

LegCo Panel on Economic Services
Mid-stream Fee

Follow-up Actions Taken by the Administration
since the Meeting of the Economic Services Panel on 18 June

Introduction

At the LegCo Economic Services Panel meeting held on 18 June 2001, in summing up the discussions relating to the mid-stream fee, the Chairman has invited the Administration to –

- (a) set up a meeting amongst the three trade Associations (Hong Kong Mid-stream Operators Association(HKMOA) , Hong Kong Liner Shipping Association (HKLSA) and Hong Kong Shippers' Council (HKSC));
- (b) verify the records provided by container truck drivers as regards the waiting time at the two mid-stream sites and to produce a report for the consideration of the Panel as early as possible, preferably by late June/early July; and
- (c) confirm whether the charging practice adopted by the two mid-stream terminal operators were in breach of any previous provisions stipulated under their respective land grants.

Findings

2. This note reports on the follow-up actions taken by the Administration.

(A) To set up a meeting amongst the three trade Associations (HKMOA, HKLSA and HKSC)

3. A meeting was set up on 23 June for the Steering Group represented by the three trade Associations to discuss the issues arising from the implementation of the “fast-track mid-stream fee collection system”. The Administration reported to the Steering Group discussions at the Legco Economic Services Panel meeting held on 18 June and undertook to forward the confirmed minutes of Economic Services Panel meeting to the three parties as soon as we received it from the Secretariat. In particular, the Administration queried why the waiting time for truckers who could not present coupons at the gate of the terminals under the new arrangements should be longer than the waiting time before the new arrangements were introduced. The mid-stream operators’ representative indicated they had taken note of this view. The three parties agreed to continue to discuss ways to resolve the mid-stream fee issue.

(B) To verify the records provided by container truck drivers as regards the waiting time at the two mid-stream sites and to produce a report for the consideration of the Panel as early as possible, preferably by late June/early July

4. Reports on the complaints received by the Port and Maritime Board (PMB) Division of Economic Services Bureau /Kwai Tsing District Office between 9 June and 4 July was passed to the concerned operators on a weekly basis. An analysis of all the complaint cases is provided at **Annex A**

5. Responses from Floata Consolidation Ltd, Yuen Fat Wharf & Godown Co Ltd and the Hong Kong Mid-stream Operators Association to these complaints are at **Annexes B, C and D** respectively.

(C) Confirm whether the charging practice adopted by the two mid-stream terminal operators were in breach of any previous provisions stipulated under their respective land grants

6. Director of Lands has advised that with the exception of the two long term sites in Stonecutters Island, most of the mid-stream sites are either private wharfs or sites let out under Short-Term Tenancy (STT). These lease conditions do not contain any clause which allow the Government to impose regulations on pricing of mid-stream service. The charging practice adopted by the two mid-stream terminal operators are not in breach of any provisions stipulated under their respective land grants. The terms and conditions upon which the operator lets drivers onto the lot are not governed by the lease conditions.

Economic Services Bureau

10 July 2001

Complaint on Mid-Stream Fee

Background

1. On 8 June 2001, two mid-stream operators (Floata Consolidation Ltd (Floata) and Sakoma (HK) Ltd (Sakoma) introduced "new arrangements" for collecting the mid-stream fee (MSF) coupons, under which "fast treatment" would be given to those trucker who could produce coupons while truckers who did not produce the coupon had to queue up for normal service. In the afternoon, the container truckers lodged complaints with the Port and Maritime Board (PMB) Division of ESB and DO(KT) and subsequently held a press conference denouncing the about arrangements as being contrary to previous commitment made by the mid-stream operators. They claimed that these arrangements would pressure the truckers into paying the fees out of their own pockets.
2. On 27 June 2001, the Yuen Fat Wharf & Godown Co Ltd (Yuen Fat) introduced the "new arrangements" similar to those introduced by Floata and Sakoma for collecting the MSF. On 29 June 2001, Hoi Kong Container Services Co. Ltd (Hoi Kong) implemented an arrangement to collect MSF coupons under which truck drivers who could not produce coupons are required to sign a written confirmation.
3. This note summarises the complaints received by the Kwai Tsing District Office and the PMB Division of ESB regarding the implementation of these various "new arrangements" between 8 June – 4 July.

Analysis

4. As at noon, 4 July 2001, a total of 138 complaint cases have been received. The PMB Division of ESB has not been able to establish contacts with 29 cases and these complaints have been classified as "non-verifiable" and they have not been included in the analysis. An analysis of the complaints of the remaining 109 cases received is shown in Table 1. The key observations are highlighted below:
 - Out of the 109 complaints we have received, 73% of them (80 cases) are complaints received during the first week (9-16 June), 8 cases in the second (17-23 June), 15 cases the third (24-30 June) week and 6 cases during the fourth

week (1 July - 4 July at noon);

- Out of the 109 cases, there were 3 cases of drivers failing to pick up / deliver the containers as they were unwilling to queue for long time. One trucker claimed that his truck was blacklisted by Floata; and
- 67% of the complaints (73 cases) indicated that they had to queue up for more than 3 hours.

Port and Maritime Board
10 July 2001

Annex B**Response made by Floata Consolidation Ltd**
dated 28 June 2001

“Under the current arrangement, priority will be given to those truckers who can present a coupon or e-Ticket under the current arrangement. Given the existing resources that we have, it is inevitable that the truckers without a coupon or e-Ticket will need to wait a little bit longer than those who have one before their container can be admitted. We will, however, endeavour to service these truckers as soon as is practicable, and if possible, reduce their queuing time.

Please be advised that the extraordinarily bad weather condition during the first week of the survey period (continuous yellow / red rainstorm warnings from 7 June to 13 June 2001) might seriously distort the survey results. According to our previous experience, the queuing time at peak hours under such bad weather condition might normally exceed two hours, even without the new arrangement. Your survey results for the second (18 June to 22 June), which have eliminated the weather impact, should be better served as the starting point to evaluate our service level provided to the customers. With daily gate movements of over 500 number of tractors, the rate of complaints, which have yet been verified case by case, for the second week was only around 0.5%.

We would like to emphasize that the normal operation hours of our facilities, according to the service agreements with liner customers, are 08:00 to 20:00 and we extend the operation hours to 23:00 for handling those vessel-closing containers. We have stopped providing services to those containers which are neither vessel-closing nor with paying the mid-stream fees after 20:00. Most of the shippers / truckers have been familiar with such fair arrangement and therefore the relevant complaints reduced during the second week.

It should be noted that our liner customers have sent their respective representatives to observe our operations since 7 June 2001 and they expressed satisfaction at the new arrangements. Most importantly, there has been no complaints from liner customers for any vessel delay or cargo short shipment after the implementation of the new arrangements. This serves as solid evidence that the operation at our facilities have remained normal since 7 June 2001.

Finally, we reserve our rights to reject any vehicles / truckers to enter into our facilities according to their previous misbehaviour in order to avoid any potential direct confrontation which would affect our operations as well as the service quality to our customers.

Being one of the Mid-stream operators of Hong Kong, you have our assurance that we will continue to give our full support and co-operation to the government and other members of the industry to contribute to the well-being of the port of Hong Kong.”

Original reply from Floata Consolidation Ltd

Response made by Yuen Fat Wharf & Godown Co. Ltd.
dated 28 June 2001

“The daily trucker’s flow and analysis records from Sunday, 24th to Wednesday, 27th June 2001 for self-explanatory are enclosed.”

Original reply from Yuen Fat Wharf & Godown Co Ltd

(Note : The attachment given by Yuen Fat indicated that the waiting time of most of the truckers at Yuen Fat’s terminal was less than 1.5 hours.)

Annex D**Response made by the Hong Kong Mid-stream Operators Association
(HKMOA) dated 29 June 2001**

“We wish to reiterate that from the very beginning, the mid-stream fee is meant to be chargeable to the owners but not the container truck drivers. This is why during our Association’s setting up of the coupon and electronic payment system, we proactively promulgated to the truck drivers by means of information sheets, booklets and telephone hotline etc. to contact the owner regarding the payment arrangement so as to protect their own interests. Furthermore, our Association has established a more than 3-month long mid-stream fee flexible processing period since 1 March this year. The owners should have understood and got used to the collection of service fee.

According to the data and observations provided by Members of our Association, the mid-stream sites are operating smoothly. Most of the owners have taken the initiative to pay the fee for value added services. This indicates that the principle of user pays the fee has been widely accepted by the industry. Moreover, after on-site observation, shipping lines are satisfied with the container handling situation. Our Members have not received any complaints from shipping lines regarding shipment or container handling delays arising from the mid-stream fee. On the other hand, to cater for the interests of associated industries, those owners who have not paid the fee can still enjoy the basic container handling services at mid-stream sites.

Our Association has been looking for solution acceptable to all parties concerned in a cooperative and sincere manner. We are pleased to see the establishment of current payment mechanism and payment arrangements set up by our Members.”

Translated from the Chinese reply from Hong Kong Mid-stream Operators Association

Table 1: Mid-Stream Fee Collection System

Summary of Complaints Received by KWDO/PMB Division of ESB

		1st week	2nd week	3rd week	4th week	
		9-16 June	17-23 June	24-30 June	1-4* July	Total
Total number of complaint cases received		107	10	15	6	138
-Cases not verifiable (not able to establish contact with complaint)		27	2			29
=Valid complaints received		80	8	15	6	109
1. Nature: -Long waiting/handling time for those who did not have coupon		79	8	14	6	107
-Others (see remarks below for details)		1 ^(a)		1 ^(b)		2
2. Operator(s) being complained:	-Floata/Sakoma	80	8	3	4	95
	-Yuen Fat			12	2	14
3. Duration of delay:	-30 minutes & below			1		1
	-31 minutes - 1 hr	1				1
	-1.1 - 2 hrs	6	5	1	1	13
	-2.1 - 3 hrs	14	1	4	2	21
	-3.1 - 4 hrs	22	1	8	2	33
	-above 4 hrs ^(c)	37	1	1	1	40
4. Whether the truckers were able	-Yes	77	8	15	6	106
to pick up/delivery the container	-No	3 ^(d)				3
eventually						

Remarks:

- (a) A trucker complained that his truck was blacklisted by Floata. He was forced to use another truck to deliver the same container to Floata again.
- (b) A trucker complained that he was pressured to buy coupon.
- (c) There were 5 cases complaining for overnight waiting as the operator refused to accept the containers before the closing of operation at 11:00 p.m.. Two cases had been reported to the Police for mediation.
- (d) The truckers were unable to pick up / deliver the containers as they were unwilling to queue for long time.

* as at noon, 4 July