

**LEGISLATIVE COUNCIL BRIEF**

Road Traffic Ordinance  
(Chapter 374)

**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**

**ROAD TRAFFIC (REGISTRATION AND LICENSING OF  
VEHICLES) (AMENDMENT) (NO. 3) REGULATION 2017**

**INTRODUCTION**

The Government proposes to revise 13 fee items which relate to road traffic and do not directly affect people's livelihood. To this end,

- (a) at the meeting of the Executive Council on 29 August 2017, the Council **ADVISED** and the Chief Executive **ORDERED** that the Road Traffic Ordinance (Amendment of Schedule 9) Order 2017 at **Annex A** should be made under section 88P of the Road Traffic Ordinance (Cap. 374) ("the Ordinance"); and
- (b) the Secretary for Financial Services and the Treasury has made, under section 29A of the Interpretation and General

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B

Clauses Ordinance (Cap. 1)<sup>1</sup>, the Road Traffic (Driving Licences) (Amendment) Regulation 2017 at **Annex B** by virtue of section 8(1A) of the Ordinance, and the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2) Regulation 2017 at **Annex C** by virtue of section 6(2) of the Ordinance.

C

2. The Government also proposes to remove three obsolete fee items. At the meeting of the Executive Council on 29 August 2017, the Council **ADVISED** and the Chief Executive **ORDERED** that the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 3) Regulation 2017 at **Annex D** should be made under section 5(3) of the Ordinance.

D

## JUSTIFICATIONS

3. In line with the “user pays” principle, it is Government’s policy that fees charged by the Government should in general be set at levels adequate to recover the full cost of providing the relevant services.

4. 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.

5. 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% of target, adopt an increase of 20% or more;

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<sup>1</sup> Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) stipulates that where the amount of any fee or charge is for the time being specified in subsidiary legislation made by the Chief Executive in Council, the Financial Secretary (which means also the Secretary for Financial Services and the Treasury by virtue of section 3 of Cap. 1) may by similar subsidiary legislation increase or decrease, or otherwise vary, the amount of fee or charge.

- (ii) for those fees with existing cost recovery rate of 40% to 70% of target, adopt an increase of 15%;
- (iii) for those fees with existing cost recovery rate of over 70% of target, adopt an increase of 10% or less; and
- (iv) for those fees which are recovering more than the full cost, adjust downwards in order to achieve full-cost recovery.

6. Based on the outcome of a costing review and in the light of the above guidelines, we propose to revise 13 fee items relating to road traffic. Details of the fee revision proposals are set out at **Annex E**. Most proposed fee increases range from a few dollars to several dozen dollars<sup>2</sup> only.

7. Separately, Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) currently has a reference to three obsolete fee items, namely the fees for international fiscal permit, international certificate, and certificate of maximum load and maximum permissible weight. An international fiscal permit was issued in accordance with the 1931 International Convention<sup>3</sup> while the latter two certificates in accordance with the 1926 International Convention<sup>4</sup>. As the two Conventions were no longer applicable to

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<sup>2</sup> Except for two fees concerning the designation of driving school and issue of a movement permit. The actual amounts of the fee payable by driving schools for the designation of driving school, or the renewal of the designation; and for a movement permit which is issued to special vehicles (such as construction site vehicles) are relatively large (\$18,150 and \$670 respectively), the respective increases therefore in dollar terms are \$1,800 and \$150.

<sup>3</sup> 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.

<sup>4</sup> 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.

Hong Kong<sup>5</sup>, these permits and certificates were removed by the Road Traffic (Registration and Licensing of Vehicles) (Amendment) Regulation 2007. However, the relevant fee items listed in Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations were not removed then. We therefore propose to make a technical amendment to remove the reference to these three fee items in Schedule 2. Details of the fee items are set out at **Annex F**.

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

## **THE ORDER AND AMENDMENT REGULATIONS**

9. The Road Traffic Ordinance (Amendment of Schedule 9) Order 2017, the Road Traffic (Driving Licences) (Amendment) Regulation 2017 and the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2) Regulation 2017 increase the fees as set out in **Annex E**.

10. The Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 3) Regulation 2017 deletes reference to three obsolete fee items, namely the fees for international fiscal permit, international certificate, and certificate of maximum load and maximum permissible weight as prescribed in Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations.

## **LEGISLATIVE TIMETABLE**

11. The legislative timetable is set out below –

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<sup>5</sup> 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.

Publication in the Gazette	6 October 2017
Tabling at the Legislative Council for negative vetting	11 October 2017
Commencement	29 December 2017

## **IMPLICATIONS OF THE PROPOSAL**

12. The proposal is in conformity with the Basic Law, including the provisions concerning human rights. It does not affect the current binding effect of the Ordinance and its subsidiary legislation. It has no civil service, environmental, sustainability, productivity, competition, family or gender implications.

13. With the proposed revision of 13 fee items, the estimated increase in revenue is about \$1.09 million per annum. The proposed increase is expected to have minimal economic implications. Most fee increases range from a few dollars to several dozen dollars only and the impact on users should be insignificant<sup>6</sup>.

14. The proposed removal of three obsolete fee items is a technical amendment and will not have any financial or economic implications.

## **PUBLIC CONSULTATION**

15. We consulted the Legislative Council Panel on Transport on 19 May 2017. Members supported the proposal, and there was a suggestion to further increase the advertising vehicle permit fee under the Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No.

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<sup>6</sup> For the fee payable for the designation of driving school, or the renewal of the designation, the additional cost of \$1,800 is minimal compared to the total operating cost of a designated driving school. As for the fee for a movement permit, since the movement permit is issued only to unlicensed vehicles which are normally not authorized to be used on a road, the estimated annual caseload is only about 500. The proposed increase of the permit fee would have no impact on the majority of drivers with licenced vehicles. Even for unlicensed vehicles, the Transport Department advises that frequent application for a movement permit is not warranted. Therefore, the impact of the proposed increase of \$150 should be minimal.

2) Regulation 2017 so as to achieve an improved cost recovery rate and to avoid a steep increase in future. We have taken into account the suggestion in amending the said Regulation<sup>7</sup>.

## **PUBLICITY**

16. A spokesperson will be available to answer media.

## **ENQUIRIES**

17. Enquiries about this brief could be addressed to Miss Shirley Lau, Principal Assistant Secretary for Transport at 3509 8196.

**Transport and Housing Bureau**  
**4 October 2017**

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<sup>7</sup> Our original proposal is to increase the advertising vehicle permit fee from \$110 to \$155 (cost recovery rate increased from the existing 12.6% to 17.8%). Taking into account the Member's suggestion, we have revised our proposal to increase the fee to \$200 (with the cost recovery rate increased to 23.0%).

## Road Traffic Ordinance (Amendment of Schedule 9) Order 2017

(Made by the Chief Executive under section 88P of the Road Traffic Ordinance (Cap. 374) after consultation with the Executive Council)

### 1. Commencement

This Order comes into operation on 29 December 2017.

### 2. Road Traffic Ordinance amended

The Road Traffic Ordinance (Cap. 374) is amended as set out in section 3.

### 3. Schedule 9 amended (requirements applicable to designated driving schools)

(1) Schedule 9, English text, paragraph 2—

**Repeal**

“proprietor of the”

**Substitute**

“proprietor of a”.

(2) Schedule 9, English text, paragraph 3—

**Repeal**

“designation, or renewal of”

**Substitute**

“the designation, or the renewal of the”.

(3) Schedule 9, paragraph 3—

**Repeal**

“shall be \$18,150”

**Substitute**

“is \$19,950”.



Chief Executive

28. 9. 2017

**Explanatory Note**

This Order increases the fee payable for the designation, or the renewal of the designation, of a driving school. The Order also makes minor textual amendments to the English text of Schedule 9 to the Road Traffic Ordinance (Cap. 374).



## Road Traffic (Driving Licences) (Amendment) Regulation 2017

(Made by the Secretary for Financial Services and the Treasury under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 8(1A) of the Road Traffic Ordinance (Cap. 374))

### 1. Commencement

This Regulation comes into operation on 29 December 2017.

### 2. Road Traffic (Driving Licences) Regulations amended

The Road Traffic (Driving Licences) Regulations (Cap. 374 sub. leg. B) are amended as set out in section 3.

### 3. Second Schedule amended (fees)

(1) Second Schedule, item 2(i)—

**Repeal**

“55”

**Substitute**

“61”.

(2) Second Schedule, item 2(j)—

**Repeal**

“55”

**Substitute**

“61”.



Secretary for Financial Services and  
the Treasury

29 September 2017

### **Explanatory Note**

This Regulation increases the fees for the issue of a record of convictions and a certificate of no recorded conviction under section 75(5) of the Road Traffic Ordinance (Cap. 374).

Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2)  
Regulation 2017

Section 1

1

**Road Traffic (Registration and Licensing of Vehicles)  
(Amendment) (No. 2) Regulation 2017**

(Made by the Secretary for Financial Services and the Treasury under section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) by virtue of section 6(2) of the Road Traffic Ordinance (Cap. 374))

**1. Commencement**

This Regulation comes into operation on 29 December 2017.

**2. Road Traffic (Registration and Licensing of Vehicles) Regulations amended**

The Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) are amended as set out in section 3.

**3. Schedule 2 amended (fees)**

- (1) Schedule 2, before heading “Annual Licence Fees”—

**Repeal**

“91”

**Substitute**

“100”.

- (2) Schedule 2, before heading “Annual Licence Fees”—

**Repeal**

“12”

**Substitute**

“20”.

- (3) Schedule 2, before heading “Annual Licence Fees”—

Road Traffic (Registration and Licensing of Vehicles) (Amendment) (No. 2)  
Regulation 2017

Section 3

2

**Repeal**

“75”

**Substitute**

“86”.

- (4) Schedule 2, under heading “Annual Licence Fees”, item 13—

**Repeal**

“55”

**Substitute**

“61”.

- (5) Schedule 2, under heading “Permit and Certificate Fees”, item 8—

**Repeal**

“170”

**Substitute**

“185”.

- (6) Schedule 2, under heading “Permit and Certificate Fees”, item 9—

**Repeal**

“670”

**Substitute**

“820”.

- (7) Schedule 2, under heading “Permit and Certificate Fees”, item 10—

**Repeal**

“200”

**Substitute**

“240”.

- (8) Schedule 2, under heading “Permit and Certificate Fees”, item 11—

**Repeal**

“200”

**Substitute**

“240”.

- (9) Schedule 2, under heading “Permit and Certificate Fees”, item 12—

**Repeal**

“110”

**Substitute**

“200”.

- (10) Schedule 2, under heading “Permit and Certificate Fees”, item 13—

**Repeal**

“145”

**Substitute**

“175”.



Secretary for Financial Services and  
the Treasury

29 September 2017

### **Explanatory Note**

This Regulation amends Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) to increase—

- (a) the fee for the registration of a motor vehicle;
- (b) the fee for a duplicate vehicle licence for a rickshaw;
- (c) the fee for a duplicate trade licence or permit;
- (d) the fee for a vehicle licence for a rickshaw;
- (e) the fee for an excess passengers permit;
- (f) the fee for a movement permit;
- (g) the fee for a long load permit;
- (h) the fee for a wide load permit;
- (i) the fee for an advertising vehicle permit; and
- (j) the fee for an expressway permit.

**Road Traffic (Registration and Licensing of Vehicles)  
(Amendment) (No. 3) Regulation 2017**

(Made by the Chief Executive in Council under section 5(3) of the Road  
Traffic Ordinance (Cap. 374))

**1. Commencement**

This Regulation comes into operation on 29 December 2017.

**2. Road Traffic (Registration and Licensing of Vehicles)  
Regulations amended**

The Road Traffic (Registration and Licensing of Vehicles)  
Regulations (Cap. 374 sub. leg. E) are amended as set out in section  
3.

**3. Schedule 2 amended (fees)**

Schedule 2, under heading "Permit and Certificate Fees"—

**Repeal items 1, 2 and 3.**



Clerk to the Executive Council

COUNCIL CHAMBER

29<sup>th</sup> August, 2017

**Explanatory Note**

This Regulation amends Schedule 2 to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374 sub. leg. E) to repeal the following obsolete fee items— .

- (a) the fee for an international fiscal permit;
- (b) the fee for an international certificate;
- (c) the fee for a certificate of maximum load and maximum permissible weight.

### Fee Revision Proposals for Government Fees and Charges Relating to Road Traffic

	Fees	Existing fee level (\$)	Existing cost recovery rate (%)	Revised fee level (\$)	Fee revision in percentage (%)	Cost recovery rate after fee revision (%)
<b>Road Traffic Ordinance (Cap. 374)</b>						
1.	<p>Fee payable for the designation, or the renewal of the designation, of a driving school</p> <p>Brief description: Fee payable for the designation, or the renewal of the designation of a driving school under section 88P of Cap 374.</p>	18,150	73.9	19,950	9.9	81.3
<b>Road Traffic (Driving Licences) Regulations (Cap. 374B)</b>						
2.	<p>Fee for the issue of a record of convictions</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	91.0



	<b>Fees</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>
3.	<p>Fee for the issue of a certificate of no recorded conviction</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	91.0
<b>Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E)</b>						
4.	<p>Fee for the registration of a motor vehicle</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
5.	<p>Fee for a duplicate vehicle licence for a rickshaw</p> <p>Brief description: Fee for the issue of a duplicate vehicle licence for rickshaw under regulation 59(1) of Cap 374E.</p>	12	27.1	20	66.7	45.1

	<b>Fees</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>
6.	<p>Fee for a duplicate trade licence or permit</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	76.0
7.	<p>Fee for a vehicle licence for a rickshaw</p> <p>Brief description: Fee for the issue of a vehicle licence for 12 months for a rickshaw under regulation 40(1) of Cap 374E.</p>	55	82.5	61	10.9	91.5

	<b>Fees</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>
8.	<p>Fee for an excess passengers permit</p> <p>Brief description: Fee for the issue of an excess passengers permit under regulation 52(1) of Cap 374E.</p>	170	86.0	185	8.8	93.6
9.	<p>Fee for a movement permit</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
10.	<p>Fee for a long load permit</p> <p>Brief description: Fee for the issue of long load permit under regulation 54 of Cap 374E.</p>	200	38.5	240	20.0	46.2

	<b>Fees</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>
11.	<p>Fee for a wide load permit</p> <p>Brief description: Fee for the issue of wide load permit under regulation 54 of Cap 374E.</p>	200	37.3	240	20.0	44.8
12.	<p>Fee for an advertising vehicle permit</p> <p>Brief description: Fee for the issue of advertising vehicle permit under regulation 58A of Cap 374E. The permit authorises vehicle owners to use the vehicle for, or predominantly for, the displaying of advertisements.</p>	110	12.6	200	81.8	23.0

	<b>Fees</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>
13.	<p>Fee for an expressway permit</p> <p>Brief description: Fee for the issue of expressway permit under regulation 50A of Cap 374E. Road Traffic (Expressway) Regulations stipulates 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 type, the expressway permit allows the vehicle owner and those authorised by the owner to drive the vehicle on expressways.</p>	145	28.7	175	20.7	34.6

**Fees and Charges Relating to Road Traffic Proposed to be Repealed**

	<b>Fees</b>	<b>Existing fee level (\$)</b>
<b>Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E)</b>		
1.	Fee for an international fiscal permit	145
2.	Fee for an international certificate	160
3.	Fee for a certificate of maximum load and maximum permissible weight	145