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Panel on Economic Development
Meeting on 19 April 2016

Background brief on the Pilotage Order (Cap. 84C)
and Pilotage (Dues) Order (Cap. 84D)

Purpose

This paper provides background information on the Pilotage Order (Cap. 84C) and Pilotage (Dues) Order (Cap. 84D), and summarizes views expressed by members when relevant issues were discussed at the Panel on Economic Development ("the Panel").

Licensing of pilots under the Pilotage Order

2. For the purpose of ensuring the safe navigation of non-local vessels within Hong Kong waters, compulsory pilotage is required of all ships visiting Hong Kong that are of 3 000 gross tonnage or over, or as specified under the Pilotage Ordinance (Cap. 84) ("the Ordinance"). Pilotage Order (Cap. 84C), a subsidiary legislation of the Ordinance, stipulates the qualification and experience requirement of an applicant for a pilot's licence.

3. At present, there are around 100 licensed pilots handling about 4 500 ship movements per month. These pilots are licensed by the Director of Marine, in the Director's capacity as the Pilotage Authority, to provide services for specified lengths of vessels as prescribed by different classes of pilotage in accordance with the qualifications and experience requirements laid down under the Ordinance.

4. There are five classes of pilotage, namely Class I, IIA, IIB, IIC and IID as provided in Schedule 2 to the Pilotage Order (Cap. 84C). The class of pilotage service is determined by the length of a vessel to which a licensed pilot

can serve. A working pilot with a Class I licence can pilot a vessel of any length whereas a pilot with a Class IIA, IIB, IIC or IID licence can only pilot a vessel of length not exceeding 260 metres, 220 metres, 165 metres or 150 metres respectively.

5. At the Panel meeting on 26 November 2012, the Administration briefed members on the Pilotage (Amendment) Bill 2013 which proposed amendments to the Ordinance for the purpose of, among others, enabling a licensed pilot who is about to attain or has attained the age of 65 to apply for retaining the same class¹ of the licence for a period not exceeding 12 months until the age of 68 subject to re-examination as to physical and mental fitness and eyesight.

6. Some members were concerned about the training and succession of pilots to meet the future demand of pilotage service. A member enquired whether the qualification requirement of a pilot could be lowered to enable more trained personnel to work as pilots. In response, the Administration advised that in order to expand the pool of maritime talents, the Administration had since 2004 been running the Sea-going Training Incentive Scheme to encourage more young people to receive maritime training and develop a career in the maritime industry. The provision of pilotage service was to ensure the safety of vessels in Hong Kong waters. The proposed amendments to the Ordinance had already provided for relaxation of certain pilotage requirements.

7. The Pilotage (Amendment) Ordinance 2013 came into operation on 31 May 2013².

Pilotage dues under the Pilotage (Dues) Order

8. Pilotage dues are commercial fees charged by licensed pilots for the provision of pilotage services. The fee levels are reviewed from time to time by the Hong Kong Liner Shipping Association ("HKLSA") and the Hong Kong Pilots Association ("HKPA") representing the service users and service providers respectively. Section 22 of the Ordinance empowers the Pilotage Authority to set the amount of pilotage dues by order published in the Gazette after consultation with the Pilotage Advisory Committee³.

¹ Before the amendment of the Ordinance, a licensed pilot was, during the extended service, only permitted to renew a licence for a lower Class IIC, despite the fact that he had a long service as a higher class pilot.

² Section 5 of the Pilotage (Amendment) Bill 2013, which prescribed fees for the services rendered by the Marine Department in processing applications for exemption from compulsory pilotage submitted under section 10D of the Ordinance, came into operation on 1 December 2013.

³ The Pilotage Advisory Committee is a statutory advisory committee represented by different stakeholders in the shipping industry including licensed pilots, ship-owners, liner operators, container terminal operators, the dockyard industry, etc.

9. At its meeting on 28 November 2011, the Panel was briefed by the Administration on the proposed Pilotage (Dues) (Amendment) Order 2011 which sought to amend the Schedule to the Pilotage (Dues) Order (Cap. 84D) to give effect to the proposed revision of pilotage dues.

10. In response to members' concerns, the Administration advised that the proposed increases in the pilotage dues were agreed between the providers and users of pilotage services taking into consideration various factors including inflation and changes in general expenses. Both HKLSA and HKPA had agreed that the increases were not too significant in recognition that the increased amount would constitute some 0.05% of the total port related fees which merchant ships visiting Hong Kong had to pay.

11. Noting that the proposed increases in the pilotage dues were agreed between the providers and users of pilotage services, some members enquired whether the said practice in determining the pilotage dues would constitute price-fixing. The Administration responded that the current practice had long been established. It would maintain close liaison with the relevant bureau with a view to allowing pilotage dues to be exempted from the future operation of the Competition Ordinance.

12. The Pilotage (Dues) (Amendment) Order 2011 came into operation on 3 February 2012.

Latest development

13. The Administration will brief the Panel on the proposed amendments to the Pilotage Order (Cap. 84C) and Pilotage (Dues) Order (Cap. 84D) at the meeting on 19 April 2016.

Relevant papers

14. A list of relevant papers which are available on the LegCo Website (<http://www.legco.gov.hk>) is at the **Appendix**.

List of relevant papers

Issued by	Meeting Date/ Issue Date	Paper
Panel on Economic Development	28 November 2011	Agenda Minutes Background brief Information paper issued by the Administration
	26 November 2012	Agenda Minutes Background brief Information paper issued by the Administration