

**For information on
24 November 2008**

**Legislative Council Panel on Economic Development
Progress Report on
Re-allocation of Berths in Public Cargo Working Areas**

Purpose

We informed Members vide paper referenced CB(1)1049/07-08(01), on the re-allocation of berth in Public Cargo Working Areas. This paper updates Members on the result of the re-allocation exercise upon the expiry of the Berth Licence Agreement (BLA) in July 2008.

Background

2. We informed the Panel at its meeting on 17 March 2008 that we adopted a phased implementation approach for the open tendering of PCWA berths upon the expiry of BLA. The details of the approach are summarized below for Members' easy reference:

- (a) to dispose of the berths at the two PCWAs at Western District and Chai Wan by open tender for a term of three years;
- (b) to dispose of the berths at the other six PCWAs at Tuen Mun, Rambler Channel, Stonecutters Island, Yaumatei, Kwun Tong and Cha Kwo Ling by restricted tender, to the existing operators of the respective PCWAs who are holding a valid BLA, also for a term of three years;
- (c) to decommission the Kwun Tong (KT), and Cha Kwo Ling (CKL) PCWAs 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) to make use of the limited residual marine frontage at CKL PCWA not required for Trunk Road T2 works, to accommodate the 12 paper recyclers at KT PCWA from 2011 to 2016; and
- (e) to realign the berths at KT PCWA during the restricted tender exercise, 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).

Progress

3. We invited tenders in accordance with paragraph 2(a) and (b) above on 11 April this year. The outcome of the tender exercises are as follows:

(a) Open Tender

A total of 49 tenders were received: 30 for the 23 berths at the Western District PCWA and 19 for the 13 berths at the Chai Wan PCWA. 27 then existing operators (79%) successfully secured a berth in this tender exercise. The new BLAs with the successful tenderers have been signed and were brought into force on 1 August 2008 for a term of three years.

(b) Restricted Tender

A total of 116 berths were available under the restricted tender exercise. Only the then existing operators at the six PCWAs in Kowloon and New Territories were eligible for the exercise. Out of a total of 111 bids received from the existing operators, 110(99%) successfully secured their berths. Three operators had not submitted their bids and two withdrew their tenders after submission. One tender was not accepted because its quoted price was below the reserve price.

(c) Relocation of KT & CKL Operators

After the open and restricted tender exercises, there were a total of 17 vacant berths, excluding those at KT and CKL PCWAs. To encourage the operators at the KT PCWA and CKL PCWA to

relocate to the other PCWAs as early as possible, to ensure a smooth transition towards the closure of the two PCWAs in 2011 and to allow operators more time to plan their business, the operators were invited to express interest to voluntarily relocate to these vacant berths. A total of four operators expressed their interest in moving to the vacant berths (one to Tuen Mun, two to Rambler Channel and one to Yaumatei). The cases are being processed. All the terms and conditions of their BLAs will remain unchanged except for adjustment to the monthly fees on a pro-rata basis, taking into account any difference in berth length of the relocated berths.

(d) Paper Recyclers at KT PCWA

The proposal of accommodating the 12 paper recyclers from the KT PCWA to part of the site of the CKL PCWA, met with objections from some Kwun Tong District Council members and the local residents. In response to request and suggestion from the Kwun Tong District Council, we have undertaken to look at alternative sites and compare their feasibility, for the relocation of the paper recyclers. Given the difficulties in finding a suitable site, the prospect is not promising.

(e) Re-alignment of KT PCWA berths

The berths at the KT PCWA have been re-aligned when the new BLAs were awarded to the successful tenderers in August 2008. A 200-metre contiguous seafrontage has been made available for converting into a temporary promenade. A working group chaired by the Civil Engineering and Development Department has been established to take the project forward.

Second Round Open Tender

4. Following the usual practice, open tenders would be conducted to dispose of the remaining vacant berths after restricted or open tendering. The open tender was invited on 14 November 2008 with tender closure on 5 December.

Way Forward

5. To prepare for the closure of the KT PCWA and CKL PCWA by 2011 to make way for the planned projects, we would retain any berths surrendered by operators in the future, and encourage the operators at these two PCWAs to relocate to the vacant berths under the same arrangement as described in paragraph 3(c) above. We would closely monitor the situation and formulate options to facilitate the relocation of the affected operators and the closure of the two PCWAs in East Kowloon.

Transport and Housing Bureau
17 November 2008