

立法會
Legislative Council

LC Paper No. CB(1)2273/07-08
(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 seventh meeting on
Monday, 23 June 2008, at 1:00 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon Audrey EU Yuet-mee, SC, JP (Chairman)
Hon SIN Chung-kai, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Ting-kwong, BBS

Members absent : Dr Hon LUI Ming-wah, SBS, JP
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHOY So-yuk, JP

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)1981/07-08(01) -- List of follow-up actions arising from the discussion on 19 June 2008 prepared by the Legislative Council Secretariat

LC Paper No. CB(1)1981/07-08(02) -- Administration's response to LC Paper No. CB(1)1981/07-08(01)

LC Paper No. CB(1)1981/07-08(03) -- "Proposed amendments to the Sewage Services (Trade Effluent Surcharge) (Amendment) Regulation 2008" provided by the Administration

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 by Hon Tommy CHEUNG)

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

Follow-up action to be taken by the Administration

2. The Subcommittee requested the Administration to give an undertaking when moving amendments at the Council meeting on 2 July 2008 that it would discuss with LegCo ways to address the situation if the Trade Effluent Surcharge (TES) scheme had achieved a cost recovery rate higher than 100%. The Administration agreed to consider the request.

Legislative timetable

3. The Subcommittee had completed scrutiny of the Amendment Regulation. Members agreed to move an amendment requiring the Government to reimburse the expenses incurred by the successful applicants for reassessment of the TES rates. They also noted that the Administration and Hon Tommy CHEUNG would also move amendments to the Amendment Regulation.

4. Members noted that the Chairman had made a verbal report on behalf of the Subcommittee at the House Committee meeting on 20 June 2008. The Subcommittee would present the written report to the House Committee at the meeting on 27 June 2008. The deadline for giving notice of amendment to the Amendment Regulations was 24 June 2008.

II Any other business

5. There being no other business, the meeting ended at 2:10 pm.

Council Business Division 1
Legislative Council Secretariat
25 August 2008

**Proceedings of the seventh meeting of
the Subcommittee on Sewage Services (Trade Effluent Surcharge)
(Amendment) Regulation 2008
on Monday, 23 June 2008, at 1:00 pm
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000213 – 000315	Chairman	Welcoming remarks by the Chairman	
000316 – 000824	Chairman Administration	Briefing by the Administration on its response to concerns expressed at the meeting on 19 June 2008 (LC Paper No. CB(1)1981/07-08(02)).	
000825 – 002010	Chairman Mr Tommy CHEUNG Administration	<p>Mr Tommy CHEUNG's views/concerns –</p> <p>(a) The Administration should provide justification in setting the cost apportionment ratios for operating the Sewage Charge (SC) and TES schemes at 78:22 and 85:15.</p> <p>(b) The Administration should provide information on the revenue and apportioned expenditure of the TES scheme also for the period between 1995-1996 and 1997-1998 when the scheme was operated under the Sewage Services Trading Fund.</p> <p>(c) The apportioned expenditure of the TES scheme for the past five years had increased slightly although the total expenditure of the sewage services had reduced by 4%. The Administration should strive to contain cost.</p> <p>(d) The Administration's proposal to adjust the reassessed TES rates upward under proposed Schedule 4 of the Amendment Regulation was not justified.</p> <p>The Administration's explanation –</p> <p>(a) The cost apportionment ratio was made based on the estimated pollution load. The pollution load of TES trades was the aggregate of the product of the volume of water consumption adjusted by applicable discharge factor and the respective generic COD values of each and every TES trade.</p> <p>(b) The accounting arrangement under the Sewage Services Trading Fund was not the same as the one currently adopted after the sewage services were reverted back to the Government. Thus,</p>	

Time marker	Speaker	Subject(s)	Action required
		it was not possible to establish any meaningful comparison.	
002011 – 002925	Mr Tommy CHEUNG Chairman Administration	<p>Mr Tommy CHEUNG's enquiry whether the cost apportionment ratio for operating SC and TES schemes would be adjusted in favour of the TES trades if the generic COD value of the restaurant trade was lowered from 1 630 g/m³ to about 850 g/m³. His concern that even this would be the case, the Administration would revise the matrices in Schedule 4 and adjust the TES rate upward in order to achieve full cost recovery, which in his view was against the spirit of polluter-pays principle.</p> <p>The Administration's acknowledgment that the ratio might be adjusted in favour of the TES trades if the overall pollution loading from TES trades, as represented by their generic COD values, was lowered, but it would not necessarily be a linear adjustment. The exact proportion would depend on the new data of the pollution levels of the trade effluents and other considerations, such as the fixed cost of the sewage services.</p>	
002926 – 003348	Chairman Mr Tommy CHEUNG Administration	<p>Mr Tommy CHEUNG's concern whether the Administration would arrange reimbursement for the TES trades if the recovery rate of the TES scheme had exceeded 100% in a particular year.</p> <p>The Administration's response that it would discuss with the Panel on Environmental Affairs on ways to address a situation if the recovery rate was found to have exceeded 100%.</p> <p>The Subcommittee's request for the Administration to give an undertaking when moving amendments at the Council meeting on 2 July 2008 that it would discuss with LegCo if the TES scheme had achieved a cost recovery rate higher than 100%. The Administration's agreement to consider the request.</p>	
003349 – 003607	Chairman Mr Tommy CHEUNG Assistant Legal Adviser (ALA) Mr SIN Chung-kai Ms Emily LAU	<p>ALA's advice on the latest draft amendments proposed by Hon Tommy CHEUNG (LC Paper No. 2011/07-08(01)).</p> <p>Members noted that the proposed amendments would be moved by Hon Tommy CHEUNG.</p>	
003608 – 004420	Chairman Administration Ms Emily LAU Mr SIN Chung-kai	Discussion on the Administration's proposal to defer the effective dates of the matrices for a year, i.e. the first and second new matrices under the Amendment Regulation would take effect from 1 August 2009 and 1 August 2010 respectively.	

Time marker	Speaker	Subject(s)	Action required
		<p>The Administration's explanation that the proposal would allow more time for the TES trades to adjust to the proposed increase. In the meantime, the Administration would exchange views with the TES trades on the TES scheme.</p>	
004421 – 005005	Chairman Mr Tommy CHEUNG Administration ALA	<p>Mr Tommy CHEUNG's view that in parallel with the proposed deferment of the effective dates of the new matrices, the Administration should also defer the proposed increase of TES rates for the 11 trades because according to the existing matrices and the new generic COD values of the trades, their TES rates should not be increased.</p> <p>The Administration's advice –</p> <p>(a) The Administration would not propose to defer the proposed increase in the generic TES rates for the relevant trades because the rates were worked out based on the outcome of the effluent survey.</p> <p>(b) The amendments proposed by Hon Tommy CHEUNG could neither conform to the polluter-pays principle and cost-recovery policy nor encourage TES trades to improve the quality of the effluents discharged.</p> <p>ALA's advice that when moving amendments at the Council meeting on 2 July 2008, the motion to be moved by the Government would be dealt with and voted on prior to motions moved by Members. However, if the subject matters under consideration were similar, a joint discussion would probably be held.</p>	
005006 – 005302	Chairman Mr Tommy CHEUNG Administration ALA	<p>Discussion on whether the amendments proposed by Hon Tommy CHEUNG would carry a charging effect.</p>	
005303 – 010311	Chairman Mr Tommy CHEUNG Mr SIN Chung-kai Administration	<p>Mr Tommy CHEUNG's reiteration of his view that the Administration should defer the proposed increase of TES rates for the 11 trades.</p> <p>Members' agreement to the Administration's proposal to defer the effective dates of the matrices for a year.</p>	
010312 – 010832	Chairman Mr Tommy CHEUNG Mr SIN Chung-kai ALA Administration	<p>Members' agreement for the Subcommittee to move an amendment requiring the Government to reimburse the expenses incurred by the successful applicants of reassessment for TES rates.</p>	

Time marker	Speaker	Subject(s)	Action required
010833 – 010920	Chairman	Legislative timetable	

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