

LEGISLATIVE COUNCIL BRIEF

Buildings Ordinance (Cap. 123)

**BUILDING (ADMINISTRATION) (AMENDMENT)
REGULATION 2014**

**BUILDING (OIL STORAGE INSTALLATIONS)
(AMENDMENT) REGULATION 2014**

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 BO or in regulations made under BO. Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) provides that where the amount of any fee or charge is for the time being specified in, or otherwise fixed or determined by, subsidiary legislation made by the Chief Executive in Council, the Financial Secretary (which means also the Secretary for Financial Services and the Treasury by virtue of section 3 of Cap. 1) may by similar subsidiary legislation increase or decrease, or otherwise vary the amount of the fee or charge.

2. In exercise of the above power, the Secretary for Financial Services and the Treasury has made the following amendment regulations (“Amendment Regulations”):

A (a) Building (Administration) (Amendment) Regulation 2014 at **Annex A** to revise the fees in relation to application for approval of plans of building works as well as alteration and addition works prescribed in item 7A of the Table of Fees in regulation 42 of the Building (Administration) Regulations (Cap. 123 sub. leg. A) (“B(A)R”); and

B (b) Building (Oil Storage Installations) (Amendment) Regulation 2014 at **Annex B** to revise the fees for granting and renewal of a licence in respect of an oil storage installation prescribed in regulations 6(3) and 7(2) of the Building (Oil Storage

Installations) Regulations (Cap. 123 sub. leg. K) (“B(OSI)R”).

JUSTIFICATIONS

3. In line with the “user pays” principle, it is Government’s policy that fees charged for government services should in general be set at levels adequate to recover the full cost of providing the services. The fees prescribed under item 7A of the Table of Fees in regulation 42 of B(A)R for processing application for approval of plans of building works as well as alteration and addition works were last revised in 1995, and the fees prescribed under regulations 6(3) and 7(2) of B(OSI)R for granting and renewal of a licence in respect of an oil storage installation were last revised in 2011.

4. In the 2013-14 Budget, the Financial Secretary announced that, to prevent cost recovery items being turned into heavily subsidized items, the Government needs a systematic review of fees and charges and should first deal with fees that have not been revised for years and do not directly affect people’s livelihood.

5. The Buildings Department (“BD”) has recently completed a costing exercise at the 2014-15 price level to review the fees mentioned in paragraph 3 above. **Annex C** presents the cost computations. Based on the outcome of the cost review, eight fee items are proposed to be revised to achieve full cost recovery. The proposed adjustments range from +20.4% to +26.9%, which reflect the actual work involved in processing the applications as well as the increases in costs since the last review of the fee items. Details of the current and proposed fees under B(A)R and B(OSI)R are set out at **Annexes D and E** respectively. The proposed fee adjustments should have no direct impact on people’s livelihood.

THE AMENDMENT REGULATIONS

6. The Amendment Regulations at **Annexes A and B** will give effect to the adjustments in fees as set out at **Annexes D and E** respectively.

LEGISLATIVE TIMETABLE

7. The legislative timetable is as follows –

Publication in the Gazette	6 June 2014
Tabling at the Legislative Council for negative vetting	11 June 2014
Commencement	10 November 2014

EFFICIENCY INITIATIVES

8. BD has been taking measures to reduce or contain the costs of providing services through efficiency enhancement, delegation of authority and streamlining work procedures. The benefits derived from the efficiency enhancement and other improvement measures have been factored into the costing of individual fee items.

LEGAL IMPLICATIONS

9. The Amendment Regulations are in conformity with the Basic Law, including the provisions concerning human rights. The Amendment Regulations will not affect the current binding effect of BO and its subsidiary legislation.

FINANCIAL AND STAFFING IMPLICATIONS

10. It is estimated that the proposed fee revisions will increase revenue by about \$46 million per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

11. The proposed fee revisions should have little impact on the operating costs of the industry practitioners.

PUBLIC CONSULTATION

12. We have consulted the Building Subcommittee of the Land and Development Advisory Committee as well as the Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers Committee on the proposed fee revisions. We have also consulted the Standing Advisory Committee (Oil Storage Installations) on the proposed fee revisions in respect of licensing of oil storage installations. The stakeholders have not raised any comment on the proposed fee revisions. We consulted the Legislative Council Panel on Development on 7 April 2014 regarding the revision of fees as outlined in paragraph 5 above. Members were generally supportive of the proposal.

PUBLICITY

13. A press release will be issued on 6 June 2014 when the Amendment Regulations are published in the Gazette.

ENQUIRIES

14. Enquiries on this brief may be addressed to Mr Ryan Chiu, Principal Assistant Secretary (Planning and Lands) 3 of the Development Bureau, at telephone number 3509 8806.

**Development Bureau
June 2014**

Building (Administration) (Amendment) Regulation 2014

(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 10 November 2014.

2. Building (Administration) Regulations amended

The Building (Administration) Regulations (Cap. 123 sub. leg. A) are amended as set out in section 3.

3. Regulation 42 amended (fees)

(1) Regulation 42, Table of Fees, item 7A(a)(i)—

Repeal

“2,160”

Substitute

“2,740”.

(2) Regulation 42, Table of Fees, item 7A(a)(i)—

Repeal

“8,230”

Substitute

“10,400”.

(3) Regulation 42, Table of Fees, item 7A(a)(ii)—

Repeal

“1,740”

Substitute

“2,200”.

(4) Regulation 42, Table of Fees, item 7A(a)(ii)—

Repeal

“432,400”

Substitute

“547,100”.

(5) Regulation 42, Table of Fees, item 7A(a)(iii)—

Repeal

“11,200”

Substitute

“14,200”.

(6) Regulation 42, Table of Fees, item 7A(a)(v)—

Repeal

“3,430”

Substitute

“4,340”.

(7) Regulation 42, Table of Fees, item 7A(a)(v)—

Repeal

“8,230”

Substitute

“10,350”.

(8) Regulation 42, Table of Fees, item 7A(a)(vi)—

Repeal

“2,750”

Substitute

“3,480”.

- (9) Regulation 42, Table of Fees, item 7A(a)(vi)—

Repeal

“343,400”

Substitute

“434,400”.

- (10) Regulation 42, Table of Fees, item 7A(b)—

Repeal

“11,200”

Substitute

“14,200”.



Secretary for Financial Services and
the Treasury

30 May 2014

Explanatory Note

This Regulation amends the Building (Administration) Regulations (Cap. 123 sub. leg. A) to adjust the fees payable in respect of applications for approval of certain plans.

Building (Oil Storage Installations) (Amendment) Regulation 2014

(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 10 November 2014.

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

“39,050”

Substitute

“47,000”.

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

Regulation 7(2)—

Repeal

“24,550”

Substitute

“30,300”.



Secretary for Financial Services and the Treasury

30 May 2014

Explanatory Note

This Regulation amends the Building (Oil Storage Installations) Regulations (Cap. 123 sub. leg. K) to adjust the fees for the grant and the renewal of a licence in respect of an oil storage installation.

COST COMPUTATION
Buildings Department

Fees in respect of Application for Approval of Plans of Building Works as well as Alteration and Addition Works
under item 7A of the Table of Fees in regulation 42 of the Building (Administration) Regulations
Cost at 2014-15 Prices

Cost Elements	Item 7A(a)(i)		Item 7A(a)(ii)		Item 7A(a)(iii)	Item 7A(a)(v)		Item 7A(a)(vi)		Item 7A(b)
	For a new plan or a major revision of such plan of building works in respect of a proposed new industrial building of a gross floor area of -									
	20 000 square metres or less		more than 20 000 square metres		For a new plan or a major revision of such plan of building works in respect of a proposed new building for which there is no accountable gross floor area	10 000 square metres or less		more than 10 000 square metres		For a new plan or a major revision of such plan of building works in respect of a proposed new non-industrial building of a gross floor area of -
For every 100 square metres or part thereof (\$)	Minimum Charge (\$)	For every 100 square metres or part thereof (\$)	Minimum Charge (\$)	For each size of 841mm by 594mm or part thereof of the plan (\$)		For every 100 square metres or part thereof (\$)	Minimum Charge (\$)	For every 100 square metres or part thereof (\$)	Minimum Charge (\$)	
Staff Costs	1,312	5,104	1,057	262,366	6,802	2,083	5,468	1,670	208,314	6,802
Departmental Expenses	51	199	41	10,176	264	81	212	65	8,079	264
Accommodation Costs	76	295	61	15,166	393	120	316	97	12,042	393
Depreciation	13	50	10	2,576	67	20	54	16	2,046	67
Central Administrative Overhead	67	260	54	13,352	346	106	278	85	10,602	346
Cost of Services provided by other Departments	1,217	4,499	981	243,498	6,313	1,933	4,023	1,550	193,332	6,313
Full Cost	2,736	10,407	2,204	547,134	14,185	4,343	10,351	3,483	434,415	14,185
Current Fee	2,160	8,230	1,740	432,400	11,200	3,430	8,230	2,750	343,400	11,200
Proposed Fee	2,740	10,400	2,200	547,100	14,200	4,340	10,350	3,480	434,400	14,200

Note : "Industrial building" includes a factory, a workshop and a godown.

COST COMPUTATION
Buildings Department

**Fees in respect of Granting and Renewal of a Licence in respect of an Oil Storage Installation
under regulations 6(3) and 7(2) of the Building (Oil Storage Installations) Regulations
Cost at 2014-15 Prices**

	Reg. 6(3)	Reg. 7(2)
Cost Elements	Application for a licence in respect of an oil storage installation for one year (\$)	Application for renewal of a licence in respect of an oil storage installation for one year (\$)
Staff Costs	35,688	20,887
Departmental Expenses	992	658
Accommodation Costs	1,722	1,059
Depreciation	351	205
Central Administrative Overhead	1,816	1,063
Cost of Services provided by other Departments	6,422	6,422
Full Cost	46,991	30,294
Current Fee	39,050	24,550
Proposed Fee	47,000	30,300

**Proposed Revision of Fees under item 7A of the Table of Fees
in regulation 42 of the Building (Administration) Regulations
in respect of Application for Approval of Plans of Building Works as well as Alteration and Addition Works**

Item	Fee Description	Year of Last Revision	Current Fees	Proposed Fees	Proposed Adjustments	Cost Recovery Rate after Fee Revision
1.	For a new plan or a major revision of such plan of building works in respect of a proposed new industrial building of a gross floor area of 20 000 square metres or less	1995	\$2,160*	\$2,740*	+\$580* / +26.9%	100%
			\$8,230 (Minimum Charge)	\$10,400 (Minimum Charge)	+\$2,170 / +26.4%	100%
2.	For a new plan or a major revision of such plan of building works in respect of a proposed new industrial building of a gross floor area of more than 20 000 square metres	1995	\$1,740*	\$2,200*	+\$460* / +26.4%	100%
			\$432,400 (Minimum Charge)	\$547,100 (Minimum Charge)	+\$114,700 / +26.5%	100%
3.	For a new plan or a major revision of such plan of building works in respect of a proposed new non-industrial building of a gross floor area of 10 000 square metres or less	1995	\$3,430*	\$4,340*	+\$910* / +26.5%	100%
			\$8,230 (Minimum Charge)	\$10,350 (Minimum Charge)	+\$2,120 / +25.8%	100%

Item	Fee Description	Year of Last Revision	Current Fees	Proposed Fees	Proposed Adjustments	Cost Recovery Rate after Fee Revision
4.	For a new plan or a major revision of such plan of building works in respect of a proposed new non-industrial building of a gross floor area of more than 10 000 square metres	1995	\$2,750*	\$3,480*	+\$730* / +26.5%	100%
			\$343,400 (Minimum Charge)	\$434,400 (Minimum Charge)	+\$91,000 / +26.5%	100%
5.	For a new plan or a major revision of such plan of building works in respect of a proposed new building for which there is no accountable gross floor area, such as a transformer station, an oil storage installation, a petrol filling station, a jetty or similar structure	1995	\$11,200#	\$14,200#	+\$3,000# / +26.8%	100%
6.	For a new plan or a major revision of such plan of alteration and addition works or other building works not resulting in a new building	1995	\$11,200#	\$14,200#	+\$3,000# / +26.8%	100%

* For every 100 square metres or part thereof

For each size of 841mm by 594 mm or part thereof of the plan

Note : "Industrial building" includes a factory, a workshop and a godown.

**Proposed Revision of Fees under regulations 6(3) and 7(2)
of the Building (Oil Storage Installations) Regulations
in respect of granting and renewal of a Licence in respect of an Oil Storage Installation**

Item	Fee Description	Year of Last Revision	Current Fees	Proposed Fees	Proposed Adjustments	Cost Recovery Rate after Fee Revision
1.	Application for a licence in respect of an oil storage installation for one year	2011	\$39,050	\$47,000	+\$7,950 / +20.4%	100%
2.	Application for renewal of a licence in respect of an oil storage installation for one year	2011	\$24,550	\$30,300	+\$5,750 / +23.4%	100%