

**For discussion on
25 February 2008**

**LEGISLATIVE COUNCIL
PANEL ON ENVIRONMENTAL AFFAIRS**

Revision of Fees and Charges

**Noise Control Ordinance (Cap. 400)
Merchant Shipping (Prevention and Control of Pollution)
(Charges for Discharge of Polluting Waste) Regulation (Cap. 413I)**

Introduction

This paper invites Members' advice on the proposed revision of fees and charges under the Noise Control Ordinance (Cap. 400) and Merchant Shipping (Prevention and Control of Pollution)(Charges for Discharge of Polluting Waste) Regulation (Cap. 413I) which do not directly affect people's livelihood or general business activities.

Background

2. It is the Government policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the goods and services.

3. The fees and charges under the Noise Control Ordinance (Cap.400) (NCO) and Merchant Shipping (Prevention and Control of Pollution)(Charges for Discharge of Polluting Waste) Regulation (Cap. 413I) (MSPCR) were last revised in January 2006 and March 2006 respectively.

4. The fees under the NCO are for the processing of applications for Construction Noise Permits and Noise Emission Labels for the purpose of controlling noise from construction activities and from the use of noisy construction equipment. The charges under the MSPCR are for the use of reception facilities provided by the Chemical Waste Treatment Centre (CWTC) for the purpose of collection and disposal of polluting waste, such as liquid oil waste and sludge, from sea-going ships.

Proposals

5. The proposed fees and charges revisions are detailed in Appendix I.

6. In line with the “user pays” principle and to avoid a very steep fee increase, for fees under the NCO, we propose to continue to adopt the following general lines for fee increase based on the outcome of a recent costing exercise, namely :-
 - (a) to achieve full-cost recovery within seven years for fees with an existing cost recovery rate of fees of less than 40% of target, through an increase of about 20%; and
 - (b) to achieve full-cost recovery within one to three years for fees with an existing cost recovery rate of fees of over 70% of target, through an increase of about 10%

7. The charges for the use of reception facilities provided by the CWTC for discharging of polluting waste under the MSPCR will, following the recommendation of the charges revision review exercise conducted in 2004, be gradually increased to achieve full recovery of the variable operating cost (VOC¹) by four phases. The first phase was passed by LegCo and implemented on 31 March 2006. It is proposed to implement the second phase by increasing the average VOC recovery rate for the use of reception facilities provided by the CWTC for discharging of polluting waste under the MSPCR from 54% to 66%. It should be noted that the Government still have to continue to bear the full fixed operating cost and capital cost.

Efficiency Initiatives

8. We have critically reviewed and taken measures to reduce or contain costs through implementing efficiency initiatives, reprioritizing service provision and streamlining procedures. Such efficiency savings and improvement measures have been factored into the calculation of costs for individual fee items.

¹ The operating cost paid to the CWTC contractor comprises fixed operating cost (FOC) and variable operating cost (VOC). The FOC covers the contractor’s fixed expenses and does not relate to the quantity of waste received and treated at CWTC. The VOC is paid to the contractor according to the quantity and type of marine polluting wastes treated at CWTC

Financial Implications

9. It is estimated that the proposed fee revisions will bring about a net increase of revenue of about \$12 million per annum.

Implementation Plan

10. We plan to implement the fee proposals in 2008-09.

Advice Sought

11. Members are invited to give their views and support the proposed revision of fees and charges as set out at Appendix I.

Environmental Protection Department
February 2008

**Environmental Protection Department
Fees and Charges Revision 2008-09**

<u>Fee Item</u>	<u>Description of Fee Item</u>	<u>Proposed Amount of</u>					
		<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Increase</u>		<u>Unit Cost</u>	<u>Cost Recovery Level</u>
		(\$)	(\$)	(In Dollar) (\$)	(In %) (%)	(\$)	(%)
<u>Noise Control Ordinance (Cap. 400)</u>							
Noise Control (General) Regulations (Cap. 400A)							
1	Application for a construction noise permit for construction work other than percussive piling	830	1,000	170	20%	2,925	34%
2	Application for a construction noise permit for percussive piling	760	910	150	20%	2,247	40%
Noise Control (Air Compressors) Regulations (Cap. 400C)							
3	Application fee for a noise emission label for air compressor	445	490	45	10%	573	86%
Noise Control (Hand Held Percussive Breakers) Regulations (Cap 400D)							
4	Application fee for a noise emission label for hand held percussive breaker	445	490	45	10%	573	86%

<u>Fee Item</u>	<u>Description of Fee Item</u>	<u>Proposed Amount of Increase</u>					
		<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>(In Dollar)</u>	<u>(In %)</u>	<u>Unit Cost</u>	<u>Cost Recovery Level</u>
		(\$)	(\$)	(\$)	(%)	(\$)	(%)

Merchant Shipping (Prevention and Control of Pollution) Ordinance (Cap. 413)

Merchant Shipping (Prevention and Control of Pollution)(Charges for Discharge of Polluting Waste) Regulation (Cap. 413I)

Collection charge (for each cubic metre or part thereof) :-

5.	(a) for all types of polluting waste other than sludge	550	675	125	23%	877	77%
6.	(b) for sludge	1,890	2,540	650	34%	3,826	66%

Disposal charge (for each cubic metre or part thereof) :-

7.	(a) liquid oil waste or any other mixtures which contain oil	605	840	235	39%	1,379	61%
8.	(b) sludge	6,860	9,230	2,370	35%	13,901	66%
9.	(c) noxious liquid substance or any other mixtures which contain residue of any noxious liquid substance	960	1,320	360	38%	2,095	63%