

立法會
Legislative Council

LC Paper No. CB(1)2272/07-08
(These minutes have been seen
by the Administration)

Ref : CB1/SS/10/07

**Subcommittee on Sewage Services (Trade Effluent Surcharge)
(Amendment) Regulation 2008**

**Minutes of sixth meeting on
Thursday, 19 June 2008, at 8:00 am
in Conference Room B of the Legislative Council Building**

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon SIN Chung-kai, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon CHOY So-yuk, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Ting-kwong, BBS

Public Officers attending : Mr Albert LAM
Deputy Director of Environmental Protection
Environmental Protection Department

Mr Elvis AU
Assistant Director of Environmental Protection (Water
Policy)
Environmental Protection Department

Mr CHUI Wing-wah
Assistant Director of Drainage Services (Sewage Services)
Drainage Services Department

Mr Allen LAI Kai-pang
Senior Assistant Law Draftsman (Atg)
Department of Justice

Clerk in attendance : Ms Debbie YAU
Senior Council Secretary (1)1

Staff in attendance : Mr Kelvin LEE
Assistant Legal Adviser 1

Mr Justin TAM
Council Secretary (1)3

Action

I Meeting with the Administration

(LC Paper No. CB(1)1953/07-08(01) -- List of follow-up actions arising from the discussion on 17 June 2008 prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1953/07-08(02) -- Administration's response to LC Paper No. CB(1)1953/07-08(01)

LC Paper No. CB(1)1858/07-08(01) -- Draft "Proposed amendment to the Sewage Services (Trade Effluent Surcharge) (Amendment) Regulation 2008" prepared by Assistant Legal Adviser

LC Paper No. CB(1)1966/07-08(01) Draft amendments to be proposed
(*tabled and issued on 19 June 2008*) by Hon Tommy CHEUNG)

The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

2. The Administration was requested to provide information on the apportionment of sewage services costs between the costs of operating the Sewage Charge scheme and the Trade Effluent Surcharge (TES) scheme since the introduction of the latter in 1995, as well as the actual revenues and expenditures in operating the TES scheme for each year since 1995.

Way forward and next meeting

3. The Chairman suggested and members agreed that the next meeting of the Subcommittee would be held on 23 June 2008, at 1:00 pm. The Chairman requested the Administration to provide the finalized version of its proposed amendments to the Subcommittee within that day for timely consideration by members.

4. Members noted that the Chairman would give an oral report on the deliberations of the Subcommittee at the meeting of the House Committee on 20 June 2008. The Subcommittee would present its written report to the House Committee at its meeting on 27 June 2008.

II Any other business

5. There being no other business, the meeting ended at 9:00 am.

Council Business Division 1
Legislative Council Secretariat
25 August 2008

**Proceedings of the sixth meeting of
the Subcommittee on Sewage Services (Trade Effluent Surcharge)
(Amendment) Regulation 2008
on Thursday, 19 June 2008, at 8:00 am
in Conference Room B of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000245 – 000315	Chairman	Welcoming remarks by the Chairman	
000316 – 000835	Chairman Administration	Briefing by the Administration on its response to members' views expressed at the meeting on 17 June 2008 (LC Paper No. CB(1)1953/07-08(02)).	
000836 – 003048	Chairman Mr Tommy CHEUNG Administration	<p>Mr Tommy CHEUNG's explanation on his draft proposed amendments (LC Paper No. CB(1)1966/07-08(01) –</p> <p>(a) The Trade Effluent Surcharge (TES) rates for the 27 trades in the Schedule 1 he proposed were worked out by applying the existing TES rate matrix in Part I of Schedule 4 of the Sewage Services (Trade Effluent Surcharge) Regulation (the TES Regulation) to the mean Chemical Oxygen Demand (COD) values prescribed for the trades according to the outcome of the effluent survey so that the TES rates would be reduced if the COD values was lowered. As such, the TES rates of only three, rather than 14 trades, would be increased, and the new TES rate for the restaurant trade was \$2.82/m³, rather than \$3.05/m³.</p> <p>(b) The existing matrix should be retained because the TES rates in the new matrices were increased in order to achieve full cost recovery. As he understood that the recovery rate of the sewage charge scheme was not 100%, he did not see why it was necessary to achieve full cost recovery for the TES scheme.</p> <p>(c) Request for the Administration to provide information on the apportionment of sewage services costs between the costs of operating the Sewage Charge scheme and TES scheme since the introduction of the latter in 1995, as well as the actual revenues and expenditures in operating the TES scheme for each year since 1995.</p> <p>The Administration's response –</p> <p>(a) As made clear in the Administration's paper to the Panel on Environmental Affairs in March 2008 and in the LegCo Brief on the</p>	<p>The Administration to provide information as requested in paragraph 2 of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>Amendment Regulation, the policy goal for the TES scheme was to achieve full recovery of the attributable operating costs in accordance with the polluter-pays principle.</p> <p>(b) The cost recovery rates for the TES scheme were 82.7%, 83.3% and 83.1% in the year of 2004-2005, 2005-2006 and 2006-2007 respectively. Therefore, it was stated in the Administration's paper that the projected TES recovery rate for 2007-2008 was about 84%.</p> <p>(c) The Administration had been very conscious of the need to control the operating costs of the sewage services. The total expenditure, comprising only operating and maintenance cost, had declined by 4% and unit treatment cost by 10% despite the increase in the volume of sewage treated.</p> <p>(d) As a result of the proposal, the apportionment of sewage services costs between the costs of operating the Sewage Charge scheme and the TES scheme would change from a ratio of 78:22 to one of 85:15.</p>	
003049 – 003501	Chairman Dr LUI Ming-wah Administration Ms Emily LAU	Discussion on the comparison table on the existing and new TES rate matrices (Annex to LC Paper No. CB(1)1952/07-08(02))	
003502 – 003836	Chairman Mr SIN Chung-kai	Mr SIN Chung-kai's view that it was necessary for the Administration to provide the information as requested by Mr Tommy CHEUNG in a succinct and clear manner for members' consideration. As the Subcommittee could not deliberate the amendments proposed by Mr CHEUNG due to time constraint, Mr CHEUNG had to move the amendments himself.	
003837 – 004319	Chairman Ms Emily LAU Administration	<p>Ms Emily LAU's reiteration of her concern that the Administration should allow more time for Members to examine proposals involving controversial subjects, instead of putting them forward under a time-limited negative vetting procedure. Nevertheless, the Business Facilitation Advisory Committee would discuss the matter on 23 June 2008. She hoped that the Administration would consider the views expressed by the trades and Members to devise a fair TES charging mechanism and to arrange refund for those operators who had been overcharged.</p> <p>The Administrations' emphasis that as the survey methodology was scientific and sound, it was confident that no operators had been overcharged.</p>	

Time marker	Speaker	Subject(s)	Action required
		Nonetheless, the Administration had taken on board the request of the restaurant trade to extend the validity period of a reassessed COD value/TES rate from two years to three years.	
004320 – 004757	Mr WONG Ting-kwong	Mr WONG Ting-kwong's expression of the support of Democratic Alliance for the Betterment and Progress of Hong Kong for the polluter-pays principle and the policy of full cost recovery. However, it seemed to him that the assignment of generic COD values and TES rates for the trades was arbitrary. Discussion on the comparison table on the existing and new TES rate matrices (Annex to LC Paper No. CB(1)1952/07-08(02))	
004758 – 005205	Chairman Dr LUI Ming-wah Administration	Dr LUI Ming-wah's enquiry about the changes in the volumes of sewage and trade effluents discharged for the past ten years. The Administration's explanation that under the proposal based on the recent effluent survey conducted from 2005 to 2007, the apportionment of sewage services cost between the costs of operating the Sewage Charge and TES schemes would change from a ratio of 78:22 to one of 85:15.	
005206 – 005531	Chairman Mr Tommy CHEUNG Assistant Legal Adviser (ALA)	Mr Tommy CHEUNG's explanation of his proposed amendments (LC Paper No. CB(1)1966/07-08(01). ALA's advice that the proposed amendment necessitated consequential amendment to section 4(2) of the TES Regulation.	
005532 – 005948	Chairman Mr WONG Ting-kwong Administration	Discussion on the comparison table on the existing and new TES rate matrices (Annex to LC Paper No. CB(1)1952/07-08(02)).	
005949 – 010219	Chairman Mr WONG Ting-kwong Ms Emily LAU Mr Tommy CHEUNG Mrs Selina CHOW	Members' agreement to hold a further meeting on 23 June 2008, at 1:00 pm. Chairman's request for the Administration to provide the finalized version of its proposed amendments within that day. Her advice that she would give an oral report on the deliberations of the Subcommittee to the House Committee on 20 June 2008. The Subcommittee would present its written report to House Committee at its meeting on 27 June 2008.	