

**For discussion**

## **LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT**

### **Revision of Fees for Excavation in Unleased Land other than Streets Maintained by the Highways Department under Land (Miscellaneous Provisions) Regulations (Cap 28A)**

#### **PURPOSE**

This paper outlines the Government's proposed revision of two government fees related to the administration of the excavation permit (XP) system under the purview of the Lands Department. These fees do not directly affect people's livelihood or general business activities.

#### **THE PROPOSAL**

2. In line with the "user-pays" principle, it is the Government's policy that fees charged by the Government should in general be set at levels sufficient to recover the full cost of providing the services. The two fee items for issuing and extending XPs for excavation in unleased land other than streets maintained by the Highways Department are prescribed in Part II of Schedule 3 to the Land (Miscellaneous Provisions) Regulations (Cap 28A) under the Land (Miscellaneous Provisions) Ordinance (Cap 28). Similar excavation fee items in respect of streets maintained by the Highways Department are set out in Parts I and III of Schedule 3.
3. A review of the cost of providing the relevant services at the 2014-15 price level has been carried out. The result shows that the cost recovery rates for the aforesaid two fee items in Part II of Schedule 3 at existing fee levels stand at 78.0% and 83.0% respectively. In order to achieve full cost recovery gradually and avoid a steep fee increase, we propose to adopt an increase of about 10% for the fee revision.
4. Details of the fee revision proposal of these two fee items with an upward adjustment of around 10% are at **Annex**. After the proposed revision is implemented, the cost recovery rates of the two fee items will be at 85.9% and 91.3% of the 2014-2015 price level respectively. At the same time, the Government is proposing to adjust the fee items in Parts I and III of Schedule 3 of Cap. 28A. Details of the corresponding fee revision proposal are set out in the information paper submitted by the Development Bureau and the Highways Department in July 2014 (reference number: CB(1)1773/13-14(02)). We propose to take forward the fee revision for

Parts I, II and III together, and revise all the fees under Schedule 3 (i.e. Parts I, II and III) once the legislative amendment procedures are completed.

### **EFFICIENCY IMPROVEMENT MEASURES**

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

### **FINANCIAL IMPLICATION**

6. When the proposed fee adjustment for the two fee items under Part II of Schedule 3 is implemented, the estimated increase in revenue is about \$1.1 million per annum.

### **WAY FORWARD**

7. Members are invited to note the proposed fee revision as set out in paragraphs 3 to 4 above and detailed at **Annex**. We will proceed with the necessary legislative amendments to implement the adjustment.

**Development Bureau  
Lands Department  
November 2014**

**Proposed Revision of Fees and Charges  
under the Land (Miscellaneous Provisions) Regulations (Cap 28A)**

Item	Fee Description	Existing Fee (\$) (a)	Updated Cost Recovery Level at 2014-15 Price Level	Proposed Fee (\$) (b)	Proposed Amount of Increase (\$) (b)-(a)	Proposed Percentage Increase [(b)-(a)]/(a)	Cost Recovery Rate after Fee Adjustment
<b>Fees for Excavation</b>							
1.	Issue of an excavation permit (per permit)	3,060	78.0%	3,370	<b>310</b>	10.1%	85.9%
2.	Extension of an excavation permit (per extension)	400	83.0%	440	<b>40</b>	10.0%	91.3%