

For information

LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT

**Revision of Fees and Charges
under the Purview of the Water Supplies Department**

PURPOSE

This paper outlines the Administration's proposed revision of 18 government fees and charges for services under the purview of Water Supplies Department which do not directly affect people's livelihood or general business activities.

THE PROPOSAL

2. In line with the "user pays" principle, it is Government's policy that fees and charges should in general be set at levels sufficient to recover the full cost of providing the services. The 18 items of fees and charges concerned are prescribed in Schedule 1 to the Waterworks Regulations (Cap. 102A) under the Waterworks Ordinance (Cap. 102) of which 16 items were last revised in 1996 and two items in 2001.

3. A review of the cost of providing the relevant services at the 2010-11 price level have been carried out recently. The result shows the present cost recovery levels range from 64% to 116%. In order to achieve full cost recovery gradually and avoid a steep fee increase, we propose to adopt the following lines for fee revision in our proposal:

- (a) for existing cost recovery rate of between 40% and 70%, adopt an increase of about 15%¹;
- (b) for existing cost recovery rate of over 70%, adopt an increase of about 10%² or lower; and
- (c) adjust downward to full cost recovery for fees that are recovering more than the full cost.

4. Details of the fee and charge revision proposal, ranging from a downward adjustment of 82% to an upward adjustment of 16%, are at the **Annex**. We will revise the fees and charges once the legislative amendment procedures are completed.

¹ The 15% increase is to achieve full-cost recovery within three to seven years.

² The 10% increase is to achieve full-cost recovery within one to three years.

EFFICIENCY IMPROVEMENT MEASURES

5. We have been continuously taking measures to reduce or contain cost of services through implementing efficiency initiatives and streamlining procedures. Such efficiency savings and improvement measures have been factored into the calculation of costs for individual fee and charge items.

FINANCIAL IMPLICATION

6. When the proposed fee and charge adjustments are implemented, there will be a net increase of about \$0.9 million in revenue per annum.

WAY FORWARD

7. Members are invited to note the proposed fee and charge revision as set out in paragraph 3 to 4 above and detailed in the **Annex**. We will proceed with the necessary legislative amendments to implement the adjustments.

**Development Bureau
Water Supplies Department
July 2010**

Proposed Revision of Fees and Charges under the Waterworks Regulations

Item	Fee Description	Last Revision	Existing Fee /Charge (\$)	Updated Cost Recovery Level at 2010-11 Price Level	Proposed Fee /Charge (\$)	Proposed Amount of Increase/ Decrease (\$)	Proposed Percentage Increase/ Decrease
			(a)		(b)	(b)-(a)	[(b)-(a)]/(a)
1.	Reconnecting a fire service or inside service	1996	240	64%	275	35	14.6%
2.	Providing and installing a meter	2001	275	69%	315	40	14.5%
3.	Providing a meter	2001	75	76%	83	8	10.7%
4.	Resealing a fire service or meter	1996	165	68%	190	25	15.2%
5.	Testing a meter or a private check meter (including removal and refixing)-any size up to and including 80 mm in diameter	1996	460	66%	530	70	15.2%
6.	Testing a meter or a private check meter (including removal and refixing)-above 80 mm in diameter up to and including 100 mm in diameter	1996	1,080	70%	1,240	160	14.8%
7.	Testing a meter or a private check meter (including removal and refixing)-above 100 mm in diameter up to and including 150 mm in diameter	1996	1,800	67%	2,070	270	15.0%
8.	Testing a meter or a private check meter (including removal and refixing)-above 150 mm in diameter up to and including 200 mm in diameter	1996	2,240	66%	2,580	340	15.2%

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			(a)		(b)	(b)-(a)	[(b)-(a)]/(a)
9.	Plumber's licence	1996	67	83%	74	7	10.4%
10.	Renewal of plumber's licence	1996	67	116%	58	-9	-13.4%
11.	Plumber's licence examination	1996	815	73%	895	80	9.8%
12.	Examination of a water sample for a general chemical analysis (comprising all standard tests)	1996	2,220	73%	2,440	220	9.9%
13.	Examination of a water sample for an individual standard test	1996	185	66%	215	30	16.2%
14.	Examination of a water sample for a non-standard test (other than a non-standard test referred to in item (15) or (16))	1996	380	80%	420	40	10.5%
15.	Examination of a water sample for a British Pharmaceutical test for water for injection purposes	1996	875	75%	965	90	10.3%
16.	Examination of a water sample for a general bacteriological examination	1996	425	70%	490	65	15.3%
17.	Attendance to collect any sample or samples (per attendance)	1996	840	86%	925	85	10.1%
18.	Additional copy of examination report	1996	5.6	N.A.	1.0 ³	-4.6	-82.1%

³ The charge for additional copy of examination report is recommended to follow the prevailing government standard charge for photocopying service of \$1 per copy.