

LEGISLATIVE COUNCIL BRIEF

Dutiable Commodities Ordinance (Chapter 109)

DUTIABLE COMMODITIES (AMENDMENT) (NO.2) REGULATION 2014

Firearms and Ammunition Ordinance (Chapter 238)

FIREARMS AND AMMUNITION (AMENDMENT) REGULATION 2014
FIREARMS AND AMMUNITION (STORAGE FEES)
(AMENDMENT) ORDER 2014

Pawnbrokers Ordinance (Chapter 166)

PAWNBROKERS (AMENDMENT) REGULATION 2014

Massage Establishments Ordinance (Chapter 266)

MASSAGE ESTABLISHMENTS (AMENDMENT) REGULATION 2014

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 are specified by subsidiary legislation made by the Chief Executive in Council. Section 46(2) of the Firearms and Ammunition Ordinance (Cap. 238) also empowers the Financial Secretary to prescribe from time to time by order in the Gazette the storage fees for arms, ammunition or imitation firearms stored by the Commissioner of Police.

2. In exercise of these powers, the Secretary for Financial Services and the Treasury has made the Amendment Regulations and Amendment Order, as set out at *Annexes A to E*, to revise the fees specified in the following subsidiary legislation –

- (a) Dutiable Commodities Regulations made under the Dutiable Commodities Ordinance (the relevant Amendment Regulation at *Annex A*);
- (b) Firearms and Ammunition Regulations and Firearms and Ammunition (Storage Fees) Order, both made under the

Firearms and Ammunition Ordinance (the relevant Amendment Regulation and Amendment Order at *Annexes B and C* respectively);

- (c) Pawnbrokers Regulations made under the Pawnbrokers Ordinance (the relevant Amendment Regulation at *Annex D*); and
- (d) Massage Establishments Regulations made under the Massage Establishments Ordinance (the relevant Amendment Regulation at *Annex E*).

BACKGROUND AND JUSTIFICATIONS

3. The fee for the issue of a temporary liquor licence is prescribed in the Dutiable Commodities Regulations (Cap. 109 sub. leg. A). The fees payable relating to various licences (and an exemption) in relation to firearms and ammunition are prescribed in the Firearms and Ammunition Regulations (Cap. 238 sub. leg. A). The storage fees for arms, ammunition and imitation firearms are prescribed in the Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub. leg. B). The fee for the grant or renewal of a pawnbroker licence is prescribed in the Pawnbrokers Regulations (Cap. 166 sub. leg. A). The fees payable for the issue or renewal of a massage establishment licence are prescribed in the Massage Establishments Regulations (Cap. 266 sub. leg. A).

4. It is the Government's established policy that fees for services charged by the Government should be set at levels adequate to recover the full cost of providing the goods or services. The latest costing review at 2014-15 prices shows that the fees payable under the afore-mentioned Regulations and Order are not adequate to recover the full cost of providing the services. Details of the cost computations are set out at *Annex F*.

5. To alleviate the impact of the fee increases on the users of the services concerned, we propose to increase the fees by 10% to 22%, with a view to achieving full-cost recovery gradually in accordance with the Government-wide general guidelines for the increases. Details of the existing and proposed fees are set out at *Annex G*.

THE REGULATIONS/ORDER

6. The Amendment Regulations and the Amendment Order at *Annexes A to E* will give effect to the adjustments in fees as set out at *Annex G*. We propose that the new fees should come into effect on 1 November 2014.

EFFICIENCY INITIATIVES

7. The Hong Kong Police Force regularly reviews the arrangements for handling applications for various licensing activities under its purview with a view to improving efficiency and effectiveness. The application forms for pawnbrokers licence, temporary liquor licence, massage establishment licence, and the arms licences and permits, together with comprehensive guidance notes on the application procedures, have been uploaded onto the Government website to facilitate the applications of the public. The relevant licensing computer systems have also been upgraded to expedite the processing of the applications.

BASIC LAW AND HUMAN RIGHTS IMPLICATIONS

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

BINDING EFFECT OF THE LEGISLATION

9. The Amendment Regulations and the Amendment Order do not affect the binding effect of the respective principal Ordinances, and Regulations and Order referred to in paragraph 2 above.

FINANCIAL AND STAFFING IMPLICATIONS

10. Additional revenue to be generated from the proposed fee revision is estimated to be about \$0.68 million a year. There are no staffing implications.

ECONOMIC IMPLICATIONS

11. The fee adjustments are small in dollar terms and are unlikely to have material impact on the operating costs of the businesses concerned. The overall economic impact is expected to be insignificant.

PUBLIC CONSULTATION

12. We issued a paper explaining the revision proposals for these fees to the Panel on Security of the Legislative Council on 28 February 2014. The Panel did not ask to discuss the proposed revision, and no views have been received from Members of the Panel.

PUBLICITY

13. The Amendment Regulations and the Amendment Order will be published in the Gazette on 6 June 2014. A spokesperson will be available to answer enquiries on this subject.

ENQUIRIES

14. For enquiries relating to this brief, please contact Miss Emily NG, Assistant Secretary for Security, at telephone number 2810 2068.

Security Bureau
June 2014

Dutiable Commodities (Amendment) (No. 2) Regulation 2014

(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 1 November 2014.

2. Dutiable Commodities Regulations amended

The Dutiable Commodities Regulations (Cap. 109 sub. leg. A) are amended as set out in section 3.

3. Schedule amended (licences and fees)

The Schedule, Part 2, item 6—

Repeal

“445”

Substitute

“510”.



Secretary for Financial Services and
the Treasury

3 June 2014

Explanatory Note

This Regulation increases the fee payable for a temporary liquor licence under the Dutiable Commodities Regulations (Cap. 109 sub. leg. A).

Firearms and Ammunition (Amendment) Regulation 2014

(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 52 of the Firearms and Ammunition Ordinance (Cap. 238))

1. Commencement

This Regulation comes into operation on 1 November 2014.

2. Firearms and Ammunition Regulations amended

The Firearms and Ammunition Regulations (Cap. 238 sub. leg. A) are amended as set out in section 3.

3. Schedule 2 amended (fees)

- (1) Schedule 2, item 1—
- Repeal**
“540”
- Substitute**
“620”.
- (2) Schedule 2, item 2(b)—
- Repeal**
“230”
- Substitute**
“275”.
- (3) Schedule 2, item 2(c)—
- Repeal**

“2,060”

Substitute

“2,370”.

- (4) Schedule 2, item 2A—

Repeal

“86”

Substitute

“105”.

- (5) Schedule 2, item 3(a)—

Repeal

“5,140”

Substitute

“5,650”.

- (6) Schedule 2, item 3(b)—

Repeal

“4,960”

Substitute

“5,460”.

- (7) Schedule 2, item 3(c)—

Repeal

“11,700”

Substitute

“12,850”.

- (8) Schedule 2, item 4—

Repeal

“86”

Substitute

“105”.

- (9) Schedule 2, item 5—

Repeal

“83”

Substitute

“95”.



Secretary for Financial Services and
the Treasury

3 June 2014

Explanatory Note

This Regulation increases the fees payable under the Firearms and Ammunition Regulations (Cap. 238 sub. leg. A) for—

- (a) the grant of an exemption;
- (b) the issue or renewal of a licence for possession or a dealer’s licence;
- (c) the amendment of a licence or a condition of a licence; and
- (d) the replacement of a licence or an exemption.

**Firearms and Ammunition (Storage Fees)
(Amendment) Order 2014**

(Made by the Secretary for Financial Services and the Treasury under section 46(2) of the Firearms and Ammunition Ordinance (Cap. 238))

1. Commencement

This Order comes into operation on 1 November 2014.

2. Firearms and Ammunition (Storage Fees) Order amended

The Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub. leg. B) is amended as set out in section 3.

3. Schedule amended

(1) The Schedule, item 1—

Repeal

“\$140”

Substitute

“\$160”.

(2) The Schedule, item 2—

Repeal

“\$140”

Substitute

“\$160”.

(3) The Schedule, item 3—

Repeal

“\$140”

Substitute

“\$160”.

(4) The Schedule, item 4—

Repeal

“\$105”

Substitute

“\$120”.



Secretary for Financial Services and
the Treasury

3 June 2014

Explanatory Note

This Order increases the fees payable under the Firearms and Ammunition Ordinance (Cap. 238) for—

- (a) the storage of arms;
- (b) the storage of imitation firearms;
- (c) the storage of ammunition; and
- (d) the storage of arms and ammunition awaiting transshipment.

Pawnbrokers (Amendment) Regulation 2014

Explanatory Note

(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 26 of the Pawnbrokers Ordinance (Cap. 166))

This Regulation increases the fee payable for the grant or renewal of a licence under the Pawnbrokers Regulations (Cap. 166 sub. leg. A).

1. Commencement

This Regulation comes into operation on 1 November 2014.

2. Pawnbrokers Regulations amended

The Pawnbrokers Regulations (Cap. 166 sub. leg. A) are amended as set out in section 3.

3. Second Schedule amended

Second Schedule, Part I—

Repeal

“\$4,190”

Substitute

“\$4,610”.



Secretary for Financial Services and
the Treasury

3 June 2014

Massage Establishments (Amendment) Regulation 2014

(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 12 of the Massage Establishments Ordinance (Cap. 266))



Secretary for Financial Services and
the Treasury

3 June 2014

1. Commencement

This Regulation comes into operation on 1 November 2014.

2. Massage Establishments Regulations amended

The Massage Establishments Regulations (Cap. 266 sub. leg. A) are amended as set out in section 3.

3. Schedule 2 amended

(1) Schedule 2, item 1—

Repeal

“\$8,480”

Substitute

“\$9,750”.

(2) Schedule 2, item 2—

Repeal

“\$3,300”

Substitute

“\$3,800”.

Explanatory Note

This Regulation increases the fees payable for the issue or renewal of a licence under the Massage Establishments Regulations (Cap. 266 sub. leg. A).

COST COMPUTATION**Hong Kong Police Force**

**Fee for a temporary liquor licence (per diem)
under the Dutiable Commodities Regulations (Cap. 109 sub.leg. A) (Part 2 of Schedule)**

**Cost at 2014-15 Prices
(for processing one application)**

	\$
Staff Costs	932
Departmental Expenses	20
Accommodation Costs	23
Depreciation	1
Central Administrative Overhead	9
Unit Cost	985
Existing fee	445
Proposed fee	510

COST COMPUTATION

Hong Kong Police Force

Fees under the Firearms and Ammunition Regulations (Cap. 238 sub.leg. A)(Schedule 2)

Cost at 2014-15 Prices
(for processing one application)

	Fee (1)	Fee (2)	Fee (3)	Fee (4)	Fee (5)	Fee (6)	Fee (7)	Fee (8)	Fee (9)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Costs	769	729	4,338	517	6,142	5,704	13,536	270	190
Departmental Expenses	19	30	88	11	122	114	263	6	5
Accommodation Costs	13	12	65	9	148	84	203	5	4
Depreciation	1	1	4	0	6	5	12	0	0
Cost of Services Provided by Other Departments	0	0	0	0	438	438	56	0	0
Central Administrative Overhead	7	6	39	5	55	51	121	2	2
Unit Cost	809	778	4,534	542	6,911	6,396	14,191	283	201
Existing fee	540	230	2,060	86	5,140	4,960	11,700	86	83
Proposed fee	620	275	2,370	105	5,650	5,460	12,850	105	95

Legend

- Fee (1) Fee for an exemption under section 4(3) of the Firearms and Ammunition Ordinance (per permit)
- Fee for the issue or the renewal of a licence for possession –
- Fee (2) ● granted to a security guard
- Fee (3) ● subject to Fee (4), in any other case
- Fee (4) Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Firearms and Ammunition Ordinance (per licence)
- Fee for the issue or the renewal of a dealer's licence –
- Fee (5) ● restricted to a prescribed class or description of arms or ammunition or both (if not falling within Fee (6))
- Fee (6) ● restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those articles
- Fee (7) ● subject to Fee (4), in any other cases
- Fee (8) Fee for the amendment of a licence or a condition thereof
- Fee (9) Fee for the replacement of a licence or an exemption

COST COMPUTATION**Hong Kong Police Force****Fees under the Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub.leg. B)(Schedule)****Cost at 2014-15 Prices
(for processing one application)**

	Fee (1)	Fee (2)	Fee (3)	Fee (4)
	\$	\$	\$	\$
Staff Costs	199	199	199	196
Departmental Expenses	5	5	5	5
Accommodation Costs	24	24	24	24
Central Administrative Overheads	2	2	2	2
Unit Cost	230	230	230	227
Existing fee	140	140	140	105
Proposed fee	160	160	160	120

Legend

- Fee (1) Fee for storing arms (for each article for each month or part thereof)
- Fee (2) Fee for storing imitation firearms (for each article for each month or part thereof)
- Fee (3) Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)
- Fee (4) Fee for storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)

COST COMPUTATION**Hong Kong Police Force**

**Fee for the grant or renewal of a pawnbroker licence under
section 5 of the Pawnbrokers Ordinance (per annum)
under the Pawnbrokers Regulations (Cap. 166 sub.leg. A)(Part I of Second Schedule)**

**Cost at 2014-15 Prices
(for processing one application)**

	\$
Staff Costs	4,003
Departmental Expenses	88
Accommodation Costs	93
Depreciation	4
Cost of Services Provided by Other Departments	881
Central Administrative Overheads	36
Unit Cost	5,105
Existing fee	4,190
Proposed fee	4,610

COST COMPUTATION**Hong Kong Police Force****Fees under the Massage Establishments Regulations (Cap. 266 sub.leg. A)(Schedule 2)****Cost at 2014-15 Prices
(for processing one application)**

	Fee (1)	Fee (2)
	\$	\$
Staff Costs	5,078	3,732
Departmental Expenses	115	83
Accommodation Costs	135	108
Depreciation	5	3
Cost of Services Provided by Other Departments	10,924	1,881
Central Administrative Overheads	46	34
Unit Cost	16,303	5,841
Existing fee	8,480	3,300
Proposed fee	9,750	3,800

Legend

Fee (1) Fee for the issue of a massage establishment licence

Fee (2) Fee for the renewal of a massage establishment licence (whether for a renewal period of 12 months or 24 months)

Existing and Proposed Fees

Item	Existing Fee (\$)	Proposed Fee (\$)	Proposed percentage increase (approx.)	Cost recovery level after the proposed increase (approx.)
<u>Dutiable Commodities Regulations (Cap. 109 sub.leg. A)</u>				
(Part 2 of Schedule)				
6. Fee for a temporary liquor licence (per diem)	445	510	15%	52%
<u>Firearms and Ammunition Regulations (Cap. 238 sub.leg. A)</u>				
(Second Schedule)				
1. Fee for an exemption under section 4(3) of the Firearms and Ammunition Ordinance (per permit)	540	620	15%	77%
2. Fee for the issue or the renewal of a licence for possession –				
(b) granted to a security guard	230	275	20%	35%
(c) subject to item 2A, in any other case	2,060	2,370	15%	52%
2A. Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Firearms and Ammunition Ordinance (per licence)	86	105	22%	19%
3. Fee for the issue or the renewal of a dealer's licence –				
(a) restricted to a prescribed class or description of arms or ammunition or both (if not falling within paragraph (b))	5,140	5,650	10%	82%
(b) restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those articles	4,960	5,460	10%	85%
(c) subject to item 2A, in any other case	11,700	12,850	10%	91%
4. Fee for the amendment of a licence or a condition thereof	86	105	22%	37%
5. Fee for the replacement of a licence or an exemption	83	95	14%	47%

Item	Existing Fee (\$)	Proposed Fee (\$)	Proposed percentage increase (approx.)	Cost recovery level after the proposed increase (approx.)
<u>Firearms and Ammunition (Storage Fees) Order</u>				
<u>(Cap. 238 sub.leg. B)</u>				
(Schedule)				
1. Fee for storing arms (for each article for each month or part thereof)	140	160	14%	70%
2. Fee for storing imitation firearms (for each article for each month or part thereof)	140	160	14%	70%
3. Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)	140	160	14%	70%
4. Fee for storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)	105	120	14%	53%
<u>Pawnbrokers Regulations (Cap. 166 sub. leg. A)</u>				
(Part I of Second Schedule)				
1. Fee for the grant or renewal of a pawnbroker licence under section 5 of the Pawnbrokers Ordinance (per annum)	4,190	4,610	10%	90%
<u>Massage Establishments Regulations (Cap. 266 sub. leg. A)</u>				
(Schedule 2)				
1. Fee for the issue of a massage establishment licence	8,480	9,750	15%	60%
2. Fee for the renewal of a massage establishment licence (whether for a renewal period of 12 months or 24 months)	3,300	3,800	15%	65%