

LEGCO QUESTION NO. 12

(Written Reply)

Asked by Hon SIN Chung-kai

Date of Meeting : 11 December 2002

Replied by : Secretary for Housing,
Planning and Lands

Question

It has been reported that tenants of parking spaces in the container vehicle park at Kwai Wo Street in Kwai Chung recently protested against the new operator of the park for increasing the rentals by 30% upon taking up the operation. Moreover, according to some tenants, nearly 80% of the parking spaces of the parks in the vicinity of Kwai Chung Container Terminals are operated by two related companies. In this connection, will the Government inform this Council:

- (a) of the policies and the terms in the tenancies of container vehicle parks to ensure fair competition among the operators thereof and to prevent monopoly of parking spaces for container vehicles;
- (b) whether there are any operators who just leave the land concerned vacant instead of operating container vehicle parks after being granted the tenancies of container vehicle parks; if so, of the period of such vacancy and the policies or contract terms in place to avoid such situation;

- (c) apart from contract price, whether other factors, such as container truck operators' performance and market share, are considered when it determines if they will be granted the tenancies of the container vehicle parks; and
 - (d) as the Housing Authority ("HA") grants the management of carparks in its housing estates to operators through tendering under commercial principles whilst the rentals of the parking spaces are determined by HA itself, whether it will consider adopting such practice when handling the tenancies of the container vehicle parks?
-

Reply

President,

My reply to the question raised is as follows:

- (a) We follow normal land administration practice in letting out suitable sites for public car parking purposes by Short Term Tenancies (STT) through an open and competitive bidding process. This well accepted mechanism, coupled with a sufficient supply of land for such purposes, ensures fair competition among car park operators and avoids the creation of monopolies in the market.

In Kwai Tsing District, there are 24 STT car park sites which allow for the parking of container vehicles. These car parks are operated by six different operators. The available parking spaces for container vehicles are more

than sufficient to meet the demand in the district. Different fees are charged by different car park operators based on their own commercial and market considerations. There is no evidence of market monopoly.

- (b) Two different companies had each kept one site vacant in the Kwai Tsing District after being granted STT for car parking uses. These two sites were in less central locations. One site was kept vacant for about seven months and the other for about one and a half months. These two sites have commenced operation as car parks since the end of November 2002.

At present, in the lease conditions for the STT for car parks, there are no specific provisions relating to the commencement of operation of the sites. Lands Department will introduce a condition in future tenancies to require successful tenderers to operate their STT sites to the satisfaction of the Director of Lands. Non-compliance of this condition will lead to cancellation of the tenancy and re-entry of the site by Government.

- (c) Apart from the tender bidding sum, Lands Department also takes into account the past performance of car park operators, including their compliance with the STT conditions on other sites under their management. Market share is not a consideration in the award of the STT car park sites. Lands Department is not bound to accept the highest tender offer.

- (d) Hong Kong Housing Authority (HKHA) car parks are purpose-built car parking facilities that are owned by HKHA and managed by HKHA hired contractors. These contractors collect parking fees at levels fixed by

HKHA and are remunerated by HKHA for their management services.

Lands Department does not own any purpose-built public car parking facilities. It only lets out sites suitable for STT and specifies the permitted uses for these sites. To facilitate commercial operations, more than one use is usually allowed on these sites. This arrangement allows the market to determine the specific uses of individual site (e.g. for parking of private cars, goods and/or container vehicles) and the appropriate fees to be charged. Such an arrangement minimizes Government interference in the private operators' commercial activities, and we do not consider it appropriate to adopt the HKHA arrangements for the STT car parks.