

For discussion on  
27 November 2015

**LEGISLATIVE COUNCIL  
PANEL ON ENVIRONMENTAL AFFAIRS**

**Noise Control Ordinance (Cap. 400)  
Revision of Fees**

**INTRODUCTION**

This paper invites Members’ advice on the proposed revision of fees charged under the Noise Control Ordinance (Cap. 400) (NCO).

**BACKGROUND**

2. Fees charged under the NCO are for the processing of applications for Construction Noise Permits (CNP) and Noise Emission Labels (NELs). The CNPs control noise from construction activities while the NELs control noisy construction equipment.

3. It is government policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the goods and services. Fees under the NCO were last revised in July 2008. The fees concerned and their respective cost recovery rates at that time are tabulated below:

<b>Fee Item</b>	<b>Fee (\$)</b>	<b>Cost Recovery Rate</b>
Application fee for a CNP for construction work other than percussive piling	1,000	34%
Application fee for a CNP for percussive piling	910	40%
Application fee for an NEL for air compressor	490	86%
Application fee for an NEL for hand held percussive breaker	490	86%

4. We have not proposed any upward adjustment of these fees for a few years since 2008 on the consideration that fees directly affecting people’s livelihood or general business activities were frozen by the Government back then. Meanwhile, we have implemented various initiatives to enhance our efficiency. They include further rationalisation and computerisation of the vetting procedures, enhancement to

internal guidelines, and training for frontline staff to enhance their efficiency in processing and vetting applications. In particular, to facilitate the application for and vetting of CNPs, we have collaborated with the sector to re-prioritise service provision and provide detailed information for applicants with a view to illustrating and encouraging applications made in a compliant and proper manner. By implementing these efficiency initiatives, we have successfully reduced the costs concerned. However, the cumulative inflation rate from 2008 to mid-2015 has been over 25%. Taking all relevant factors into account, we have thus reviewed the fees. As the cost recovery rates of the NEL fees are now 91% while those of the CNP fees are 38% and 45%, we propose to increase the fees to achieve our ultimate goal of full-cost recovery in accordance with the “user pays” principle.

## **PROPOSAL**

5. The cost recovery rates of NEL fees are currently 91%. We propose to increase the two NEL fees by about 9% to achieve full-cost recovery, which means the two NEL fees will be revised from \$490 to \$535.

6. As regards the two CNP fees, their current cost recovery rates are 38% and 45%. Given that the last revision was made in 2008, we opine that the percentage of the increase can be considerably higher. Nevertheless, if the fees are revised to achieve full-cost recovery in one go, the sector might find the revised fees too high and unacceptable.

7. We therefore propose to increase the CNP fees by 50%, i.e., they will be revised from \$1,000 to \$1,500 and from \$910 to \$1,370 respectively. Upon fee revision, the cost recovery rates of CNP fees will be increased from 38% to 56% and from 45% to 68% respectively, and this will help us achieve full-cost recovery as early as possible. The proposal on the revision of CNP fees has taken full account of, and should be sufficient to address, the sector’s concern over the burden caused by significant fee increase and the inconvenience caused by frequent fee increase.

8. We propose to revise all four fee items under the NCO. Details of the proposed revision of fees are set out at the [Annex](#).

## **PUBLIC CONSULTATION**

9. Construction trade associations, construction equipment suppliers, as well as applicants for CNPs and NELs were consulted in May 2015 on the proposed revision

of fees. They had no objection to the proposal.

## **FINANCIAL IMPLICATION**

10. Figures on the relevant applications received over the past three years are set out in the table below. We estimate that there will be a net increase of about \$3 million per annum in government revenue if the proposed revision of fees is fully implemented.

<b>Application Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Number of applications for a CNP for construction work other than percussive piling	5 113	5 650	5 653
Number of applications for a CNP for percussive piling	160	151	148
Number of applications for an NEL for air compressor	236	345	281
Number of applications for an NEL for hand held percussive breaker	866	644	986

## **IMPLEMENTATION**

11. We intend to submit the proposed amendments to the subsidiary legislation of the NCO to the Legislative Council after consultation with the Advisory Council on the Environment. Subject to the passage of the proposed amendments, we will implement the proposed revision of fees by the end of 2015-16.

## **ADVICE SOUGHT**

12. Members are invited to give their views on and support to the proposed revision of fees as set out at the Annex.

**Environmental Protection Department**  
**November 2015**

Annex

**Environmental Protection Department  
Noise Control Ordinance (Cap. 400)  
Proposed Revision of Fees**

<u>Fee Item</u>	<u>Description of Fee Item</u>	<u>Existing Fee</u>	<u>Proposed Fee</u>	<u>Increase (in \$)</u>	<u>Increase (in %)</u>	<u>Unit Cost</u>	<u>Cost Recovery Rate</u>	<u>Estimated Number of Cases Per Year</u>	<u>Estimated Additional Revenue Per Year</u>	<u>Estimated Total Annual Revenue</u>
		(\$)	(\$)	(\$)	(%)	(\$)	(%)		(\$)	(\$)
	<b><u>Noise Control Ordinance (Cap. 400)</u></b>									
	<b>Noise Control (General) Regulations (Cap. 400A)</b>									
1	Application fee for a construction noise permit for construction work other than percussive piling	1,000	1,500	500	50	2,656	56	5 485	2,742,500	8,227,500
2	Application fee for a construction noise permit for percussive piling	910	1,370	460	50	2,018	68	146	67,160	200,020
	<b>Noise Control (Air Compressors) Regulations (Cap. 400C)</b>									
3	Application fee for a noise emission label for air compressor	490	535	45	9	537	100	331	14,895	177,085
	<b>Noise Control (Hand Held Percussive Breakers) Regulations (Cap. 400D)</b>									
4	Application fee for a noise emission label for hand held percussive breaker	490	535	45	9	537	100	907	40,815	485,245
									<u>2,865,370</u>	<u>9,089,850</u>