

For information

Legislative Council Panel on Development

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

PURPOSE

This paper outlines the proposed revision of 25 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 the Government's policy that fees and charges should in general be set at levels adequate to recover the full cost of providing the services. The 25 items of non-livelihood related statutory fees and charges under the purview of WSD are prescribed in Parts 1 and 4 of Schedule 1 to the Waterworks Regulations (Cap. 102A) under the Waterworks Ordinance (Cap. 102). The 25 items were last revised on 1 January 2015 based on review of the costs of providing the relevant services at 2014-15 price level.

3. A review of the costs of providing the relevant services at 2018-19 price level has been carried out recently. The result shows the cost recovery rates at existing fee levels for the 25 items range from 19.6% to 93.7%. In order to achieve full-cost recovery gradually and to avoid a steep fee increase, we propose to adopt the following guidelines for the fees and charges revision in our proposal for the 25 items –

- (a) for items with existing cost recovery rate of less than 40%, adopt an increase of about 20% or more; in particular, for items with existing cost recovery rate well under 40%, adopt a more aggressive percentage increase to achieve full-cost recovery within 5 to 7 years;
- (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 fees and charges revision proposal with upward adjustments ranging from 6.2% to 31.6% for the 25 items are provided in the **Annex**. Should the proposed fees and charges revision be implemented, the cost recovery rates would be improved, ranging from 25.8% to 99.5%.

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. Should the proposed fees and charges revision be implemented, the estimated increase in revenue would be about \$2.8 million per annum.

WAY FORWARD

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

**Development Bureau
Water Supplies Department
October 2018**

**Revision of 25 Items of Non-livelihood Related Statutory Fees and Charges
under the Waterworks Regulations**

Item	Fee Description	Existing Fee (\$) (Note 1)	Cost Recovery Rate at 2018-19 Price Level Before Fee Increase	Proposed Fee (\$)	Proposed Amount of Increase (\$)	Proposed Percentage Increase	Cost Recovery Rate at 2018-19 Price Level After Fee Increase
		(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	2,260	25.6%	2,830	570	25.2%	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	95	19.6%	125	30	31.6%	25.8%
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	3,510	45.2%	4,040	530	15.1%	52.0%
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	145	29.4%	180	35	24.1%	36.4%

Item	Fee Description	Existing Fee (\$) (Note 1) (a)	Cost Recovery Rate at 2018-19 Price Level Before Fee Increase	Proposed Fee (\$) (b)	Proposed Amount of Increase (\$) (b)-(a)	Proposed Percentage Increase [(b)-(a)]/(a)	Cost Recovery Rate at 2018-19 Price Level After Fee Increase
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	4,610	38.8%	5,530	920	20.0%	46.5%
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	185	35.6%	225	40	21.6%	43.3%
7.	Reconnecting a fire service or inside service	380	73.6%	420	40	10.5%	81.4%
8.	Providing and installing a meter	420	77.3%	460	40	9.5%	84.7%
9.	Providing a meter	110	79.1%	120	10	9.1%	86.3%
10.	Resealing a fire service or meter	255	76.6%	280	25	9.8%	84.1%
11.	Testing a meter or a private check meter (including removal and refixing) – any size up to and including 80 mm in diameter	735	72.4%	810	75	10.2%	79.8%
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	1,650	75.7%	1,820	170	10.3%	83.5%

Item	Fee Description	Existing Fee (\$) (Note 1) (a)	Cost Recovery Rate at 2018-19 Price Level Before Fee Increase	Proposed Fee (\$) (b)	Proposed Amount of Increase (\$) (b)-(a)	Proposed Percentage Increase [(b)-(a)]/(a)	Cost Recovery Rate at 2018-19 Price Level After Fee Increase
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	2,880	76.4%	3,170	290	10.1%	84.1%
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	3,600	75.9%	3,960	360	10.0%	83.5%
15.	Plumber's licence	98	87.5%	105	7	7.1%	93.8%
16.	Renewal of plumber's licence	73	85.9%	80	7	9.6%	94.1%
17.	Plumber's licence examination	1,190	80.7%	1,310	120	10.1%	88.8%
18.	Fishing licence	30	78.9%	33	3	10.0%	86.8%
19.	Examination of a water sample for a general chemical analysis (comprising all standard tests)	3,250	74.9%	3,580	330	10.2%	82.5%
20.	Examination of a water sample for an individual standard test	285	75.4%	315	30	10.5%	83.3%
21.	Examination of a water sample for a non-standard test (other than a non-standard test referred to in item (22) or (23))	555	81.7%	610	55	9.9%	89.8%
22.	Examination of a water sample for a British Pharmaceutical test for water for injection purposes	1,290	77.2%	1,420	130	10.1%	84.9%

Item	Fee Description	Existing Fee (\$) (Note 1)	Cost Recovery Rate at 2018-19 Price Level Before Fee Increase	Proposed Fee (\$)	Proposed Amount of Increase (\$)	Proposed Percentage Increase	Cost Recovery Rate at 2018-19 Price Level After Fee Increase
		(a)		(b)	(b)-(a)	[(b)-(a)]/(a)	
23.	Examination of a water sample for a general bacteriological examination	655	76.8%	720	65	9.9%.	84.4%
24.	Attendance to collect any sample or samples	1,130	93.7%	1,200	70	6.2%	99.5%
25.	Additional copy of examination report	1.1	(Note 2)	1.3	0.2	18.2%	(Note 2)

Note 1 The 25 items were last revised on 1 January 2015.

Note 2 The charge for additional copy of examination report follows the prevailing government standard charge for photocopying service of A4 size paper at \$1.3 per copy, which is set to recover the full cost for provision of the photocopying service.