

Supplementary Information on
FCR(2012-13)11 : Replacement/Upgrading of Vessel Traffic Services System
for the FC Meeting on 20 April 2012

As requested by the FC Chairman at the pre-meeting briefing with the Administration on 18 April 2012, supplementary information on the above FCai is appended below.

2. The capital cost and operating cost of the new Vessel Traffic Services (VTS) System will be recovered from the fees charged by the Marine Department (MD) for the services rendered to the following three user groups over a 14-year serviceable lifespan of the System from 2016 to 2030 –

- (i) Port and Light dues and related activities for Ocean-going Vessels and River-trade Vessels;
- (ii) Licence and related activities for Local Vessels and River-trade Vessels; and
- (iii) Marine Ferry Terminals.

3. The total additional cost associated with the replacement of the VTS System is around \$27 million a year¹. MD estimates that the additional cost can be recovered from fees charged at the existing levels due to the expected increase in revenue generated by the increase in vessel tonnage. For the past five years from 2006 to 2011, the vessel tonnage (including ocean-going vessels, river trade cargo and passenger vessels) visiting Hong Kong has increased at an average annual compound growth rate of 3.2%. The trend for the steady increase is expected to continue in the next five years or so given the growth in shipping activities in the region and our hub port position in Asia.

Transport and Housing Bureau
20 April 2012

¹ The figure is derived by taking into account the capital cost of new VTS System depreciated over an expected useful life of 14 years, annual increase in recurrent cost less annual depreciation of the existing VTS System.