

立法會
Legislative Council

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**Subcommittee on subsidiary legislation relating to revision
of fees and charges gazetted on 10 November 2000**

**Minutes of meeting
held on Friday, 24 November 2000 at 3:45 pm
in Conference Room A of the Legislative Council Building**

Members Present : Hon James TIEN Pei-chun, JP (Chairman)
Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han
Hon CHAN Kam-lam
Hon SIN Chung-kai
Hon LAU Chin-shek, JP
Hon Abraham SHEK Lai-him, JP
Hon Michael MAK Kwok-fung
Dr Hon LO Wing-lok
Hon Frederick FUNG Kin-kee

Members Attending : Hon Andrew WONG Wang-fat, JP
Hon LAW Chi-kwong, JP

Public Officers Attending : Environment and Food Bureau

Ms Annie CHOI
Principal Assistant Secretary for the Environment and Food

Mr David T W WONG
Principal Environmental Protection Officer
Environmental Protection Department

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Health and Welfare Bureau

Miss Angela LUK
Principal Assistant Secretary for Health and Welfare

Mr Peter KWOK
Assistant Secretary for Health and Welfare

Dr Constance CHAN
Assistant Director, Department of Health

Ms Daisy WONG
Head (Boards & Councils) (Acting), Department of Health

Ms Agnes YEUNG
Chief Treasury Accountant, Department of Health

Finance Bureau

Ms Esther LEUNG
Principal Assistant Secretary for the Treasury (Revenue)

Mr Donald CHEN
Assistant Secretary for the Treasury (R1)

Mr Simon WONG
Assistant Commissioner of Customs & Excise
(Administration & Excise)

Mr M M LAM
Senior Staff Officer (Office of Dutiable Commodities Administration)

Mr Andrew P S KWOK
Senior Treasury Accountant

Home Affairs Bureau

Mr Vic YAU
Assistant Secretary for Home Affairs

Mr Victor YUNG
Assistant Commissioner for Television and Entertainment Licensing

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Ms Grace YU
Senior Licensing Officer, Television and Entertainment Licensing
Authority

Clerk in Attendance : Ms Doris CHAN
Chief Assistant Secretary (2) 4

Staff in Attendance : Ms Bernice WONG
Assistant Legal Adviser 1

Miss Mary SO
Senior Assistant Secretary (2) 8

I. Election of Chairman

Mr James TIEN was elected chairman of the Subcommittee.

II. Meeting with the Administration

2. The Chairman welcomed representatives of the Administration to the meeting.

3. Mr LAU Chin-shek and Mr Frederick FUNG strongly opposed the proposed increases contained in L.Ns. 301-325, as they were of the view that Government should not take the lead to increase fees and charges. They then left the meeting in protest.

L.Ns. 301-312 - Amendment Regulations in respect of fees and charges for licences and services relating to waste disposal, water and air pollution control, noise control, ozone layer protection, environmental impact assessment and dumping at sea

4. Principal Assistant Secretary for the Environment and Food (PAS(EF)) said that of the 48 items in L.Ns. 301-312, the fees of 23 items were proposed to be adjusted upwards with less than 10% increase for 13 of them. The other 25 items were proposed to be adjusted downwards by 1% to 64% mainly due to cost savings brought about by extensive computerization and streamlining of procedures in the licence application process. PAS(EF) pointed out that the proposed fee revisions were based on the Government policy that fees should in general be set at levels sufficient

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to recover the full cost of providing the services on a cost recovery basis. To find out the current cost and cost recovery rate of the existing fees of the 48 items in question, a costing review was conducted in early 2000. Such costing review was conducted every four years and the last review was conducted in 1996-97. PAS(EF) further said that the proposed revision of fees would not directly affect people's livelihood and general business activities.

5. In reply to the Chairman's enquiry about the financial implication of the proposed fee revisions of the 48 items, PAS(EF) said that Government revenue would be reduced by about \$350,000 per annum. In reply to Mr SIN Chung-kai's enquiry on the estimated amount of money which the Government expected to collect from the 48 items, PAS(EF) said that it would be about \$10,000,000 per annum.

6. Miss CHAN Yuen-han said that as the economy had not yet fully recovered, Government should not take the lead to increase fees as such would have an indirect impact on people's livelihood. In this connection, Miss CHAN enquired whether consideration would be given to holding off the implementation of the proposed increases but proceed with the proposed decreases. PAS(EF) responded that the Administration could not agree to such a selective approach as suggested by Miss CHAN, as the proposed fee revisions were derived from the same costing review. She further said that the costing review was not intended to be a means for seeking fee increases, but was meant to find out the current cost and cost recovery rates of the existing fees. She reiterated that not only were the proposed fee increases not directly related to people's livelihood and general business activities, their impact on the businesses concerned should be minimal given the mild increases and the small number of business entities that would be affected. In reply to Miss CHAN's enquiry as to whether Members could move a motion to repeal a particular item in the subsidiary legislation, Assistant Legal Adviser replied in the positive.

7. Mr SIN Chung-kai noted that the existing fees of some items were higher than their unit costs at 2000-01 prices. As users had been over-charged since the beginning of the current financial year, Mr SIN enquired whether the Administration would consider refunding the over-charged amount to the users. PAS(EF) responded that as users would not be required to pay back the difference of under-charged items, likewise no refund would be made in respect of the over-charged items.

L.Ns. 313-323 - Amendment Regulations in respect of fees and charges relating to registration of various healthcare professionals

8. Principal Assistant Secretary for Health and Welfare (PAS(HW)) said that the proposed fee revisions in L.Ns. 313-323 involved a total of 99 items relating to, amongst others, the registration of dentists, nurses, midwives, supplementary medical professionals and medical practitioners. PAS(HW) further said that based on a recent costing review conducted in 2000-01, most of the existing fees recovered 43% to 99%

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of the full cost of providing the services at 2000-01 prices. To achieve full cost recovery within a period from one to seven years, the Administration had drawn up a set of criteria in adjusting fees and charges for all Government bureaux and departments to follow. They were, namely, for those items with less than 40%, the fees would be revised by 20%; for those with between 40% and 70% cost recovery, the fees would be revised by 15%; and for those with above 70%, the fees would be revised by 10%.

9. Dr LO Wing-kok enquired why the percentages of fee increases proposed for the registration of medical practitioners were higher than that of dentists. PAS(HW) explained that this was because the registration fees of medical practitioners were last revised in 1994-95 and that of dentists were last revised in 1996-97. She however pointed out that not all registration fees in respect of medical practitioners had to be increased following the recent costing review. For instance, the existing fees for the issuing of practising certificates for a medical practitioner registered under section 14 of the Medical Registration Ordinance (Cap. 161) in the General Register and for a medical practitioner registered with limited registration under section 14A of the same Ordinance would remain unchanged at \$420 as both fees had already achieved full cost recovery.

10. The Chairman expressed concern that medical practitioners might transfer the additional cost to their patients if fees related to the registration of medical practitioners were raised. This was not desirable given that the economy had not yet fully recovered. PAS(HW) responded that the proposed fee increases should have very minimal impact on the operating costs of medical practitioners. A medical practitioner only needed to pay a one-off registration fee for joining the medical profession, and the annual practising certificate fee, which would remain unchanged at \$420. PAS(HW) further said that the Administration had consulted the regulatory bodies concerned on the fee proposals and they in general raised no objection. Dr LO Wing-lok said that as the Administration had only consulted the relevant regulatory bodies, he would consult his constituents before forming a view in respect of the fees relating to medical practitioners and dentists.

11. Dr LO Wing-lok enquired whether the Administration intended to adjust the fees relating to dentists and medical practitioners every year. PAS(HW) responded that the Administration had not decided on when the next costing review would be conducted. She however assured members that the Panel would be consulted on future fee proposals.

12. Mr Fred LI enquired whether consideration would be given to charging non-Hong Kong permanent residents examination fees relating to various health care professions contained in L.Ns. 313-323 at full cost. Mr LI further enquired about the reason for the wide discrepancies in the aforesaid examination fees. Responding to Mr LI's first question, PAS(HW) said that the existing legislation did not stipulate that

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non-Hong Kong permanent residents should be charged examination fees different from Hong Kong permanent residents. To effect such, legislative amendments would be required. PAS(HW) further said that as a member of the World Trade Organization, Hong Kong might not wish to charge foreign healthcare professionals higher examination fees as this might be perceived as discriminatory practices in the services sector by the international community. As regards Mr LI's second question, PAS(HW) said that the reason for changing different examinations fees was because clinical examinations were more costly to conduct than written examinations. The higher cost for providing clinical examinations were due to the facts that medical experts had to be hired to conduct these examinations and that the number of candidates sitting for clinical examinations was much smaller than written examinations.

L.N. 324 - Amendment Regulation in respect of fees and charges for licences and services relating to the control of dutiable commodities

13. Principal Assistant Secretary for the Treasury (PAS(Tsy)) said that L.N. 324 involved the revision of 14 items of fee payable under the Dutiable Commodities Ordinance (Cap. 109) for the issue, transfer, substitution, amendment and renewal of licences and permits relating to warehouse, liquors, tobacco and hydrocarbon oil and for the issue of certain certificates. PAS(Tsy) further said that the fees of the 14 items were last revised in December 1997 and recovered cost at 2000-01 prices at rates ranging from 30% to 95%. To achieve full cost recovery within a period ranging from one to seven years, the Administration proposed to increase the fees of 12 of them by amounts within a range of 5% to 20%. The fees of the remaining two items relating to the import and export licence and special import licence issued by the Customs and Excise Department (C&ED) would be reduced on the grounds that there had been a reduction in the cost of issuing such licences. PAS(Tsy) added that the proposed fee revisions would not affect people's livelihood and the impact on the businesses concerned should be minimal.

14. The Chairman noted that the Administration proposed to increase the fees in respect of the general bonded warehouse licence or public bonded warehouse licence from \$15,200 to \$17,500 and the liquor manufacturer's licence from \$14,170 to \$16,300. The Chairman was of the view that these proposed fee increases were too high and should be reduced, having regard to the fact that the economy had not yet fully recovered. PAS(Tsy) responded that the percentage of increase was worked out on the basis of comparing the existing cost recovery rates and the relevant full cost recovery rates of the fee items. As the cost recovery rates of the two fee items mentioned by the Chairman was over 40% and below 70%, the percentage of increase was therefore set at 15% so as to achieve full cost recovery within one to seven years period. PAS(Tsy) further said that the majority of the proposed fee increases was 15%, except for the fee items in respect of amendment of licence (without transfer) and amendment of licence (with transfer) which were set at 20%, i.e. from \$250 to

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\$300.

15. Noting that the Environment and Food Bureau had achieved large cost savings in its licence application process through extensive computerization, Mr Fred LI enquired whether the same had been done by C&ED. Assistant Commissioner of Customs and Excise (Administration & Excise) (ACCE) responded that computerization had been introduced, where possible, to save costs, for example, as a result of computerization of some of the work processes, the import and export licence fee and the special licence fee would be reduced from \$1,060 to \$950 and from \$1,330 to \$950 respectively. He further said that the Administration was conscious of the need to improve the efficiency and cost-effectiveness of its licensing and related services provided under Cap. 109. It was currently reviewing the feasibility of an "Open Bond" system which sought to replace the existing real-time supervision system by one based on post-transaction audits. This might lead to the abolition of the Customs attendance charges in 2003. In addition, C&ED would review critically whether it was still necessary to provide the various services under its purview that required payment of fees and charges.

16. The Chairman enquired whether the licence fee in respect of the general bonded warehouse licence or public bonded warehouse licence would be reduced on the implementation of an "Open Bond" system. ACCE clarified that the implementation of an "Open Bond" system would only result in the businesses concerned no longer being required to pay the Customs attendance charges. They however would still need to pay the licence fee concerned.

17. In reply to Mr CHAN Kam-lam's enquiry on the number of applications handled by C&ED each year for processing the various licences and services relating to the control of dutiable commodities, ACCE said that they were as follows -

	<u>No. of applications</u>
(a) General bonded warehouse licence or public bonded warehouse licence	: 23
(b) Warehouse licence (with manufacturer's licence)	0
(c) Warehouse licence (without manufacturer's licence)	31
(d) Import and export licence	2 420
(e) Special import licence	5

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(f)	Liquor manufacturer's licence	7
(g)	Distillery licence	3
(h)	Brewery licence	3
(i)	Tobacco manufacturer's licence	3
(j)	Hydrocarbon oil manufacturer's licence	0
(k)	Amendment of licence (without transfer) & Amendment of licence (with transfer)	456
(l)	Landing certificate, Certificate of Shortage and Breakage and Certificate of Accuracy or Statistics.	93

ACCE further said that the total amount of storage fee received by C&ED last year was about \$48,000. The fee was charged for storage of goods which could not be loaded onto the vessels for departure from Hong Kong.

L.N. 325 - Amendment Regulation in respect of fees for lottery, tombola, amusements with prizes and trade promotion competition licences

18. Assistant Secretary for Home Affairs (AS(HA)) said that L.N. 325 concerned increases to the fees payable for granting or renewing lottery, tombola, amusements with prizes and trade promotion competition licences under the Gambling Ordinance (Cap. 148). The proposed rates of fee increases were from 0.3% to 5.3% in order to recover the full cost of providing the services at 2000-01 prices, and would have minimal impact on the operating costs of those engaged in the trade. Organizations conducting events for charitable causes would continue to be qualified for a waiver/refund/reduction of the fees under section 6 of the Gambling Regulations.

19. Mr SIN Chung-kai enquired about the types of non-profit organizations which would be qualified for waiver of the lottery licence fee. Senior Licensing Officer, Television and Entertainment Licensing Authority (SLO,TELA) responded that only those organizations that appeared on the "List of Approved Charitable Institutions and Trusts of a Public Character" gazetted periodically by the Inland Revenue Department would be qualified for waiver of the lottery licence fee. In reply to Mr SIN's further enquiries on the types of organizations which would apply for the tombola licence and the amusements with prizes licence, SLO,TELA said that tombola licence was mainly issued to those long-established social clubs such as the Indian Club and the Hong Kong Football Club. As regards amusements with prizes licence, the licence-holders were operators of entertainment machine centres which required customers to buy tokens for playing the game machines thereat. The intention of the amusements with

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prizes licence was to make sure that there were no pornographic and gambling elements in the operation of the centres. Mr SIN also enquired whether each game machine in a centre must obtain a amusements with prizes licence. SLO,TELA responded that only one such licence was required for the whole of the centre.

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Conclusion

20. After discussion, members agreed that it was difficult for the Subcommittee to reach a consensus on the proposed fee revisions. They further agreed that there was no need to hold further meetings and the Subcommittee should report to the House Committee on 1 December 2000 so that Members would still have sufficient time to give notice of motion to amend or repeal the subsidiary legislation if they so wished at the Council meeting on 13 December 2000. Members also agreed that there was no need to seek an extension of the scrutiny period.

21. There being no other business, the meeting ended at 5:00 pm.

Legislative Council Secretariat

3 January 2001