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**Towngas**

The Hong Kong and China Gas Company Limited

3 November 2000

Your ref:

Our ref: CEO/LEGCO/L-023/11-00

To : Member of LegCo Panel on
Planning, Lands and Works

Dear Honourable LegCo Members,

The Proposed Excavation Permit Charging and Penalty System

We learned that the Excavation Permit Fee proposal, which has been shelved for years by the Works Bureau has been revived and the revised proposal is to be discussed in the meeting of the LegCo Panel of Planning, Lands and Works on 6 November 2000.

We write to seek the Panel members' consideration on the difficulties of the utility undertakings in accepting this proposal, not only because of the loop holes in the proposal itself but also because of the current economic situation.

For your information, we would like to reiterate our views below:

- 1) The utility undertakings are facing stress induced by the economic downturn in the past few years. To relieve the consumers' financial burden, most of the utility undertakings have taken the initiative to freeze their tariff. It is most disappointing that the government is trying to revive the permit fee proposal, particularly under the harsh economic environment.
- 2) The charging system will impose a heavy financial burden on the utility undertakings, which in turn could possibly be transferred to the consumers ultimately.
- 3) Imposition of charging scheme will not necessarily reduce the number of road openings, since decisions and implementation of excavation fall in line with the development of the community.
- 4) A lot of the utility work are diversions requested by Highways or other government authorities to facilitate their work. These diversions are already carried out free of charge to the government authorities. It is unreasonable that the utility undertakings have to pay another Permit fee.
- 5) Utility work in general has much less effect on traffic disruption than major road works or civil projects such as road re-construction and drainage improvement work. It is unfair to hold the utility undertakings responsible for traffic disruption.

The past statistics also indicates that the government entities have much more road work than the utility companies.

- 6) The existing 3-tier committees among utilities undertakings and government departments (namely Road Opening Co-ordination Committee, Utilities Technical Liaison Committee and Joint Utilities Policy Group) have effectively monitored the contractors' performance,

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and the good co-ordination between utility companies and the Government authorities has ensured compliance to regulation.

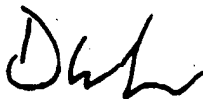
- 7) The recent new requirements such as Traffic Impact Assessment for busy roads, imposition of "Sensitive Roads" where day-time work is banned and the application of new technologies such as trenchless work in utility construction, electronic data circulation, etc. act as the effective mitigation measures to reduce public nuisance. The closer co-ordination of utility undertakings coupled with these improvement measures should be a better solution to the problem, rather than introducing a charging scheme.
- 8) The proposed Charging and Penalty System would create unnecessary administrative overheads.
- 9) There are a lot of complications in the scheme that have not been resolved with the utility undertakers, for example:
 - How would the actual commencement date be determined at the Excavation Permit application stage? It is usually out of the control of the Permittee since additional conditions are usually imposed by Traffic Police and Transport Department after issue of permit.
 - Should the actual permit duration or the actual site occupation date be counted for the daily charge?
 - How could excavation involving different utilities in common trench be evaluated?

We would also like to emphasize that after the last panel meeting the Administration has promised to further consult the utility undertakings before considering whether to introduce the scheme. Since then, there has only been one workshop held in July 2000. In the workshop utility undertakings had suggested numerous alternatives such as improved town planning and disposition of utilities, common trench, one-stop-shop administration, etc, instead of the Permit fee. It was disappointed that despite repeated requests, utility undertakings could only receive a record of the workshop by end October in which there is no further follow-up on the suggestions.

In view of the above, we sincerely request that the Panel members consider withdrawing the Permit fee proposal or at least suspend it during this difficult period.

Thank you for your attention.

Yours faithfully



Dennis Kwok
Chief Engineering Officer

DK/kk

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Distribution

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