

**For information on
25 April 2006**

**Legislative Council Panel on Planning, Lands and Works
Revision of Operating Costs Related Excavation Permit Fees**

PURPOSE

This paper outlines the Administration's proposed revision of the fees relating to the administration of excavation permits (XP) under the Land (Miscellaneous Provisions) Ordinance.

BACKGROUND

2. The Land (Miscellaneous Provisions) Ordinance was amended in 2003 to install a new XP management system relating to excavations on unleased government lands. The new system became effective on 1 April 2004. Costing exercise was carried out by the Administration with a view to bringing in line the fees relating to the administration of the system originally set in the legislation with the actual operating costs of the system.

PROPOSED FEE REVISION

3. Based on the principles of "user pays" and full cost recovery, the Administration came up with the following revised fee scale :

XP Fees (for excavation on streets maintained by Highways Department)

	<i>Unit Cost at 2005-06 Price Level (\$)</i>	<i>Current Fee (\$)</i>	<i>Current Recovery Rate (%)</i>	<i>Recommended Revised Fee (\$)</i>	<i>New Recovery Rate (%)</i>	<i>Change in Fee Level (%)</i>
<i>Issue of an XP</i>	1,569	1,860	119	1,570	100	-15.6
<i>Each excavation under an emergency XP</i>	1,569	1,860	119	1,570	100	-15.6
<i>Extension of an XP</i>	580	590	102	580	100	-1.7
<i>Daily fee for an XP</i>	19/day	32/day	168	19/day	100	-40.6
<i>Daily fee for an extension XP</i>	19/day	32/day	168	19/day	100	-40.6
<i>Daily fee for maintaining an emergency excavation</i>	19/day	32/day	168	19/day	100	-40.6

XP Fees (for excavation on unleased lands under the purview of Lands Department)

	<i>Unit Cost at 2005-06 Price Level (\$)</i>	<i>Current Fee (\$)</i>	<i>Current Recovery Rate (%)</i>	<i>Recommended Revised Fee (\$)</i>	<i>New Recovery Rate (%)</i>	<i>Change in Fee Level (%)</i>
<i>First Issue of an XP</i>	3,103	3,060	99	3,100	100	+1.3
<i>Extension of an XP</i>	313	400	128	315	100	-21.3

4. The proposed fees are based on the operating costs of Highways Department, Transport Department, Hong Kong Police Force and Lands Department with respect to the administration of the excavation permit system. Certain reduction in cost is made possible by the streamlining of organization and operation within the processing departments according to actual experience.

FINANCIAL IMPLICATION

5. When the proposed fee adjustments are implemented, there will be an estimated net decrease of about \$30.5 million in revenue from XP issued by Highways Department, and net increase of about \$110,000 in revenue from XP issued by Lands Department each year.

WAY FORWARD

6. We plan to gazette and table the necessary amendments to the Land (Miscellaneous Provisions) Regulations in LegCo for negative vetting in June this year, with a view to implementing the new fee scale in October this year.

RECOMMENDATION

7. Members are invited to support the fee revision.

Environment, Transport and Works Bureau
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