The Reform of Dealing with Construction Permits in Chinese Taipei

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The Reform of Dealing with Construction Permits in Chinese Taipei

Construction and Planning Agency, M.O.I.

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Introduction I

Doing Business has been tracking regulatory reforms aimed at improving the ease of doing business since 2004. Its goal is to provide an objective basis for understanding and improving the regulatory environment for business. Moreover, the regulations are recommended to be more efficient, accessible and simplified as possible.

Doing Business presents quantitative indicators of regulations on 10 topics, including Dealing with Construction Permits, etc, which can be compared across 183 economies.

Introduction II

*Since 2007, Ministry of the Interior (MOI), Ministry of Economic Affairs (MOEA), Taipei City Government and other authorities guided by Council for Economic Planning and Development have been continuously implementing various measures of reform to simplify the application procedures for construction permits.

*In Doing Business 2010 report, the rankings of Chinese Taipei in ease of doing business is 46, and in dealing with construction permits is 97.
Ranking Analysis

A. Dealing with Construction Permits Methodology

Doing Business records all procedures required for building a standardized warehouse with 2 stories of 1300.6m² in the periurban area of the economy’s largest city. It divides the process of building a warehouse into distinct procedures and calculates the time and cost of completing each procedure.

- submitting all relevant project-specific documents to the authorities
- obtaining all necessary clearances, licenses, permits and certificates
- completing all required notifications and receiving all necessary inspections
- obtaining all utility connections
- registering the property

Ranking Analysis

B. Procedures, Time and Cost of Dealing with Construction Permits

**Doing Business 2009 report**
- Procedures (number): 29
- Time (days): 193
- Cost (% of income per capita): 123.6%

**Doing Business 2010 report**
- Procedures (number): 28
- Time (days): 142
- Cost (% of income per capita): 96.2%

**2010 vs. 2009**:
- 1 procedure, -51 days, -27.4 cost
### Site survey

<table>
<thead>
<tr>
<th>Stage</th>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete (Days)</th>
<th>Comparison</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>Obtain proof of land title ownership from the city government</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Apply to the city government to define the building line and check the boundary of land</td>
<td>18</td>
<td>18</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Obtain information about infrastructure from the water company</td>
<td>14</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Obtain information about electricity infrastructure from electricity provider</td>
<td>14</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Obtain information about telecommunications infrastructure from telecom company</td>
<td>14</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Note:</strong> A registration procedure may require an investigation report</td>
<td>X</td>
<td>30</td>
<td>-1 procedure -30 days</td>
</tr>
</tbody>
</table>

### Building permit

<table>
<thead>
<tr>
<th>Stage</th>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete (Days)</th>
<th>Comparison</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6</td>
<td>Obtain firefighting design approval from the fire protection authority</td>
<td>21</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Obtain water, water discharge permit from the industry park authority/city government</td>
<td>7</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Apply for building permit from the city government</td>
<td>21</td>
<td>21</td>
<td>0</td>
</tr>
</tbody>
</table>

### Construction management

<table>
<thead>
<tr>
<th>Stage</th>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete (Days)</th>
<th>Comparison</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9</td>
<td>Report the initial site and general construction plan to the city government and pay the city government the air pollution protection fee before starting construction</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>City government announces layout of the building plan on the land site</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>City government inspects at liquidation stage</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>City government inspects at second-floor stage</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>City government inspects at roof of construction stage</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Receive environmental inspection from the department of environmental protection (city government) at any time during construction</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>15</td>
<td>Receive labor inspection from the department of labor (city government) at any time during construction</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

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### Ranking Analysis

<table>
<thead>
<tr>
<th>Stage</th>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete (Days)</th>
<th>Comparison</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19</td>
<td>Obtain firefighting inspection certificate from the fire protection authority</td>
<td>4</td>
<td>31</td>
<td>-27 days</td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Obtain address (house number) certification from the city government</td>
<td>3</td>
<td>10</td>
<td>-7 days</td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>Obtain water, water supply permit from the fire protection bureau (city government)</td>
<td>10</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Obtain building usage certificate from the city government</td>
<td>6</td>
<td>21</td>
<td>-15 days</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>Obtain building land ownership certificate from the city government</td>
<td>18</td>
<td>18</td>
<td>0</td>
</tr>
</tbody>
</table>

### Utility connections

<table>
<thead>
<tr>
<th>Stage</th>
<th>No.</th>
<th>Procedure</th>
<th>Time to complete (Days)</th>
<th>Comparison</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21</td>
<td>Apply for water supply from a local water company</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Receive inspection from water company</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Obtain connection to water</td>
<td>10</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>Apply for electric power supply from Taiwan power company</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>Receive inspection from power company</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>26</td>
<td>Obtain power connection</td>
<td>10</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>27</td>
<td>Request telephone line</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>Obtain telephone line</td>
<td>3</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

**Summary:**
- 28 procedures | 142 days | 28 procedures | 138 days | -1 procedure -56 days

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Ranking Analysis

C. Investigation & Analysis

The major difference of dealing with construction permits procedures between U.S.A., Japan, Hong Kong, Singapore and Chinese Taipei as follows:

1. There is no site survey stage in other economies.
2. In Chinese Taipei, the procedures to apply for water supply, electric power supply and request telephone line requires 2~3 times procedures compared with other economies.
3. Lack of Single window.
4. Time of completing some procedures is longer.

Reform Working Group

Instructor
Council for Economic Planning and Development

The Reform Working Group of Dealing with Construction Permits

Convener
Chief Secretary, Ministry of the Interior

Members
Ministry of Economic Affairs, Ministry of the Interior,
National Communications Commission,
Environmental Protection Administration,
Council of Labor Affairs, Taipei City Government,
Chunghwa Telecom, Taiwan Power Company,
Taipei Water Department, Architects Association
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Measures of Reforms

A. Introduction of a multi-level management system

1. In line with the policy announced by NCC in 2006, the MOI on January 29, 2010 sent written notification to all local governments that certification of inspection and approval of drawings & explanations in respect of telecommunications equipment need not be submitted for farm houses, warehouses and garages.

2. The Taipei City Government publicly announced on March 23, 2010 that applications for construction permits for, or to register start of construction of, buildings below a certain size (5-floor, 5-household buildings with a total floor area of less than 2,000 square meters) need not be accompanied by certification of inspection and approval of drawings & explanations in respect of the building’s water, power and telecommunications equipment.

3. The Taipei City Government submits photocopies of building permit applications to the water, power and other agencies so that these agencies will be able to take the initiative to provide relevant consulting services.

4. The Taipei City Government has already drafted revisions to the Taipei Municipal Self-Government Ordinance for Building Management, which were submitted to the city council for review on April 22, 2010. Under these revisions, in the case of buildings under a certain size, work may go ahead once the building contractor and inspector have inspected the site and confirmed to meet applicable requirements. No further site inspections will be required, and an application for a user license may be made directly upon completion of the building.
B. Establishment of a "single window"

The Taipei City Government has set up a single window, operative from April 1, 2010, to process user-license stage applications for buildings under a certain size. The window will take receipt of drawings, explanations and other documents in respect of applications for fire safety inspection, allocation of address (house number), wastewater disposal inspection, water supply, power supply, and telephone line connection, and will forward these to the appropriate entities for action.

C. Simplification of documentary requirements

1. The MOI on December 28, 2009 announced the revision of Attachment 1 to Point 3 of the Procedural Directions on the Checking of Items Requiring Review and Attestation under Building Permit and Miscellaneous Permit Regulations, to stipulate that a photocopy of the land ownership certificate may be used in place of the previously required land registration and cadastre map transcripts as proof of land ownership when applying for a construction permit.

2. From February 1, 2010, the Taipei City Government no longer requires members of the public to apply for a land registration transcript as one of the land ownership certification documents required to apply for a building construction permit.
C. Simplification of documentary requirements

3. On January 29, 2010, the MOI wrote to all local government authorities to inform them that certification of review and approval of water, power and telecommunications equipment design was no longer a requirement for the issuance of construction permits and applications to register start of construction. Taipei City Government also publicly announced this on March 23, 2010.

D. Instituting simultaneity or adjustment of procedures

1. On January 6, 2010, Taipei City Government, pursuant to the provisions of Article 48 of the Building Act, publicly announced that application to prescribe building lines will no longer be required as part of the administrative procedure for specific areas in which areas in which planned road opening has been carried out.

2. The National Fire Agency indicated by official letter in January 2009 that the firefighting design approval procedure for building construction could be carried out entirely in parallel with the construction permit application; i.e., members of the public could freely choose to submit drawings and explanations of a building’s firefighting equipment for review at the same time as applying for or obtaining the construction permit for the building.
E. Reduction of application processing times

1. The National Fire Agency stated in November 2009 that applications for firefighting design review and post-completion firefighting inspection would, as a rule, be fully processed within a time limit of 7 working days. Moreover, the statistical data of Taipei City Fire Department for January 2009 show that the firefighting design review procedure was completed in an average of 2.78 days per case.

2. The MOEA has already asked all industrial parks to amend Article 7 of the standard Rules Governing Sewer Use in Industrial Parks to stipulate shortened processing times of 3 and 7 days, respectively, for waste water discharge design approval and sewer connection applications. All 37 industrial parks under the jurisdiction of the MOEA had completed the requisite amendment as of January 26, 2010.

3. Taiwan Power Company publicly announced on February 8, 2010 that the actual processing time for applications for power connection for buildings under a certain size would be shortened to 10 days.

4. Taiwan Water Corporation has amended its relevant operational directions to stipulate that applications for water supply will be processed within 10 days.
Measures of Reforms

F. Ongoing expansion of online applications

1. From 2003, the MOI has set up the building management information systems to promote online application.

2. In 2005, the MOI initiated a project for all local governments to set up e-systems for firefighting design review and post-construction firefighting inspection. In 2007, the ministry completed the setup and launch of an online application system for firefighting design review and post-construction inspection.

3. The Taipei City Government has set up a website for online building permit applications by the public. At present, 18 kinds of applications can be made online through the website, including applications for construction permits, user licenses, start-of-construction registrations, and site inspections during construction.

4. Applications for tap-water inspection and water supply may also be made online.

5. The Taiwan Power Company on June 24, 2009 revised Article 5 of its Regulations for Electricity Service to provide for applications concerning power use to be made via the Internet, telephone, fax or mail. Moreover, it launched a system for the e-payment of customer contributions to the cost of line construction.

6. In respect of telecommunications services, the NCC has already authorized service providers to set up online applications for the installation of new devices.
G. Implementing a "professional participation" mechanism

1. Article 13 of the Building Act stipulates that building's structure and equipment should be undertaken under commission of the architect to assign a professional engineer. Article 34 stipulates that a building’s design shall be reviewed or examination by the competent authority only for specified parts stipulated by regulation, and that the other parts should be the responsibility of the architect and the professional engineers. These provisions clearly establish a system of separation between public administration and professional certification.

2. Article 50 of the Water Supply Act stipulates that a water company may commission a professional body to carry out inspection of equipment after the completion of its installation, and may commence water supply only after the commissioned body has confirmed that the equipment meets requirements.

3. The Taipei City Government has since August 2008 also implemented a scheme for the Taipei Architects Association to play an assistive role in the review and inspection procedures. Under this scheme, the architects, the association, and the administrative authority take part in the review procedure at separate stages, which streamlines the conduct of application procedures on building permits.

4. To raise the efficiency of building permit review and simplify the construction work inspection procedure, Taipei City Government has drawn up a revision to the Taipei Municipal Self-Government Ordinance for Building Management to clearly provide a legal basis for commissioning outside professional institutions and bodies to conduct these and other such tasks.
Effectiveness & Prospects

**Effectiveness of Reforms Adopted by World Bank:**

- Downward arrow for procedures, processing time, costs, and efficiency

If our reform measures are adopted by World Bank, the procedures of Dealing with Construction Permits will decrease to 20 and the processing time will be reduced. That will raise the effectiveness and ranking on Dealing with Construction Permits.

World Bank is promoting reforms focused on the ease of doing business in the worldwide. We refer to the indicators of Doing Business report and other economies’ reform measures to raise our ranking. In the future, we will continue to carry out positive reforms of Dealing with Construction Permits to enhance our competitiveness.
Thanks for Your Attention.