

For discussion  
on 27 February 2015

## **Legislative Council Panel on Transport**

### **Proposed Revision to Fees and Charges Relating to Road Traffic (Batch 2)**

#### **PURPOSE**

This paper seeks Members' views on –

- (a) the proposed revision to 18 government fee items relating to road traffic which have not been revised in recent years and do not directly affect people's livelihood;
- (b) the proposed revision to six fee items charged by operators of designated car testing centres ("DCTC") which are private operations; and
- (c) the proposal to remove on a permanent basis the fees for issue of passenger service licences ("PSL") and PSL certificates ("PSLC") in respect of school private light buses ("SPLB").

#### **BACKGROUND**

##### **Revision of government fees**

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 a level sufficient to recover the full cost of providing the services. Nevertheless, some fees and charges have not been revised in recent years.

3. In the 2013-14 Budget Speech, the Financial Secretary indicated that we needed a systematic review of fees and charges and should first deal with fees which had not been revised for years and did not directly affect people's livelihood.

4. In order to achieve full cost recovery gradually and to avoid a steep fee increase, the following guidelines for the fee revision have been adopted:

- (a) for existing cost recovery rate of less than 40%, adopt an increase of about 20%;
- (b) for existing cost recovery rate between 40% to 70%, adopt an increase of about 15%;
- (c) for existing cost recovery rate of over 70%, adopt an increase of about 10% or lower; and
- (d) for fees which are recovering more than the full cost, adjust downward to full cost recovery.

5. The first batch of our fee revision exercise, which covered seven fee items relating to road traffic, was approved by the Legislative Council ("LegCo") with the revised fee levels taking effect from 9 June 2014. The respective consultation with the LegCo Panel on Transport was held on 17 January 2014.

#### **Revision of fees charged by private operators of DCTC**

6. DCTCs are private operations running on commercial principle which are designated by the Commissioner for Transport ("the Commissioner") under section 88C(1) of the Road Traffic Ordinance (Cap. 374) ("the Ordinance") for carrying out inspection of private cars and light goods vehicles not exceeding 1.9 tonnes. Operators of DCTC charge fees for examination of private cars and light goods vehicles set out in paragraph 6(b) of Schedule 8 to the Ordinance. Whilst these fees do not form any part of the Government's revenue, their variation need to be effected by the Government through legislative amendments.

### **PSL and PSLC Fees for SPLB**

7. At present, operators of vehicular passenger services are regulated by a system of PSL issued by the Commissioner under section 27 of the Ordinance. Each vehicle operating under a PSL must also display a PSLC pursuant to regulation 12(3) of the Road Traffic (Public Service Vehicles) Regulations (Cap. 374D). The fees payable for issuance of PSL and PSLC are set out in Parts A and B of Schedule 1 to Cap. 374D respectively according to the type of service under the PSL. Through licensing conditions, the Commissioner regulates matters such as routes, safety requirements, service to be provided, etc. The PSL regime covers non-franchised public buses (17 seats or more) (“non-franchised public bus”), non-franchised private buses (17 seats or more), public light buses (16-seat red or green minibuses) and SPLBs (16 seats or less).

8. SPLB, commonly known as “nanny van”, was brought under the PSL regime by the Road Traffic (Amendment) Bill 1998 (“the 1998 Bill”) which aimed to better regulate “nanny van” services by establishing a uniform regulatory mechanism and bringing SPLB in line with other non-franchised bus services. When scrutinising the 1998 Bill, some LegCo Members expressed concern over the additional financial burden arising from the PSL and PSLC fees imposed on the SPLB trade since the annual vehicle licence fees for SPLB were significantly higher than those for non-franchised public buses. It was subsequently agreed that SPLB would be brought under the PSL regime on the condition that the Government would waive the PSL and PSLC fees pending the outcome of a review<sup>1</sup> of the relevant vehicle licence fees. Against such background, the Commissioner has been waiving administratively the PSL and PSLC fees in respect of SPLB on an annual basis since the

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<sup>1</sup> Given the fiscal principle that annual vehicle licence fees for different categories of vehicles are determined on a basis different from that for determination of PSL and PSLC fees (i.e. vehicle class for the former and vehicle use for the latter), the Government subsequently considered that there was no basis to bring parity between the vehicle licence fees for different categories of vehicles.

commencement of the relevant amendment regulation in 1999<sup>2</sup>. By end 2014, there were 735 SPLB operators with a fleet of 1 899 SPLB in total.

## **PROPOSALS**

### **(A) Revision of 18 government fees**

9. Based on the outcome of a costing review, we propose to revise 18 government fee items relating to road traffic stipulated in the Ordinance and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E).

10. The 18 government fee items include nine relating to vehicle examination at government vehicle examination centres (“VEC”), two for supply of certificate of roadworthiness, six for issue of licences and permits, and one for registration of a motor vehicle. Among them, 16 items will be increased in a phased manner with a view to achieving full-cost recovery gradually, ranging from 9% to 20%. The remaining two items, which are currently charging more than the full cost based on the latest costing results, will be reduced by 72% in order to return to full cost recovery level. Details of the proposed revisions required are set out in the table at **Annex A**.

11. We will ensure that the costs of all fee and charge items relating to road traffic will be reviewed regularly and fee revision proposals introduced as and when necessary.

### **(B) Revision of six fees charged by private operators of DCTC**

12. We also propose to revise six fee items charged by private operators of DCTC for examination of private cars and light goods vehicles in accordance with paragraph 6(b) of Schedule 8 to the

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<sup>2</sup> Fees for duplicates of PSL and PSLC in respect of SPLB have not been waived. During the period from November 1999 to December 2014, the Commissioner issued 48 duplicates of PSL and 88 duplicates of PSLC to SPLB operators on fees payable.

Ordinance. The six fees items were last revised in 1995<sup>3</sup>. The operating costs of DCTC have increased in recent years, partly because upon request from the Transport Department (“TD”), DCTC operators have deployed more manpower and extended the operating hours of their centres to cope with the increase in demand for annual examinations arising from a growing vehicle fleet. DCTC operators have earlier applied to TD to raise the vehicle examination fees by 15% in order to meet their increasing operating costs. Having considered the financial viability of DCTCs and acceptability of motorists, we propose to increase the six fee items by about 10% on par with the proposed fee increase for government VEC. This is to enable DCTC to continue to be financially viable so that the operators will have the incentive to continue providing vehicle examination services, which are essential in maintaining road safety. Details of the proposed revisions required are set out in **Annex B**.

**(C) Proposal to remove the fees for issue of PSL and PSLC in respect of SPLB**

13. As mentioned in paragraph 8 above, the waiver of PSL and PSLC fees in respect of SPLB has been done administratively on an annual basis.

14. While the number of SPLB has increased by 51% since 2011, the number of non-franchised public buses with student service endorsement (“SSE”) has slightly decreased by 8% during the same period of time. Both schools and parents have expressed concern about the supply of school transport services<sup>4</sup>. Furthermore, more parents prefer to bring

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<sup>3</sup> When the vehicle examination fees payable to the Commissioner were last increased in 1995, the vehicle examination fees payable to DCTC operators were increased by similar percentage so that the fees for initial examination of private cars and light goods vehicles would remain on par with the relevant examination fees charged by government VEC.

<sup>4</sup> There are three types of vehicles that can carry school children –  
(i) SPLB  
(ii) private buses operating a student service operated by schools or school sponsoring bodies direct; and  
(iii) non-franchised public buses with SSE.

their children, in particular students of tender age to schools, either self-driver or by taxi, which intensifies the traffic congestion to the school areas before and after school. This not only affects the trade's income but also increases their operational time, fuel cost, etc. To help maintain a stable supply of school transport service, we consider that the current waiver of PSL and PSLC fees in respect of SPLB should be made permanent to provide certainty over the operators' financial cost. To give effect to the proposal, our intention is to remove the fees for PSL and PSLC<sup>5</sup> in respect of SPLB on a permanent basis by amending the law.

## **EFFICIENCY IMPROVEMENT MEASURES**

15. TD will continue to enhance working efficiency and streamline procedures, for example, through conducting regular review of working procedures and making use of new technologies so as to contain the costs of government operation. Separately, TD has been working closely with DCTCs with a view to regularly review and streamline their working procedures (such as by computerisation) so that their costs could be controlled at a manageable level.

## **FINANCIAL IMPLICATIONS**

16. The proposed revision of the 18 government fees will result in a net increase in revenue of around \$0.6 million per annum. The proposed revision of the six fee items charged by private operators of DCTCs has no financial implication to the Government. The proposed removal of the fees for PSL and PSLC in respect of SPLB on a permanent basis will result in revenue forgone of around \$0.6 million per annum.

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<sup>5</sup> The fees for duplicates of PSL and PSLC are still applicable in accordance with regulations 11A and 12(5) of Cap. 374D as the charge of the duplicates is only applicable to those individual operators whose PSL/PSLC is "*lost, defaced or destroyed*" but not to all operators. Since PSL and PSLC are important documents authorizing the holder to operate the concerned SPLB, the PSL holder has the responsibility to ensure safe keeping of such certificates.

## **NEXT STEP**

17. All 24 fee revision proposals and the proposed removal of the fees for PSL and PSLC in respect of SPLB on a permanent basis require amendments to the relevant legislation. We plan to table the relevant legislative proposals within 2015.

## **ADVICE SOUGHT**

18. Members' views are sought on the proposals set out in paragraphs 9 to 14 above.

**Transport and Housing Bureau  
February 2015**

**Proposed Revision of Government Fees and Charges Relating to Road Traffic**

	<b>Fees with brief descriptions</b>	<b>Relevant Government department</b>	<b>Existing fee level (\$)</b>	<b>Existing cost recovery rate (%)</b>	<b>Revised fee level (\$)</b>	<b>Fee revision in percentage (%)</b>	<b>Cost recovery rate after fee revision (%)</b>
	<b>Fees for Vehicle Examinations</b> (under Schedule 3 to the Road Traffic Ordinance (Cap. 374)) –						
1.	Motor cycle or motor tricycle	TD	320	73%	350	+9%	80%
2.	Private Car	TD	530	71%	585	+10%	79%
3.	Taxi	TD	530	72%	585	+10%	79%
4.	Goods vehicle or special purpose vehicle not exceeding 5.5 tonnes permitted gross vehicle weight	TD	630	76%	695	+10%	84%
5.	Goods vehicle or special purpose vehicle exceeding 5.5 tonnes permitted gross vehicle weight	TD	850	79%	935	+10%	87%
6.	Light bus	TD	630	72%	695	+10%	79%
7.	Single-decked bus	TD	850	71%	935	+10%	78%
8.	Double-decked bus	TD	950	71%	1,050	+11%	78%
9.	Trailer (other than a trailer towed by a private car)	TD	530	71%	585	+10%	78%



	<b>Fees with brief descriptions</b>	<b>Relevant Government department</b>	<b>Existing fee level (\$)</b>	<b>Existing cost recovery rate (%)</b>	<b>Revised fee level (\$)</b>	<b>Fee revision in percentage (%)</b>	<b>Cost recovery rate after fee revision (%)</b>
	<i>Brief description (items 1 to 9):</i> Fees payable in respect of an examination in connection with registration, suspension of vehicle licence orders or repair orders, etc. under sections 78, 84(3) and 85(2) of Cap. 374.						
10.	<b>Fee payable for supply of each form of a certificate of roadworthiness</b> (under Schedule 8 to Cap. 374) – Private car	TD	58	360% <sup>6</sup>	16	-72%	99%
11.	Light goods vehicle	TD	58	360% <sup>6</sup>	16	-72%	99%
	<i>Brief description (items 10 &amp; 11):</i> Fee payable for the Transport Department (“TD”) to supply a designated car testing centre operator in respect of each form of a certificate of roadworthiness under section 88C of Cap. 374.						

<sup>6</sup> The cost of these fee items has significantly been reduced following TD’s streamlining of working procedures to issue these certificates, such as the use of computers.

	<b>Fees with brief descriptions</b>	<b>Relevant Government department</b>	<b>Existing fee level (\$)</b>	<b>Existing cost recovery rate (%)</b>	<b>Revised fee level (\$)</b>	<b>Fee revision in percentage (%)</b>	<b>Cost recovery rate after fee revision (%)</b>
12.	<p><b>Registration fee</b> (under Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E))</p> <p><i>Brief description:</i> Fee for registration of a motor vehicle under regulation 5 of Cap. 374E.</p>	TD	83	82%	91	+10%	90%
13.	<p><b>Fee for duplicate trade licence or permit</b> (under Schedule 2 to Cap. 374E)</p> <p><i>Brief description:</i> Fee for the issue of a duplicate trade licence or permit under regulation 59(2) of Cap. 374E.</p>	TD	65	62%	75	+15%	71%
14.	<p><b>Annual licence fee for invalid carriage</b> (under Schedule 2 to Cap. 374E)</p> <p><i>Brief description:</i> Fee for the issue of a vehicle licence for 12 months for an invalid carriage under regulation 21(1) of Cap. 374E.</p>	TD	12	20%	14	+17%	24%

	<b>Fees with brief descriptions</b>	<b>Relevant Government department</b>	<b>Existing fee level (\$)</b>	<b>Existing cost recovery rate (%)</b>	<b>Revised fee level (\$)</b>	<b>Fee revision in percentage (%)</b>	<b>Cost recovery rate after fee revision (%)</b>
15.	<b>Annual licence fee for rickshaw</b> (under Schedule 2 to Cap. 374E)  <i>Brief description:</i> Fee for the issue of a vehicle licence for 12 months for a rickshaw under regulation 40(1) of Cap. 374E.	TD	50	80%	55	+10%	88%
16.	<b>Duplicate vehicle licence fee in the case of a rickshaw</b> (under Schedule 2 to Cap. 374E)  <i>Brief description:</i> Fee for the issue of a duplicate vehicle licence for rickshaw under regulation 59(1) of Cap. 374E.	TD	10	24%	12	+20%	29%
17.	<b>Fee for Excess Passengers Permit</b> (under Schedule 2 to Cap. 374E)  <i>Brief description:</i> Fee for the issue of an excess passengers permit under regulation 52(1) of Cap. 374E.	TD	155	82%	170	+10%	90%
18.	<b>Fee for Movement Permit</b> (under Schedule 2 to Cap. 374E)  <i>Brief description:</i> Fee for the issue of a movement permit under regulation 53(1) of Cap. 374E.	TD	560	35%	670	+20%	42%

**Proposed Revision of Fees Charged by the Private Operators of Designated Car Testing Centres**

	<b>Fees with brief descriptions</b>	<b>Existing fee level (\$)</b>	<b>Revised fee level (\$)</b>	<b>Fee change in percentage (%)</b>
1. 2.	<p><b>Fee to be charged in respect of an examination – Initial examination</b> (under Schedule 8 to the Road Traffic Ordinance (Cap. 374)) –</p> <p>Private car Light goods vehicle</p> <p><i>Brief description (items 1 &amp; 2):</i> Fees charged in respect of an initial examination at Designated Car Testing Centres under section 88C(3)(a) of Cap. 374.</p>	530 630	585 695	+10% +10%
3. 4.	<p><b>Fee to be charged in respect of an examination – Re-examination where made within 14 days of initial examination</b> (under Schedule 8 to Cap. 374) –</p> <p>Private car Light goods vehicle</p> <p><i>Brief description (items 3 &amp; 4):</i> Fees charged in respect of a re-examination at Designated Car Testing Centres under section 88C(3)(a) of Cap. 374.</p>	165 210	180 230	+9% +10%

	<b>Fees with brief descriptions</b>	<b>Existing fee level (\$)</b>	<b>Revised fee level (\$)</b>	<b>Fee change in percentage (%)</b>
	<b>Fee to be charged in respect of an examination – Issue of a duplicate copy of a certificate of roadworthiness</b> (under Schedule 8 to Cap. 374) –			
5.	Private Car	165	180	+9%
6.	Light goods vehicle	210	230	+10%
	<i>Brief description (items 5 &amp; 6):</i> Fees charged for issuing a duplicate copy of certificate of roadworthiness under section 88C(3)(a) of Cap. 374.			