

For discussion
on 6 June 2005

Legislative Council Panel on Financial Affairs

Revision of Fees and Charges for Certain Public Services under the Purview of the Financial Services and the Treasury Bureau (Treasury Branch)

PURPOSE

This paper seeks Members' views on the proposed revision of Government fees and charges for certain public services under the purview of the Treasury Branch of Financial Services and the Treasury Bureau (FSTB(TsyB)) which do not directly affect people's livelihood or general business activities.

BACKGROUND

2. In line with the "user pays" principle, it is Government's policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. However, the Government has frozen most fees and charges since 1998 as an exceptional measure to alleviate the financial burden on the public in times of economic difficulty. In both the 2000-01 and 2004-05 Budget Speeches, the Financial Secretary indicated the need to resume the revision of government fees and charges, starting with those that do not directly affect people's livelihood or general business activities.

3. This paper covers 35 fees and charges under the purview of the FSTB(TsyB). Some of the fee items covered in this paper were last revised in 2000-01 when the economy was briefly picking up, while most of the rest have not been revised since 1998.

THE PROPOSAL

4. The fee revision proposal presented for Members' consideration in this paper covers the fee items relating to -

- (a) the issue of licences for traders of dutiable commodities, various certificates and permission of storage for dutiable commodities, and the bonded warehouse supervision charges under the Dutiable Commodities Ordinance (Cap. 109);
- (b) the registration as motor vehicle importer and / or distributor under the Motor Vehicles (First Registration Tax) Ordinance (Cap. 330);
- (c) the issue of certified copy and uncertified copy of Business Registration Certificate (BRC), extracts of information on the Business Register, duplicate BRC and duplicate branch registration certificate under the Business Registration Ordinance (Cap. 310);
- (d) the issue of notice of no-objection in respect of an application to deregister a private company under the Companies Ordinance (Cap. 32);
- (e) the provision of information in the Valuation List and Government rent roll under the Rating Ordinance (Cap. 116) and the Government Rent (Assessment and Collection) Ordinance (Cap. 515);
- (f) the handling of enquiries on rates and / or Government rent accounts;
- (g) the valuation service provided to the Official Receiver and Official Administrator; and
- (h) applications requiring the Board of Review to state a case under the Inland Revenue Ordinance (Cap. 112).

The proposal involves 35 fee items in total. They have little impact on the daily life of the general public or the running cost of general business activities.

5. Costing exercises at the 2005-06 price level have been carried out to review the costs of the fee items. The costing exercises reveal that 35 fees require revisions. Taking into account affordability and acceptability, we propose that the fees that are recovering at a rate below the full cost level should be brought to the full-cost recovery level gradually in accordance with the following Government-wide general guidelines for fee increases –

- (a) to achieve full-cost recovery within seven years for those fees with an existing cost recovery rate of less than 40% of target, through a 20% increase each year;
- (b) to achieve full-cost recovery within three to seven years for those fees with an existing cost recovery rate of between 40% and 70% of target, through a 15% increase each year; and
- (c) to achieve 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 each year.

For fee reductions, we propose to reduce the fees to the full cost level in one go. Similar guidelines were applied in the 2000-01 fee revision exercise.

6. Based on the outcome of the costing review, 35 fees are proposed to be revised, with 30 increases and 5 reductions in the first year. The proposed adjustments for the first year range from -44% to +20%.

Details of the proposals are at the *Annex*.

EFFICIENCY IMPROVEMENT MEASURES

7. We have been taking measures to reduce or contain costs through implementing efficiency initiatives, reprioritizing service provision and

streamlining procedures. For instance, substantial savings have been achieved for certain services including the issue of duplicate business registration certificates or duplicate branch registration certificates and valuation services due to efforts to streamline work procedures and enhance the use of information technology. Over the years, these efforts have resulted in substantial lowering of the cost of providing such services and have created room for reduction of the fees charged for their provision.

FINANCIAL IMPLICATIONS

8. If the proposed fees and charges adjustments are implemented, there will be a net decrease of revenue of about \$5.4 million in the first year.

ADVICE SOUGHT

9. Members are invited to give their views and support the proposed revision of fees and charges as set out at paragraphs 4 to 6 above.

WAY FORWARD

10. If Members agree to our proposed revisions, we will proceed with the necessary amendments to implement the adjustments for the first year.

Financial Services and the Treasury Bureau (Treasury Branch)
May 2005

Fees and charges proposals under the purview of FSTB (TsyB)

Annex

<i>Item</i>	<i>Department</i>	<i>Description of Fee</i>	<i>Last revision</i>	<i>Existing Rate (\$)</i>	<i>Updated Cost Recovery Level at 2005-06 Price Level</i>	<i>Proposed fee level for the first year (\$)</i>	<i>Proposed amount of increase/ decrease (\$)</i>	<i>Proposed percentage increase/ decrease</i>
1	Customs and Excise Department (C&ED)	General bonded warehouse or public warehouse licence	Aug 2000	\$17,500	80%	\$19,250	\$1,750	10%
2	C&ED	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (with manufacturer's licence)	Aug 2000	\$17,500	80%	\$19,250	\$1,750	10%
3	C&ED	Warehouse licence in respect of liquors, tobacco, hydrocarbon oil and methyl alcohol (without manufacturer's licence)	Aug 2000	\$17,500	80%	\$19,250	\$1,750	10%
4	C&ED	Liquors - manufacturer's licence	Aug 2000	\$16,300	71%	\$17,950	\$1,650	10%
5	C&ED	Liquors - distillery licence	Aug 2000	\$16,300	71%	\$17,950	\$1,650	10%
6	C&ED	Liquors - brewery licence	Aug 2000	\$16,300	71%	\$17,950	\$1,650	10%
7	C&ED	Tobacco - manufacturer's licence	Aug 2000	\$16,300	71%	\$17,950	\$1,650	10%
8	C&ED	For every transfer of or substitution or amendment in any licence, not otherwise specified, except a transfer from one person to another (per case)	Aug 2000	\$300	32%	\$360	\$60	20%
9	C&ED	For every transfer of any licence from one person to another, not otherwise specified (per case)	Aug 2000	\$300	32%	\$360	\$60	20%
10	C&ED	For every landing certificate, certificate of shortages or breakages of cargo found damaged or short in bond, endorsement, certificate of accuracy or copy of extract from official record, any other certificates on which statistics has been given, etc	Aug 2000	\$130	68%	\$150	\$20	15%
11	C&ED	Fee for storage of dutiable commodities by Customs & Excise Department with the permission of the Commissioner (per package per day or part of a day, after the first 48 hours)	Aug 2000	\$1.2	63%	\$1.4	\$0.2	15%
12	C&ED	Bonded Warehouse Supervision Charges - attendance of an Inspector (per hour or part of an hour)	Aug 2000	\$390	84%	\$430	\$40	20%
13	C&ED	Bonded Warehouse Supervision Charges - attendance of an Inspector (per 8-hour day)	Aug 2000	\$2,930	84%	\$3,220	\$290	10%

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14	C&ED	Bonded Warehouse Supervision Charges - attendance of an Inspector (per month)	Aug 2000	\$71,100	83%	\$78,200	\$7,100	10%
15	C&ED	Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per hour or part of an hour)	Aug 2000	\$305	94%	\$325	\$20	7%
16	C&ED	Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per 8-hour day)	Aug 2000	\$2,265	93%	\$2,440	\$175	8%
17	C&ED	Bonded Warehouse Supervision Charges - attendance of a Chief Customs Officer (per month)	Aug 2000	\$54,900	91%	\$60,200	\$5,300	10%
18	C&ED	Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per hour or part of an hour)	Aug 2000	\$235	85%	\$260	\$25	10%
19	C&ED	Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per 8-hour day)	Aug 2000	\$1,760	84%	\$1,940	\$180	10%
20	C&ED	Bonded Warehouse Supervision Charges - attendance of a Senior Customs Officer (per month)	Aug 2000	\$42,800	83%	\$47,100	\$4,300	10%
21	C&ED	Bonded Warehouse Supervision Charges - attendance of a Customs Officer (per hour or part of an hour)	Aug 2000	\$155	81%	\$170	\$15	10%
22	C&ED	Bonded Warehouse Supervision Charges -attendance of a Customs Officer (per 8-hour day)	Aug 2000	\$1,155	80%	\$1,270	\$115	10%
23	C&ED	Bonded Warehouse Supervision Charges - attendance of a Customs Officer (per month)	Aug 2000	\$27,900	79%	\$30,700	\$2,800	10%
24	C&ED	Registration as a distributor (per case)	Jul 1994	\$390	41%	\$450	\$60	15%
25	C&ED	Registration as an importer (per case)	Jul 1994	\$390	41%	\$450	\$60	15%
26	C&ED	Registration as an distributor and importer (per case)	Jul 1994	\$390	41%	\$450	\$60	15%
27	Inland Revenue Department (IRD)	Certified copy of a valid business registration certificate or a valid branch registration certificate; or an extract of any information on the register	Jan 1983	\$45	167%	\$27	-\$18	-40%
28	IRD	Issue of an extract of information in uncertified form (per copy)	Introduced in Apr 1999	\$45	167%	\$27	-\$18	-40%

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29	IRD	Duplicate business registration certificate or a duplicate branch registration certificate	Apr 1995	\$36	180%	\$20	-\$16	-44%
30	IRD	Issue of notice of no objection in respect of an application to deregister a private company under s.291AA of Companies Ordinance	Introduced in Nov 1999	\$350	129%	\$270	-\$80	-23%
31	Rating and Valuation Department (RVD)	Provision of information under section 15(4)	Aug 2000	\$75	86%	\$83	\$8	10%
32	RVD	Provision of information on a tenement contained in a Government Rent Roll under section 13(4)	Aug 2000	\$75	86%	\$83	\$8	10%
33	RVD	Enquiry on Rates and / or Government Rent Accounts (per application)	Aug 2000	\$70	49%	\$81	\$11	15%
34	RVD	Valuation services provided to Official Receiver and Official Administrator (per case)	Aug 2000	\$1,050	131%	\$800	-\$250	-24%
35	FSTB (TSY)	Application fee for requiring the Board of Review to state a case on a question of law for the opinion of the High Court	Jul 1993	\$640	3%	\$770	\$130	20%