

## LEGISLATIVE COUNCIL BRIEF

Shipping and Port Control Ordinance  
(Chapter 313)  
Merchant Shipping (Registration) Ordinance  
(Chapter 415)

### SHIPPING AND PORT CONTROL (AMENDMENT) REGULATION 2005

### SHIPPING AND PORT CONTROL REGULATIONS (AMENDMENT OF SEVENTH SCHEDULE) NOTICE 2005

### MERCHANT SHIPPING (REGISTRATION) (FEES AND CHARGES) (AMENDMENT) REGULATION 2005

#### INTRODUCTION

This paper briefs Members on three pieces of subsidiary legislation, namely:

- A (i) the Shipping and Port Control (Amendment) Regulation 2005 (“**Item A**”) at **Annex A** for reducing the anchorage dues, and port facilities and light dues, and introducing a new fee structure for anchorage dues for vessels, including ocean-going vessels (**OGVs**);
- B (ii) the Shipping and Port Control Regulations (Amendment of Seventh Schedule) Notice 2005 (“**Item B**”) at **Annex B** for establishing five service anchorages to expand the mid-stream cargo handling capacity and making minor adjustment to the boundary of the Western Dangerous Goods Anchorage (**WDGA**) to improve its configuration; and
- C (iii) the Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation 2005 (“**Item C**”) at **Annex C** for

introducing a fee reduction scheme for the Annual Tonnage Charge (**ATC**) of Hong Kong registered ships.

2. At the meeting of the Executive Council on 8 November 2005, the Council ADVISED and the Chief Executive ORDERED that **Item A** and **Item C** be made for the purposes stated in paragraph 1 above.

3. **Item B** is made by the Director of Marine in exercising the power to amend Schedules vested in him under the Shipping and Port Control Regulations (Cap 313 sub. Leg. A).

## **JUSTIFICATIONS**

### **Competition from Neighbouring Ports**

4. While Hong Kong Port (**HKP**) has a leading position in the world, we face fierce competition from neighbouring ports. To prevent cargo migration which may affect the frequencies of shipping calls and the critical mass for our efficient port operation, we have consulted industry stakeholders and with their support, we propose a number of measures, including those set out in this Brief, to strengthen Hong Kong's competitiveness.

### **Lowering Anchorage Dues for OGVs**

5. With the development of mega container vessels, hub port operation becomes more important with the mega container vessels calling at fewer ports with fewer frequencies. Also, transshipment cargo is also attaining increasing significance in the total volume of cargo handled in Hong Kong. To strengthen HKP's attractiveness as a hub port, we need to encourage more shipment from other Asian countries. For that, we propose lowering the anchorage dues to attract more intra-Asia vessels, which typically are smaller OGVs and normally berthed at anchorages, to call at Hong Kong. The proposed measure would reduce the cost of intra-Asia vessels calling Hong Kong for direct or transshipment cargoes and would help the mid-stream industry specialised in loading or unloading cargo at anchorages.

6. Currently we charge daily anchorage dues of HK\$69 and HK\$47 per 100 tons per day for waters within and outside the harbour limits respectively with the first day (or part thereof) free and a cut-off time by midnight. We propose charging the OGVs on an hourly basis counting from the time of their arrival but with a free period for the first 12 hours and at a tonnage charge of \$0.02 per ton (\$2 per 100 tons) and \$0.015 per ton (\$1.5 per 100 tons) per subsequent hours for waters within and outside the harbour limits respectively. This proposal would encourage quicker turn-around to alleviate the congestion at the Hong Kong harbour and encourage more frequent calls by intra-Asia vessels at Hong Kong. We estimate that for an average sized OGV of about 6,500 tonnes anchored in Hong Kong for two days, there would be a saving of about \$1,500 per trip at the inner harbour with the reduced fee at about \$4,600.

### **Reducing Port Facilities and Light Dues for OGVs**

7. As another incentive for OGVs to call at HKP, we propose to reduce the port facilities and light dues by about 5% from \$57 per 100 tons to \$54 per 100 tons. An OGV of 6,500 tons will save about \$200 for each visit.

### **Establishing Service Anchorages**

8. To expand the mid-stream cargo handling capacity to meet the need of the industry, we propose to establish five service anchorages in the harbour area and north of Lantau Island.

9. There is currently a lack of anchorage area in waters north of Lantau Island. As a result, vessels carrying cargo for this part of the waters have to discharge their cargoes at anchorages in the harbour and these cargoes are then shifted to this area by sea via Ma Wan Fairway or land transport. To enhance efficiency of cargo operations, we therefore propose to establish two anchorages at Sham Shui Kok.

10. With a view to optimizing the use of the water space following the removal of the government moorings at the Kellett Bank in 2004, we propose to establish three anchorages there. We

also propose to make minor adjustment to the boundary of the WDGA to improve its configuration.

### **Introducing a Six-Month ATC Reduction for Hong Kong Registered Ships**

11. The Hong Kong Shipping Register (**HKSR**) achieves a healthy growth with a total gross tonnage of over 29 million as at September 2005. To encourage a long term and stable registration under the HKSR, and to promote the HKSR as a quality register, we suggest giving a six-month fee reduction to Hong Kong registered ships for continuous registration for every two years provided that the registered ships have not been detained during that period.

### **THE REGULATIONS**

12. The main provisions of **Item A** are as follows:

(a) **Section 2:** Anchorage dues

It amends Regulation 50 of the Shipping and Port Control Regulation (Cap. 313 sub. leg. A) (**SAPCR**) to introduce the proposed new fee structure. It also clarifies the conditions under which anchorage dues are payable.

(b) **Section 3:** Port dues and fees

It amends the 13<sup>th</sup> Schedule to the SAPCR to effect the new fee structure for the anchorage dues and the reduced fee level for the port facilities and light dues.

13. The main provision of **Item B** is as follows:

**Section 2:** Special anchorages

It amends item 2(c) of the Seventh Schedule to the SAPCR ("**Schedule**") to make minor adjustment to the boundary of the Western Dangerous Goods Anchorage; and amends item 3 of the **Schedule** to specify five service anchorages at Kellett Bank and Sham Shui Kok respectively.

14. The main provision of **Item C** is as follows:

### **Section 2: Annual tonnage charges**

It amends Regulation 4 of the Merchant Shipping (Registration) (Fees and Charges) Regulation (Cap. 415 sub. leg. A) to introduce a six-month reduction of the ATC for every continuous registration of a ship under the HKSR for two years provided that the ship has not been detained during the period.

## **LEGISLATIVE TIMETABLE**

15. All the three pieces of subsidiary legislation will be gazetted on 18 November 2005, tabled at the Legislative Council on 23 November 2005 and commence on 1 February 2006.

## **IMPLICATIONS OF THE PROPOSAL**

D. E. 16. The proposal has financial implications as set out at **Annex D** and economic implications at **Annex E**. The proposals are in conformity with the Basic Law, including the provisions concerning human rights, and will not affect the binding effect of the Shipping and Port Control Ordinance and Merchant Shipping (Registration) Ordinance. The existing staff of the Marine Department can undertake the additional work required to implement the proposals. The proposals have no civil service and productivity implications. The proposals have no significant environmental and sustainability implications, but will reduce the costs of port operations in Hong Kong and the registration charges under the HKSR, and therefore enhance Hong Kong's attractiveness and competitiveness as a maritime and shipping centre.

## **PUBLIC CONSULTATION**

17. We consulted the Port Operations Committee, the Shipping Consultative Committee, the Provisional Local Vessels Advisory Committee, the Port Development Advisory Group of the Hong Kong Port Development Council, the Maritime Services Task Force of the Hong Kong Maritime Industry Council and the

Pilotage Advisory Committee on the proposals. They supported the proposals.

18. We also consulted the Legislative Council Panel on Economic Services on 25 July 2005 and Members supported the proposals.

## **PUBLICITY**

19. A press release will be issued on 18 November 2005. A spokesperson from the Economic Development and Labour Bureau will be available to handle press enquiries.

## **ENQUIRIES**

20. Any enquiries on this brief can be addressed to Mr Ivan Shuen, Assistant Secretary of the Economic Development and Labour Bureau (Tel: 2121 2304); or for **Item A** and **Item B**, Mr H B Chan, Senior Marine Officer (Quality Assurance and Development), of the Marine Department (Tel: 2852 4539) and for **Item C**, Mr Y M Cheng, Chief Assistant Registrar (Ship and Seafarer), of the Marine Department (Tel: 2852 3881).

**Economic Development and Labour Bureau**  
**16 November 2005**

## **SHIPPING AND PORT CONTROL (AMENDMENT) REGULATION 2005**

(Made by the Chief Executive in Council under section 80(1) of the Shipping  
and Port Control Ordinance (Cap. 313) )

### **1. Commencement**

This Regulation shall come into operation on 1 February 2006.

### **2. Anchorage dues**

Regulation 50 of the Shipping and Port Control Regulations (Cap. 313 sub. leg. A) is amended –

(a) by repealing paragraph (1) and substituting –

“(1) If the period, or aggregate period, for which a vessel lies at anchor in the waters of Hong Kong on an occasion of entry to those waters exceeds 12 hours, the anchorage dues prescribed in the Thirteenth Schedule shall be paid in respect of the vessel for the time in excess.”;

(b) by adding –

“(1A) For the purposes of paragraph (1), a vessel does not lie at anchor in the waters of Hong Kong if it is –

- (a) at anchor in a naval anchorage;
- (b) secured to a mooring or pier;
- (c) secured alongside a shipyard or at a slipway or dry dock; or
- (d) secured alongside a vessel which is secured alongside a shipyard.”;

- (c) in paragraph (2) –
  - (i) in sub-paragraph (b), by adding “or” at the end;
  - (ii) in sub-paragraph (c), by repealing the semicolon at the end and substituting a full stop;
  - (iii) by repealing sub-paragraphs (d), (e), (f) and (g).

### 3. Port dues and fees

The Thirteenth Schedule is amended –

- (a) by repealing item 1 and substituting –
  - “1. Anchorages dues –  
For a vessel lying at anchor, the higher of –
    - (a) the minimum dues ..... 100
    - (b) the dues calculated as follows,  
to be rounded down to the nearest ten cents –
      - (i) per ton or part of it, per hour or part of it whilst lying in the limits of Victoria port ..... 0.02
      - (ii) per ton or part of it, per hour or part of it whilst lying elsewhere in the waters of Hong Kong ... 0.015”;
- (b) in item 3(c), by repealing “57” and substituting “54”.



Clerk to the Executive Council

COUNCIL CHAMBER

2005

**Explanatory Note**

This Regulation amends the Shipping and Port Control Regulations (Cap. 313 sub. leg. A) (“principal Regulations”) to introduce a new fee structure for the anchorage dues, and to reduce the port facilities and light dues. Both dues are payable under the principal Regulations.

**SHIPPING AND PORT CONTROL REGULATIONS  
(AMENDMENT OF SEVENTH SCHEDULE)  
NOTICE 2005**

(Made by the Director of Marine under regulation 72(1) of the Shipping  
and Port Control Regulations (Cap. 313 sub. leg. A))

**1. Commencement**

This Notice shall come into operation on 1 February 2006.

**2. Special Anchorages**

The Seventh Schedule to the Shipping and Port Control Regulations (Cap. 313 sub. leg. A) is amended –

(a) by repealing item 2(c) and substituting –

“(c) Western Dangerous Goods Anchorage

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- |       |           |                   |
|-------|-----------|-------------------|
| (i)   | latitude  | 22°18.409' north, |
|       | longitude | 114°06.515' east; |
| (ii)  | latitude  | 22°19.000' north, |
|       | longitude | 114°06.459' east; |
| (iii) | latitude  | 22°19.168' north, |
|       | longitude | 114°06.767' east; |
| (iv)  | latitude  | 22°19.171' north, |
|       | longitude | 114°07.020' east; |
| (v)   | latitude  | 22°18.842' north, |
|       | longitude | 114°07.664' east; |
| (vi)  | latitude  | 22°18.358' north, |
|       | longitude | 114°07.197' east. |

Note: In item 2(c), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).”;

(b) in item 3, by adding –

“(i) Kellett Anchorage No. 1

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- (i) latitude 22°17.825′ north,  
longitude 114°05.964′ east;
- (ii) latitude 22°18.339′ north,  
longitude 114°06.449′ east;
- (iii) latitude 22°17.901′ north,  
longitude 114°06.478′ east;
- (iv) latitude 22°17.389′ north,  
longitude 114°06.221′ east.

Note: In item 3(i), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).

(j) Kellett Anchorage No. 2

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- (i) latitude 22°18.358′ north,  
longitude 114°07.197′ east;

- (ii) latitude 22°18.625' north,  
longitude 114°07.455' east;
- (iii) latitude 22°17.859' north,  
longitude 114°08.089' east;
- (iv) latitude 22°17.934' north,  
longitude 114°08.414' east;
- (v) latitude 22°17.692' north,  
longitude 114°08.614' east;
- (vi) latitude 22°17.434' north,  
longitude 114°07.503' east.

Note: In item 3(j), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).

(k) Kellett Anchorage No. 3

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- (i) latitude 22°18.625' north,  
longitude 114°07.455' east;
- (ii) latitude 22°18.842' north,  
longitude 114°07.664' east;
- (iii) latitude 22°17.934' north,  
longitude 114°08.414' east;
- (iv) latitude 22°17.859' north,  
longitude 114°08.089' east.

Note: In item 3(*k*), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).

(*l*) Sham Shui Kok Anchorage No. 1

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- (i) latitude            22°19.455' north,  
                             longitude            113°58.569' east;
- (ii) latitude            22°19.515' north,  
                             longitude            113°59.202' east;
- (iii) latitude            22°19.185' north,  
                             longitude            113°59.371' east;
- (iv) latitude            22°19.140' north,  
                             longitude            113°58.619' east.

Note: In item 3(*l*), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).

(*m*) Sham Shui Kok Anchorage No. 2

The area of the waters of Hong Kong bounded by straight lines joining the following positions –

- (i) latitude            22°19.528' north,  
                             longitude            113°59.268' east;
- (ii) latitude            22°19.673' north,

- longitude 113°59.634' east;
- (iii) latitude 22°19.355' north,  
longitude 113°59.692' east;
- (iv) latitude 22°19.227' north,  
longitude 113°59.427' east.

Note: In item 3(*m*), a reference to the co-ordinates of a point is a reference to the co-ordinates of that point based on the World Geodetic System 1984 (WGS 84).”.

Director of Marine

2005

### **Explanatory Note**

This Notice amends the Seventh Schedule to the Shipping and Port Control Regulations (Cap. 313 sub. leg. A) to make minor adjustment to the boundaries of the Western Dangerous Goods Anchorage and specify 5 service anchorages at Kellett Bank and Sham Shui Kok respectively.

**MERCHANT SHIPPING (REGISTRATION)(FEES  
AND CHARGES)(AMENDMENT)  
REGULATION 2005**

(Made by the Chief Executive in Council under section 90(1) of the  
Merchant Shipping (Registration) Ordinance (Cap. 415) )

**1. Commencement**

This Regulation shall come into operation on 1 February 2006.

**2. Annual tonnage charges**

Regulation 4 of the Merchant Shipping (Registration)(Fees and Charges)  
Regulations (Cap. 415 sub. leg. A) is amended –

(a) in subregulation (1), by repealing everything after “, the”  
and substituting “annual tonnage charge as provided under  
subregulation (2), (2A) or (2C).”;

(b) in subregulation (2), by repealing “The annual tonnage  
charge” and substituting “Subject to subregulation (2A),  
the annual tonnage charge specified in Part 3 of the  
Schedule”;

(c) by adding –

“(2A) Subject to subregulations (2B) and (2C),  
if –

(a) the ship is a registered ship for 2  
consecutive years immediately  
before an anniversary of the date  
of registration;

(b) the ship has not been detained at  
any time during those 2 years;  
and

- (c) the specified annual tonnage charge is payable in respect of the year of registration of the ship immediately before the anniversary,

the specified annual tonnage charge, as reduced by half, shall be payable in respect of the year of registration of the ship commencing on the anniversary.

(2B) Subregulation (2A) does not apply if –

- (a) the ship is a registered ship before 1 February 2006; and
- (b) the anniversary is the first or second anniversary of the date of registration after 1 February 2006.

(2C) If –

- (a) a ship is a registered ship before 1 February 2006; and
- (b) the ship has not been detained at any time during the period that begins on 1 February 2006 and expires at the end of the date immediately before the second anniversary of the date of registration after 1 February 2006,

the specified annual tonnage charge, as reduced by an amount equal to such percentage of the charge as calculated in accordance with subregulation (2D), shall be payable in respect of the year of registration commencing on that second anniversary.



(2D) The percentage is calculated by using the following formula, with the result rounded up to the nearest percentage –

$$\frac{(365 + D)}{365 \times 2} \times \frac{1}{2} \times 100$$

where D represents the number of days within the period that begins on 1 February 2006 and expires at the end of the date immediately before the first anniversary of the date of registration after 1 February 2006.

(2E) For the purposes of subregulations (2A)(b) and (2C)(b), if the International Maritime Organization is informed, pursuant to paragraph 5.2.1 of International Maritime Organization Assembly Resolution A. 787(19), of any remedial action taken in respect of the detention of a ship that takes place at a particular time, the ship is detained at that particular time.”;

(d) in subregulation (3), by repealing everything after “regulation 3,” and substituting “1/12 of the specified annual tonnage charge in respect of a registered ship.”;

(e) by repealing subregulation (4) and substituting –

“(4) The tonnage charge payable under subregulation (3) is payable in respect of each period of 1 month of provisional registration, commencing on the date of provisional registration.”;

(f) by adding –

“(6) In this regulation –  
“specified annual tonnage charge” (指明噸位年費) means  
the annual tonnage charge specified in item 1 of  
Part 3 of the Schedule.”.

**3. Schedule amended**

The Schedule is amended, in Part 3, by repealing item 2.

Clerk to the Executive Council

COUNCIL CHAMBER

2005

**Explanatory Note**

This Regulation amends the Merchant Shipping (Registration)(Fees and Charges) Regulations (Cap. 415 sub. leg. A) to reduce the annual tonnage charge payable in respect of certain ships registered under the Merchant Shipping (Registration) Ordinance (Cap. 415).

## **Financial Implications of the Proposals**

### **A. Shipping and Port Control (Amendment) Regulation 2005**

Insofar as OGVs are concerned, the proposed reduction of port facilities and light dues will cause a revenue loss of about HK\$9.6 million per annum, and the estimated revenue forgone due to the introduction of the new fee structure for anchorage dues will be about HK\$12.5 million per annum.

### **B. Shipping and Port Control Regulations (Amendment of Seventh Schedule) Notice 2005**

The establishment of the new service anchorages is estimated to generate a total revenue of HK\$1.2 million a year.

### **C. Merchant Shipping (Registration) (Fees and Charges) (Amendment) Regulation 2005**

Based on the fleet size as at 28 September 2005, the proposed ATC reduction will cause a revenue loss of about HK\$4.2 million a year. Depending on the duration of the ships registered under the Hong Kong Shipping Register (HKSR), the yearly revenue forgone will be approximately 6% to 11.5% of the ATC received (the estimated ATC for 2005 is about HK\$47.9 million). The number of registered ships (with two year registration under HKSR and have not been detained for the last 24 months) eligible for the ATC reduction is 599 out of 1,080, i.e. 55% of our fleet.

## **Economic Implications of the Proposals**

The port is an important economic infrastructure of Hong Kong. Port cargo activities contribute around 4% of Hong Kong's GDP and 3.4% of employment (about 110 000 jobs). The Study on Hong Kong Port—Master Plan 2020 recommended the Government to take a number of initiatives to enhance the competitiveness of our port. The current proposal is one of the key initiatives to address the cost competitiveness issue.

If Hong Kong's port fails to sustain its position as a regional hub port, we could lose the critical mass advantage and go down a slippery slope, as more cargo and subsequently more trade activities will be diverted to our neighbouring cities, with a significant negative impact on the economy and employment.