

Legislative Council Panel on Housing Revision of Government Fees and Charges

PURPOSE

This paper seeks Members' views on proposals relating to the revision of Government fees and charges under the purview of the Housing Bureau which do not have a direct bearing on people's livelihood.

BACKGROUND

2. The Government has frozen most Government fees and charges since February 1998 as an exceptional measure to ease the burden on the community at the time of economic setback. In view of the recovery of our economy, the Financial Secretary announced in the 2000-01 Budget Speech that the Administration would approach the LegCo to discuss the revision of various Government fees and charges that do not directly affect people's livelihood or general business activities. The Administration consulted the LegCo Panel on Financial Affairs on 13 April on proposals to revise various fees and charges that would only affect a small number of people and some specialist business. In view of the diverse nature of the identified fees and charges, some Members of the Panel suggested that the proposed revision should also be considered by the relevant Panels of LegCo. At the House Committee Meeting held on 14 April, Members agreed that the Administration should consult the other LegCo Panels on whether and if so how fees and charges under their respective purviews should be increased.

THE PROPOSAL

A. Fees and charges for landlord and tenant services provided by the Rating and Valuation Department (RVD)

Issuing of a certificate for determining the primary user of a tenancy

3. The landlord or tenant of a property may apply, at a fee, to the Commissioner of Rating and Valuation (CRV) for issue of a certificate to determine the primary user of the premises concerned as at a specified date. Where there is a dispute as to whether a tenancy is domestic, the certificate helps determine the nature of the tenancy and whether the tenancy is subject to the control of Part IV of the Landlord and Tenant

(Consolidation) Ordinance (LTO). It is projected that there will be about 20 applications in year 2000-01. The fee charged for an application for a certificate as to the primary user of the premises is \$3,500 (since March 1997) which represents 88.0% of the cost at 2000-01 prices. We propose to achieve full-cost recovery by increasing the fee level to \$3,975 in two consecutive years through increases of \$350 (10% on \$3,500) and \$125 (3.2% on \$3,850).

Endorsement of a short-term tenancy agreement

4. A person can apply at a fee to CRV for his endorsement of an agreement for a short-term tenancy not exceeding one year so that Part IV of the LTO does not apply to the tenancy. It is projected that there will be about 1300 applications in year 2000-01. The fee charged for the endorsement of a short-term tenancy by CRV is \$930 (since March 1997) which represents 96.4% of the cost at 2000-01 prices. We propose to achieve full-cost recovery by increasing the fee level to \$965 through an increase of \$35 (3.8% on \$930).

Authorization to let repossessed premises

5. Where a landlord has successfully repossessed the premises on the ground of self-occupation or intention to rebuild, CRV may on application at a fee authorize the landlord to let, use or allow the use of the premises as a residence for other persons for a term not exceeding one year. It is expected that there will only be a few applications in year 2000-01. The fee charged for such an application is similar to that charged for endorsement of a short-term tenancy by CRV. This is currently charged at \$930 (since March 1997) which represents 96.4% of cost at 2000-01 prices. We propose to achieve full-cost recovery by increasing the fee level to \$965 through an increase of \$35 (3.8% on \$930).

Supply of tenancy information of comparable premises

6. Where an application is lodged with the Lands Tribunal for the renewal of a tenancy, the landlord or tenant may apply at a fee to the CRV for the supply of rental information of up to six comparable premises. The information is to facilitate agreement on the renewal rental and can be produced as evidence before the Lands Tribunal. It is projected that there will be about 200 applications in year 2000-01. The current fee charged is \$875 (since September 1996) which represents 77.4% of the cost at 2000-01 prices. We propose to achieve full cost recovery by

increasing the fee level to \$1,130 in three consecutive years through increases of \$85 (9.7% on \$875), \$90 (9.4% on \$960) and \$80 (7.6% on \$1,050).

7. Details of the fee revision proposals discussed in paragraphs 3 to 6 above and the corresponding cost computations are at Annex A.

B. Fees and charges for judicial services provided by the Judiciary

Fees and charges payable under the Landlord and Tenant (Consolidation) Ordinance (Cap. 7)

8. The landlord may apply to the District Court for a warrant of distress for arrears of rent upon payment of the prescribed fees. In pursuance of such a warrant, a bailiff can seize movable property found in the premises concerned which may be sufficient to cover the amount of rent, together with the costs of the distress. The current fees, ranging from \$60 to \$330, were last revised in 1994 and represent about 92.2% of the costs at 2000-01 prices. We propose that they be increased by 8.5% (ranging from \$5 to \$28) to achieve full-cost recovery.

Fees and charges payable under the Estate Agents (Registration of Determination and Appeal) Regulation (Cap. 511 sub. leg.)

9. The Estate Agents (Registration of Determination and Appeal) Regulation provides for the charging of fees in respect of the registration of a certificate of determination and filing of a notice of appeal with the District Court. The fees, ranging from \$5 to \$630, were introduced in March 2000 and represents 92.2% of the costs at 2000-01 prices. We propose that the fees be increased by 8.5% (ranging from \$0.5 to \$54) to achieve full-cost recovery.

10. Details of the fee revision proposals discussed in paragraphs 8 and 9 above and the corresponding cost computations are at Annex B.

C. Sale of "Hong Kong Property Review"

11. The "Hong Kong Property Review" is an annual Government publication reviewing the state of the property market in the previous calendar year. Property information and statistical data, including the stock, completions, vacancy and completion forecasts by main property types, are compiled on a calendar year basis. It is estimated that about 1850 copies will be printed in year 2000-01. The sale price per copy is

\$250 (since February 1997) which represents 47.2% of the current cost of \$530. We propose to achieve full-cost recovery by increasing the sale price to \$530 through incremental increases over six consecutive years. It is believed that the proposed increase will not impose hardship on the buyers concerned. Detailed proposal and cost computations are at Annex C.

PRODUCTIVITY / EFFICIENCY IMPROVEMENT MEASURES

12. In order to contain cost incurred in providing the various Government services, RVD will continue to implement the Enhanced Productivity Programme and take other efficiency improvement measures as appropriate. However, the average cost per application for providing the service is also dependant on the number of applications and the complexity of the cases involved. Similarly, the average cost per copy of the "Hong Kong Property Review" will depend on the market demand for the publication. We will nevertheless seek ways to improve productivity and efficiency with a view to keeping costs down.

13. The Judiciary is committed to contain costs and will continue to implement the Enhanced Productivity Program and take other efficiency improvement measures as appropriate.

14. We consider that all the services should be maintained in order to serve the need of the public. However, we shall keep in view whether it remains necessary to provide the various services which require payment of fees and charges with the passage of time.

CONSULTATION

15. Members' support is sought on the above proposals. Subject to Members' views, the proposals will be implemented accordingly in due course.

**Housing Bureau
Government Secretariat
5 June 2000**

Fees and charges for landlord and tenant services provided by RVD

<u>Service</u>	<u>Existing fee</u>	<u>Cost at 2000-01 prices</u>	<u>% cost recovery</u>	<u>Proposed increase in 1st year</u>	<u>Proposed increase in 2nd year</u>	<u>Proposed increase in 3rd year</u>
1. Issuing of a certificate for determining the primary user of a tenancy	\$3,500	\$3,975	88.0%	\$350 (10% on \$3,500)	\$125 (3.2% on \$3,850)	—
2. Endorsement of a short term tenancy agreement	\$930	\$965	96.4%	\$35 (3.8% on \$930)	—	—
3. Authorization to let repossessed premises	\$930	\$965	96.4%	\$35 (3.8% on \$930)	—	—
4. Supply of tenancy information of comparable premises	\$875	\$1,130	77.4%	\$85 (9.7% on \$875)	\$90 (9.4% on \$960)	\$80 (7.6% on \$1,050)

COST COMPUTATION

Rating and Valuation Department

Issuing of a certificate for determining the primary user of a tenancy

Cost at 2000-01 Prices

Staff Costs	56,980.00
Departmental Expenses	3,509.47
Accommodation Costs	9,360.80
Depreciation	279.20
Cost of Services Provided by Other Departments	---
Central Administrative Overhead	9,378.91
Total Cost	79,508.38
Estimated number of caseload for financial year 2000-01	20
Unit cost at 2000-01 prices (\$)	3,975.42

COST COMPUTATION

Rating and Valuation Department

Endorsement of a short-term tenancy agreement and Authorization to let repossessed premises

Cost at 2000-01 Prices

Staff Costs	937,768.00
Departmental Expenses	57,766.51
Accommodation Costs	100,295.00
Depreciation	4,595.06
Cost of Services Provided by Other Departments	---
Central Administrative Overhead	154,356.61
Total Cost	1,254,781.18
Estimated number of caseload for financial year 2000-01	1300
Unit cost at 2000-01 prices (\$)	965.22

COST COMPUTATION

Rating and Valuation Department

Supply of tenancy information of comparable premises

Cost at 2000-01 Prices

Staff Costs	163,102.00
Departmental Expenses	10,047.08
Accommodation Costs	24,922.00
Depreciation	799.20
Cost of Services Provided by Other Departments	---
Central Administrative Overhead	26,846.59
Total Cost	225,716.87
Estimated number of caseload for financial year 2000-01	200
Unit cost at 2000-01 prices (\$)	1,128.58

Fees and charges
for judicial services provided by the Judiciary

Fees and Charges Payable under the Landlord and Tenant (Consolidation) Ordinance (Cap. 7)		<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Proposed Increase</u>
1(a)	Fees to be levied in distraints for rent sum sued for under \$5,000	\$60.0	\$65.0	\$5.0 (8.3%)
	Sum sued for \$5,000 or above but under \$20,000	\$120.0	\$130.0	\$10.0 (8.3%)
	Sum sued for \$20,000 or above	\$250.0	\$271.0	\$21.0 (8.4%)
1(b)	Where the tenant disputes the landlord's claim and witness have to be subpoenaed, each subpoena	\$55.0	\$60.0	\$5.0 (9.0%)
2	Where watchmen are kept in charge of property distrained, per day for each watchman	\$330.0	\$358.0	\$28.0 (8.4%)
Fees and Charges Payable under the Estate Agents (Registration of Determination and Appeal) Regulation (Cap. 511 sub. leg.)				
1	Registration of a determination with the court	\$20.0	\$22.0	\$2.0 (10%)
2	Filing of a notice of appeal in the court	\$630.0	\$684.0	\$54.0 (8.6%)
3	Copy of document in the register and certification for each page or portion of a page	\$5.0	\$5.5	\$0.5 (10%)

COST COMPUTATION

Judiciary Fees and charges for judicial services provided by the Judiciary Cost at 2000-01 Prices

	\$'000
Staff Costs	179,174
Departmental Expenses	12,814
Accommodation Costs	2,737
Depreciation	4,924
Cost of Services provided by other departments	3,801
Central Administrative Overhead	<u>11,317</u>
Operating Cost (a) (Note 1)	214,767
Revenue (b) (Note 2)	197,985
Existing Cost Recovery Rate (b)/(a)	92.2%
Proposed Increase [(a)/(b)-100%]	8.5%

Note 1 : Cost attributable to court hearing and other free services
(e.g. Criminal cases, Coroner's Court) are excluded.

Note 2 : Court fines and fixed penalty fines are excluded.

Sale of “Hong Kong Property Review”

<u>Existing sale price</u>	<u>Cost at 2000-01 prices</u>	<u>% cost recovery</u>	<u>Proposed increase</u>					
			<u>1st year</u>	<u>2nd year</u>	<u>3rd year</u>	<u>4th year</u>	<u>5th year</u>	<u>6th year</u>
\$250	\$530	47.2%	\$35 (14% on \$250)	\$40 (14% on \$285)	\$45 (13.8% on \$325)	\$55 (14.9% on \$370)	\$60 (14.1% on \$425)	\$45 (9.3% on \$485)

COST COMPUTATION
Rating and Valuation Department
Sale of "Hong Kong Property Review"
Cost at 2000-01 Prices

	\$
Staff Costs	714,785
Departmental Expenses	44,024
Accommodation Costs	100,501
Depreciation	3,530
Cost of Services provided by other departments	-
Central Administrative Overhead	<u>117,660</u>
Total cost	980,500
Number of copies printed for financial year 2000-01	1,850
Unit cost at 2000-01 prices (\$)	530