTION) REGULATION 2007**

**MERCHANT SHIPPING (LOCAL VESSELS) (FEES)
(AMENDMENT: FEE REDUCTION) REGULATION 2007**

ANNEXES

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|---------|---|
| Annex A | Shipping and Port Control (Ferry Terminals) (Amendment: Fee Reduction) Regulation 2007 |
| Annex B | Merchant Shipping (Local Vessels)(Fees) (Amendment: Fee Reduction) Regulation 2007 |
| Annex C | Existing provisions of the Shipping and Port Control (Ferry Terminals) Regulations (Cap. 313 sub. leg. H) to be amended |
| Annex D | Existing provisions of the Merchant Shipping (Local Vessels) (Fees) Regulations (L.N. 212 of 2006) to be amended |
| Annex E | Implications of the proposal |

Annex A

**SHIPPING AND PORT CONTROL (FERRY
TERMINALS)(AMENDMENT: FEE
REDUCTION) REGULATION 2007**

(Made by the Chief Executive in Council under section 80 of the Shipping
and Port Control Ordinance (Cap. 313))

1. Commencement

This Regulation shall come into operation on 19 November 2007.

2. Fees

Part 3 of Schedule 2 to the Shipping and Port Control (Ferry Terminals)
Regulations (Cap. 313 sub. leg. H) is amended –

- (a) in paragraph (a), by repealing “15” and substituting “11”;
- (b) in paragraph (b), by repealing “15” and substituting “11”.

Clerk to the Executive Council

COUNCIL CHAMBER

2007

Explanatory Note

Under the Shipping and Port Control (Ferry Terminals) Regulations (Cap. 313 sub. leg. H), a passenger embarkation fee shall be paid by the owner of a non-local ferry vessel in respect of each passenger embarking on the ferry vessel at a terminal. The current passenger embarkation fees payable for a passenger paying an amount exceeding \$12 for a single journey or travelling free of charge

on a complimentary ticket are \$15. The purpose of this Regulation is to reduce the above passenger embarkation fees to \$11.

Annex B

**MERCHANT SHIPPING (LOCAL VESSELS)(FEES)
(AMENDMENT: FEE REDUCTION)
REGULATION 2007**

(Made by the Secretary for Financial Services and the Treasury under
section 88 of the Merchant Shipping (Local Vessels)
Ordinance (Cap. 548))

1. Commencement

This Regulation shall come into operation on 19 November 2007.

**2. Fees for application for issue of passes, issue
of replacement passes, berthing and
passenger embarkation**

Section 3(4) of the Merchant Shipping (Local Vessels)(Fees) Regulation
(L.N. 212 of 2006) is amended –

- (a) in paragraph (a), by repealing “15” and substituting “11”;
- (b) in paragraph (b), by repealing “15” and substituting “11”.

Secretary for Financial Services and
the Treasury

2007

Explanatory Note

Under the Merchant Shipping (Local Vessels)(Ferry Terminals) Regulation (Cap. 548 sub. leg. B), a passenger embarkation fee shall be paid by the owner of a local ferry vessel in respect of each passenger embarking on the ferry vessel at a terminal. Under the Merchant Shipping (Local Vessels)(Fees) Regulation

(L.N. 212 of 2006), the current passenger embarkation fees payable for a passenger paying \$12 or more for a single journey or travelling free of charge on a complimentary ticket are \$15. The purpose of this Regulation is to reduce the above passenger embarkation fees to \$11.

Annex C

Chapter:	313H	SHIPPING AND PORT CONTROL (FERRY TERMINALS) REGULATIONS	Gazette Number	Version Date
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Schedule:	2	FEES	L.N. 244 of 2006	03/11/2006
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Schedule 2

(L.N. 57 of 2004)

[regulation 37]

PART 1-PASSES

	\$
(a) A standard pass	105
(b) A replacement pass	180
(c) (Repealed L.N. 253 of 1994)	

(L.N. 254 of 1992; L.N. 340 of 1993; L.N. 253 of 1994)

PART 2-BERTHING

	\$
(a) For a ferry vessel, per ton for each berthing in the case of-	
(i) a dynamically supported craft	3
(ii) a ferry vessel, other than a dynamically supported craft	1.50
(b) For a vessel, not being a ferry vessel, per ton for each berthing	3

(L.N. 168 of 1988; L.N. 97 of 1990; 40 of 1991 s. 2; L.N. 380 of 1992)

PART 3-PASSENGER EMBARKATION

	\$
(a) For each passenger paying an amount exceeding \$12 for a single journey	15
(b) For each passenger travelling free of charge on a complimentary ticket	15
(c) For each passenger not falling within (a) or (b)	6

(L.N. 168 of 1988; L.N. 314 of 1989; L.N. 97 of 1990; 40 of 1991 s. 3; L.N. 380 of 1992; L.N. 148 of 1998; L.N. 157 of 2005)

Annex D

Section:	3	Fees for application for issue of passes, issue of replacement passes, berthing and passenger embarkation	L.N. 283 of 2006	02/01/2007
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PART 2

FEES PRESCRIBED FOR PURPOSES OF MERCHANT SHIPPING (LOCAL VESSELS) (FERRY TERMINALS) REGULATION

(1) The fee to be paid in respect of an application under section 13 of the Ferry Terminals Regulation for the issue of a standard pass by a person who is not an authorized officer is \$105.

(2) The fee to be paid in respect of the issue of a replacement pass under section 24 of the Ferry Terminals Regulation is \$180.

(3) The fee to be paid under section 28 of the Ferry Terminals Regulation for berthing in respect of a local vessel is—

- (a) in the case where the vessel is a ferry vessel that is a dynamically supported craft, \$3 per unit of the chargeable net tonnage of the vessel;
- (b) in the case where the vessel is a ferry vessel that is not a dynamically supported craft, \$1.5 per unit of the chargeable net tonnage of the vessel;
- (c) in the case of any other vessel, \$3 per unit of the chargeable net tonnage of the vessel.

(4) The fee to be paid under section 29 of the Ferry Terminals Regulation for passenger embarkation is, in respect of each passenger embarking on a ferry vessel at a terminal—

- (a) in the case where the passenger pays \$12 or more for a single journey on the ferry vessel, \$15;
- (b) in the case where the passenger travels free of charge on a complimentary ticket on the ferry vessel, \$15;
- (c) in the case of any other passenger, \$6.

(5) In this section—

"authorized officer" (獲授權人員) means an authorized officer within the meaning of section 2 of the Ferry Terminals Regulation;

"chargeable net tonnage" (須予繳費淨噸位), in relation to a local vessel, means—

- (a) the net tonnage of the vessel; or
- (b) if that net tonnage is not a whole number, the net tonnage rounded up to the next whole number;

"ferry vessel" (渡輪船隻) means a ferry vessel within the meaning of section 2 of the Ferry Terminals Regulation.

IMPLICATIONS OF THE PROPOSAL

Financial Implications

The proposed fee reduction will lead to a reduction of around \$48 million in Government revenue per annum.

Economic Implications

2. The proposed fee reduction would reduce the operating costs of the cross-boundary ferry operators and provide greater room for them to reduce ferry fare. Specifically, the proposal would help facilitate people's movement between Hong Kong and elsewhere in the Greater Pearl River Delta Region. This in turn, as the impact filters through the economy, would help improve the cost-effectiveness of cross-boundary travel and raise the overall efficiency of the Hong Kong economy.