

For information

LEGISLATIVE COUNCIL PANEL ON DEVELOPMENT

Revision of Fees and Economic Costs for Excavations in Unleased Land under Land (Miscellaneous Provisions) Regulations (Cap. 28A)

PURPOSE

This paper briefs Members on the Administration's proposed revision of fees and economic costs relating to excavations in unleased Government land 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 the 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 eight fee items for administration of excavations in unleased Government land including streets maintained by Highways Department (HyD) and those other than streets maintained by HyD are prescribed in Parts I, II, 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 2018-19 price level has been carried out recently. The result shows that the cost recovery rates of the existing eight fees specified in items 1 and 2(a) of Part I, items 1 and 2 of Part II and item 1 of Part III of Schedule 3 to the Regulations range from 55 % to 91%. In order to achieve full cost recovery gradually and to avoid a sharp increase in the said fees, we propose to adopt an increase ranging from 10% to 15% for the fee revision.

Economic costs

4. The three economic costs for excavations on streets maintained by HyD are prescribed item 2(b) of 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 aimed to ensure the excavation permittees to complete their works as soon as possible.

5. A review of the said three economic costs at the 2018-19 price level has also been carried out recently. The result shows that the existing economic costs range from 92% to 94% as compared with the economic costs at 2018-19 price level. In order to reflect the updated economic loss due to traffic delay caused by the excavations and to drive the excavation permittees to complete their works as soon as possible, we propose to increase the said economic costs by about 7% to 8% to the 2018-19 price level.

Proposed revisions

6. Details of the fee and economic cost revision proposal with upward adjustments ranging from 10% to 15% for the fees and from 7% to 8% for the economic costs are at the **Annex**. After the proposed revision is implemented, the cost recovery rates of the eight fee items will range from 64% to 100% and the three economic cost items will be at 100% of the 2018-19 price level. We will implement the revised 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 permits for unleased Government land 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 \$21.4 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 of the fees and economic costs.

**Development Bureau
Highways Department
Lands Department
April 2018**

**Revision of Fees and Economic Costs for Excavations in Unleased Land
under Land (Miscellaneous Provisions) Regulations (Cap. 28A)**

Item	Fee Description	Existing Fee (\$) (a)	Existing Cost Recovery Rate at 2018-19 Price Level	Proposed Fee (\$) (b)	Proposed Amount of Increase (\$) (b)-(a)	Proposed Percentage Increase [(b)-(a)]/(a)	Cost Recovery Rate after Fee Adjustment
A) Fees							
1.	Issue or deemed issue of an excavation permit (per permit) for streets maintained by HyD	2,050	55%	2,360	310	15%	64%
2.	Issue or deemed issue of an excavation permit – daily fee for whole duration (per day) for streets maintained by HyD	35	68%	40	5	14%	78%
3.	Extension of an excavation permit (per extension) for streets maintained by HyD	650	56%	750	100	15%	65%
4.	Extension of an excavation permit – daily fee for whole extended period (per day) for streets maintained by HyD	35	68%	40	5	14%	78%
5.	Emergency excavation during the initial period (per emergency excavation) for streets maintained by HyD	2,050	55%	2,360	310	15%	64%
6.	Emergency excavation during the initial period – daily fee for whole duration (per day) for streets maintained by HyD	35	68%	40	5	14%	78%
7.	Issue or deemed issue of an excavation permit (per permit) for other than streets maintained by HyD	3,370	91%	3,700	330	10%	100%
8.	Extension of an excavation permit (per extension) for other than streets maintained by HyD	440	87%	485	45	10%	96%

Item	Fee Description	Existing Economic Cost (\$) (a)	Existing Percentage of the Economic Cost at 2018-19 Price Level	Proposed Economic Cost (\$) (b)	Proposed Amount of Increase (\$) (b)-(a)	Proposed Percentage Increase [(b)-(a)]/(a)	Percentage of the Economic Cost at 2018-19 Price Level after Adjustment
B) Economic Costs							
9.	Extension of an excavation permit – economic cost for a strategic street – for the whole duration of the extended period (per day) for streets maintained by HyD	21,800	92%	23,600	1,800	8%	100%
10.	Extension of an excavation permit – economic cost for a sensitive street – for the whole duration of the extended period (per day) for streets maintained by HyD	8,540	94%	9,120	580	7%	100%
11.	Extension of an excavation permit – economic cost for a remaining street – for the whole duration of the extended period (per day) for streets maintained by HyD	1,710	92%	1,850	140	8%	100%