

**For discussion
on 11 February 2014**

Legislative Council Panel on Food Safety and Environmental Hygiene

**Proposed Revision of Fees and Charges under the
Agriculture, Fisheries and Conservation Department**

PURPOSE

This paper seeks Members' views on the proposal to revise 18 fee items for services provided by the Agriculture, Fisheries and Conservation Department (AFCD).

BACKGROUND

2. In line with the "user pays" principle, it is Government's policy that fees and charges of Government services should in general be set at levels sufficient to recover the full cost of providing the services. In the 2013-14 Budget Speech, the Financial Secretary indicated that the Government needs to ensure a stable income by preserving tax revenue and adhering to the "user pays" principle in order to uphold fiscal sustainability and prudent management of public finances. To prevent cost recovery items from being turned into heavily subsidised items, the Government would review the fees and charges. The Government would 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 Government has also undertaken that there would not be substantial revisions at one go to avoid affecting people's livelihood.

3. AFCD has reviewed a total of 18 fee items prescribed in the following legislation –

- (a) Pesticides Regulations (Cap. 133A) under the Pesticides Ordinance (Cap. 133);
- (b) Public Health (Animals and Birds) (Exhibitions) Regulations (Cap. 139F) under the Public Health (Animals and Birds) Ordinance (Cap. 139); and

- (c) Public Health (Animals) (Riding Establishment) Regulations (Cap. 139J) under Cap. 139

4. Among these fee items, 16 were last revised in 1997 and two in 2006. The major stakeholders include the pesticide traders, persons/companies that need to exhibit animals/birds (such as pet shops owners, magicians, leisure farmers etc), and/or persons/companies running riding establishments.

PROPOSAL

5. AFCD has conducted a costing review on the 18 fee items. The result shows that the current cost recovery levels of these 18 fee items range from 31.4% to 83.9%. In order to achieve full cost recovery gradually and avoid a steep fee increase, we have adopted the following guidelines for the fee revision in our proposal –

- (a) for items with an existing cost recovery rate of less than 40%, adopt an increase of about 20%;
- (b) for items with an existing cost recovery rate of 40% to 70%, adopt an increase of about 15%; and
- (c) for items with an existing cost recovery of over 70%, adopt an increase of about 10% or less.

6. Accordingly, we propose to adjust the 18 fee items with increases ranging from 9% to 20%. With the proposed fee levels, the cost recovery rates will be improved to the range of 37.6% to 92.6%. Details are set out at **Annex**.

7. The costs of these fee items will be reviewed regularly and we will submit fee revision proposals as and when necessary, having regard to the “user pays” principle.

EFFICIENCY IMPROVEMENT MEASURES

8. AFCD will continue to enhance efficiency and streamline procedures so as to contain the costs of providing such services to the public.

FINANCIAL IMPLICATION

9. If the fee revision proposal as set out in **Annex** is implemented, the estimated increase in revenue is about \$98,065 per annum.

PUBLIC CONSULTATION

10. The existing licensees and permittees under the three Regulations, such as pesticides traders, pesticides retailers, pet shops, companies running riding establishments etc, have been informed of the fee revision proposal. So far, AFCD has received feedback from two persons. One of them indicated support for the proposed fee revision while the other one considered that the Administration should continue to freeze the fees at their present level.

NEXT STEPS

11. To give effect to the fee revision, amendments to the relevant subsidiary legislation are required. The Administration plans to table the relevant legislative amendments before the Legislative Council within the 2013/14 legislative session.

ADVICE SOUGHT

12. Members are invited to comment on the proposal.

Food and Health Bureau
Agriculture, Fisheries and Conservation Department
February 2014

Proposal to revise 18 fee items under Cap. 133A, Cap. 139F and Cap. 139J

Item nos	Fee description	Last revision date	Existing fee level (\$)	Existing cost recovery rate	Proposed fee level (\$)	Proposed change in amount (\$) & percentage	Cost recovery rate after fee adjustment
Pesticides Regulations (Cap. 133A)							
1	For application for registration of a pesticide	28.11.1997	2,500	67.1%	2,880	+380 (+15%)	77.3%
2	For lodging an application for a licence	28.11.1997	125	73.1%	140	+15 (+12%)	81.9%
3	For lodging an application for a permit	28.11.1997	155	55.8%	180	+25 (+16%)	64.7%
4	For issue of a licence in respect of pesticides registered in Part I only of the register	28.11.1997	395	73.8%	435	+40 (+10%)	81.3%
5	For issue of a licence in respect of pesticides registered in Part II or both Parts I and II of the register	28.11.1997	800	81.2%	880	+80 (+10%)	89.3%
6	For issue of a new licence at the request of a licensee	28.11.1997	520	83.2%	570	+50 (+10%)	91.2%
7	For issue of a permit for the purpose of importing or possessing a scheduled pesticide or any other unregistered pesticide only for re-	28.11.1997	700	69.9%	805	+105 (+15%)	80.3%

Item nos	Fee description	Last revision date	Existing fee level (\$)	Existing cost recovery rate	Proposed fee level (\$)	Proposed change in amount (\$) & percentage	Cost recovery rate after fee adjustment
	export without re- packaging (including transshipment of a scheduled pesticide in Hong Kong)						
8	For issue of a permit in respect of a scheduled pesticide or any other unregistered pesticide – (a) for any purposes not specified in item 7 above; or (b) for the purpose specified in item 7 above and for any other purpose	28.11.1997	1,280	65.5%	1,470	+190 (+15%)	75.2%
9	For issue of a new permit at the request of a permittee	28.11.1997	825	71.6%	910	+85 (+10%)	79.0%
10	For renewal of a licence in respect of pesticides registered in Part I of the register	28.11.1997	200	71.7%	220	+20 (+10%)	78.9%
11	For renewal of a licence in respect of pesticides registered in Part II or both Parts I and II of the register	28.11.1997	580	83.9%	640	+60 (+10%)	92.6%
12	For issue of a duplicate licence or permit	28.11.1997	160	72.1%	175	+15 (+9%)	78.8%
13	For extension of a permit for the purpose of importing or possessing a scheduled pesticide or any other	28.11.1997	395	72.7%	435	+40 (+10%)	80.1%

Item nos	Fee description	Last revision date	Existing fee level (\$)	Existing cost recovery rate	Proposed fee level (\$)	Proposed change in amount (\$) & percentage	Cost recovery rate after fee adjustment
	unregistered pesticide only for re-export without re- packaging (including transshipment of a scheduled pesticide in Hong Kong)						
14	For extension of a permit in respect of a scheduled pesticide or any other unregistered pesticide – (a) for any other purposes not specified in item 13 above; or (b) for the purpose specified in item 13 above and for any other purpose	28.11.1997	910	53.8%	1,050	+140 (+15%)	62.1%
Public Health (Animals and Birds) (Exhibitions) Regulations (Cap. 139F)							
15	For issue of a licence to any person to hold a permanent exhibition of animals or birds if the total number of animals or birds to be exhibited does not exceed 20	8.11.2006	2,190	80.3%	2,410	+220 (+10%)	88.4%
16	For issue of a licence to any person to hold a permanent exhibition of animals or birds if the total number of animals or birds to be exhibited exceeds 20	8.11.2006	7,790	75.9%	8,570	+780 (+10%)	83.5%

Item nos	Fee description	Last revision date	Existing fee level (\$)	Existing cost recovery rate	Proposed fee level (\$)	Proposed change in amount (\$) & percentage	Cost recovery rate after fee adjustment
17	For issue of a permit to any person to hold a temporary exhibition of animals or birds	19.12.1997	1,380	33.1%	1,660	+280 (+20%)	39.9%
Public Health (Animals) (Riding Establishment) Regulations (Cap. 139J)							
18	For issue of a licence to any person to keep a riding establishment	19.12.1997	3,810	31.4%	4,570	+760 (+20%)	37.6%