

**For information**

**LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT**

**Revision of Fees and Economic Costs  
for Excavation on Streets Maintained by Highways Department  
under Land (Miscellaneous Provisions) Regulations (Cap 28A)**

**PURPOSE**

This paper outlines the Administration's proposed revision of fees and economic costs for excavation on streets maintained by Highways Department (HyD) which do not directly affect people's livelihood or general business activities.

**THE PROPOSAL**

*Fees*

2. In line with the "user-pays" principle, it is Government's policy that fees charged by the Government should in general be set at levels sufficient to recover the full cost of providing the services. The six fee items for administration of excavation on streets maintained by HyD are prescribed in Parts I and III of Schedule 3 to the Land (Miscellaneous Provisions) Regulations (Cap 28A) under the Land (Miscellaneous Provisions) Ordinance (Cap 28).

3. A review of the cost of providing the relevant services at the 2014-15 price level has been carried out. The result shows the cost recovery rates at existing fee levels range from 76.2% to 82.5%. In order to achieve full cost recovery gradually and avoid a steep fee increase, we propose to adopt an increase of about 10% for the fee revision.

*Economic costs*

4. The three economic costs for excavations on streets maintained by HyD are prescribed in Part I of Schedule 3 to the Land (Miscellaneous Provisions) Regulations (Cap 28A). They were based on assessment of the economic loss due to traffic delay in a carriageway caused by an excavation on a street. They are to provide incentive to the excavation permittees to complete their works as soon as possible.

5. A review of the economic costs at the 2014-15 price level has been carried out. The result shows the existing economic costs range from 82.0% to 87.7% of those at the 2014-15 price level. In order to reflect the updated economic loss due to traffic delay in a carriageway caused by an excavation on a

street and to maintain sufficient incentive to the excavation permittees to complete their works as soon as possible, we propose to increase the three economic costs to the 2014-15 price level in one go.

### ***Proposed revisions***

6. Details of the fee and economic cost revision proposal with upward adjustments ranging from 9.4% to 10.2% for the fees and from 14.0% to 22.0% for the economic costs are at the **Annex**. After the proposed revision is implemented, the cost recovery rates of the six fee items will range from 83.9% to 90.2% and the three economic cost items will be at 100% of the 2014-15 price level. We will revise the fees and economic costs once the legislative amendment procedures are completed.

### **EFFICIENCY IMPROVEMENT MEASURES**

7. The Administration will continue to enhance efficiency and streamline procedures for administration of excavation on streets so as to contain the costs of providing these public services.

### **FINANCIAL IMPLICATION**

8. When the proposed fee and economic cost adjustments are implemented, the estimated increase in revenue is about \$20.1 million per annum.

### **WAY FORWARD**

9. Members are invited to note the proposed fee and economic cost revision as set out in paragraphs 3, 5 and 6 above and detailed in the **Annex**. We will proceed with the necessary legislative amendments to implement the adjustments.

**Development Bureau  
Highways Department  
July 2014**

**Proposed Revision of Fees and Economic Costs  
under the Land (Miscellaneous Provisions) Regulations (Cap 28A)**

<b>Item</b>	<b>Fee Description</b>	<b>Existing Fee (\$)</b>  (a)	<b>Updated Cost Recovery Rate at 2014-15 Price Level</b>	<b>Proposed Fee (\$)</b>  (b)	<b>Proposed Amount of Increase (\$)</b>  (b)-(a)	<b>Proposed Percentage Increase</b>  [(b)-(a)]/(a)	<b>Cost Recovery Rate after Fee Adjustment</b>
<b>A) Fees</b>							
1.	Issue or deemed issue of an excavation permit (per permit)	1,860	76.2%	2,050	<b>190</b>	10.2%	83.9%
2.	Issue or deemed issue of an excavation permit – daily fee for whole duration (per day)	32	82.5%	35	<b>3</b>	9.4%	90.2%
3.	Extension of an excavation permit (per extension)	590	78.1%	650	<b>60</b>	10.2%	86.1%
4.	Extension of an excavation permit – daily fee for whole extended period (per day)	32	82.5%	35	<b>3</b>	9.4%	90.2%
5.	Emergency excavation during the initial period (per emergency excavation)	1,860	76.2%	2,050	<b>190</b>	10.2%	83.9%
6.	Emergency excavation during the initial period – daily fee for whole duration (per day)	32	82.5%	35	<b>3</b>	9.4%	90.2%

Item	Fee Description	Existing Economic Cost (\$)  (a)	% of the Economic Cost at 2014-15 Price Level	Proposed Economic Cost (\$)  (b)	Proposed Amount of Increase (\$)  (b)-(a)	Proposed Percentage Increase  [(b)-(a)]/(a)	% of the Economic Cost at 2014-15 Price Level after Adjustment
<b>B) Economic Costs</b>							
7	Extension of an excavation permit – economic cost for a strategic street – for the whole duration of the extended period (per day)	18,000	82.6%	21,800	<b>3,800</b>	21.1%	100.0%
8.	Extension of an excavation permit – economic cost for a sensitive street – for the whole duration of the extended period (per day)	7,000	82.0%	8,540	<b>1,540</b>	22.0%	100.0%
9.	Extension of an excavation permit – economic cost for a remaining street – for the whole duration of the extended period (per day)	1,500	87.7%	1,710	<b>210</b>	14.0%	100.0%