

## **LEGISLATIVE COUNCIL BRIEF**

### **Buildings Ordinance (Cap. 123)**

#### **BUILDING (OIL STORAGE INSTALLATIONS) (AMENDMENT) REGULATION 2004**

#### **BUILDING (ADMINISTRATION) (AMENDMENT) REGULATION 2004**

### **INTRODUCTION**

Section 38(1A) of the Buildings Ordinance (Cap. 123) 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 regulations made under Cap. 123. 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:

- (a) the Building (Oil Storage Installations) (Amendment) Regulation 2004 at **Annex A** to revise the fees for the granting and renewal of a licence in respect of an oil storage installation specified in the Building (Oil Storage Installations) Regulations (B(OSI)R); and

- (b) the Building (Administration) (Amendment) Regulation 2004 at **Annex B** to revise the registration fees of building professionals<sup>1</sup> and contractors specified in the Building (Administration) Regulations (B(A)R).

## **BACKGROUND AND ARGUMENT**

3. In line with the “user pays” principle, it is Government policy that fees 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 licences in respect of oil storage installations were last revised in 1997, and the fees prescribed under regulation 42 of the B(A)R for registration of contractors and building professionals were last revised in 1997 and 2000 respectively.

4. In the 2004-2005 Budget Speech, the Financial Secretary indicated the need to resume revision of government fees and charges, starting with those that do not directly affect people’s livelihood or general business activities.

5. The fee adjustments in respect of the granting and renewal of licences for oil storage installations under the B(OSI)R and registration of building professionals and contractors under the B(A)R do not have a direct impact on the public at large.

6. A costing exercise at 2004-2005 price level has been carried out to review the costs of processing applications for granting and renewal of licences in respect of oil storage installations and for registration of building professionals and contractors. **Annex C** presents the cost computations. Based on the outcome of the costing review, 19 fees are proposed to be revised, with 7 increases and 12 reductions, to full cost level. The proposed adjustments range from -80% to +12%. Details of the current and proposed fees under the B(OSI)R and B(A)R are set out at **Annexes D & E** respectively.

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<sup>1</sup> Building professionals as a collective term refer to Authorized Persons (AP), Registered Structural Engineers (RSE) and Registered Geotechnical Engineers (RGE) under the Buildings Ordinance.

## **THE REGULATIONS**

7. The Amendment Regulations revise the fees as set out at **Annexes D & E**. We propose that the new fees should come into effect on 25 February 2005.

## **LEGISLATIVE TIMETABLE**

8. The legislative timetable is as follows -

Publication in the Gazette	31 December 2004
Tabling at the Legislative Council for negative vetting	5 January 2005

## **EFFICIENCY INITIATIVES**

9. The Buildings Department regularly reviews the work procedures involved in order to achieve streamlining and to keep the manpower requirements to the minimum. The proposed fee adjustments reflect efficiency enhancement which enables reduction of a majority of the fees. Mild upward adjustments are proposed for 7 items.

## **FINANCIAL AND CIVIL SERVICE IMPLICATIONS**

10. It is estimated that the proposed fee revisions will bring about \$0.68 million reduction in Government revenue annually. There are no staffing implications.

## **ECONOMIC IMPLICATIONS**

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

## **PUBLIC CONSULTATION**

12. We have consulted the Standing Advisory Committee (Oil Storage Installations), the Building Sub-committee of the Lands and Building Advisory Committee and the Authorized Persons and Registered Structural Engineers Committee on the proposed fee revisions. We have also circulated an information paper to the Legislative Council Panel on Planning, Lands and Works in November 2004. Members of these Committees and the Panel raised no objection to the proposals.

## **PUBLICITY**

13. A press release will be issued on 31 December 2004 when the Amendment Regulations are published in the Gazette.

## **ENQUIRIES**

14. Enquiries about this Brief may be directed to Mr Parrish Ng, Principal Assistant Secretary (Planning and Lands) of the Housing, Planning and Lands Bureau at telephone number 2848 6288 or Mr C K AU, Assistant Director/Support of the Buildings Department at telephone number 2626 1130.

Housing, Planning and Lands Bureau  
December 2004

**BUILDING (OIL STORAGE INSTALLATIONS) (AMENDMENT)  
REGULATION 2004**

(Made 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 shall come into operation on 25 February  
2005.

**2. Procedure for granting or  
refusing licences**

Regulation 6(3) of the Building (Oil Storage  
Installations) Regulations (Cap. 123 sub. leg. K) is amended  
by repealing "\$52,400" and substituting "\$45,250".

**3. Expiry and renewal of licences**

Regulation 7(2) is amended by repealing "\$52,400" and  
substituting "\$23,100".

Secretary for Financial Services  
and the Treasury

December 2004

**Explanatory Note**

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

**BUILDING (ADMINISTRATION) (AMENDMENT)  
REGULATION 2004**

(Made 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 shall come into operation on 25 February  
2005.

**2. Fees**

Regulation 42 of the Building (Administration)  
Regulations (Cap. 123 sub. leg. A) is amended in the Table of  
Fees -

- (a) in item 1(a)(i) by repealing "\$4,080" and  
substituting "\$4,150";
- (b) in item 1(a)(ii) by repealing "\$420" and  
substituting "\$335";
- (c) in item 1(c) by repealing "\$640" and  
substituting "\$125";
- (d) in item 2(a)(i) by repealing "\$4,970" and  
substituting "\$5,020";
- (e) in item 2(a)(ii) by repealing "\$4,350" and  
substituting "\$4,140";
- (f) in item 2(b) by repealing "\$1,740" and  
substituting "\$1,180";

- (g) in item 2(c) by repealing "\$1,700" and substituting "\$1,910";
- (h) in item 2(d) -
  - (i) by repealing "\$2,170" and substituting "\$1,140";
  - (ii) by repealing "\$1,740" and substituting "\$1,180";
- (i) in item 2(e) by repealing "\$4,350" and substituting "\$4,390";
- (j) in item 4A(a)(i) by repealing "\$4,970" and substituting "\$5,020";
- (k) in item 4A(a)(ii) by repealing "\$4,350" and substituting "\$4,140";
- (l) in item 4A(b) by repealing "\$1,740" and substituting "\$1,180";
- (m) in item 4A(c) by repealing "\$1,700" and substituting "\$1,910";
- (n) in item 4A(d) -
  - (i) by repealing "\$2,170" and substituting "\$1,140";
  - (ii) by repealing "\$1,740" and substituting "\$1,180";
- (o) in item 4A(e) by repealing "\$4,350" and substituting "\$4,390".

Secretary for Financial Services  
and the Treasury

December 2004

**Explanatory Note**

This Regulation revises the fees for the registration of authorized persons, structural engineers, geotechnical engineers, general building contractors and specialist contractors payable under the Buildings Ordinance (Cap. 123).

**COST COMPUTATION  
Buildings Department**

**Annex C**

**Building (Oil Storage Installations) Regulations (B(OSI)R) and  
Building (Administration) Regulations (B(A)R)  
Costs at 2004-05 Prices  
(for processing one application)**

	<b>B(OSI)R</b>		<b>Reg. 42 of B(A)R</b>								
	Reg.6(3)	Reg.7(2)	1(a)(i)	1(a)(ii)	1(c)	2(a)(i)/ 4A(a)(i)	2(a)(ii)/ 4A(a)(ii)	2(b)/2(d)/ 4A(b)/4A(d)	2(c)/4A(c)	2(d)/4A(d)	2(e)/4A(e)
	Granting of licence of oil storage installation \$	Renewal of licence of oil storage installation \$	For each application for inclusion of name in the register of AP/RSE/RGE \$	For each inclusion of name in the register of AP/RSE/RGE \$	For each application for restoration of name in the register of AP/RSE/RGE \$	For application for registration as a GBC/SC basic fee \$	For application for registration as a GBC/SC for each additional person appointed \$	For entry of name in the register of GBC/SC for a period of 3 years \$	For renewal of registration in the register of GBC/SC for a period of 3 years \$	For application for restoration of name to the register from which the name of the GBC/SC has been removed for restoration \$	For application for approval of each newly appointed person prior to the expiry of the GBC/SC's registration \$
Staff Costs	27,702	16,220	2,675	289	102	3,372	2,608	1,019	1,520	796	2,822
Accommodation Costs	1,295	793	154	16	7	188	146	53	89	51	157
Departmental Expenses	1,215	824	199	21	11	237	185	77	122	63	197
Administrative Overheads	877	513	84	10	4	107	83	32	48	25	89
Cost of Service provided by other Departments	14,177	4,750	-	-	-	-	-	-	-	-	-
Others (Honoraria for non-official members of Registration Committees)	-	-	1,042	-	-	1,120	1,120	-	134	202	1,120
<b>Unit Cost</b>	<b>45,266</b>	<b>23,100</b>	<b>4,154</b>	<b>336</b>	<b>124</b>	<b>5,024</b>	<b>4,142</b>	<b>1,181</b>	<b>1,913</b>	<b>1,137</b>	<b>4,385</b>
Existing fee	52,400	52,400	4,080	420	640	4,970	4,350	1,740	1,700	2,170	4,350
<b>Proposed fee with effect from 25 February 2005</b>	<b>45,250</b>	<b>23,100</b>	<b>4,150</b>	<b>335</b>	<b>125</b>	<b>5,020</b>	<b>4,140</b>	<b>1,180</b>	<b>1,910</b>	<b>1,140</b>	<b>4,390</b>

**The current and proposed fees under regulations 6(3) and 7(2) of the  
Building (Oil Storage Installations) Regulations  
for granting and renewal of licence for oil storage installations**

<b>Reg.</b>	<b>Particulars</b>	<b>Current Fees</b>	<b>Proposed Fees</b>	<b>% of Adjustment</b>	<b>Reasons for Adjustments</b>
6(3)	Granting of licence for oil storage installations for one year	\$52,400	\$45,250	-13.6%	Work procedures have been streamlined.
7(2)	Renewal of licence for oil storage installations for one year	\$52,400	\$23,100	-55.9%	Work procedures have been streamlined.

**The current and proposed fees under regulation 42 of the Building (Administration) Regulations (B(A)R) for registration of building professionals and contractors**

<b>Item</b>	<b>Particulars of reg. 42 of B(A)R</b>	<b>Current Fee</b>	<b>Proposed Fee</b>	<b>% of Adjustment</b>	<b>Reasons for Adjustments</b>
1.	(a) (i) For each application for inclusion of name (see Footnote 1 below) in each list of the authorized persons' (AP) register or in the structural engineers' (SE) register or geotechnical engineers' (GE) register.#	\$4,080	\$4,150	+1.7%	Proposed fee reflects the actual work involved in assessing the suitability of applicants including re-interviews for deferred cases.
	(ii) For each inclusion of name (see Footnote 2 below) in each list of the AP register or in the SE register or GE register.#	\$420	\$335	-20.2%	Work procedures have been streamlined.
	(b) For each application for retention of name (see Footnote 3 below) in each list of the AP register or in the SE register or GE register.#	\$1,200 for retention for a period of 5 years.#	N.A.		
	(c) For each application for restoration of name (see Footnote 4 below) in each list of the AP register or in the SE register or GE register.#	\$640	\$125	-80.5%	Work procedures have been streamlined.
2.	(a) For application for registration as a general building contractor —				
	(i) a basic fee shall be payable, covering the applicant as an individual or, where the applicant is a partnership or a corporation, the first person appointed by the applicant to act for it;	\$4,970	\$5,020	+1.0%	Same as Item 1.(a)(i) above.
	(ii) in addition to the basic fee, where the applicant is a partnership or a corporation, for each additional person appointed in the application to act for it (see Footnote 5 below).	\$4,350	\$4,140	-4.8%	Work procedures have been streamlined.

Item	Particulars of reg. 42 of B(A)R	Current Fee	Proposed Fee	% of Adjustment	Reasons for Adjustments
2.	(b) For entry of name (see Footnote 6 below) in the register of general building contractors.	\$1,740 for registration for a period of 3 years.#	<b>\$1,180</b> for registration for a period of 3 years.	-32.2%	Work procedures have been streamlined.
	(c) For renewal of registration in the register of general building contractors.	\$1,700 for renewal of registration for a period of 3 years.#	<b>\$1,910</b> for renewal of registration for a period of 3 years.	+12.3%	Proposed fee reflects the actual work involved in assessing the suitability of applicants for renewal including interviews that are warranted.
	(d) For application for restoration of name (see Footnote 7 below) to the register from which the name of the general building contractor has been removed.	\$2,170 for restoration and \$1,740 for registration for a period of 3 years.#	<b>\$1,140</b> for restoration and <b>\$1,180</b> for registration for a period of 3 years.	-47.5% for restoration -32.2% for registration	Work procedures have been streamlined.
	(e) If at any time prior to the expiry of its registration (including a registration that has been renewed or restored), a registered general building contractor which is a partnership or a corporation makes any appointment of a person to act for it, regardless of whether such appointment results in the replacement of, or is in addition to, persons already appointed, then for an application for the approval of each person so appointed.	\$4,350	<b>\$4,390</b>	+0.9%	Same as Item 1.(a)(i) above.
4A.	(a) For application for registration as a specialist contractor, for each sub-register in the register (see Footnote 8 below) of specialist contractors specified in the application-  (i) a basic fee shall be payable, covering the applicant as an individual or, where the applicant is a partnership or a corporation, the first person appointed by the applicant to act for it;	\$4,970	<b>\$5,020</b>	+1.0%	Same as Item 1.(a)(i) above.

Item	Particulars of reg. 42 of B(A)R	Current Fee	Proposed Fee	% of Adjustment	Reasons for Adjustments
4A.	(ii) in addition to the basic fee, where the applicant is a partnership or a corporation, for each additional person appointed in the application to act for it (see Footnote 5 below).	\$4,350	<b>\$4,140</b>	-4.8%	Work procedures have been streamlined.
	(b) For entry of name (see Footnote 6 below) in each sub-register in the register of specialist contractors specified in the application.	\$1,740 for registration for a period of 3 years.#	<b>\$1,180</b> for registration for a period of 3 years.	-32.2%	Work procedures have been streamlined.
	(c) For renewal of registration in each sub-register in the register of specialist contractors.	\$1,700 for renewal of registration for a period of 3 years.#	<b>\$1,910</b> for renewal of registration for a period of 3 years.	+12.3%	Same as Item 2.(c) above.
	(d) For application for restoration of name (see Footnote 7 below) to each sub-register in the register of specialist contractors from which the name of the specialist contractor has been removed.	\$2,170 for restoration and \$1,740 for registration for a period of 3 years.#	<b>\$1,140</b> for restoration and <b>\$1,180</b> for registration for a period of 3 years.	-47.5% for restoration -32.2% for registration	Work procedures have been streamlined.
	(e) If at any time prior to the expiry of its registration (including a registration that has been renewed or restored), a registered specialist contractor which is a partnership or a corporation makes any appointment of a person to act for it, regardless of whether such appointment results in the replacement of, or is in addition to, persons already appointed, then for an application for the approval of each person so appointed.	\$4,350	<b>\$4,390</b>	+0.9%	Same as Item 1.(a)(i) above.

# These items have been amended by the Buildings (Amendment) Ordinance 2004 and will come into effect when the Amendment Ordinance commences on 31 December 2004. The amendments comprise the following :

- for items 1(a), (b) and (c), the addition of geotechnical engineers' register;
- for item 1(b), the deletion of \$815 for retention for a period of 12 months and the addition of \$1,200 for retention for a period of 5 years;
- for items 2(b), (d), 4A(b) and (d), the deletion of \$1,500 for registration for a period of 1 year; and
- for items 2(c), and 4A(c), the deletion of \$1,460 for renewal of registration for a period of 1 year.

**Footnotes :**

1. The fee for “application for inclusion of name” is the fee for the Building Authority (BA) to process the application of an applicant for inclusion of his name in the relevant register.
2. The fee for “inclusion of name” is the fee for the BA to process the entry of the name of successful applicant into the relevant register. The process includes the issuance of a certificate to a successful applicant and publication of the name of a successful applicant in the Gazette.
3. An applicant is required to pay a fee for his name to be retained in the relevant register for a period of 5 years.
4. A name in the relevant register shall be removed by the BA if the BA does not receive an application for renewal before the date of expiry of the relevant registration or allow such an application received by him. The BA shall also remove a name from the relevant register if the BA receives a notice that the professional has ceased to hold the prescribed qualifications. A person whose name is so removed may, within 2 years beginning on the date the relevant registration expires, apply for the restoration of his name to the relevant register.
5. A basic application fee shall be payable by the first person appointed to act for the contractor and an additional application fee shall be payable by each additional person appointed to act for the contractor.
6. The fees for “entry of name” include the following fees :
  - (a) the fee for the BA to process the entry of the name of a successful contractor into the register. The process includes the issuance of a certificate to the successful contractor and publication of the name of the contractor in the Gazette; and
  - (b) the fee for the contractor’s name to be included and retained in the register for a period of 3 years.
7. The BA will remove a name from the contractors’ register with effect from the date of expiry of the registration if the BA does not receive an application for renewal of the registration before the date of expiry of the registration or allow the application. A contractor whose name is removed may, within 2 years of the date of expiry of the registration, apply for his name to be restored to the register.
8. The register of specialist contractors comprises the following five sub-registers :
  - (a) Demolition works;
  - (b) Foundation works;
  - (c) Ground investigation field works;
  - (d) Site formation works; and
  - (e) Ventilation works.