

LegCo Panel on Planning, Lands and Works

Supplementary Information Paper on Lands Department's Fee Increase Proposals

PURPOSE

As requested by members of the LegCo Panel on Planning, Lands and Works in the meeting held on 8 June 2000, this paper provides supplementary information on the NT Small House administrative fees under Items 1 to 12 in Annex E attached to the paper on revision of Government fees and charges under the purview of Planning and Lands Bureau. Also, it shows the breakdown of resources and full cost of the work related to Small Houses.

ADMINISTRATIVE FEES OF SMALL HOUSE APPLICATIONS

2. In each Small House application, an applicant can only apply for **one land grant or building licence among the 6 main types of grants/licences**. He is required to pay only the administrative fee for the type of grant/licence he applies for. It must be either a Private Treaty Grant under Item 8 or 9, a Free Building Licence under Item 10, a Building Licence under Item 11 or a Modification/Exchange under Item 1 or 2 in Annex E.

3. For the **5 fees** under Items 3 to 7 in Annex E, they relate to additional needs of individual Small House grantee/licensee and are only payable in certain circumstances. For example, the Small House grantee/licensee may apply for rectification of house boundaries under Item 3 if his house is built off-site. He may also apply for removal of non-assignment clause under Items 4 or 5 if he wishes to sell his Small House within the non-assignment restriction period. If he wishes to partition the non-building portion of his lot, he needs to obtain consent from the respective New Territories District Land Office (DLO) under Item 6 or 7.

4. For those persons holding Modification of Tenancy, Permit or Government Land Licences for domestic purposes over 10 years who wish to rebuild their structures, they are required to obtain consent from the concerned DLO and pay the administrative fee under Item 12 in Annex E.

5. A consolidated cost statement of the 12 Small House administrative fee items in Appendix I shows that we are recovering full costs of these fees at an overall average rate of 18% only. The average cost recovery rate will rise to 21% if the proposed fee increases by 10% to 20% are implemented. The unit cost of individual fee is the average unit cost at 2000-01 price level for the whole processing period. The processing period of a Small House application covers from approval and execution of the grant up to issue of Certificate of Compliance for the Small House depending on the time taken for construction by the grantee/licensee.

WORK PROCESSES AND STAFF INVOLVED IN SMALL HOUSE APPLICATIONS

6. For each Small House application, substantial staff resources are inevitably involved in the processes as briefly described as follows:

- (i) Land Administration Office (LAO) staff of the DLO are required:
 - to screen the application, confirm the land status, make site checks, arrange circulation to relevant Government departments for comments and prepare submissions to District Lands Office Conference for approval of a grant,
 - to prepare the grant/licence documents, arrange for their execution and registration, prepare Certificates of Exemption and Certificate of Compliance, etc. following each approval, and
 - for removal of non-assignment restriction cases, to assess land premium by Estate Surveyor grade officers.
- (ii) Survey and Mapping Office (SMO) staff are required to conduct land surveys, determine site boundary and prepare grant or licence plans.
- (iii) Legal Advisory and Conveyancing Office (LACO) staff are required to carry out drafting and scrutiny of legal documents where the standard documents need to be varied to meet the circumstances of a case. In particular, for modifications, LACO staff will need to check and consider the terms of existing grant to ensure that the proposed modification is required and appropriate.

7. For reference, the processes and numbers and types of staff involved in the services of individual Small House administrative fees are listed out in Appendix II.

BREAKDOWN OF RESOURCES AND FULL COST RELATED TO WORK OF SMALL HOUSES

8. Currently, about 245 staff from DLOs, SMO and LACO are involved in the work of Small Houses. These staff are required to execute a performance pledge of 1200 Small House grants/licences per annum which has always been achieved and indeed exceeded. In addition, among other works, they handle about 7,300 cases currently under processing (including those cases to be executed in the current year) as well as 7,500 cases on the waiting list, and when appropriate follow up about 5,300 cases executed in the past years but not yet issued with Certificates of Compliance.

9. For reference, the total full cost of work related to Small Houses is estimated to be \$147.2 million in 2000-01 with a broad breakdown of resources and full cost analysis of LAO, SMO and LACO set out in Appendix III.

NOTIFICATION TO HEUNG YEE KUK (HYK)

10. The unit costs of individual Small House administrative fees were conveyed to HYK during the 37th meeting of the Small House Policy Working Group held on 25 April 1997 when last revision of the fees was implemented. The working group comprises senior Government officials and senior members of the HYK including the chairman and vice chairman. A letter dated 16 May 1997 enclosing an information paper on the fee revision effective from 1 April 1997 was sent to the HYK. Similar notification will be given to the HYK when these fees are revised.

CONTRACTING OUT OF WORK

11. During the period from early 1998 to mid 1999, Lands Department conducted a pilot scheme to contract out part of the surveying and legal works of the Small House applications under Items 8 to 11 in the Annex E (as shown in Appendix II) which was funded under the General Other Non-recurrent Subhead of Head 91. The scheme was aimed at meeting the HYK's request for speeding up the processing time of applications on particular needs of some applicants. Those applicants who opted for the contractor's service were required to pay the contractor's fee at \$22,000 per case. The pilot scheme was not well received with only 18 applicants opting for the contractor's service. Consideration may be given to future contracting out part of the work if felt appropriate.

Planning and Lands Bureau
on 27.6.2000

Lands Department

Appendix I

Consolidated Cost Statement of 12 Small House Administrative Fees

Reference No. in Annex E of the consultation paper discussed on 8.6.2000

	Administrative fee is payable for only one grant/licence which a SH applicant applies for						Administrative fees are payable under certain circumstances						Total
	Item 1	Item 2	Item 8	Item 9	Item 10	Item 11	Item 3	Item 4	Item 5	Item 6	Item 7	Item 12	
	Modification/Exchange Concessionary*	Non-concessionary*	PTG to Indigenous Villagers Concessionary*	Concessionary -GLL*	FBL for Indigenous Villager - Concessionary	BL for Post 1898 Villagers - Non-Concessionary*	Rectification of House Boundaries	Removal of non-assignment Clause & assignment in Shares - PTG, FBL or exchange*	-BL*	Assignment/Partition of the non-building portion of a lot governed by -FBL	-BL	Rebuilding of Domestic Structures Covered by a 10-year MOT Permit/GLL	
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Costs	2,991,450	693,005	7,398,614	17,392	38,116,386	101,790	1,325,981	11,948,659	245,367	116,143	88,879	484,800	63,528,466
Departmental Expenses	135,969	31,742	199,273	844	1,218,840	4,957	56,865	609,209	10,889	5,846	3,109	10,206	2,287,749
Accommodation Costs	185,778	37,801	465,905	814	1,988,091	4,787	68,380	600,856	17,835	6,218	4,724	26,371	3,407,560
Depreciation	800	-	-	-	168,840	-	1,530	-	100	-	290	3,280	174,840
Central Administrative Overhead	131,624	30,492	325,539	765	1,677,121	4,479	58,343	525,741	10,796	5,110	3,911	21,331	2,795,252
Total Cost	3,445,620	793,040	8,389,330	19,815	43,169,278	116,013	1,511,099	13,684,465	284,987	133,317	100,912	545,989	72,193,865
Estimated number of cases for financial year 2000-01	160	20	140	5	1,260	5	90	760	10	20	5	40	
Unit Cost (\$)	21,535	39,652	59,924	3,963	34,261	23,203	16,790	18,006	28,499	6,666	20,182	13,650	
Existing fee (\$)	3,800	8,200	9,100	2,100	5,400	4,000	14,900	3,300	5,100	2,300	3,600	2,100	
Total Revenue (based on existing fees) (\$)	608,000	164,000	1,274,000	10,500	6,804,000	20,000	1,341,000	2,508,000	51,000	46,000	18,000	84,000	12,928,500
Existing cost recovery rate	18%	21%	15%	53%	16%	17%	89%	18%	18%	35%	18%	15%	18% (overall average)
Proposed fee increase	20%	20%	20%	15%	20%	20%	10%	20%	20%	20%	20%	20%	
Proposed fee (\$)	4,560	9,840	10,920	2,415	6,480	4,800	16,390	3,960	6,120	2,760	4,320	2,520	
<u>If proposed fees are implemented</u>													
Total Revenue (\$)	729,600	196,800	1,528,800	12,075	8,164,800	24,000	1,475,100	3,009,600	61,200	55,200	21,600	100,800	15,379,575
Cost recovery rate	21%	25%	18%	61%	19%	21%	98%	22%	21%	41%	21%	18%	21% (overall average)

Abbreviations : PTG - Private Treaty Grant
FBL - Free Building Licence
BL - Building Licence

MOT - Modification of Tenancy
GLL - Government Land Licence
SH - Small House

* Administrative fee and land premium are payable for the grant/licence.

Item 1 in Annex E of the consultation paper discussed on 8.6.2000

**Administrative Fee for NT Small House
- Modification/Exchange (Concessionary)**

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking of the application form and interviewing the applicant to confirm eligibility	Land Executive
2. Inspecting the land and confirming its land status to confirm suitability for Small House development	Land Surveyor, Principal Technical Officer, Senior Technical Officer, Land Executive and 2 Land Inspectors
3. Preparing site plan and circulating application to various government departments for comment	Land Executive and Land Inspector
4. Analysing comments received and submitting application to District Lands Office Conference	Senior Land Executive and Land Executive
5. Preparing offer letter and offer plan	Senior Land Executive, Land Executive and Land Inspector
6. Checking, updating existing ground details and determining site boundary	Land Surveyor, Senior Survey Officer, Survey Officer and 3 Chainmen
7. Preparing formal grant plans for the Conditions of Exchange	Land Surveyor, Principal Technical Officer, Senior Technical Officer and Technical Officer
8. Preparing Conditions of Exchange	Land Executive
9. Vetting of Modification Letter	Senior Solicitor and Land Conveyancing Officer
10. Arranging for execution by the applicant	Land Executive
11. Execution of the Conditions of Exchange by the Government	Chief Estate Surveyor
12. Arranging for registration of the Conditions	Land Executive
13. Preparing Ground Feature Report	Land Inspector
14. Preparing and issuing Certificates of Exemption	Chief Estate Surveyor, Senior Land Executive and Land Executive
15. Setting out site boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
16. Commenting on site formation plans	Chief Land Executive, Senior Land Executive and Land Executive
17. Checking of as-built house boundary	Senior Surveyor Officer, Survey Officer and 3 Chainmen
18. Issue of Certificate of Compliance	Senior Land Executive, Land Executive and Land Inspector

N.B. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Item 2 in Annex E of the consultation paper discussed on 8.6.2000

**Administrative Fee for NT Small House
- Modification/Exchange (Non-Concessionary)**

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking of the application form and interviewing the applicant to confirm eligibility	Land Executive
2. Inspecting the land and confirming its land status to confirm suitability for Small House development	Land Surveyor, Principal Technical Officer, Senior Technical Officer, Land Executive and 2 Land Inspectors
3. Preparing site plan and circulating application to various government departments for comment	Land Executive and Land Inspectors
4. Analysing comments received and submitting application to District Lands Office Conference	Senior Land Executive and Land Executive
5. Preparing offer letter and offer plan	Senior Land Executive, Land Executive and Land Inspector
6. Checking, updating existing ground details and determining site boundary	Land Surveyor, Senior Survey Officer, Survey Officer and 3 Chainmen
7. Preparing formal grant plans for the Conditions of Exchange	Land Surveyor, Principal Technical Officer, Senior Technical Officer and Technical Officer
8. Preparing Conditions of Exchange	Land Executive
9. Assessing and approving the premium required for the modification/exchange	Chief Estate Surveyor, Senior Estate Surveyor, Estate Surveyor, Land Executive and Land Inspector
10. Arranging for execution by the applicant	Land Executive
11. Execution of the Conditions of Exchange by the Government	Chief Estate Surveyor
12. Arranging for registration of the Conditions	Land Executive
13. Preparing Ground Feature Report	Land Inspector
14. Preparing and issuing Certificates of Exemption	Chief Estate Surveyor, Senior Land Executive and Land Executive
15. Setting out site boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
16. Commenting on site formation plans	Chief Land Executive, Senior Land Executive and Land Executive
17. Checking of as-built house boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
18. Issue of Certificate of Compliance	Senior Land Executive, Land Executive and Land Inspector

N.B. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Item 3 in Annex E of the consultation paper discussed on 8.6.2000

Administrative Fee for NT Small House
- Rectification of House Boundaries
 (when the Small House is built off-site)

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Inspecting the as-built house and indicate its off-site situation on plan	Land Executive, Land Inspectors and Survey Officer
2. Determining the extent of boundary rectification	Senior Land Executive
3. Drafting Deed of Rectification	Land Executive
4. Preparing formal rectification plan	Land Surveyor and Principal Survey Officer
5. Vetting of the Deed of Rectification	Senior Solicitor and Land Conveyancing Officer
6. Arranging for execution of the Deed by the applicant	Land Executive
7. Execution of the Deed on behalf of the Government	Chief Estate Surveyor
8. Arranging for registration of the Deed	Land Executive

N.B. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Item 4 and Item 5 in Annex E of the consultation paper discussed on 8.6.2000

**Administrative Fee for NT Small House
- Removal of Non-assignment Clause and Assignment in Shares in
Private Treaty Grant, Free Building Licence or exchange (Item 4)
and in Building Licence (Item 5)**

(when the grantee/licensee wants to sell the Small House)

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Collecting current sale prices of Small Houses in the vicinity of the subject house for comparison purpose	Land Executive and Land Inspector
2. Analysing the characteristics of the comparable houses in the open market against the subject house	Estate Surveyor and Land Executive
3. Visiting the comparable houses and the subject house before carrying out valuation	Estate Surveyor, Land Executive and Land Inspectors
4. Prepare property valuation for the subject house and recommend level of premium for the removal of non-assignment clause	Estate Surveyor
5. Approving the level of premium to be charged	Chief Estate Surveyor and Senior Estate Surveyor
6. Issuing offer letter giving consent to assignment subject to the payment of the premium	Senior Land Executive and Land Executive
7. Confirming receipt of premium from the applicant and signing the consent letter for assignment	Chief Estate Surveyor and Land Executive

N.B. The time input of these staff varies under different fee items. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Item 6 and Item 7 in Annex E of the consultation paper discussed on 8.6.2000

Administrative Fee for NT Small House
- Assignment/Partition of the non-building portion of a Small House Lot
governed by a Free Building Licence (Item 6) and by a Building Licence (Item 7)
 (when the licensee wants to sell a portion of his lot)

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking the licence conditions and partition details, and confirming the feasibility of the proposed partition	Senior Land Executive and Land Executive
2. Checking the land status of the lot	Senior Survey Officer
3. Checking the ownership particulars of the lot	Land Executive
4. Inspecting the lot as well as the Small House and confirming no irregularities	Land Executive and Land Inspector
5. Recommending for consent of the application for partition/assignment	Senior Land Executive and Land Executive
6. Approval of the application and issuing consent letter	Chief Estate Surveyor

N.B. The time input of these staff varies under different fee items. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Item 8 and Item 9 in Annex E of the consultation paper discussed on 8.6.2000

Administrative Fee for NT Small House
- Private Treaty Grant (concessionary grant) (Item 8) and
**Private Treaty Grant (concessionary grant by surrendering Government Land Licence/
Modification of Tenancy Permits) (Item 9) to Indigenous Villagers**

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking of the application form and interviewing the applicant to confirm eligibility	Land Executive
2. Inspecting the land and confirming its land status to confirm suitability for Small House development	Land Surveyor, Principal Technical Officer, Senior Technical Officer, Land Executive and 2 Land Inspectors
3. Preparing site plan and circulating application to various government departments for comment	Land Executive and Land Inspectors
4. Analysing comments received and submitting application to District Lands Office Conference	Senior Land Executive and Land Executive
5. Preparing offer letter and offer plan	Senior Land Executive, Land Executive and Land Inspector
6. Checking, updating existing ground details and determining site boundary	Land Surveyor, Senior Survey Officer, Survey Officer and 3 Chainmen
7.* Preparing formal grant plans for the Conditions of Grant	Land Surveyor, Principal Technical Officer, Senior Technical Officer and Technical Officer
8.* Preparing Conditions of Grant and scrutiny of legal documents	Land Executive, Senior Solicitor and Land Conveyancing Officer
9.* Arranging for execution by the applicant	Land Executive
10. Execution of the Conditions of Grant on behalf of the Government	Chief Estate Surveyor
11.* Arranging for registration of the grant conditions	Land Executive
12. Preparing Ground Features Report	Land Inspector
13. Preparing and issuing Certificates of Exemption	Chief Estate Surveyor, Senior Land Executive and Land Executive
14.* Setting out site boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
15. Commenting on site formation plans	Chief Land Executive, Senior Land Executive and Land Executive
16.* Checking of as-built house boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
17. Issue of Certificates of Compliance	Senior Land Executive, Land Executive and Land Inspector

N.B. The time input of these staff varies under different fee items. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate. For item 9, since a house under Government Land Licence already exists, steps 2, 3, 4 and 6 are exempted.

** Contracting out of these procedures were tried out in the Pilot Scheme of Contracting out processing of Small House Applications during early 1998 to mid 1999.*

Item 10 and Item 11 in Annex E of the consultation paper discussed on 8.6.2000

**Administrative Fee for NT Small House
- Free Building Licence for Indigenous Villagers (Item 10) and
Building Licence for Post-1898 Villagers at Full Chart R Rates (Item 11)**

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking of the application form and interviewing the applicant to confirm eligibility	Land Executive
2. Inspecting the land and confirming its land status to confirm suitability for Small House development	Land Surveyor, Principal Technical Officer, Senior Technical Officer, Land Executive and 2 Land Inspectors
3. Preparing site plan and circulating application to various government departments for comment	Land Executive and Land Inspectors
4. Analysing comments received and submitting application to District Lands Office Conference	Senior Land Executive and Land Executive
5. Preparing offer letter and offer plan	Senior Land Executive, Land Executive and Land Inspector
6. Checking, updating existing ground details and determining site boundary	Land Surveyor, Senior Survey Officer, Survey Officer and 3 Chainmen
7.* Preparing formal grant plans for the Building Licence	Land Surveyor, Principal Technical Officer, Senior Technical Officer and Technical Officer
8.* Preparing Licence Conditions and scrutiny of legal documents	Land Executive, Senior Solicitor and Land Conveyancing Officer
9.* Arranging for execution by the applicant	Land Executive
10. Execution of the Licence conditions on behalf of the Government	Chief Estate Surveyor
11.* Arranging for registration of the Licence conditions	Land Executive
12. Preparing Ground Features Report	Land Inspector
13. Preparing and issuing Certificates of Exemption	Chief Estate Surveyor, Senior Land Executive and Land Executive
14.* Setting out site boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
15. Commenting on site formation plans	Chief Land Executive, Senior Land Executive and Land Executive
16.* Checking of as-built house boundary	Senior Survey Officer, Survey Officer and 3 Chainmen
17. Issue of Certificates of Compliance	Senior Land Executive, Land Executive and Land Inspector

N.B. The time input of these staff varies under different fee items. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

** Contracting out of these procedures were tried out in the Pilot Scheme of Contracting out processing of Small House Applications during early 1998 to mid 1999.*

Item 12 in Annex E of consultation paper discussed on 8.6.2000

**Administrative Fee for NT Small House
- Rebuilding of Domestic Structures Covered by
a 10-year Modification of Tenancy Permit/Government Land Licence**

Working Procedures Involved	No. and Rank of Staff Involved (One Staff Unless Specified)
1. Checking the details of the MOT Permit/Government Land Licence to confirm eligibility for rebuilding	Land Executive
2. Interviewing the Permittee/Licensee to confirm eligibility of application	Land Executive
3. Inspecting the permit/licence structure and confirm no irregularities	Land Executive and Land Inspector
4. Checking of land status	Land Executive and Survey Officer
5. Preparing site plan and circulating application to various government departments for comment	Senior Land Executive and Land Executive
6. Analysing comments received	Senior Land Executive and Land Executive
7. Recommending approval for rebuilding	Senior Land Executive and Land Executive
8. Approving application	Chief Estate Surveyor

N.B. These staff are also supported by General Grade staff such as Clerical Officers, Typists, Chinese Language Officers, Calligraphists, Motor Drivers, Executive Officers, Personal Secretaries, as appropriate.

Lands Department
Breakdown of Resources and Estimated Full Cost
related to Small House work for 2000-01

	<u>LAO</u>	<u>SMO</u>	<u>LACO</u>	<u>Total</u>
	\$ M	\$M	\$M	\$M
<u>Cost</u>				
Staff Cost (Note 1)	97.0	22.8	9.1	128.9
Departmental Expenses	1.9	0.7	0.3	2.9
Accommodation	7.8	1.2	0.5	9.5
Depreciation	-	0.2	-	0.2
Central Administrative Overhead	4.3	1.0	0.4	5.7
Total	<u>111.0</u>	<u>25.9</u>	<u>10.3</u>	<u>147.2</u>

Notes:

- (1) The total number of staff involved in work related to Small House is about 245 comprising 184 staff from LAO, 48 staff from SMO and 13 staff from LACO.
- (2) Out of total full cost of \$147.2 million, a sum of \$72.2 million is directly related to services of administrative fees for cases executed in the year (as shown in Appendix I) and the remaining sum is related to other work such as handling cases currently under processing, follow-up actions for cases executed in past years, answering enquiries, management of cases on the waiting list etc..