

**For discussion on
28 February 2011**

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

Purpose

This paper briefs Members on the arrangement for re-allocating the Public Cargo Working Area (PCWA) berths upon the expiry of the existing Berth Licence Agreements (BLAs) on 31 July 2011 having regard to further discussions with the PCWA operators.

Background

2. We briefed Members at the 24 January 2011 meeting of the Economic Development Panel (the Panel) on the arrangements for the upcoming tendering exercise for the PCWA berths. The Panel suggested and we undertook to continue our discussions with the operators and look further into the details in the light of comments from the representatives of the deputations and Members. We have also been asked to respond to concerns raised at the occasion.

Responses to Key Concerns Raised at the Last Panel Meeting

Tendering approach

3. In response to the recommendations of the Director of Audit and the Public Accounts Committee, PCWA berths have been allocated through tendering arrangements since 1998 and it was agreed that PCWA management reform would be implemented in a gradual manner. After three rounds of restricted tendering, a mix of open (for PCWAs on Hong Kong Island) and restricted (for PCWAs in Kowloon and the New Territories) tendering was adopted in the last exercise in 2008. In view that Kwun Tong and Cha Kwo Ling PCWAs would be decommissioned after the current BLAs to tie in with the development plan for south-east Kowloon, the Administration considers it appropriate that berths on Hong Kong Island should continue to be allocated through open tendering and those in Kowloon and the New Territories vide restricted tendering.

Opening of New PCWAs and Assistance to Operators of Kwun Tong and Cha Kwo Ling PCWAs Affected by the Closure

4. A territory-wide review reveals that there are no water-front sites (including at Tseung Kwo O and other parts in East Kowloon as proposed by Members at the last Panel meeting) which could be turned into new PCWAs. To assist operators at Kwun Tong and Cha Kwo Ling to relocate to other PCWAs prior to the expiry of the current BLAs, the Administration had put in place a voluntary relocation scheme since October 2008. Upon its completion by end-January 2011, some 40% of the affected operators have taken advantage of it to move to vacant berths at other PCWAs.

Duration of the Berth Licence Agreements

5. The Administration fully appreciates that BLAs with a longer tenure could give greater certainty to the operators and encourage them to invest to upgrade their equipment/operation. This would in turn be conducive to enhancing the efficiency of PCWA operation. Whilst we are prepared to further consider this issue as we have indicated at the last Panel meeting, we have to take into account factors such as implications on public revenue and shall consult the relevant bureaux/departments.

Latest Progress of the Discussions with the PCWA Operators

6. Since the January 2011 Panel meeting, we have been in close liaison with representatives of the operators with a view to addressing the concerns of the different stakeholder groups. The PCWA Management Committee also met again on 21 February 2011. In view of the supply and demand situation of berths which would allow the handling of dirty cargo in Kowloon and the New Territories, the geographical layout of the PCWA, its proximity to nearby residents, etc., we plan to designate four more berths at the Rambler Channel PCWA which would allow the handling of dirty cargo. This is to ensure that the demand for different types of berths is not automatically inhibited by the supply, and that operators handling different types of cargo can participate in the bidding process in a fair manner. We intend to also take the opportunity to re-align berths at the Rambler Channel PCWA so that more operators (handling both dirty and non-dirty cargoes) can remain in Kowloon and the New Territories, as we understand that this would be their preference.

Way Forward

7. We will continue to discuss with the PCWA operators along the

directions in paragraph 6 above and will proceed with the tendering arrangements as soon as practicable to facilitate a smooth transition to the new BLAs.

**Transport and Housing Bureau
February 2011**