

**Extract from the Administration's reply to the issues on small house  
administration fees raised by councillors of Heung Yee Kuk**

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**Small House administration fees**

**(a) Criteria for calculating the full costs for small house related administrative fees**

Same as other fees items, it is the intention of the Administration to achieve full cost recovery in small house related administrative fees in order to uphold the "user pays" principle. It is considered fair for users of various Government services to pay the costs incurred in the provisions of the services and to reduce the subsidy from taxpayers.

2. Recently, Lands Department has conducted a cost review of all fees and charges including all small house related administrative fees. The review aims to streamline the existing procedures with a view to saving costs. As a result of the review, the full costs for the various small house fees will be revised. Lands Department will explain to Heung Yee Kuk on the rationale in revising the small house related administrative fees before implementing the review proposal.

**(b) Performance pledge for approving small house applications**

Since 1972, the Lands Department has approved more than 26000 small house applications. Due to the limited supply of suitable government land and the large number of small house applications, all applications are processed on a first-come-first-served basis. A waiting list system has been adopted and all applications will be given a serial number.

2. Normally, straightforward small house applications can be approved within 170 days from the date of processing. Straightforward applications are those cases where the sites identified are free from encumbrances, geotechnical problems etc. Due to the shortage of government land and the large number of small house applications, its is not unusual that many applications remain on the waiting list for several years before they are being processed.

**(c) Policy of streamlining**

The Administration’s policy of full cost recovery is to uphold the “user pays” principle as it is fair for users of arious Government services to pay the costs incurred in the provision of the services. The implementation of this policy has been held in abeyance for more than two years as a result of the fee revision moratorium (between 1998 and 2000), which was an exceptional relief measure taken at times of economic downturn.

2. As the economy is recovering, the Administration intends to resume implementation of te user pay policy by lifting the fee revision moratorium. The level of various Government fees and charges will need to be revised so as to reduce subsidies from taxpayers.

3. In parallel with the fees revision, the Administration will continue to pursue the policy of streamlining through the Enhanced Productivity Programme (EPP) and other efficiency improvement measures to contain costs and alleviate the pressure of fees increases. In addition, the Administration will review whether it is necessary to provide the services covered by the various fees and charges. When a service has become non-essential through the passage of time, the Administration will take prompt action to dispense with such service and to abolish its associated fee or charge.

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