

## LEGISLATIVE COUNCIL BRIEF

Travel Agents Ordinance  
(Chapter 218)  
Road Traffic Ordinance  
(Chapter 374)  
Karaoke Establishments Ordinance  
(Chapter 573)

### SEVERE ACUTE RESPIRATORY SYNDROME : RELIEF AND ECONOMIC REVIVAL MEASURES - WAIVER OF LICENSING FEES

#### INTRODUCTION

At the meeting of the Executive Council on 27 May 2003, the Council ADVISED and the Chief Executive ORDERED that -

- A (a) the Travel Agents (Waiver of Fees) Regulation 2003 at **Annex A**;
- B (b) the Karaoke Establishments (Fee Concessions) Regulation 2003 at **Annex B**; and
- C (c) the Road Traffic (Waiver of Motor Vehicle Licence Fees) Regulation 2003 at **Annex C**,

should be made to waive the fees payable for one year in respect of travel agents licences, karaoke establishment licences and permits, and vehicle licences for taxis, public light buses, school buses (including private light buses and private buses for student service) and all non-franchised public buses.

## **JUSTIFICATIONS**

### **Relief and Economic Revival Measures**

2. The outbreak of atypical pneumonia has dealt a serious blow to our economy. Government has decided to introduce a series of measures to help our community tide over the current economic difficulties and to revive our economy once the disease is under control. While some of the measures in the relief package may be implemented by the exercise of power of waiver under existing Ordinances (such as the rental relief and the waiver of 5% surcharge on overdue payments on rates), other revenue measures would require the making of subsidiary legislation for implementation. The measures requiring legislation include the rates waiver, salaries tax rebate, and concessions on water and sewage charges, trade effluent surcharge and licensing fees on selected sectors affected most seriously by the disease.

### **Rates Waiver, Salaries Tax Rebate and Reduction of Water and Sewage Charges and Trade Effluent Surcharge**

3. We have covered the proposed rates waiver, partial salaries tax rebate for the year of assessment 2001-02 and the concessions on water and sewage charges and trade effluent surcharge in the Legislative Council Brief (Ref. : FIN CR 5/2321/85 Pt. 31) issued on 21 May 2003. We have also set out the proposal to make the necessary subsidiary legislation to implement these relief measures.

### **Waiver of Licensing Fees**

4. As part of the package of relief and economic revival measures, Government will also waive the licensing fees for one year in respect of the following types of licences and permits -

- (a) Travel agents licence;
- (b) Hotel and guesthouse licence;
- (c) Karaoke establishment licence and permit;
- (d) Cinema licence;
- (e) Restaurant licence;

- (f) Liquor licence;
- (g) Restricted food permit;
- (h) Hawker licence; and
- (i) Vehicle and related licences for taxis, public light buses, school buses (including private light buses and private buses for student service) and all non-franchised public buses.

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Details of the types of licences and permits covered by the package of relief measures, together with the number of beneficiaries, are given at **Annex D**. The total cost of the waiver of these licensing fees to Government is \$276 million.

5. To simplify the procedures for waiving the licence fees for the various licences announced in the package of relief measures, we **propose** that the fees payable in respect of the first issue or renewal of licences commencing during the concessionary period will be waived for a maximum period of one year. However, for the karaoke establishment permit/licence fees which are statutorily required to be paid upon licence application, we **propose** that the waivers be granted in respect of applications made during the concessionary period. The waivers of fees do not therefore apply to licences which have commenced before the relevant concessionary period. Holders of these licences will enjoy the waiver when they next renew their licences in the course of the concessionary period.

6. Refund of licence fees will be considered for those licences which are valid for more than one year and will not expire during the concessionary period. Holders of these licences will, upon application, be refunded the licence fees already paid on a pro-rata basis by reference to the concessionary period.

## **THE REGULATIONS**

7. We need to effect the waivers of certain licensing fees by making a number of items of subsidiary legislation by the Chief Executive in Council (paragraphs 8 to 10 below) or by the responsible Bureau Secretary (paragraphs 11 to 13 below) as set out in the following paragraphs.

### **Regulations Made by the Chief Executive in Council**

8. The Travel Agents (Waiver of Fees) Regulation 2003, at **Annex A**, is made under the Travel Agents Ordinance to waive the fees payable for one year in respect of travel agents licences.

9. The Karaoke Establishments (Fee Concessions) Regulation 2003, at **Annex B**, is made under the Karaoke Establishments Ordinance to waive the fees payable for one year in respect of karaoke establishment licences and permits.

10. The Road Traffic (Waiver of Motor Vehicle Licence Fees) Regulation 2003, at **Annex C**, is made under the Road Traffic Ordinance to waive the fees payable for one year in respect of vehicle licences for taxis, public light buses, school buses (including private light buses and private buses for student service) and all non-franchised public buses.

### **Regulations Made by the Responsible Bureau Secretary**

11. A fee concession regulation will be made by the Secretary for Home Affairs under section 7 of the Places of Public Entertainment Ordinance to waive the fees payable for cinema licences by one year.

12. Another fee concession regulation will be made by the Secretary for Health, Welfare and Food under section 6A of the Dutiable Commodities Ordinance to waive the fees payable for liquor licences by one year.

13. A waiver of fee regulation will be made by the Secretary for the Environment, Transport and Works under section 7 of the Road Traffic Ordinance to waive the fees payable for passenger service licences and passenger service licence certificates by one year.

14. These three sets of regulations will be submitted, together with the other items of subsidiary legislation referred to in paragraphs 8 to 10 above, to the Legislative Council for negative vetting on 11 June 2003.

## **Waivers of Licensing Fees not Requiring Legislation**

15. For the hotel and guesthouse licences, the waiver and refund power as provided for under the Hotel and Guesthouse Accommodation (Fees) Regulations made under section 22 of the Hotel and Guesthouse Accommodation Ordinance can be exercised by the Secretary for Home Affairs for the intended general waivers and refund of the relevant fees. For the restaurant licences, restricted food permits and hawker licences, which are issued under the Public Health and Municipal Services Ordinance, the waiver and refund power contained in the Ordinance can be exercised by the Financial Secretary for the intended general waivers of the relevant fees. No additional subsidiary legislation will therefore be required.

## **LEGISLATIVE TIMETABLE**

16. The legislative timetable for those waivers of licensing fees requiring legislative changes will be -

Publication in the Gazette	30 May 2003
Tabling at the Legislative Council	11 June 2003

17. The relief measures should be implemented as soon as possible. As such, we **propose** that the subsidiary legislation should take effect from the date of publication in the Gazette, rather than upon the expiry of the period required for negative vetting of the subsidiary legislation by the Legislative Council. This is a necessary means to ensure that the waivers on various licensing fees can commence in June 2003. As a further measure to provide immediate relief prior to the commencement of the relief measures on 1 June 2003, hawkers with cashflow difficulties may apply for an immediate waiver of hawker licence fees that are payable in May 2003. This measure has been put into effect immediately through the exercise of power of waiver under the Public Health and Municipal Services Ordinance.

## **IMPLICATIONS OF THE PROPOSAL**

18. The implications of the proposal are the same as those set out in the Legislative Council Brief (Ref.: FIN CR 5/2321/85 Pt. 31) issued on 21 May 2003 (see **Annex E**).

## **PUBLIC CONSULTATION**

19. We have discussed various options of relief measures with legislators and representatives of the various trades. The proposed measures have taken into account their views. In particular, they have covered the measures proposed by the coalition of seven parties/groups in the Legislative Council.

## **PUBLICITY**

20. A spokesman will be available to answer media and public enquiries.

## **ENQUIRIES**

21. Enquiries on the brief should be made to Mr Allen Leung, Principal Assistant Secretary for Financial Services and the Treasury (Treasury)(MA), on telephone number 2810 3729.

Financial Services and the Treasury Bureau  
27 May 2003

## **Annexes**

- Annex A - Travel Agents (Waiver of Fees) Regulation 2003
- Annex B - Karaoke Establishments (Fee Concessions) Regulation 2003
- Annex C - Road Traffic (Waiver of Motor Vehicle Licence Fees) Regulation 2003
- Annex D - Waiver of Licensing Fees
- Annex E - Implications of the Proposal

## TRAVEL AGENTS (WAIVER OF FEES) REGULATION 2003

(Made by the Chief Executive in Council under section 50(2) of the Travel Agents Ordinance (Cap. 218) and section 29 of the Interpretation and General Clauses Ordinance (Cap. 1))

### 1. Interpretation

In this Regulation –

“concession period” (寬免期) means the period 1 June 2003 to 31 May 2004 (both dates inclusive);

“principal Regulations” (主體規例) means the Travel Agents Regulations (Cap. 218 sub. leg. A);

“term of the licence” (牌照有效期間) –

- (a) in relation to a licence, means the period of validity of the licence; and
- (b) in relation to a renewal of a licence, means the period of validity of the renewed licence.

### 2. Waiver of fees payable under principal Regulations

(1) The fees payable in accordance with regulation 8(1) of the principal Regulations are subject to the waiver provided for in this Regulation.

(2) The fee specified in item 1 of the First Schedule to the principal Regulations is waived in respect of an application for a licence made within the concession period.

(3) Subject to subsection (4), the fee specified in item 2 of the First Schedule to the principal Regulations is waived in respect of a licence or a renewal of a licence if the term of the licence begins within the concession period.

(4) The total amount of fees that is waived under subsection (3) in respect of –



- (a) a licence;
- (b) a licence and any renewal of the licence; or
- (c) a renewal and any further renewal of a licence,

is subject to a maximum of \$5,820.

(5) Subject to subsection (6), the fee specified in item 5 of the First Schedule to the principal Regulations is waived in respect of a duplicate of a licence if the fee specified in item 2 of that Schedule is waived in respect of that licence or a renewal of that licence in accordance with subsection (3).

(6) If the fee is only partly waived in respect of a licence or a renewal of a licence under subsection (3) because of the operation of subsection (4), the amount by which the fee specified in item 5 of the First Schedule to the principal Regulations is waived in respect of a duplicate of that licence under subsection (5) is reduced correspondingly.

Clerk to the Executive Council

COUNCIL CHAMBER

2003

### **Explanatory Note**

This Regulation provides for the waiver of certain fees payable under the Travel Agents Regulations (Cap. 218 sub. leg. A) in respect of a travel agent's licence within the period 1 June 2003 to 31 May 2004.

**KARAOKE ESTABLISHMENTS (FEE CONCESSIONS)  
REGULATION 2003**

(Made by the Chief Executive in Council under section 21 of the Karaoke Establishments Ordinance (Cap. 573) and section 29 of the Interpretation and General Clauses Ordinance (Cap. 1))

**1. Interpretation**

In this Regulation –

“concession period” (寬免期) means the period 1 June 2003 to 31 May 2004 (both dates inclusive);

“Fees Regulation” (費用規例) means the Karaoke Establishments (Fees) Regulation (Cap. 573 sub. leg. B);

“specified fee” (指明費用), in relation to an item of the Schedule to the Fees Regulation, means the fee specified for that item in column 3 of that Schedule.

**2. Concession on fees payable under Fees Regulation**

(1) The fees to be charged in accordance with section 3 of the Fees Regulation are subject to the concession provided for in this Regulation.

(2) The specified fee for items 1, 3, 7(a) to (e) and 9(a) to (e) of the Schedule to the Fees Regulation is reduced in each case by an amount equal to half of the specified fee in respect of an application made within the concession period for the matter specified opposite to that fee in column 2 of that Schedule.

(3) The specified fee for items 4, 6, 10 and 12 of the Schedule to the Fees Regulation is waived in each case in respect of an application made within the concession period for the matter specified opposite to that fee in column 2 of that Schedule.

Clerk to the Executive Council

COUNCIL CHAMBER

2003

### **Explanatory Note**

This Regulation provides that on an application made within the period 1 June 2003 to 31 May 2004 –

- (a) the fee payable under the Karaoke Establishments (Fees) Regulation (Cap. 573 sub. leg. B) for a permit or licence to operate a karaoke establishment or for its renewal is reduced by half; and
- (b) the fee payable under that Regulation for a provisional permit or licence to operate a karaoke establishment or for its renewal is waived.

**ROAD TRAFFIC (WAIVER OF MOTOR VEHICLE  
LICENCE FEES) REGULATION 2003**

(Made by the Chief Executive in Council under section 6(2) of the  
Road Traffic Ordinance (Cap. 374))

**1. Interpretation**

In this Regulation –

“concession period” (寬免期) means the period 1 June 2003 to 31 May 2004  
(both dates inclusive);

“effective date” (生效日期), in relation to a licence, means the date from which  
the licence takes effect;

“principal Regulations” (主體規例) means the Road Traffic (Registration and  
Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E);

“specified fee” (指明費用), in relation to an item under the subheading “Annual  
Licence Fees” of Schedule 2 to the principal Regulations, means the fee  
specified for that item in column 3 under that subheading.

**2. Waiver of fees payable under  
principal Regulations**

(1) Except for the additional fee mentioned in regulation 21(7) of the  
principal Regulations, the fees payable in accordance with regulations 21, 23 and  
23A of the principal Regulations are subject to the waiver provided for in this  
Regulation.

(2) Subject to subsections (3) to (6), the specified fee for items 2, 3, 4,  
11 and 12 under the subheading “Annual Licence Fees” of Schedule 2 to the  
principal Regulations is waived in each case in respect of a licence for a motor  
vehicle specified opposite to that fee in column 2 under that subheading if the  
effective date of the licence falls within the concession period.

(3) The waiver under subsection (2) of the specified fee for item 2  
under the subheading “Annual Licence Fees” of Schedule 2 to the principal

Regulations does not apply to a public bus operated under a franchise granted under the Public Bus Services Ordinance (Cap. 230).

(4) The waiver under subsection (2) of the specified fee for item 3 under the subheading “Annual Licence Fees” of Schedule 2 to the principal Regulations applies only to a private bus used for operating a student service described in section 27(5)(a) of the Ordinance.

(5) The waiver under subsection (2) of the specified fee for item 12 under the subheading “Annual Licence Fees” of Schedule 2 to the principal Regulations applies only to a school private light bus.

(6) If more than one licence, each with an effective date that falls within the concession period, is issued in respect of the same motor vehicle, the total amount of fees that is waived in respect of that vehicle under subsection (2) is subject to a maximum sum equal to the fees payable for a period of 12 months, calculated on the basis of the fee payable for a licence for 12 months or a licence for 4 months, as may be appropriate.

(7) The additional fee mentioned in regulation 21(1)(b)(ii) and (9)(b)(ii), paragraph (b) of the proviso to regulation 23(2) and paragraph (b) of the proviso to regulation 23A(2) of the principal Regulations is also waived in each case in respect of a licence for 4 months if the specified fee is waived in respect of that licence in accordance with subsection (2), even if that specified fee is only partly waived under subsection (2) because of the operation of subsection (6).

Clerk to the Executive Council

COUNCIL CHAMBER

2003

### **Explanatory Note**

This Regulation provides for the waiver of the fees payable under the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) in respect of licences for non-franchised public buses, private buses operating a student service, taxis, public light buses and school private light buses which take effect within the period 1 June 2003 to 31 May 2004.

## Waiver of Licensing Fees

<u>Revenue Measures</u>	<u>Details of Measures</u>	<u>Number of Beneficiaries</u>	<u>Relief Period</u>
<i>Licensing Fees</i>			
Waive the licencing fees for:			
<u>Tourism</u>			
Travel agents licence	Waive the fees payable for application for a licence, and new issue, renewal and duplicate of a licence as a travel agent	1,443	One year
Hotel and guesthouse licence	Waive the fees payable for the new issue and renewal of a licence for operating a hotel or guesthouse	956	One year
<u>Catering</u>			
Restaurant licence	Waive the fees payable for the new issue or renewal of a licence or provisional licence for a general and marine restaurant or a light refreshments restaurant	9,660	One year
Liquor licence	Waive the fees payable for the new issue or renewal of a liquor licence, but excluding the fees payable for those temporary licences issued for an individual event	4,667	One year
Restricted food permit	Waive the fees payable for the new issue or renewal of a restricted food permit	5,101	One year
<u>Entertainment</u>			
Karaoke establishment licence and permit	Waive the fees payable for the new issue and renewal of a permit, provisional permit, licence and provisional licence for operating a karaoke establishment	234	One year
Cinema licence	Waive the fees payable for the new issue or renewal of a licence for a cinema under the Places of Public Entertainment Regulations	71	One year

<u>Revenue Measures</u>	<u>Details of Measures</u>	<u>Number of Beneficiaries</u>	<u>Relief Period</u>
<u>Others</u>			
Hawker licences	Waive the fees payable for the new issue or renewal of a licence for fixed pitch hawker and itinerant hawker licence and fees for the allocation and use of fixed pitches, but excluding the fees payable for those temporary licences issued for an individual event	8,574	One year
Taxi licences	) Waive the fees payable for the new issue or renewal of a vehicle licence,	18,138	One year
School bus licences	) and where applicable, Passenger Service Licence and Passenger Service Licence Certificate in respect	5,118	One year
- public buses for student service	) of these types of vehicles. The levies payable under the Traffic		
- private light buses for student service	) Accident Victims (Assistance Fund) Ordinance (Cap. 229), which form		
- private buses for student service	) part of the licence fees for the vehicle, will not however be waived		
Public light bus licences	) as these are collected as a contribution towards the fund for	1,792	One year
- red public light buses	) assisting traffic accident victims and their dependants	2,558	One year
- green public light buses	)		
Various licences relating to non-franchised public buses (excluding public buses for student service)	)	2,958	One year



## Implications of the Proposal

The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It does not affect the binding effect of the existing provisions of the relevant Ordinances. It has no productivity or environmental implications. The economic, financial and sustainability implications are set out below.

### **Economic Implications**

2. The various revenue measures taken together are estimated to have a lifting effect on the Gross Domestic Product (GDP) in 2003 by around 0.09 of a percentage point, with the effect largely incident in the second half of the year and with some further effect spreading into 2004.

3. It has to be noted that, for the revenue measures, the amounts to be received by households or individuals may not necessarily be spent up to the same extent and/or on the same timing as with revenue concessions made under more normal circumstances. Likewise, the amounts to be received by business establishments are expected to be mainly for keeping the business entity going, rather than for making any new investment that gives lifting effect.

### **Financial Implications**

4. The total estimated cost to Government of all revenue measures under the package of relief measures is \$5.3 billion, analysed as follows -

<b>Revenue Measures</b>	<b>Amount Involved \$ million</b>
(a) Rates concession	2,064
(b) Salaries tax rebate	2,300
(c) Water and sewage charge and trade effluent surcharge concessions	521
(d) Waiver of licensing fees	276
(e) Rent concessions	175
Total :	<u>5,336</u>

5. Any additional staffing requirements arising from the implementation of these measures will be absorbed under the provision in the 2003-04 Expenditure Estimates of the relevant departments.

### **Sustainability Implications**

6. The proposal does not have major sustainability implications but would help our community tide over the current economic difficulties, particularly for those worst-hit sectors of tourism, retail, restaurants and hotels, and entertainment.