

**立法會**  
***Legislative Council***

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**Panel on Transport**  
**Meeting on 27 February 2015**

**Updated background brief on**  
**revision to fees and charges relating to road traffic**

**Purpose**

This paper provides background to the revision to fees and charges relating to road traffic and summarizes the discussions made by the Panel on Transport ("the Panel") on the matter.

**Background**

2. The provision of government services is generally charged in accordance with the "user pays" principle. According to the 2013-2014 Budget Speech, there are thousands of fees and charges, including all types of licence fees and other fees related to the issue of identity documents, registration, etc. The cost recovery rate for some items is as low as 30%.

3. According to the Administration, in 1997-1998, government services with charges determined on a cost-recovery basis generated nearly \$12 billion in revenue, equivalent to about **4%** of government revenue. In 2011-2012, revenue from this source dropped to only \$10 billion, or a share of only about **2%** of revenue.

4. To prevent cost recovery items being turned into heavily subsidized items, the Financial Secretary ("FS") indicated in the Budget Speech delivered in February 2013 that he would ask all policy bureaux and departments to review their respective fees and charges, and submit plans for their revision for the coming one or two years. The Administration would first deal with fees that have not been revised for years and do not directly affect people's livelihood. It

would also deal with items which had low cost recovery rates. FS said that there would not be substantial revisions in one go to avoid affecting people's livelihood. The Administration would also strictly control costs and reduce the need for increasing fees and charges as far as possible.

5. The Administration advised that in order to achieve full cost recovery gradually and to avoid a steep fee increase, the following guidelines for the proposed fee increases 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%; and
- (c) for existing cost recovery rate of over 70%, adopt an increase of about 10% or lower.

6. The Administration added that to avoid affecting people's livelihood by frequent adjustments, the Administration would adjust fee levels when the accumulated adjustment rate had reached a certain level. In addition, the Administration would achieve full cost recovery gradually by adopting the established guidelines. It would however be difficult to work out a timetable to achieve full cost recovery given the complicated cost calculations and the number of government departments involved.

### **Batch one revision to fees and charges relating to road traffic**

7. The Panel was consulted by the Administration on 17 January 2014 on the first batch of fee revisions relating to road traffic. Panel members were generally in support of the proposed revision in view of the fact that these fee items had not been revised for seven years or more, and considered that the Administration should conduct annual or biennial review of the fees and adjust the fees in a moderate manner. Some members considered that the Administration should achieve full cost recovery for punitive fee items as far as practicable and prepare a timetable for achieving the target.

8. Since all the seven fee revision proposals required amendments to the relevant legislation, the relevant legislative proposals were tabled at the Council meeting of 16 April 2014. The House Committee considered it not necessary

to form any subcommittee to study the relevant subsidiary legislation on 2 May 2014. The increases in fees and charges came into effect on 9 June 2014 and details are set out in **Appendix I**.

### **Latest position**

9. The Administration plans to consult the Panel on the second batch revision to fees and charges relating to road traffic at the Panel meeting to be held on 27 February 2015.

### **Relevant papers**

10. A list of relevant papers is in the **Appendix II**.

Council Business Division 4  
Legislative Council Secretariat  
17 February 2015

**Revision to fees and charges relating to road traffic - Batch one**

	<b>Fees with brief descriptions</b>	<b>Original fee level (\$)</b>	<b>New fee level (\$)</b>	<b>Increase in percentage</b>
1.	Fee for record of convictions (traffic convictions)	50	55	+10%
2.	Fee for certificate of no recorded convictions (traffic convictions)	50	55	+10%
3.	Removal charge for a vehicle having a permitted gross vehicle weight not exceeding 5.5 tonnes	485	560	+15%
4.	Removal charge for a vehicle having a permitted gross vehicle weight not exceeding 5.5 tonnes but not exceeding 24 tonnes	1,110	1,280	+15%
5.	Removal charge for a vehicle having a permitted gross vehicle weight exceeding 24 tonnes	2,790	3,210	+15%
6.	Storage Charge (per day) for vehicles detained	160	172	+7.5%
7.	Fee for designation or renewal of designation of a driving school	16,500	18,150	+10%

## Proposed revision to fees and charges relating to road traffic (Batch 2)

## List of relevant papers

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
27.2.2013	-	The 2013-14 Budget	<a href="http://www.budget.gov.hk/2013/eng/pdf/e_budgetspeech2013-14.pdf">http://www.budget.gov.hk/2013/eng/pdf/e_budgetspeech2013-14.pdf</a>
17.1.2014	Panel on Transport	Administration's paper on proposed revision to fees and charges relating to road traffic	CB(1)702/13-14(03) <a href="http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0117cb1-702-3-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0117cb1-702-3-e.pdf</a>
		Background brief on revision to fees and charges relating to road traffic prepared by the Legislative Council Secretariat	CB(1)702/13-14(04) <a href="http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0117cb1-702-4-e.pdf">http://www.legco.gov.hk/yr13-14/english/panels/tp/papers/tp0117cb1-702-4-e.pdf</a>
		Minutes of meeting	CB(1)1105/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/panels/tp/minutes/tp20140117.pdf">http://www.legco.gov.hk/yr13-14/english/panels/tp/minutes/tp20140117.pdf</a>
9.4.2014	-	Legislative Council Brief on Road Traffic Ordinance (Amendment of Schedule 9) Order 2014	THB(T)CR 25/5591/79 <a href="http://www.legco.gov.hk/yr13-14/english/subleg/brief/50_brf.pdf">http://www.legco.gov.hk/yr13-14/english/subleg/brief/50_brf.pdf</a>
9.4.2014	-	Legislative Council Brief on Road Traffic Ordinance (Amendment of Schedule 5) Order 2014 and Road Traffic (Driving Licences) (Amendment) Regulation 2014	THB(T)CR 25/5591/79 <a href="http://www.legco.gov.hk/yr13-14/english/subleg/brief/48_49_brf.pdf">http://www.legco.gov.hk/yr13-14/english/subleg/brief/48_49_brf.pdf</a>

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
2.5.2014	House Committee	Legal Service Division Report on Subsidiary Legislation Gazetted on 11 April 2014	LS45/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0502ls-45-e.pdf">http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0502ls-45-e.pdf</a>
		Minutes of meeting	CB(2)1437/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/hc/minutes/hc20140502.pdf">http://www.legco.gov.hk/yr13-14/english/hc/minutes/hc20140502.pdf</a>
		Further Report by Legal Service Division on Road Traffic (Driving Licences) (Amendment) Regulation 2014 (L.N. 48) gazetted on 11 April 2014	LS55/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0502ls-55-e.pdf">http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0502ls-55-e.pdf</a>
9.5.2014	House Committee	Report No. 18/13-14 of the House Committee on Consideration of Subsidiary Legislation and Other Instruments	CB(2)1439/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0509cb2-1439-e.pdf">http://www.legco.gov.hk/yr13-14/english/hc/papers/hc0509cb2-1439-e.pdf</a>
		Minutes of meeting	CB(2)1510/13-14 <a href="http://www.legco.gov.hk/yr13-14/english/hc/minutes/hc20140509.pdf">http://www.legco.gov.hk/yr13-14/english/hc/minutes/hc20140509.pdf</a>