

**For discussion
on 17 January 2012**

Legislative Council Panel on Commerce and Industry

**Proposed Adjustment to Fees and Charges
under the Purview of the Trade and Industry Department**

Purpose

This paper seeks Members' views on the proposals to adjust fees and charges in respect of the certification and licensing services related to strategic commodities under the purview of the Trade and Industry Department (TID).

Background

2. Under the “user-pays” principle, fees charged by the Government for various goods and services should be regularly reviewed and updated, and in general be set at levels adequate to recover the full cost of providing these goods and services. The fees and charges in respect of the certification and licensing services related to strategic commodities under the purview of TID have remained unchanged since 2008¹. We have conducted a costing review on three strategic commodities-related fee items (including two under the Import and Export (Fees) Regulations (Cap. 60B) and one under the Chemical Weapons (Convention) Ordinance (Cap. 578)), and propose a number of fee adjustments.

Proposals

3. Based on the outcome of the review, we now propose to adjust the fees and charges for all three strategic commodities-related items. The adjustments involve an increase in the fees for two items (i.e.

¹ The fees for Delivery Verification Certificate (DVC), International Import Certificate (IIC) and Permit under the Chemical Weapons (Convention) Ordinance (CWC Permit) were last revised in March 2008.

Delivery Verification Certificate (DVC) and International Import Certificate (IIC)), and a reduction in the remaining item (i.e. Permit under the Chemical Weapons (Convention) Ordinance (CWC Permit)).

Details of the proposed adjustments are set out at **Annex**.

4. For DVC and IIC, we propose to adopt a gradual approach to achieve full-cost recovery through a fee increase by about 10% in 2011-12, in accordance with the guidelines issued by the Financial Services and Treasury Bureau². For the CWC Permit, we propose to reduce the fee concerned to achieve full-cost recovery.

5. We plan to introduce the necessary legislative amendments to implement the proposed fee adjustments in the first quarter of 2012.

Efficiency Initiatives

6. We review regularly the relevant work procedures and where possible implement efficiency initiatives with a view to reducing or containing the cost of providing services. Efficiency savings have been reflected in the proposed fee adjustments.

Financial Implication

7. It is estimated that the proposed fee adjustments will result in a net decrease of around \$115 in revenue per annum.

Consultation

8. We have consulted the Customer Liaison Group (CLG) for Strategic Commodities. The CLG has indicated support for the proposed fee adjustments.

Advice Sought

9. Members are invited to comment on the proposed adjustments to the fees and charges as set out at **Annex**.

² According to the guidelines, for fees with an existing cost recovery rate of over 70%, full-cost recovery is to be achieved within one to three years through a 10% or lower increase.

10. Subject to Members' views, we will proceed with the necessary legislative amendments to implement the proposed adjustments to the relevant statutory fees under the Import and Export (Fees) Regulations (Cap. 60B) and the Chemical Weapons (Convention) Ordinance (Cap. 578).

**Commerce and Economic Development Bureau
Trade and Industry Department
January 2012**

**Strategic Commodities-related Fees and Charges
under the Purview of the Trade and Industry Department**

		Existing Fee Level	Full Unit Cost according to Costing Review	Proposed New Fee (Change in monetary and percentage terms compared with existing fee)
Schedule to Import and Export (Fees) Regulations, Cap. 60B				
1	Delivery Verification Certificate	\$235	\$313	\$260 (+\$25 / +10.6%)
2	International Import Certificate	\$79	\$110	\$87 (+\$8 / +10.1%)
Schedule 4 to Chemical Weapons (Convention) Ordinance, Cap. 578				
3	Permit under the Chemical Weapons (Convention) Ordinance	\$570	\$237	\$235 (-\$335 / -58.8%)