

LEGISLATIVE COUNCIL BRIEF

Dutiable Commodities Ordinance (Chapter 109)
DUTIABLE COMMODITIES (AMENDMENT) REGULATION 2018

Pawnbrokers Ordinance (Chapter 166)
PAWNBROKERS (AMENDMENT) REGULATION 2018

Firearms and Ammunition Ordinance (Chapter 238)
FIREARMS AND AMMUNITION (AMENDMENT) REGULATION 2018
FIREARMS AND AMMUNITION (STORAGE FEES)
(AMENDMENT) ORDER 2018

Massage Establishments Ordinance (Chapter 266)
MASSAGE ESTABLISHMENTS (AMENDMENT) REGULATION 2018

INTRODUCTION

Section 29A of the Interpretation and General Clauses Ordinance (Cap. 1) empowers the Financial Secretary (which means also the Secretary for Financial Services and the Treasury by virtue of section 3 of Cap. 1) to vary fees which are specified by subsidiary legislation made by the Chief Executive in Council. Section 46(2) of the Firearms and Ammunition Ordinance (Cap. 238) also empowers the Financial Secretary to prescribe from time to time by order in the Gazette the storage fees for arms, ammunition or imitation firearms stored by the Commissioner of Police.

2. In exercise of these powers, the Secretary for Financial Services and the Treasury has made the Amendment Regulations and Amendment Order, as set out at *Annexes A to E*, to revise the fees specified in the following subsidiary legislation –

- (a) Dutiable Commodities Regulations made under the Dutiable Commodities Ordinance (the relevant Amendment Regulation at *Annex A*);
- (b) Pawnbrokers Regulations made under the Pawnbrokers Ordinance (the relevant Amendment Regulation at *Annex B*); and
- (c) Firearms and Ammunition Regulations and Firearms and

Ammunition (Storage Fees) Order, both made under the Firearms and Ammunition Ordinance (the relevant Amendment Regulation and Amendment Order at *Annexes C and D* respectively);

- (d) Massage Establishments Regulations made under the Massage Establishments Ordinance (the relevant Amendment Regulation at *Annex E*).

BACKGROUND AND JUSTIFICATIONS

3. The fee for the issue of a temporary liquor licence is prescribed in the Dutiable Commodities Regulations (Cap. 109 sub. leg. A). The fee for the grant or renewal of a pawnbroker licence is prescribed in the Pawnbrokers Regulations (Cap. 166 sub. leg. A). The fees payable relating to various licences (and an exemption) in relation to firearms and ammunition are prescribed in the Firearms and Ammunition Regulations (Cap. 238 sub. leg. A). The storage fees for arms, ammunition and imitation firearms are prescribed in the Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub. leg. B). The fees payable for the issue or renewal of a massage establishment licence are prescribed in the Massage Establishments Regulations (Cap. 266 sub. leg. A).

4. It is the Government's established policy that fees for services charged by the Government should be set at levels adequate to recover the full cost of providing the goods or services. The latest costing review at 2018-19 prices shows that the fees payable under the afore-mentioned Regulations and Order are not yet adequate to recover the full cost of providing the services. Details of the cost computations are set out at *Annex F*.

5. To alleviate the impact of the fee increases on the users of the services concerned, we propose to increase the fees by 10% to 52%, with a view to achieving full-cost recovery gradually in accordance with the Government-wide general guidelines for the increases. Details of the existing and proposed fees are set out at *Annex G*.

THE REGULATIONS/ORDER

6. The Amendment Regulations and the Amendment Order at *Annexes A to E* will give effect to the adjustments in fees as set out at

Annex G. We propose that the new fees should come into effect on 1 February 2019.

EFFICIENCY INITIATIVES

7. The Hong Kong Police Force is developing a new computer licensing system, which is aimed to be launched by phases starting from 2019, with a view to enhancing the efficiency of the handling of various licensing activities under its purview, including but not limited to arms licences and permits, temporary liquor licence, massage establishment licences, etc. Upon the launch of the new computer licensing system, the Police will review the current arrangements and workflow pertaining to the handling of the applications of the afore-mentioned licences and permits in order to further streamline procedures and expedite the processing of the applications.

BASIC LAW AND HUMAN RIGHTS IMPLICATIONS

8. The proposal is in conformity with the Basic Law, including the provisions concerning human rights.

BINDING EFFECT OF THE LEGISLATION

9. The Amendment Regulations and the Amendment Order do not affect the binding effect of the respective principal Ordinances, and Regulations and Order referred to in paragraph 2 above.

FINANCIAL AND STAFFING IMPLICATIONS

10. We estimate that the proposal will generate for the Government additional revenue of about \$0.84 million a year. There are no staffing implications.

ECONOMIC IMPLICATIONS

11. The fee adjustments are small in dollar terms and the impact on the operating costs of the businesses concerned and the economy will be insignificant.

PUBLIC CONSULTATION

12. The Police consulted the relevant trade from June to August 2018 and received no opposing view. The Security Bureau issued a paper explaining related proposals to the Panel on Security of the Legislative Council on 2 November 2018. The Panel did not raise any opposing view.

PUBLICITY

13. The Amendment Regulations and the Amendment Order will be published in the Gazette on 7 December 2018. A spokesperson will be available to answer enquiries on this subject.

ENQUIRIES

14. For enquiries relating to this brief, please contact Mr Michael YEUNG, Assistant Secretary for Security, at telephone number 2810 2068.

**Security Bureau
December 2018**

Dutiable Commodities (Amendment) Regulation 2018

(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 of the Dutiable Commodities Ordinance (Cap. 109))

1. Commencement

This Regulation comes into operation on 1 February 2019.

2. Dutiable Commodities Regulations amended

The Dutiable Commodities Regulations (Cap. 109 sub. leg. A) are amended as set out in section 3.

3. Schedule amended (licences and fees)


The Schedule, Part 2, item 6—

Repeal

“510”

Substitute

“585”.



Secretary for Financial Services and
the Treasury

3 Dec 2018

Explanatory Note

This Regulation increases the fee payable for a temporary liquor licence under the Dutiable Commodities Regulations (Cap. 109 sub. leg. A).

Pawnbrokers (Amendment) Regulation 2018

(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 26 of the Pawnbrokers Ordinance (Cap. 166))

1. Commencement

This Regulation comes into operation on 1 February 2019.

2. Pawnbrokers Regulations amended

The Pawnbrokers Regulations (Cap. 166 sub. leg. A) are amended as set out in section 3.

3. Second Schedule amended


Second Schedule, Part I—

Repeal

“\$4,610”

Substitute

“\$5,070”.


Secretary for Financial Services and
the Treasury

3 Dec 2018

Explanatory Note

This Regulation increases the fee payable for the grant or renewal of a licence under the Pawnbrokers Regulations (Cap. 166 sub. leg. A).

Firearms and Ammunition (Amendment) Regulation 2018

(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 52 of the Firearms and Ammunition Ordinance (Cap. 238))

1. Commencement

This Regulation comes into operation on 1 February 2019.

2. Firearms and Ammunition Regulations amended

The Firearms and Ammunition Regulations (Cap. 238 sub. leg. A) are amended as set out in section 3.

3. Schedule 2 amended (fees)

(1) Schedule 2, item 1—

Repeal

“620”

Substitute

“715”.

(2) Schedule 2, item 2(b)—

Repeal

“275”

Substitute

“340”.

(3) Schedule 2, item 2(c)—

Repeal

“2,370”

Substitute

“2,730”.

(4) Schedule 2, item 2A—

Repeal

“105”

Substitute

“160”.

(5) Schedule 2, item 3(a)—

Repeal

“5,650”

Substitute

“6,500”.

(6) Schedule 2, item 3(b)—

Repeal

“5,460”

Substitute

“6,010”.

(7) Schedule 2, item 3(c)—

Repeal

“12,850”

Substitute

“14,150”.

(8) Schedule 2, item 4—

Repeal

“105”

Substitute

“140”.


- (9) Schedule 2, item 5—

Repeal

“95”

Substitute

“115”.


Secretary for Financial Services and
the Treasury

3 Dec 2018

Explanatory Note

This Regulation increases the fees payable under the Firearms and Ammunition Regulations (Cap. 238 sub. leg. A) for—

- (a) the grant of an exemption;
- (b) the issue or renewal of a licence for possession or a dealer’s licence;
- (c) the amendment of a licence or a condition of a licence; and
- (d) the replacement of a licence or an exemption.

**Firearms and Ammunition (Storage Fees)
(Amendment) Order 2018**

(Made by the Secretary for Financial Services and the Treasury under section 46(2) of the Firearms and Ammunition Ordinance (Cap. 238))

1. Commencement

This Order comes into operation on 1 February 2019.

2. Firearms and Ammunition (Storage Fees) Order amended

The Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub. leg. B) is amended as set out in section 3.

3. Schedule amended

(1) The Schedule, item 1—

Repeal

“\$160”

Substitute

“\$185”.

(2) The Schedule, item 2—

Repeal

“\$160”

Substitute

“\$185”.

(3) The Schedule, item 3—

Repeal

“\$160”

Substitute

“\$185”.


(4) The Schedule, item 4—

Repeal

“\$120”

Substitute

“\$140”.


Secretary for Financial Services and
the Treasury

3 Dec 2018

Explanatory Note

This Order increases the fees payable under the Firearms and Ammunition Ordinance (Cap. 238) for—

- (a) the storage of arms;
- (b) the storage of imitation firearms;
- (c) the storage of ammunition; and
- (d) the storage of arms and ammunition awaiting transshipment.

Massage Establishments (Amendment) Regulation 2018

(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 12 of the Massage Establishments Ordinance (Cap. 266))

1. Commencement

This Regulation comes into operation on 1 February 2019.

2. Massage Establishments Regulations amended

The Massage Establishments Regulations (Cap. 266 sub. leg. A) are amended as set out in section 3.

3. Schedule 2 amended

(1) Schedule 2, item 1—

Repeal

“\$9,750”

Substitute

“\$11,200”.

(2) Schedule 2, item 2—

Repeal

“\$3,800”

Substitute

“\$4,370”.



Secretary for Financial Services and
the Treasury

3 Dec 2018

Explanatory Note

This Regulation increases the fees payable for the issue or renewal of a licence under the Massage Establishments Regulations (Cap. 266 sub. leg. A).

COST COMPUTATION**Hong Kong Police Force**

**Fee for a temporary liquor licence (per diem)
under the Dutiable Commodities Regulations (Cap. 109 sub.leg. A) (Part 2 of Schedule)**

**Cost at 2018-19 Prices
(for processing one application)**

	\$
Staff Costs	886
Departmental Expenses	15
Accommodation Costs	16
Depreciation	2
Central Administrative Overhead	9
Unit Cost	928
Existing fee	510
Proposed fee	585

COST COMPUTATION

Hong Kong Police Force

Fees under the Firearms and Ammunition Regulations (Cap. 238 sub.leg. A)(Schedule 2)

Cost at 2018-19 Prices
(for processing one application)

	Fee (1)	Fee (2)	Fee (3)	Fee (4)	Fee (5)	Fee (6)	Fee (7)	Fee (8)	Fee (9)
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff Costs	890	802	5,377	591	7,315	6,773	16,881	330	232
Departmental Expenses	17	27	86	10	112	104	250	6	5
Accommodation Costs	14	12	73	9	98	99	229	5	4
Depreciation	2	1	10	1	13	12	30	1	0
Cost of Services Provided by Other Departments	0	0	0	0	504	504	61	0	0
Central Administrative Overhead	9	8	53	6	72	67	166	3	2
Unit Cost	932	850	5,599	617	8,114	7,559	17,617	345	243
Existing fee	620	275	2,370	105	5,650	5,460	12,850	105	95
Proposed fee	715	340	2,730	160	6,500	6,010	14,150	140	115

Legend

- Fee (1) Fee for an exemption under section 4(3) of the Firearms and Ammunition Ordinance (per permit)
- Fee for the issue or the renewal of a licence for possession –
- Fee (2) ● granted to a security guard (per licence)
- Fee (3) ● subject to Fee (4), in any other case (per licence)
- Fee (4) Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Firearms and Ammunition Ordinance (per licence)
- Fee for the issue or the renewal of a dealer's licence –
- Fee (5) ● restricted to a prescribed class or description of arms or ammunition or both (if not falling within Fee (6)) (per licence)
- Fee (6) ● restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those articles (per licence)
- Fee (7) ● subject to Fee (4), in any other cases (per licence)
- Fee (8) Fee for the amendment of a licence or a condition thereof (per case)
- Fee (9) Fee for the replacement of a licence or an exemption (per case)

COST COMPUTATION**Hong Kong Police Force****Fees under the Firearms and Ammunition (Storage Fees) Order (Cap. 238 sub.leg. B)(Schedule)****Cost at 2018-19 Prices
(for processing one application)**

	Fee (1)	Fee (2)	Fee (3)	Fee (4)
	\$	\$	\$	\$
Staff Costs	245	245	245	245
Departmental Expenses	5	5	5	5
Accommodation Costs	26	26	26	26
Central Administrative Overheads	2	2	2	2
Unit Cost	278	278	278	278
Existing fee	160	160	160	120
Proposed fee	185	185	185	140

Legend

- Fee (1) Fee for storing arms (for each article for each month or part thereof)
- Fee (2) Fee for storing imitation firearms (for each article for each month or part thereof)
- Fee (3) Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)
- Fee (4) Fee for the storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)

COST COMPUTATION**Hong Kong Police Force**

**Fee for the grant or renewal of a pawnbroker licence under
section 5 of the Pawnbrokers Ordinance (per annum)
under the Pawnbrokers Regulations (Cap. 166 sub.leg. A)(Part I of Second Schedule)**

**Cost at 2018-19 Prices
(for processing one application)**

Staff Costs	\$ 4,464
Departmental Expenses	76
Accommodation Costs	65
Depreciation	8
Cost of Services Provided by Other Departments	1,099
Central Administrative Overheads	44
Unit Cost	<hr/> 5,756 <hr/>
Existing fee	4,610
Proposed fee	5,070

COST COMPUTATION**Hong Kong Police Force****Fees under the Massage Establishments Regulations (Cap. 266 sub.leg. A)(Schedule 2)****Cost at 2018-19 Prices
(for processing one application)**

	Fee (1)	Fee (2)
	\$	\$
Staff Costs	5,329	3,731
Departmental Expenses	92	64
Accommodation Costs	80	54
Depreciation	10	7
Cost of Services Provided by Other Departments	11,627	2,017
Central Administrative Overheads	52	37
Unit Cost	17,190	5,910
Existing fee	9,750	3,800
Proposed fee	11,200	4,370

Legend

Fee (1) Fee for the issue of a licence for massage establishment (per 12 months)

Fee (2) Fee for the renewal of a licence for massage establishment (per licence, whether for a period of 12 months or 24 months)

Fee revision proposals under the purview of the Hong Kong Police Force

Item no.	Description of Fee	Existing fee level (\$)	Cost recovery level before the proposed increase	Proposed fee level (\$)	Proposed amount of increase (\$) (proposed percentage increase)	Cost recovery level after the proposed increase
<u>Dutiable Commodities Regulations (Cap. 109A)</u>						
1	Fee for a temporary liquor licence (per diem)	\$510	55%	\$585	\$75 (15%)	63%
<u>Pawnbrokers Regulations (Cap. 166A)</u>						
2	Fee for the grant or renewal of a licence for pawnbroker (per annum)	\$4,610	80%	\$5,070	\$460 (10%)	88%
<u>Firearms and Ammunition Regulations (Cap. 238A)</u>						
3	Fee for an exemption under section 4(3) of the Ordinance (per permit)	\$620	67%	\$715	\$95 (15%)	77%
4	Fee for the issue or the renewal of a licence for possession - granted to a security guard (per licence)	\$275	32%	\$340	\$65 (24%)	40%
5	Fee for the issue or the renewal of a licence for possession – subject to Item no. 6, in any other case (per licence)	\$2,370	42%	\$2,730	\$360 (15%)	49%
6	Fee for the issue of a licence for possession or a dealer's licence granted for a limited purpose under section 30(1) of the Ordinance (per licence)	\$105	17%	\$160	\$55 (52%)	26%
7	Fee for the issue or the renewal of a dealer's licence - restricted to a prescribed class or description of arms or ammunition or both (if not falling within Item no. 8) (per licence)	\$5,650	70%	\$6,500	\$850 (15%)	80%
8	Fee for the issue or the renewal of a dealer's licence - restricted to used cartridge cases, used shot, used bullets, used missiles or parts of any of those articles (per licence)	\$5,460	72%	\$6,010	\$550 (10%)	80%
9	Fee for the issue or the renewal of a dealer's licence – subject to Item no. 6, in	\$12,850	73%	\$14,150	\$1,300	80%

Item no.	Description of Fee	Existing fee level (\$)	Cost recovery level before the proposed increase	Proposed fee level (\$)	Proposed amount of increase (\$) (proposed percentage increase)	Cost recovery level after the proposed increase
	any other case (per licence)				(10%)	
10	Fee for the amendment of a licence or a condition thereof (per case)	\$105	30%	\$140	\$35 (33%)	41%
11	Fee for the replacement of a licence or an exemption (per case)	\$95	39%	\$115	\$20 (21%)	47%

Firearms and Ammunition (Storage Fees) Order (Cap. 238B)

12	Fee for storing arms (for each article for each month or part thereof)	\$160	58%	\$185	\$25 (16%)	67%
13	Fee for storing imitation firearms (for each article for each month or part thereof)	\$160	58%	\$185	\$25 (16%)	67%
14	Fee for storing ammunition (for each 100 rounds of ammunition or part thereof, for each month or part thereof)	\$160	58%	\$185	\$25 (16%)	67%
15	Fee for the storage of arms and ammunition awaiting transshipment where the arms and ammunition are stored in a box, crate or similar container (for each 50 kg gross weight or part thereof, for each month or part thereof)	\$120	43%	\$140	\$20 (17%)	50%

Massage Establishments Regulations (Cap. 266A)

16	Fee for the issue of a licence for massage establishment (per 12 months)	\$9,750	57%	\$11,200	\$1,450 (15%)	65%
17	Fee for the renewal of a licence for massage establishment (per licence, whether for a period of 12 or 24 months)	\$3,800	64%	\$4,370	\$570 (15%)	74%