

**Legislative Council Panel on Home Affairs
Revision of Government Fees and Charges**

PURPOSE

This paper seeks Members' views on proposals relating to the revision of Government fees and charges which do not directly affect people's livelihood or general business activities. The proposed items fall under the purview of this panel.

BACKGROUND

2. The Government has frozen most Government fees and charges since February 1998 as an exceptional measure to ease the burden on the community at a time of economic setback. Having considered the views expressed by the community and Members of the LegCo Panel on Financial Affairs, the Financial Secretary decided in June 1999 to continue the fee revision moratorium until the year-on-year quarterly GDP growth rate turned firmly positive. In view of the recovery of our economy, the Financial Secretary announced in the 2000-01 Budget Speech that the Administration would approach the LegCo to discuss the revision of various Government fees and charges that do not directly affect people's livelihood or general business activities.

3. The Administration consulted the LegCo Panel on Financial Affairs on 13 April on proposals to revise various fees and charges that would only affect a small number of people and some specialist businesses. In view of the diverse nature of the identified fees and charges, some Members of the Panel suggested that the proposed revision should also be considered by the relevant subject Panel of LegCo.

4. At the House Committee Meeting held on 14 April, Members agreed that the Administration should consult the other LegCo Panels on whether and if so how fees and charges under their respective purviews should be increased. It is therefore necessary to submit fee revision proposals to the various LegCo Panels for consideration.

FEE PROPOSAL

5. The proposed fee revision presented for Members' consideration in this paper covers the fee items relating to –

- (a) the issue of certificates of compliance in respect of the safety of clubs;
- (b) licensing of gaming activities/establishments;
- (c) registration of electrical and mechanical services professionals;
- (d) certification for amusement rides operational staff; and
- (e) sale of video/audio tapes and photographs/transparencies.

6. Under the “User Pays” principle which aims to reduce the subsidy from taxpayers to users of Government services, we propose a full cost recovery for the above fee items the service of which do not affect the livelihood of the general public or general business activities. In recognition of the current state of economic recovery and taking into account affordability and acceptability, we propose that the level of increase should be determined in accordance with the following guidelines as advised by the Finance Bureau -

- (a) achieving full-cost recovery within three to seven years for those fees with existing cost recovery rate of between 40% and 70% of target, through a 15% increase; and
- (b) achieving full-cost recovery within one to three years for those fees with existing cost recovery rate of over 70% of target, through a 10% or lower increase.

7. We have worked out the proposed fee revision having regard to the consideration and guidelines mentioned in para. 6; details of the proposal are shown in Appendix I. The fee increases range from 1% to 15%. For the mahjong/ tin kau licence fee, we propose no fee increase as full cost recovery has already been achieved. The costing statements for the fee items are at Appendix II.

8. The provision of service for the above fee items is essential
- (a) to ensure the safety of public (e.g. amusement rides activities and the issue of certificates of compliance in respect of the safety of clubs, etc.);
 - (b) to regulate prescribed forms of gaming activities so as to protect public interest (e.g. licensing of gaming activities/ establishments under the Gambling Ordinance);
 - (c) for legal reason (e.g. provision of audio tapes to parties concerned in the Amusement Game Centre hearings for judicial review, etc.); or
 - (d) to meet the demand of the private or commercial sector (e.g. the sale of photographs and transparencies by ISD mainly to publication companies and public relation firms).

9. We are committed to minimizing costs of services by continuing to implement the Enhanced Productivity Programme and taking other efficiency measures such as regularly reviewing the licensing/processing procedures. Take the Television and Entertainment Licensing Authority (TELA) as an example, in 2000 it pledges to shorten the processing time for a variety of services. The processing time for issue of a Trade Promotion Competition Licence and a Lottery Licence has been shortened from 21 days and 2 weeks to 7 and 10 working days respectively, despite the fact that the number of applications have increased over the past 5 years by 14% and 5% respectively for these two licences. The additional workload is absorbed with shortened processing time and within existing staff resources.

10. A comprehensive review will also be conducted to examine the need for the services covered by our fees and charges by the end of this financial year.

FINANCIAL IMPLICATION

11. If Members agree to our proposed revision of fees and charges, the proposed fee increases will generate additional revenue of \$336,600.

WAY FORWARD

12. If Members agree to our proposed revision of fees and charges, we will conduct consultation where necessary and proceed with the necessary amendment as appropriate.

MEMBERS' ADVICE

13. We should be grateful for Members' views on our proposed revision of fees and charges.

Home Affairs Bureau
May 2000

Appendix I

Summary of Fee Revision Proposal

Fee Item	Full cost (at 2000–01 price level)	Last revision	Existing fee level	Existing cost recovery rate	Proposed fee level	Amount increase	% increase	New recovery rate	Estimated no. of cases for 2000–01	Remarks (No. of phase increase for full-cost recovery)	
1	Fee for the issue of Certificate of Compliance for clubs										
	<i>Annual certificate for club (fees vary with area)</i>										
–	< 101M ²	\$5,202	March 96	\$3,500	67%	\$4,025	\$525	15%	77%	90	3
–	101M ² –150M ²	\$6,040	March 96	\$4,370	72%	\$4,807	\$437	10%	80%	57	3
–	151M ² –200M ²	\$7,716	March 96	\$6,120	79%	\$6,732	\$612	10%	87%	29	3
–	201M ² –250M ²	\$9,392	March 96	\$7,760	83%	\$8,536	\$776	10%	91%	23	3
–	251M ² –300M ²	\$11,068	March 96	\$9,620	87%	\$10,582	\$962	10%	96%	18	2
–	301M ² –350M ²	\$12,744	March 96	\$11,260	88%	\$12,386	\$1,126	10%	97%	13	2
–	351M ² –400M ²	\$14,420	March 96	\$13,010	90%	\$14,311	\$1,301	10%	99%	14	2
–	401M ² –1000M ²	\$25,313	March 96	\$24,270	96%	\$25,313	\$1,043	4.3%	100%	138	1
–	>1000M ²	\$53,469	March 96	\$53,560	100.17%	\$53,469	–\$91	–0.17%	100%	125	–
2	Licence fees related to gaming activities/ establishments										
–	Annual licence for amusement with prizes	\$3,200	Dec 97	\$3,040	95%	\$3,200	\$160	5%	100%	120	1
–	Annual licence for tombola	\$13,083	Dec 97	\$12,840	98%	\$13,083	\$243	2%	100%	14	1

Fee Item	Full cost (at 2000–01 price level)	Last revision	Existing fee level	Existing cost recovery rate	Proposed fee level	Amount increase	% increase	New recovery rate	Estimated no. of cases for 2000–01	Remarks (No. of phase increase for full-cost recovery)
– Licence for lottery (per case)	\$3,167	Dec 97	\$3,135	99%	\$3,167	\$32	1%	100%	120	1
– Licence for trade promotion competition (per case)	\$1,591	Dec 97	\$1,585	99%	\$1,591	\$6	0.4%	100%	1,285	1
– Annual licence for mahjong/ tinkau (per table)	\$1,145	Dec 97	\$1,145	100%	\$1,145	–	–	100%	1,735	1
3 Fees for registration of electrical and mechanical services professionals										
<i>Amusement rides (one-off)</i>										
– Approval as a surveyor or amendment to a limited certificate of approval held by a surveyor	\$5,457	March 97	\$5,100	93%	\$5,457	\$357	7%	100%	1	1
– Approval as a qualified person or amendment to a limited certificate of approval held by a qualified person	\$1,224	March 97	\$1,155	94%	\$1,224	\$69	6%	100%	–	1

Fee Item	Full cost (at 2000–01 price level)	Last revision	Existing fee level	Existing cost recovery rate	Proposed fee level	Amount increase	% increase	New recovery rate	Estimated no. of cases for 2000–01	Remarks (No. of phase increase for full-cost recovery)
4 Certification for amusement rides operational staff										
<i>Designation by name of persons who may exercise powers conferred by section 19 and 20 of the Amusement Rides (Safety) Ordinance</i>	\$399	March 97	\$385	96%	\$399	\$14	4%	100%	–	1
5 Sale of video/audio tapes and photographs/ transparencies										
5.1 <i>Fees for duplication of audio tape provided by HAB</i>	\$383	Sept 97	\$350	91%	\$383	\$33	9%	100%	–	1
5.2 <i>Sale of photographs and transparencies by ISD</i>										
Black and White Photos										
– 12cm x 17cm	\$78	Dec 97	\$75	96%	\$78	\$3	4%	100%	69	1
– 20cm x 25cm	\$81	Dec 97	\$79	97%	\$81	\$2	3%	100%	928	1
– 28cm x 36cm	\$89	Dec 97	\$87	98%	\$89	\$2	2%	100%	55	1
– 40cm x 50cm	\$112	Dec 97	\$111	99%	\$112	\$1	1%	100%	114	1

Fee Item	Full cost (at 2000–01 price level)	Last revision	Existing fee level	Existing cost recovery rate	Proposed fee level	Amount increase	% increase	New recovery rate	Estimated no. of cases for 2000–01	Remarks (No. of phase increase for full-cost recovery)
Colour Transparencies										
– 35cm										
Handling charge	\$141	Dec 97	\$103	73%	\$113	\$10	10%	80%)	3
Material charge	\$114	Dec 97	\$122	107%	\$114	–\$8	–7%	100%)	185
– 6cm x 6cm										
Handling charge	\$141	Dec 97	\$103	73%	\$113	\$10	10%	80%)	3
Material charge	\$86	Dec 97	\$92	107%	\$86	–\$6	–7%	100%)	93
– 10cm x 12.7cm	\$246	Dec 97	\$215	87%	\$236	\$21	10%	96%		42
Colour Photos										
– 12cm x 17cm	\$123	Dec 97	\$118	96%	\$123	\$5	4%	100%		382
– 20cm x 25cm	\$152	Dec 97	\$136	90%	\$149	\$13	10%	98%		413
– 28cm x 36cm	\$181	Dec 97	\$173	96%	\$181	\$8	5%	100%		123
– 40cm x 50cm	\$257	Dec 97	\$235	91%	\$257	\$22	10%	100%		324

Cost Computation Statement

(1) Fee for the issue of Certificate of Compliance for Clubs payable under the Clubs (Safety of Premises) (Fees) Regulations for clubhouses

Area of clubhouse (M ²)	<101M ²	101M ² - 150M ²	151M ² - 200M ²	201M ² - 250M ²	251M ² - 300M ²	301M ² - 350M ²	351M ² - 400M ²	401M ² - 1000M ²	>1000M ²	Total
Staff Costs	\$354,736	\$260,856	\$169,541	\$163,669	\$150,945	\$125,524	\$152,956	\$2,646,737	\$5,064,011	\$9,088,975
Departmental Expenses	\$5,272	\$3,877	\$2,520	\$2,432	\$2,243	\$1,865	\$2,273	\$39,335	\$75,259	\$135,076
Accommodation Costs	\$22,924	\$16,858	\$10,956	\$10,577	\$9,755	\$8,112	\$9,885	\$171,042	\$327,256	\$587,365
Depreciation	\$118	\$86	\$56	\$54	\$50	\$42	\$51	\$878	\$1,679	\$3,014
Cost of Services Provided by Other Departments	\$67,400	\$49,562	\$32,213	\$31,097	\$28,680	\$23,849	\$29,062	\$502,880	\$962,162	\$1,726,905
Central Administrative Overhead	\$17,737	\$13,043	\$8,477	\$8,183	\$7,547	\$6,276	\$7,648	\$132,337	\$253,201	\$454,450
Total Cost	\$468,187	\$344,282	\$223,763	\$216,012	\$199,220	\$165,668	\$201,875	\$3,493,209	\$6,683,568	\$11,995,785
Estimated number of caseload for financial year 2000–01	90	57	29	23	18	13	14	138	125	507
Unit cost at 2000–01 prices (\$)	\$5,202	\$6,040	\$7,716	\$9,392	\$11,068	\$12,744	\$14,420	\$25,313	\$53,469	–
Proposed fee level (\$)	\$4,025	\$4,807	\$6,732	\$8,536	\$10,582	\$12,386	\$14,311	\$25,313	\$53,469	–

(2) Licence fee payable under the Gambling Regulations for gaming activities/establishments

	Amusements with Prizes Licence	Tombola Licence	Lottery Licence	Trade Promotion Competition Licence	Mahjong/ Tinkau Licence
	\$	\$	\$	\$	\$
Staff Costs	\$257,305	\$139,665	\$254,266	\$1,513,370	\$1,536,707
Departmental Expenses	19,564	9,435	18,541	114,791	87,584
Accommodation Costs	45,970	21,917	43,472	270,918	201,537
Depreciation	—	—	—	—	—
Cost of Services Provided by Other Departments	43,250	2,461	46,067	40,420	54,695
Central Administrative Overhead	17,851	9,690	17,640	104,994	106,613
Total Cost	\$383,940	\$183,168	\$379,986	\$2,044,493	\$1,987,136
Estimated number of cases for financial year 2000–01	120	14	120	1,285	1,735*
Unit cost at 2000–01 prices (\$)	\$3,200	\$13,083	\$3,167	\$1,591	\$1,145
Proposed fee level (\$)	\$3,200	\$13,083	\$3,167	\$1,591	\$1,145 (per table)

* Estimated number of tables for 2000–01

Fees payable under the Amusement Rides (Safety) Regulation for
(3) Registration of electrical/mechanical services professionals and
(4) Certification for amusement rides operational staff

	Fees for registration of electrical and mechanical services professionals		Certification for amusement rides operational staff
	<i>Approval of a person as a surveyor/ amendment to a certificate of approval</i>	<i>Approval of a person as a qualified person/amendment to a certificate of approval</i>	<i>Designation by name of persons who may exercise powers conferred by section 19 and 20 of the Amusement Rides (Safety) Ordinance</i>
	\$	\$	\$
Staff Costs	\$5,009	\$1,120	\$364
Departmental Expenses	66	15	5
Accommodation Cost	84	22	8
Depreciation	—	—	—
Central Administrative Overhead	298	67	22
Total Cost	\$5,457	\$1,224	\$399
Estimated number of caseload for financial year 2000–01	1	0	0
Current fee level (\$)	\$5,100	\$1,155	\$385
Proposed fee level 2000–01 (\$)	\$5,457	\$1,224	\$399

(5) Sale of video/audio tapes and photographs/transparencies

5.1 Fees for duplication of audio tape provided by Home Affairs Bureau (per duplicate)

	\$
Staff Costs	\$292
Departmental Expenses	9
Accommodation Costs	12
Depreciation	292
Cost of Services Provided by Other Departments	55
Central Administrative Overhead	15
Total Cost	\$383
Estimated number of caseload for financial year 2000–01	0
Current fee level (\$)	\$350
Proposed fee level 2000–01 (\$)	\$383

5.2 Sale of photographs and transparencies by Information Services Department

Black and White Photos

Staff Costs	\$59,966
Departmental Expenses	671
Accommodation Costs	8,453
Depreciation	916
Cost of Services Provided by Other Departments	—
Central Administrative Overhead	18,590
Sub-total (A) [i.e. Cost for handling a total of 1,166 no. of various size of photos]	\$88,596

Average cost for handling each photo
[i.e. (A) / 1,166] (B) **\$75.98**

Size of photos	<u><i>12cm x 17 cm</i></u>	<u><i>20 cm x 25 cm</i></u>	<u><i>28 cm x 36 cm</i></u>	<u><i>40 cm x 50 cm</i></u>
Estimated number of caseload for financial year 2000–01	69	928	55	114
Unit Cost at 2000–01 prices [i.e. (B)]	\$75.98	\$75.98	\$75.98	\$75.98
<u>Add</u> : Material Cost (C)	\$2.08	\$5.44	\$12.89	\$36.20
Total cost for producing each photo at 2000–01 Price Level [i.e. (B) + (C)]	\$78.06	\$81.42	\$88.87	\$112.18
Proposed fee level (\$)	\$78.00	\$81.00	\$89.00	\$112.00

Sale of Colour Transparencies

Staff Costs	\$29,972
Departmental Expenses	463
Accommodation Costs	3,986
Depreciation	1,480
Cost of Services Provided by Other Departments	—
Central Administrative Overhead	9,291
Sub-total (\$) (A)	\$45,192

[i.e. Cost for handling a total of 320 no. of various size of colour transparencies]

Average cost for handling each transparencies **\$141.23**
[i.e. (A) / 320] (B)

Size of colour transparencies	<u>35 cm</u>	<u>6 cm x 6 cm</u>	<u>10 cm x 12.7 cm</u>
Estimated number of caseload for financial year 2000–01	185	93	42
Unit Cost at 2000–01 price [i.e. (B)]	\$141.23	\$141.23	\$141.23
<u>Add</u> : Material Cost (C)	\$114.00	\$85.50	\$105.00
Total cost for producing each transparencies at 2000–01 Price Level [(C) + (D)]	\$255.23	\$226.73	\$246.23
Proposed fee level (\$)	Handling charge \$113.00 Material charge \$114.00	Handling charge \$113.00 Material charge \$86.00)) \$236.00

Sale of Colour Photographs

Staff Costs	\$66,734
Departmental Expenses	2,737
Accommodation Costs	22,817
Depreciation	—
Cost of Services Provided by Other Departments	—
Central Administrative Overhead	20,687
Sub-total (\$) (A)	\$112,975

[i.e. Cost for handling a total of 1,242 no. of various size of colour photographs]

Average cost for handling each colour photograph (B) [i.e. (A) / 1,242]	\$90.96
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Size of photos	<u><i>12cm x 17 cm</i></u>	<u><i>20 cm x 25 cm</i></u>	<u><i>28 cm x 36 cm</i></u>	<u><i>40 cm x 50 cm</i></u>
Estimated number of caseload for financial year 2000–01	382	413	123	324
Unit cost at 2000–01 prices [i.e. (B)]	\$90.96	\$90.96	\$90.96	\$90.96
<u>Add</u> : Material Cost (C)	\$32.40	\$61.20	\$90.00	\$166.00
Total Cost at 2000–01 Price Level [i.e. (B) + (C)]	\$123.36	\$152.16	\$180.96	\$256.96
Proposed fee level (\$)	\$123.00	\$149.00	\$181.00	\$257.00