

LEGISLATIVE COUNCIL BRIEF

Port Control (Cargo Working Areas) Ordinance (Cap. 81)

PORT CONTROL (CARGO WORKING AREAS) (AMENDMENT) REGULATION 2016

INTRODUCTION

At the meeting of the Executive Council on 22 November 2016, the Council ADVISED and the Acting Chief Executive ORDERED that the Port Control (Cargo Working Areas) (Amendment) Regulation 2016 (“Amendment Regulation”) at **Annex**, should be made under Section 6 of the Port Control (Cargo Working Areas) Ordinance (Cap. 81) (“Ordinance”), to introduce a concessionary rate of Vehicle Entry Ticket (“VET”) fee at \$25 for goods vehicles staying in Public Cargo Working Areas (“PCWAs”) for not more than 30 minutes.

BACKGROUND AND JUSTIFICATIONS

2. PCWAs are fenced off seafront areas for handling cargo carried by local barges or small cargo vessels. Currently, there are six PCWAs¹ in Hong Kong. They are managed by Marine Department (“MD”) in accordance with the Ordinance and its subsidiary legislation. Under Regulation 14 of the Port Control (Cargo Working Areas) Regulations (Cap. 81 sub. leg. A) (“Regulations”), goods vehicles entering PCWAs to load or unload cargo or cargo containers and staying in PCWAs are required to pay a prescribed fee for VET. The Schedule to the Regulations prescribes the scale of fees payable. At present, VET fee is charged at an hourly rate of \$33, subject to a maximum of \$85 for the period from 6:00 p.m. to 8:00 a.m.

¹ The six PCWAs are Tuen Mun, Rambler Channel, Stonecutters Island, New Yaumatei, Chai Wan and Western District PCWAs.

Trade Facilitation

3. MD completed a comprehensive review on PCWAs in March 2016 (“Review”) covering the use of PCWA berths, VET fee and other management issues. PCWA operators and the trucking trade suggested the introduction of a half-hourly rate for VET to help the trade tide over the downward trend of cargo throughput in recent years and the expected difficult time ahead.

4. Most PCWA operators and truckers are small and medium enterprises with relatively thin profit margins and are subject to the vicissitudes of the external economic environment and throughput volume. The sustainability of their operation depends largely on effective cost control, especially during difficult times. The decreases of container throughput² and cargo throughput³ in recent years are having significant impact on the viability of their business. In view of the uncertain economic situation ahead, the trade is not optimistic about their business in the next few years.

5. According to a survey conducted by MD in 2014, around 70% of the goods vehicles using PCWAs stayed there for not more than 30 minutes. The trade suggested changing the charging basis from hourly to half-hourly to reduce their operating costs. However, such change would incur substantial revenue loss to the Government. We therefore propose to introduce a concessionary rate of VET fee for goods vehicles staying for not more than 30 minutes in PCWAs. This concessionary fee would help reduce the operating costs of truckers and possibly PCWA operators. Moreover, such incentive would also encourage truckers to improve their cargo handling efficiency, thus expediting turn-over and lessening congestion in the PCWAs. In gist, the proposed measure would help the trade cope with shrinking cargo throughput and improve the logistics operations in PCWAs.

² The container throughput of Hong Kong Port has been dropping since 2011 and remained sluggish in 2015. In 2015, the container throughput registered a year-on-year decrease of 9.7%.

³ Cargo throughput handled at PCWAs dropped from 8 million tonnes in 2011 to 6.5 million tonnes in 2015.

6. The total VET fee collected in 2012-13, 2013-14 and 2014-15 were \$47.5 million, \$49 million and \$47 million respectively. The proposed concession would incur an annual revenue forgone of approximately \$8 million.

THE AMENDMENT REGULATION

7. The Amendment Regulation provides for a concessionary rate of VET fee at \$25 for a goods vehicle entering and remaining in a PCWA for a period of not more than 30 minutes.

LEGISLATIVE TIMETABLE

8. The legislative timetable for the Amendment Regulation is as follows —

Publication in the Gazette	2 December 2016
Tabling at the Legislative Council	7 December 2016
Commencement	30 January 2017

IMPLICATIONS OF THE PROPOSAL

9. On economic implications, the proposal would help alleviate the operating costs of the trucking trade, and possibly PCWA operators. Also, it would provide incentive for truckers to leave PCWAs within 30 minutes by enhancing cargo handling efficiency, thus expediting turn-over and lessening congestion in PCWAs.

10. On financial implications, it is estimated that the proposal will result in an annual revenue forgone of about \$8 million. No additional staff cost will be incurred to implement the proposal.

11. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It will not affect the current binding effect of the Ordinance and its subsidiary legislation. The proposal has no productivity, civil service, competition, environmental, family and gender implications and no sustainability implications other than those set out in paragraph 9 above.

PUBLIC CONSULTATION

12. On 2 February 2016, MD issued a consultation paper on the recommendations of the Review, which included introducing a concessionary rate of VET fee of \$25 for goods vehicles staying for not more than 30 minutes in PCWAs. MD then consulted the trade through the Port Operations Committee⁴ (“POC”) on 3 March 2016. POC members accepted the proposed concessionary fee.

13. We consulted the Panel on Economic Development of the Legislative Council on the proposal to introduce a concessionary rate of VET fee on 24 March 2016. Members supported the proposal to introduce a concessionary rate of VET fee in principle but suggested that the concession should be more generous. After examining the revenue implications of a concessionary rate at different levels ranging from \$22 to \$28, we consider that setting the concessionary rate at \$25 is the right balance between trade facilitation and public revenue protection.

14. We consulted the trade again through the PCWA Management Committee on 12 September 2016. While looking for a higher concession, the trade is prepared to accept the concessionary rate of VET fee at the proposed level of \$25 as a start.

PUBLICITY

15. The Amendment Regulation will be published in the Gazette on 2 December 2016. A press release will be issued on the same day. A spokesperson will be available to handle enquiries.

⁴ POC advises the Director of Marine on all matters affecting the operations of the Hong Kong Port.

ENQUIRIES

16. Any enquiry on this brief can be addressed to Miss Joey Lam, Deputy Secretary for Transport and Housing (Transport) (Tel: 3509 8161) or Mr. W.C. Hui, Senior Marine Officer/Cargo Handling, Marine Department (Tel: 2852 4452).

**Transport and Housing Bureau
Marine Department
November 2016**

Port Control (Cargo Working Areas) (Amendment) Regulation 2016

(Made by the Chief Executive in Council under section 6 of the Port Control (Cargo Working Areas) Ordinance (Cap. 81))

1. Commencement

This Regulation comes into operation on 30 January 2017.

2. Port Control (Cargo Working Areas) Regulations amended

The Port Control (Cargo Working Areas) Regulations (Cap. 81 sub. leg. A) are amended as set out in section 3.

3. Schedule amended (fees and charges)

The Schedule—

Repeal item 15

Substitute

“15. Vehicle entry ticket—

- (a) subject to paragraphs (b) and (c), the fee payable under regulation 14(5) or (7) for a period..... 33 per hour
- (b) the fee payable under regulation 14(5) for a period that does not exceed 30 minutes 25
- (c) the maximum fee payable for a period to the extent the period is after 6 p.m. and before 8 a.m. the next day..... 85”.

Clerk to the Executive Council

COUNCIL CHAMBER

22nd November, 2016

Explanatory Note

This Regulation amends the Schedule to the Port Control (Cargo Working Areas) Regulations (Cap. 81 sub. leg. A) by recasting its item 15 to provide for a concessionary fee for a vehicle entry ticket in respect of a goods vehicle entering a public cargo working area and remaining in it for a period not exceeding 30 minutes.