

***HONG KONG BOATING INDUSTRY ASSOCIATION
(HKBIA)***

INDUSTRY REPORT

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EXECUTIVE SUMMARY

Hong Kong Boating Industry Association

The Hong Kong Boating Industry Association (HKBIA) is a trade association represents all sectors of the leisure boating industry from boat builders, brokers, yacht management, charterers and distributors, to chandlers, clubs, marinas, training organizations, sail-makers, technical and professional services and specialized media. Hong Kong is one of the leading markets in Asia and is set to continue to grow with the recent peak of interest in water sports during the pandemic.

The industry report outlines the leisure boating industry background, the current challenges the industry is facing and how the government can support to develop the industry.

Background

Hong Kong has a strong maritime history and culture tracing back to when it was just a small fishing village. The maritime roots, coastline, and location of Hong Kong have helped develop the city to become a major free port, financial centre and cruise hub in Asia. Now, there is the opportunity to develop the boating leisure boating industry to put Hong Kong on the map as the top leisure boating market in Asia.

Surrounded by water and islands, the coastline of Hong Kong is the perfect cruising ground for water sports of all types.

Challenges

The list of challenges is described in “Section 3 – Hong Kong Boating Industry Sectors”. Some of the key challenges the leisure boating industry encounter include:

1. Lack of Sheltered Water Mooring Spaces
2. Lack of infrastructure to provide access to the water.
3. Classification of “Pleasure Vessels let for hire or reward” as separate from “Party Rooms” under the Group Gathering Regulations.

Solutions

We welcome the government to help support this industry as there is so much potential for boating to grow in Hong Kong. The social, economic, and environmental benefits from the growth of the industry is immense.

The list of suggestions of ways the government could help is described in “Section 8- How Can the Government Support the Industry?”. Some of the main solutions include;

1. Facilitating the development of public marina facilities and the expansion of typhoon shelters to allow moorings to be laid inside them. .

2. Develop all manner of water sports and water based recreational activities by expanding facilities and accessibility for public access.
3. Separate the classification of “Pleasure Vessels let for hire or reward” from “Party Rooms” in the Group Gathering Regulations. The space and function of “Pleasure Vessels let for hire or reward” differ a lot compared to “Party Rooms”.
4. Provide regulatory support to help grow boating in Hong Kong.

The HKBIA advocates for safe, sustainable and accessible leisure boating in Hong Kong. We represent one of the fast-growing work-force sectors in Hong Kong. As such, we hope we can get the support from the government, as Hong Kong is so much more than a shipping or fishing port these days. Hong Kong's extraordinary Harbour is the beating heart of our City, and the leisure boating industry exists to grow and develop access to the harbour and Hong Kong's spectacular and undeveloped cruising waters.

HONG KONG BOATING INDUSTRY REPORT

1. INTRODUCTION

The Hong Kong Boating Industry Association (HKBIA) is a trade association that represents all sectors of the leisure boating industry. Hong Kong is a mature boating market, with close to 11,000 registered leisure marine vessels, along with thousands of unpowered leisure marine craft.

Many of the companies in this industry are small business but there are a growing number of companies with significant turnovers, and this multi-million-dollar industry used to be unrepresented at all levels both in Hong Kong and overseas. The HKBIA was established in order to rectify this situation.

With thousands of employees working across different areas, the boating industry can be categorised into 8 sectors:

1. Boat Builders/Boat Repair Yards/Boat Manufacturers
2. Boat Brokers/Dealers
3. Shop/ Distribution / Services
4. Media/ PR
5. Boat Charter/Yacht Management/
6. Vessel Operator Associations
7. Technical Services/ Repairs/ Installations
8. Marinas/Clubs/Training Organizations

2. LEISURE MARINE INDUSTRY BACKGROUND

Once a fishing village, Hong Kong has rapidly developed into one of Asia's busiest ports. As Asia's World City backed with a strong economy, Hong Kong provided plenty of opportunity for the leisure boating industry to grow. Since the late eighties, water sports has massively gained in popularity and more of the wider population are participating in all types of water sports especially those involving boats under sail or motor. From 1999 onwards, the number of registered pleasure vessels has constantly increased an indication the industry is growing. However, over the same time period we have actually seen a slowly decreasing number of moorings. This has creating an increasing shortage of moorings, which has become especially acute over the past ten years or so and many people are now deterred from buying boats or taking part in boating activities because there is nowhere for them to safely keep the boat. This bottleneck has stifled the growth of the boating industry and is continuing to be an ongoing problem that we seek to resolve.

3. HONG KONG BOATING INDUSTRY SECTORS

3.1. Builders / Yards / Manufacturers

There are several service repair yards in Hong Kong which are fundamental to the ability of HK to maintain a boating culture – people will not keep a boat for club or personal use if they cannot get repaired. Boating activity had surged in 2020 as people had turned to water sports for leisure due to COVID-19. As a result, repairs and annual maintenance at shipyards had increased and have been busy throughout the pandemic.

In addition, order books for a lot of manufacturers are full and the lead times have extended to more than a year and a half as the factories try to keep up with the demand. There is a serious supply chain issue for many manufacturers as they struggle to get all the components to the factory on time. It is common that practically complete boats are often held up from shipping as the factory waits for a few parts that have been delayed.

3.2. Boat Brokers / Boat Dealers

Demand and interest in boat ownership had ballooned in 2020 as people turned to boating as a way to spend time with family and friends during the pandemic whilst being close to nature. As a result, boat brokers and dealers have had a successful year in 2020. Turnover in 2020 had more than doubled that of 2019. This trend is set to continue as travel restrictions are still in effect. However, the strains of the lack of sheltered mooring spaces are still evident as many buyers are hesitant to purchase without a mooring. Boat brokers and dealers are now facing issues with longer lead times and expensive shipping costs due to the supply chain shortages.

3.3. Shop / Distribution/ Services

Given most companies in the leisure boating industry are SME's, many companies span multiple related sectors of the industry in the nature of their business. Many distributors supply wholesale to other retail outlets or marine service and repair companies or boat builders but also have direct customer business including small retail outlets and direct supply and servicing of pleasure boats. This sector has done fine during the pandemic as people have been using their boats often so there is a higher demand for parts to be replaced. However, there is a supply shortage for parts and shipping costs have made it difficult to stock items.

3.4. Media/PR

Media/PR is an important sector in the marine industry as it provides a lens into the various water sports activities in Hong Kong. During the periods of tightened group gathering restrictions, cancellation of events and water sport competitions were common. The media sector had been heavily affected by these cancellations as they are no longer able to report on those stories. With vaccines rolled out and relaxed group gathering restrictions, events may restart, and the media sector will be able to get back to work. Unfortunately, the previous government relief measures did not benefit of the members in this sector as they were working on a free-lance basis.

3.5. BOAT CHARTER/YACHT MANAGEMENT /VESSEL OPERATOR ASSOCIATIONS

Hong Kong is Asia's most active yachting centre with 10,880 yachts registered at the end of 2020 (10% of them are registered for charter operations) this figure is set to continue to grow if the government would give more focus and attention to Charter Sector (Pleasure Vessels let for hire or reward). This is a proven sector that has been trending amongst many countries around the world that are looking to expand nautical tourism.

Benefits of Pleasure Yacht Charters in Hong Kong

The benefits of the growth of the leisure yachting market and the charter market to the local community are numerous and some of most important are listed below:

1. **Massive Job Allocation** (Boat Crews, Boat Repairs & Service, Charter Companies, Service on Board, Boat Equipment & Spare Parts, Water Toys, Harbour and Marina Operators, Yacht and Boat Clubs, F&B Outlets servicing private and charter boat usage, yacht related events etc, tourist operators proposing Boat Services to overseas visitors, and many more ancillary services.
2. **Service to Community** – Boating is a healthy outdoor sport and nurtures a community. Spending time on the water allows people enjoy and learn more about the seas (sustainability element). It is a great alternative to the crowded and ubiquitous shopping malls and entertainment venues.
3. **Put Hong Kong on the Map** – as the Yachting Hub of Asia, as the Monaco of the East, as the most vibrant Charter Yachting centre
4. **Grow the Local Economy** – Yachting contributes to any city's wealth by providing thousands of jobs, attracting spending & activating many ancillary services.

Potential to Grow

1. The charter sector is a fast growing sector– the potential is immense. However, the Covid-19 restrictions had stifled this growth.
2. We welcome the \$40,000 one-off support offered by Marine Department to the Pleasure Vessels let for hire or reward.
3. Unfortunately, not all the government support funds released had benefited the charter sector - The third cash release, out of four (4), was not received by charter companies.
4. More stable regulations would be recommended as in the past year there were too many changes and back and forth restrictions which greatly affected the business.
5. The growth of a more mass-market marine industry can raise environmental protection awareness amongst the youth.

Apart from the 6+ months set back since the onset of Covid-19, the sector has been growing in Hong Kong - One immediate issue that should be urgently considered here is to attribute to this Industry a Separate Status as “Pleasure Charter Vessels Operators” and not “Party Rooms” as they are categorized now. Due to this categorisation, the general public are confused of the regulations and have been contacting the HKBIA for clarification. The government should look at categorising “Pleasure Vessels let for Hire or Reward” as a separate category as a priority to provide a clear direction for the public.

3.6. PROFESSIONAL/ SURVEYING/ TRANSPORTATION/ SAFETY

A combination of a very active pre-owned boat market and long order book for new boats from 2020 have helped boost professional services like boat surveys, insurance and transportation. This trend will continue with the increased demand and interest in water sports.

3.7. MARINAS/ CLUBS/ TRAINING/ ORGANIZATIONS

There are over 9 major marinas and yacht clubs in Hong Kong - each provide a range of training and services to water sports enthusiast. Marinas and yacht clubs are an important sector of the leisure boating industry as they facilitate a safe and accessible interface between land and water. Key aims to help improve the sector would include:

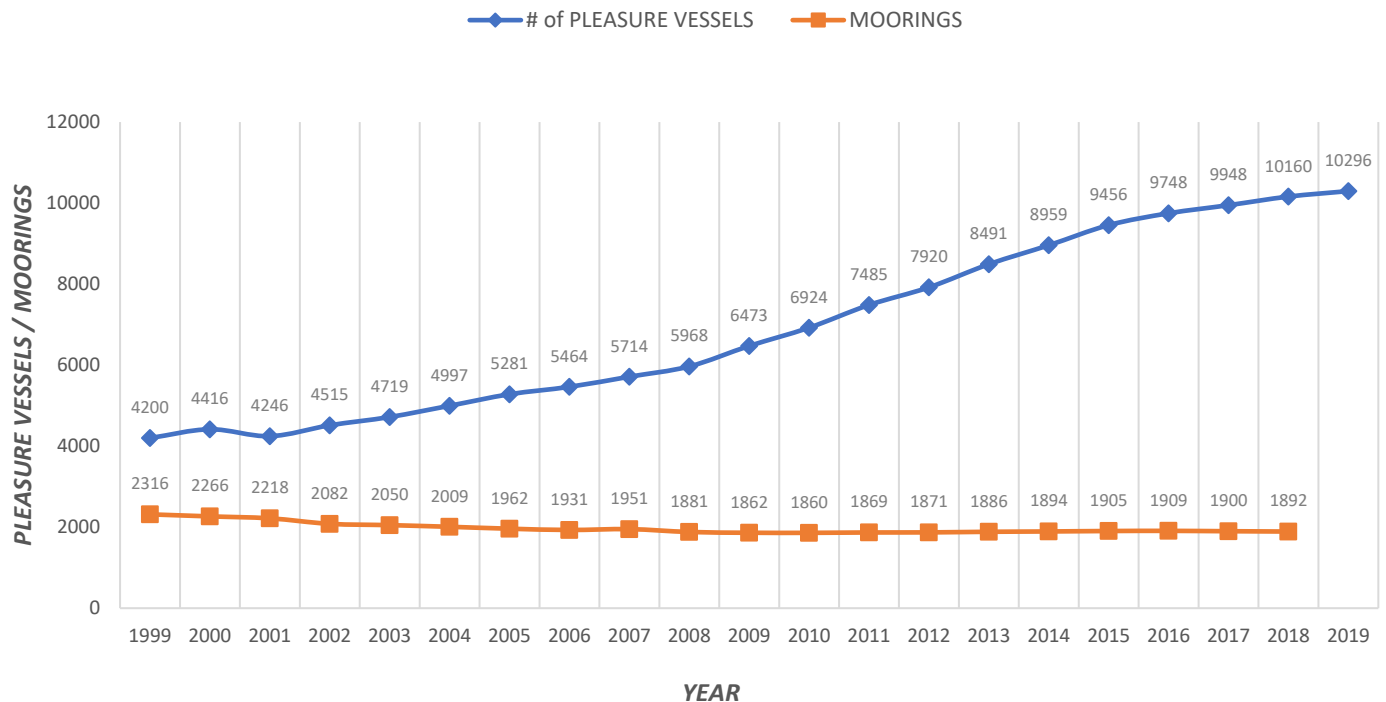
- Increase the number of Sheltered Water Mooring Spaces for pleasure vessels that are accessible. (Aberdeen TS Expansion, Sai Kung TS Expansion, Pak Sha Wan Break Water & Protection Works etc.)
- Improve the management of government-run typhoon shelters to increase the number of mooring spaces.
- Provide water access (Landing Steps) to activate the coastline of HK for all types of water sports.

4. SHELTERED WATER MOORING SPACES AND WATER ACCESS

For many years the pleasure boat industry and boat owners has been asking for more sheltered moorings to be made available for pleasure vessel use in HK.

The chart below shows how the sheltered water moorings have lagged behind the number of registered pleasure vessels in HK.

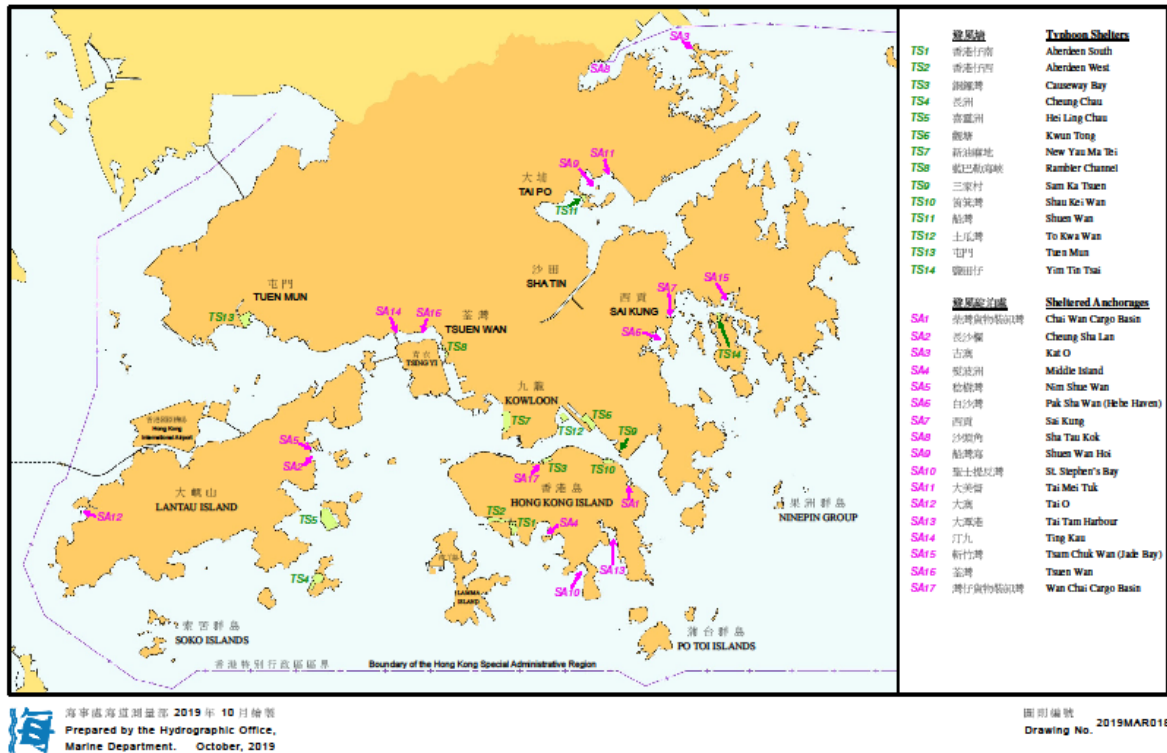
HKBIA - PLEASURE VESSELS & PUBLIC MOORINGS COMPARISON



(Data extracted from Marine Department – Port of Hong Kong Statistical Tables 1999 to 2018)

The reason behind the lack of moorings is primarily, we believe, that MarDep is tasked with proving Sheltered Water Space for all local vessels in HK for safe mooring of all local vessels in typhoon conditions. They are not tasked with providing Sheltered Water Mooring Spaces. The sheltered water space that MarDep have to provide for includes space for Pleasure Vessels, fishing vessels, ferries and working craft such as tugs and barges to shelter inside when there are typhoons. There is therefore enough space for this so the MarDep has achieved their remit.

避風塘及避風碇泊處位置圖
 Location Plan of Typhoon Shelters and Sheltered Anchorages



What the pleasure vessel industry is actually asking for is to have more Sheltered Water Mooring Spaces for pleasure vessels, that are easily accessible, and are safe in typhoons. Moorings should be placed in an area that is sheltered from large seas and strong winds during typhoons. They should also be easily accessible for the boat owners and the crew who are employed on board the vessels. Pleasure vessels wish to have a secure area to moor in that is not far away from civilisation. Access to fresh water for cleaning and drinking is required as is a sampan service to get to the boat on the mooring.

The shortage of sheltered water mooring spaces has caused many vessels to lay down their own unlicensed “mooring”, which in some cases is a ship's anchor more akin to the weight of a concrete mooring block than an anchor suitable for the size of vessel. We are advised that MarDep cannot stop this practice as there is no definition of an anchor, and a registered vessel can anchor anywhere in Hong Kong waters as long as the place they anchor is not causing an obstruction to other vessels.

We are advised that MarDep has given permission for new moorings to be laid in Sai Kung for people that were on a waiting list for moorings previously. MarDep has closed all waiting lists until further notice without informing the public why they have done this. MarDep have also not advised members of the public when the mooring list will reopen.

MarDep have introduced a new regulation which states;

- (a) *the validity period of the Private Mooring permissions will be six years with no option to renew or extend. After the expiry of the validity period, the Private Mooring owner must return the Private Mooring space to MarDep for re-allocation. If the Private Mooring owner wishes to continue to use a Private Mooring space, he/she has to submit a new application to MarDep during the new round of application;*

The reason behind this new regulation is due to errors in the Ombudsman's Report, dated 8th of March 2019. Attached is the Ombudsman's report and the HKBIA reply to that report. Nowhere in the report does it reference the fundamental problem of moorings being in such short supply, as can be seen from the Graph on page 1. If there were more sheltered water moorings available for pleasure vessels then the problem of illegal moorings and sub-letting would not arise. The recommendation that moorings be only let for a specific period of validity has been enacted and the period is six years.

It is our opinion that this is a very retrograde step for Government to take. If the fundamental mooring shortage is not addressed by Government then in six years' time the owners of these vessels will have nowhere to moor their vessels and will revert to either anchoring or laying their own "mooring" as owners are doing now.

As we are aware, MarDep will not allow any more moorings to be placed in typhoon shelters, except for Hei Ling Chau, (HLC).

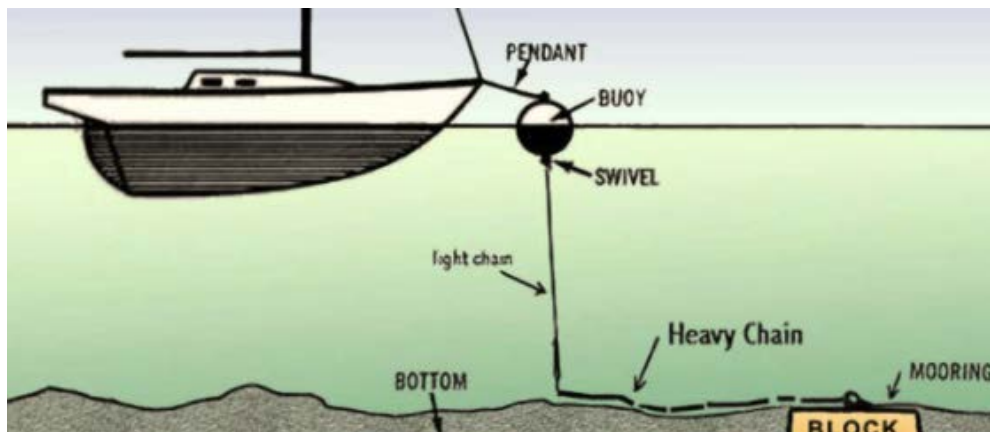
MarDep have opened up the HLC TS for the fourth batch of applications to lay a mooring. At this time the first three batches have resulted in about 20 moorings been laid in the shelter. However almost 200 application have been approved in the last few years for moorings to be laid in HLC.

The local industry and boat owners do not wish to have their craft moored at HLC as it is;

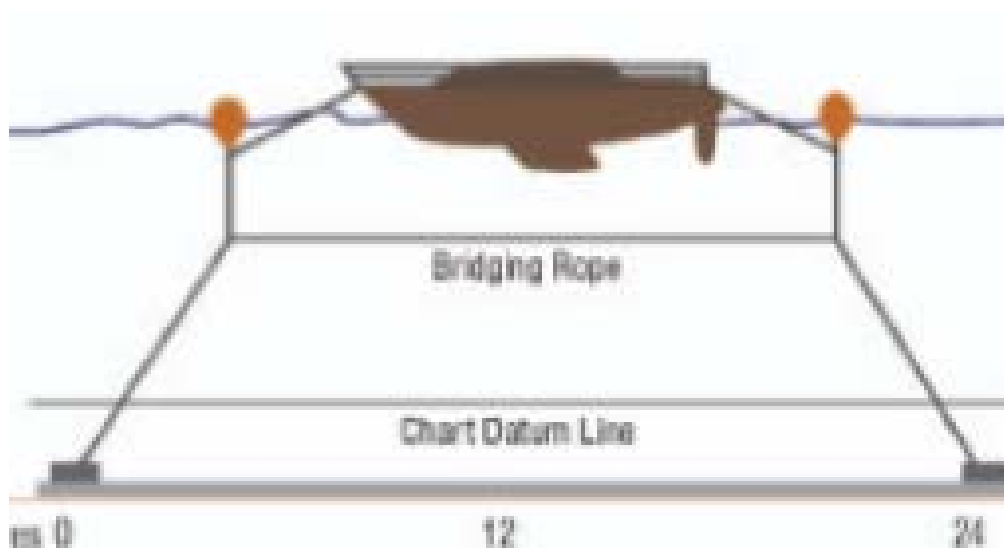
- too far away from the city with no ferry to get there; (although as of August there is a planned service)
- has no security;
- has no fresh water supply for drinking or washing boats;
- has no sewage disposal available;
- due to its physical size, is not very sheltered in typhoons from the high winds although it is sheltered from the swell waves;
- has no infrastructure such as shops or eating establishments. All food and cleaning supplies therefore have to be carried to HLC by the boat crew;
- Boat crew do not want to go to work there.

5. METHODS OF MOORING PLEASURE VESSELS IN HONG KONG

There are two methods for mooring; marina style and moorings. Moorings are further split into single block moorings and double block moorings.



A single block mooring has a concrete block on the sea bed with a chain leading up to a buoy on the surface. The boat then secures itself to the buoy with mooring rope.



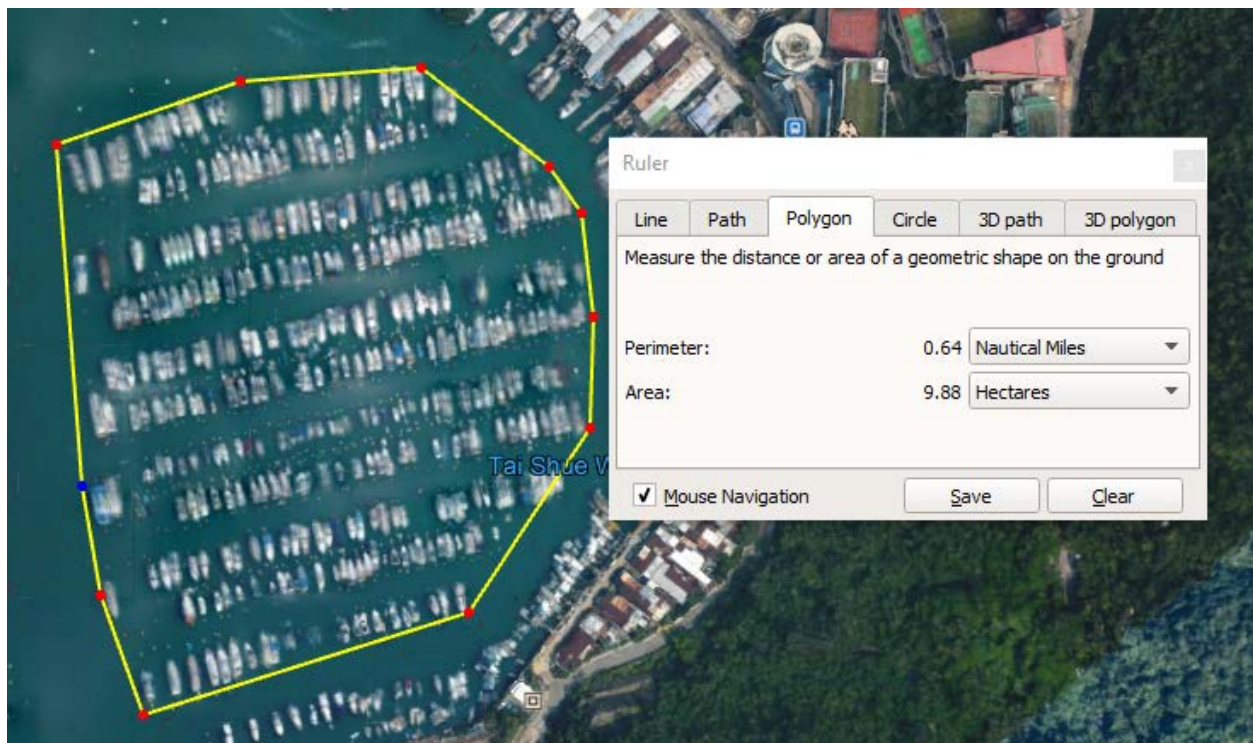
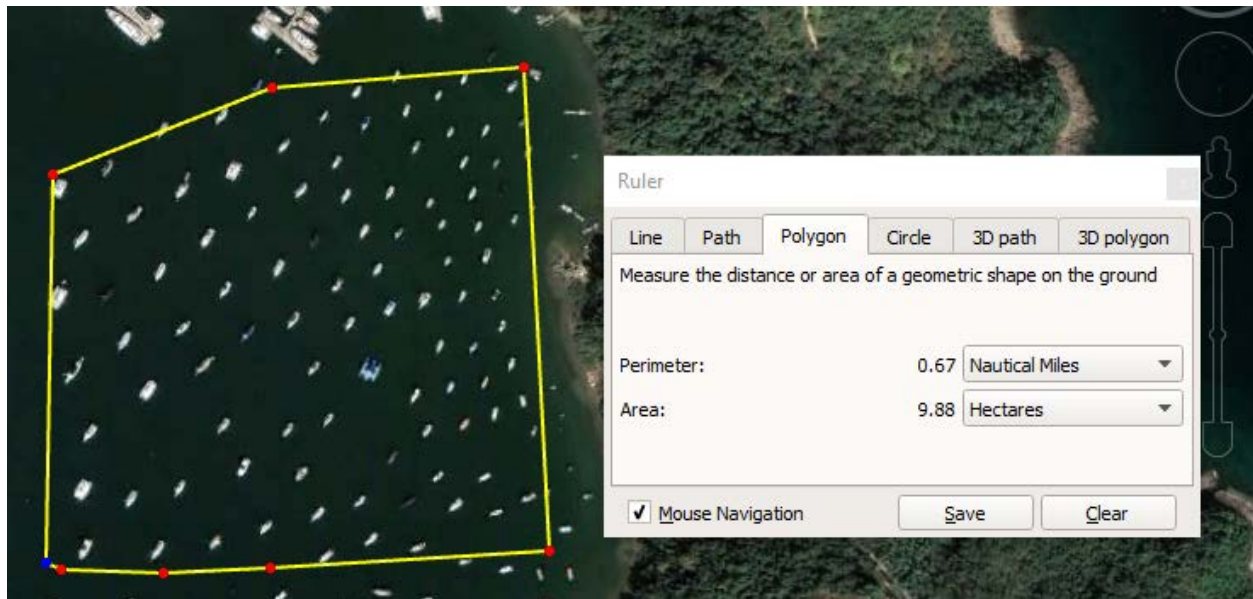
Double block fore and aft moorings have a concrete sinker at each end with each block having a chain and buoy. The boat ties up at the bow and the stern to the different buoys.

Moorings inside typhoon shelters are all fore and aft moorings. This is the common mooring method in Causeway Bay Typhoon Shelter, Aberdeen Typhoon Shelter and Hei Ling Chau.

Marina berthing is more much more efficient than single block moorings but not so efficient as double ended moorings.



To compare the difference in boats between single and double moorings we can examine the same area in Pak Sha Wan and Aberdeen Typhoon Shelter South. The yellow lines outline an area of 9.88 hectares each.



The use of fore and aft moorings greatly increases the density of boats that can fit into a mooring field over using swing moorings.

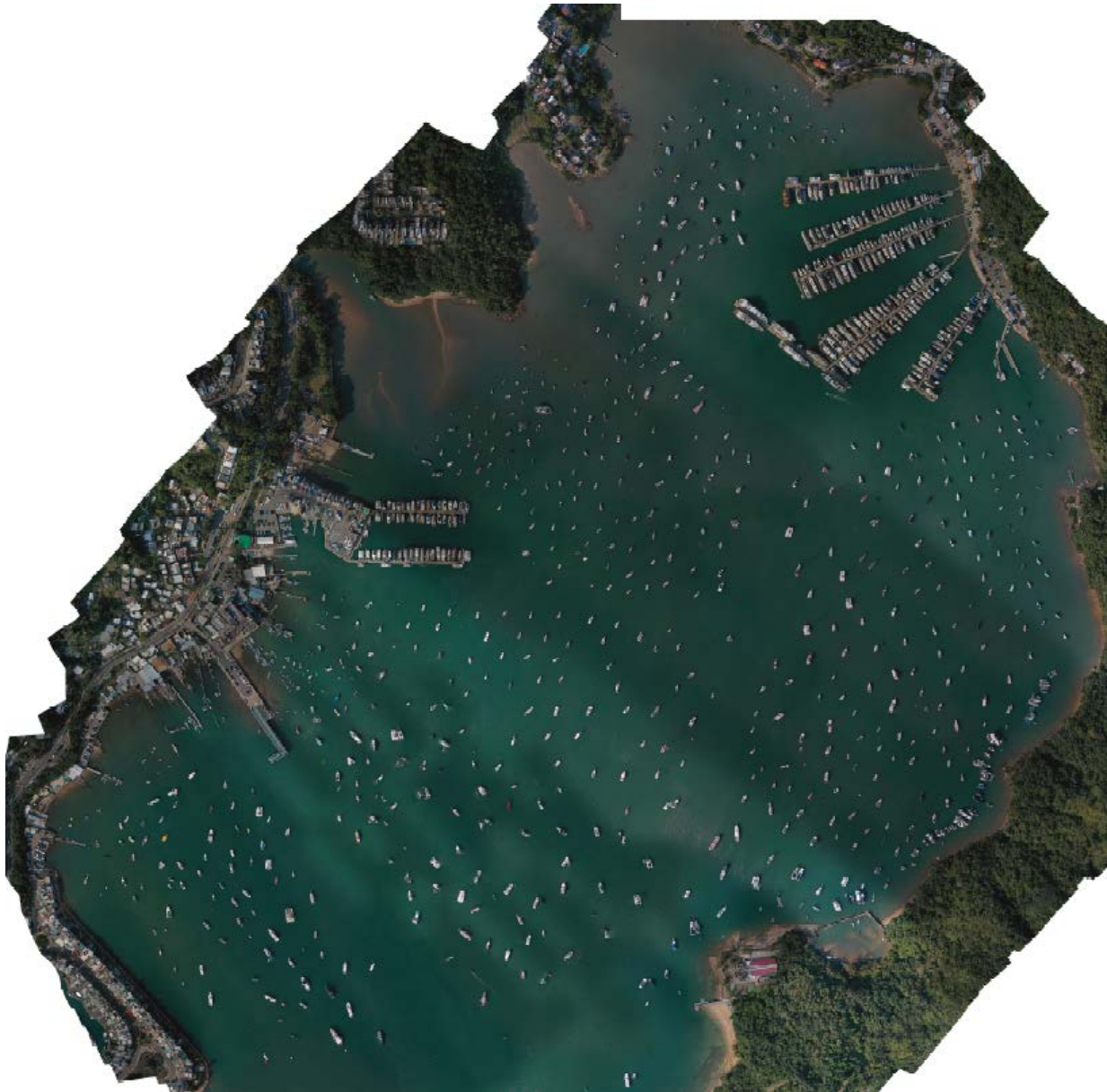
The recent fire that burned 20 boats in the Aberdeen South Typhoon Shelter has still to be reported on by Fire Services Department, but we are sure that one recommendation from the report, will be that boats

should be spaced further apart. This would put more pressure on the need to allocate other areas for sheltered water moorings to be laid at.

The number of Sheltered Water Mooring Spaces can be increased in different ways in Hong Kong.

Pak Sha Wan

The area of Pak Sha Wan that is used by MarDep approved single block moorings, about 65 hectares, could be changed to allow marina type berthing, or a novel mooring type, which would allow a denser number of boats in the same area.



There are many pleasure vessels that drop their anchor outside the designated mooring areas in Pak Sha Wan, as they are entitled to do as they are locally registered. However as seen during typhoon Mangkhut many of these vessels anchors did not hold to the sea bed during the typhoon. This resulted in many boats being damaged when they were blown ashore by the wind as seen in the picture of the southwest corner of Pak Sha Wan bay.



Had these vessels had access to proper moorings this carnage would not have taken place.

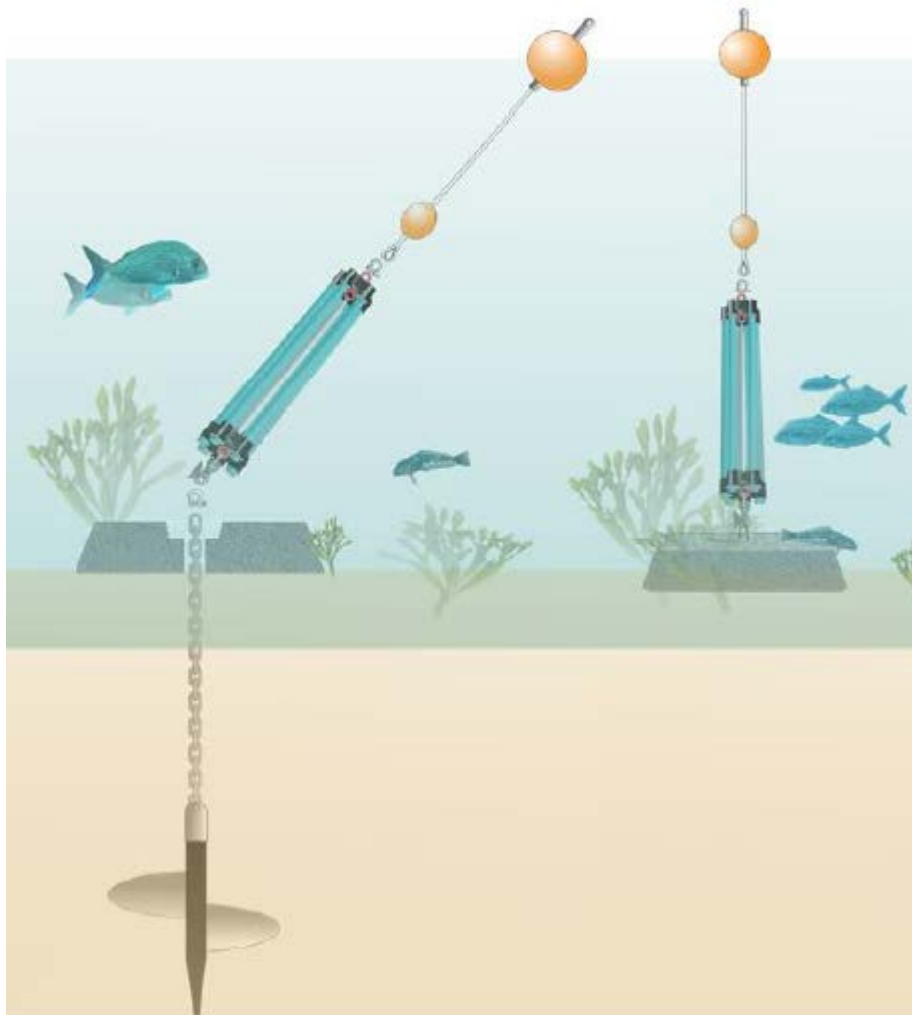
Unfortunately the water depth in Pak Sha Wan is not suitable for the introduction of fore and aft moorings using chain and concrete sinkers. The water depth is 3 to 4 metres at low tide in Pak Sha Wan bay. With a tidal range of 2.6 metres and a possible surge in water levels during a large typhoon of another 2.5 metres, the length of chain has to be 9 metres. This extra chain, that is required for safety in typhoon conditions, lies on the sea bed most of the time. As the wind and tide swing the boat around the mooring block the chain drags along the sea bed causing any marine organisms to be destroyed.



Areas on the sea bed that have been cleared by mooring chains as the boat swings around by the wind and tide can be seen clearly above.

By changing the mooring design for the Pak Sha Wan area this scouring of the sea bed can be stopped allowing marine life to take hold.

Another method to moor boats in the bay is on elastic type moorings that are strong enough to hold the boat in position but elastic enough to stretch in a typhoon water surge.



In place of using concrete blocks on the sea bed there is a system that uses screw in type anchors. The Helix screw in anchors are literally screw down into the sea bed until almost fully buried leaving only a connection above the sea bed to attach the mooring on to.



These anchors are already used by the HK Government Geotechnical Department and if MarDep were to allow these to be used for moorings, in place of concrete blocks, less damage would result on the sea bed. They can be unscrewed and removed if required so no debris is left on the sea bed.

Piles can also be driven into the sea bed for boats to moor on as below.

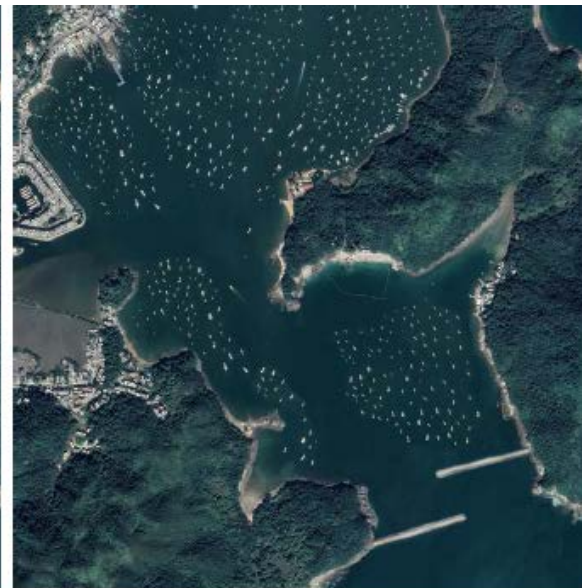


Moorings are handled by the Marine Department but we are led to believe that the installation of piles comes under the Foreshore and Seabed Reclamation Ordinance. So whether this could be allowed under the Ordinance we are unsure.

In studies by a Marine Consultant, the Pak Sha Wan Bay would require that a breakwater be installed at the entrance of Pak Sha Wan to give more shelter to the bay from high seas coming in from the south east direction. This would also allow for more sheltered water moorings to be installed inside the bay.



Before
Existing: 1560+ Boats



Typhoon Shelter Protection
Potential: 1800+ Boats

These figures are for single point moorings only. If the mooring system is changed to other type of moorings than many more boats could be mooring in the bay.

Pak Sha Wan is a large body of water and during strong typhoons winds the wind builds up sea waves, or fetch, inside the bay. A form of wave attenuation system will be required inside Pak Sha Wan to make it safe for double moorings. If Marina style berthing was allowed in parts of Pak Sha Wan this would act as a wave attenuator and allow double block moorings to be used in places.

Marina type moorings are more efficient in certain conditions as can be seen below;



Aberdeen Typhoon Shelter South

A new Aberdeen south breakwater, further out to sea would allow more sheltered moorings to be installed there.



Before
Existing: 1005+ Boats



Expanded Typhoon Shelter
Potential: 1300+ Boats

The plan to expand the typhoon shelter offers good synergy with the existing boatyards and various clubs, as well as available transport facilities. Rationalisation of the waterfront land to improve the infrastructure and land leases for the boatyards, as well as to expand on the facilities for water sports equipment such as dragon boating can be considered.

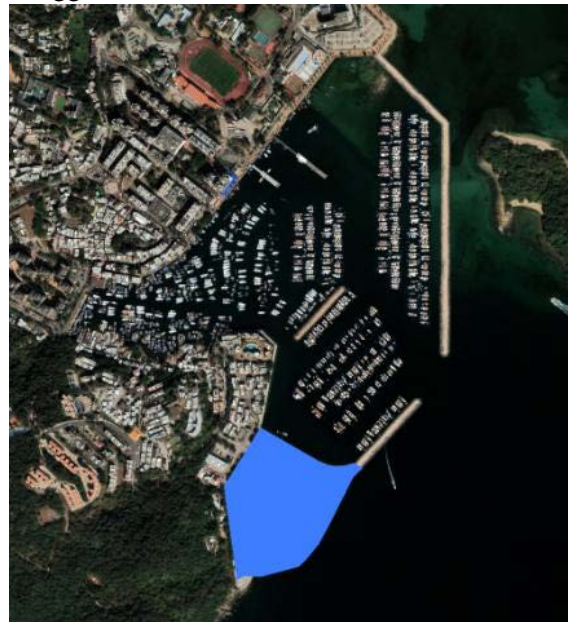
Sai Kung Town.

The planned extension of the Sai Kung mooring area could be given longer breakwaters to give more shelter to the area with a corresponding increase in the number of boats offered sheltered water moorings.

Proposed



Suggested



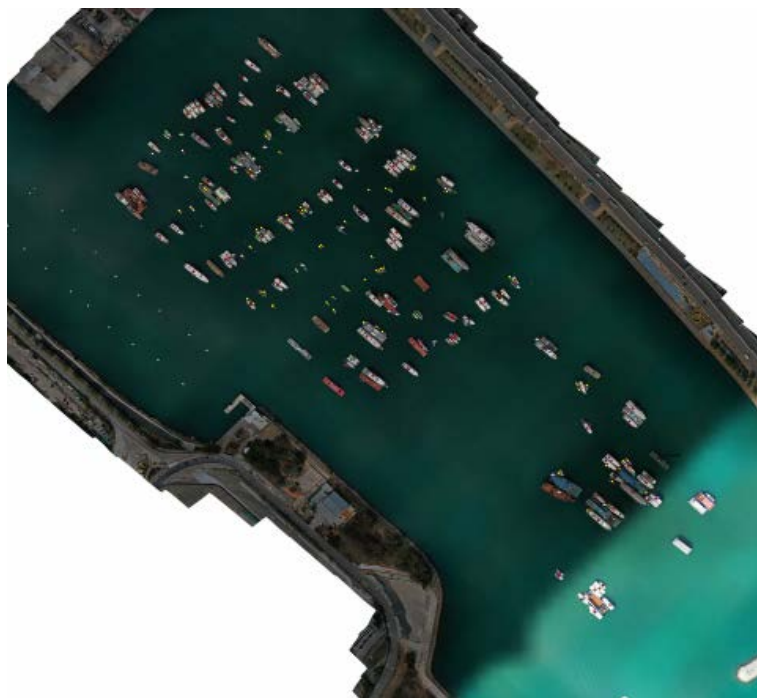
Approximately an extra 420 moorings.

Kwun Tong Typhoon Shelter.

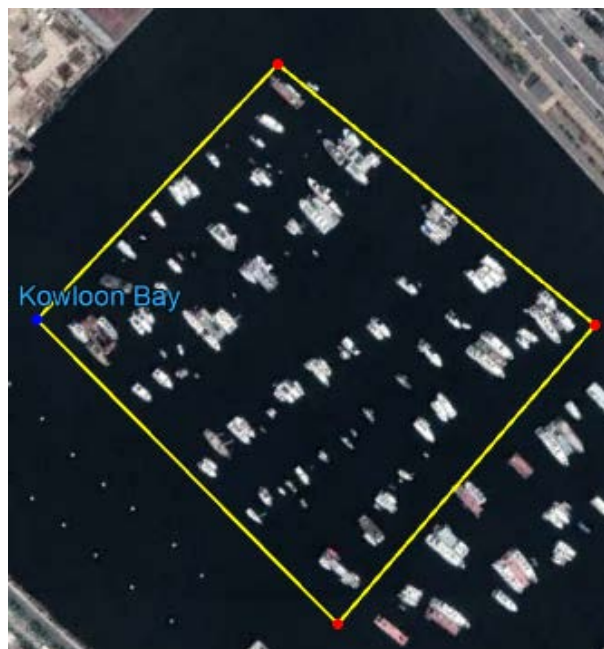
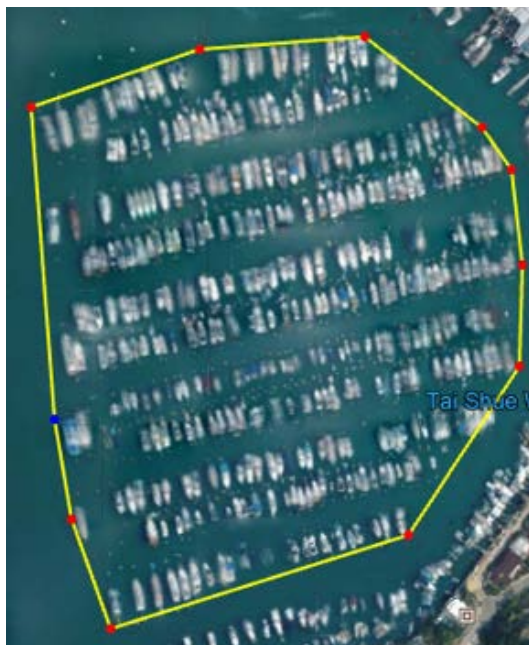
Kwun Tung typhoon shelter lay unused, out with typhoons passing through Hong Kong, for many years. In the pictures below the first was taken in 2011. The second in 2015 when pleasure vessels first started to use the shelter in 2015.



No moorings are allowed to be laid in the Kwun Tong shelter we are advised. This has led to a shelter that is inefficient in its use with commercial vessels vying for space together, large areas of empty space between moored vessels and, previously, Triad related intimidation of boat owners.



The above picture of Kwun Tong Typhoon Shelter was taken in 2020 and clearly shows that many more vessels could moor in the Typhoon shelter if it was regulated and moorings allow to be laid. The pictures below show Aberdeen typhoon shelter on the left and Kwun Tong typhoon shelter on the right.



The yellow area in both photographs is 9.88 hectares so number of vessels can be compared directly. Dividing Kwun Tong Typhoon Shelter into a pleasure vessel area and a commercial vessel area would separate the different types of vessels. Double block moorings, under the control of the Marine Department, or an outside body, could make the area more efficient similar to Causeway Bay and Aberdeen typhoon shelters with many more mooring available for pleasure craft.

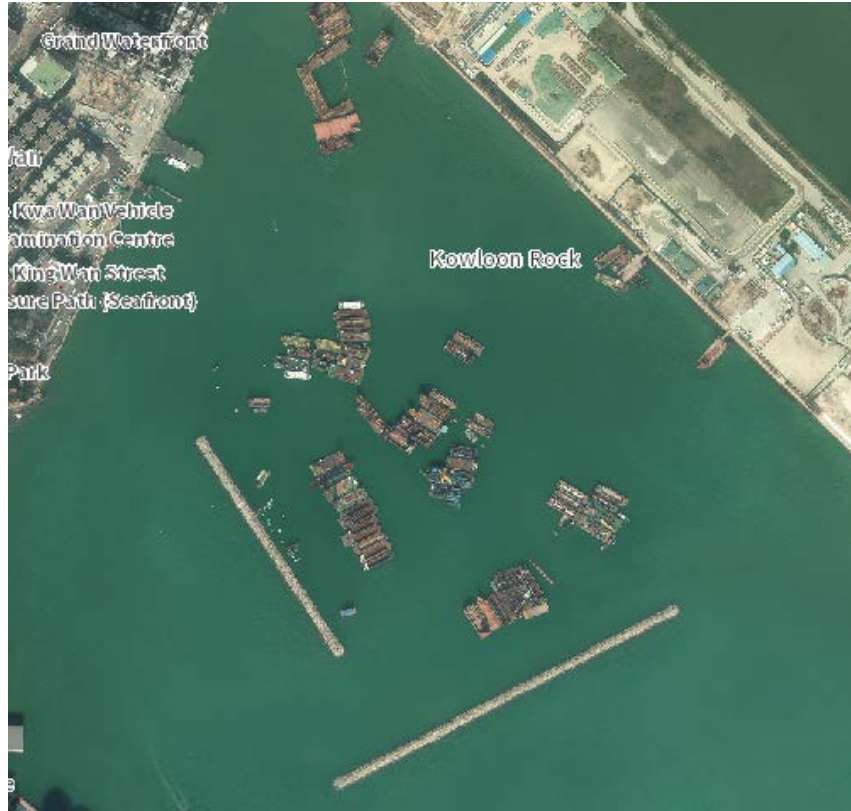
Tolo Harbour.

The waters of Tolo Harbour, in proximity of the growing population of Ma On Shan, Shatin and Taiipo lacks facilities. Tolo Harbour is one of the most underused marine areas of Hong Kong. Although largely unexplored for development of water borne sports, leisure and recreation, a few small facilities can be found at Tai Mei Tuk, To Tau Wan and Shing Mun River, and a few operators rent out small vessels for fishing and offer wakeboarding. The area could be developed to have a marina or mooring area as the depth of water is good. The area has excellent boating water, is close to public transport and parking areas and has very little commercial traffic on the water.



To Kwa Wan.

The To Kwa Wan typhoon shelter is underused and at present is only being used by commercial vessels. If a section could be set aside for pleasure vessel moorings this would increase the density of vessels in the harbour area.



There are good transport links to the public pier close by and this is a registered typhoon shelter.

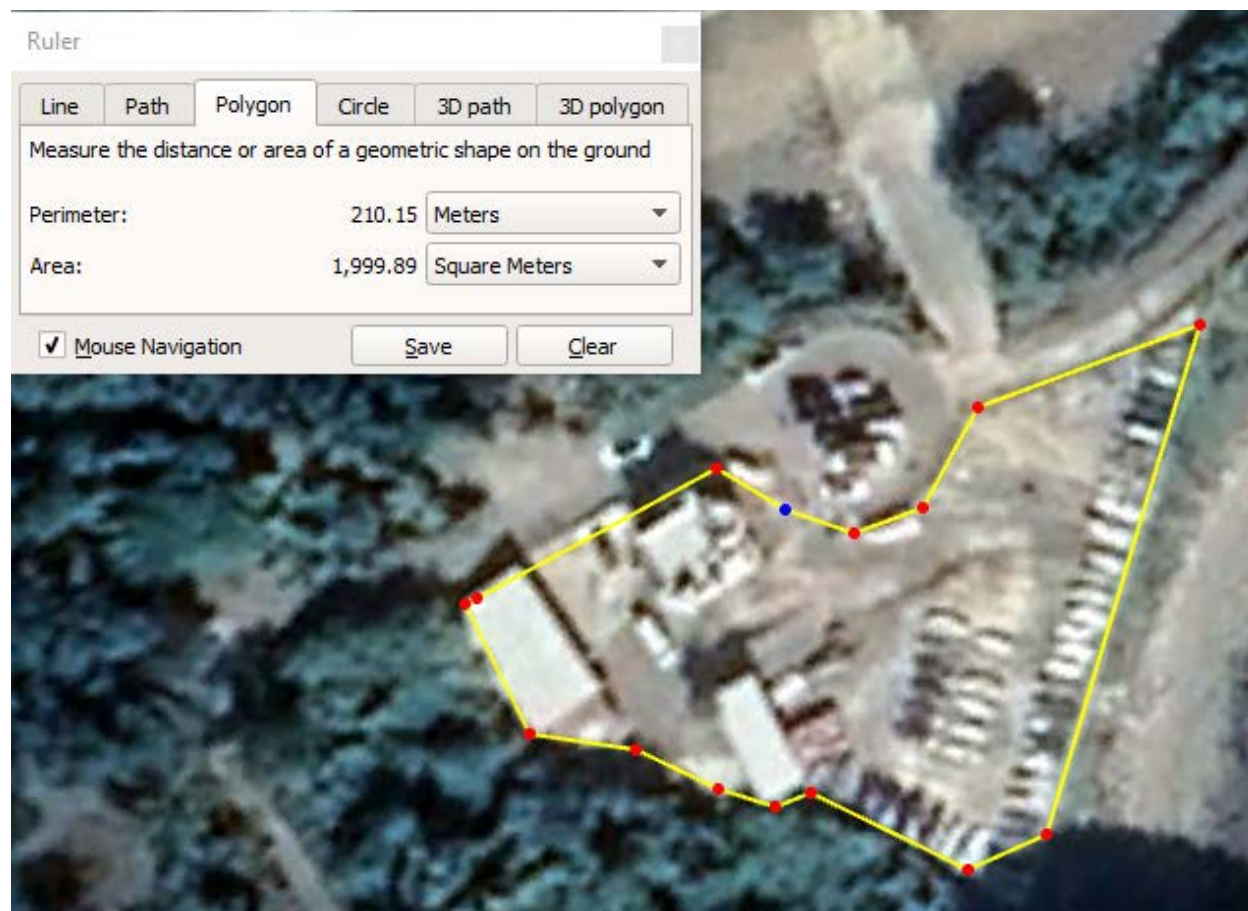
Tai Tam Bay

The old Shek O quarry basin is no longer used as a tunnel building area and could be used as a water sports centre. The land area required for a water sports centre is already in place as is an access road. There is direct access to Tai Tam Bay where there is little commercial traffic. Sailing, Paddle Boarding, Canoeing, fishing trips, water skiing, wakeboarding activities can all take place from this facility. There is space to develop boat sheds and storage racks, workshops, offices, install slipways and pontoons for use by the different type of water sports enthusiasts. There is also space for some moorings inside the area. The facility is well protected from typhoons.



Hong Kong Waters in General.

It is our opinion that the waters of Hong Kong are underused. This is especially true when you look at Sai Kung. There are many boats for hire that take thousands of people out for day trips from Sai Kung. This should be encouraged elsewhere in HK. Canoeing, fishing, sea angling, rowing boating are all pastimes that are cheap and easy for the average Hong Kong person to engage in. Access to the shore to assist these activities is required. It only takes a small area of shore space, about 0.2 hectares, to have a centre for water sports use, as can be seen from the map below of the Sail Training Association of HK facility at Little Palm Beach in Sai Kung.



Water sports and water borne recreational activities involving canoes, rowing boats, surfboards, jet skis, and small vessels powered by less than 4hp engines require land based storage or storage pontoons with facilities to launch and retrieve equipment, as well as supporting facilities such as changing rooms, showers, look outs, first aid, and possibly areas for camaraderie and F&B.

Many areas of waterfront land of all type – in the city, at beaches and at seafronts with gentle slopes – could be made available for facilities for storage of water sports equipment (e.g. Kai Tak Approach Channel, Big Wave Bay, beaches at Stanley, Tai Tam, Lamma). As shown above the area required is not large.

Organised activities, such as from the HK Water Sports Council, rowing and sailing events taking place in the underused areas of the harbour, such as the Kwun Tung Typhoon Shelter and the Wan Chai Cargo Handling Basin, should be organised closer to the shore so that they can be spectator sports for non-water sports users to see what is taking place and possibly become interested in joining in.

More landing places and slipway access to the water is required in HK. As an example the 4 hectares of sheltered space at the North end of Junk Bay have many small craft moored there, however there are no back up facilities in the area such as toilets and slipway.



The use of pleasure vessels requires land-based support facilities for refuelling, repairs, maintenance, camaraderie, sports organisation, etc. Servicing pleasure vessels requires land-water interfaces including piers, landings, ramps, lifts, quays, fuel supply, waste disposal, etc.

Consideration should be given to build piers at Repulse Bay and Deep Water Bay, and to support expansion of the clubs such as the Victoria Recreation Club, and to provide support for protection against inclement weather and storm tides.

As with Tung Chung West reclamation all new reclamations should always include a long shoreline creating sheltered inland waters for berthing vessels, including at Lung Kwu Tan, Sunny Bay, Ma Liu Shiu, Kau Yi Chau and others.

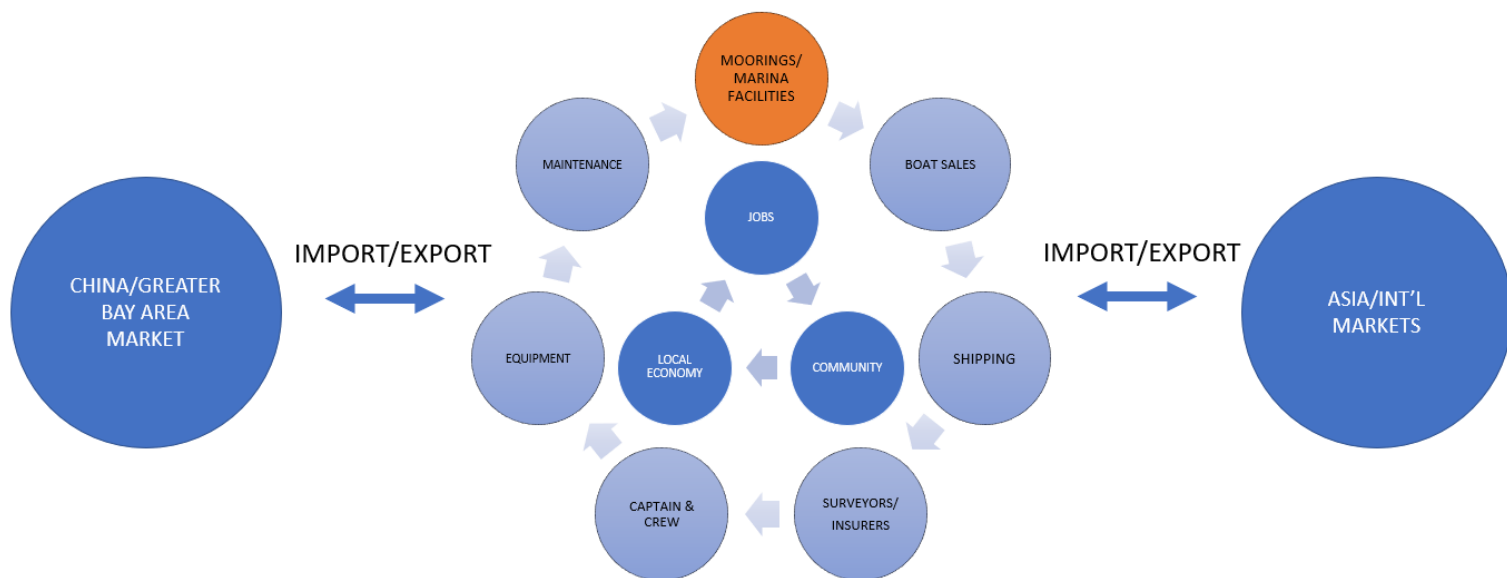
6. THE BOATING INDUSTRY - VALUE TO HONG KONG

Leisure Boating Industry effect on economy

The Hong Kong Boating Industry Association intend to conduct a survey shortly on the pleasure vessel contribution to the economy of Hong Kong. A new pleasure vessel arriving into Hong Kong will bring benefits to the following organisations, people and companies;

The broker who sold the boat; the magazine that the boat was advertised in; the bank involved in the transaction; the shipping company and container terminal who imported the boat; the tug boat company who towed the boat from the terminal; the crew who arrange the commissioning of the boat; the insurance company who insure the boat; the surveyor who surveys the boat; MarDep who license the boat; the crew of the boat; the shipyard the slips the boat for painting; the repair men for the engines, generator, air conditioning etc; the supermarket who supply the cleaning equipment and food stuffs; the marina where the boat is kept, etc.

Numbers of new pleasure vessels arriving in Hong Kong are rising. In the year 2020 there were 584 new boats arrived in Hong Kong. In 2019 we had an increase of 136 and 212 in 2018. The numbers of boats in Hong Kong decreased during the Asian Financial Crisis but then immediately increased again each year since.



More moorings/facilities will enable the industry to grow. Expanding the opportunities to export HK's expertise and products to China and the rest of the world.

Superyachts effect on the economy

2021 data released at the Australian Superyacht, Marine Export and Commercial Industry Conference (ASMEX) by Superyacht Australia, the peak body for the superyacht industry, shows that foreign flagged superyachts stayed an average of 128 days in 2020 compared to an average of 73 days in 2019 representing a 75% increase in the length of stay.

The economic impact of this was just over \$100M and represents a 58% increase on 2019's already impressive economic impact of \$63M.

The passage of the Special Recreational Vessel Act in December 2019 by the Federal Government now allows foreign flagged superyachts to charter in Australian waters. As a result, Australia saw its first charter client in December, with Hollywood actor Will Smith chartering a superyacht out of Cairns. With the passage of these laws it is expected that Australia will see a further 300% increase of visitation over the coming three years.

In 2020, Queensland saw the highest number of visiting vessels along with the longest duration of stay generating an 84% increase compared to the previous year.

"The Queensland state government has supported the industry through their Superyacht Development Strategy. The state government established a fund that helped Queensland businesses attend overseas events and for shipyards to meet international compliance standards required for this high level of work. This type of government support has certainly paid off in visitation and encouraged significant private investment in the refit and maintenance industry in Queensland, which in turn means substantial jobs for marine trades." stated David Good CEO of Superyacht Australia.

After Queensland, the highest visitation was seen was in NSW, followed by Western Australia and Victoria. The Northern Territory had the largest size visiting vessel, with a length of 107 metres M/Y Andromeda.

Superyacht Australia, who has been working in partnership with Tourism Australia, has actively promoted Australia to showcase the signature experiences that Australia can offer visiting superyachts.

"With an estimated tripling in visiting foreign flagged vessels visiting our waters, 11,800 jobs will be created for Australians in servicing these vessels." added Good.

At present Super Yachts are not keen to visit Hong Kong as they have nowhere to berth that is central. There are berths available in Lantau Yacht Club but that is far away from the heart of the city. London, Sydney, New York, Singapore, Cannes, Monaco and many other large cities have visitor berthing in the centre of the City for super yachts.

7. THE FUTURE OF THE LEISURE BOATING INDUSTRY

In the past 30 years, Hong Kong has relied on tourism, retail and finance for growth—neglecting the other sectors that are also important to the local economy. This is not sustainable and this is particularly evident with the impacts of the 2019 social unrest and Covid-19. There is now a chance for the HK Government to make a change to rebalance and support the local leisure boating industry. We need help to keep boating a major part of the Hong Kong lifestyle, not only by providing healthy outdoor activities for more people in Hong Kong, but also to support the businesses and the lives of the thousands of workers whose jobs rely on this industry.

In addition to leading the industry in the South East Asia region, Hong Kong has the potential to become a major nautical tourism hub. Already a major international city and a tourist destination, nautical tourism can help promote the local maritime culture and history. Blessed with such a beautiful coastline, Hong Kong can become the major cruising hub in the Greater Bay Area and beyond.

Like all other countries around the world, in the midst of the pandemic, the leisure boating market in Hong Kong is set to grow – the global industry is experiencing a shortage of supply due to high demand. People are buying boats and equipment to enjoy all the different types of water sports as a healthy activity to spend time with their families and friends. With a surge of new boats set to arrive, we need to look at ways to provide more sheltered water mooring spaces to avoid further crowding of typhoon shelters.

The increased severity and frequency of recent typhoons and fires incidents affecting the boats in sheltered area may be a symptom of the lack of sheltered mooring space in Hong Kong. It may be an opportunity to explore key areas that have the potential to develop better protection and more sheltered more space. There is plenty of opportunity to help develop the leisure boating industry – from expanding the Aberdeen typhoon shelter to developing the Shek O quarry into a water sports facility.

The bottleneck from the lack of sheltered mooring spaces should be addressed to help expand the industry. Each additional mooring has a profound benefit to all sectors of the industry - the boat brokers and manufacturers that sold the boat, the transport company that delivered the boat, the insurance broker and underwriters that provide insurance, the surveyor that inspects the boat, the captain/crew that operate and run the boat, the shops that provide the equipment for the boats, and the shipyards that maintain the boats.

8. HOW CAN THE GOVERNMENT SUPPORT THE INDUSTRY?

- 8.1.** Develop public marina facilities in Hong Kong to stimulate the industry and revitalize the surrounding areas and expand local economies. The Kai Tak/Kwun Tong area have the potential to provide more mooring facilities. The lack of which has restricted the potential for the leisure boating industry to grow over the past few years.
- 8.2.** Develop all manner of water sports and water based recreational activities by expanding facilities and accessibility for general public access.
- 8.3.** Expand access to typhoon shelter moorings for vessels permanently homed in Hong Kong to enable the local boating industry to grow: at the moment there is a lot of reserved space for vessels with mainland registries.
- 8.4.** Separate the classification of “Pleasure Vessels let for hire or reward” from “Party Rooms” in the Group Gathering Regulations. The space and function of “Pleasure Vessels let for hire or reward” differ a lot compared to “Party Rooms”.
- 8.5.** Provide policy support to build stronger cross border industry development and encourage frequent dialogue with industry practitioners and associations. Hong Kong could become a major industry hub and help expand the industry amongst the surrounding cities in the Greater Bay Area.
- 8.6.** Provide regulatory support to help grow boating and promote nautical tourism in Hong Kong. Simplify the process of foreign boat operators license conversion to local operators licenses.
- 8.7.** Provide promotional support through InvestHK, HK Trade and Development Council, HK Tourism Board and the Maritime Services Training Institute. Career days, Boat Shows and Industry Tours are some of the major events that promote our industry -all of which would be enhanced with the support from the various government entities.
- 8.8.** Address the environmental issues faced in local waters. Explore allocating space for sewage pump out of holding tanks in marinas and typhoon shelters. Enhance options for disposal of end-of-life boats in HK via promotion of recycling facilities.

9. SUMMARY

Hong Kong has been one of the leading leisure boating markets in Asia, with one of the largest number of pleasure vessels registered in the area. Blessed with a beautiful coastline and a strong maritime culture, the industry is set to continue to grow.

However, this may change without government support. Prior to Covid-19, the industry had been facing a major bottleneck with the lack of sheltered private moorings and vessel repair facilities – this has put increasing limitations not only on the number of people who are able to enjoy water sports but also on the companies who support leisure boating activities. In light of the recent fire in Aberdeen Typhoon Shelter, it may be an opportunity for the government to look into expanding typhoon shelters and provide more Sheltered Water Mooring Spaces to ease the congestion, create more jobs for the industry, boost the local community and make water sports more accessible.

From the broker who sells boats and the instructor who teaches the youth of Hong Kong to sail to the insurer who underwrites the risks, the HKBIA represents them all. We are a relatively young association with 42 members and represent one of the fast-growing work-force sectors in Hong Kong. As such, we hope we can get the support from the government, as Hong Kong is so much more than a shipping or fishing port these days. The leisure boating industry promotes maritime education, environmental awareness, and a healthy lifestyle. Hong Kong's extraordinary Harbour is the beating heart of our City, and the leisure boating industry exists to grow and develop access to the harbour and Hong Kong's spectacular and undeveloped cruising waters.