

Legislative Council Panel on Planning, Lands and Works Revision of Government Fees and Charges under the purview of Works Bureau

PURPOSE

This paper seeks Members' views on proposals relating to the revision of Government fees and charges, which do not directly affect people's livelihood or general business activities, under the purview of Works Bureau.

BACKGROUND

2. Government has frozen most fees and charges since February 1998 as an exceptional measure to ease the burden on the community at a time of economic setback. Having considered the views expressed by the community and Members of the Financial Affairs Panel, the Financial Secretary decided last June to continue the fee revision moratorium until the year-on-year quarterly GDP growth rate turned firmly positive. In view of the recovery of our economy, the Financial Secretary announced in the 2000-01 Budget Speech that the Administration will be approaching Members to discuss the revision of various Government fees and charges that do not affect people's livelihood or general business activities.

3. Secretary for the Treasury consulted the Panel on Financial Affairs on 13 April on proposals to revise various fees and charges that would only affect a small number of people and some specialist business. The discussion at the Panel meeting may be summarized as follows:

(a) there was not an overwhelming opposition to an upward revision of the

identified fees and charges;

- (b) save for one Member (who suggested a 10% increase for those fee items below 50% cost recovery), the Panel did not offer any broad indicators on acceptability of either the level of increase or the timeframe within which full-cost recovery should be achieved; and
- (c) in view of the diverse nature of the identified fees and charges, some Members suggested that the proposed revision should also be considered by the relevant subject Panel of LegCo.

4. At the House Committee Meeting held on 14 April, Members agreed that the Administration should consult the other LegCo Panels on whether and if so how fees and charges under their respective purviews should be increased. It is therefore necessary to submit this paper on fee revision proposals to the Planning, Lands and Works Panel for consideration.

ADMINISTRATION'S POSITION

5. Members have on numerous occasions endorsed the "User Pays" principle because it is fair for users of various Government services to pay the costs incurred in the provision of the services. The full implementation of this policy has been held in abeyance for more than two years as a result of the fee revision moratorium, which is an exceptional relief measure taken at a time of economic setback. Now that the economy is bouncing back (GDP growth of 4.4% and 8.7% in the third and fourth quarters of 1999 respectively and a projected growth of 5% for 2000 as a whole), the Administration needs to lift the moratorium and start adjusting the level of various

Government fees and charges to reduce the subsidy from taxpayers to users of Government services. In 1999-2000, the subsidy from taxpayers already amounted to \$2 billion. If the Administration continues to defer a fee revision, the amount of subsidy would increase further and adherence to our “User Pays” principle would continue to be undermined.

6. In recognition of the current state of economic recovery and taking into account affordability and acceptability very carefully, the Administration will first deal with those fees and charges that do not directly affect people’s livelihood and general business activities. Under the purview of Works Bureau, these include fees for water pipe connection, installation and testing of meter and fees for certification and issue of permits for safety operation of electrical and mechanical facilities, etc. Only a very small number of people and rather special business would be affected by a revision of these fees. Moreover, there are no sound reasons for taxpayers to continue to subsidise the users of these services.

7. In this revision exercise, we propose to increase the fees by a range from 10% to 15% with reference to the costing results for 2000-01. Full lists of the fee items suggested for revision together with details of the existing and proposed fees are set out in Annexes A, B and C. The proposed fee increase in absolute dollar term is immaterial. We intend to achieve full-cost recovery within one to four years in order to lessen the impact of the fee revision. The percentage of cost recovery to be achieved under the proposed increase in the first phase is also shown in the annexes.

8. In parallel with the revision of those fees and charges proposed in Annexes

A, B and C, we shall continue to push ahead with the Enhanced Productivity Programme and other efficiency improvement measures to contain costs and alleviate the pressure for fee increases. In addition, we will review whether it is still necessary to provide the services covered by the various fees and charges. Where a service (e.g. a requirement for a particular licence) has become non-essential through the passage of time, we will take speedy action (through legislative amendment or administratively) to dispense with the requirement for that service and to abolish its associated fee or charge. The review will be completed by the end of this financial year and the findings submitted to the Planning, Lands and Works Panel.

MEMBERS' ADVICE

9. We should be grateful for Members' views on -
 - (a) the list of fees proposed for revision in the coming months as set out at Annexes A, B and C; and
 - (b) the level of fee revision as proposed in Annexes A, B and C for these identified fees.

Works Bureau

8 June 2000

**Proposal for Revision of Fees and Charges
Builders' Lifts and Tower Working Platforms (Safety)(Fees) Regulation**

Item	Description of Revenue Source	Full Cost at 2000-01 price level (HK\$)	Current Fee		Proposed Fee Level Year 2000-01				Suggested Time Frame for Full Cost Recovery (Years)
			Amount (HK\$)	% of Recover y	New Amount (HK\$)	Amount Increase (HK\$)	% Increase	% of Recovery	
1	Fee payable for inclusion in the register of examiners of a person who qualifies under section 3(2) of the Ordinance	953	845	89%	930	85	10%	98%	2
2	Fee payable for inclusion in the register of examiners of a person who qualifies under section 3(3) of the Ordinance	4,260	3,750	88%	4,125	375	10%	97%	2
3	Fee payable for renewal of registration of a registered examiner	652	560	86%	616	56	10%	94%	2
4	Fee payable for inclusion in the register of contractors	4,034	3,490	87%	3,840	350	10%	95%	2
5	Fee payable for renewal of registration of a registered contractor	657	560	85%	616	56	10%	94%	2
6	Fee payable for permitting use of a builder's lift or tower working platform after installation or re-erection	2,345	2,000	85%	2,200	200	10%	94%	2
7	Fee payable for permitting use of a builder's lift or tower working platform after major alteration work	1,592	1,430	90%	1,575	145	10%	99%	2
8	Fee payable for approving a certificate of periodic test and examination of a safety equipment of builder's lift or tower working platform	469	385	82%	425	40	10%	91%	2

Note

- (1) The fee level of the above services was last revised in December 1997.
- (2) The proposed upward revision of fee for the said ordinance would not directly affect the livelihood of the general public. The impact on the trade is also limited as the increment as compared with the construction cost of a project is negligible. Moreover, the impact of the fee increase is further reduced as the renewals of the relevant certificates are on three years basis. The service provisions in connection with this proposed fee review are considered essential to ensure the safety of the operative as well as the workers of the construction industry.
- (3) The additional revenue generated is estimated to be \$0.07 million per annum.

Proposal for Revision of Fees and Charges
Provision of Public Works laboratories examinations and testing services

Item	Description of Revenue Source	Full Cost at 2000-01 price level (HK\$)	Current Fee		Proposed Fee Level Year 2000-01				Suggested Time Frame for Full Cost Recovery (Years)
			Amount (HK\$)	% of Recover y	New Amount (HK\$)	Amount Increase (HK\$)	% Increase	% of Recovery	
1	Test for concrete stoneware pipes - Crushing strength dia.<=450mm (Per sample)	2,340	2,120	91%	2,340	220	10%	100%	1
2	Test for concrete stoneware pipes - Water absorption (Per sample)	900	815	91%	900	85	10%	100%	1

Note

- (1) The fee level of the above services was last revised in June 1997.
- (2) It is envisaged that only a very small number of people who are mainly the stoneware pipe manufacturers would be affected by a revision of these fees. It is also anticipated that there would not be any strong objection from the sector concerned.
- (3) The additional revenue generated is estimated to be \$0.016 million per annum.

**Proposal for Revision of Fees and Charges
Water pipe connections & miscellaneous services**

Item	Description of Revenue Source	Full Cost at 2000-01 price level (HK\$)	Current Fee		Proposed Fee Level Year 2000-01				Suggested Time Frame for Full Cost Recovery (Years)
			Amount (HK\$)	% of Recovery	New Amount (HK\$)	Amount Increase (HK\$)	% Increase	% of Recovery	
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 of HKSAR – (a) Pipes of any size up to and including 20mm in diameter – (i) where the total length of the pipes installed does not exceed 100 metres (ii) where the total length of the pipes installed exceeds 100 metres For each metre or part of a metre in excess of 100 metres	1,907	1,140	60%	1,310	170	15%	69%	4
	For any length of 30 metres and below (b) Pipes above 20mm in diameter up to and including 25mm in diameter	76	48	63%	55	7	15%	72%	4
	(c) Pipes above 25mm in diameter up to and including 40mm in diameter	2,997	1,840	61%	2,115	275	15%	71%	4
	For each metre or part of a metre in excess of 30 metres (b) Pipes above 20mm in diameter up to and including 25 mm in diameter	3,606	2,320	64%	2,670	350	15%	74%	4
	(c) Pipes above 25mm in diameter up to and including 40 mm in diameter	117	75	64%	86	11	15%	74%	4
		142	95	67%	110	15	15%	77%	3
2	(a) Providing and installing a meter	361	240	66%	275	35	15%	76%	3
	(b) Providing a meter	86	67	78%	74	7	10%	86%	3
3	Testing a meter or a private check meter (including removal and refixing) – (a) any size up to and including 80mm in diameter	683	460	67%	530	70	15%	78%	3

Item	Description of Revenue Source	Full Cost at 2000-01 price level (HK\$)	Current Fee		Proposed Fee Level Year 2000-01				Suggested Time Frame for Full Cost Recovery (Years)
			Amount (HK\$)	% of Recover y	New Amount (HK\$)	Amount Increase (HK\$)	% Increase	% of Recovery	
	(b) above 80mm in diameter up to and including 100mm in diameter	1,507	1,080	72%	1,185	105	10%	79%	4
	(c) above 100mm in diameter up to and including 150mm in diameter	2,450	1,800	73%	1,980	180	10%	81%	4
	(d) above 150mm in diameter up to and including 200mm in diameter	3,023	2,240	74%	2,465	225	10%	82%	4

Note

- (1) The fee level of the above services was last revised in July 1996.
- (2) Although the total annual number of applications for these services is estimated to be 100,000, the majority relates to providing and installing meters by developers and the impact to the general public would be minimal.
- (3) The additional revenue generated is estimated to be \$2.3 million per annum.