

**Proposed Revisions of Fees and Charges under
the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A)
and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D)**

Consultation Paper

Purpose

This paper serves to seek the relevant stakeholders' views on the proposed revisions of the statutory fees and charges administered by the Civil Aviation Department (CAD) under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D).

Background

Fees and Charges Policy of the Government

2. Under the Government's "user pays" principle, the full cost of providing some public services concerned is to be recovered from the users through the relevant fees and charges. To this end, the fee structure and levels should be conducive to achieving full-cost recovery.

The ICAO Guidelines

3. The International Civil Aviation Organisation (ICAO) was established by the Convention on International Civil Aviation (generally referred to as the "Chicago Convention") with the objectives of promoting the development of international civil aviation in a safe and orderly manner, and ensuring that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically. The ICAO promulgates the "Policies on Charges for Airports and Air Navigation Services" which list out the key charging principles, namely non-discrimination, cost-relatedness, transparency and consultation with users. Hong Kong, being part of China which is one of the 191 Contracting States of the ICAO, is encouraged to follow the ICAO's charging principles.

Fee Items under Cap. 312A and Cap. 448D

4. There are a total of 79 statutory fee items under Cap. 312A (3 fee items) and Cap. 448D (76 fee items) administered by the CAD. These statutory fees are mainly charged for the purpose of licensing of local airlines, aircrews, maintenance organisations, aeronautical engineers, training organisations and the Hong Kong International Airport (HKIA), and granting of relevant certificates and permits (e.g. noise certificate, Air Operator's Certificates (AOC), Certificate of Airworthiness (CoA) and permission to carry, load or suspend dangerous goods). All of these charges are unrelated to the livelihood of the general public.

5. The CAD provides the services and performs the regulatory functions in relation to Cap. 312A and the Air Navigation (Hong Kong) Order 1995 (Cap. 448C). Generally, the full cost involved in the provision of these services and the performance of these regulatory functions is to be recovered, some are subject to prescribed maximum levels. For example, to grant an AOC to an airline so that they can operate in Hong Kong, the CAD has to investigate the airline's organisation, equipment (including aircraft), staffing, maintenance of aircraft, etc. The cost of working hours spent by the CAD's staff in the investigation, expenses for overseas duty visits (if any) and related overheads are to be reflected in the fees for AOC.

6. These fee items are reviewed and adjusted from time to time in accordance with the Government's fees and charges policy mentioned above in order to keep up with the prevailing price level, and also the key charging principles set out in the ICAO's guidelines. The last fee revision proposal was supported by the Legislative Council (LegCo)'s Panel on Economic Development on 27 June 2011, and the corresponding amendments to the regulations came into operation on 13 January 2012.

7. The CAD has reviewed the fees and charges related to civil aviation prescribed under Cap. 312A and Cap. 448D and updated the costing for related services to the 2017-18 price level. Although there is a general price increase principally in staff cost since the last fee revision, the CAD has reviewed its day-to-day management and procedures, identified efficiency saving arising from the review and factored this into the proposed revisions of fees and charges. Our proposal does not suggest any significant change to the cost structure nor introduction of any new fee under the two pieces of subsidiary

legislation.

Fee Revision Proposal

8. There are 79 statutory fee items under Cap. 312A and Cap. 448D. Among these 79 fee items, 50 fee items are charged at fixed amounts while the remaining 29 fee items are charged at the cost of investigation but subject to maximum levels prescribed in the legislation. For example, the fee for granting an AOC to airlines is charged at the cost of investigation but subject to a maximum fee determined by the airline's operational data, such as the weight of various types of aircraft operated, total passenger kilometres and total freight tonnes kilometres.

9. Staff cost is one of the major elements in service cost. Since the last fee revision in January 2012, the change in staff cost for the financial year 2017-18 is an increase of around 30% compared with 2012-13. Despite this, such increase is partly offset by the CAD's various efforts in reducing operating cost through streamlining administrative procedures. As a result, not all fee items have recorded an increase in cost, as reflected in the ensuing paragraphs.

Fees with fixed rates

10. For the 50 fees with fixed rates,

- (a) 45 have cost recovery rate of less than 100% and the fees are proposed to be increased;
- (b) three have cost recovery rate of about 95% but the revenue involved in fee increase is projected to be immaterial and thus the fees are proposed to remain unchanged; and
- (c) two have cost recovery rate of over 140% and the fees are proposed to be reduced.

11. Among the 45 fee items with cost recovery rate of less than 100% which are proposed to be increased, 42 of them will be subject to a rise from 2.9% to 31.9% (for details, please refer to **Annex 1**). The remaining three fee items with relatively low cost recovery rates at current level (ranging between 33.0% and 58%), namely (a) Licence for Aircraft Maintenance Engineers (AME) - examination fee for every multiple choice question paper; (b) Licence for AME - examination fee for every essay question paper; and (c) Licence for

Flight Crew and Ratings in Licences - issue of medical certificate, are proposed to be raised gradually over a period of three years (for details, please refer to items 43-45 of **Annex 1**).

12. As mentioned in paragraph 10(c), two fee items with cost recovery rate of over 140% are proposed to be reduced (for details, please refer to items 46-47 of **Annex 1**). They are Examination Fee for Grant of a Private Pilot's Licence and Examination Fee for Grant or Renewal of a Professional Pilot's Licence. The reduction of cost of related services is due to the fact that the conduct of these examinations now involves less CAD manpower.

Fees with variable rates (subject to various maximum levels)

13. For the 29 fee items which are charged according to variable rates but subject to maximum levels, we have reviewed their prescribed maximum amounts, taking into account the investigation cost of the most complicated cases of the kind in the past few years. Among these fee items, four also have prescribed minimum amounts.¹ The minimum fee levels were also reviewed against the actual investigation cost.

14. Our review result shows that for 26 out of the 29 fee items, the cost of investigation of the most complicated cases of the kind is below the maximum amounts prescribed in the legislation, and therefore the maximum amounts shall remain unchanged. However, the maximum amounts set for the remaining three fee items, namely (i) Licensing of Aerodromes; (ii) Approval in respect of Aircraft and Equipment and (iii) AOC, have restrained the Government from recovering the full cost of investigation of each case. In the light of this, we suggest increasing the maximum amounts for (i) and (ii) (for details, please refer to items 48-49 of **Annex 1**).

15. As regards (iii) AOC, at present, the fees for the grant or variation of an AOC are dependent on the weight of aircraft concerned, categorised into five different weight levels. According to the CAD's experience, the cost of investigation or processing does not necessarily relate to the weight of aircraft.

¹ At present, the following fees are determined by reference to the cost of investigation but subject to a minimum fee:

- (a) permit for an aircraft to fly without a CoA under paragraph 3 of the Schedule of Cap. 448D - minimum fee of \$270; and
- (b) approval of persons under paragraph 8(2)(c), 8(5)(a)(iii) and 8(5)(b)(iii) of the same Schedule - minimum fee of \$16,100.

Thus, fees for lighter aircraft types are under-recovering cost. In this connection, it is suggested that the fee structure of AOC be rationalised by reducing the existing five weight brackets to three weight brackets (i.e. (a) aircraft type not over 80 tonnes; (b) aircraft type over 80 tonnes but not over 160 tonnes; and (c) aircraft type over 160 tonnes). Adjustments to items (ii) and (iii) are proposed to be implemented by phases over a three-year period in order to alleviate the impact on the industry (for details, please refer to item 50 of **Annex 1**).

16. On the other hand, the CAD has in the past over-recovered the cost of the four items with prescribed minimum amounts. We recommend removing the minimum levels to better reflect the full-cost recovery principle (for details, please refer to items 51-54 of **Annex 1**).

17. The number of fee items proposed to be adjusted or left intact as mentioned in paragraphs 10 to 16 above is summarised in the table below. A detailed fee revision proposal is at **Annex 1** (for fee items to be adjusted) and **Annex 2** (for fee items remaining unchanged) for reference.

Cap.	Fees with Fixed Rates				Fees with Variable Rates						Total (a)+(b)
	Increase	Decrease	No change	Total (a)	Increase maximum amount	Reduce maximum amount	No change	Remove minimum amount	Rationalisation of AOC	Total (b)	
312A	0	0	3	3	0	0	0	0	0	0	3
448D	45	2	0	47	2	0	22	4	1	29	76
Total	45	2	3	50	2	0	22	4	1	29	79

Implications for Major Stakeholders

The Airport Authority Hong Kong

18. Under paragraph 14 of the Schedule to Cap. 448D, a fee payable for the issue of an aerodrome licence is an amount equal to the cost of the investigation into the adequacy of the operational and safety facilities provided but shall not exceed \$10 million. In the context of the Hong Kong International Airport, the size and complexity of the facilities to be inspected is such that a fee of \$10 million will not be enough to recover the cost incurred by the CAD. Thus, the maximum fee is proposed to be adjusted to \$15 million. This amount represents less than 0.1% of the annual revenue of the Airport Authority Hong Kong and therefore should be affordable to it.

AOC Holders

19. AOC holders would mainly be affected by the increase in the maximum fee for AOC² under paragraph 2 of the Schedule to Cap. 448D due to the rationalisation of the aircraft weight brackets into three weight brackets as explained in paragraph 15 above.

20. Commercial airlines and some business jet operators operating heavier aircraft weighing over 55 tonnes would not be affected by the rationalisation of aircraft weight brackets as they are already paying the full cost of investigation.

21. For operators mainly operating lighter aircrafts weighing below 55 tonnes and currently not paying full cost, the rationalisation of the aircraft weight brackets will increase their AOC fees gradually (with an additional amount ranging from \$0.1 million to \$0.8 million). To alleviate the impact on these operators, the new fee level will be implemented by phases over a period of three years until it takes full effect in 2019-20.

Flight Crew and Aircraft Maintenance Engineers

22. For licensing of professional pilot, an applicant undertaking the CAD's Approved Integrated Course of Flying and Ground Training will, in accordance with paragraph 12 of the Schedule to Cap. 448D, pay an additional sum of \$980 (from \$2,445 to \$3,425) upon the full implementation of fee adjustments in 2019-20, whereas an applicant holding a Foreign Airline Transport Pilot's Licence will pay \$15 less (from 7,875 to \$7,860) in order to obtain a professional pilot's licence. When an application is made for applying a private pilot's licence, an applicant would pay \$1,065 less (from \$8,010 to \$6,945) because of decreases in the fees for examinations.

23. For the licensing of aircraft maintenance engineers, under paragraph 11 of the Schedule to Cap. 448D a person will have to pay, upon the full implementation of fee adjustments, an additional sum of \$3,845 (from \$5,475 to \$9,320) in order to obtain an aircraft maintenance engineer licence.

Other Stakeholders

24. Under paragraph 1 of the Schedule to Cap. 448D, an aircraft owner will need to pay an additional \$210 (from \$660 to \$870) for the issue of a

² The fee for the grant or variation of an AOC is equal to the CAD's cost of investigation but subject to a maximum fee calculated in accordance with paragraph 2 of the Schedule to the Hong Kong Air Navigation (Fees) Regulations. AOCs are renewed every two years.

Certificate of Registration of an aircraft. It may also be affected by the proposed increase in the maximum fee under paragraph 9 of the Schedule to Cap. 448D for the approval in respect of aircraft and equipment from the original level of \$266,800 to a proposed level of \$745,000 over a period of three years. The substantial increase in the maximum fee is attributable to the latest estimation based on the CAD's certification work required for the most complicated case of the kind³. Nevertheless, we are not aware of any existing projects that will require significant certification work and hence it is expected that no aircraft owner would be liable to the maximum fee in the foreseeable future.

25. For renewal of a CoA of an aircraft, an applicant will need to pay an additional \$10 per 500kg (from \$340 per 500kg to \$350 per 500 kg).

26. In respect of carrying munitions of war and dangerous goods, local and overseas airlines have to pay additional sums of \$190 (from \$785 to \$975) and \$140 (from \$565 to \$705) under paragraph 13C of the Schedule to Cap. 448D for the permission to carry munitions of war for a specified period of time and a single consignment respectively, and \$1,310 (from \$6,800 to \$8,110) for the permission to carry dangerous goods under paragraph 18 of the Schedule to Cap. 448D.

27. For the permission to fly a balloon, glider or parascending parachute, to moor an airship, or to conduct parachute jump, low flying, aerial photography or aerial survey, a person would have to pay an additional amount of \$405 (from \$1,470 to \$1,875) for each application. When an application is made for the issue of a CoA in the case of a glider or balloon, the applicant will need to pay an additional amount of \$1,260 (from \$5,040 to \$6,300).

Financial Implications to the Government

28. The CAD's fee revision proposal, if implemented, will yield additional revenue of \$5.7 million per annum, which represents about 7.7% of the overall fees and charges collected by the CAD in a year at prevailing rates.

Consultation with Major Stakeholders

29. We would like to cordially invite views from major stakeholders on

³ The most complicated case of the kind involves a maximum of 300 surveyor hours and substantial travelling expenses as the modification was conducted in Mainland China.

the fee revision proposal at **Annexes 1 and 2**. Please provide your views in writing to the following address, fax number or e-mail by **14 December 2016**:

By mail: Finance Division
Civil Aviation Department
Civil Aviation Department Headquarters
1 Tung Fai Road
Hong Kong International Airport
Lantau, Hong Kong

By fax: (852) 2526 1634

By e-mail: fees@cad.gov.hk

Please mark “Fee Revision Proposal” on the envelope or in the title of the submission. For any enquiry, please call (852) 2910 6213.

Way Forward

30. Stakeholders are invited to note and give their views on the fee revision proposal. We shall finalise the proposal taking into account views received from stakeholders. The implementation of the proposal requires legislative amendments to Cap. 312A and Cap. 448D. Upon completion of consultation with the industry, we aim to consult the LegCo Panel on Economic Development and proceed with the legislative amendment exercise with a view to implementing the new fee proposal in mid-2017.

Civil Aviation Department
November 2016

Details of Fee Items / Maximum Fee Amounts proposed to be Revised

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
(I)(a) Fee Items with Fixed Rates proposed to be Increased (Total 45 fee items with cost recovery rate of less than 100%)						
1	448D / 1	<u>Certificate of Registration</u> Issue of certificate of registration of an aircraft	660	76%	870	31.8%
2*	448D / 4	<u>Issue of Certificate of Airworthiness (CoA)</u> (a) In respect of a prototype aircraft – (i) fee for a glider or balloon	5,040	80%	6,300	25.0%
3*	448D / 4	(b) In respect of a series aircraft – (i) fee for a glider or balloon	5,040	80%	6,300	25.0%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
		<u>Renewal of CoA</u>				
4*	448D / 6	(a) Fee for a glider or balloon	340	98%	350	2.9%
5	448D / 6	(b) Fee for an aircraft where the maximum total weight authorised does not exceed 2,730 kg, and the period of validity applied for is 2 years	340 per 500 kg	98%	350 per 500 kg	2.9%
6	448D / 6	(c) Fee for any other case	340 per 500 kg	98%	350 per 500 kg	2.9%
		<u>Validation or Renewal of Validation of CoA</u>				
		Renewal of such certificate of validation –				
7*	448D / 7	(a) for a glider or balloon	340	98%	350	2.9%
8*	448D / 7	(b) for an aircraft where the maximum total weight authorised does not exceed 2,730 kg, and the period of validity applied for is 2 years	340 per 500 kg	98%	350 per 500 kg	2.9%
9*	448D / 7	(c) Fee for any other case	340 per 500 kg	98%	350 per 500 kg	2.9%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
		<u>Validation or Renewal of Validation of CoA</u>				
		(a) Fee for a glider or balloon				
10*	448D / 7	(i) in respect of a prototype aircraft	5,040	80%	6,300	25.0%
11*	448D / 7	(ii) in respect of a series aircraft	5,040	80%	6,300	25.0%
		<u>Licences for Aircraft Maintenance Engineers</u>				
		(a) Grant of a licence without type rating or for the inclusion of a category or sub-division of a category in a licence –				
12	448D / 11	(i) for pressurised metal aircraft	605	82%	740	22.3%
13	448D / 11	(ii) for piston engine rotorcraft	605	82%	740	22.3%
14	448D / 11	(iii) for turbine engine rotorcraft	605	82%	740	22.3%
15	448D / 11	(iv) other than pressurised metal aircraft, piston engine rotorcraft, and turbine engine rotorcraft	605	82%	740	22.3%
		(b) Inclusion of a type rating in a licence –				
16	448D / 11	(i) for piston engined rotorcraft	535	83%	645	20.6%
17	448D / 11	(ii) for turbine engined rotorcraft	535	83%	645	20.6%
18	448D / 11	(iii) for other than piston engined rotorcraft, or turbine engined rotorcraft	535	83%	645	20.6%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
19	448D / 11	(c) Variation of a licence	535	83%	645	20.6%
20	448D / 11	(d) Grant of a licence by validation	310	83%	375	21.0%
21	448D / 11	(e) Renewal of a licence	310	83%	375	21.0%
		<u>Licences for Flight Crew and Ratings in Licences</u>				
		(1) Grant or renewal of a licence to act as a flight crew member –				
		(a) licence for a professional pilot, private pilot or flight engineer –				
22	448D / 12	(i) where an applicant holding a licence to act as a flight crew member issued in a jurisdiction outside Hong Kong	2,055	78%	2,640	28.5%
23	448D / 12	(ii) in other circumstances	1,100	80%	1,380	25.5%
24	448D / 12	(b) renewal of a professional pilot's licence or a licence to act as a flight engineer	595	76%	785	31.9%
25	448D / 12	(c) grant or renewal of a flight radio-telephony operator's restricted licence (except in the case of an applicant holding a professional pilot's licence or a licence to act as a flight member)	595	76%	785	31.9%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
26	448D / 12	(2) Inclusion of the following ratings in a licence – (a) inclusion of a flying instructor’s rating or assistant flying instructor’s rating in a pilot’s licence	680	87%	785	15.4%
27	448D / 12	(b) inclusion of an additional aircraft type or an additional group of aircraft in a flying instructor’s rating or assistant flying instructor’s rating in a pilot’s licence	595	76%	785	31.9%
28	448D / 12	(c) inclusion of an additional aircraft rating in a professional pilot’s licence, or a flight engineer’s licence	595	76%	785	31.9%
29	448D / 12	(3) Inclusion of an instrument rating in a professional pilot’s licence or private pilot’s licence	595	76%	785	31.9%
30	448D / 12	(4) Inclusion of an additional aircraft type rating in a Private Pilot’s Licence (Helicopters)	595	76%	785	31.9%
31	448D / 12	(5) Inclusion of an additional group rating in a Private Pilot’s Licence (Aeroplanes)	595	76%	785	31.9%
32	448D / 12	(6) Inclusion of an endorsement in respect of language proficiency in a pilot’s licence	595	76%	785	31.9%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
33	448D / 13	<u>Validation of a licence</u> For the issue of a certificate of validation rendering valid for the purposes of the Air Navigation (Hong Kong) Order 1995 (Cap. 448C) (Order) any licence as a member of the flight crew of aircraft granted under the law of any country other than Hong Kong	485	77%	635	30.9%
34	448D / 13A	<u>Permission to drop articles etc. from aircraft</u> Permission to drop articles or wind drift indicators from an aircraft	1,470	78%	1,875	27.6%
35	448D / 13B	<u>Permission to drop persons from aircraft</u> Permission to drop persons from an aircraft	1,470	78%	1,875	27.6%
36	448D / 13C	<u>Permission to carry munitions of war</u> Fee for emission to carry munitions of war – (a) for permission for a specified period of time	785	80%	975	24.2%
37	448D / 13C	(b) for a single consignment	565	80%	705	24.8%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
38	448D / 13D	<u>Permission relating to captive balloons etc.</u> Fee for the grant of permission in respect of captive balloons, kites, balloons, airships, gliders or parascending parachutes	1,470	78%	1,875	27.6%
39	448D / 14A	<u>Permission for aerial photography or aerial survey etc.</u> Fee for the grant of permission in respect of aerial photography, aerial survey or any other form of aerial work	1,470	78%	1,875	27.6%
40	448D / 15	<u>Copies of Documents</u> Fee for issuing a copy or replacement of a document issued under the Order or under regulations made thereunder	78	94%	83	6.4%
41	448D / 17	<u>Permission for Low Flying</u> Fee for the grant of permission for low flying	1,470	78%	1,875	27.6%
42	448D / 18	<u>Permission for carriage etc. of dangerous goods</u> Fee for permission to carry, load or suspend dangerous goods	6,800	84%	8,110	19.3%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
43	448D / 11	<u>Licences for Aircraft Maintenance Engineers</u> Examinations for the purpose of the grant of, inclusion in or variation of a licence – (a) for every multiple choice question paper	315	58%	375 (1st year) 450 (2nd year) 545 (3rd year)	19.0% (1st year) 20.0% (2nd year) 21.1% (3rd year)
44	448D / 11	(b) for every essay question paper	775	52%	965 (1st year) 1,200 (2nd year) 1,495 (3rd year)	24.5% (1st year) 24.4% (2nd year) 24.6% (3rd year)
45	448D / 12	<u>Licences for Flight Crew and Ratings in Licences</u> Application for the issue of a medical certificate	155	33%	225 (1st year) 325 (2nd year) 475 (3rd year)	45.2% (1st year) 44.4% (2nd year) 46.2% (3rd year)

Counting no. of fee items	Cap./ Para.	Description	Existing rate (\$)	Cost recovery rates at existing rate (%)	Proposed rate (\$)	Fee increase (%)
(I)(b) Fee Items proposed to be Decreased (Total 2 fee items with cost recovery rate of over 140%)						
		<u>Licences for Flight Crew and Ratings in Licences</u>				
46	448D / 12	Examination fee – (a) For each examination for the grant of a private pilot's licence, the inclusion of a rating, the inclusion of an endorsement or restriction in the licence, or the renewal of any such inclusions	880	143%	615	-30.10%
47	448D / 12	(b) For each examination for the grant or renewal of a professional pilot's licence or a licence to act as a flight engineer, the inclusion of a rating, an endorsement, restriction in the licence, or the renewal of any such inclusions	895	141%	635	-29.10%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing maximum fee amount (%)	Proposed maximum amount (\$)	Increase (%)
(II) Fee Items charged at Cost of Investigation but subject to a Maximum Amount - Propose to Increase/Rationalise the Maximum Amounts (Total 3 Maximum Amounts)						
48	448D / 14	<u>Licensing of Aerodromes</u> Fee for the issue of an aerodrome licence	10 million	90%	15 million	50.0%
49	448D / 9	<u>Approval in respect of Aircraft and Equipment including modification, repair, etc. (excluding Engines and Radio Apparatus)</u> Fee for an approval pursuant to any requirement of Part III of the Order (other than engine or radio apparatus)	266,800	36%	373,300 (1st year) 522,500 (2nd year) 745,000 (3rd year)	39.9% (1st year) 40% (2nd year) 42.6% (3rd year)

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing maximum fee amount (%)	Proposed maximum amount (\$)	Increase (%)
50	448D / 2	<p><u>Air Operator's Certificate (AOC)</u></p> <p>Grant or variation of an AOC Maximum total weight authorised –</p> <p>Heaviest aircraft type in applicant's fleet of aircraft</p>	<p>(a) <u>not over 2 tonnes</u> 147,000</p> <p>(b) <u>over 2 but not over 55 tonnes</u> 730,900</p> <p>(c) <u>over 55 but not more than 100 tonnes</u> 974,600</p> <p>(d) <u>over 100 but not more than 160 tonnes</u> 1,470,300</p> <p>(e) <u>over 160 tonnes</u> 2,940,600</p>	51%-100% (Only AOC fees collected from AOC holders who operate with lighter aircraft types are under-recovering.)	<p>(a) <u>not over 80 tonnes</u> 1,000,000 (1st year) 1,450,000 (2nd year) 1,900,000 (3rd year)</p> <p>(b) <u>over 80 but not more than 160 tonnes</u> 1,500,000 (1st year) 1,950,000 (2nd year) 2,400,000 (3rd year)</p> <p>(c) <u>over 160 tonnes</u> 3,000,000 (1st year) 3,450,000 (2nd year) 3,900,000 (3rd year)</p>	Rationalize the maximum amount

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing maximum fee amount	Proposed maximum amount	Increase
			(\$)	(%)	(\$)	(%)
		Others:	12.6 for each 1,000 passenger kilometres		Unchanged	
			147 for each 1,000 freight tonne kilometres		Unchanged	

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing maximum fee amount (%)	Proposed maximum amount (\$)	Increase (%)
(III) Fee Items charged at Cost of Investigation but subject to a Minimum and Maximum Amount - Proposed to Remove the Minimum Amounts (Total 4 Minimum Amounts)						
51*	448D / 3	Permit for an aircraft to fly without a CoA Fee equals to the cost of investigations, but not – (a) less than (b) exceeding	270 (min. fee) 140 per kg	100% 100%	Remove the min. fee Unchanged	0% 0%
52	448D / 8	<u>Approval of Persons</u> Application fee for the grant or variation of an approval of a maintenance organization – if the cost of investigations exceeds \$16,100, an amount equal to that cost but not exceeding	16,100 (min. fee) 402,500	100% 100%	Remove the min. fee Unchanged	0% 0%
53*	448D / 8	Investigation fee for the purpose of the grant of the approval (including any subsequent approval) – (i) for the initial period if the cost of investigations exceeds \$16,100, an amount equal to that cost but not exceeding	16,100 (min. fee) 402,500	100% 100%	Remove the min. fee Unchanged	0% 0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing maximum fee amount	Proposed maximum amount	Increase
			(\$)	(%)	(\$)	(%)
54	448D / 8	(ii) for each subsequent financial year if the cost of investigations exceeds \$16,100, an amount equal to that cost but not exceeding	16,100 (min. fee)	100%	Remove the min. fee	0%
			402,500	100%	Unchanged	0%

* Fee items with little traffic/ rare caseload, thus the impact on stakeholders is minimal.

Details of Fee Items / Maximum Fee Amounts proposed to remain Unchanged

Change (%)	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Change
			(\$)	(%)	(\$)	(%)
(I) Fees with Fixed Rates proposed to remain Unchanged (Total 3 fee items with cost recovery rate of about 95% but revenue involved is likely to be immaterial)						
55	312A / 1	Grant of a noise certificate limited to a combination or combinations of aircraft and engine types, where a noise certificate has previously been granted in respect of the identical combination or combinations of aircraft and engine types	505	96%	Unchanged	0%
56	312A / 2	Grant of a noise certificate in other circumstances	505	96%	Unchanged	0%
57*	312A / 3	Issue of duplicate noise certificate	200	95%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing rate (%)	Proposed maximum amount (\$)	Change (%)
(II) Fee Items charged at Cost of Investigation but subject to a Maximum Amount - Maximum Amounts remain Unchanged (Total 22 Maximum Amounts)						
		<u>Issue of CoA</u>				
58*	448D / 4	(a) In respect of a prototype aircraft – for any aircraft other than a glider or balloon	33,800 per 500 kg	100%	Unchanged	0%
59	448D / 4	(b) In respect of a series aircraft – for any aircraft other than a glider or balloon	16,900 per 500 kg	100%	Unchanged	0%
		<u>Approval of Engine</u>				
60*	448D / 5	(a) for a gas turbine engine	574,600	100%	Unchanged	0%
61*	448D / 5	(b) for any other engine of 300 kW or less	47,300	100%	Unchanged	0%
62*	448D / 5	(c) for any other engine over 300kW	94,600	100%	Unchanged	0%
		<u>Validation or Renewal of Validation of CoA</u>				
		Issue of a certificate of validation –				
63*	448D/7	(a) in respect of a prototype aircraft	33,800 per 500 kg	100%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing rate	Proposed maximum amount	Change
			(\$)	(%)	(\$)	(%)
64*	448D/7	(b) in respect of a series aircraft	16,900 per 500 kg	100%	Unchanged	0%
65*	448D / 10	<u>Approval of type, etc., of Radio Apparatus</u> Approval for radio apparatus/ radio navigation equipment installed or modified in an aircraft registered in Hong Kong or carried on such aircraft for use in connection with the aircraft	53,300	100%	Unchanged	0%
		<u>Licences for Aircraft Maintenance Engineers</u>				
66	448D / 11	(a) Approval of any course of training or instruction	192,800	100%	Unchanged	0%
67*	448D / 11	(b) Authorisation of a person to conduct examinations or tests	192,800	100%	Unchanged	0%
68*	448D / 11	(c) Authorisation (including any subsequent authorisation) to a person to conduct examinations or tests in respect of each financial year	192,800	100%	Unchanged	0%
69*	448D / 11	(d) Approval to a person to provide or conduct any course of training or instruction	192,800	100%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing rate	Proposed maximum amount	Change
			(\$)	(%)	(\$)	(%)
70*	448D / 11	(e) Approval (including any subsequent approval) to a person to provide or conduct any course of training or instruction in respect of each financial year	192,800	100%	Unchanged	0%
71*	448D / 11	(f) Approval to a person as qualified to furnish reports	192,800	100%	Unchanged	0%
72*	448D / 11	(g) Approval (including any subsequent approval) to a person as qualified to furnish reports in respect of each financial year	192,800	100%	Unchanged	0%
		<u>Licences for Flight Crew and Ratings in Licences</u>				
73	448D / 12	(a) Approval of a flight simulator	209,700	100%	Unchanged	0%
74	448D / 12	(b) Approval of any course of training or instruction	1,033,700	100%	Unchanged	0%
75	448D / 12	(c) Authorisation to conduct examinations or tests	209,700	100%	Unchanged	0%
76*	448D / 12	(d) Approval to provide any course of training or instruction	209,700	100%	Unchanged	0%
77*	448D / 12	(e) Approval as a qualified person to furnish reports	209,700	100%	Unchanged	0%
78*	448D / 15	<u>Copies of Documents</u> for preparing a copy or replacement of a flight manual or performance schedule relating to a CoA equal to the cost of preparing the copy or replacement but not exceeding	2,180	100%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing rate	Proposed maximum amount	Change
			(\$)	(%)	(\$)	(%)
79*	448D / 16	<u>Approval to furnish reports</u> Grant or variation of an approval of a person as qualified to furnish reports to the Chief Executive in relation to any of his functions pursuant to any of the provisions of the Order	192,800	100%	Unchanged	0%

*Fee items with little traffic/ rare caseload, thus the impact on stakeholders is minimal.