

Response from the Editor

Since 'A Letter to Editor' is published in No. 105 Spring issue of 2014, the authors of the article "An Economic Study of Mid-Stream Operations in Hong Kong" have given feed back and response to the Editor, which is reproduced as under.

Dear Seaview Editor,

I wrote the article "An Economic Study of Mid-Stream Operations in Hong Kong" from a historical perspective and using historical information collected from Government report. To answer the three questions raised from the member's comments, I hereby provided the source of the various government reports as following:

First question: Where the notion of "triad" culture is coming from?

The "triad" element was mentioned in a government document issued in June 3, 1996 as below:

LegCo Paper No. CB(1) 1952/95-96
(These minutes have been seen by the Administration)
Ref: CB1/PL/ES/1

LegCo Panel on Economic Services

**Minutes of the Meeting
held on Monday, 3 June 1996 at 2:30 p.m.
in Legislative Council Chamber**

The document can be assessed
from: <http://www.legco.gov.hk/yr95-96/english/panels/es/minutes/es030696.htm>

Under the heading "**Criminality in PCWAs**", Mr Ian Dale (Director of Marine) said that while the proposed tendering system itself might not solve the problem completely, "it would reduce the opportunities for criminal elements to derive illegal profits through extortions." *On the extent of criminality in PCWAs*, Mr M W Horner (Acting Assistant Commissioner of Police) *informed that there was no evidence of widespread triad activities in PCWAs, though there were "plenty of anecdotal evidence of extortions for years".*

In the section, Mr Horner further said that "The Police was of the view that the existing system was susceptible to monopolisation of berthing spaces backed by strong-arm tactics, and supported the Marine Department's proposed reform which would reduce the opportunities for extortions."

In addition, a reporter from South China Morning Post, after reading the Reform, also used the expression "triad-controlled PCWAs" in his report which was published in May 25, 1998 as below:

Reform seen leading to closure of PCWAs

WONG JOON SAN

PUBLISHED : Monday, 25 May, 1998, 12:00am

UPDATED : Monday, 25 May, 1998, 12:00am

The Government intends the new River Trade Terminal (RTT) to replace public cargo working areas (PCWAs), according to a shipping executive.

Chu Kong Shipping Development Co managing director Jacky Huang Jianji said that by changing the rules governing PCWAs, the Government 'was in fact preparing a legal basis for [their] eventual abolition'.

Although PCWAs had the advantages of lower cost and lower charges compared with the RTT, a new tender system introduced by the Government would make it more expensive to use them.

The Marine Department's PCWA reforms in January, apparently a step towards privatisation of the triad-controlled PCWAs, had abolished the traditional 'first come first served' basis for berthing

Second question: Whether PCWA (Public Cargo Working Areas) is or is not the major terminals for MSQ?

In the article, I didn't investigate or express the opinion that PCWA is or is not the major terminals for MSQ.

Third question: Where is the practice of regulating the mooring of vessels of permitted berth width coming from?

The information is based on a report issued from Director of Audit (Report No. 59 – Chapter 9) from Audit Commission (<http://www.aud.gov.hk>). The date of the report was issued in 26 October 2012

The report can be assessed from: (http://www.aud.gov.hk/pdf_e/e59ch09.pdf)

The part I wrote in the paper & the picture attached can be traced from this report:

- (a) **Mooring of vessels exceeded the permitted berth width.** In September 2011, staff of Chai Wan PCWA sought the Senior Marine Officer's advice on an operator's request to moor a vessel that would exceed the permitted berth width of 40 metres. Upon the Senior Marine Officer's instruction, the operator was allowed to moor a vessel not exceeding 50 metres in November 2011. In a site visit to Chai Wan PCWA on 19 July 2012, Audit found that some operators had moored multi-tiers of vessels exceeding the permitted berth width of 40 metres (see Photographs 1 and 2) without the MD's prior approval. As the licence/permit conditions are important for regulating the use of the PCWA berths/operation areas, any relaxation should be well justified on a case-by-case basis. The MD needs to put in place proper control procedures (setting out the level of approving authority and the approving criteria) to guard against any misuse/malpractice;

Photographs 1 and 2

Multi-tiers of vessels which exceeded the permitted berth width



Source: Photographs taken by Audit on 19 July 2012 at Chai Wan PCWA