

LEGISLATIVE COUNCIL BRIEF

Pawnbrokers Ordinance (Chapter 166)

PAWNBROKERS ORDINANCE (AMENDMENT OF SCHEDULES) ORDER 2009

INTRODUCTION

At the meeting of the Executive Council on 9 December 2008, the Council ADVISED and the Chief Executive ORDERED that the Pawnbrokers Ordinance (Amendment of Schedules) Order 2009 should be made under section 27 of the Pawnbrokers Ordinance.

JUSTIFICATION

2. The current loan limit of \$50,000 under the Pawnbrokers Ordinance (which is also the maximum amount of loan that a pawnbroker could lend with exemption from the control and regulation under the Money Lenders Ordinance) was set in 1990. In 2007, the Hong Kong and Kowloon Pawnbrokers' Association requested the Administration to raise the limit on the ground that, given the lapse of time, the prices of the more popular items pawned to pawnbrokers (e.g. gold articles, jewellery, valuable watches, etc.) had far exceeded the current limit. The Association proposed that the limit should be raised to \$100,000 so that the service of pawnbrokers would remain attractive to potential clients.

3. Since 1990, the Consumer Price Index (CPI) has risen by 63.7%. We consider that the proposed limit of \$100,000, though exceeding the CPI increase during the period, is appropriate and necessary for the pawnbroking industry in Hong Kong. The Police consider that the increased limit should not have an adverse impact on crime prevention.

THE ORDER

4. The First Schedule to the Pawnbrokers Ordinance is amended by repealing "\$50,000" and substituting "\$100,000". The opportunity is also taken to correct the section references set out in the right-hand corners of the Schedules. The Amendment Order is set out at the *Annex*.

LEGISLATIVE TIMETABLE

5. The legislative timetable will be –

Publication in the Gazette	2 January 2009
Tabling at the Legislative Council	7 January 2009
Commencement	25 February 2009

IMPLICATIONS OF THE PROPOSAL

Financial and Civil Service Implications

6. The Police are the authority for the licensing and control of pawnbrokers. The proposal may bring about more business for pawnbrokers, and any increase in pawnbrokers' transaction volumes may lead to an increase in the Police's regulatory workload. However, given the small number of pawnbrokers in Hong Kong (190 as at September 2008), the actual increase in workload would be marginal, and if materialized, will be met by internal deployment and absorbed within existing resources.

Economic Implications

7. Given the small number of pawnbrokers operating in Hong Kong, and the relatively small number of transactions (about 6 500 transactions per pawnbroker per year), the economic implication of the proposal should be minimal.

Other Implications

8. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It does not affect the binding effect of the existing provisions of the Pawnbrokers Ordinance. It has no productivity, environmental or sustainability implications.

PUBLIC CONSULTATION

9. We consulted the Legislative Council Panel on Security on 27 October 2008. Members raised no objection to the proposal.

PUBLICITY

10. The Amendment Order will be published in the Gazette on 2 January 2009. We will make available a spokesman to answer any enquiries on this subject.

ENQUIRIES

11. For enquiries relating to this brief, please contact Miss Trista LIM, Assistant Secretary for Security, at telephone number 2810 2068.

**Security Bureau
December 2008**

PAWNBROKERS ORDINANCE (AMENDMENT OF SCHEDULES) ORDER 2009

(Made by the Chief Executive under section 27 of the Pawnbrokers Ordinance (Cap. 166) after consultation with the Executive Council)

1. Commencement

This Order shall come into operation on 25 February 2009.

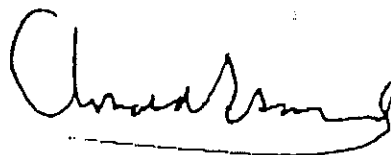
2. Maximum amount of loan to which Ordinance applies

The First Schedule to the Pawnbrokers Ordinance (Cap. 166) is amended –

- (a) by repealing “[ss. 3 & 22]” and substituting “[ss. 3, 22 & 27]”;
- (b) by repealing “\$50,000” and substituting “\$100,000”.

3. Maximum monthly rate of simple interest that may be demanded

The Second Schedule is amended by repealing “[s. 11]” and substituting “[ss. 11 & 27]”.



Chief Executive

30 December 2008

Explanatory Note

This Order –

- (a) amends the First Schedule to the Pawnbrokers Ordinance (Cap. 166) ("that Ordinance") to increase the maximum amount of loan to which that Ordinance applies from \$50,000 to \$100,000;
- (b) amends the First and Second Schedules to that Ordinance to correct the section references set out in the top right-hand corners of the Schedules.