

**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 [i.e. (A) / 320] (B) | \$141.23 |
|--|-----------------|

| 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 |
|--|----------------|

| 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 |