

**For discussion
on 19 May 2017**

Legislative Council Panel on Transport

Proposed Revision to Fees and Charges Relating to Road Traffic (Batch 3)

Purpose

This paper seeks Members' views on our proposal to revise 13 government fee items relating to road traffic, and to remove three obsolete fee items. The 13 government fee items proposed for revision do not directly affect people's livelihood.

Background

2. In line with the "user pays" principle, it is Government's policy that government fees and charges should in general be set at a level sufficient to recover the full cost of providing the relevant 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 government fees and charges and should first deal with fees which had not been revised for years and did not directly affect people's livelihood. Thereafter, departments should review the fee levels annually, and revise the fees where necessary.

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

- (i) for those fees with existing cost recovery rate of less than 40%, adopt an increase of more than 20%;
- (ii) for those fees with existing cost recovery rate between 40% to 70%, adopt an increase of about 15%;

- (iii) for those fees with existing cost recovery rate of over 70%, adopt an increase of about 10% or lower; and
- (iv) for those fees with fees which are recovering more than the full cost, adjust downward to full cost recovery.

5. The first and second batches of the fee revision exercise, which covered a total of 31 fee items relating to road traffic, have been approved by the Legislative Council (LegCo). The revised fee levels have taken effect from 2014 and 2015 respectively.

Proposals

6. Based on the outcome of a costing review, we propose to revise 13 government fee items relating to road traffic stipulated in the Road Traffic Ordinance (Cap 374), the Road Traffic (Driving Licences) Regulations (Cap 374B) and the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap 374E) with a view to achieving full cost recovery progressively. The fee revision proposals include:-

- (i) Four fee items that have not been revised since 2005, including the fee for expressway permit, long load permit, wide load permit and advertising vehicle permit. At present, their cost recovery rates range from 12.6% to 38.5% only. We propose to revise these fees (with an increase between 20% and 40.9%), improving the cost recovery rates to between 17.8% and 46.2%.
- (ii) Nine items of fees that are found to have a relatively low cost recovery rate after the regular fee review, including:-
 - (a) movement permit¹ fee;
 - (b) fee payable for designation or renewal of designation of a driving school;
 - (c) fee for issue of record of traffic convictions;
 - (d) fee for issue of certificate of no recorded traffic convictions;

¹ A movement permit is issued under section 53(1) of the Road Traffic (Registration and Licensing of Vehicles) Regulations to authorise vehicle owner and those authorised by the owner to use a vehicle, which is unregistered and not normally used on a road, on a specified route.

- (e) motor vehicle registration fee;
- (f) rickshaw licence fee;
- (g) fee for a duplicated rickshaw licence ;
- (h) excess passengers permit² fee; and
- (i) fee for a duplicate of certain licences/permits³.

The fees concerned had not been revised for years, and were first revised in the first two batches of the fee revision exercise mentioned in paragraph 5 above. Nevertheless, the current cost recovery rate of the fee for a duplicated rickshaw licence is of a meagre 27.1%. We therefore propose to revise the fee from \$12 to \$20, so that the cost recovery rate will be improved to 45.1%. As for other items, the existing cost recovery rates range from 39.4% to 86.2%. We therefore propose to revise the fees (with increase between 8.8% and 22.4%) to improve the cost recovery rates to between 48.2% and 94.7%.

7. Details of the fee revision proposals are set out at **Annex 1**. Most proposed fee increases range from a few dollars to several dozen dollars⁴ only. The impact on users should be insignificant.

8. We will regularly review the costs of all fees and charges related to road traffic and introduce fee revision proposals where necessary.

9. Separately, the Road Traffic (Registration and Licensing of Vehicles) Regulations also provide for three fee items, namely the fees for international fiscal permit, international certificate, and certificate of

² An excess passengers permit is issued under section 52(1) of the Road Traffic (Registration and Licensing of Vehicles) Regulations to authorise the carriage of passengers in or on a goods vehicle in excess of the maximum passenger seating capacity of the class of vehicles as specified in the Road Traffic (Construction and Maintenance of Vehicles) Regulations.

³ Including duplicates of trade licence, closed road permit, bus lane permit, prohibited zone permit, restricted zone permit, expressway permit, goods permit, excess passengers permit, movement permit, long load permit and wide load permit.

⁴ Except for two fees. Since the actual amount of the fee payable by driving schools for designation of driving school or renewal of designation; and the fee for movement permit which are issued to special vehicles (such as construction site vehicles) are relatively large (\$18,150 and \$670 respectively), the respective increases in dollar terms are \$1,800 and \$150.

maximum load and maximum permissible weight. These permits and certificates were issued in accordance with the 1931 International Convention⁵ and 1926 International Convention⁶. As the two Conventions are no longer applicable to Hong Kong⁷, these permits and certificates were removed by the 2007 Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulations. Nevertheless, the relevant fee items listed in Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations had not been removed then. We therefore propose to make a technical amendment to remove the reference to the fee items in Schedule 2. Details of the three obsolete fee items are at **Annex 2**.

Efficiency Enhancement Measures

10. The Transport Department and the Police Force will continue to enhance efficiency and streamline their procedures, including regular review of work procedures and employing technology to control the costs of government fees.

⁵ According to the 1931 International Convention concerning tax levied on foreign vehicles, a motor vehicle of a contracting state shall be exempted from taxes or charges on its circulation in other contracting states up to a maximum of 90 days. The driver of the motor vehicle should hold an international fiscal permit issued by the place where the vehicle was registered in order to be eligible for tax exemption.

⁶ According to the 1926 International Convention concerning vehicle international circulation, the Hong Kong Government may issue an international driving permit to a holder of Hong Kong driving licence for the holder to drive in the territories of the contracting states. Pursuant to the Convention, a vehicle must be issued with an international certificate before it can circulate in the territories of contracting states and the owner of the vehicle must be in possession of a certificate of maximum load and maximum permissible weight when applying for an international certificate.

⁷ As the United Kingdom announced its withdrawal from the 1931 Convention in 1963, the Convention has ceased to apply to Hong Kong since 1964. As regards the 1926 International Convention, it was replaced by the 1949 International Convention which has abolished the international certificate and related requirements. China and the United Kingdom agreed before 1997 that the 1949 International Convention shall continue to apply to Hong Kong from 1 July 1997.

Financial Implication

11. It is estimated that there will be a net increase of about \$1.05 million in government revenue after implementation of the 13 proposed government fee revisions. As the three fee items proposed for removal are obsolete, there will be no financial implication.

Way Forward

12. Legislative amendments are required for the implementation of all 13 fee revision proposals and the removal of three obsolete fee items. We plan to submit the required legislative amendments to the LegCo in 2017/18.

Advice Sought

13. Members are invited to provide comments on the proposals in paragraphs 6 to 9 above.

Transport and Housing Bureau
May 2017

Proposed Revision to Fees and Charges Relating to Road Traffic

- (i) Four fee items that have not been revised since 2005 (Road and Traffic (Registration and Licensing) Regulations) (Cap 374E)

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
1.	<p>Fee for expressway permit (Schedule 2, Cap 374E)</p> <p>Brief description: Fee for the issue of expressway permit under section 50A of Cap 374E. Road Traffic (Expressway) Regulations stipulate that only specific vehicle types are allowed for use on expressways. To cater for individual circumstances, whereby motor vehicles whose speed is suitable for use on expressways but not a specified vehicle</p>	145	28.7	175	20.7	34.6

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
	type, the expressway permit allows the vehicle owner and those authorised by the owner to drive the vehicle on expressways.					
2.	Fee for long load permit (Schedule 2, Cap 374E) Brief description: Fee for the issue of long load permit under section 54 of Cap 374E.	200	38.5	240	20	46.2
3.	Fee for wide load permit (Schedule 2, Cap 374E) Brief description: Fee for the issue of wide load permit under section 54 of Cap 374E.	200	37.3	240	20	44.8

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
4.	<p>Fee for advertising vehicle permit (Schedule 2, Cap 374E)</p> <p>Brief description: Fee for the issue of advertising vehicle permit under section 52A of Cap 374E. The permit authorises vehicle owners to use the vehicle for, or predominantly for, the displaying of advertisements.</p>	110	12.6	155	40.9	17.8

(ii) Nine fee items found with relatively low cost recovery rate after regular review (Road Traffic Ordinance (Cap 374), Road and Traffic (Driving Licences) Regulations) (Cap 374B) and Road and Traffic (Registration and Licensing) Regulations) (Cap 374E))

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
1.	<p>Fee for movement permit (Schedule 2, Cap 374E)</p> <p>Brief description: Fee for the issue of a movement permit under regulation 53(1) of Cap 374E. The permit authorises vehicle owner and those authorised by the owner to use a vehicle, which is unregistered and not normally used on a road, on a specified route.</p>	670	39.4	820	22.4	48.2

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
2.	<p>Fee payable for designation or renewal of designation of a driving school (Schedule 9, Cap 374)</p> <p>Brief description: Fee for designation/renewal of designation of a driving school under section 88K of Cap 374.</p>	18,150	75.7	19,950	10	81
3.	<p>Fee for record of convictions (Schedule 2, Cap 374B)</p> <p>Brief description: Fee for the issue of a record of traffic offence convictions under section 75(5) of Cap 374.</p>	55	82.1	61	10.9	91

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
4.	<p>Fee for certificate of no recorded convictions (Schedule 2, Cap 374B)</p> <p>Brief description: Fee for the issue of a certificate of no recorded traffic offence conviction under section 75(5) of Cap 374.</p>	55	82.1	61	10.9	91
5.	<p>Registration fee (Schedule 2, Cap 374E)</p> <p>Brief description: Fee for registration of a motor vehicle under regulation 5 of Cap 374E.</p>	91	86.2	100	9.9	94.7

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
6.	License fee for rickshaw (Schedule 2, Cap 374E) Brief description: Fee for the issue of a vehicle licence for 12 months for a rickshaw under regulation 40(1) of Cap 374E.	55	82.5	61	10.9	91.5
7.	Duplicate vehicle licence fee in the case of a rickshaw (Schedule 2, Cap 374E) Brief description: Fee for the issue of a duplicate vehicle licence for rickshaw under regulation 59(1) of Cap 374E.	12	27.1	20	66.7	45.1

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
8.	<p>Fee for excess passengers permit (Schedule 2, Cap374E)</p> <p>Brief description: Fee for the issue of an excess passengers permit under regulation 52(1) of Cap 374E.</p>	170	86	185	8.8	93.6
9.	<p>Fee for duplicate trade licence or permit (Schedule 2, Cap 374E)</p> <p>Brief description: Fee for the issue of a duplicate trade licence under regulation 59(2) of Cap 374E or other miscellaneous permits issued under Part VIII of Cap 374E. Trade licence authorises vehicle manufacturers or repairers to use unregistered vehicles for specific operational purposes (e.g. presale demonstration to a customer).</p>	75	66.2	86	14.7	76

	Fees with brief descriptions	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
	Other miscellaneous permits issued under Part VIII of Cap 374E include closed road permits, bus lane permits, prohibited zone permits, restricted zone permits, expressway permits, goods permits, excess passengers permits, movement permits, long load permits and wide load permits.					

Fees and Charges Relating to Road Traffic Proposed to be Repealed

	Fees with brief description Road and Traffic (Registration and Licensing) Regulations) (Cap 374E)	Fee stipulated in the Regulations (\$)
1.	International fiscal permit (Schedule 2, Cap 374E) Brief description: Fee for the issue of an international fiscal permit under regulation 30 of Cap 374E (repealed).	145
2.	International certificate (Schedule 2, Cap 374E) Brief description: Fee for the issue of an international fiscal permit under regulation 30 of Cap 374E (repealed).	160
3.	Certificate of maximum load and maximum permissible weight(Schedule 2, Cap 374E) Brief description: Fee for the issue of an international fiscal permit under regulation 30 of Cap 374E (repealed).	145