

立法會
Legislative Council

LC Paper No. LS 20/00-01

**Paper for the House Committee Meeting
of the Legislative Council
on 17 November 2000**

**Legal Service Division Report on
Subsidiary Legislation Gazetted on 10 November 2000**

Date of Tabling in LegCo : 15 November 2000

Amendment to be made by : 13 December 2000 (or 20 December 2000 if extended
by resolution)

Part I Double taxation arrangements

Inland Revenue Ordinance (Cap. 112)

**Specification of Arrangements (Government of the Kingdom of Denmark Concerning
Air Services) (Double Taxation) Order (L.N. 298)**

**Specification of Arrangements (Government of the Kingdom of Norway Concerning
Air Services) (Double Taxation) Order (L.N. 299)**

**Specification of Arrangements (Government of the Kingdom of Sweden Concerning
Air Services) (Double Taxation) Order (L.N. 300)**

By the three Orders, the Chief Executive in Council declares that arrangements specified in the three Agreements concerning scheduled air services between the HKSAR Government and the Governments of the Kingdoms of Denmark, Norway and Sweden respectively have been made with a view to affording relief from double taxation and that it is expedient that those arrangements should have effect. The arrangements contained in the three Agreements are identical save for necessary modification and are set out in the Schedules to the Orders.

2. The legal effect of the Orders is that those arrangements shall have effect in relation to tax under the Inland Revenue Ordinance (Cap. 112) notwithstanding anything in any enactment. Similar orders have previously been declared in relation to arrangements made with the Republic of Korea, New Zealand, Canada, the Netherlands, Germany, the United Kingdom, Belgium, Israel, Mauritius and Russia.

3. Members may refer to the LegCo Brief File Ref. FIN CR 12/10/2041/46(00) issued by the Finance Bureau for background information and summary of the arrangements. According to the Brief, only one joint Danish, Swedish and Norwegian airline is presently operating air services between Hong Kong and Sweden.

4. The legal and drafting aspects of the three Orders are in order. Under section 34(2) of the Interpretation and General Clauses Ordinance (Cap. 1), Members may amend subsidiary legislation in any manner whatsoever consistent with the power to make such subsidiary legislation. Consistent with the power of the Chief Executive in Council under section 49 of the Inland Revenue Ordinance (Cap. 112) to declare by order any arrangements made, Members have the power to repeal the Orders but may not amend the arrangements specified in the Schedules to the Orders.

Part II Revision of fees and charges

5. L.Ns. 301 to 325 are subsidiary legislation relating to revision of fees and charges. Rule 31(1) of the Rules of Procedure would apply if Members wish to amend the subsidiary legislation by proposing fees below the existing level i.e. the amendment would probably be to dispose of or charge any part of the revenue or other public moneys of Hong Kong and the written consent of the Chief Executive to the proposal is necessary. Members may repeal the proposed Amendment Regulations to preserve the existing level of fees without any implication of charging effect.

6. All Amendment Regulations would come into operation on 22 December 2000. The LegCo Panel on Environmental Affairs of the last term discussed the proposed revision of fees on 2 June 2000 and an extract of the minutes of that meeting is at **Annex A**. The legal and drafting aspects of these Amendment Regulations are in order.

A. L.Ns. 301 - 312

Waste Disposal Ordinance (Cap. 354)

Waste Disposal (Chemical Waste) (General) (Amendment) Regulation 2000 (L.N. 301)

Waste Disposal (Permits and Licences) (Forms and Fees) (Amendment) Regulation 2000 (L.N. 302)

Water Pollution Control Ordinance (Cap. 358)

Water Pollution Control (General) (Amendment) Regulation 2000 (L.N. 303)

7. The objects of the three Amendment Regulations, made by the Chief Executive in Council after consultation with the Advisory Council on the Environment are :

- (a) to reduce the fees for registration of a waste producer and for a certified copy of an entry in the register (L.N. 301);

- (b) to revise the fees payable for permits for the import and export of waste and licences for collection and disposal of waste (L.N. 302); and
- (c) to revise the fees for the issue or renewal of licence for discharge or deposit, whether from industrial, institutional or commercial premises, a domestic sewage treatment plant, or domestic premises, and for the issue of a certified copy of an entry in the register (L.N. 303).

8. Members may refer to LegCo Brief File Ref. EFB (CR) 10/3/3/IV issued by the Environment and Food Bureau in November 2000 for background information. Annex D of the Brief sets out a comparison of the existing and proposed fees and Annexes E to G contain the cost computations.

9. According to the Brief, the increase of fees proposed in L.N. 302 would achieve full cost recovery. As for L.N. 303, full cost recovery would be phased in over a period of 2 to 3 years. All of the fees were last revised in January 1998.

Air Pollution Control Ordinance (Cap. 311)

Air Pollution Control (Asbestos) (Administration) (Amendment) (No. 2) Regulation 2000 (L.N. 304)

Air Pollution Control (Open Burning) (Amendment) Regulation 2000 (L.N. 305)

Air Pollution Control (Specified Processes) (Amendment) Regulation 2000 (L.N. 306)

10. The objects of the three Amendment Regulations, made by the Secretary for the Environment and Food after consultation with the Advisory Council on the Environment are :

- (a) to revise the application fee for registration of an asbestos consultant, contractor or laboratory, the fee for restoration to the register and the annual registration fee (L.N. 304);
- (b) to reduce the application fee for a permit to carry out open burning (L.N. 305); and
- (c) to revise the fees payable for a licence to conduct specified process, the renewal, variation or transfer of the licence, the variation or cancellation of any term or condition imposed and for a certified copy of an entry in the register (L.N. 306).

11. Members may refer to the LegCo Brief issued by the Environment and Food Bureau in November 2000 for background information. Annex D of the Brief sets out a comparison of the existing and proposed fees and Annexes E to G contain the cost computations.

12. According to the Brief, full cost recovery would be phased in over the next 3 years in respect of the increase of fees in L.N. 306. The remaining revision of fees would achieve full cost recovery at 2000-01 prices. All of the fees were last revised in January 1998.

Noise Control Ordinance (Cap. 400)

Noise Control (General) (Amendment) Regulation 2000 (L.N. 307)

Noise Control (Air Compressors) (Amendment) Regulation 2000 (L.N. 308)

Noise Control (Hand Held Percussive Breakers) (Amendment) Regulation 2000 (L.N. 309)

13. The objects of the three Amendment Regulations, made by the Secretary for the Environment and Food after consultation with the Advisory Council on the Environment are :

- (a) to increase the application fee for construction noise permits for percussive piling and other construction works (L.N. 307);
- (b) to increase the application fee for a noise emission label for an air compressor (L.N. 308); and
- (c) to increase the application fee for a noise emission label for a hand held percussive breaker (L.N. 309).

14. Members may refer to the LegCo Brief issued by the Environment and Food Bureau in November 2000 for background information. Annex D of the Brief sets out a comparison of the existing and proposed fees and Annexes E to G contain the cost computations.

15. According to the Brief, full cost recovery would be phased in over the next 4 years in respect of the increase of fees proposed in L.N. 307. The remaining revision of fees would achieve full cost recovery over the next 2 years. All of the fees were last revised in January 1998.

Ozone Layer Protection Ordinance (Cap. 403)

Ozone Layer Protection (Fees) (Amendment) Regulation 2000 (L.N. 310)

16. The purpose of the Amendment Regulation, made by the Secretary for the Environment and Food after consultation with the Advisory Council on the Environment, is to increase the fees for registration and for a licence to import or export a specified consignment of a scheduled substance.

17. Members may refer to the LegCo Brief issued by the Environment and Food Bureau in November 2000 for background information. Annex B of the Brief sets out a comparison of the existing and proposed fees and Annex C contains the cost computations. According to the Brief, the proposed increase would achieve full cost recovery. The fees were last revised in January 1998.

Environmental Impact Assessment Ordinance (Cap. 499)

Environmental Impact Assessment (Fees) (Amendment) Regulation 2000 (L.N. 311)

18. The purpose of the Amendment Regulation, made by the Secretary for the Environment and Food after consultation with the Advisory Council on the Environment, is to increase the application fees for an environmental impact assessment study brief, approval to apply directly for an environmental permit, approval of an environmental impact assessment report, an environmental permit, a further environmental permit and a variation of the conditions of the environmental permit.

19. Members may refer to the LegCo Brief issued by the Environment and Food Bureau in November 2000 for background information. Annex B of the Brief sets out a comparison of the existing and proposed fees and Annex C contains the cost computations. According to the Administration, the proposed increase would achieve full cost recovery over next year. The fees were first introduced in April 1998.

Dumping at Sea Ordinance (Cap. 466)

Dumping at Sea (Fees) (Amendment) Regulation 2000 (L.N. 312)

20. The purpose of the Amendment Regulation, made by the Director of Environmental Protection in his capacity as the Authority, is to reduce the fees for application of a permit for loading and dumping spoil and other substances or articles and for a copy of an entry in the register.

21. Members may refer to the LegCo Brief issued by the Environment and Food Bureau in November 2000 for background information. Annex B of the Brief sets out a comparison of the existing and proposed fees and Annex C contains the cost computations. According to the Brief, the proposed decrease would achieve full cost recovery. The fees were last revised in January 1998.

B. L.Ns. 313 - 323

Medical Registration Ordinance (Cap. 161)

Medical Registration (Fees) (Amendment) Regulation 2000 (L.N. 313)

Dentists Registration Ordinance (Cap. 156)

Dentists (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 314)

Ancillary Dental Workers (Dental Hygienists) (Amendment) Regulation 2000 (L.N. 315)

Midwives Registration Ordinance (Cap. 162)
Midwives Registration (Fees) (Amendment) Regulation 2000 (L.N. 316)

Nurses Registration Ordinance (Cap. 164)
Nurses (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 317)

Enrolled Nurses (Enrolment and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 318)

Supplementary Medical Professions Ordinance (Cap. 359)
Medical Laboratory Technologists (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 319)

Occupational Therapists (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 320)

Optometrists (Registration and Disciplinary Procedure) (Amendment) (No. 2) Regulation 2000 (L.N. 321)

Physiotherapists (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 322)

Radiographers (Registration and Disciplinary Procedure) (Amendment) Regulation 2000 (L.N. 323)

22. Under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1), where the amount of any fee is for the time being specified in, or otherwise fixed or determined by, subsidiary legislation made by the Chief Executive in Council, the Financial Secretary may by similar subsidiary legislation vary the amount of fees. By virtue of section 3 of the same Ordinance, the Financial Secretary is defined to include the Secretary for the Treasury. L.Ns. 313 to 323 are Amendment Regulations made by the Secretary for the Treasury to increase the prescribed fees. Particulars of the fees revised and the dates of the last revision are set out in the table below.

L.N. professions	fees payable for	dates of last revision
L.N. 313 medical practitioners	registration, issue of practising and other certificates, application for taking the licensing examination, certified copy of record of training and related matters	January 1997
L.N. 314 dentists	registration, practising certificates, entrance for examination and related matters	March 1997

L.N. professions	fees payable for	dates of last revision
L.N. 315 dental hygienists	enrolment	March 1997
L.N. 316 midwives	registration, practising certificates, entrance for examination and related matters	introduced in January 2000
L.N. 317 nurses	registration, practising certificates, entrance for examination and related matters	March 1997
L.N. 318 enrolled nurses	enrolment, practising certificates, entrance for examination and related matters	March 1997
L.N. 319 medical laboratory technologists	registration, practising certificate, examination and related matters	November 1996
L.N. 320 occupational therapists	registration, practising certificate, examination and related matters	November 1996
L.N. 321 optometrists	registration, practising certificate, examination and related matters	November 1996
L.N. 322 physiotherapists	registration, practising certificate, examination and related matters	April 1997
L.N. 323 radiographers	registration, practising certificate, examination and related matters	November 1996

23. Members may refer to LegCo Brief File Ref. HW CR 1/3/3921/89(00) Pt.6 issued by the Health and Welfare Bureau in November 2000 for background information. Annex L of the Brief sets out a comparison of the existing and proposed fees and the cost computations. According to the Administration, the proposed increase would achieve full cost recovery within a period of 1 to 7 years.

24. All Amendment Regulations would come into operation on 1 January 2001. The LegCo Panel on Health Services of the last term discussed the proposed revision of fees on 23 June 2000 and an extract of the minutes of that meeting is at **Annex B**. The legal and drafting aspects of all these Amendment Regulations are in order.

C. L.Ns. 324 and 325

Dutiable Commodities Ordinance (Cap. 109)

Dutiable Commodities (Amendment) Regulation 2000 (L.N. 324)

25. The purpose of the Amendment Regulation is to revise the fees payable for the issue, transfer, substitution, amendment and renewal of licences and permits relating to warehouse, liquors, tobacco and hydrocarbon oil and the fees for the issue of certain certificates.

26. Members may refer to LegCo Brief File Ref. R2/73 Pt.3 issued by the Finance Bureau in November 2000 for background information. Annex B of the Brief contains the cost computations and Annex C sets out a comparison of the existing and proposed fees. According to the Administration, the proposed increase would achieve full cost recovery within a period from 1 to 7 years.

27. The Amendment Regulation would come into operation on 22 December 2000. The fees were last revised in December 1997. The LegCo Panel on Financial Affairs of the last term discussed the proposed revision of fees on 15 June 2000 and an extract of the minutes of that meeting is at **Annex C**. The legal and drafting aspects of the Amendment Regulation are in order.

Gambling Ordinance (Cap. 148)

Gambling (Amendment) Regulation 2000 (L.N. 325)

28. The purpose of the Amendment Regulation is to increase the fees payable for granting or renewing lottery, tombola, amusements with prizes and trade promotion competition licences.

29. Members may refer to LegCo Brief File Ref. HAB CR/1/21/26 Pt.7 issued by the Home Affairs Bureau in November 2000 for background information. Annex B of the Brief contains the cost computations and Annex C sets out a comparison of the existing and proposed fees. According to the Administration, the proposed increase would achieve full cost recovery. Under Regulation 6 of the Gambling Regulations (Cap.148 sub. leg.), the Commissioner for Television and Entertainment Licensing may reduce, waive or refund the

whole or any part of the fees. According to paragraph 11 of the LegCo Brief, organizations conducting events for charitable causes will continue to qualify for such reduction, waiver or refund.

30. The Amendment Regulation would come into operation on 22 December 2000. The fees were last revised in December 1997. The LegCo Panel on Home Affairs of the last term discussed the proposed revision of fees on 2 June 2000 and an extract of the minutes of that meeting is at **Annex D**. The legal and drafting aspects of the Amendment Regulation are in order.

Part III Others

**Interpretation and General Clauses Ordinance (Cap. 1)
Declaration of Change of Titles (Senior Management Personnel of Civil Aviation
Department) Notice 2000 (L.N. 326)**

31. This Notice declares a change in the titles of certain personnel of Civil Aviation Department and makes consequential amendments of references to those titles in certain enactments and in any instruments, contracts or legal proceedings made or commenced before 1 January 2001, the date on which the Notice would come into operation. We are still scrutinizing the Notice and shall report to Members where necessary.

Encl

Prepared by

Wong Sze-man, Bernice
Assistant Legal Adviser
Legislative Council Secretariat
14 November 2000

LS/S/7/00-01

Extract

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Legislative Council

LC Paper No. CB(2)2569/99-00
(These minutes have been seen by
the Administration and cleared
with the Chairman)

Ref : CB2/PL/EA

LegCo Panel on Environmental Affairs

**Minutes of Meeting
held on Friday, 2 June 2000 at 10 am
in Conference Room A of the Legislative Council Building**

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III. Fees and charges proposals

[LC Paper No. CB(2)2178/99-00(02)]

4. Principal Assistant Secretary for Environment and Food (B) (PAS(EF)B) explained the background for the fees and charges proposals. He said that at the meeting of the Panel on Financial Affairs on 13 April 2000, Members were consulted on the proposals to revise various fees and charges for services not directly affecting people's livelihood or general business activities. Members were then of the view that individual fee revisions should be discussed by the relevant Panels and the suggestion was endorsed by the House Committee. The proposed revision of the relevant fees and charges under the purview of the Environment and Food Bureau was therefore set out in the information paper for discussion by the Panel on Environmental Affairs. He highlighted that fee reduction was proposed for some items as a result of savings achieved from the Enhanced Productivity Programme (EPP).

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Adjustments to fees and charges

5. Mr Fred LI noted that a decrease was proposed for 30 fee items. He considered that as users had been over-charged in previous years, the Administration should consider refunding the over-charged amount to the users.
6. PAS(EF)B explained that the costing exercise for fees and charges was conducted every four years and the last revision was made in 1996-97. Since then, there had been changes in costing factors and in the Government Consumption Expenditure Deflator. Moreover, savings from the EPP would only materialize after a period of time, therefore a time lag in fee adjustment was inevitable. To better reflect costing changes, the Administration might consider shortening the cycle for costing reviews. As regards Mr LI's suggestion of repayment of over-charged fees, PAS(EF)B said that as users would not be required to pay back the difference of under-charged items, no refund would be made to the over-charged items.
7. Mr LEE Wing-tat queried why certain fees were over-charged in previous years. Principal Environmental Protection Officer (Corporate Services), Environmental Protection Department (PEPO(CS)/EPD) said that since the last costing exercise conducted in 1996-97, the Environmental Protection Department (EPD) had streamlined its procedures and had achieved significant improvement in efficiency. He clarified that service users had not been over-charged as many services to encourage environmental improvements were still heavily subsidized. For example, the fee proposed for item 28 relating to water pollution control in villages would only attribute to 20% of the target cost recovery rate, despite the proposed 64% decrease.
8. Mr Andrew CHENG inquired the costing principles and methodology and ways to avoid over-charging in future.
9. PAS(EF)B explained that Government was committed to maintaining the costs at a low level by improving efficiency in the delivery of services through EPP and other initiatives. DS(EF) reiterated that as costing exercise was carried out every four years, it would not be possible to reflect changes in cost levels in the interim period. However, to increase the frequency of costing exercises would add administrative costs which would also affect the fee level. The present costing methodology therefore represented a fair trade-off over a four-year period.
10. On the phased increase of fees relating to environment and food, Mr CHAN Wing-chan asked whether there were items which would achieve full-cost recovery in seven years.
11. PEPO(CS)/EPD advised that most fee items under EPD would achieve full cost recovery by phases in the next three years, whereas application fees for construction noise permits would achieve full cost recovery in five years. Assistant Director (Country and Marine Parks), Agriculture, Fisheries and Conservation Department

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added that as most fees under Agriculture, Fisheries and Conservation Department (AFCD) achieved 90% cost recovery, only a slight adjustment in fees would be necessary to reach full cost recovery. It was therefore not necessary to take as long as seven years to achieve 100% cost recovery as far as AFCD was concerned.

Full-cost recovery principle

12. Mr LEE Wing-tat expressed support for recovering the full cost of services provided for environmental protection. He urged the Administration to advance the timetable for achieving the target.

13. Mr Martin LEE suggested a more flexible approach in fee adjustments as the full-cost recovery principle might not be applicable to certain services. To encourage the development of environmental protection industry, he said that the Administration might consider increasing or reducing the relevant fees as appropriate.

14. Mrs Sophie LEUNG expressed support for a flexible approach for fees relating to environmental protection. For example, the dyeing industry might require special treatment or assistance in developing technologies to reduce pollution. As Government might not be abreast of the latest development in environmental protection technologies, she suggested that Government should consider providing incentives to encourage the industry to adopt new environmental protection measures.

15. DS(EF) responded that the general charging principle was 100% cost recovery, while certain services were currently subsidized on social grounds. If members were of the view that the pace for achieving full-cost recovery should be accelerated, the Environment and Food Bureau (EFB) would be prepared to consider the proposals.

16. Mr Fred LI considered that in addition to the principle of full cost recovery, the Administration should take into account social and health costs in determining the fee levels. He suggested that surcharge or penalty could be imposed on activities which caused air or noise pollution. For instance, the use of percussive piling should be discouraged as it caused nuisance to nearby residents. Consideration should also be given to introducing incentive and penalty schemes to encourage environmental protection.

17. While agreeing with Mr Fred LI that incentives could be provided to encourage new technologies for environmental protection, DS(EF) clarified that the current fee proposals only covered those administrative charges such as issue of licences and permits rather than services directly affecting people's livelihood or general business activities. Fee proposals for the latter categories would be finalized in the next few months. As regards percussive piling, DS(EF) said that consideration was being given to adopting other alternatives in the construction industry.

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procedures which had resulted in higher productivity of the Pharmacy and Poisons Board.

2. In response to the Chairman's question, DSHW1 explained the general guidelines on revision of various fees and charges with reference to their existing cost recovery rates. Details of the guidelines were set out in paragraph 3 of the Administration's paper.

3. In response to Dr LEONG Che-hung's comments, DSHW1 said that in the future the Administration might consider standardizing the validity period of the practising certificates of various health care professionals.

Adm 4. Dr YEUNG Sum said that the Democratic Party was opposed to setting the Government fees and charges of health care services on a full cost recovery basis. He requested the Administration to consult the professional bodies concerned in revising fees and charges for items relating to registration. DSHW1 said that the consultation would be undertaken this summer. He further informed members that the Administration would seek to lower the operating costs of various health care professional bodies by reviewing in collaboration with them their staffing levels and the staff costs involved. He said that the views of these bodies would be sought as to whether the existing staffing levels were appropriate and whether there was room to streamline the work procedures.

5. In response to Dr LEONG Che-hung's question, DSHW1 said that the proposed increases, if implemented, would be effected upon endorsement of the relevant legislative amendment by LegCo in the next session after completing consultation with the professional bodies concerned.

Adm 6. The Chairman held the view that for non-Hong Kong residents taking part in any licensing examinations held in Hong Kong, the Government was not obliged to subsidize their examination fees. He requested the Administration to provide information on the existing arrangements in this regard. The Chairman considered that even for local residents, especially those who had failed several times in a licensing examination, the Government did not need to subsidize their examination fees. In response, DSHW1 said that the Government did not have a policy of subsidizing the entrance fees for examinations conducted by health care professional bodies. The existing situation where full costs of the examinations were not recovered was mainly due to historical reasons. He undertook to review the costs of the examinations to avoid unaffordable examination fees.

Adm 7. However, Mr HO Sai-chu held the view that Government subsidies of such examination fees might be important to some candidates who might not be able to afford the examination fees if they were charged on a full cost recovery basis. He therefore considered that the policy might help increase the supply of health care professionals to serve the community and enhance the service quality.

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8. In response to Dr LEONG Che-hung, DSHW1 said that the Administration aimed at achieving full-cost recovery of the entrance fees for the examination under section 15A of the Supplementary Medical Professions Ordinance (item 10 of Annex E) within seven years.

Adm 9. As regards the fees of the licensing examination for medical practitioners set out in Annex F, DSHW1 undertook to review the relevant work procedures with a view to streamlining them and lowering the operating costs to avoid a great magnitude of fee increase in the future.

Adm 10. Dr LEONG Che-hung asked whether a medical intern who was required by his supervisor to extend his internship had to apply again for registration in Part II of the General Register. Assistant Director of Health (Health Administration & Planning) (AD(HA&P)) undertook to provide the information to Dr LEONG after the meeting.

Adm 11. Referring to the licensing examination fees as shown in Annex F, some members questioned why the operating costs for the "Examination in Professional Knowledge", the "Proficiency Test in Medical English" and issuing "Letter of Good Standing" were so high. In response, DSHW1 explained that the costs for the Examination in Professional Knowledge and the Proficiency Test in Medical English were high because the number of candidates who needed to undertake the test was small. The fees for issuing "certified copies of record of training" covered not only the direct cost for issuing such copies but also a share of indirect costs for supporting the daily operation of the relevant regulatory bodies. Such costs were not directly related to any fee items. He undertook to review the operating costs for these three items.

Fees related to hospitals, maternity homes and nursing homes

12. DSHW1 said the Administration proposed to increase the cost recovery rates of the registration fees for hospitals, maternity homes and nursing homes. He explained that as the existing registration fees for these institutions were set based on a costing exercise conducted in 1994-95, it was necessary to review the cost recovery rates of them now. AD(HA&P) also pointed out that with increasing complexity in the operation of private hospitals in recent years, the resources spent on inspecting these institutions had increased as well. She admitted that in the past, the approach for calculating the relevant operating costs was conservative and the Administration had in this exercise reflected the increasing resources spent on monitoring these institutions. In response to the Chairman's enquiry, DSHW1 clarified that the operating costs for the annual registration of these institutions mainly included the costs of inspection required for the purpose of licence renewal. The operating costs did not include costs incurred to DH for handling any medical incidents.

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Legislative Council

LC Paper No. CB(1) 1968/99-00

(These minutes have been seen by the Administration and cleared by the Chairman)

Ref : CB1/PL/FA/1

**Legislative Council
Panel on Financial Affairs**

**Minutes of Special Meeting held on
Thursday, 15 June 2000 at 4:30 pm
in the Chamber of the Legislative Council Building**

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II Revision of Government fees and charges under the purview of the Finance Bureau
(LC Paper No. CB(1) 1834/99-00(02))

5. The Deputy Secretary for Treasury (DS/Tsy) briefed members on the proposals of revising Government fees and charges which did not directly affect people's livelihood or general business activities under the purview of the Finance Bureau. DS/Tsy said that the Administration had proposed phased annual increases in fees ranging from 4% to 20% with reference to the existing cost recovery rates of the fee items. The fee items for revision and the proposed rates of increase were detailed in the information paper.

6. Responding to enquiry about the high level of charge of \$15 per page for photocopying the Bills of Quantities in a tender exercise vis-à-vis that of \$3 to \$5 normally charged by other departments in providing photocopying service, the Principal Assistant Secretary for the Treasury (PAS/Tsy) explained that the photocopying service was provided to tenderers of the lowest three bids who had failed to provide the required number of duplicate copies of a Bill of Quantities in a

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tender exercise. Due to the importance of and stringent security requirement in handling tender documents, detailed vetting and checking of the photocopies by senior level officers were needed. The high level of charge was attributed to the staff costs incurred for providing the service. PAS/Tsy advised that 11 tenderers had been provided with the service in 1999 and an average of 40 photocopies was made each time. He added that the Administration had proposed to achieve full-cost recovery for the service by raising the fee level from the current \$15 per page to \$25 in four consecutive years through mild increases of \$2 to \$3 per annum.

7. Mr Albert HO Chun-yan queried the need to increase fees for services provided by the Probate Registry relating to the processing of estates as proposed under the Second Schedule of the High Court Fees Rules in Appendix I to the information paper. He expected that the Probate Registry should have already achieved full-cost recovery in its services through charging the scale fee linking to the net value of an estate which it processed. He remarked that although the proposed increases in fees were mild, the revision was not justified.

8. As regards fees related to application for divorce, Mr Albert HO Chun-yan expressed reservation over the proposed increase in fees under the Matrimonial Causes (Fees) Rules in Appendix I to the information paper. He was of the view that the fees should not be increased as some applicants who were suffering from financial hardship were not eligible for legal aid. He further opined that revision of judiciary fees relating to Family Court should not follow that of other courts.

9. In response, DS/Tsy explained that owing to the diverse nature of the services provided by the various courts and the large number of fee items involved, the Judiciary had since 1989 calculated the cost of its services provided on a global basis where costs were calculated at the departmental level instead of at the individual service level. As such, there was cross subsidization in the costs of judicial services. Costs for and income from various judicial services were taken into account in the calculation of the cost recovery rate of the Judiciary. As a result, regardless of the real costs and income of individual fee item, each had to be revised in line with other items. The global costing approach had been put in place for over ten years and it would be outside the scope of the present fee revision exercise to review the system.

10. Upon request of the Chairman, the Administration agreed to provide further information to address Mr HO's concerns.

(Post-meeting note: The Administration had provided further information addressing Mr HO's concerns. The information was circulated to members vide LC Paper No. CB(1) 1930/99-00 dated 26 June 2000.)

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Legislative Council

LC Paper No. CB(2)2574/99-00

(These minutes have been seen
by the Administration)

Ref : CB2/PL/HA

LegCo Panel on Home Affairs

**Minutes of meeting
held on Friday, 2 June 2000 at 4:00 pm
in the Chamber of the Legislative Council Building**

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V. The Administration's proposal to revise Government fees and charges not directly affecting people's livelihood or general business activities
[LC Paper No. CB(2)2159/99-00(03)]

36. Ag DS(HA)1 briefed members on the paper setting out the proposals relating to the revision of Government fees and charges which did not directly affect people's livelihood or general business activities which fell under the purview of the Home Affairs Bureau (HAB).

37. Deputy Chairman asked why the Administration proposed fee and charge revision against the prevailing climate of deflation and downward trend of operating costs. Ag DS(HA)1 responded that while the fees and charges in question had been frozen since December 1997, most civil servants were still entitled to annual increments despite the pay freeze in 1999. He pointed out that the proposed increase in cost was attributed to an increase in staff cost.

38. Mr LEE Wing-tat noted that the fees and charges revision was proposed on the basis of full-cost recovery principle for items which did not directly affect the livelihood of the general public or general business activities. He pointed out that the high costs for provision of certain Government services might be a result of the

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inefficiency and cumbersome procedures involved. Referring to the full cost (at 2000-01 price level) for duplication of audio tape provided by HAB, Mr LEE said that the fee of \$383 was unreasonably high. He further said that while a black and white photograph with a size of 12cm x 17cm would probably cost about \$10 to \$15 in private sector, the Government's cost was as high as \$78. The Chairman also expressed surprise at the high level of licence fees for clubs and gambling establishments.

39. In response to members' queries about the cost for provision of Government services, Principal Assistant Secretary for Home Affairs (5) (PAS(HA)5) explained that apart from the actual duplication of photos or issue of licences, a lot of administrative work e.g vetting of application and filing and despatch were involved. He added that some of the services would only be required on a one-off basis. Higher cost-effectiveness could be achieved if the provision was on a more regular basis.

40. Mr LEE Wing-tat did not agree with the Administration's explanation. He pointed out that mass media and research agencies would always need to purchase photographs and transparencies from the Information Services Department (ISD), but the cost was still very high. Principal Executive Officer (Administration) of the Information Services Department (PEO(A)/ISD) responded that only some 3 000 photographs and transparencies were produced on sales requests per year and the small amount of production had increased the average cost substantially. ISD had considered contracting out the service and would continue to consider outsourcing and other options with a view to reducing the cost. Mr LEE Wing-tat remarked that consideration should be given to contract out these services as early as possible in order to improve cost-effectiveness.

41. In response to Mr LEE Wing-tat's enquiry about the calculation of the central administrative overhead, Ag DS(HA)1 and PEO(A)/ISD said that as other government departments such as the Department of Justice and the Treasury would provide services to the department concerned, a fixed percentage of the central administrative overhead would be added to the cost for provision of all Government services as an indirect cost.

42. Referring to the fees for registration of electrical and mechanical services professionals, Deputy Chairman remarked that the cost was very high. He asked about the procedures involved in the issue of a registration certificate. Senior E & M Engineer (General Legislation) of Electrical and Mechanical Services Department (SEME(GL)/EMSD) responded that the procedures involved checking academic certificates, interviews and examinations, and sometimes site-testing would be required. SEME(GL)/EMSD informed members that the price of a job for an electrical and mechanical services professional was about \$4,000 to \$8,000. The cost of the certificate at \$5,457 would account for only a small portion of the annual operating cost of the services professional concerned.

