

**立法會**  
**Legislative Council**

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**Paper for the House Committee meeting on 13 June 2008**

**Report of the Subcommittee on Dutiable Commodities  
(Amendment) Regulation 2008**

**Purpose**

This paper reports on the deliberations of the Subcommittee on Dutiable Commodities (Amendment) Regulation 2008 (the Subcommittee).

**Background**

2. Under regulation 25A of the Dutiable Commodities (Liquor) Regulations (Cap. 109 sub. leg. B), the sale of liquor is prohibited except on the authority of a liquor licence or a temporary liquor licence -

- (a) at any premises for consumption on those premises; or
- (b) at a place of public entertainment or a public occasion for consumption at the place or occasion.

3. Under regulation 26 of Cap. 109B, no liquor shall be supplied at any premises used by any club for the purposes of the club to any member of the club except under and in accordance with a club liquor licence.

4. The approving authority for the granting of liquor licences and club liquor licences is the Liquor Licensing Board. On the other hand, temporary liquor licences are issued by the Commissioner of Police to holders of liquor licences (including club liquor licences) for the retail sale of liquors at any public entertainment or on any public occasion of a temporary nature.

5. To ensure public safety and order, the Police Licensing Office adopts stringent procedures in vetting applications for temporary liquor licences, including site visits by police officers, detailed examination of the information submitted by the applicants and the imposition of additional licensing requirements as appropriate, taking account of the nature, scale and duration of the event in question. If an application is approved,

the Police Licensing Office will issue a temporary liquor licence upon payment of licence fee. The fee for the licence is charged on a daily basis (per diem).

### **Dutiable Commodities (Amendment) Regulation 2008**

6. The fee for the issue of a temporary liquor licence is prescribed in item 6 of Part II of the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. leg. A). The current fee is \$335 per diem.

7. Dutiable Commodities (Amendment) Regulation 2008 (the Amendment Regulation) is made by the Secretary for Financial Services and the Treasury (SFST) under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 6 of the Dutiable Commodities Ordinance (Cap. 109). Section 29A of Cap. 1 empowers the Financial Secretary (which means also SFST by virtue of section 3 of Cap. 1) to revise certain fees and charges. The Amendment Regulation was gazetted on 16 May 2008 and tabled at the Legislative Council on 21 May 2008. The Amendment Regulation proposes to increase the fee for the issue of a temporary liquor licence from \$335 per diem to \$385 per diem with effect from 11 July 2008.

### **The Subcommittee**

8. The House Committee agreed at its meeting on 23 May 2008 to form a Subcommittee to study the Amendment Regulation. Hon Tommy CHEUNG Yu-yan was elected Chairman of the Subcommittee. The membership list of the Subcommittee is in **Appendix I**. The Subcommittee held one meeting with the Administration.

### **Deliberations of the Subcommittee**

#### The proposed fee increase for temporary liquor licence

9. Members have noted that the Amendment Regulation seeks to increase the fee for a temporary liquor licence by 15% and asked about the justifications for the proposed increase. The Administration explains that it is the Government's established policy to set fees charged by the Government at levels adequate to recover the full cost of providing the goods or services. The last two occasions on which the temporary liquor licence fee was revised were 2001 (from \$240 to \$290) and 2006 (from \$290 to \$335) respectively. Members have noted that in the latest costing review at 2008-2009 prices, the unit cost for the processing of applications for temporary liquor licence is \$630, and the existing fee of \$335 is only meeting about 53% of the unit cost. Details of the cost computation are set out in **Appendix II**. In line with the Government-wide general guidelines for gradually bringing fees that are recovering at a rate below the full-cost level to the full-cost recovery level, the Administration has proposed a 15% upward fee adjustment to \$385.

10. Regarding the reasons for the increase in the unit cost for processing applications for temporary liquor licence, the Administration has explained that the mild increase in the unit cost as revealed in the latest costing exercise was mainly attributable to the increase in staff cost by \$51 per unit (from \$547 at 2005-2006 prices to \$598 at 2008-2009 prices). Such increase has arisen from the increase in salary of the officers deployed to process applications.

11. Members understand the need for the Administration to adjust fees for Government services to achieve cost recovery. Noting that the last fee increase for temporary liquor licence took effect two years ago, they consider the proposed increase in fee reasonable and acceptable. Members further note that the number of temporary liquor licences granted in 2005, 2006 and 2007 were 134, 128 and 147 respectively. The number of days for which the licence was granted ranged from 1 day to 45 days. In 2007, a license was granted with an average of 2.1 days. Given the small number of applications in previous years, the impact of the proposed fee increase on applicants would not be significant.

#### Future fee adjustment for temporary liquor licence

12. Members have enquired the Administration's plan to adjust the fee for temporary liquor licence in the future. The Administration explains that the proposed fee increase will bring the cost recovery rate to 61%. It is the Administration's policy to achieve full-cost recovery within three to seven years for fees with an existing cost recovery rate of between 40% and 70% of target, through a 15% increase each year. The Administration advises that costing exercises are conducted regularly, generally on an annual basis. The Administration assures members that it will closely monitor changes in costs and a decision on fee adjustment will only be made after taking into account the results of costing reviews and the prevailing economic situation.

13. In this regard, the Subcommittee has noted the Administration's efforts in enhancing the efficiency and effectiveness of the licensing regime for temporary liquor licence. The Administration points out that the unit cost for processing applications for temporary liquor licence has, in fact, decreased substantially in the past eight years, mainly due to the introduction of a computer system in 2001 (Central Licensing and Registration Phase II). The Police Licensing Office is committed to providing an efficient and professional service to members of the public. Officers of the licensing office stand ready to work with the applicants to process licence applications in an efficient manner. Members have urged the Administration to keep up its efforts in this regard.

#### **Conclusion**

14. The Subcommittee has completed the scrutiny of the Amendment Regulation and did not raise objection to it. The Subcommittee and the Administration will not make amendment to the Amendment Regulation.

**Advice sought**

15. The House Committee is invited to note the deliberations of the Subcommittee.

Council Business Division 1  
Legislative Council Secretariat  
11 June 2008

**Subcommittee on Dutiable Commodities (Amendment) Regulation 2008**

**Membership List**

<b>Chairman</b>	Hon Tommy CHEUNG Yu-yan, SBS, JP
<b>Members</b>	Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
	Hon SIN Chung-kai, SBS, JP
	Hon Jeffrey LAM Kin-fung, SBS, JP
	Hon WONG Ting-kwong, BBS
	Hon Ronny TONG Ka-wah, SC
	Hon CHIM Pui-chung
	(Total : 7 Members)
<b>Clerk</b>	Ms Connie SZETO
<b>Legal Adviser</b>	Mr Timothy TSO
<b>Date</b>	5 June 2008

## 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 II of  
Schedule)**

**Cost at 2008-09 Prices  
(for processing one application)**

	\$
Staff Costs	598
Departmental Expenses	12
Accommodation Costs	13
Depreciation	1
Central administrative Overhead	6
	630
<b>Unit Cost</b>	<b>630</b>
	335
Existing fee	335
<b>Proposed fee</b>	<b>385</b>

(Source: Annex F - 1 of the Legislative Council Brief issued by the Security Bureau  
in May 2008 (Ref: SBCR 4/2801/85))