

# 立法會 *Legislative Council*

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## **Panel on Food Safety and Environmental Hygiene**

### **Background brief prepared by the Legislative Council Secretariat for the meeting on 16 April 2013**

#### **Alignment of fees and charges of the Food and Environmental Hygiene Department**

#### **Purpose**

This paper summarizes the concerns of the members of the Panel on Food Safety and Environmental Hygiene ("the Panel") on the alignment of fees and charges of the Food and Environmental Hygiene Department ("FEHD").

#### **Background**

2. According to the Administration, most of the fees and charges for the municipal facilities and services provided by FEHD differ between the urban areas and the New Territories. The discrepancy is inherited from the former Provisional Urban Council ("PUC") and the former Provisional Regional Council ("PRC"). The different fee levels were mainly attributed to the dissimilar costing bases and target recovery levels of PUC and PRC, coupled with the accumulated effect of differing fee reduction/freeze decisions in the past.

3. In order to ensure fairness and parity for fees charged by FEHD in both the urban areas and the New Territories, the Administration undertook in 1999 to review these fees and charges within two years of 1 January 2000 with a view to aligning them eventually. However, taking into account the economic downturn, the Administration advised the Panel in November 2001 the extension of the freeze for fees and charges of FEHD at the existing level until 31 December 2002. In February 2003, the Administration further advised the

Panel that it needed more time to work out an alignment proposal for the various FEHD fees and charges.

4. In the 2013 Policy Address, the Chief Executive announced the initiative to align fees and charges for municipal facilities and services provided by FEHD in the urban areas and the New Territories. It is proposed that the lower rate will prevail where the fee or charge for a facility or service differs between the urban areas and the New Territories. This reduction will cost the Administration about \$49 million annually. As most of the fees and charges have remained unchanged since 2000, FEHD will as the next step conduct a comprehensive review of its charging policy and fee levels.

### **Deliberations of the Panel**

5. The Panel discussed the alignment of fees and charges of FEHD at two meetings on 30 November 2001 and 21 January 2013 respectively. The deliberations and concerns of members are summarized below.

6. Members were advised that under the Government policy, fees and charges should be determined on a full-cost recovery basis as far as possible. As this general principle would be adopted for the review on the fees and charges by FEHD, members expressed worry that there would be an increase in FEHD's fees and charges after the alignment review. Noting that the fee disparity between the urban areas and the New Territories was mainly caused by a unilateral 30% fee reduction made by PUC in 1998 and taking into account the adverse impact on the people's livelihood brought by an increase in FEHD's fees and charges, members suggested that the Administration should consider reducing the fee level of FEHD; continue to provide subsidies for FEHD's services; and consider ways to reduce the costs for providing FEHD's services.

### **Relevant papers**

7. A list of the relevant papers on the Legislative Council website is in the **Appendix**.

**Relevant papers on the  
Alignment of the Food and Environmental Hygiene Department  
fees and charges**

<b>Committee</b>	<b>Date of meeting</b>	<b>Paper</b>
Panel on Food Safety and Environmental Hygiene	30.11.2001 (Item V)	<a href="#">Agenda</a> <a href="#">Minutes</a> <a href="#">CB(2)517/01-02(05)</a> <a href="#">CB(2)748/01-02(01)</a>
Panel on Food Safety and Environmental Hygiene	21.1.2013 (Item I)	<a href="#">Agenda</a>

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