

LEGISLATIVE COUNCIL BRIEF

Security and Guarding Services Ordinance
(Chapter 460)

SECURITY AND GUARDING SERVICES (FEES) (AMENDMENT) REGULATION 2000

INTRODUCTION

At the meeting of the Executive Council on 9 May 2000, the Council **ADVISED** and the Chief Executive **ORDERED** that the Security and Guarding Services (Fees) (Amendment) Regulation 2000, at Annex A, should be made under section 30(1) of the Security and Guarding Services Ordinance, to prescribe the various fees payable under the Security and Guarding Services Ordinance.

BACKGROUND AND ARGUMENT

2 The Security and Guarding Services Ordinance ("the Ordinance"), amongst other things, provides for the charging of fees in relation to the licensing scheme for the security and guarding services industry. The licensing scheme is administered by the Security and Guarding Services Industry Authority set up under the Ordinance. Under the licensing scheme, a person will require a permit, and a company will require a licence, in order

to engage in security work. As at 8 March 2000, there are around 720 valid licences and 161,900 valid permits. Section 30(1) of the Ordinance empowers the Chief Executive in Council to make regulation prescribing fees in relation to permits and licences.

3 It is government policy that fees should, in general, be set at levels sufficient to recover the full costs of providing the services. Details of the proposed fees are set out at Annex B. The proposed fees seek to recover fully the costs incurred in respect of –

- (a) the application for issue, the actual issue, application for renewal, and the actual renewal of permits and licences,
- (b) the replacement of permits or licences which are lost, stolen, damaged or destroyed, and
- (c) the running costs of the licensing scheme.

The cost computation of the proposed fees are at Annex C.

Fees for an application for new issue and for the actual issue of permits and licences

4 The current application fees for new issue of permits and licences and fees payable on their actual issue were implemented in November 1995 when the licensing scheme was launched. No changes have been made to the fees since then.

5 We have reviewed the fees for an application for issue of a permit and the actual issue of a permit based on a costing exercise conducted in late-

1999. It was revealed that the cost for processing an application for issue of a permit and the actual issue of the permit is lower than the fees charged at present. On the basis of the costing exercise, we propose to reduce the fee for issue of a permit from \$120 to \$110 and maintain the application fee at \$50.

6 The costing exercise also revealed that the estimated annual revenue generated by the present application fee for issue of a licence and the fee payable on the actual issue of a licence is able to recover the estimated average annual full cost incurred during 1999-2000 to 2003-2004. We therefore propose to maintain the fees at their existing levels.

Fees for application for renewal and for the actual renewal of permits and licences

7 Permits and licences which are usually issued for a term of five years were first issued in December 1995 and March 1996 respectively when the licensing system started to operate. As the Ordinance states that an application for renewal is required to be made not earlier than six months and not later than three months before the permit or licence is due to expire, the first application for renewal of permit and licence may therefore be received in mid-June 2000 and September 2000 respectively. We need to determine the fees for application for their renewal and the fees payable upon the actual renewal. As the work involved in processing applications for renewal, the actual renewal of permits and licences and the monitoring over the term of validity of permits and licences is largely the same as in the case of new issue, we propose that the fees charged for renewal be set at the same level as the issue of new permits and licences.

Fees for replacement of permits and licences

8 To cater for situations where permits or licences have been lost, stolen, damaged or destroyed, the Amendment Ordinance provides for replacement of permits and licences on payment of the relevant prescribed fee. We propose that the replacement fee for a permit should be \$95 and that for a licence should be \$140. Both are derived on the basis of the full cost recovery principle.

THE AMENDMENT REGULATION

9 The Amendment Regulation prescribes the following fees –

- (a) in the proposed Schedule 1 –
 - (i) fee payable for the application for the new issue of a permit and its actual issue;
 - (ii) fee payable for the application for the renewal of a permit and its actual renewal; and
 - (iii) fee payable for the replacement of a permit; and
- (b) in the proposed Schedule 2 –
 - (i) fee payable for the application for the new issue of a licence and the annual fee for the seven types of licences (licences for the provision of guarding services, licences for the provision of armoured transportation services and licences for the handling of security devices, and four types of composite licences);

- (ii) fee payable for the application for the renewal of a licence and the annual fee for the renewal of the same seven types of licences; and
- (iii) fees payable for the replacement of a licence.

10 The Amendment Ordinance provides for a new method of payment for licence fees in order to simplify administrative work - instead of paying a single fee by five equal annual instalments for a five-year licence, the licencees will in future be required to pay five individual annual fees for a five-year licence. The annual fee referred to in paragraph 11(b)(i) above replaces the previous lump sum fee payable over the term of a licence for five years. The existing Security and Guarding Services (Fees) Regulation is attached at Annex D.

LEGISLATIVE TIMETABLE

11 The legislative timetable of the Amendment Regulation will be –

Publication in the Gazette	12 May 2000
Tabling in the Legislative Council	17 May 2000

BASIC LAW IMPLICATIONS

12 The Department of Justice advises that the proposed legislation is consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

13 The Department of Justice advises that the proposed legislation has

no human rights implications.

BINDING EFFECT OF THE PRINCIPAL REGULATION

14 The amendments will not affect the current binding effect of the Regulation.

FINANCIAL AND STAFFING IMPLICATIONS

15 The proposed reduction of the fee for issue of a permit will reduce revenue by about \$220,000 per annum. The introduction of new fees for replacement of permit and licence will generate additional revenue of about \$170,000 per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

16 While we do not propose any changes to the licence fees, we have proposed to adjust the permit fees downward. The proposed fees for the replacement of permits and licences are considered reasonable and will only affect a small number of companies or permit holders who have their licences or permits damaged or lost, etc.. Impact on the industry and inflation should be negligible.

PUBLIC CONSULTATION

17 We have briefed the Security and Guarding Services Industry Authority on the proposed fee levels and they are generally content with our proposal. Letters have also been issued to the two major associations of security companies and four unions of permit holders informing them of our

fees proposal. No objections have been raised so far.

PUBLICITY

18 A press release will be issued today. A spokesman will be available to answer media enquiries. Subject to the negative vetting of the Legislative Council, notification will be issued to the associations of security companies and unions of permit holders to inform them of the revised fees.

ENQUIRIES

19 Any enquiries to this brief could be directed to Miss Eliza YAU, Principal Assistant Secretary for Security, at 2810 2632.

Security Bureau
10 May 2000