

**For discussion  
on 14 January 2019**

**Legislative Council Panel on  
Information Technology and Broadcasting**

**Revision of Fees under  
Entertainment Special Effects (Fees) Regulation (Cap. 560B)**

**PURPOSE**

This paper outlines the Administration's proposal to revise the fees prescribed in the Entertainment Special Effects (Fees) Regulation (Cap. 560B) (ESE(F)R), which is a piece of subsidiary legislation of the Entertainment Special Effects Ordinance (Cap. 560) (ESEO).

**BACKGROUND**

2. Enacted in 2001, the ESEO provides for the regulation of the supply, use, conveyance and storage of special effects materials for and incidental to the production of special effects in film productions, entertainment programmes and performances, and other related matters.

3. According to the ESEO, the supply, use, conveyance and storage of special effects materials (especially pyrotechnic special effects materials) require valid licences and permits issued under the ESEO. Those who operate special effects materials also need to pass assessments and be licensed before becoming qualified special effects operators.

4. Sections 26(1)(n) and 26(1)(o)<sup>1</sup> of the ESEO stipulate that the Entertainment Special Effects Licensing Authority<sup>2</sup> may, with the approval

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<sup>1</sup> Section 26 Power to make regulations

(1) With the approval of the Secretary, the Authority may by regulation provide for –

...

(n) the fees payable in respect of any examination or assessment that may be required for the issue or alteration of a special effects operator licence;

(o) the fees payable in respect of the issue, renewal, certification, replacement or alteration of any licence and permit and the exemption thereof; ...

<sup>2</sup> The Head of Create Hong Kong is the Entertainment Special Effects Licensing

of the Secretary for Commerce and Economic Development, by regulation provide for fees payable in respect of –

- (a) any examination or assessment that may be required for the issue or alteration of a special effects operator licence; and
- (b) the issue, renewal, certification, replacement or alteration of any licence and permit.

The existing fees prescribed in the ESE(F)R have been in force since May 2013.

## **PROPOSED FEES REVISION**

5. In accordance with the “user pays” principle, it is the Government’s policy that fees charged by the Government for various services should in general be set at levels sufficient to recover the full cost of providing the services. Create Hong Kong (CreateHK) conducted a costing exercise in 2018 to review the fees prescribed in the ESE(F)R. The outcome of the review reveals that 26 fee items under the ESE(F)R are unable to achieve full cost recovery. We propose to increase the relevant fee items by 11.1% to 14.4% so as to achieve full cost recovery. The existing and proposed fees are set out at **Annex**.

6. The proposed increase in the fees is mainly attributed to inflation and increase in associated costs. Among the licences and permits issued by CreateHK under the ESEO in the past three years, the majority (over 85%) were permits<sup>3</sup>. Under the proposed fees revision, the increase in permits fee is just in the order of tens of dollars<sup>4</sup>. As for licences, the fee increase in over 90% of the items is less than \$225<sup>5</sup>. We expect that the proposed fees revision will have little impact on business operating costs of the film and entertainment sectors concerned.

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Authority by virtue of section 3 of the ESEO.

<sup>3</sup> The ESEO governs the issue of two types of permit, namely, discharge permit and conveyance permit.

<sup>4</sup> The increase ranges from \$40 to \$60.

<sup>5</sup> The increase in dollar terms for “Issue or renewal of pyrotechnic special effects materials supplier licence” and “Issue or renewal of non-movable pyrotechnic special effects materials store licence” is relatively more significant. Applications for these two types of licence are few and far between, with only four applications received and approved in the past five years.

## **FINANCIAL IMPLICATIONS**

7. In the past three years, around 5 000 applications for permits and 900 applications for licences were approved under the ESEO, totaling recovery of around \$3 million.

8. Based on the previous application and approval pattern, if the proposed fees revision is implemented, the estimated increase in cost recovery is about \$140,000 per annum. The proposal has no staffing implications.

## **IMPLEMENTATION TIMETABLE**

9. We will brief the trade on the proposals and arrange for gazettal and tabling of the Entertainment Special Effects (Fees) (Amendment) Regulation at the Legislative Council. We propose that the fees revision take effect within the 2019-20 financial year, upon completion of the negative vetting period for the subsidiary legislation.

## **WAY FORWARD**

10. Members are invited to note the proposed fees revision. We will proceed with the necessary legislative amendments to implement the revised fees.

**Communications and Creative Industries Branch  
Commerce and Economic Development Bureau  
9 January 2019**

**Existing and Proposed Fees under  
Entertainment Special Effects (Fees) Regulation (Cap. 560B) (ESE(F)R)**

Item specified in the Schedule to ESE(F)R		Existing Fee (\$)	Proposed Fee (\$)	Increase	
				(\$)	(%)
1	Issue of discharge permit	475	535	60	12.6
2	Issue of conveyance permit	350	390	40	11.4
3(a) 8(a) 9(a)	Issue or renewal of the following licences: Special Effects Operator Class I (Stream A); Special Effects Operator (Stream A Short term); or Special Effects Operator (Stream B Short term)	1,625	1,850	225	13.8
3(b) 4(b) 6(b) 8(b) 9(b)	Assessment of an applicant for the following licences: Special Effects Operator Class I (Stream A); Special Effects Operator Class II (Stream A); Special Effects Operator (Stream B); Special Effects Operator (Stream A Short term); or Special Effects Operator (Stream B Short term)	1,465	1,670	205	14.0
4(a)	Issue or renewal of a Special Effects Operator Class II (Stream A) licence	1,230	1,390	160	13.0
5(a) 7(a) 10(a) 11(a)	Issue or renewal of the following licences: Special Effects Assistant (Stream A); Special Effects Assistant (Stream B); Special Effects Assistant (Stream A Short term); or Special Effects Assistant (Stream B Short term)	585	665	80	13.7

Item specified in the Schedule to ESE(F)R		Existing Fee (\$)	Proposed Fee (\$)	Increase	
				(\$)	(%)
5(b) 7(b) 10(b) 11(b)	Assessment of an applicant for the following licences: Special Effects Assistant (Stream A); Special Effects Assistant (Stream B); Special Effects Assistant (Stream A Short term); or Special Effects Assistant (Stream B Short term)	545	610	65	11.9
6(a)	Issue or renewal of a Special Effects Operator (Stream B) licence	1,475	1,670	195	13.2
12	Issue or renewal of pyrotechnic special effects materials supplier licence	7,525	8,570	1,045	13.9
13	Issue or renewal of non-movable pyrotechnic special effects materials store licence	7,230	8,270	1,040	14.4
14	Issue or renewal of movable pyrotechnic special effects materials store licence	820	930	110	13.4
15 16 17	Issue of replacement licence or permit Alterations to particulars on licence or permit Issue of certified copy of licence or permit	135	150	15	11.1

Note: According to the Entertainment Special Effects (General) Regulation (Cap. 560A), special effects operators are classified into Stream A and Stream B. Stream A includes films, commercials, television programmes and other similar productions, while Stream B includes literary, dramatic, musical and artistic works and other similar stage productions normally performed before a proximate audience.