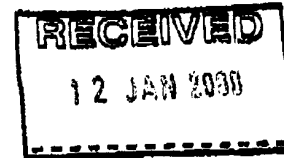


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11 January 2000

Mr Edward Ho
Chairman
Panel on Planning, Lands & Works
Legislative Council
c/o Wong, Tung & Partners Limited
5/F City Plaza
Tai Koo Shing, Hong Kong

By fax (2803 9321) and mail

Dear Mr Ho

**Consultation Paper on a Proposed Charging
and Penalty System for Road Opening Works**

We refer to our letter dated 9 April 1999 and the above Consultation Paper which we understand will be submitted to the Legco (Planning, Lands & Works) Panel Meeting for discussion on 13 January 2000.

As you are aware, when the Consultation Paper was submitted to the Legco for first reading on 28 April 1999, most of the non-governmental utility companies (including New T&T) raised objections to the passing of the charging and penalty system for road opening proposed in the Consultation Paper. We are disappointed to note that the proposal is now finalised without any major changes except the charge rates which have been updated based on the projected cost in the financial year 2000/01. It appears that opinions and objections previously raised by utility companies had not been taken into consideration by the Works Bureau. We therefore write to you again expressing our concerns and objections to the proposal in the Consultation Paper.

We believe the proposed charging system will significantly increase the cost to utilities companies including New T&T in the construction and maintenance of their infrastructure. Given the prevailing economic environment we believe it is inappropriate for the Government to propose such a scheme. The proposed scheme will act as disincentive for companies such as



New T&T to further rollout their infrastructure as they are unlikely to be able to recover the costs from the consumers under the prevailing economic environment and the state of competition, particularly in the telecommunications industry.

The economy appears to be set on the road of recovery and companies require incentive to invest so as to maintain the momentum. By introducing unnecessary additional cost at this stage will only set back any momentum on economic recovery. We do not believe this is the intention of the Government.

Proposed Fee Structure

The quantum of the proposed fee structure, in our view, is unjustified. Utility companies have to pay for a total sum of HK\$3,780 (HK\$860 being land status search fee, HK\$770 being land records copy fee and HK\$2,150 being issue of EP fee) each time when they apply for an EP from the District Lands Office for excavations in unleased land. The Government needs to provide a detailed breakdown of the costs and provide explanation as to the nature of each cost item. There are cost items, in particular, need to be justified on their inclusion in the calculation of the charge, for example, "accommodation expenses" and "other services". This would improve the transparency of the proposed charging system.

Extension of EP

One of the major reasons why utility companies are required to apply for extension of EP is because they have to obtain approval from various other government departments (e.g. Traffic Police Department, Environmental Protection Department, etc) after the Highways Department gives a preliminary consent to the application for an EP. When the utility companies file applications for EP, they will not know whether approval from other government departments will be required and if such is required, how long it would take for these departments to process the applications. Therefore, the utility companies are often required to apply for extension of the EP because the commencement date mentioned in the EP for the excavation works has already been expired by the time they receive approvals from all relevant government departments.

It is unfair that the utility companies have to pay for extension fees when the request of such extension is triggered by causes beyond the control of the utility companies. In our view, extension fees should only be payable when the utility companies apply for a second extension of the EP because of their own failure to complete the excavations within the required time. In any event no charges should be imposed for first time extension request. We also request the Government to review and speed up the whole process of issuing an EP so that utilities companies do not suffer as a result of inefficiency caused by government department.



Conclusion

In light of the above concerns we respectfully request that the Government to defer its consideration on and/or introducing the proposed charging and penalty system for road openings. We are of the view that introducing the proposed charging and penalty system is unnecessary and inappropriate. It would create additional cost burden to the utilities companies which would eventually be passed onto the consumer community.

We thank you for taking the time to consider our concerns again. If necessary we would be pleased to elaborate further our concerns to you.

Yours sincerely

Matthew Lam
Director, Network

cc: All members in the Legco panel and responsible contacts in other utility companies:

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- Mr Hon Timothy FOK Tsun-ting - SBS - JP
- Mr H S Kwong - Secretary for Works
- Mr K S Leung - Director of Highways