

立法會
Legislative Council

LC Paper No. CB(1)1090/10-11(12)

Ref : CB1/PL/EDEV

Panel on Economic Development
Meeting on 24 January 2011

Updated background brief on re-allocation of berths
in Public Cargo Working Areas

Purpose

This paper provides background information on the arrangement for re-allocation of berths in public cargo working areas (PCWAs) and summarizes Members' concerns on related issues.

Background

2. PCWAs were established by statutory authority in 1974 under the Port Control (Cargo Working Areas) Ordinance (Cap. 81) and its subsidiary legislation to regulate the use of seafront for handling cargo across the seawall. PCWAs are designed to cater for direct transfer or short stay cargoes from small coasters and local barges/vessels. In general, PCWAs are engaged in trades that are dependent upon the availability of low-cost berths and cargo-handling space. According to the information provided by the Administration in 2005, the PCWA operators can be broadly grouped into 5 categories according to the major types of cargo handled by them: outlying island trade, general cargo, recyclable materials, bulk materials and containers.

3. Prior to 1998, berths were allocated to users on a first-come-first-served basis under a permit system. In 1995, the Director of Audit recommended, inter alia, that the right of using PCWA berths should be allocated by an open and competitive bidding process. The Public Accounts Committee (PAC) urged the Government to expedite PCWA management reform and to consult the PCWA operators with a view to devising an open, fair and economically viable system for the allocation of berths in PCWAs.

4. After consulting PCWA operators and the former Panel on Economic Services¹ (ES Panel), the Government agreed that in order not to cause any major disruption to the livelihood of the then existing operators who had been in the trade for many years, the PCWA management reform should be introduced in a gradual manner. Consequently, in 1998, the berths were allocated through a restricted tender to incumbent PCWA operators by way of Berth Licence Agreements (BLAs) for a term of three years until 2001. Unallocated berths were then disposed of by open tender. In view of the then prevailing economic situation, the Government conducted another restricted tender exercise in 2001 and subsequently extended the BLAs in 2004 for 18 months to July 2005.

5. The former ES Panel was in support of the Administration's proposal to continue adopting restricted tender to re-allocate the berths first to the existing PCWA operators upon the expiry of their BLAs on 31 July 2005. Under that exercise, out of the 170 available berths, 148 were allocated in the restricted tender exercise for the period of three years until 31 July 2008. Subsequent to the restricted tender exercise, an open tender exercise was held. As at 17 March 2008, there were 152 occupied berths on all PCWAs in the territory. Some Panel members urged the Administration to carry out a comprehensive review on PCWA management and work out the long term arrangement having regard to past experience, in order not to cause abrupt changes at every three-year interval to the trade.

Re-allocation of the PCWA berths in 2008

6. In view of the expiry of BLAs in July 2008 and taking into account PAC's recommendation and the advice of the ES Panel, the Administration adopted a phased implementation approach for the open tendering of the PCWA berths after consultation with the industry. The details of the approach and progress were given below:

- (a) The 36 berths at the two PCWAs at Western District and Chai Wan were disposed of by open tender for three years until 30 July 2011.

In response to the open tender issued on 11 April 2008, a total of 49 tenders were received and 27 existing operators (79%) successfully secured a berth in the tender exercise.

- (b) The 116 berths at the other six PCWAs at Tuen Mun, Rambler

¹ The Panel on Economic Services was renamed as the Panel on Economic Development from the 2007-2008 session.

Channel, Stonecutters Island, Yaumatei, Kwun Tong and Cha Kwo Ling were disposed of by restricted tender to the existing operators of the respective PCWAs for a term of three years until 30 July 2011.

Out of a total of 111 bids received from the existing operators, 110 (99%) successfully secured their berths;

- (c) The two PCWAs at Kwun Tong (KT) and Cha Kwo Ling (CKL) would be decommissioned in 2011 to make way for development projects.

According to the Administration's paper on 24 November 2008, four existing operators had expressed interest to move to the vacant berths in Tuen Mun, Rambler Channel and Yaumatei PCWAs. Other operators at KT and CKL PCWAs would be encouraged to relocate to any berths in other PCWAs surrendered in the future.

- (d) The limited residual marine frontage at CKL PCWA not required for Trunk Road T2 would be used to accommodate the 12 paper recyclers at KT PCWA from 2011 to 2016.

The proposal met with objections from some KT District Council (KTDC) members and the local residents. The Administration undertook to look at alternative sites and compare their feasibility for the relocation of the paper recyclers but indicated that the prospect was not promising.

- (e) The berths at KT PCWA would be realigned during the restricted tender exercise, so that a contiguous stretch of marine frontage (about 200 metres) could be made available for conversion into a temporary promenade.

The berths at the KT PCWA have been re-aligned in August 2008.

Members' views and concerns

Panel discussions

7. At the meeting of the Panel on Economic Development held on 17 March 2008, Panel members urged the Administration to re-examine the initial proposal of disposing berths at five PCWAs through open tenders, and

suggested that consideration be given to continuing the previous arrangement for allocation of PCWA berths through restricted tender to incumbent operators first, to be followed by open tenders for remaining unallocated berths. They also considered that the Administration should work out the long term arrangement for the allocation of berths at PCWAs, including identifying suitable land for PCWA operations. The Administration should also re-provision existing operators before ceasing operation of any PCWAs to safeguard the interests of existing operators and their employees.

8. At the meeting on 24 November 2008, some Panel members expressed concern that monopoly might occur if all PCWAs would be put out for open tender at the same time as it would present a business case for large companies to consider submitting bids through which existing small players might be priced out. The Administration highlighted that there was no such sign in the open tendering of berths at the Western District and Chai Wan PCWAs as 79% of existing operators were able to secure a berth. It further advised that individual berths in a PCWA were designated for handling specific types of cargo according to the size and location, and monopoly of all berths in a PCWA would unlikely occur because various types of cargo were handled by different operators. The Administration undertook to consult the PCWA operators as early as practicable before the expiry of BLAs in July 2011.

9. At the meeting, Hon CHAN Kam-lam conveyed the strong objection of the KTDC and local residents about relocating the 12 paper recyclers at KT PCWA to CKL PCWA from 2011 to 2016 because of the traffic impact as well as the noise and water pollution it might bring to the vicinity. He urged the Administration to identify suitable sites to re-provision them. While undertaking to identify alternative sites for the relocation of the paper recyclers, the Administration assured members that the proposed location was adjacent to the construction site of Trunk Road T2 and should not cause too much nuisance to the local residents. Hon Albert CHAN called on the Administration to enhance its planning for new development with a view to ensuring the sustainability of existing operators in declining industries as their continual operation would help preserve many job opportunities.

Council questions

10. Questions on PCWA-related issues had been raised at Council meetings. In connection with his question raised at the Council meeting on 25 June 2008, Hon Alan LEONG urged the Administration to consider withdrawing its plan to extend the operation period of the KT and CKL PCWAs so that the land could be vacated immediately for building a waterfront promenade, which would also address the concern about the nuisance caused by the operations at the two

PCWAs.

11. Responding to a question raised at the Council meeting on 14 April 2010, the Administration advised that the Government had no plans to reduce the number of operators in Yaumatei PCWA through "natural wastage". It advised that the Yaumatei PCWA is in fact the busiest PCWA in Hong Kong. One operator ceased operation in mid-2009 but no tender exercise was conducted for the vacant berth.

12. When replying to a question on KT PCWA and waste recycling industry at the Council meeting on 30 June 2010, the Administration advised that about 60% of the total waste papers recovered from municipal solid waste in 2009 (roughly 650 000 tonnes) were exported to neighbouring regions for recycling, via the 12 paper recyclers operating berths which had an aggregate length of 320 metres at KT PCWA. As the Administration planned to decommission KT PCWA in mid-2011 to make way for the development of KT Promenade Stage 2, it had encouraged the affected waste paper recyclers to relocate on a voluntary basis to vacant berths in other PCWAs for continuing operation.

Recent developments

13. On 10 September 2010, the waste paper recyclers at KT PCWA held a vehicular procession requesting to relocate en bloc to the Rambler Channel PCWA. The Marine Department is of the view that there are no grounds to support the claim that the 12 waste paper recyclers must operate together at the same location. Moreover, most of berths in the Rambler Channel PCWA have been allocated to operators of different trades. If the 12 recyclers move to this PCWA, some of the existing operators in the PCWA will be inevitably displaced in order to vacate the berths for the use of the waste paper recyclers, which will be unfair to operators of other trades. The Government will continue to explore with the operators concerned feasible options to solve the problem and to encourage them to voluntarily relocate to vacant berths at other PCWAs and continue their operations.

14. The Panel received a submission from the Joint Alliance of PCWA operators on 1 November 2010. The Alliance expressed concern about the ineffective implementation of the re-allocation of the PCWA berths in 2008 as some existing operators had closed down their business due to the high bidding prices. It also requested the Administration to consider extending the period of BLAs for three years until 2014 in order to sustain the operation of small industry players. The Alliance requested the Government to identify suitable

sites in East Kowloon (such as Tseung Kwan O and Cheung Sha Wan) for designation as PCWA. It also urged the Government to devise long-term PCWA policy to enhance steady development of the industry.

15. The Administration will brief the Panel on 24 January 2011 about the arrangement for re-allocating PCWA berths for the BLAs commencing on 1 August 2011. The Panel has agreed to invite PCWA operators to express views during the meeting.

References

16. The relevant papers are available at the following links:-

Administration's paper on Public Cargo Working Area berths allocation arrangement for the meeting on 16 March 2005

<http://www.legco.gov.hk/yr04-05/english/panels/es/papers/es0316cb1-1062-5e.pdf>

Minutes of the meeting on 16 March 2005

<http://www.legco.gov.hk/yr04-05/english/panels/es/minutes/es050316.pdf>

Administration's paper on progress report on industry consultation on arrangement for re-allocation of berths in Public Cargo Working Areas for the meeting on 17 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/es/papers/edev0317cb1-1049-1-e.pdf>

Minutes of the meeting on 17 March 2008

<http://www.legco.gov.hk/yr07-08/english/panels/es/minutes/ev080317.pdf>

Administration's paper on arrangement for re-allocation of berths in Public Cargo Working Areas (Follow-up paper)

<http://www.legco.gov.hk/yr07-08/english/panels/es/papers/edev0317cb1-1248-1-e.pdf>

LegCo question at the Council meeting on 25 June 2008: Nuisance caused to Kwun Tong residents by Public Cargo Working Areas, scrap metal recovery factory and refuse transfer station (Page 42)

<http://www.legco.gov.hk/yr07-08/english/counmtg/hansard/cm0625-translate-e.pdf>

LegCo question at the Council meeting on 14 April 2010: Application for Building Development in Harbourfront Areas (Page 49)

<http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0414-translate-e.pdf>

LegCo question at the Council meeting on 30 June 2010: Relocation Arrangement for Paper Recyclers Affected by Decommissioning of Kwun Tong Public Cargo Working Area (Page 62)

<http://www.legco.gov.hk/yr09-10/english/counmtg/hansard/cm0630-translate-e.pdf>

Press Releases on Response to waste paper recyclers' vehicular procession

<http://www.info.gov.hk/gia/general/201009/10/P201009100218.htm>

Submission from the Joint Alliance of PCWA operators on arrangement for re-allocation of berths in public cargo working areas (Chinese version only)

<http://www.legco.gov.hk/yr10-11/chinese/panels/edev/papers/edevcb1-388-1-c.pdf>

Council Business Division 1
Legislative Council Secretariat
18 January 2011