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 **Hutchison
Global Crossing**

Date: : 2 November, 2000
 Our Ref. : NNID/EP/L2155/00/SH

By Fax & Post
 (Fax No. 2869 9399)

Dr. Hon TANG Siu-tong, JP
 Chairman
 Panel on Planning, Lands & Works
 Legislative Council
 C/O Legislative Council Secretariat
 Legislative Council building
 8 Jackson Road, Central
 Hong Kong

Dear Dr. Tang,

Re : Proposed Charging and Penalty System for Road Opening Works

We refer to our letter of 11 January 2000 addressed to the Chairman of Panel on Planning Lands & Works and copied to all the other members about the captioned proposal.

As the relevant issues are going to be discussed in detail in the coming Panel meeting on 6 November 2000, we would like to re-capture some of the key points below for your kind attention: -

1. The Proposal will impose a heavy financial burden on Hutchison Global Crossing Limited, (formerly Hutchison Communications Limited,) who has invested and will need to continue to expend considerable funds on the fixed telecommunication network.

The capital and operating costs will inevitably be passed on to the consumers. In this respect, low income families would face financial burdens arising from increases in their electricity, gas and telephone bills.

2. The payment under the Proposal does not guarantee the commencement of actual excavation works after the issuance of the Excavation Permit. According to the Proposal, several other Government departments, such as the Environmental Protection Department, the Police and the Transport Department, etc. would have to be coordinated and consulted after the issuance of the Excavation Permit. This would not be a satisfactory arrangement.
3. The implementation of the Proposal would discourage the new fixed telecommunication network operators (Hutchison, NT&T, New World), expanding from their fixed telecommunication network.

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4. The recovery of economic downturn is fragile. Improvement of unemployment will require further investment in the market. The Proposal would add financial burden to fixed telecommunication operators who would be forced to pull back on some of their expansion plans. The labour market would be adversely affected.
5. The Proposal would create non-productive administrative works to all parties including the Highways Department.

In our point of view, the Proposal will have an adverse effect on the overall economy of HKSAR and should be suspended. In addition, representatives from Government Departments, Utilities and Contractors have participated the Workshop No. 1 arranged for "Regulatory Impact Assessment : Introduction of Permit Fee and Financial Disincentive Scheme for Road Opening Works". The Workshops have not been concluded. The follow up on the options as proposed in the Workshops No. 1 are still ongoing. There are creative and innovative options that can be considered to replace the proposed charging and penalty system. We would suggest to study the findings in the Workshop in detail and work out a better solution jointly.

Yours faithfully,
Hutchison Global Crossing Limited


Y C Tang
General Manager
Infrastructure Development

YC/SH/wl


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c.c. IJPG members

- Mr. C S Wal - Highways Department
- Mr. K W Chan - Water Supplies Department
- Mr. K.F. Tam - Drainage Services Department
- Mr. K W Li - The Hong Kong Electric Co. Ltd.
- Mr. Dennis Kwok - The Hong Kong and China Gas Co. Ltd.
- Mr. Allen Law - Hong Kong Cable Television Ltd.
- Mr. S W Tang - C & W HKT
- Mr. Patrick So - New T & T Hong Kong Ltd.
- Mr. Steven Chan - Hong Kong Tramways Ltd.
- Mr. C L Wong - New World Telephone Co. Ltd.
- Mr. Paul Poon - China Light & Power Co. Ltd.

Panel on Planning, Lands & Works

- Hon LAU Ping-cheung (Deputy Chairman)
- Ir Dr Hon Raymond HO Chung-tai, JP
- Hon James TO Kun-sun
- Hon WONG Yung-kan
- Hon LAU Wong-fat, GBS, JP
- Hon Timothy FOK Tsun-ting, SBS, JP
- Hon TAM Yiu-chung, GBS, JP
- Hon Abraham SHEK Lai-him, JP
- Hon Albert CHAN Wai-yip
- Hon IP Kwok-him, JP

- Mr. S S Lee - Secretary for Works
- Mr. Y C Lo - Director of Highways