

For information
on 27 June 2016

**Legislative Council
Panel on Economic Development**

**Review of Fees and Charges under the Civil Aviation (Aircraft Noise)
(Certification) Regulations (Cap. 312A) and the Hong Kong Air
Navigation (Fees) Regulations (Cap. 448D)**

Purpose

This paper briefs Members on the progress of the review of the statutory fees under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D).

Background

Fees and Charges Policy of the Government

2. Under the Government's "user pays" principle, the full cost of providing some public services concerned is to be recovered from the users through the relevant fees and charges. To this end, the fee structure and levels should be conducive to achieving full-cost recovery.

The ICAO Guidelines

3. The International Civil Aviation Organisation (ICAO) was established by the Convention on International Civil Aviation (generally referred to as the "Chicago Convention") with the objectives of promoting the development of international civil aviation in a safe and orderly manner, and ensuring that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically. The ICAO promulgates the "Policies on Charges for Airports and Air Navigation Services" which list out the key charging principles, namely non-discrimination, cost-relatedness, transparency and consultation with users. Hong Kong, being part of China, which is one of the 191 Contracting States of the ICAO, is encouraged to follow the ICAO's charging principles.

Fee Items under Cap. 312A and Cap. 448D

4. There are a total of 79 statutory fee items under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) (3 fee items) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D) (76 fee items) administered by the Civil Aviation Department (CAD). These statutory fees are mainly charged for the purpose of licensing of local airlines, aircrews, maintenance organisations, aeronautical engineers, training organisations and the Hong Kong International Airport, and granting of relevant certificates and permits (e.g. noise certificate, Air Operator's Certificates (AOC), Certificate of Airworthiness (CoA) and permission to carry, load or suspend dangerous goods). Details are set out at **Annex 1**. All of these charges are unrelated to the livelihood of the general public.

5. The CAD provides the services and performs the regulatory functions for the issue of licences, certificates, permits, etc. under Cap. 312A and the Air Navigation (Hong Kong) Order 1995 (Cap. 448C). Generally, the full cost involved in the provision of these services and the performance of these regulatory functions is to be recovered, a number of which are subject to prescribed maximum levels. For example, to grant an AOC to an airline so that it can operate in Hong Kong, the CAD has to investigate the airline's organisation, equipment (including aircraft), staffing, maintenance of aircraft, etc. The cost of working hours spent by the CAD's staff in the investigation, expenses for overseas duty visits (if any) and related overheads are to be reflected in the fees for AOC.

6. These fee items are reviewed and adjusted from time to time in accordance with the Government's fees and charges policy mentioned above in order to keep up with the prevailing price level, and also the key charging principles set out in the ICAO's guidelines. The last fee revision proposal was supported by the Panel on Economic Development of the Legislative Council (LegCo) on 27 June 2011, and the corresponding amendments to the regulations came into operation on 13 January 2012.

Progress of Review of Fee Items under Cap. 312A and Cap. 448D

7. The CAD is currently updating the costing for related services to the 2017-18 price level. There is a general price increase, principally in staff cost, since the last fee revision. Meanwhile, the CAD is also reviewing its day-to-day management and procedures so as to identify efficiency initiatives for streamlining procedures. Should there be any efficiency

saving arising from the review, this will be factored into the proposed revisions of fees and charges.

8. Preliminary review result suggests that there should not be any significant change to the cost structure. We also do not intend to introduce any new fee under the two pieces of subsidiary legislation concerned. One on-going consideration of note relates to the grant or variation of an AOC. At present, the fees for the grant or variation of an AOC are dependent on the weight of aircraft concerned, categorised into five different weight levels. According to the CAD's experience, the cost of investigation or processing does not necessarily relate to the weight of aircraft. Thus, fees for lighter aircraft types are under-recovering. As such, the CAD is considering rationalising the fee structure for AOC with a view to achieving full-cost recovery.

Way Forward

9. Fee revision requires legislative amendments to Cap. 312A and Cap. 448D. The CAD aims to have the fee proposals ready in July/August 2016. Thereafter, the Department will consult major stakeholders, including but not limited to the Aviation Development and Three-runway System Advisory Committee, the Airport Authority Hong Kong, the aviation industry as well as other related organisations (such as Hong Kong Institution of Engineers, Hong Kong Aviation Club, aircraft maintenance and design organisations, flight training/maintenance training organisations) from August to September 2016. After that, the CAD will consult this Panel, tentatively in the fourth quarter of 2016. Subject to the outcome of consultation, the Government will proceed with the legislative procedure with a view to implementing the new fee levels in mid-2017. The tentative timetable is at **Annex 2**.

10. Members are invited to note the progress of the CAD's review of fees and charges and the consultation timetable.

**Transport and Housing Bureau
Civil Aviation Department
June 2016**

Fees under Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A)

	Descriptions	Prevailing Rate
1.	Grant of a noise certificate limited to a combination or combinations of aircraft and engine types, where a noise certificate has previously been granted in respect of the identical combination or combinations of aircraft and engine types.	\$505
2.	Grant of a noise certificate other than in the circumstances referred to in item 1	\$505
3.	Issue of duplicate noise certificate	\$200

	Descriptions	Prevailing Rate
	(ii) over 2 but not over 55 tonnes (iii) over 55 but not over 100 tonnes (iv) over 100 but not over 160 tonnes (v) over 160 tonnes - For each 1 000 passenger kilometres; - For each 1 000 freight tonne kilometres.	\$365,500 \$487,300 \$735,100 \$1,470,300 \$12.6 \$147

	Descriptions	Prevailing Rate
3.	<p><u>Permit for an aircraft to fly without a Certificate of Airworthiness (CoA)</u></p> <p>Issue or variation of a permit for an aircraft to fly without a CoA –</p> <p>Fee equal to the cost of investigations required by the CE, but not –</p> <p>(a) less than (b) exceeding</p>	<p>\$270 \$140 per kg</p>
4.	<p><u>Issue of CoA</u></p> <p>(a) In respect of a prototype aircraft –</p> <p style="padding-left: 20px;">(i) fee for a glider or balloon (ii) fee for any other aircraft equal to the cost of investigations required by the CE, but not exceeding</p> <p>(b) In respect of a series aircraft –</p> <p style="padding-left: 20px;">(i) fee for a glider or balloon (ii) fee for any other aircraft equal to the cost of investigations required by the CE, but not exceeding</p>	<p>\$5,040 \$33,800 per 500 kg \$5,040 \$16,900 per 500 kg</p>

	Descriptions	Prevailing Rate
5.	<p><u>Approval of Engine</u></p> <p>Fee for approval of an engine, whether in connexion with an application for the issue or renewal of a CoA or for any other purpose of the Air Navigation (Hong Kong) Order 1995 (the Order) equal to the cost of the investigations required by the CE, but not exceeding-</p> <p>(a) for a gas turbine engine</p> <p>(b) for any other engine of 300 kW or less</p> <p>(c) for any other engine over 300 kW</p>	<p>\$574,600</p> <p>\$47,300</p> <p>\$94,600</p>
6.	<p><u>Renewal of CoA</u></p> <p>(a) Fee for a glider or balloon</p> <p>(b) Fee for an aircraft where the maximum total weight authorised does not exceed 2,730 kg, and the period of validity applied for is 2 years</p> <p>(c) Fee for any other case</p>	<p>\$340</p> <p>\$340 per 500 kg</p> <p>\$340 per 500 kg</p>
7.	<p><u>Validation or Renewal of Validation of CoA</u></p> <p>(1) Issue of a certificate of validation –</p> <p style="padding-left: 20px;">(a) fee for a glider or balloon</p> <p style="padding-left: 40px;">(i) in respect of a prototype aircraft</p> <p style="padding-left: 40px;">(ii) in respect of a series aircraft</p>	<p>\$5,040</p> <p>\$5,040</p>

	Descriptions	Prevailing Rate
	<p>(b) fee for any other aircraft equal to the cost of investigations required by the CE, but not exceeding –</p> <p style="padding-left: 40px;">(i) in respect of a prototype aircraft (ii) in respect of a series aircraft</p> <p>(2) Renewal of such certificate of validation –</p> <p style="padding-left: 40px;">(a) fee for a glider or balloon (b) fee for an aircraft where the maximum total weight authorised does not exceed 2,730 kg, and the period of validity applied for is 2 years (c) fee for any other case</p>	<p style="text-align: right;">\$33,800 per 500 kg \$16,900 per 500 kg</p> <p style="text-align: right;">\$340</p> <p style="text-align: right;">\$340 per 500 kg \$340 per 500 kg</p>
8.	<p><u>Approval of Persons</u></p> <p>(1) Application fee for the grant or variation of an approval of a maintenance organisation –</p> <p style="padding-left: 40px;">(a) if the cost of investigations required by the CE exceeds \$16,100, an amount equal to that cost but not exceeding</p> <p>(2) Investigation fee for the purpose of the grant of the approval (including any subsequent approval) –</p> <p style="padding-left: 40px;">(a) for the initial period (or part of it) during which the approval remains in force –</p> <p style="padding-left: 80px;">(i) if the cost of investigations required by the CE exceeds \$16,100, an amount equal to that cost but not exceeding</p>	<p style="text-align: right;">\$16,100</p> <p style="text-align: right;">\$402,500</p> <p style="text-align: right;">\$16,100</p> <p style="text-align: right;">\$402,500</p>

	Descriptions	Prevailing Rate
	<p>(b) for each subsequent financial year (or part of it) during which the approval remains in force –</p> <p>(i) if the cost of investigations required by the CE exceeds \$16,100, an amount equal to that cost but not exceeding</p>	<p>\$16,100</p> <p>\$402,500</p>
9.	<p><u>Approval in respect of Aircraft and Equipment including modification, repair, etc. (excluding Engines and Radio Apparatus)</u></p> <p>Fee for an approval pursuant to any requirement of Part III of the Order (other than engine or radio apparatus) equal to the cost of making the investigations required by the CE, but not exceeding</p>	<p>\$266,800</p>
10.	<p><u>Approval of type, etc., of Radio Apparatus</u></p> <p>Fee for an approval for radio apparatus/ radio navigation equipment installed or modified in an aircraft registered in Hong Kong or carried on such aircraft for use in connection with the aircraft equal to the cost of making the investigations required by the CE, but not exceeding</p>	<p>\$53,300</p>

	Descriptions	Prevailing Rate
11.	<p>Licences for Aircraft Maintenance Engineers</p> <p>(1) (a) Grant of a licence without type rating or for the inclusion of a category or sub-division of a category in a licence –</p> <p style="padding-left: 40px;">(i) for other than pressurised metal aircraft, piston engined rotorcraft, and turbine engined rotorcraft</p> <p style="padding-left: 40px;">(ii) for pressurised metal aircraft</p> <p style="padding-left: 40px;">(iii) for piston engined rotorcraft</p> <p style="padding-left: 40px;">(iv) for turbine engined rotorcraft</p> <p>(b) Inclusion of a type rating in a licence –</p> <p style="padding-left: 40px;">(i) for other than piston engined rotorcraft, or turbine engined rotorcraft</p> <p style="padding-left: 40px;">(ii) for piston engined rotorcraft</p> <p style="padding-left: 40px;">(iii) for turbine engined rotorcraft</p> <p>(c) Grant of a licence by validation</p> <p>(d) Renewal of a licence</p> <p>(e) Variation of a licence</p> <p>(2) Examinations for the purpose of the grant of, inclusion in or variation of a licence –</p> <p style="padding-left: 40px;">(a) for every multiple choice question paper</p> <p style="padding-left: 40px;">(b) for every essay question paper</p>	<p></p> <p style="text-align: right;">\$605</p> <p style="text-align: right;">\$605</p> <p style="text-align: right;">\$605</p> <p style="text-align: right;">\$605</p> <p></p> <p style="text-align: right;">\$535</p> <p style="text-align: right;">\$535</p> <p style="text-align: right;">\$535</p> <p style="text-align: right;">\$310</p> <p style="text-align: right;">\$310</p> <p style="text-align: right;">\$535</p> <p></p> <p style="text-align: right;">\$315</p> <p style="text-align: right;">\$775</p>

	Descriptions	Prevailing Rate
(3)	Fee for approval of any course of training or instruction, equal to the cost of investigations required by the CE, but not exceeding	\$192,800
(4)	Fee for authorisation of a person to conduct examinations or tests, equal to the cost of investigations required by the CE, but not exceeding	\$192,800
(5)	Fee for authorisation (including any subsequent authorisation) to a person to conduct examinations or tests in respect of each financial year (or part of it), equal to the cost of investigations required by the CE, but not exceeding	\$192,800
(6)	Fee for approval to a person to provide or conduct any course of training or instruction, equal to the cost of the investigations required by the CE, but not exceeding	\$192,800
(7)	Fee for approval (including any subsequent approval) to a person to provide or conduct any course of training or instruction in respect of each financial year (or part of it), equal to the cost of investigations required by the CE, but not exceeding	\$192,800
(8)	Fee for approval to a person as qualified to furnish reports, equal to the cost of investigations required by the CE, but not exceeding	\$192,800
(9)	Fee for approval (including any subsequent approval) to a person as qualified to furnish reports in respect of each financial year (or part of it), equal to the cost of investigations required by the CE, but not exceeding	\$192,800

	Descriptions	Prevailing Rate
12.	<p><u>Licences for Flight Crew and Ratings in Licences</u></p> <p>(1) Grant or renewal of a licence to act as a flight crew member –</p> <p style="padding-left: 20px;">(a) licence for a professional pilot, private pilot or flight engineer –</p> <p style="padding-left: 40px;">(i) where an applicant holding a licence to act as a flight crew member issued in a jurisdiction outside Hong Kong</p> <p style="padding-left: 40px;">(ii) in other circumstances</p> <p style="padding-left: 20px;">(b) renewal of a professional pilot’s licence or a licence to act as a flight engineer</p> <p style="padding-left: 20px;">(c) grant or renewal of a flight radio-telephony operator’s restricted licence (except in the case of an applicant holding a professional pilot’s licence or a licence to act as a flight engineer)</p> <p>(2) Examination fees –</p> <p style="padding-left: 20px;">(a) for each examination for the grant of a private pilot’s licence, the inclusion of a rating in the licence, the inclusion of an endorsement or restriction in the licence, or the renewal of any such inclusions</p> <p style="padding-left: 20px;">(b) for each examination for the grant or renewal of a professional pilot’s licence or a licence to act as a flight engineer, the inclusion of a rating in the licence, the inclusion of an endorsement or restriction in the licence, or the renewal of any such inclusions</p>	<p style="text-align: right;">\$2,055</p> <p style="text-align: right;">\$1,100</p> <p style="text-align: right;">\$595</p> <p style="text-align: right;">\$595</p> <p style="text-align: right;">\$880</p> <p style="text-align: right;">\$895</p>

	Descriptions	Prevailing Rate
	<p>(3) Inclusion of the following ratings in a licence –</p> <p style="padding-left: 40px;">(a) inclusion of a flying instructor’s rating or assistant flying instructor’s rating in a pilot’s licence</p> <p style="padding-left: 40px;">(b) inclusion of an additional aircraft type or an additional group of aircraft in a flying instructor’s rating or assistant flying instructor’s rating in a pilot’s licence</p> <p style="padding-left: 40px;">(c) inclusion of an additional aircraft rating in a professional pilot’s licence, or a flight engineer’s licence</p> <p>(4) application for the issue of a medical certificate</p> <p>(5) Inclusion of an instrument rating in a professional pilot’s licence or private pilot’s licence</p> <p>(6) Inclusion of an additional aircraft type rating in a Private Pilot’s Licence (Helicopters)</p> <p>(7) Inclusion of an additional group rating in a Private Pilot’s Licence (Aeroplanes)</p> <p>(8) Inclusion of an endorsement in respect of language proficiency in a pilot’s licence</p> <p>(9) Fee for approval of a flight simulator equal to the cost of making the investigations required by CE, but not exceeding</p> <p>(10) Fee for approval of any course of training or instruction equal to the cost of making the investigations required by CE, but not exceeding</p>	<p></p> <p>\$680</p> <p>\$595</p> <p>\$595</p> <p>\$155</p> <p>\$595</p> <p>\$595</p> <p>\$595</p> <p>\$595</p> <p>\$209,700</p> <p>\$1,033,700</p>

	Descriptions	Prevailing Rate
	(11) Fee for authorisation to conduct examinations or tests equal to the cost of making the investigations required by CE, but not exceeding	\$209,700
	(12) Fee for approval to provide any course of training or instruction equal to the cost of making the investigations required by CE, but not exceeding	\$209,700
	(13) Fee for approval as a qualified person to furnish reports equal to the cost of making the investigations required by CE, but not exceeding	\$209,700
13.	<p><u>Validation of a licence</u></p> <p>For the issue of a certificate of validation rendering valid for the purposes of the Order any licence as a member of the flight crew of aircraft granted under the law of any country other than Hong Kong.</p>	\$485
14.	<p><u>Permission to drop articles etc. from aircraft</u></p> <p>Fee for permission to drop articles or wind drift indicators from an aircraft</p>	\$1,470
15.	<p><u>Permission to drop persons from aircraft</u></p> <p>Fee for permission to drop persons from an aircraft</p>	\$1,470

	Descriptions	Prevailing Rate
16.	<u>Permission to carry munitions of war</u> Fee for permission to carry munitions of war – (a) for permission for a specified period of time (b) for permission for a single consignment	 \$785 \$565
17.	<u>Permission relating to captive balloons etc.</u> Fee for the grant of permission in respect of captive balloons, kites, balloons, airships, gliders or parascending parachutes	 \$1,470
18.	<u>Licensing of Aerodromes</u> Fee for the issue of an aerodrome licence equal to the costs of Investigations required by the CE, but not exceeding	 \$10,000,000
19.	<u>Permission for aerial photography or aerial survey etc.</u> Fee for the grant of permission in respect of aerial photography, aerial survey or any other form of aerial work	 \$1,470

	Descriptions	Prevailing Rate
20.	<u>Copies of Documents</u> (a) Fee for issuing a copy or replacement of a document issued under the Order or under regulations made thereunder (b) Fee for preparing a copy or replacement of a flight manual or performance schedule relating to a CoA equal to the cost of preparing the copy or replacement as the case may be, but not exceeding	 \$78 \$2,180
21.	<u>Approval to furnish reports</u> Fee for the grant or variation of an approval of a person as qualified to furnish reports to CE in relation to any of his functions pursuant to any of the provisions of the Order equal to the cost of making the investigations required by the CE, but not exceeding	 \$192,800
22.	<u>Permission for Low Flying</u> Fee for the grant of permission for low flying	 \$1,470
23.	<u>Permission for carriage etc. of dangerous goods</u> Fee for permission to carry, load or suspend dangerous goods	 \$6,800

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Timetable

Activity	Timeline
1. Consult stakeholders and the Aviation Development and Three-runway System Advisory Committee	Q3 2016
2. Draft amendment regulation	Q4 2016
3. Consult the LegCo Panel on Economic Development	Q4 2016
4. Seek approval from the Executive Council	Q1 2017
5. Publish gazette of amendment regulation and table to LegCo for negative vetting	Q2 2017
6. Implementation	Mid 2017