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Clerk to the Panel on Development
Legislative Council Complex
1 Legislative Council Road, Central
Hong Kong
(Attn.: Ms. Sharon CHUNG)

23 July 2014

Dear Ms. CHUNG,

Legislative Council Panel on Development
Follow-up to Meeting on 7 July 2014

Revision of fees and charges under Mines (Safety) Regulations, Cap 285B, Dangerous Goods (General) Regulations, Cap. 295B, and Dangerous Goods (Government Explosives Depots) Regulations, Cap. 295D under the purview of the Civil Engineering and Development Department

Revision of non-livelihood related fees and charges under the purview of the Water Supplies Department

At its meeting of 7 July 2014, the Legislative Council Panel on Development discussed the captioned items.

As requested by the Members, I am pleased to provide the supplementary information at **Annex**.

Yours faithfully

Handwritten signature of C L Wong in black ink.

(C L WONG)
for Secretary of Development

c.c. Secretary for Financial Services and the Treasury
Director of Civil Engineering and Development
Director of Water Supplies

**Revision of fees and charges under Mines (Safety) Regulations, Cap 285B,
Dangerous Goods (General) Regulations, Cap. 295B, and Dangerous Goods
(Government Explosives Depots) Regulations, Cap. 295D
under the purview of the Civil Engineering and Development Department**

**Revision of non-livelihood related fees and charges
under the purview of the Water Supplies Department**

**Supplementary Information to
Legislative Council Panel on Development**

- (a) The criteria adopted by the Administration for deciding whether a service provided by the Government was "livelihood-related" or "non-livelihood related"**

The Government normally considers a fee as "not directly affecting people's livelihood" when it is assessed that the increase/decrease of such fee will not directly affect people's livelihood and will have little impact on daily life of the general public.

Generally, such fees will have one or more of the following characteristics-

- the number of people being affected by the fees is limited;
- the fees are not related to services absolutely required by people in their daily life; and
- the usage of the service may only be occasional or even one-off.

- (b) Whether there were any services provided by the Government on which the fees charged were not based, or only partly based, on the "user pays" or full-cost recovery principle; if yes, the details, including the principle(s) for determining the charge(s) of such service(s)**

Government services are generally charged in accordance with the "user pays" principle. The principle seeks to link the service fee levels with the service costs, so that service users will pay for the full costs of the services without requiring taxpayers to bear the burden of the service costs. This is a long-established fee charging principle and an important measure of fiscal discipline. If service fee levels are lower than service costs, individual service users will be subsidized by the general revenue, which is unfair to the

general taxpayers. From the practical perspective, the Government will set the level of subsidies to some services having regard to the policy requirements. For subsidized services, the "user pays" principle seeks to link the service fee levels with the pre-set levels of cost subsidy, so that service users will pay for part of the service costs without requiring taxpayers to bear the burden of all the service costs. The Government will take into account factors including the specific circumstances of the services provided, public affordability and acceptability, and the views of the Legislative Council Members in setting the fees and charges.

Development Bureau
July 2014