

**立法會**  
**Legislative Council**

LC Paper No. CB(4)182/17-18(06)

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**Panel on Transport**  
**Meeting on 17 November 2017**

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

**Purpose**

This paper provides background information on the revisions to fees and charges relating to road traffic. It also 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. In line with this principle, it is the Administration'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.

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. In the 2013-2014 Budget Speech, the Financial Secretary ("FS") pointed out that the cost recovery rate for some items of fees and charges of government services was as low as 30%. FS indicated that the Administration would systematically review the fees and charges in accordance with the "cost recovery" and "user pays" principles. It would first deal with fees that had not

been revised for years and did not directly affect people's livelihood, as well as items which had low cost recovery rates. It would then review livelihood-related fees and charges in the next stage.

5. FS advised that there would not be substantial revisions in one go to avoid affecting people's livelihood. In order to achieve full cost recovery gradually and to avoid a steep fee increase, the Administration adopted the following guidelines for the proposed fee increases:

- (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.

6. Based on the outcome of a costing review and in the light of the above guidelines, the Transport and Housing Bureau ("THB") proposed three batches of fee revision items relating to road traffic and consulted the Panel in 2014, 2015 and 2017 respectively. These proposed fee revisions involved legislative amendments. No subcommittee was formed under the House Committee to scrutinize the relevant subsidiary legislation. The relevant fee revisions in the first two batches had already come into effect; while the third batch of fee revision items would come into operation on 29 December 2017.<sup>1</sup>

7. In the 2016-2017 Budget Speech, FS advised that the fees and charges of government services had registered an average annual increase of \$400 million in the three years since 2012-2013. In the 2017-2018 Budget Speech, FS reiterated that government departments should continue to review their fees and charges in a timely manner. The Secretary for Financial Services and the Treasury further advised that in reviewing the fees and charges, the Administration would take into account factors including policy considerations relevant to the specific service provided, fiscal discipline, public affordability and acceptability, and the views of stakeholders before making fee revision

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<sup>1</sup> Legislative Council Brief issued by the THB on 4 October 2017 (File Ref: THB(T) CR25/5591/79)

proposals. The Administration would increase fees and charges as and when necessary to preserve the revenue base. Government departments would also keep costs under strict control, reduce the need for increasing fees and charges as far as possible.

### **Major views and concerns of members**

8. The Panel was consulted on the three batches of fee revision items relating to road traffic at its meetings on 17 January 2014, 27 February 2015 and 19 May 2017 respectively.

9. Panel members generally supported the proposed revisions given that those fee items had not been adjusted for many years. Members considered that the Administration should conduct annual or biennial review of the fees and adjust the fees in a moderate manner. In particular, some members considered it necessary to achieve full cost recovery for punitive fee items as far as practicable. However, there was a view that it was unnecessary to increase the proposed fee items given the big surplus in the public coffer. Members also discussed means to control the costs of providing certain government services, such as introducing electronic means in areas like vehicle registration and licence renewals, so as to reduce the need for or magnitude of fee increases.

10. The Administration responded that to avoid affecting people's livelihood by frequent adjustments, they would adjust fee levels when the accumulated adjustment rate had reached a certain level. Full cost recovery would be achieved gradually by adopting the established guidelines. In parallel, the Administration had been reducing costs by adopting electronic means. In the fee revision exercise in 2015, reduction of some fee items was proposed as a result of the streamlining of working procedures and the use of computers by the Transport Department.

11. When asked by members about other fee items to be adjusted in the future, the Administration advised that it would regularly review the costs of all fee and charge items relating to road traffic and introduce fee revision proposals as and when necessary. It would continue to enhance working efficiency and streamline procedures so as to contain the costs of the fee items concerned.

12. When discussing the proposed revisions at the meeting on 19 May 2017, a member opined that the cost recovery rate for the issuance of advertising vehicle permit was still on the low side (i.e. 17.8%) after the increase. He

therefore suggested a bigger increase of the fee concerned so as to achieve an improved cost recovery rate and to avoid a steep increase in future. According to paragraph 15 of the relevant LegCo Brief issued on 4 October 2017, the Administration had taken into account the suggestion by increasing the advertising vehicle permit fee from \$110 to \$200 which represented a cost recovery rate of 23%.

### **Latest position**

13. The Administration plans to consult the Panel on the fourth batch of revisions to fees and charges under the Road Traffic Ordinance (Cap. 374) and its regulations at the Panel meeting to be held on 17 November 2017.

### **Relevant papers**

14. A list of relevant papers is in the **Appendix**.

Council Business Division 4  
Legislative Council Secretariat  
13 November 2017

## Proposed revision to fees and charges relating to road traffic

## List of relevant papers

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
17.1.2014	Panel on Transport ("TP")	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 ("HC")	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	HC	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>

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
27.2.2015	TP	Administration's paper on proposed revision to fees and charges relating to road traffic (Batch 2)	CB(4)537/14-15(05) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-537-5-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-537-5-e.pdf</a>
		Updated background brief on the revision to fees and charges relating to road traffic prepared by the Legislative Council Secretariat	CB(4)537/14-15(06) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-537-6-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-537-6-e.pdf</a>
		Administration's follow-up paper	CB(4)716/14-15(01) <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-716-1-e.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/papers/tp20150227cb4-716-1-e.pdf</a>
		Minutes of meeting	CB(4)1191/14-15 <a href="http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150227.pdf">http://www.legco.gov.hk/yr14-15/english/panels/tp/minutes/tp20150227.pdf</a>
30.3.2015	Finance Committee ("FC")	Speaking note of the Secretary for Financial Services and the Treasury	<a href="http://www.legco.gov.hk/yr14-15/english/fc/fc/sp_note/session4-fstb-fs-e.pdf">http://www.legco.gov.hk/yr14-15/english/fc/fc/sp_note/session4-fstb-fs-e.pdf</a>
13.5.2015	-	Legislative Council Brief on Road Traffic (Public Service Vehicles) (Amendment) Regulation 2015	THB(T)CR 25/5591/00 <a href="http://library.legco.gov.hk:1080/articles/1179165.264395/1.PDF">http://library.legco.gov.hk:1080/articles/1179165.264395/1.PDF</a>

Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
13.5.2015	-	Legislative Council Brief on Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulation 2015	THB(T)CR 25/5591/79 <a href="http://library.legco.gov.hk:1080/articles/1179080.264227/1.PDF">http://library.legco.gov.hk:1080/articles/1179080.264227/1.PDF</a>
22.5.2015	HC	Legal Service Division Report on Subsidiary Legislation Gazetted on 15 May 2015	LS66/14-15 <a href="http://www.legco.gov.hk/yr14-15/english/hc/papers/hc20150522ls-66-e.pdf">http://www.legco.gov.hk/yr14-15/english/hc/papers/hc20150522ls-66-e.pdf</a>
7.10.2015	-	Legislative Council Brief on Road Traffic Ordinance (Amendment of Schedule 3) (No. 2) Order 2015 and Road Traffic Ordinance (Amendment of Schedule 8) Order 2015	THB(T)CR 25/5591/79 <a href="http://library.legco.gov.hk:1080/articles/1182499.269532/1.PDF">http://library.legco.gov.hk:1080/articles/1182499.269532/1.PDF</a>
16.10.2015	HC	Legal Service Division Report on Subsidiary Legislation Gazetted on 9 October 2015	LS2/15-16 <a href="http://www.legco.gov.hk/yr15-16/english/hc/papers/hc20151016ls-2-e.pdf">http://www.legco.gov.hk/yr15-16/english/hc/papers/hc20151016ls-2-e.pdf</a>
3.4.2017	FC	Speaking note of the Secretary for Financial Services and the Treasury	<a href="http://www.legco.gov.hk/yr16-17/english/fc/fc/sp_note/session8-fstb-tsy-e.pdf">http://www.legco.gov.hk/yr16-17/english/fc/fc/sp_note/session8-fstb-tsy-e.pdf</a>



Date of meeting	Panel/Committee	Minutes/Paper	LC Paper No.
19.5.2017	TP	Administration's paper on proposed revision to fees and charges relating to road traffic (Batch 3)	CB(4)1021/16-17(05) <a href="http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170519cb4-1021-5-e.pdf">http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170519cb4-1021-5-e.pdf</a>
		Updated background brief on the revision to fees and charges relating to road traffic prepared by the Legislative Council Secretariat	CB(4)1021/16-17(06) <a href="http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170519cb4-1021-6-e.pdf">http://www.legco.gov.hk/yr16-17/english/panels/tp/papers/tp20170519cb4-1021-6-e.pdf</a>
		Minutes of meeting	CB(4)13/17-18 <a href="http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170519.pdf">http://www.legco.gov.hk/yr16-17/english/panels/tp/minutes/tp20170519.pdf</a>
4.10.2017	-	Legislative Council Brief on Road Traffic Ordinance (Amendment of Schedule 9) Order 2017, Road Traffic (Driving Licences) (Amendment) Regulation 2017, Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2) Regulation 2017 and Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 3) Regulation 2017	THB(T)CR 25/5591/79 <a href="http://library.legco.gov.hk:1080/articles/1201197.298711/1.PDF">http://library.legco.gov.hk:1080/articles/1201197.298711/1.PDF</a>

<b>Date of meeting</b>	<b>Panel/Committee</b>	<b>Minutes/Paper</b>	<b>LC Paper No.</b>
13.10.2017	HC	Legal Service Division Report on Subsidiary Legislation Gazetted on 6 October 2017	LS1/17-18 <a href="http://www.legco.gov.hk/yr17-18/english/hc/papers/hc20171013ls-1-e.pdf">http://www.legco.gov.hk/yr17-18/english/hc/papers/hc20171013ls-1-e.pdf</a>

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