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**Panel on Economic Development
Meeting on 16 November 2009**

**Background brief on
Proposed fee regulation to be made under the
Bunker Oil Pollution (Liability and Compensation) Ordinance**

Purpose

This paper provides background information on the proposed fee regulation to be made under the Bunker Oil Pollution (Liability and Compensation) Ordinance (the Ordinance) and the views expressed by Members on related matters.

Background

2. In 2001, the International Maritime Organization adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001 (the Bunker Oil Convention) to, inter alia, allow payment of compensation for damage caused by bunker oil pollution from non-tankers. The Ordinance aims to establish a legal framework to implement the Bunker Oil Convention in Hong Kong by, inter alia, requiring ships, other than local vessel operating exclusively within the river trade limits, which have a gross tonnage of more than 1 000 to maintain insurance and keep on board a valid insurance certificate for inspection on request.

3. Section 16 of the Ordinance empowers the Director of Marine to issue an insurance certificate for ships upon application and on payment of the application fee. The Financial Secretary may, in accordance with section 33, by regulations prescribe the application fee.

4. In September 2009, the Administration proposed an application fee for an insurance certificate of \$535. The Administration consulted the shipping industry through the Shipping Consultative Committee which comprises representatives from the Hong Kong Shipowners Association, a maritime law firm, shipping companies, the Hong Kong Seaman's Union and the Merchant Navy Officers' Guild – Hong Kong. According to the Administration, those being consulted generally raised no objection to the proposed fee, except two shipping companies suggested that the fee should be set at a lower level.

Previous discussions

5. The Bills Committee on Bunker Oil Pollution (Liability and Compensation) Bill was consulted on the proposed fee at its meeting on 28 September 2009. Hon Miriam LAU expressed concern that the proposed fee was relatively high especially to small shipowners since such fee had to be paid annually. She urged the Administration to consider lowering the fee.

Latest development

6. The Administration will brief the Panel on the proposed fee at the meeting on 16 November 2009. It will provide information on the rationale for the proposed fee, the consultation results as well as fees charged in other jurisdictions. The Administration intends to table the subsidiary legislation at a Council meeting in early December 2009.

References

Administration's paper on Proposed Fee Regulation made under the Bunker Oil Pollution (Liability and Compensation) Bill

<http://www.legco.gov.hk/yr08-09/english/bc/bc08/papers/bc080928cb1-2647-1-e.pdf>

Minutes of the Bills Committee meeting on 28 September 2009

<http://www.legco.gov.hk/yr08-09/english/bc/bc08/minutes/bc0820090928.pdf>

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