

For Information

**LEGISLATIVE COUNCIL  
PANEL ON DEVELOPMENT**

**Proposed Revision to Fees in relation to  
Granting and Renewal of Oil Storage Installation Licences**

**Purpose**

This paper outlines the Administration's proposed revision to the fees in respect of granting and renewal of oil storage installation (OSI) licences under the Building (Oil Storage Installations) Regulations (B(OSI)R) (Cap. 123 sub. leg. K).

**Background**

2. In line with the "user pays" principle, it is Government's policy that fees and charges for public services should in general be set at levels sufficient to recover the full cost of providing the services. The fees prescribed under regulations 6(3) and 7(2) of the B(OSI)R for granting and renewal of OSI licences were last revised in 2005.

3. A costing exercise at 2010-2011 price level has been carried out to review the costs of processing applications for granting and renewal of OSI licences. **Annex A** presents the cost computations.

**Proposal**

4. The costing exercise mentioned in paragraph 3 above revealed that there is a general increase in the staffing and overhead costs of the government departments concerned (including the Buildings Department, Electrical and Mechanical Services Department, Fire Services Department and Marine Department) in processing applications for granting and renewal of OSI licences. Nevertheless, the departments have endeavoured to review their work procedures and have identified room for streamlining in respect of processing an application for granting a new OSI licence. The costing and the work procedure review has found that the full cost for processing an application for granting a new OSI licence has reduced by about 14% while that for renewal of

a licence has increased by about 6%. The concerned fees are proposed to be adjusted accordingly. Details of the proposed revised fees are set out at **Annex B**.

### **Financial Implications**

5. It is estimated that the proposed fee revisions will bring about \$33,350 increase in Government revenue annually. The proposed fee revisions should have relatively little impact on the operating costs of the industry practitioners.

### **Public Consultation**

6. We have consulted the Standing Advisory Committee (Oil Storage Installations) (comprising representatives from the Oil Industry Representative Committee (with representatives from the industry) and the government departments concerned), the then Building Subcommittee under the then Land and Building Advisory Committee as well as the Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers Committee on the proposed fee revisions. Members of these Committees raised no objection to the proposal.

### **Proposed Timetable for Tabling of the Amendment Regulations**

7. We propose to amend the B(OSI)R to bring the revisions to the fees into effect. The legislative timetable is as follows –

Publication in Gazette	14 January 2011
Tabling at the Legislative Council for negative vetting	19 January 2011
End of vetting period	9 March 2011
Commencement	11 March 2011

## **Way Forward**

8. Members are invited to note the proposed revisions of fees outlined at **Annex B** and the legislative timetable in paragraph 7 above.

**Development Bureau**  
**December 2010**

**COST COMPUTATION**  
**Buildings Department**

**Building (Oil Storage Installations) Regulations**  
**Costs at 2010-2011 Price Level**  
**(for Processing One Application)**

Cost Elements	Reg. 6(3)	Reg. 7(2)
	Granting of Licence of Oil Storage Installation \$	Renewal of Licence of Oil Storage Installation \$
Staff Costs	29,104	17,078
Departmental Expenses	790	517
Accommodation Costs	1,455	896
Depreciation	255	149
Central Administrative Overhead	1,019	598
Costs of Services Provided by Other Departments	6,403	5,332
Total Cost	39,026	24,570
<b>Existing Fee</b>	<b>45,250</b>	<b>23,100</b>
<b>Proposed Fee</b>	<b>39,050</b>	<b>24,550</b>

## Annex B

### Current and Proposed Fees under Regulations 6(3) and 7(2) of Building (Oil Storage Installations) Regulations for Granting and Renewal of Licences for Oil Storage Installations

Regulation	Particulars	Current Fees	Proposed Fees	% of Adjustment	Reasons for adjustment
6(3)	Granting of licence for oil storage installations for one year	45,250	<b>39,050</b>	-13.7%	Price level adjusted.
7(2)	Renewal of licence for oil storage installations for one year	23,100	<b>24,550</b>	+6.28%	Work procedures streamlined.