

立法會
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Paper for the House Committee

**Report of Subcommittee on
Dutiable Commodities (Amendment) (No. 2) Regulation 2014**

Purpose

This paper reports on the deliberations of the Subcommittee on Dutiable Commodities (Amendment) (No. 2) Regulation 2014 ("the Subcommittee").

Background

2. According to the Administration, 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 and services. The latest costing review at 2014-2015 prices shows that the fee for a temporary liquor licence is not adequate to recover the full cost of providing the service. To alleviate the impact of the fee increase, the Administration proposes to increase the fee concerned with a view to achieving full-cost recovery gradually in accordance with the Government-wide general guidelines.

The Dutiable Commodities (Amendment) (No. 2) Regulation 2014

3. The Dutiable Commodities (Amendment) (No. 2) Regulation 2014 ("the Amendment Regulation") was 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. .

4. The Amendment Regulation, gazetted on 6 June 2014, amends item 6 of Part 2 of the Schedule to the Dutiable Commodities Regulations (Cap. 109 sub. leg. A) to increase the fee for the issue of a temporary liquor licence from the existing level of \$445 per diem to \$510 per diem with effect from 1 November 2014.

The Subcommittee

5. At the House Committee meeting on 13 June 2014, Members agreed to form a subcommittee to study the Amendment Regulation. The membership list of the Subcommittee is in the **Appendix**.

6. Under the chairmanship of Hon SIN Chung-kai, the Subcommittee has held one meeting with the Administration.

Deliberations of the Subcommittee

Application for a temporary liquor licence

7. The Subcommittee notes that temporary liquor licences are issued by the Commissioner of Police to holders of liquor licences for the retail sale of liquor at any public entertainment or public occasion of a temporary nature. The existing fee for a temporary liquor licence is \$445 per diem.

8. According to the Administration, the majority of applications for temporary liquor licences cover events that last for one to two days. The respective numbers of applications in the past three years were 185, 217 and 215, and the respective approved applications in the past three years were 178, 208 and 205. Most of the unsuccessful applications were rejected due to the unsuitability of the venues which may create public safety concerns.

Basis of fee revision

9. The Subcommittee has sought information about the basis for revising the fee for a temporary liquor licence. The Administration has advised that in the 2013-2014 Budget, the Financial Secretary announced that to prevent cost recovery items being turned into heavily subsidized items, the Government needs a systematic review of fees and charges, and should first deal with fees that have not been revised for years and do not directly affect people's livelihood, as well as items which have low cost recovery rates. The latest costing review at 2014-2015 prices shows that

the unit cost of the temporary liquor licence is \$985 and the recovery rate is 45%.

10. The Administration has explained to members that the proposed increase of the fee for a temporary liquor licence by 15% to \$510 (i.e. an increase of \$65) is in line with the Government's established guidelines for fee increases for gradually and steadily bringing fees that are recovering at a rate below the full-cost level to the full-cost recovery level, that is 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. The cost recovery rate will be 52% if the fee revision proposal is approved.

11. Members of the Subcommittee do not in principle object to the proposed fee revision. The Chairman has expressed the view that Democratic Party supports the principle of gradually bringing the fees for goods and services charged by the Government that do not directly affect people's livelihood to the full cost recovery level. Hon Tommy CHEUNG, however, has pointed out that against the background that the fees for liquor licences, among other fees for Government licences, were once frozen at the time of the two former municipal councils and the subsequent economic downturn, the Government is therefore currently unable to achieve full-cost recovery for the concerned licences. Mr CHEUNG has requested the Administration to take note of this background and the impact of the regular fee adjustments to achieve full-cost recovery on the operation of the businesses concerned in proposing future fee revisions.

Recommendation

12. The Subcommittee raises no objection to the Amendment Regulation and does not propose any amendment to the Amendment Regulation.

Advice Sought

13. Members are invited to note the deliberations of the Subcommittee.

Appendix

Subcommittee on Dutiable Commodities (Amendment) (No. 2) Regulation 2014

Membership list

Chairman	Hon SIN Chung-kai, SBS, JP
Members	Hon Tommy CHEUNG Yu-yan, SBS, JP Hon Alan LEONG Kah-kit, SC (Total : 3 members)
Clerk	Miss Betty MA
Legal adviser	Miss Carrie WONG
Date	25 June 2014