

立法會
Legislative Council

LC Paper No. CB(2)1870/11-12(08)

Ref: CB2/PL/FE

Panel on Food Safety and Environmental Hygiene

**Background brief prepared by the Legislative Council Secretariat
for the meeting on 8 May 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").

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, \$278 million new contract 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 FEHD calling the tender for the provision of funeral services at HHPFP at a fixed price and assessing the bidders with the content of services they proposed in their tender submission.

Related Council question

4. 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.

5. 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 Social Welfare Department 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

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

Council Business Division 2
Legislative Council Secretariat
2 May 2012

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

Meeting	Date of meeting	Paper
Legislative Council	25.5.2011	Official Record of Proceedings Pages 91 - 97

Council Business Division 2
Legislative Council Secretariat
2 May 2012