

**For discussion  
on 18 December 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. Three fee items related to the certification and licensing services of strategic commodities<sup>1</sup> were last reviewed in late 2011 and revised in March 2012.

3. We have recently completed the annual review exercise by updating the full costs of the fee items using the cost projection rate of the Government Consumption Expenditure Deflator<sup>2</sup>. We propose to adjust the fees for two strategic commodities-related items, namely Delivery Verification Certificate and International Import Certificate, under the Import and Export (Fees) Regulations (Cap. 60B).

**Proposal**

4. Based on the outcome of the review, we suggest to adopt a gradual approach to achieve full-cost recovery through a fee increase by about 10% in the above two items in 2012-13, in accordance with the guidelines issued by the Financial

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<sup>1</sup> They are the fees and charges for Delivery Verification Certificate and International Import Certificate under the Import and Export (Fees) Regulations (Cap. 60B) as well as Permit under the Chemical Weapons (Convention) Ordinance (Cap. 578).

<sup>2</sup> The forecasted Government Consumption Expenditure Deflator for 2012 is +4.0%.

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Services and Treasury Bureau<sup>3</sup>. Details of the proposed adjustments are set out at **Annex**.

5. We plan to introduce the necessary legislative amendments to implement the proposed fee adjustments in the first quarter of 2013.

### **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 increase of around \$970 in revenue per annum.

### **Consultation**

8. We have consulted the Customer Liaison Group for Strategic Commodities, which has indicated no objection to 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**.

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).

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

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<sup>3</sup> 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.

**Proposed Adjustments to Fees and Charges**  
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		Existing Fee Level	Full Unit Cost according to Review Result	Proposed New Fee (Change in monetary and percentage terms compared with existing fee)
<b>Schedule to Import and Export (Fees) Regulations, Cap. 60B</b>				
1	Delivery Verification Certificate	\$260	\$325	\$285 (+\$25 / +9.6%)
2	International Import Certificate	\$87	\$114	\$96 (+\$9 / +10.3%)