

LEGISLATIVE COUNCIL BRIEF

Electricity Ordinance (Cap. 406)

ELECTRICITY (REGISTRATION) (AMENDMENT)

REGULATION 2000

ELECTRICAL PRODUCTS (SAFETY) (AMENDMENT) (No. 2)

REGULATION 2000

ELECTRICITY (WIRING) (AMENDMENT) REGULATION 2000

INTRODUCTION

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

2. In exercise of this power, the Secretary for the Treasury has made the Amendment Regulations set out at **Annexes A to C** to vary the fees specified in the Electricity (Registration) Regulations, the Electrical Products (Safety) Regulation and the Electricity (Wiring) Regulations, which are subsidiary legislation made under the Electricity Ordinance (Cap. 406) (“the Ordinance”).

BACKGROUND AND ARGUMENT

3. The Ordinance provides, inter alia, for the registration of electrical contractors, generating facilities, recognized certification bodies and recognized manufacturers; and for endorsement by the Director of

Electrical and Mechanical Services of periodic test certificates in respect of fixed electrical installations. Fees payable for these services are prescribed in the Electricity (Registration) Regulations, Electrical Products (Safety) Regulation and Electricity (Wiring) Regulations made pursuant to the Ordinance.

4. It is Government policy that fees for certain services should in general be set at levels sufficient to recover the full cost of providing the services. Most Government fees and charges have been frozen since February 1998 as an exceptional relief 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 GDP growth rate turned firmly positive. 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.

5. We propose to revise the fees under our purview as set out below. The proposals are in general based on cost results of the various services at 2000-01 prices. Details of the cost computation are shown at **Annex D**.

(a) Fee reduction items

Electricity (Registration) Regulations

Except for the fee for registration of a generating facility which was last revised in March 1997, the fees were last revised in December 1994. As the latest cost result reveals that there is scope for reduction of five fee items, we propose to reduce the existing fees by 1% to 17%.

(b) Fee increase items

Electrical Products (Safety) Regulation

The fees were introduced in October 1997. We propose to increase the two fees by 10% with a view to achieving full-cost recovery within two to three years.

Electricity (Wiring) Regulations

The fee was last revised in March 1997. We propose to increase the fee level by 7% to reflect its full costs at 2000-01 prices.

6. The LegCo Panel on Economic Services was consulted on proposals for fee increase on 19 June 2000 and Members did not raise objection to them. A fee item on registration of an electrical worker was included in the consultation and proposed to be increased by \$20 or 4.2%. We have subsequently decided not to revise this item as further review suggested that existing fee levels for both applications for registration and renewals as an electrical worker would achieve breakeven overall.
7. Details of the existing and proposed fees are at **Annex E**.

THE AMENDMENT 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 1 February 2001.

BASIC LAW IMPLICATIONS

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

HUMAN RIGHTS IMPLICATIONS

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

BINDING EFFECT OF THE LEGISLATION

11. The Amendment Regulations will not affect the current binding effect of the Ordinance.

EFFICIENCY INITIATIVES

12. Electrical and Mechanical Services Department (EMSD) has initiated measures to streamline procedures relating to registration and endorsement of periodic test certificates and have reduced the overall processing time by about 6%. An electronic filing system has replaced the existing manual procedures in retrieval and delivery of documents, which has saved time in the handling of application forms. As the processing of applications has been operating smoothly, the department has delegated the duties to officers of lower rank and this results in cost reduction. Regarding the fixed electrical installations, EMSD has been developing a computerized system to schedule job allocation to inspectors on a regional basis. This has saved the travelling time of inspectors in conducting the inspection work.

13. In order to reduce processing time for renewal applications, EMSD will automate the checking procedures by setting built-in criteria in the system. Moreover, the implementation of the Electronic Services Delivery in 2003-04 will further improve the efficiency and reduce the cost of the service.

FINANCIAL AND STAFFING IMPLICATIONS

14. The additional revenue generated from the fee proposal is about \$305,000 per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

15. The proposed revision of the fees represents a very small percentage of the operating expenses of those recognized certification bodies and manufacturers of electrical products. Given that the overall implications of the fee increases and reductions taken together is neutral, the impact of the proposed revision on the trade as a whole should be minimal.

PUBLIC CONSULTATION

16. Six relevant contractors' associations and trade unions, including the Hong Kong Electrical and Mechanical Contractors Association and the Hong Kong and Kowloon Electrical Engineering and Appliances Trade Workers Union have been consulted. They have indicated no objection to the proposed revision in fees. No public consultation was conducted regarding the revision of fees for electrical installations or generating facilities as there are no known association representing the owners of electrical installations or generating facilities.

17. The LegCo Panel on Economic Services was consulted on 19 June 2000 on, inter alia, the proposed increases of fees under the Ordinance. Members did not raise objection to the proposed increases although a Member expressed reservation when considering that the general public had yet to benefit from the recovery of Hong Kong's economy.

PUBLICITY

18. The Amendment Regulations will be published in the Gazette on 8 December 2000 and a press release will be issued to announce the fee revision.

ENQUIRIES

19. For enquiries, please contact Miss Amy Chan, Assistant Secretary for Economic Services at 2810 2655.

Economic Services Bureau
December 2000

COST COMPUTATION

Electrical and Mechanical Services Department

Fees payable under the Electricity Ordinance Costs at 2000-01 Prices (for processing one application)

	Registration as an electrical contractor	Renewal of registration as an electrical contractor	Separate application for additional certification	Registration of a generating facility
	\$	\$	\$	\$
Staff Costs	772	772	306	580
Departmental Expenses	17	17	7	13
Accommodation Costs	19	19	9	13
Central Administrative Overhead	46	46	18	35
Unit Cost	<u>854</u>	<u>854</u>	<u>340</u>	<u>641</u>
Existing fee	860	860	350	775
Proposed fee with effect from 1.2.2001	855	855	340	640

COST COMPUTATION

Electrical and Mechanical Services Department

Fees payable under the Electricity Ordinance

Costs at 2000-01 Prices

(for processing one application)

	Duplicate copy of a certificate of registration <hr/> \$	Registration as recognized certification body <hr/> \$	Registration as recognized manufacturer <hr/> \$	Endorsement of periodic test certificate <hr/> \$
Staff Costs	306	5,453	5,453	628
Departmental Expenses	7	525	525	14
Accommodation Costs	9	109	109	13
Central Administrative Overhead	18	329	329	38
Unit Cost	<hr/> 340	<hr/> 6,416	<hr/> 6,416	<hr/> 693
Existing fee	350	5,400	5,400	650
Proposed fee with effect from 1.2.2001	340	5,950	5,950	695

Revision of Fees under the Electricity Ordinance

<u>Item Description</u>	<u>Existing fee</u> (\$)	<u>Proposed fee</u> (\$)
Electricity (Registration) Regulations		
1. Fee for registration as an electrical contractor	860	855
2. Fee for renewal of registration as an electrical contractor	860	855
3. Fee for separate application for additional certification	350	340
4. Fee for registration of a generating facility	775	640
5. Fee for duplicate copy of a certificate of registration	350	340
Electrical Products (Safety) Regulation		
1. Fee for registration as Recognized Certification Body	5,400	5,950
2. Fee for registration as Recognized Manufacturer	5,400	5,950
Electricity (Wiring) Regulations		
1. Fee for endorsement of periodic test certificate	650	695