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Panel on Food Safety and Environmental Hygiene

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 12 June 2012**

Provision of services at Hung Hom Public Funeral Parlour

Purpose

This paper gives the background information on the provision of services at the Hung Hom Public Funeral Parlour of which the tendering arrangement is managed by the Food and Environmental Hygiene Department ("FEHD") and summarizes past discussion by the Panel on Food Safety and Environmental Hygiene ("the Panel").

Background

2. The Hung Hom Public Funeral Parlour ("HHPFP") was designated as a public funeral hall in 1983 and provided low-cost funeral services. However, the usage rate of HHPFP was persistently low, and dropped to only about 10% in 1999. After analyzing the trend of death rate, the usage rate of other funeral parlours, the demand and pricing of funeral services operated by the private sector, the utilization rate of the HHPFP and the affordability of the public, the Administration considered it more cost-effective and efficient to contract out HHPFP to be operated by private sector through an open tender exercise. The first contract was awarded in 2002 and HHPEP started trading under the name of Perpetual Funeral Parlour. It was renamed as Sai Sing Funeral Parlour when the second contract was awarded in 2007.

3. The media reported that the Administration awarded a five-year new contract at \$278 million for the provision of services at HHPFP to a new operator in February 2012. The contract value had drastically increased from \$19 million in 2002 and \$91.2 million in 2007. Consequentially, the rental for mourning halls in other private funeral parlours had increased by 30% to 50%. The spokesman for the Funeral Business Association responded to the media's enquiry that casket services firms and other businesses in the sector were under pressure to raise prices. The Association suggested that FEHD should call the tender for the provision of funeral services at HHPFP at a fixed price and assess the bidders with the content of services they proposed in their tender submission.

Deliberations of the Panel

4. At its meeting on 8 May 2012, the Panel was briefed by the Administration on the tendering arrangement for the provision of services at HHPFP. Members were advised that no limit was set for the provision of low cost funeral package service to the specific groups of people referred by the Social Welfare Department ("SWD") or FEHD at a specified fee as advised by SWD. The fee was to cover all expenses and outgoings of a basic but complete service for the disposal of a dead body, including the collection of the dead body from a hospital or mortuary to a funeral parlour, procurement of a coffin, conduct of a funeral ceremony at the funeral parlour, delivery of the dead body from the funeral parlour to a crematorium and the cremation fee.

5. Members were discontented with the fragmentary information provided by the Administration and requested further information for discussion at the regular meeting in June 2012. The information included the contract price of the new operator of HHPEP, the details of the tender for the provision of funeral services at HHPEP, the statistics of funeral ceremonies held at hospitals in the past five years, the detailed tariff lists of the seven licensed funeral parlours and the rate of the changes in their charges, as well as the Administration's policy on the provision of public and private funeral services.

Related Council question

6. At the Legislative Council ("LegCo") meeting of 25 May 2011, Hon LEUNG Kwok-hung raised a question on whether the Administration would call an open tender for the operation right, and in view of inadequate supply of mourning halls, whether the Administration had any plan to increase the number of funeral parlours in the next three years.

7. According to the Administration, there were seven licensed funeral parlours in Hong Kong, one on the Hong Kong Island, one in the New Territories, and the other five in Kowloon. Except for the Sai Sing Funeral Parlour located at Hung Hom, Kowloon, which operated under a contract awarded by the Administration through open tender, the other six funeral parlours were owned and operated by private companies or non-governmental organizations. The contract signed between the Administration and Sai Sing Funeral Parlour stipulated that the contractor should provide low-cost basic funeral services to people in need as recognized by the SWD or other relevant agencies (such as Comprehensive Social Security Assistance recipients). As the contract of the Sai Sing Funeral Parlour would expire on 29 February 2012, the Administration would conduct open tender again for the operation right of the funeral parlour. The Administration also advised Members that there were totally 138 mourning halls in the seven licensed funeral parlours and the average utilization rate was 70%. Operating a funeral parlour was a business decision. FEHD would continue to keep in view the utilization of the funeral parlours, and handle applications for funeral parlour licence according to the established licensing procedures.

Relevant papers

8. A list of the relevant papers on the LegCo website is in the **Appendix**.

**Relevant papers on provision of services at
Hung Hom Public Funeral Parlour**

Meeting	Date of meeting	Paper
Panel on Food Safety and Environmental Hygiene	8.5.2012 (Item VI)	Agenda CB(2)1870/11-12(07)
Legislative Council	25.5.2011	Official Record of Proceedings Pages 91 - 97

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