

LEGISLATIVE COUNCIL BRIEF

Dutiable Commodities Ordinance (Chapter 109)

DUTIABLE COMMODITIES (AMENDMENT) (No. 2) REGULATION 2000

Firearms and Ammunition Ordinance (Chapter 238)

FIREARMS AND AMMUNITION (AMENDMENT) (No. 2) REGULATION 2000

FIREARMS AND AMMUNITION (STORAGE FEES) (AMENDMENT) ORDER 2000

Pawnbrokers Ordinance (Chapter 166)

PAWNBROKERS (AMENDMENT) REGULATION 2000

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. Section 46(2) of the Firearms and Ammunition Ordinance (Cap. 238) also empowers the Financial Secretary to prescribe the storage fees for arms, ammunition or imitation firearms stored by the Commissioner of Police.

2. In exercise of these powers, the Secretary for the Treasury has made the Amendment Regulations/Order, as set out at *Annexes A to D*, to revise the fees specified in the following subsidiary legislation:

- (a) Dutiable Commodities Regulations made pursuant to the Dutiable Commodities Ordinance;
- (b) Firearms and Ammunition Regulations and Firearms and Ammunition (Storage Fees) Order, both made pursuant to the Firearms and Ammunition Ordinance; and
- (c) Pawnbrokers Regulations made pursuant to the Pawnbrokers Ordinance.

BACKGROUND AND ARGUMENT

3. The fee for the issue of a temporary liquor licence is prescribed in the Dutiable Commodities Regulations. The fees payable for various licences in relation to firearms and ammunition are prescribed in the Firearms and Ammunition Regulations. The storage fees for arms, ammunition and imitation firearms are prescribed in the Firearms and Ammunition (Storage Fees) Order. The fee for the issue or renewal of a pawnbroker licence is prescribed in the Pawnbroker Regulations. These fees were last revised in May 1995 except the fee for pawnbroker licence which was last revised in August 1986.

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 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 LegCo House Committee agreed on 14 April 2000 that the Administration should consult the relevant subject LegCo Panels on whether and, if so, how the fees under their respective purview should be adjusted.

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

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 15% to 20% with a view to achieving full-cost recovery within three to seven years. In the case of an arms dealer's licence under Item 3(c) of the Second Schedule of the Firearms and Ammunition Regulations, we propose to reduce the fee by 15% to reflect the reduced full cost of providing the service at 2000-01 prices. The LegCo Panel on Security raised no objection to our proposals. Details of the existing and proposed fees are set out in *Annex F*.

THE REGULATIONS/ORDER

8. The Amendment Regulations/Order revise the fees set out at *Annex F*. We propose that the new fees should come into effect on 12 January 2001.

EFFICIENCY INITIATIVES

9. The Hong Kong Police Force regularly reviews the arrangements for handling applications of various licensing activities under its purview with a view to improving efficiency and effectiveness. The Force has put the application forms for pawnbrokers licence and temporary liquor licence onto the Government Web site for applicants to download directly; and has been reviewing the application forms for the arms licences and permits. They will also issue comprehensive guidance notes on the application procedures for the arms licences and permits with a view to streamlining certain work procedures.

BASIC LAW IMPLICATIONS

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

HUMAN RIGHTS IMPLICATIONS

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

BINDING EFFECT OF THE LEGISLATION

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

FINANCIAL AND STAFFING IMPLICATIONS

13. Additional revenue generated from the proposed fee revision is estimated to be \$545,300 per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

14. Given that the increase in the fees is small in dollar terms, it is anticipated that it will have little impact on the operating costs of the establishments concerned. The economic implications should be insignificant.

PUBLIC CONSULTATION

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

PUBLICITY

16. A press release will be issued on 22 November 2000. The Amendment Regulations/Order will be published in the Gazette on 24 November 2000.

ENQUIRIES

17. For enquiries relating to this brief, please contact Mr Rick CHAN, Assistant Secretary for Security at telephone number 2810 2068.

**Security Bureau
November 2000**

COST COMPUTATION**Hong Kong Police Force****Fee for issue of a temporary liquor licence (per day)
under Dutiable Commodities Regulations (Cap. 109, sub.leg.)****Cost at 2000-01 Prices
(for processing one application)**

	\$
Staff Costs	1,521
Departmental Expenses	15
Accommodation Costs	75
Cost of Services Provided by Other Departments	2
Central Administrative Overhead	20
Unit Cost	1,633
Existing fee	240
Proposed fee	290*

* Derived by multiplying the existing fee by an increase of 20%.

COST COMPUTATION

Hong Kong Police Force

Fees under Firearms and Ammunition Regulations (Cap. 238, sub.leg.)

Cost at 2000-01 Prices (for processing one application)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Costs	563	351	3,438	446	5,629	3,834	7,956	203	146
Departmental Expenses	7	4	33	5	55	39	74	3	2
Accommodation Costs	47	27	179	34	327	208	512	15	13
Cost of Services Provided by Other Departments	1	1	3	0	4,287	4,285	3,315	0	0
Central Administrative Overhead	7	5	45	6	73	50	104	3	2
Unit Cost	625	388	3,698	491	10,371	8,416	11,961	224	163
Existing fee	310	112	1,130	43	2,820	3,520	14,100	43	43
Proposed fee	355[#]	135[*]	1,355[*]	50[#]	3,385[*]	4,050[#]	12,000[@]	50[#]	50[#]

Legend

- (1) Fee for an exemption under section 4(3) of the Ordinance (per permit)
- Fee for the issue or the renewal of a licence for possession
- (2) ● granted to a security guard (per annum)
- (3) ● subject to item 4, in any other case (per annum)
- (4) Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Ordinance (per licence)
- Fee for the issue or renewal of a dealer's licence:
- (5) ● restricted to a prescribed class or description of arms or ammunition or both (per annum)
- (6) ● restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those
- (7) articles (per annum)
- subject to item 4, in any other cases (per annum)
- (8) Fee for the amendment of a licence or a condition thereof
- (9) Fee for the replacement of a licence or an exemption

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

^{*} Derived by multiplying the existing fee by an increase of 20%.

[@] Based on the full cost at 2000-01 prices.

COST COMPUTATION

Hong Kong Police Force

Fees under Firearms and Ammunition (Storage Fees) Order (Cap. 238, sub.leg.)

Cost at 2000-01 Prices (for processing one application)

	(1)	(2)	(3)	(4)
	\$	\$	\$	\$
Staff Costs	138	138	138	138
Departmental Expenses	2	2	2	2
Accommodation Costs	11	11	11	11
Central Administrative Overheads	2	2	2	2
Unit Cost	153	153	153	153
Existing fee	78	78	78	58
Proposed fee	90[#]	90[#]	90[#]	70[*]

Legend

- (1) Fee for storing arms (for each article for each month or part thereof)
- (2) Fee for storing imitation firearms (for each article for each month or part thereof)
- (3) Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)
- (4) Fee for storing of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)

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

^{*} Derived by multiplying the existing fee by an increase of 20%.

COST COMPUTATION**Hong Kong Police Force****Fee for issue or renewal of a pawnbroker licence (per annum)
under Pawnbrokers Regulations (Cap. 166, sub.leg.)****Cost at 2000-01 Prices
(for processing one application)**

	\$
Staff Costs	3,749
Departmental Expenses	42
Accommodation Costs	233
Cost of Services Provided by Other Departments	1,601
Central Administrative Overheads	49
Unit Cost	5,674
Existing fee	4,000
Proposed fee	4,600[#]

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

Existing and Proposed Fees

Item	Existing Fee (\$)	Proposed Fee (\$)
<u>Dutiable Commodities Regulations (Cap. 109, sub. leg.)</u>		
1. Fee for a temporary liquor licence (per day)	240	290
<u>Firearms and Ammunition Regulations (Cap. 238, sub. leg.)</u>		
1. Fee for an exemption under section 4(3) of the Ordinance (per permit)	310	355
2. Fee for the issue or the renewal of a licence for possession :		
b) granted to a security guard (per annum)	112	135
c) subject to item 2A, in any other case (per annum)	1,130	1,355
2A. Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Ordinance (per licence)	43	50
3. Fee for the issue or renewal of a dealer's licence :		
a) restricted to a prescribed class or description of arms or ammunition or both (per annum)	2,820	3,385
b) restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those articles (per annum)	3,520	4,050
c) subject to item 2A, in any other case (per annum)	14,100	12,000
4. Fee for the amendment of a licence or a condition thereof	43	50
5. Fee for the replacement of a licence or an exemption	43	50

Item	Existing Fee (\$)	Proposed Fee (\$)
<u>Firearms and Ammunition (Storage Fees) Order (Cap. 238, sub.leg.)</u>		
1. Fee for storing arms (for each article for each month or part thereof)	78	90
2. Fee for storing imitation firearms (for each article for each month or part thereof)	78	90
3. Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)	78	90
4. Fee for storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)	58	70
<u>Pawnbrokers Regulations (Cap. 166, sub. leg.)</u>		
1. Fee for the issue or renewal of a pawnbroker licence (per annum)	4,000	4,600