

## **LEGISLATIVE COUNCIL BRIEF**

### **Fire Services Ordinance (Chapter 95)**

#### **FIRE SERVICE (INSTALLATION CONTRACTORS) (AMENDMENT) REGULATION 2001**

### **Timber Stores Ordinance (Chapter 464)**

#### **TIMBER STORES (AMENDMENT) REGULATION 2001**

## **INTRODUCTION**

Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) empowers the Financial Secretary (which means also the Secretary for the Treasury by virtue of section 3 of Cap. 1) to vary fees which have previously been set by subsidiary legislation made by the Chief Executive in Council.

2. In exercise of this power, the Secretary for the Treasury has made the Amendment Regulations, as set out at **Annexes A** and **B**, to revise the fees specified in the following subsidiary legislation:

- (a) Fire Service (Installation Contractors) Regulations (Cap. 95 sub. leg.) made pursuant to the Fire Services Ordinance (Cap. 95); and
- (b) Timber Stores Regulation (Cap. 464 sub. leg.) made pursuant to the Timber Stores Ordinance (Cap. 464).

## **BACKGROUND AND ARGUMENT**

3. Any person, or any company or firm may apply to the Director of Fire Services for registration as a contractor in Class 1 or 2 or both Classes or in Class 3 (See Note at **Annex C**). Applicants have to pay the appropriate fees in accordance with the Second Schedule to the Fire Service (Installation Contractors) Regulations. Any person who operates a timber store is required to apply to the Director of Fire Services for a licence. Fees are charged for the

grant, renewal, transfer, amendment and issue of a duplicate of a licence. Applicants have to pay the appropriate fees in accordance with the Schedule to the Timber Stores Regulation. These fees were last revised in May 1996.

4. It is Government policy that certain fees should in general be set at levels sufficient to recover the full costs of providing the services. Most Government fees and charges have been frozen since February 1998 as an exceptional measure to ease the burden on the community at a time of economic setback. The Financial Secretary decided in June 1999 to continue the fee revision moratorium until the year-on-year quarterly Gross Domestic Product growth rate turned firmly positive.

5. In view of the current state of economic recovery, the Administration consulted the previous LegCo Panel on Financial Affairs on 13 April 2000 on proposals to revise various fees that would not directly affect people's livelihood or general business activities. Taking into account the diverse nature of the fees involved, Members suggested and the previous LegCo House Committee agreed on 14 April that the Administration should consult the relevant LegCo Panels on whether and, if so, how the fees under their respective purview should be adjusted.

6. Accordingly, we consulted the previous LegCo Panel on Security on 15 June 2000 regarding the fee revision as mentioned in paragraph 3 above. The latest costing review at 2000-01 prices shows that the fees payable under the aforesaid Regulations are not adequate to recover the full costs of providing the services. Details of the cost computation are set out at **Annex D**.

7. To alleviate the impact of the fee increases on the users of the services concerned, we propose to increase most of the fees by 10% to 20% with a view to achieving full-cost recovery within three to seven years. The previous LegCo Panel on Security raised no objection to our proposals. Details of the existing and proposed fees are set out at **Annex E**.

## **THE REGULATIONS**

8. The Amendment Regulations revise the fees as set out at **Annex E**. We propose that the new fees should come into effect on 23 February 2001.

## **EFFICIENCY INITIATIVES**

9. The Fire Services Department is mindful of the need to operate the registration and licensing systems efficiently and effectively. The Department has increased the utilization of computers in processing documents and has developed computerised databases for registration of fire service installation contractors and issue and renewal of timber store licences, thereby reducing the time required for preparing correspondence and reports and for verifying relevant information. These efforts have resulted in reduction in cost.

## **BASIC LAW IMPLICATIONS**

10. The Department of Justice advises that the Amendment Regulations are consistent with the Basic Law.

## **HUMAN RIGHTS IMPLICATIONS**

11. The Department of Justice advises that the Amendment Regulations have no human rights implications.

## **BINDING EFFECT OF THE LEGISLATION**

12. The Amendment Regulations will not affect the current binding effect of the respective principal Ordinances and Regulations referred to in paragraph 2 above.

## **FINANCIAL AND STAFFING IMPLICATIONS**

13. Additional revenue generated from the proposed fee revision is estimated to be \$63,900 per annum. There are no staffing implications.

## **ECONOMIC IMPLICATIONS**

14. Given that the increase in the fees is small in dollar terms, the impact on the operating costs of the establishments concerned should be small.

## **PUBLIC CONSULTATION**

15. The previous LegCo Panel on Security was consulted on 15 June 2000 and Members raised no objection to the proposals.

## **PUBLICITY**

16. A press release will be issued on 10 January 2001. The Amendment Regulations will be published in the Gazette on 12 January 2001.

## **ENQUIRIES**

17. For enquiries relating to this brief, please contact Miss C M Lee, Assistant Secretary for Security at telephone number 2810 3948.

**Security Bureau**  
**January 2001**

**Note on the Classification of Fire Service Installation Contractors**

Classes of registered contractors –

- (i) Class 1 – registered contractors who are fit to install, maintain, repair and inspect any fire service installation or equipment (other than portable equipment) which contains an electrical circuit or other apparatus for the detection and warning, by alarm or otherwise, of smoke or fire.
  
- (ii) Class 2 – registered contractors who are fit to install, maintain, repair and inspect any fire service installation or equipment (other than portable equipment) which contains –
  - (a) pipes and fittings designed or adapted to carry water or some other fire extinguishing medium; or
  
  - (b) any type of electrical apparatus other than those specified in Class 1.
  
- (iii) Class 3 – registered contractors who are fit to maintain, repair and inspect portable equipment.

## COST COMPUTATION

### Fire Services Department

#### Fees Payable under the Fire Service (Installation Contractors) Regulations (Cap. 95 sub. leg.)

##### Cost at 2000-01 Prices

|  | Class 1,<br>Class 2 or<br>Classes<br>1&2 –<br>Registration | Class 3 –<br>Written<br>examination | Class 3 –<br>Interview | Class 1, Class<br>2, Classes 1&2<br>or Class 3 –<br>Workshop<br>inspection or<br>re-inspection,<br>new workshop<br>inspection or<br>re-inspection | Class 1,<br>Class 2,<br>Classes 1&2<br>or Class 3 –<br>Change of<br>registered<br>name or<br>registered<br>address | Class 1,<br>Class 2,<br>Classes 1 and<br>2 – Change<br>of qualified<br>person |
|--|--|-------------------------------------|------------------------|---|--|---|
|  | \$   | \$                                  | \$                     | \$  | \$   | \$  |
| Staff costs                                | 55,532   | 645,147                             | 33,912                 | 121,072   | 30,452   | 14,258  |
| Departmental<br>expenses                   | 2,383  | 18,890                              | 1,034                  | 4,668   | 1,909  | 815   |
| Accommodation<br>costs                     | 2,935  | 41,883                              | 3,155                  | 5,782   | 2,233  | 970   |
| Central<br>administrative<br>overhead      | 306  | 13,684                              | 318                    | 827   | 81   | 29  |
| <b>Total cost (a)</b>                      | <b>61,156</b>  | <b>719,604</b>                      | <b>38,419</b>          | <b>132,349</b>  | <b>34,675</b>  | <b>16,072</b>   |
|  | =====  | =====                               | =====                  | =====   | =====  | =====   |
| No. of cases (b)                           | 25   | 252                                 | 20                     | 77  | 82   | 29  |
| <b>Unit cost per case<br/>(\$ (a)/(b))</b> | <b>2,446</b>   | <b>2,856</b>                        | <b>1,921</b>           | <b>1,719</b>  | <b>423</b>   | <b>554</b>  |
| Existing fee (\$)                          | 1,370  | 770                                 | 835                    | 690   | 350  | 435   |
| <b>Proposed fee (\$)</b>                   | <b>1,575#</b>  | <b>925†</b>                         | <b>960#</b>            | <b>795#</b>   | <b>385*</b>  | <b>480*</b>   |

\* Derived by multiplying the existing fee by an increase of 10%.

# Derived by multiplying the existing fee by an increase of 15%.

† Derived by multiplying the existing fee by an increase of 20%

**COST COMPUTATION****Fire Services Department****Fees Payable under the Timber Stores Regulation (Cap. 464 sub. leg.)****Cost at 2000-01 Prices**

|  | <b>Grant of a<br/>licence</b> | <b>Renewal of a<br/>licence</b> | <b>Transfer of an<br/>existing licence ,<br/>amendment of the<br/>conditions or the<br/>particulars of a<br/>licence , issue of a<br/>duplicate of a<br/>licence</b> |
|--|-------------------------------|---------------------------------|--|
|  | \$                            | \$                              | \$   |
| Staff costs                            | 4,129                         | 79,793                          | 1,011  |
| Departmental expenses                  | 145                           | 3,971                           | 45   |
| Accommodation costs                    | 220                           | 3,757                           | 59   |
| Central administrative<br>overhead     | 94                            | 1,767                           | 15   |
|  | _____                         | _____                           | _____  |
| <b>Total cost (a)</b>                  | <b>4,588</b>                  | <b>89,288</b>                   | <b>1,130</b>   |
|  | =====                         | =====                           | =====  |
| No. of cases (b)                       | 1                             | 92                              | 4  |
| <b>Unit cost per case (\$) (a)/(b)</b> | <b>4,588</b>                  | <b>971</b>                      | <b>283</b>   |
| Existing fee (\$)                      | 2,040                         | 920                             | 210  |
| <b>Proposed fee (\$)</b>               | <b>2,345#</b>                 | <b>970‡</b>                     | <b>230*</b>  |

‡ Derived by multiplying the existing fee by an increase of 5%.

\* Derived by multiplying the existing fee by an increase of 10%.

# Derived by multiplying the existing fee by an increase of 15%.

### Existing and Proposed Fees

#### Fire Service (Installation Contractors) Regulations (Cap. 95 sub. leg.)

| Item   | Existing Fee<br>(\$) | Proposed Fee<br>(\$) |
|--|----------------------|----------------------|
| 1. FSI Contractor Registration<br>Class 1, Class 2 or Classes 1 & 2  | \$1,370              | \$1,575              |
| 2. FSI Contractor Registration<br>Class 3 – Written Examination  | \$770                | \$925                |
| 3. FSI Contractor Registration<br>Class 3 – Interview  | \$835                | \$960                |
| 4. FSI Contractor Registration<br>Class 3 – Workshop Inspection  | \$690                | \$795                |
| 5. FSI Contractor Registration<br>Class 1, Class 2, Classes 1 & 2 or<br>Class 3 – Workshop Re-inspection                             | \$690                | \$795                |
| 6. FSI Contractor Registration<br>Class 1, Class 2, Classes 1 & 2 or<br>Class 3 – New Workshop Inspection                            | \$690                | \$795                |
| 7. FSI Contractor Registration<br>Class 1, Class 2, Classes 1 & 2 or<br>Class 3 – New Workshop Re-inspection                         | \$690                | \$795                |
| 8. FSI Contractor Registration<br>Class 1, Class 2, Classes 1 & 2 or<br>Class 3 – Change of Registered Name or<br>Registered Address | \$350                | \$385                |
| 9. FSI Contractor Registration<br>Class 1, Class 2, Classes 1 and 2-<br>Change of Qualified Person                                   | \$435                | \$480                |



**Timber Stores Regulation (Cap. 464 sub. leg.)**

|     | <b>Item</b>   | <b>Existing Fee<br/>(\$)</b> | <b>Proposed Fee<br/>(\$)</b> |
|-----|---|------------------------------|------------------------------|
| 10. | Grant of a licence  | \$2,040                      | \$2,345                      |
| 11. | Renewal of a licence  | \$920                        | \$970                        |
| 12. | Transfer of an existing licence to another person           | \$210                        | \$230                        |
| 13. | Amendment of the conditions or the particulars of a licence | \$210                        | \$230                        |
| 14. | Issue of a duplicate of a licence                           | \$210                        | \$230                        |