

LEGISLATIVE COUNCIL BRIEF

Buildings Ordinance (Cap. 123)

BUILDING (OIL STORAGE INSTALLATIONS) (AMENDMENT) REGULATION 2011

INTRODUCTION

Section 38(1A) of the Buildings Ordinance (Cap. 123) (BO) provides that the Chief Executive in Council may by regulation provide for the imposition of fees in respect of any matter with regard to which provision is made in the BO or in regulations made thereunder. 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 by subsidiary legislation 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 Building (Oil Storage Installations) (Amendment) Regulation 2011 (Amendment Regulation) at **Annex A** to revise the fees in respect of granting and renewal of an oil storage installation (OSI) licence under the Building (Oil Storage Installations) Regulations (Cap. 123 sub. leg. K) (B(OSI)R).

BACKGROUND AND ARGUMENT

3. In line with the “user pays” principle, it is the 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.

4. 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 B** presents the cost computations. Based on the outcome of

the costing review, the fee in respect of granting of a new OSI licence is proposed to be reduced by about 14% while that in respect of renewal of a licence is proposed to be increased by about 6% to full cost level. Details of the current and proposed fees are set out at **Annex C**.

THE REGULATION

5. The Amendment Regulation revises the fees as set out at **Annex C**. We propose that the new fees should come into effect on 11 March 2011.

LEGISLATIVE TIMETABLE

6. The legislative timetable is as follows –

Publication in Gazette	14 January 2011
Tabling at the Legislative Council (LegCo) for negative vetting	19 January 2011
Commencement	11 March 2011

EFFICIENCY INITIATIVES

7. The Government departments concerned (including the Buildings Department, Electrical and Mechanical Services Department, Fire Services Department and Marine Department) have endeavoured to review their work procedures and have identified room for streamlining the same in respect of processing an application for granting a new OSI licence. The proposed fee adjustments reflect efficiency enhancement which enables reduction in the fee in respect of the granting of OSI licences. Minor upward adjustment is proposed for the fee in respect of the renewal of OSI licences.

FINANCIAL AND CIVIL SERVICE IMPLICATIONS

8. It is estimated that the proposed fee revisions will bring about \$33,350 increase in Government revenue annually. There are no staffing implications.

ECONOMIC IMPLICATIONS

9. The proposed fee revisions are minor in nature and are not expected to have any significant impact on the operating costs of the industry practitioners.

PUBLIC CONSULTATION

10. 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. We have also circulated an information paper to the LegCo Panel on Development in December 2010. Members of these Committees and the Panel raised no objection to the proposal.

PUBLICITY

11. A press release will be issued on 14 January 2011 when the Amendment Regulation is published in the Gazette.

ENQUIRIES

12. Enquiries about this Brief may be directed to Mr Edward To, Principal Assistant Secretary (Planning and Lands) of the Development Bureau, at telephone number 2848 6288, or Mr Alex Chow, Assistant Director/Support of the Buildings Department, at telephone number 2626 1130.

Development Bureau
13 January 2011

Building (Oil Storage Installations) (Amendment) Regulation 2011

(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 38(1A) of the Buildings Ordinance (Cap. 123))

1. Commencement

This Regulation comes into operation on 11 March 2011.

2. Building (Oil Storage Installations) Regulations amended

The Building (Oil Storage Installations) Regulations (Cap. 123 sub. leg. K) are amended as set out in sections 3 and 4.

3. Regulation 6 amended (Procedure for granting or refusing licences)

Regulation 6(3)—

Repeal

“\$45,250”

Substitute

“\$39,050”.

4. Regulation 7 amended (Expiry and renewal of licences)

Regulation 7(2)—

Repeal

“\$23,100”

Substitute

“\$24,550”.

Secretary for Financial Services and
the Treasury

January 2011

Explanatory Note

This Regulation reduces the fee for the grant of a licence in respect of an oil storage installation and increases the fee for the renewal of such a licence.

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
Existing Fee	45,250	23,100
Proposed Fee	39,050	24,550

Annex C

**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	39,050	-13.7%	Price level adjusted.
7(2)	Renewal of licence for oil storage installations for one year	23,100	24,550	+6.28%	Work procedures streamlined.