

LEGISLATIVE COUNCIL BRIEF

Control of Chemicals Ordinance (Chapter 145) CONTROL OF CHEMICALS (FEE REVISION) REGULATION 2006

INTRODUCTION

Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) empowers the Financial Secretary (which means also the Secretary for Financial Services and 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 Financial Services and the Treasury has made the Control of Chemicals (Fee Revision) Regulation 2006 (the Regulation), at **Annex A**, to revise the fees specified in the Control of Chemicals Regulations (Cap. 145 sub. leg. A) made pursuant to the Control of Chemicals Ordinance (Cap. 145) (the Ordinance).

BACKGROUND AND JUSTIFICATIONS

3. Under the Ordinance, no person shall procure, supply, deal in or with, manufacture, possess, import into or export from Hong Kong any substance specified in Schedule 1 to the Ordinance, save under and in accordance with a licence issued by the Commissioner*. Similarly, no person shall manufacture, import into or export from Hong Kong any Schedule 2 substance, or export from Hong Kong any Schedule 3 substance to any country specified unless he holds a licence issued by the Commissioner.

4. Furthermore, a person who wishes to remove any Schedule 1 or Schedule 2 substance which is in transshipment from a vessel, aircraft or vehicle in or on which it was imported into Hong Kong, or to move any such substance within Hong Kong after its removal from the vessel, aircraft or vehicle in or on which it was imported into Hong Kong, must obtain a permit from the Commissioner.

* According to section 2(1) of the Ordinance, the "Commissioner" means the Commissioner of Customs and Excise and any Deputy or Assistant Commissioner of Customs and Excise.

5. The Control of Chemicals Regulations prescribe the fees payable for the issue and reissue of the above licences and permits. The existing fee for the issue and reissue of a licence is \$790 and of a permit \$510. Both fees were last revised in 1997.

6. It is Government policy that fees should in general be set at levels sufficient to recover the full costs of providing the services. In 1997, we implemented the first phase of a three-phase increase for the fees to bring them to full cost recovery level. However, owing to the then poor economic conditions, Government has frozen most fees and charges since 1998. The remaining two phases were therefore suspended.

7. In line with the “user pays” principle, the Financial Secretary, in the 2004-2005 Budget Speech, indicated the need to resume the revision of Government fees and charges. The costing review in 2005 shows that the fees payable under the Control of Chemicals Regulations are not adequate to recover the full costs of providing the services. Details of the cost computations are set out at **Annex B**. To alleviate the impact of the fee increases on the users of the services concerned, we propose to increase the licence and permit fees by 38% and 37% to \$1,090 and \$700 respectively in the current phase, with a view to achieving full cost recovery in two phases.

THE REGULATION

8. The Regulation revises the fees as set out at **Annex C**. We propose that the new fees should come into effect on 1 January 2007.

EFFICIENCY INITIATIVES

9. The Customs and Excise Department regularly reviews the working procedures on licence and permit applications with a view to streamlining the procedures and enhancing efficiency. With the use of the computer system, some procedures have been automated, resulting in the reduction of manpower resources and costs in handling the applications. These efficiency savings have been reflected in the proposed fee adjustments and the costs for the services have been minimised.

BASIC LAW AND HUMAN RIGHTS IMPLICATIONS

10. The proposal is in conformity with the Basic Law, including the provisions concerning human rights.

BINDING EFFECT OF THE LEGISLATION

11. The Regulation does not affect the current binding effect of the Ordinance.

FINANCIAL AND STAFFING IMPLICATIONS

12. Additional revenue to be generated from the proposed fee revision is estimated to be about \$70,000 per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

13. As the proposed fees represent a small percentage of the operating costs of the trade, the impact of the revision will be minimal. The overall economic impact is expected to be insignificant.

PUBLIC CONSULTATION

14. We issued to the Legislative Council Panel on Security on 27 June 2005 a paper explaining the proposals for these and other fees. The Panel did not ask to discuss these fees.

PUBLICITY

15. The Regulation will be published in the Gazette on 6 October 2006. A spokesperson will be available to answer enquiries on this subject.

ENQUIRIES

16. For enquiries relating to this brief, please contact Ms Candy LAU, Assistant Secretary for Security, at telephone number 2867 2752.

Security Bureau
October 2006

CONTROL OF CHEMICALS (FEE REVISION) REGULATION 2006

(Made by the Secretary for Financial Services and the Treasury under
section 29A of the Interpretation and General Clauses Ordinance
(Cap. 1) by virtue of section 16 of the Control of
Chemicals Ordinance (Cap. 145))

1. Commencement

This Regulation shall come into operation on 1 January 2007.

2. Fees

(1) Regulation 6(1) of the Control of Chemicals Regulations (Cap. 145 sub. leg. A) is amended –

- (a) in subparagraph (a), by repealing “\$790” and substituting “\$1,090”;
- (b) in subparagraph (b), by repealing “\$510” and substituting “\$700”.

(2) Regulation 6(2) is amended –

- (a) in subparagraph (a), by repealing “\$790” and substituting “\$1,090”;
- (b) in subparagraph (b), by repealing “\$510” and substituting “\$700”.

Secretary for Financial Services
and the Treasury

25 August 2006

Explanatory Note

This Regulation amends regulation 6 of the Control of Chemicals Regulations (Cap. 145 sub. leg. A) to increase the fees payable for the issue and reissue of licences and permits under the Control of Chemicals Ordinance (Cap. 145).

COST COMPUTATION

Customs and Excise Department Fees under the Control of Chemicals Regulations

Cost at 2005-06 Prices

	New Issue of Licence (\$)	Reissue of Licence (\$)	New Issue of Permit (\$)	Reissue of Permit (\$)
Staff Costs	1,234	1,189	683	678
Departmental Expenses	57	55	119	118
Accommodation Costs	34	33	21	20
Depreciation	48	48	39	39
Central Administrative Overhead	44	42	24	24
Unit Cost	1,417	1,367	886	879

Existing and Proposed Fees

Items	Existing Fee Level	Proposed Fee Level	Proposed Amount of Increase	Proposed Percentage Increase
New Issue of Licence	\$790	\$1090	\$300	38%
Reissue of Licence	\$790	\$1090	\$300	38%
New Issue of Permit	\$510	\$700	\$190	37%
Reissue of Permit	\$510	\$700	\$190	37%