

**For discussion
on 25 March 2014**

**LEGISLATIVE COUNCIL
PANEL ON DEVELOPMENT**

**Revision of fees for services
under the purview of the Buildings Department**

PURPOSE

This paper seeks Members' views on the proposed revision to eight fee items in respect of application for approval of plans of building works and licensing of oil storage installations by the Buildings Department ("BD").

BACKGROUND

2. Regulations 29(1A) and 33(1A) of the Building (Administration) Regulations ("B(A)R") (Cap. 123 sub. leg. A) provide that fees may be charged for the application for approval of plans of building works or street works as well as alteration and addition works submitted to the Building Authority for approval. The relevant fees are prescribed under regulation 42 of the B(A)R, and were last revised in 1995.

3. The Building (Oil Storage Installations) Regulations (Cap. 123 sub. leg. K) ("B(OSI)R") govern the design, construction, licensing, inspection, testing and maintenance of oil storage installations and matters connected therewith. As far as licensing of oil storage installations is concerned, regulations 6(3) and 7(2) of the B(OSI)R prescribe the fees for granting and renewal of licences of oil storage installations respectively. The prescribed fees were last revised in 2011.

THE PROPOSAL

4. In line with the "user pays" principle, it is Government policy that fees and charges should in general be set at levels sufficient to recover the

full cost of providing the services. In the 2013-14 Budget, the Financial Secretary announced that, to prevent cost recovery items being turned into heavily subsidized items, the Government needs a systematic review of fees and charges and should first deal with fees that have not been revised for years and do not directly affect people's livelihood. BD has recently completed a cost review exercise at the 2014-15 price level.

5. The cost review involves fees in relation to application for approval of plans of building works and alteration and addition works, as well as the granting and renewal of licences of oil storage installations. The results show that present cost recovery rates of the relevant fee items range from 79.0% to 83.1%. Based on the outcome of the cost review, eight fee items are proposed to be revised to achieve full cost recovery. The proposed adjustments range from +20.4% to +26.9%, which reflect the actual work involved in processing the applications as well as the increases in costs since the last fee review of the items. Details of the proposed fee revisions under the B(A)R and B(OSI)R are set out at Annexes A and B respectively. The proposed fee adjustments should have no direct impact on people's livelihood.

EFFICIENCY IMPROVEMENT MEASURES

6. The BD has been taking measures to reduce or contain the costs of providing services through efficiency enhancement, delegation of authority and streamlining work procedures. The benefits derived from the efficiency enhancement and other improvement measures have been factored into the costing of individual fee items.

FINANCIAL IMPLICATIONS

7. It is estimated that the proposed fee revisions will bring a net increase in Government revenue of around \$46.27 million per annum.

PUBLIC CONSULTATION

8. We have consulted the Building Subcommittee of the Land and Development Advisory Committee as well as the Authorized Persons, Registered Structural Engineers and Registered Geotechnical Engineers Committee on the proposed fee revisions. We have also consulted the Standing Advisory Committee (Oil Storage Installations) on the proposed fee revisions in respect of licensing of oil storage installations. The stakeholders have not raised any comment on the proposed fee revisions.

WAY FORWARD

9. We propose to amend the B(A)R and B(OSI)R to bring the fee adjustments into effect. Subject to Members' views on the proposed fee revisions, we plan to table the legislative amendment to the Legislative Council in the second quarter of 2014.

Development Bureau
March 2014

**Proposed Revision of Fees under item 7A of the Table of Fees
in regulation 42 of the Building (Administration) Regulations
in respect of Application for Approval of Plans of Building Works as well as Alteration and Addition Works**

Item	Fee Description	Year of Last Revision	Current Fees	Present Cost Recovery Rates	Proposed Fees	Proposed Adjustments
1.	For a new plan or a major revision of such plan of building works in respect of a proposed new industrial building of a gross floor area of 20 000 square metres or less	1995	\$2,160 for every 100 square metres or part thereof	79.0%	\$2,740 for every 100 square metres or part thereof	+26.9%
			\$8,230 (Minimum Charge)		\$10,400 (Minimum Charge)	+26.4%
2.	For a new plan or a major revision of such plan of building works in respect of a proposed new industrial building of a gross floor area of more than 20 000 square metres	1995	\$1,740 for every 100 square metres or part thereof	79.0%	\$2,200 for every 100 square metres or part thereof	+26.4%
			\$432,400 (Minimum Charge)		\$547,100 (Minimum Charge)	+26.5%
3.	For a new plan or a major revision of such plan of building works in respect of a proposed new non-industrial building of a gross floor area of 10 000 square metres or less	1995	\$3,430 for every 100 square metres or part thereof	79.0%	\$4,340 for every 100 square metres or part thereof	+26.5%
			\$8,230 (Minimum Charge)		\$10,350 (Minimum Charge)	+25.8%

Item	Fee Description	Year of Last Revision	Current Fees	Present Cost Recovery Rates	Proposed Fees	Proposed Adjustments
4.	For a new plan or a major revision of such plan of building works in respect of a proposed new non-industrial building of a gross floor area of more than 10 000 square metres	1995	\$2,750 for every 100 square metres or part thereof	79.0%	\$3,480 for every 100 square metres or part thereof	+26.5%
			\$343,400 (Minimum Charge)		\$434,400 (Minimum Charge)	+26.5%
5.	For a new plan or a major revision of such plan of building works in respect of a proposed new building for which there is no accountable gross floor area, such as a transformer station, an oil storage installation, a petrol filling station, a jetty or similar structure	1995	\$11,200 for each size of 841mm by 594mm or part thereof of the plan	79.0%	\$14,200 for each size of 841mm by 594mm or part thereof of the plan	+26.8%
6.	For a new plan or a major revision of such plan of alteration and addition works or other building works not resulting in a new building	1995	\$11,200 for each size of 841mm by 594mm or part thereof of the plan	79.0%	\$14,200 for each size of 841mm by 594mm or part thereof of the plan	+26.8%

Note : Industrial building includes a factory, a workshop and a godown.

**Proposed Revision of Fees under regulations 6(3) and 7(2)
of the Building (Oil Storage Installations) Regulations
in respect of granting and renewal of Licences of Oil Storage
Installations**

Item	Fee Description	Year of Last Revision	Current Fees	Present Cost Recovery Rates	Proposed Fees	Proposed Adjustments
1.	Application for a licence of oil storage installation for one year	2011	\$39,050	83.1%	\$47,000	+\$7,950 / +20.4%
2.	Application for renewal of a licence of oil storage installation for one year	2011	\$24,550	81.0%	\$30,300	+\$5,750 / +23.4%