

LEGISLATIVE COUNCIL BRIEF

Waterworks Ordinance (Cap. 102)

WATERWORKS (AMENDMENT) REGULATION 2019

INTRODUCTION

Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) empowers the Financial Secretary (which means also the Secretary for Financial Services and the Treasury by virtue of section 3 of Cap. 1) to vary fees which have previously been fixed by subsidiary legislation made by the Chief Executive in Council.

2. In exercise of this power, the Secretary for Financial Services and the Treasury has made the Waterworks (Amendment) Regulation 2019 (“the Regulation”) to revise 25 items of fees and charges specified in the Waterworks Regulations (Cap. 102A) made pursuant to the Waterworks Ordinance (Cap. 102).

BACKGROUND AND JUSTIFICATIONS

3. In line with the “user pays” principle, it is 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 fees and charges concerned are prescribed in Schedule 1 to the Waterworks Regulations (Cap. 102A) under the Waterworks Ordinance (Cap. 102). The 25 items were last revised on 1 January 2015. They include –

- (a) fees for 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 for pipes of any size up to and including 40 mm in diameter (6 items);
- (b) fee for reconnecting a fire service or inside service (1 item);
- (c) fee for providing and installing a meter (1 item);
- (d) fee for providing a meter (1 item);

- (e) fee for resealing a fire service or meter (1 item);
- (f) fees for testing a meter or a private check meter (including removal and refixing) (4 items);
- (g) fees for plumber's licence issuance, renewal and examination (3 items);
- (h) fee for fishing licence issuance (1 item);
- (i) fees for examination of a water sample (5 items);
- (j) fee for attendance for collection of any sample or samples (1 item); and
- (k) fee for providing additional copy of examination report (1 item).

4. A review of the costs of providing the relevant services at the 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.

5. 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 **Annex 1**. Should the proposed fees and charges revision be implemented, the cost recovery rates would be improved, ranging from 25.8% to 99.5%. The impact of the fees and charges revision on persons affected should not be significant.

THE REGULATION

6. The Regulation at **Annex 2** revises the fees and charges concerned. It is proposed that the new fees and charges will come into effect on 29 March 2019.

LEGAL IMPLICATIONS

7. The proposed amendments do not affect the current binding effect of the Waterworks Ordinance and the subsidiary legislation. They are in conformity with the Basic Law, including the provisions concerning human rights.

FINANCIAL AND CIVIL SERVICE IMPLICATIONS

8. Should the proposed fees and charges revision be implemented, the estimated increase in revenue would be about \$2.8 million per annum. There are no civil service implications.

ECONOMIC IMPLICATIONS

9. There are no significant economic implications.

EFFICIENCY INITIATIVES

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

PUBLIC CONSULTATION

11. We consulted the Panel on Development of the Legislative Council on the proposal via an information paper issued on 15 October 2018 (reference: LC Paper No. CB(1)32/18-19(01)). Members noted the proposal and raised no objection at the Panel meeting on 23 October 2018.

PUBLICITY

12. The Regulation will be published in the Gazette on 25 January 2019 and a press release will be issued. A spokesman will be available to answer enquiries on the subject.

ENQUIRIES

13. For enquiries on this brief, please contact Mr. Vitus NG, Principal Assistant Secretary (Works)3 of the Development Bureau at 3509 8277.

**Development Bureau
January 2019**

**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) (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
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.

Waterworks (Amendment) Regulation 2019

(Made by the Secretary for Financial Services and the Treasury under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 37 of the Waterworks Ordinance (Cap. 102))

1. Commencement

This Regulation comes into operation on 29 March 2019.

2. Waterworks Regulations amended

The Waterworks Regulations (Cap. 102 sub. leg. A) are amended as set out in section 3.

3. Schedule 1 amended

(1) Schedule 1, Part 1, item 1(a)—

Repeal

“2,260”

Substitute

“2,830”.

(2) Schedule 1, Part 1, item 1(a)—

Repeal

“95”

Substitute

“125”.

(3) Schedule 1, Part 1, item 1(b)—

Repeal

“3,510”

Substitute

“4,040”.

(4) Schedule 1, Part 1, item 1(b)—

Repeal

“145”

Substitute

“180”.

(5) Schedule 1, Part 1, item 1(c)—

Repeal

“4,610”

Substitute

“5,530”.

(6) Schedule 1, Part 1, item 1(c)—

Repeal

“185”

Substitute

“225”.

(7) Schedule 1, Part 1, item 2—

Repeal

“380”

Substitute

“420”.

(8) Schedule 1, Part 1, item 3(a)—

Repeal

“420”

Substitute


“460”.

- (9) Schedule 1, Part 1, item 3(b)—
Repeal
 “110”
Substitute
 “120”.
- (10) Schedule 1, Part 1, item 4—
Repeal
 “255”
Substitute
 “280”.
- (11) Schedule 1, Part 1, item 5(a)—
Repeal
 “735”
Substitute
 “810”.
- (12) Schedule 1, Part 1, item 5(b)—
Repeal
 “1,650”
Substitute
 “1,820”.
- (13) Schedule 1, Part 1, item 5(c)—
Repeal
 “2,880”
Substitute
 “3,170”.
- (14) Schedule 1, Part 1, item 5(d)—

- Repeal**
 “3,600”
Substitute
 “3,960”.
- (15) Schedule 1, Part 1, item 6—
Repeal
 “98”
Substitute
 “105”.
- (16) Schedule 1, Part 1, item 7—
Repeal
 “73”
Substitute
 “80”.
- (17) Schedule 1, Part 1, item 8—
Repeal
 “1,190”
Substitute
 “1,310”.
- (18) Schedule 1, Part 1, item 9—
Repeal
 “30”
Substitute
 “33”.
- (19) Schedule 1, Part 4, item 1(a)—
Repeal

- “3,250”
Substitute
 “3,580”.
 (20) Schedule 1, Part 4, item 1(b)—
Repeal
 “285”
Substitute
 “315”.
 (21) Schedule 1, Part 4, item 1(c)—
Repeal
 “555”
Substitute
 “610”.
 (22) Schedule 1, Part 4, item 1(d)—
Repeal
 “1,290”
Substitute
 “1,420”.
 (23) Schedule 1, Part 4, item 1(e)—
Repeal
 “655”
Substitute
 “720”.
 (24) Schedule 1, Part 4, item 2—
Repeal
 “1,130”

- Substitute**
 “1,200”.
 (25) Schedule 1, Part 4, item 3—
Repeal
 “1.10”
Substitute
 “1.30”.



Secretary for Financial Services and
the Treasury

3 January 2019

Explanatory Note

This Regulation increases certain fees and charges payable under the Waterworks Regulations (Cap. 102 sub. leg. A).