

**For information**

**LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT**

**Revision of Non-livelihood Related Fees and Charges  
under the Purview of the Water Supplies Department**

**PURPOSE**

This paper outlines the Government's proposed revision of 20 Government fees and charges for services under the purview of Water Supplies Department (WSD) 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 charged by the Government should in general be set at levels sufficient to recover the full cost of providing the services. Twenty five (25) items of non-livelihood related fees and charges under the purview of WSD are prescribed in Schedule 1 Part 1 and Part 4 to the Waterworks Regulations (Cap. 102A) under the Waterworks Ordinance (Cap. 102). The 25 items were last revised on 1 January 2015.

3. A review of the costs of providing the relevant services at the 2015-16 price level has been carried out recently. The result shows the cost recovery rates at existing fee levels for 20 items range from 20.4% to 91.4%, while that for 5 items are at or close to full cost recovery level. In order to achieve full cost recovery gradually and avoid a steep fee increase, we propose to adopt the following guidelines for fee revision in our proposal for the 20 items –

- (a) for items with existing cost recovery rate of less than 40%, adopt an increase of about 20%;
- (b) for items with existing cost recovery rate of between 40% and 70%, adopt an increase of about 15%; and
- (c) for items with existing cost recovery rate of over 70%, adopt an increase of about 10% or lower.

4. Details of the fee and charge revision proposal with upward adjustments ranging from 9.0% to 21.1% for the 20 items are at **Annex**. After the proposed revision is implemented, the cost recovery rates will range from 24.7% to 99.7%. We will revise the fees and charges once the legislative amendment procedures are completed.

## **EFFICIENCY IMPROVEMENT MEASURES**

5. The Government will continue to enhance efficiency and streamline procedures so as to contain the costs of providing these public services.

## **FINANCIAL IMPLICATION**

6. When the proposed fee and charge revision is implemented, the estimated increase in revenue is about \$2 million per annum.

## **WAY FORWARD**

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

**Development Bureau**  
**Water Supplies Department**  
**June 2015**

**Proposed Revision of Fees and Charges for 20 Items under the Waterworks Regulations**

Item	Fee Description	Last Revision	Existing Fee (\$)	Updated Cost Recovery Level at 2015-16 Price Level	Proposed Fee (\$)	Proposed Amount of Increase / Decrease (\$)	Proposed Percentage Increase / Decrease	Cost Recovery Rate after Fee Adjustment
			(a)		(b)	(b)-(a)	[(b)-(a)]/(a)	
1.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes of any size up to and including 20 mm in diameter for any length of 100 metres and below	2015	2,260	26.7%	2,710	<b>450</b>	19.9%	32.1%
2.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes of any size up to and including 20 mm in diameter for each metre or part of a metre in excess of 100 metres	2015	95	20.4%	115	<b>20</b>	21.1%	24.7%
3.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes above 20 mm in diameter up to and including 25 mm in diameter for any length of 30 metres and below	2015	3,510	47.1%	4,040	<b>530</b>	15.1%	54.2%
4.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes above 20 mm in diameter up to and including 25 mm in diameter for each metre or part of a metre in excess of 30 metres	2015	145	30.6%	175	<b>30</b>	20.7%	36.9%
5.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes above 25 mm in diameter up to and including 40 mm in diameter for any length of 30 metres and below	2015	4,610	40.4%	5,300	<b>690</b>	15.0%	46.5%

<b>Item</b>	<b>Fee Description</b>	<b>Last Revision</b>	<b>Existing Fee (\$)</b>  (a)	<b>Updated Cost Recovery Level at 2015-16 Price Level</b>	<b>Proposed Fee (\$)</b>  (b)	<b>Proposed Amount of Increase / Decrease (\$)</b>  (b)-(a)	<b>Proposed Percentage Increase / Decrease</b>  [(b)-(a)]/(a)	<b>Cost Recovery Rate after Fee Adjustment</b>
6.	Making a connection to the main and installing (including reinstatement of the ground surface) the part of a fire service or inside service on land held by the Government – pipes above 25 mm in diameter up to and including 40 mm in diameter for each metre or part of a metre in excess of 30 metres	2015	185	37.1%	220	<b>35</b>	18.9%	44.1%
7.	Reconnecting a fire service or inside service	2015	380	81.7%	420	<b>40</b>	10.5%	90.3%
8.	Providing and installing a meter	2015	420	86.1%	460	<b>40</b>	9.5%	94.3%
9.	Providing a meter	2015	110	88.7%	120	<b>10</b>	9.1%	96.8%
10.	Resealing a fire service or meter	2015	255	84.7%	280	<b>25</b>	9.8%	93.0%
11.	Testing a meter or a private check meter (including removal and refixing) – any size up to and including 80 mm in diameter	2015	735	80.7%	810	<b>75</b>	10.2%	88.9%
12.	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	2015	1,650	84.5%	1,820	<b>170</b>	10.3%	93.2%
13.	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	2015	2,880	85.3%	3,170	<b>290</b>	10.1%	93.9%
14.	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	2015	3,600	84.7%	3,960	<b>360</b>	10.0%	93.2%

<b>Item</b>	<b>Fee Description</b>	<b>Last Revision</b>	<b>Existing Fee (\$)</b>  (a)	<b>Updated Cost Recovery Level at 2015-16 Price Level</b>	<b>Proposed Fee (\$)</b>  (b)	<b>Proposed Amount of Increase / Decrease (\$)</b>  (b)-(a)	<b>Proposed Percentage Increase / Decrease</b>  [(b)-(a)]/(a)	<b>Cost Recovery Rate after Fee Adjustment</b>
15.	Plumber's licence examination	2015	1,190	90.2%	1,310	<b>120</b>	10.1%	99.3%
16.	Examination of a water sample for a general chemical analysis (comprising all standard tests)	2015	3,250	83.8%	3,580	<b>330</b>	10.2%	92.3%
17.	Examination of a water sample for an individual standard test	2015	285	84.3%	315	<b>30</b>	10.5%	93.2%
18.	Examination of a water sample for a non-standard test (other than a non-standard test referred to in item (19) or (20))	2015	555	91.4%	605	<b>50</b>	9.0%	99.7%
19.	Examination of a water sample for a British Pharmaceutical test for water for injection purposes	2015	1,290	86.2%	1,420	<b>130</b>	10.1%	94.9%
20.	Examination of a water sample for a general bacteriological examination	2015	655	86.0%	720	<b>65</b>	9.9%	94.5%