

For discussion on  
27 October 2014

## **Legislative Council Panel on Economic Development**

### **Proposed Revision of the Operation Area Permit Fee of the Public Cargo Working Areas**

#### **PURPOSE**

This paper seeks Members' views on the proposal to increase the Operation Area Permit (OAP) fee of the Public Cargo Working Areas (PCWAs) prescribed in Item 16 of the Schedule ("the Schedule") to the Port Control (Cargo Working Areas) Regulations (Cap. 81A).

#### **BACKGROUND**

2. PCWAs are fenced off water-front areas managed by the Marine Department (MD) under the provision of the Port Control (Cargo Working Areas) Ordinance, Cap 81 and its subsidiary legislation. Currently, there are six PCWAs<sup>1</sup> in Hong Kong. Through tender procedures, PCWA berths are leased out by way of Berth Licence Agreements (BLA). Berthing fees under BLA are subject to the annual adjustment of Government Consumption Expenditure Deflator. In addition, under Regulation 7D(1) of Cap 81A, the OAP permits PCWA operators to carry out cargo works within specified areas. The OAP fee is \$10 per metre square per month as set out in Item 16 of the Schedule. The OAP fee was first introduced in 1999 and has not been revised since.

3. The Financial Secretary announced in the 2013-14 Budget Speech that all policy bureaux and departments should review their respective fees and charges, and the Government shall first deal with fees which have not been revised for years and do not directly affect people's livelihood.

4. It is the Government's policy that fees charged for using the PCWAs should in general be set at levels sufficient to recover the full cost

<sup>1</sup> Namely Tuen Mun, Rambler Channel, Stonecutters Island, New Yaumatei, Chai Wan and Western District PCWAs.

to Government for providing the services and facilities in PCWAs, including the cost of capital employed. The relevant OAP fee is one of the fees charged for recovering the cost. We have reviewed the level of the OAP fee having regard to the above principle.

5. To meet the increased cost of providing the services and facilities at PCWAs and taking into account the accumulative increase of the Composite Consumer Price Index by about 10.1% from 1999 to 2012, we propose an increase of 10% for OAP fee from \$10 to \$11 per metre square per month in two phases, with a view to minimizing the possible impact on the trade.

## **PROPOSAL**

6. We propose to amend Item 16 of the Schedule to the Port Control (Cargo Working Areas) Regulations (Cap. 81A) on Operation Area Permit – per m<sup>2</sup> of area per month. The fee amount is to be amended from “\$10” to “\$10.5” on 1 February 2015, and to be further amended from “\$10.5” to “\$11” on 1 August 2015.

## **FINANCIAL IMPLICATIONS**

7. With the proposed adjustment in OAP fee, the estimated increase in revenue is about \$1.2 million per annum.

## **IMPLICATIONS TO PCWA OPERATORS**

8. Most of the PCWA operators are small and medium enterprises. The proposed increase of the OAP fee is in line with inflation over the years, and we have taken steps to minimize the impact on operators through a phased approach<sup>2</sup>. In general, in terms of the total fees which a PCWA operator has to pay Government for using PCWA berthing facilities and operating areas, the proposal would result in an average cost increase of about 0.9% for each phase<sup>3</sup>.

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<sup>2</sup> The individual land areas under OAPs for operators' use ranges from 64m<sup>2</sup> to 3,290m<sup>2</sup>, with an average area of 825m<sup>2</sup>. The average monthly increase of OAP fees for operators is about \$412.5 on 1 February 2015 and another \$412.5 on 1 August 2015.

<sup>3</sup> The average cost increase of 0.9% (for each phase) is derived from dividing the general average increase of OAP fee by the sum of total OAP fee and Berthing fee for each PCWA operator.

## **CONSULTATION**

9. MD consulted the trade through the PCWA Management Committee Meeting held in March 2014 on the proposal to increase the OAP fee from \$10 to \$11 per metre square per month. Four written submissions were received regarding the proposed increase. Taking account of the trade's feedback, we refined the proposal by introducing a phased increase (i.e. the proposed \$1 increase to be introduced in two stages, with an increase of \$0.5 per metre square per month in early 2015, and another increase of \$0.5 per metre square per month six months thereafter). At a further meeting of the Committee in June 2014, the attending representatives raised no objection to the proposal of a phased increase proposal.

## **WAY FORWARD**

10. Subject to Members' views, we will table the proposed amendments to Item 16 of the Schedule to the Port Control (Cargo Working Areas) Regulations (Cap. 81A) for negative vetting in December 2014.

## **ADVICE SOUGHT**

11. Members are invited to give their views on the proposal.

Transport and Housing Bureau  
Marine Department  
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