

Information Note
11 April 2008

Legislative Council Panel on Economic Development

**Arrangement for Re-allocation of
Berths in Public Cargo Working Areas**

Purpose

This paper briefs Members on the re-allocation of the Public Cargo Working Area (PCWA) berths upon the expiry of the current Berth Licence Agreement (BLA) in July 2008.

Background

2. We briefed Members at the meeting on 17 March 2008 about the progress on the consultation with the industry (Legislative Council Panel on Economic Development Paper No. CB(1)1049/07-08(01) refers). The Panel suggested that we should look further into our proposal, taking into account the industry's views as far as possible. Having considered the views of the Panel and the industry, we have further revised the proposal and come to a decision on the re-allocation arrangement. Details of the arrangement are as follows:

- (a) berths at the two PCWAs at Western District and Chai Wan will be disposed of by open tender for a term of three years;
- (b) berths at the other six PCWAs at Rambler Channel, Stonecutters Island, Tuen Mun, Kwun Tong, Cha Kwo Ling and Yaumatei will be disposed of by restricted tender to the existing operators holding a valid BLA at the respective PCWAs, also for a term of three years;
- (c) Kwun Tong (KT) and Cha Kwo Ling (CKL) PCWAs will be decommissioned in 2011 to make way for development projects; the affected operators would be accommodated through voluntary migration to the vacant berths in other PCWAs in the run up to July 2011;

- (d) the Government would make use of the limited residual marine frontage at CKL PCWA which cannot be opened to the general public due to the Trunk Road T2 works to temporarily accommodate the 12 paper recyclers from KT PCWA from 2011 to 2016; and
- (e) the berths at KT PCWA will be realigned during the restricted tender exercise in the first half of 2008, so that a contiguous stretch of marine frontage (about 200m) could be made available for conversion into a temporary promenade, or an early phase of the promenade as conceived in the approved Kai Tak Outline Zoning Plan (OZP).

Justifications

3. Taking into consideration the concerns of the PCWA operators and the industry, as well as the possible social and employment impacts, we decide to reduce the number of PCWAs to be put out for open tender from five as originally proposed to two (namely Western District and Chai Wan). We expect that the impact of open tender on the existing operators at the PCWAs at Western District and Chai Wan will be relatively small, because these PCWAs have more vacant berths. Also a number of open tender exercises were conducted for these two PCWAs. It is believed that the proposal would be able to alleviate the industry's worries about being priced out of the market by bigger players, and limiting choice and competitiveness of Hong Kong Port.

4. By adopting a progressive approach to open tender at two PCWAs, we believe that we have struck a balance between the Government's established principle of fair and open tender and the impacts on the PCWA operators, as well as other social, employment and economic impacts. Since the existing BLA will expire at end July this year, we will kick off the open and restricted tendering exercises on 11 April.