

LEGISLATIVE COUNCIL BRIEF

Import and Export Ordinance (Cap. 60) **IMPORT AND EXPORT (FEES) (AMENDMENT) REGULATION** **2012**

Chemical Weapons (Convention) Ordinance (Cap. 578) **CHEMICAL WEAPONS (CONVENTION) ORDINANCE** **(AMENDMENT OF SCHEDULE 4) ORDER 2012**

INTRODUCTION

Section 31(1)(x) of the Import and Export Ordinance (Cap. 60) provides that the Chief Executive in Council may make regulation for prescribing fees to be collected by the Director-General of Trade and Industry in respect of any matter arising under that Ordinance. 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.

2. Section 40(2) of the Chemical Weapons (Convention) Ordinance (Cap. 578) provides that the Financial Secretary may by order amend Schedule 4 to that Ordinance, which specifies the fee to be paid in connection with an application for a permit under that Ordinance.

3. In accordance with the above provisions, the Secretary for Financial Services and the Treasury has made the following subsidiary legislation, namely -

- (a) Import and Export (Fees) (Amendment) Regulation 2012 (“Amendment Regulation”) (at **Annex A**), made pursuant to the Import and Export Ordinance (Cap. 60); and

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(b) Chemical Weapons (Convention) Ordinance (Amendment of Schedule 4) Order 2012 (“Order”) (at **Annex B**), made pursuant to the Chemical Weapons (Convention) Ordinance (Cap. 578).

to revise certain fees specified in the Schedule to the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) and Schedule 4 to the Chemical Weapons (Convention) Ordinance.

JUSTIFICATIONS

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4. It is government policy that fees charged by the Government for various services should in general be set at levels sufficient to recover the full costs of providing the services. A recent costing review on strategic commodities-related fees concludes that the fees for two items payable under the Import and Export (Fees) Regulations are not adequate to recover the full costs of providing the relevant services, whilst the fee for one item payable under the Chemical Weapons (Convention) Ordinance exceeds the full cost. Detailed cost computations are set out at **Annex C**.

THE AMENDMENT REGULATION AND THE ORDER

5. To reflect the increased cost of providing the relevant services at the 2011-12 price level, the Amendment Regulation provides for about 10% increase in fees for two items, i.e. Delivery Verification Certificate and International Import Certificate. A gradual approach to achieve full cost recovery within one to three years through an annual fee increase by about 10% has been adopted.

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6. The fee for the other item, i.e. Permit under the Chemical Weapons (Convention) Ordinance, is reduced by 59% as provided in the Order to reflect the reduced cost of providing the services. The existing and revised fees for the three items are set out at **Annex D**.

LEGISLATIVE TIMETABLE

7. The legislative timetable of the Amendment Regulation and the Order is as follows –

Publication in the Gazette	3 February 2012
Tabling at the Legislative Council	8 February 2012
Commencement	30 March 2012

EFFICIENCY INITIATIVES

8. The Trade and Industry Department reviews regularly the relevant work procedures and where possible implements appropriate efficiency initiatives with a view to reducing or containing the cost of providing services. Efficiency savings have been reflected in the proposed fee adjustments.

IMPLICATIONS OF THE PROPOSALS

9. We estimate that the proposed fee adjustments will result in a net decrease of around \$115 in revenue per annum. Given that the proposed fee adjustments are not significant in dollar terms, we expect that they will have little impact on business operating costs. The Amendment Regulation and the Order do not affect the current binding effect of the Import and Export Ordinance, the Import and Export (Fees) Regulations and the Chemical Weapons (Convention) Ordinance.

PUBLIC CONSULTATION

10. We consulted the Panel on Commerce and Industry of the Legislative Council on 17 January 2012. The Panel supported the proposed fee adjustments.

PUBLICITY

11. The Amendment Regulation and the Order will be published in the Gazette on 3 February 2012. A spokesman will be available to handle enquiries.

ENQUIRIES

12. For enquiries on this brief, please contact Mr Willy TSOI, Assistant Secretary for Commerce and Economic Development on 2810 3029.

**Commerce and Economic Development Bureau
February 2012**

Import and Export (Fees) (Amendment) Regulation 2012

(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

This Regulation comes into operation on 30 March 2012.

2012

2. Import and Export (Fees) Regulations amended

The Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) are amended as set out in section 3.

3. Schedule amended (scale of fees)

(1) The Schedule, item 10A—

Repeal

“235”

Substitute

“260”.

(2) The Schedule, item 10C—

Repeal

“79”

Substitute

“87”.

Secretary for Financial Services and
the Treasury

Explanatory Note

This Regulation amends the Import and Export (Fees) Regulations (Cap. 60 sub. leg. B) and adjusts the following fees payable under the Import and Export Ordinance (Cap. 60)—

- (a) the fee for the issue of a delivery verification certificate for the certification of delivery of strategic commodities into Hong Kong;
- (b) the fee for the issue of an international import certificate.

**Chemical Weapons (Convention) Ordinance
(Amendment of Schedule 4) Order 2012**

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

Secretary for Financial Services and
the Treasury

1. Commencement

This Order comes into operation on 30 March 2012.

2012

2. Chemical Weapons (Convention) Ordinance amended

The Chemical Weapons (Convention) Ordinance (Cap. 578) is
amended as set out in section 3.

**3. Schedule 4 amended (fee to accompany application for permit
under section 9 of this Ordinance)**

Schedule 4—

Repeal

“\$570”

Substitute

“\$235”.

Chemical Weapons (Convention) Ordinance (Amendment of Schedule 4) Order
2012

Explanatory Note
Paragraph 1

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Explanatory Note

This Order adjusts the application fee for a permit under the Chemical Weapons (Convention) Ordinance (Cap. 578).

COST COMPUTATION

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

Cost at 2011-12 Prices (for processing one application)

	(1) Delivery Verification Certificate	(2) International Import Certificate
	\$	\$
Staff Costs	247	85
Accommodation Costs	25	7
Departmental Expenses	15	7
Depreciation	4	3
Central Administrative Overheads	22	8
Total Unit Cost	313	110
Existing fee	235	79
Proposed fee	260	87

COST COMPUTATION

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

Cost at 2011-12 Prices
(for processing one application)

	(1)
	Permit under Chemical Weapons (Convention) Ordinance
	\$
Staff Costs	188
Accommodation Costs	17
Departmental Expenses	11
Depreciation	4
Central Administrative Overheads	17
Total Unit Cost	237
Existing fee	570
Proposed fee	235

Existing and Proposed Fees

Item	Existing Fee (\$)	Proposed Fee (\$)
Import and Export (Fees) Regulations (Cap. 60B)		
1. Fee for issue of a delivery verification certificate for the certification of delivery of strategic commodities into Hong Kong	235	260
2. Fee for issue of an international import certificate	79	87
Chemical Weapons (Convention) Ordinance (Cap. 578)		
1. Fee to accompany application for Permit under Section 9 of the Chemical Weapons (Convention) Ordinance	570	235