

For Discussion
on 6 February 2024

Legislative Council Panel on Economic Development

**Facilitating the use of electronic certificates
for local vessels and their operators**

PURPOSE

This paper consults Members on the proposed legislative amendments to existing shipping legislation to facilitate the use of electronic certificates for local vessels and their operators to further enhance the efficiency of marine services.

BACKGROUND

2. As one of the policy measures announced in the Chief Executive's 2022 Policy Address, the Government will implement by phases the use of electronic certificates/licences/permits (collectively referred to as "e-certs") by Hong Kong-registered ships (i.e. ocean-going vessels under the Hong Kong Shipping Register) and local vessels with a view to enhancing marine services.
3. With the advent of digital encryption and other cybersecurity

technology, e-certs in place of certificates in paper form are increasingly popular worldwide. In addition to providing a higher degree of convenience to shipowners when applying for and receiving the certificates/licences/permits, the electronic authentication system of e-certs also offers a higher level of security against forgery. In this connection, the International Maritime Organization (“IMO”) has issued relevant guidelines¹ for the use of e-certs to set a global standard on the functions and security requirements of e-certs.

4. Accordingly, the Marine Department (“MD”) has commenced legislative amendment exercises by phases to facilitate the use of e-certs and electronic logbooks (“e-logbooks”) for Hong Kong-registered ships and their seafarers, as well as the use of e-certs for local vessels and their operators. Phase 1 of the legislative proposal involving amendments to maritime legislation for implementing e-certs and e-logbooks for Hong Kong registered-ships and their seafarers was completed and the new legislation came into force on 21 July 2023².

5. Phase 2 of the legislative proposal, which mainly aims at implementing e-certs for local vessels and their operators, involves legislative amendment to local shipping legislation. Under the existing law, local vessels are issued with certificates in paper form upon completion of surveys, inspections, assessments, document verifications, etc. When the local shipping legislation was first enacted, it did not fully envisage the possibility of transacting shipping business by electronic

¹ The IMO has adopted the Guidelines for the Use of Electronic Certificates (FAL.5/Circ.39/Rev.2) as the global standard on the functions and security requirements of e-certs.

² The Shipping Legislation (Electronic Certificates and Electronic Log-books) (Amendment) Bill 2023 was enacted and came into effect on 21 July 2023.

means. Hence, certain legal requirements under the existing legislation either require or imply actions be done using paper certificates, such as the return of certificates to the Director of Marine (“DM”), or return of documents to vessel owners by DM. To enable the implementation of e-certs, legislative provisions specifying the acceptance of e-certs, as well as the manner for the operation of the e-certs system are necessary. Therefore, modelling on Phase 1 of the legislative proposal, we propose to amend the local shipping legislation to ensure that the use of e-certs is permissible under the law.

6. The proposal is in line with the trend of digitalisation in the maritime and shipping sector as well as the Government’s policy objective to facilitate technology adoption in the public sector and the implementation of digital government transformation. We envisage that the legislative proposal will enhance the convenience and efficiency of our marine services, thereby enhancing the status of Hong Kong as an international maritime centre.

LEGISLATIVE PROPOSAL

7. We propose to specify in three shipping ordinances, namely the Shipping and Port Control Ordinance (Cap. 313), the Merchant Shipping (Prevention and Control of Pollution) Ordinance (Cap. 413) and the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) (“the Ordinances”), that e-certs shall have the same legal effect as paper certificates/licences/permits. To enable continued use of paper-based regime before a complete transition to e-certs in future, we propose to keep

the existing regime of paper-based certificates/licences/permits intact, while providing for the use of e-certs to satisfy the same statutory requirements in the Ordinances.

8. In particular, we propose to specify the manner by which actions in relation to certificates/licences/permits required for relevant parties may be done in the case of e-certs in a new part of the Ordinances, such as the issuance, endorsement, suspension, cancellation of the e-cert, etc. Technical amendments will be introduced wherever appropriate with a view to enabling those actions to be done by electronic means. All certificates, permissions, permits and documents under the existing legislation to be issued by MD through the electronic certification and documentation system will be covered.

CONSULTATION

9. MD has consulted the Local Vessels Advisory Committee and the Port Operations Committee on the legislative proposal in December 2023 and January 2024 respectively. Members supported the legislative proposal.

LEGISLATIVE TIMETABLE

10. Subject to the drafting progress, we plan to introduce the legislative proposal into the Legislative Council in the first half of 2024.

ADVICE SOUGHT

11. Members are invited to comment on the legislative proposal set out in this paper.

Transport and Logistics Bureau

Marine Department

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