

File Ref:

LEGISLATIVE COUNCIL BRIEF

Import and Export Ordinance (Cap. 60)
IMPORT AND EXPORT (FEES) (AMENDMENT: FEE REVISION)
REGULATION 2008

Chemical Weapons (Convention) Ordinance (Cap. 578)
CHEMICAL WEAPONS (CONVENTION) ORDINANCE
(AMENDMENT OF SCHEDULE 4:
REVISION OF PERMIT FEE) ORDER 2008

INTRODUCTION

Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) provides that the Financial Secretary (which by virtue of section 3 of Cap. 1 also means the Secretary for Financial Services and the Treasury) may vary fees which have previously been set by subsidiary legislation made by the Chief Executive in Council. Section 40(2) of the Chemical Weapons (Convention) Ordinance provides that the Financial Secretary may by order amend Schedule 4, which specifies the fee to be paid in connection with an application for a permit under the Ordinance.

2. In accordance with these provisions, the Secretary for Financial Services and the Treasury has made the following Amendment Regulation and the Order at **Annexes A and B**, to revise the fees specified in the respective subsidiary legislation -

A & B

- (a) Import and Export (Fees) (Amendment: Fee Revision) Regulation 2008, made pursuant to the Import and Export Ordinance; and
- (b) Chemical Weapons (Convention) Ordinance (Amendment of Schedule 4: Revision of Permit Fee) Order 2008, made pursuant to the Chemical Weapons (Convention) Ordinance.

BACKGROUND AND ARGUMENT

3. It is government policy that fees should in general be set at levels sufficient to recover the full costs of providing the services. A recent costing review shows that some fees payable under the Import and Export (Fees) Regulations and the Chemical Weapons (Convention) Ordinance are not adequate to recover the full costs of providing the relevant services, whilst some fees payable exceed the full costs. Detailed cost computations are at **Annex C**.

C

4. To reflect the costs of providing the relevant services at 2007-08 prices, the Import and Export (Fees) (Amendment: Fee Revision) Regulation 2008 and the Chemical Weapons (Convention) Ordinance (Amendment of Schedule 4: Revision of Permit Fee) Order 2008 provide for increases in some fees. These increases range from 6% to 22%. In some cases the increases still do not allow for full cost recovery, a gradual approach to increase the fees to achieve full cost recovery within three to seven years is adopted. Some fees under the Import and Export (Fees) Regulations have also been reduced by 1% to 21% to reflect the reduced cost of providing the services. The existing and revised fees are at **Annex D**.

D

IMPLEMENTATION OF THE AMENDMENT REGULATION AND THE ORDER

5. We propose that most of the fees should come into effect on 27 March 2008. However, in order to allow for certain fee payers to adjust to the new levels of fees, we propose that for items 4(a) (i) and 4(a) (ii) in the Import and Export (Fees) (Amendment: Fee Revision) Regulation 2008, the commencement date should be 1 July 2008.

EFFICIENCY INITIATIVES

6. The Trade and Industry Department and the Census and Statistics Department review regularly their work procedures with a view to implementing appropriate initiatives to reduce or contain the cost of providing services. Efficiency savings are reflected in the proposed fee adjustments.

BASIC LAW AND HUMAN RIGHTS IMPLICATIONS

7. The proposals are in conformity with the Basic Law, including the provisions concerning human rights.

BINDING EFFECT OF THE LEGISLATION

8. The Amendment Regulation and the Order do not affect the binding effect of the respective principal Ordinances and Regulations.

FINANCIAL AND STAFFING IMPLICATIONS

9. Additional revenue generated from the proposed fee revisions is estimated to be \$0.8 million per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

10. Given that the increases are small in dollar terms, it is anticipated that they will have little impact on business operating costs. The economic implications should therefore be insignificant.

PUBLIC CONSULTATION

11. We consulted the Panel on Commerce and Industry of the Legislative Council on 18 December 2007. The Panel supported the proposed adjustments to fees and charges.

PUBLICITY

12. The Amendment Regulation and the Order was published in the Gazette on 1 February 2008. A spokesman will be available to answer enquiries.

ENQUIRIES

13. For enquiries relating to this brief, please contact Miss Anna CHOR, Assistant Secretary for Commerce and Economic Development at 2918 7492.

**Commerce and Economic Development Bureau
February 2008**

IMPORT AND EXPORT (FEES) (AMENDMENT: FEE REVISION) REGULATION 2008

(Made by the Secretary for Financial Services and the Treasury under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 31 of the Import and Export Ordinance (Cap. 60))

1. Commencement

(1) Subject to subsection (2), this Regulation shall come into operation on 27 March 2008.

(2) Section 2(2) shall come into operation on 1 July 2008.

2. Scale of fees

(1) The Schedule to the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) is amended –

- (a) in item 1 –
 - (i) in paragraph (c)(i), by repealing “56” and substituting “44”;
 - (ii) in paragraph (c)(vii), by repealing “40” and substituting “45”;
- (b) in item 6, by repealing “385” and substituting “430”;
- (c) in item 9, by repealing “15” and substituting “16”;
- (d) in item 10A, by repealing “203” and substituting “235”;
- (e) in item 10B, by repealing “245” and substituting “235”;
- (f) in item 10C, by repealing “65” and substituting “79”;
- (g) in item 14 –
 - (i) in paragraph (a), by repealing “49” and substituting “57”;
 - (ii) in paragraph (b), by repealing “34” and substituting “41”;
- (h) in item 15 –
 - (i) in paragraph (a)(i), by repealing “660” and substituting “645”;
 - (ii) in paragraph (a)(ii), by repealing “435” and substituting “430”;
 - (iii) in paragraph (b), by repealing “160” and substituting “175”;
 - (iv) in paragraph (c), by repealing “170” and substituting “180”.

- (2) The Schedule is amended, in item 4 –
- (a) in paragraph (a)(i), by repealing “110” and substituting “125”;
 - (b) in paragraph (a)(ii), by repealing “95” and substituting “110”.

K. C. CHAN
Secretary for Financial Services
and the Treasury

31 January 2008

Explanatory Note

This Regulation adjusts a number of fees to take into account the updated costs of providing various services under the Import and Export Ordinance (Cap. 60).

**CHEMICAL WEAPONS (CONVENTION) ORDINANCE
(AMENDMENT OF SCHEDULE 4: REVISION OF
PERMIT FEE) ORDER 2008**

(Made by the Secretary for Financial Services and the Treasury under section 40(2) of the Chemical Weapons (Convention) Ordinance (Cap. 578))

1. Commencement

This Order shall come into operation on 27 March 2008.

2. Fee to accompany application for permit under section 9 of this Ordinance

Schedule 4 to the Chemical Weapons (Convention) Ordinance (Cap. 578) is amended by repealing “\$495” and substituting “\$570”.

K. C. CHAN
Secretary for Financial Services
and the Treasury

31 January 2008

Explanatory Note

This Order adjusts the application fee to take into account the updated cost of issue of permit under section 9 of the Chemical Weapons (Convention) Ordinance (Cap. 578).

COST COMPUTATION

Annex C

Fees under Import and Export (Fees) Regulations (Cap. 60B)

**Cost at 2007-08 Prices
(for processing one application)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Costs	31	32	*	91	349	11	165	191	100	*	27	303	274	88	105
Departmental Expenses	1	1	*	4	15	0.5	123	8	120	*	2	16	15	4	5
Accommodation Costs	7	7	*	36	23	1	55	12	12	*	4	25	23	8	9
Depreciation	0#	0#	*	3	3	2.5	2	2	1	*	4	50	50	11	9
Central Administrative Overheads	5	5	*	16	40	1	28	22	17	*	4	52	47	15	18
Unit Cost of service provided by C&ED	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	201	20	50	36
Total Unit Cost	44	45	*	150	430	16	373	235	250	*	41	647	429	176	182
Existing fee	56	40	110	95	385	15	203	245	65	49	34	660	435	160	170
Proposed fee	44	45	125*	110	430	16	235	235	79	57*	41	645	430	175	180

Negligible

* At present, all applications for certificate of origin (other than Form A) and Production Notification are submitted electronically. The fee for paper application is reserved for contingency situations (e.g. computer breakdown). The proposed fee is based on Item (4), Item (11) and an amount equivalent to a fee currently payable to a specified body for using electronic services. This is to ensure that the fee for paper application will align with the total cost payable for electronic application.

Legend

- (1) Fee for application for issue of consignment specific export licence (Form 4 TIC 353)
- (2) Fee for application for issue of consignment specific import licence (Form 7 TRA 23)
- (3) Fee for application for the issue of a certificate of Hong Kong origin, certificate of processing or of any other certificate mentioned in item 5 of the Schedule of the Import and Export (Fees) Regulations other than a generalized preference certificate (application made on paper) (Form TIC 185)
- (4) Fee for application for the issue of a certificate of Hong Kong origin, certificate of processing or of any other certificate mentioned in item 5 of the Schedule of the Import and Export (Fees) Regulations other than a generalized preference certificate (application made using services provided by a specified body)
- (5) Fee for issue of Landing Certificates to importers for non-dutiable/non-strategic commodities
- (6) Fee for provision of official records of statistical data derived or extracted from import and export declarations to firms or individuals
- (7) Fee for issue of a delivery verification certificate for the certification of delivery of strategic commodities into Hong Kong
- (8) Signature fees for certifying copies of import/export declarations and cargo manifests
- (9) Fee for issue of an international import certificate
- (10) Fee payable when a production notification is lodged on paper (Form TRA 579)
- (11) Fee payable when a production notification is lodged using services provided by a specified body
- (12) Fee for registration as a registered rough diamond trader for a period of 2 years in the case of an initial application
- (13) Fee for registration as a registered rough diamond trader for a period of 2 years in the case of a registered rough diamond trader renewing his registration
- (14) Fee for issue of import licence in respect of rough diamonds
- (15) Fee for issue of export licence in respect of rough diamonds

COST COMPUTATION

Fee under Chemical Weapons (Convention) Ordinance (Cap. 578)

Cost at 2007-08 Prices (for processing one application)

	(1)
	\$
Staff Costs	242
Departmental Expenses	111
Accommodation Costs	342
Depreciation	10
Central Administrative Overheads	42
Unit Cost	747
Existing fee	495
Proposed fee	570

Legend

- (1) Fee to accompany application for Permit under Section 9 of the Chemical Weapons (Convention) Ordinance.

Existing and Proposed Fees

Item	Existing Fee (\$)	Proposed Fee (\$)
<u>Import and Export (Fees) Regulations, Cap. 60B</u>		
1. Fee for application for issue of consignment specific export licence (Form 4 TIC 353)	56	44
2. Fee for application for issue of consignment specific import licence (Form 7 TRA 23)	40	45
3. Fee for application for the issue of a certificate of Hong Kong origin, certificate of processing or of any other certificate mentioned in item 5 of the Schedule of the Import and Export (Fees) Regulations other than a generalized preference certificate (application made on paper)(Form TIC 185)	110	125
4. Fee for application for the issue of a certificate of Hong Kong origin, certificate of processing or of any other certificate mentioned in item 5 of the Schedule of the Import and Export (Fees) Regulations other than a generalized preference certificate (application made using services provided by a specified body)	95	110
5. Fee for issue of Landing Certificates to importers for non-dutiable/non-strategic commodities	385	430
6. Fee for provision of official records of statistical data derived or extracted from import and export declarations to firms or individuals	15	16
7. Fee for issue of a delivery verification certificate for the certification of delivery of strategic commodities into Hong Kong	203	235
8. Signature fees for certifying copies of import/export declarations and cargo manifests	245	235
9. Fee for issue of an international import certificate	65	79

Item	Existing Fee (\$)	Proposed Fee (\$)
10. Fee payable when a production notification is lodged on paper (Form TRA 579)	49	57
11. Fee payable when a production notification is lodged using services provided by a specified body	34	41
12. Fee for registration as a registered rough diamond trader under Part VI of the Import and Export (General) Regulations (Cap.60 sub.leg.A) for a period of 2 years in the case of an initial registration	660	645
13. Fee for registration as a registered rough diamond trader under Part VI of the Import and Export (General) Regulations (Cap.60 sub.leg.A) for a period of 2 years in the case of a registered rough diamond trader renewing his registration	435	430
14. Fee for issue of import licence in respect of rough diamonds	160	175
15. Fee for issue of export licence in respect of rough diamonds	170	180

Chemical Weapons (Convention) Ordinance, Cap. 578

1. Fee to accompany application for Permit under Section 9 of the Chemical Weapons (Convention) Ordinance	495	570
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