

## **Legislative Council Panel on Security**

### **Proposed Revision of Fees and Charges under the purview of the Hong Kong Police Force and the Customs and Excise Department**

#### **Purpose**

This paper seeks Members' views on the proposals to revise a number of fees and charges for services provided by the Hong Kong Police Force (HKPF) and the Customs and Excise Department (C&ED).

#### **Background**

2. It is the Government's established policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the goods or services. Government-wide general guidelines for fee increases for gradually bringing fees that are recovering at a rate below the full-cost level to the full-cost recovery level are as follows –

- (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.

3. To alleviate the financial burden on the public in times of economic difficulty, as an exceptional measure, the Administration froze most fees and charges in February 1998. In line with the "user pays" principle, revision of government fees and charges resumed in 2005-06. Based on the outcome of the latest costing review, with reference to the government policy set out in paragraph 2 above, and applying the

guidelines for fee increases as set out in para. 2(a) to (c) above, we propose that 17 fees under the purview of the HKPF (9 fees under the Firearms and Ammunition Regulations (Cap. 238A), 4 fees under the Firearms and Ammunition (Storage Fees) Order (Cap. 238B), 1 fee under the Dutiable Commodities Regulations (Cap. 109A), 1 fee under the Pawnbrokers Regulations (Cap. 166A) and 2 fees under the Massage Establishments Regulations (Cap. 266A)) and 4 fees under the purview of C&ED (all under the Control of Chemicals Regulations (Cap. 145A)) be increased as a step towards full-cost recovery.

4. Details of the fee revision proposals are at the **Annex**. The proposals have little impact on the daily life of the general public and only very limited impact on the running cost of the relevant trades.

### **Financial implications**

5. If the proposed revisions are implemented, there will be an increase of about \$0.6 million in revenue a year.

### **Efficiency Initiative**

6. HKPF and C&ED regularly review their day-to-day management and procedures with a view to reducing the cost of their services through implementing efficiency initiatives and streamlining procedures. Efficiency savings from these efforts have been factored into the calculation of the fees to be charged by these two departments for the provision of their services.

### **Way forward**

7. Subject to Members' views, if any, on our fee revision proposals, we shall proceed with the necessary amendments to the legislation mentioned in paragraph 3 above to implement the proposed revisions.

**Security Bureau**  
**April 2008**

**Fee revision proposals under the purview of the  
Hong Kong Police Force and the Customs and Excise Department**

Item no.	Department / Description of Fee	Last revision	Existing fee level (\$)	Cost recovery level at 2008-09 price level	Proposed fee level (\$)	Proposed amount of increase (\$) (proposed percentage increase)	Cost recovery level after the proposed increase
<b>Hong Kong Police Force</b>							
1. <u>Firearms and Ammunition Regulations</u>							
1	1.1 Fee for an exemption under section 4(3) of the Ordinance (per permit)	Apr 2006	\$410	67%	\$470	\$60 (15%) <sup>(2)</sup>	77%
2	1.2 Fee for the issue or renewal of a licence for possession – granted to a security guard (per annum)	Apr 2006	\$160	20%	\$190	\$30 (19%) <sup>(1)</sup>	24%
3	1.3 Fee for the issue or renewal of a licence for possession – in any other case (per annum)	Apr 2006	\$1,560	44%	\$1,790	\$230 (15%) <sup>(2)</sup>	51%
4	1.4 Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Ordinance (per licence)	Apr 2006	\$60	13%	\$72	\$12 (20%) <sup>(1)</sup>	16%
5	1.5 Fee for the issue or renewal of a dealer's licence – restricted to a prescribed class or description of arms or ammunition or both (per annum)	Apr 2006	\$3,890	66%	\$4,470	\$580 (15%) <sup>(2)</sup>	76%
6	1.6 Fee for the issue or renewal of a dealer's licence – restricted to used cartridge cases, used shot, etc. (per annum)	Apr 2006	\$4,150	92%	\$4,510	\$360 (9%) <sup>(3)</sup>	100%
7	1.7 Fee for the issue or renewal of a dealer's licence – in any other case (per annum)	Apr 2006	\$9,860	93%	\$10,650	\$790 (8%) <sup>(3)</sup>	100%
8	1.8 Fee for the amendment of a licence or a condition thereof (per case)	Apr 2006	\$60	28%	\$72	\$12 (20%) <sup>(1)</sup>	33%

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9	1.9 Fee for the replacement of a licence or an exemption (per case)	Apr 2006	\$60	38%	\$72	\$12 (20%) <sup>(1)</sup>	45%
	2. <u>Firearms and Ammunition (Storage Fees) Order</u>						
10	2.1 Fee for storing arms (for each article for each month or part thereof)	Apr 2006	\$105	67%	\$120	\$15 (14%) <sup>(2)</sup>	76%
11	2.2 Fee for storing imitation firearms (for each article for each month or part thereof)	Apr 2006	\$105	67%	\$120	\$15 (14%) <sup>(2)</sup>	76%
12	2.3 Fee for storing ammunition (for each 100 rounds or part thereof, for each month or part thereof)	Apr 2006	\$105	67%	\$120	\$15 (14%) <sup>(2)</sup>	76%
13	2.4 Fee for storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)	Apr 2006	\$81	52%	\$93	\$12 (15%) <sup>(2)</sup>	59%
	3. <u>Dutiable Commodities Regulations</u>						
14	3.1 Temporary liquor licence (per day)	Apr 2006	\$335	53%	\$385	\$50 (15%) <sup>(2)</sup>	61%
	4. <u>Pawnbrokers Regulations</u>						
15	4.1 Pawnbroker licence (per licence)	Apr 2006	\$3,480	91%	\$3,810	\$330 (9%) <sup>(3)</sup>	100%
	5. <u>Massage Establishments Regulations</u>						
16	5.1 Issue of a massage establishment licence	May 1995	\$6,410	44%	\$7,370	\$960 (15%) <sup>(2)</sup>	50%
17	5.2 Renewal of a licence (whether for a period of 12 or 24 months)	May 2003	\$2,730	87%	\$3,000	\$270 (10%) <sup>(3)</sup>	96%

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	<b>Customs and Excise Department</b>						
	6. <u>Control of Chemicals Regulations</u>						
18	6.1 New issue of licences	Jan 2007	\$1,090	70%	\$1,530	\$440 (40%) <sup>(4)</sup>	100%
19	6.2 Re-issue of licences	Jan 2007	\$1,090	72%	\$1,530	\$440 (40%) <sup>(4)</sup>	100%
20	6.3 New issue of permits	Jan 2007	\$700	74%	\$950	\$250 (36%) <sup>(4)</sup>	100%
21	6.4 Re-issue of permits	Jan 2007	\$700	74%	\$950	\$250 (36%) <sup>(4)</sup>	100%

- (1) Guideline (a) in paragraph 2 of the covering paper applies (i.e. to achieve full-cost recovery within seven years for those fees and charges with an existing cost recovery rate of less than 40% of target, through a 20% increase each year).
- (2) Guideline (b) in paragraph 2 of the covering paper applies (i.e. 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).
- (3) Guideline (c) in paragraph 2 of the covering paper applies (i.e. 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).
- (4) In 1997, the first phase of a three-phase increase was implemented with a view to achieving full-cost recovery. However, owing to the then poor economic conditions, the Government had frozen most fees and charges since 1998. The remaining two phases were therefore suspended. As stated in the Legislative Council Security Panel Paper (LC Paper No. CB(2)2124/04-05(01) in June 2005, the Administration intended to resume the original plan to achieve full-cost recovery by the remaining two phases of fee increase. The second phase increase was implemented in January 2007, by the Control of Chemicals (Fee Revision) Regulation 2006, whereby the relevant licence fees and permit fees were increased by 38% and 37% to \$1,090 and \$700 respectively.