

ADVISORY COUNCIL ON THE ENVIRONMENT

(21.3.1994)

(ACE 15/94)
(For Advice)

Sewage Services Bill

INTRODUCTION

At the meeting of the Environmental Pollution Advisory Committee on 22 September 1993, members discussed the proposal to charge for sewage services and supported the early implementation of the charging scheme (EPCOM Paper 42/93-94).

2. This paper seeks members' advice on the draft Sewage Services Bill that will enable the introduction of sewage charges for sewage service users and trade effluent surcharges (TES) for the more polluting trades and industries.

BACKGROUND

3. Water pollution problems in Hong Kong are serious. Fifty percent of our sewage goes into the harbour untreated. To minimize further deterioration in the water quality, the Government proposes to complete a \$8.1 billion¹ High Priority Programme by 1997, consisting of the Principal Collection and Treatment System under the Strategic Sewage Disposal Scheme and the most urgently needed sewerage improvement schemes related to it. More than \$4 billion will be spent on other sewerage works under the Capital Works Reserve Funds. In line with the polluter pays principle, we propose that the public should pay for the sewage services they use. However, we also propose that the Government should fund the capital costs of the new sewerage programme in full.

4. The public were consulted extensively on the proposed charging scheme for sewage services in September - November last year. As the Government will fund the capital costs of the sewerage programme fully, sewage charges will cover the operating costs of sewage services only.

A 5. Details of the public consultation programme are set out in Annex A. In summary, there has been general support for the principle of charging which should enable a more equitable distribution of sewage service costs among users. In its Motion Debate on 1 December 1993, the Legislative Council also indicated majority support for the proposed sewage charging scheme.

¹ All in 1993 prices.

SEWAGE SERVICES BILL

B 6. The draft legislation which will enable the introduction of sewage charges, i.e. the Sewage Services Bill is at Annex B. It has taken into account public views expressed during public consultation on sewage charges.

Sewage charges

7. When EPCOM discussed the sewage charging proposal at its meeting on September 1993, members agreed that those who are connected to public sewerage and use sewage services should pay for the services they use (Clause 3(1)). This arrangement accords with the polluter pays principle for which the public generally support. It was also accepted that, to enable an equitable distribution of sewage service costs among users and to ensure that the sewage charge paid by a user would reflect, as far as practical, the costs of sewage services provided to the user, there would be two elements in a sewage charge - a fixed charge and a variable charge. The fixed charge is to recover fixed operating costs such as staffing expenses. This will be determined by the water metre size and the consumer category relevant to a sewage service user. The variable charge which is to recover variable operating costs such as electricity and spare parts will be calculated based on a user's water consumption (Clauses 3(1)(a) & (b)).

Exemption

8. To provide an incentive for users to use less water and to facilitate acceptance of the charging scheme, we propose that the low-users households, i.e. those who use 13 cubic metres of water or less in a four-month billing period be exempt from sewage charges, as they are under the present water tariff (Clause 3(2)). About 17% of households will benefit from this exemption arrangement.

Billing and Collection

9. To minimize the administrative costs associated with the sewage charging scheme, sewage charges will be incorporated in and collected together with water bills by the Director of Water Supplies (Clause 3(3)). The existing billing system and customer service unit for water services will be expanded for this purpose.

Trade Effluent Surcharge

10. Under the proposed sewage charging scheme, in addition to sewage charges, industries and trades which discharge more polluting effluent should be subject to a trade effluent

surcharge (TES). The surcharge will reflect the additional cost of providing treatment for the trade effluent over and above the average strength of domestic sewage. It should also provide a pricing signal to industry and trade to consider whether it would be more cost effective for them to pretreat their effluent before discharge. Such arrangements are a feature of similar sewage charging schemes elsewhere and industry has agreed to such a surcharge in principle. The Drainage Authority may require deposit for the TES only upon a new application for water supply, or when there is a change of consumer or a change of use as notified by the consumer (Clauses 4 & 5).

Unpaid Charges or Surcharges

11. Penalties for late payment of sewage charges or TES are similar to the arrangements for water bills. A financial penalty of 5% on any unpaid charges will be levied if they are not paid within the specific period of the payment notices and the Director of Water Supplies may, at the request of the Drainage Authority, cut off the water supply, or the Drainage Authority may apply to the court for an injunction to cease the relevant discharge into public sewerage (Clauses 3(3), 3(4), 6, 7 & 8).

Application for Review

12. A sewage service user may apply for a review of any factors which may affect the level of sewage charge or TES. Factors which may affect the sewage charge are normally associated with the size of a water metre or level of water consumption. Applications for review may be made to the Director of Water Supplies under the existing Waterworks Ordinance. For TES, a user may apply to the Drainage Authority for a review of the concentration of pollutant load assessed of the user's trade or the discharge factor used in determining the TES (Clauses 9 & 10). The Drainage Authority may enter premises and install equipment to collect samples of sewage before discharge into sewers. Anyone who tampers with the equipment installed by the Drainage Authority will be liable to a fine of \$10,000 (Clause 11). This is similar to the provisions under Section 40A of the Water Pollution Control Ordinance. If the service user is dissatisfied with the decision of the review, he may appeal to the Administrative Appeals Board (Clauses 13 & 14). The detailed administrative arrangements for the TES scheme are set out in ACE Paper 16/94.

Regulations

13. Regulations will be made under the Sewage Services Bill to establish the detailed arrangements for the sewage charges and the TES. In line with the arrangements under the Waterworks Ordinance, contravention of the regulations is proposed to be subject to a fine of \$4,000 (Clause 12). The regulations are

being draft by the Legal Department and, together with the proposed rates of sewage charges and TES, will be put to members for consideration in due course.

IMPLEMENTATION OF CHARGING SCHEME

14. Subject to members' advice, we propose to seek the approval of the Governor-in-Council to introduce the Sewage Services Bill into the Legislative Council in April with a view to commencing the sewage charging scheme in August 1994.

ADVICE SOUGHT

15. Members are asked to advise on whether the Sewage Services Bill should be recommended to the Governor-in-Council.

Planning, Environment and Lands Branch
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