

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

CB(1)1519/06-07(01)

政府總部
環境運輸及工務局
局長辦公室
香港花園道二號
花旗銀行大廈十樓



Office of the Secretary for the
Environment, Transport and Works
Government Secretariat
10/F., Citibank Tower
3 Garden Road, Hong Kong

本局檔號 Our Ref.

來函檔號 Your Ref.

Tel. No. : 3110 2788
Fax No. : 3110 2700

3 May 2007

Hon Audrey EU Yuet-mee, SC, JP
Chairman of Subcommittee on
Sewage Services (Sewage Charge) (Amendment) Regulation 2007,
Sewage Services (Trade Effluent Surcharge)
(Amendment) Regulation 2007 and
Technical Memorandum on Procedures and Methods for
Sampling and Analysis of Trade Effluents
Legislative Council Building
8 Jackson Road
Hong Kong

(By Fax: 2899 2249 / 2121 0420)

Dear Hon Eu,

**Subcommittee on
Sewage Services (Sewage Charge) (Amendment) Regulation 2007,
Sewage Services (Trade Effluent Surcharge)
(Amendment) Regulation 2007 and
Technical Memorandum on Procedures and Methods for
Sampling and Analysis of Trade Effluents**

At the fourth meeting of the captioned Sub-committee on Monday 30 April the Administration tabled a paper which presented, amongst other things, the framework of a mid term review of the cost recovery of sewage charges during the ten-year period of scheduled sewage charge increases specified in the Sewage Services (Sewage Charge) (Amendment) Regulation 2007. Specifically, in relation to the sewage services accounts, we undertook to

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present to the Environmental Affairs Panel of the Legislative Council a mid term review containing:

- (i) a summary of the sewage services operating accounts for the previous period and projections for the coming period, including information on the actual and projected operating cost recovery rates for the sewage charge;
- (ii) an assessment of the economic impact of the prevailing and projected rates;
- (iii) an account of the savings and efficiency measures adopted and planned by the Drainage Services Department over the review period and for the coming period respectively.

It is our policy objective to reach the interim cost recovery target of 80% for the sewage charge within ten years. The Administration has proposed this ten-year schedule of sewage charges, effecting gradual, mild and predictable adjustment over a period of ten years which will provide certainty in recurrent costs for the long term operation of the sewage infrastructure. The Administration further undertakes that if, at any time during the ten year period, the sewage services accounts show that the 80% cost recovery target for sewage charge has been exceeded or is projected to be exceeded in the following year, we will conduct a review of the schedule of increases specified in the legislation and seek the views of the Environmental Affairs Panel on how the application of the polluter pays principle should continue to be manifested.

I trust this commitment to transparency and clear benchmarks for any necessary review will reassure members as to the Administration's commitment.

Yours sincerely,



(Sarah Liao)
Secretary for the Environment,
Transport and Works