

LEGISLATIVE COUNCIL BRIEF

Dutiable Commodities Ordinance (Cap. 109)

DUTIABLE COMMODITIES (AMENDMENT) REGULATION 2010

INTRODUCTION

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

2. In exercise of the power, SFST has made the Dutiable Commodities (Amendment) Regulation 2010 (“the Regulation”) to revise 25 items of fees and charges specified in the Dutiable Commodities Ordinance (Cap. 109) (“DCO”).

BACKGROUND AND JUSTIFICATIONS

3. In line with the “user pays” principle, it is Government’s policy that fees and charges for public services should in general be set at levels sufficient to recover the full cost of providing the services.

4. The fees and charges to be revised are collected by the Customs and Excise Department under the DCO, including –

- (a) licence fees for traders of dutiable commodities;
- (b) charges for various certificates and permits for storage of dutiable commodities; and
- (c) bonded warehouse supervision charges.

5. Costing review at the 2009-10 price level shows that the cost recovery level of these items ranges from 19% to 91%. We propose to revise these fees and charges gradually to the full-cost recovery level in accordance with the

general fee revision guidelines¹. Most of these fees and charges were last revised in 2006-07.

6. Based on the outcome of the costing review, we propose to increase these 25 items of fees and charges. The proposed rate of increase ranges from 10% to 20%. Details of the proposals are set out at **Annex 1**. The impact of the revision on the overall operating costs of the persons or companies affected should not be significant. The Government will still be subsidizing the users of these services indirectly after this revision, as the costs of providing these services are not yet fully recovered.

THE REGULATION

7. The Regulation at **Annex 2** revises the fees and charges concerned. It is proposed that the new fees and charges come into effect on 27 April 2010.

LEGAL IMPLICATIONS

8. The proposed amendments do not affect the current binding effect of the DCO. They are in conformity with the Basic Law, including the provisions concerning the human rights.

FINANCIAL AND STAFF IMPLICATIONS

9. If the proposed revision of fees and charges is implemented, Government revenue will increase by \$0.5 million a year. There are no staffing implications.

ECONOMIC IMPLICATIONS

10. There are no significant economic implications.

¹ According to the revision guidelines, a fee should be increased by 20%, 15% and 10% if its cost recovery rate is less than 40%, 40 to 70%, or more than 70% respectively.

EFFICIENCY INITIATIVES

11. The Administration will continue to enhance efficiency and streamline procedures so as to contain the costs of providing these public services.

PUBLIC CONSULTATION

12. We consulted the LegCo Panel on Financial Affairs on 4 January 2010 regarding the revision of fees and charges as outlined in paragraphs 4 to 6.

PUBLICITY

13. The Regulation will be published in the Gazette on 26 February 2010 and a press release will be issued. A spokesman will be available to answer enquiries on the subject.

ENQUIRIES

14. For enquiries on this brief, please contact Ms Mary Wong, Assistant Secretary (Treasury) of the Financial Services and the Treasury Bureau at 2810 3812.

**Financial Services and the Treasury Bureau (Treasury Branch)
February 2010**

**Proposed revision of fees and charges under the Schedule to the Dutiable Commodities Regulations
(Cap. 109 sub. Leg. A)**

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)
1	General bonded warehouse or public bonded warehouse licence (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900
2	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (with manufacturer's licence) (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900
3	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (without manufacturer's licence) (annual fee)	May 2006	\$19,250	62%	15%	\$22,150	\$2,900
4	Import and export licence of liquors, tobacco, hydrocarbon oil and methyl alcohol (annual fee)	December 2000	\$950	68%	15%	\$1,090	\$140
5	Special import licence (to keepers of licensed warehouses capable of storing not less than 500 kilolitres of	December 2000	\$950	68%	15%	\$1,090	\$140

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)
	hydrocarbon oil) (annual fee)						
6	Liquors – manufacturer’s licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700
7	Liquors – distillery licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700
8	Tobacco – manufacturer’s licence (annual fee)	May 2006	\$17,950	63%	15%	\$20,650	\$2,700
9	Hydrocarbon oil – manufacturer’s licence (annual fee)	December 2000	\$22,400	78%	10%	\$24,650	\$2,250
10	For every transfer of or substitution or amendment in any licence, except a transfer from one person to another (per case)	May 2006	\$360	24%	20%	\$430	\$70
11	For every transfer of any licence from one person to another (per case)	May 2006	\$360	24%	20%	\$430	\$70
12	For every landing certificate, certificate of shortages or breakages of cargo found damaged or short in bond, endorsement, certificate of	May 2006	\$150	60%	15%	\$175	\$25

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)
	accuracy or copy of or extract from official records, any other certificates on which statistics has been given, etc.						
13	Fee for storage of dutiable commodities by Customs & Excise Department with the permission of the Commissioner (per package per day or part of a day, after the first 48 hours)	May 2006	\$1.4	19%	20%	\$1.7	\$0.30
14	Bonded Warehouse Supervision Charges – attendance of an Inspector (per hour or part of an hour)	May 2006	\$430	81%	10%	\$475	\$45
15	Bonded Warehouse Supervision Charges – attendance of an Inspector (per 8-hour day)	May 2006	\$3,220	76%	10%	\$3,540	\$320
16	Bonded Warehouse Supervision Charges – attendance of an Inspector (per month)	May 2006	\$78,200	89%	10%	\$86,000	\$7,800
17	Bonded Warehouse Supervision Charges – attendance of a Chief	May 2006	\$325	81%	10%	\$360	\$35

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)
	Customs Officer (per hour or part of an hour)						
18	Bonded Warehouse Supervision Charges – attendance of a Chief Customs Officer (per 8-hour day)	May 2006	\$2,440	76%	10%	\$2,680	\$240
19	Bonded Warehouse Supervision Charges – attendance of a Chief Customs Officer (per month)	May 2006	\$60,200	91%	10%	\$66,200	\$6,000
20	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per hour or part of an hour)	May 2006	\$260	76%	10%	\$285	\$25
21	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per 8-hour day)	May 2006	\$1,940	71%	10%	\$2,130	\$190
22	Bonded Warehouse Supervision Charges – attendance of a Senior Customs Officer (per month)	May 2006	\$47,100	83%	10%	\$51,800	\$4,700
23	Bonded Warehouse Supervision Charges – attendance of a Customs	May 2006	\$170	76%	10%	\$185	\$15

Item	Description of fee	Last revision	Existing fee (1)	Cost recovery level at 2009-10 Price Level	Proposed percentage of increase	Proposed fee (2)	Proposed amount of increase (3) = (2) – (1)
	Officer (per hour or part of an hour)						
24	Bonded Warehouse Supervision Charges – attendance of a Customs Officer (per 8-hour day)	May 2006	\$1,270	71%	10%	\$1,400	\$130
25	Bonded Warehouse Supervision Charges – attendance of a Customs Officer (per month)	May 2006	\$30,700	83%	10%	\$33,750	\$3,050

**DUTIABLE COMMODITIES (AMENDMENT)
REGULATION 2010**

(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 6 of the
Dutiable Commodities Ordinance (Cap. 109))

1. Commencement

This Regulation comes into operation on 27 April 2010.

2. Licences and fees

(1) Part I of the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. leg. A) is amended –

- (a) in item 1, by repealing “19,250” and substituting “22,150”;
- (b) in item 2(a), by repealing “19,250” and substituting “22,150”;
- (c) in item 2(b), by repealing “19,250” and substituting “22,150”;
- (d) in item 3(a), by repealing “950” and substituting “1,090”;
- (e) in item 4, by repealing “950” and substituting “1,090”.

(2) Part II is amended –

- (a) in item 1, by repealing “17,950” and substituting “20,650”;
- (b) in item 2, by repealing “17,950” and substituting “20,650”.

(3) Part III is amended in item 2, by repealing “17,950” and substituting “20,650”.

(4) Part IV is amended in item 1, by repealing “22,400” and substituting “24,650”.

(5) Part VII is amended –

- (a) in item 1, by repealing “360” and substituting “430”;
- (b) in item 2, by repealing “360” and substituting “430”;

- (c) in item 4, by repealing “150” and substituting “175”;
- (d) in item 5, by repealing “1.40” and substituting “1.70”;
- (e) in item 6, by repealing everything after “another –” and substituting –

	“Per hour or part of an hour \$	Per 8-hour day \$	Per month \$
Inspector	475	3,540	86,000
Chief Customs Officer	360	2,680	66,200
Senior Customs Officer	285	2,130	51,800
Customs Officer	185	1,400	33,750”.

Secretary for Financial Services and the
Treasury

22 February 2010

Explanatory Note

This Regulation increases certain licence fees and other miscellaneous fees payable under the Dutiable Commodities Regulations (Cap. 109 sub. leg. A).

2. The fees that are increased are fees payable for –

- (a) warehouse licences;
- (b) import and export licences;

- (c) special import licences;
- (d) liquor licences;
- (e) a manufacturer's licence for tobacco;
- (f) a manufacturer's licence for hydrocarbon oil;
- (g) the transfer, substitution or amendment of a licence;
- (h) landing certificates, certificates of shortages or breakages of cargo and certificates of accuracy;
- (i) storage of goods in a Customs and Excise warehouse;
- (j) attendance of a member of the Customs and Excise Service at a warehouse or any other place or for certain purposes.