

**For discussion
on 27 February 2017**

Legislative Council Panel on Economic Development

**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)**

PURPOSE

This paper briefs Members on the Government's proposed revisions of the statutory fees and charges under the Civil Aviation (Aircraft Noise) (Certification) Regulations (Cap. 312A) and the Hong Kong Air Navigation (Fees) Regulations (Cap. 448D), details of which are set out in **Annex 1** and **Annex 2**.

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, has all along been following 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 Civil Aviation Department (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 services and performs 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, with some fee items 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 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 also 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. As a result, 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.

PROPOSALS

Fee or maximum fee adjustments to achieve full-cost recovery

8. Among the 79 fee items under Cap. 312A and Cap. 448D, 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.

9. Staff cost is one of the major elements in service fee. 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.

10. The numbers of fee items proposed to be adjusted or remain unchanged are summarised in the table below. Detailed fee revision proposal for fee items with fixed rates and fee items with variable rates are at **Annex 1** and **Annex 2** respectively.

Cap.	Fees with Fixed Rates (Details at Annex 1)				Fees with Variable Rates (Details at Annex 2)					Total (a)+(b)
	Increase	Decrease	No change	Total (a)	Increase maximum amount	No change in maximum amount	Remove minimum amount	Simplify the structure of AOC fees and increase maximum amount	Total (b)	
312A	0	0	3	3	0	0	0	0	0	3
448D	45	2	0	47	2	22	4	1	29	76
Total	45	2	3	50	2	22	4	1	29	79

Fees with fixed rates

11. For the 50 fees with fixed rates,
- (a) 45 fee items under Cap. 448D are under-recovering and the fees are proposed to be increased (*cost recovery rates ranging from 33% to 98%*);
 - (b) two fee items under Cap. 448D are over-recovering and the fees are proposed to be reduced (*cost recovery rates of 141% and 143%*); and
 - (c) the remaining three fee items under Cap. 312A are under-recovering (*cost recovery rates ranging from 95% to 96%*) but the revenue involved in fee increase is projected to be immaterial, hence the fees are proposed to remain unchanged¹.
12. For the 45 fee items mentioned in paragraph 11(a) above, the CAD proposes to increase the fees in one go except for the following three fee items which have relatively low cost recovery rates at current level and will be raised gradually *over a period of three years* in accordance with established practice:
- (a) Licences for Aircraft Maintenance Engineers: fees for taking examinations for the grant or variation of a licence or for the inclusion of a category or sub-division of a category or type rating in a licence – *for every multiple choice question paper* (item 43 of **Annex 1**)
 - (b) Licences for Aircraft Maintenance Engineers: fees for taking examinations for the grant or variation of a licence or for the inclusion of a category or sub-division of a category or type rating in a licence – *for every essay question paper* (item 44 of **Annex 1**); and
 - (c) Licences for Flight Crew and Ratings in Licences: fee on application for the issue of a medical certificate (item 45 of **Annex 1**).

¹ The fee levels of the three fee items under Cap 312A are proposed to be maintained, having regard to the impact on users, the overall significance in terms of cost recovery of all the fee items under the current fee revision proposal, and also the anticipation of continuous efficiency improvement in rendering the services relating to these three fee items concerned.

13. As mentioned in paragraph 11(b), the CAD proposes to reduce two fee items concerning examination fee for grant of a Private Pilot's Licence and examination fee for grant or renewal of a Professional Pilot's Licence, as the cost of providing related services has decreased as a result of automation and thus involvement of less CAD manpower.

Fees with variable rates (subject to various maximum levels)

14. 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.² The minimum fee levels were also reviewed against the actual investigation cost.

15. Based on the review result, the CAD proposes to maintain the maximum fee amount of 26 fee items, whereas the maximum amounts set for the following three fee items will be increased in order to achieve full-cost recovery:

- (a) Licensing of Aerodromes;
- (b) Approval in respect of Aircraft and Equipment; and
- (c) AOC.

16. As regards (c) AOC, at present, the maximum 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. In this connection, the CAD proposes to simplify the structure of the maximum AOC amount by reducing the existing five weight brackets to three weight brackets (i.e. (i) aircraft type not over 80 tonnes; (ii) aircraft type over 80 tonnes but not over 160 tonnes; and (iii) aircraft type over 160 tonnes) with a view to minimising administrative work and achieving

² 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.

full-cost recovery. Adjustments to the maximum fee amounts of items (b) and (c) which have relatively low recovery rates at present are proposed to be implemented by phases *over a three-year period* in order to alleviate the impact on the industry in accordance with the established practice (items 2 and 3 of **Annex 2**), while adjustment to the maximum fee amount of item (a) will take effect immediately upon implementation of the new fee regime.

17. On the other hand, the CAD proposes to remove the minimum levels of four fee items to better reflect the full-cost recovery principle (items 4-7 of **Annex 2**).

FINANCIAL IMPLICATIONS ON THE GOVERNMENT

18. 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.

FINANCIAL IMPLICATIONS ON STAKEHOLDERS

19. The proposal has minimal economic implications to the aviation industry as the additional costs are insignificant compared to the total operating costs. More details are set out below.

The Airport Authority Hong Kong (AAHK)

20. 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 HKIA, the size and complexity of the facilities to be inspected is such that a fee of \$10 million is not enough to recover the cost incurred by the CAD. Thus, the maximum fee is proposed to be adjusted to \$15 million (item 1 of **Annex 2**). In the coming financial year 2017-18, should we adopt the new maximum fee, we envisage the actual fee to be paid by the AAHK would be about \$11.3 million. In any event, even assuming charging to the maximum, the licence fee payable represents less than 0.1% of the annual revenue of the AAHK and therefore should be affordable to it.

AOC Holders

21. AOC holders would mainly be affected by the increase in the maximum fee for AOC³ under paragraph 2 of the Schedule to Cap. 448D due to the full-cost recovery principle (item 3 of **Annex 2**).

22. 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. To alleviate the impact on other operators, the new fee level will be implemented by phases over a period of three years until it takes full effect in 2019-20.

23. Aircraft owners would be affected by the increase of fee for the issue of a Certificate of Registration (CoR) of an aircraft from \$660 to \$870 (item 1 of **Annex 1**) and for the renewal of a CoA of an aircraft from \$340 per 500 kg to \$350 per 500 kg (items 5 and 6 of **Annex 1**). Aircraft owners may also be affected by the proposed increase in the maximum fee for the approval in respect of aircraft and equipment, based on the CAD's certification work required for the most complicated case of the kind. Nevertheless, we are not aware of any existing projects that will require such complex and significant certification work and hence it is expected that no aircraft owner would be liable to the maximum fee in the foreseeable future. Impact of the proposed fee increases on airlines is illustrated in the table below:

³ 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 Cap. 448D. AOCs are renewed every two years.

	Size of Airline/Helicopter Company		
	<i>(Examples for illustration only)</i>		
	Airline with a fleet of over 140 aircrafts	Airline with a fleet of 20 aircrafts	Helicopter company with 4 helicopters
Average weight of the aircraft (tonnes)	320	80	3
Major Annual Fee Payment Before New Fee Regime (\$M)			
AOC#	4.6	1.0	0.5
CoA (renewal)	31.2	1.0	0.006
CoR* (issue)	<i>insignificant</i>	<i>insignificant</i>	<i>insignificant</i>
Total	35.8	2.0	0.5
Major Annual Fee Payment After New Fee Regime (\$M)			
AOC#	4.6	1.0	0.7
CoA (renewal)	32.1	1.1	0.006
CoR* (issue)	<i>insignificant</i>	<i>insignificant</i>	<i>insignificant</i>
Total	36.7	2.1	0.7
Change	0.9	0.1	0.2
Percentage Change	2.5%	5.0%	40.0%

*Assuming one CoR is issued for a new aircraft in each company (i.e. proposed to increase from \$660 to \$870).

AOC is renewed on a biennial basis. The above AOC figure is an average annual amount over two years.

24. 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) (item 36 of **Annex 1**) and \$140 (from \$565 to \$705) (item 37 of **Annex 1**) 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 (item 42 of **Annex 1**). Despite the increase, the number of cases requiring such permission is minimal and will therefore have little impact on aircraft operators.

Flight Crew and Aircraft Maintenance Engineers

25. 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.

26. 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) for taking relevant examinations in order to obtain an Aircraft Maintenance Engineer's Licence. Having considered the magnitude of the proposed increase for achieving full-cost recovery, these fees are proposed to be increased gradually over a period of three years in order to alleviate the impact on the users.

CONSULTATION WITH THE INDUSTRY

27. We have consulted the Aviation Development and Three-runway System Advisory Committee, the AAHK, the aviation industry including local airlines, the Airline Operators Committee, the Board of Airline Representatives in Hong Kong, the Hong Kong Airline Pilots Association, the Hong Kong Region of the Honourable Company of Air Pilots, as well as other related organisations such as the Hong Kong Institution of Engineers, the Hong Kong Aviation Club, aircraft maintenance and design organisations, flight training organisations and maintenance training organisations.

28. On some stakeholders' concern about the considerable percentage increases proposed for certain items (e.g. the licensing of Aircraft Maintenance Engineer) and the simplification of the structure for maximum AOC fees, we have explained that the fees were last revised and implemented in January 2012 and the proposed fee revision is considered necessary in order to reflect the cost increases over the years. Also, we propose to spread the increase of fee rates or maximum fee amounts gradually over three years to strike a balance between the users' interests and the Government's policy of full-cost recovery, where

appropriate and affordable under the established practice. Where applicable, we have also passed on the efficiency gains to users by maintaining existing fee levels and even fee reduction, e.g. two examination fee items for Professional and Private Pilot's Licence are proposed to be reduced by about 30% each (items 46 and 47 of **Annex 1**). It has also been stressed that the full-cost recovery principle generally applies to government fees and charges so as to avoid taxpayers subsidising the users of the goods or services.

29. On another concern about the transparency of details of the calculation of relevant fees and charges that are based on the cost of investigations, we have explained that we are mindful of improving the transparency of our charging basis. Since last revision of fees and charges in January 2012, we have published the charging policy for statutory fees based on cost of investigation on the CAD's website under the Hong Kong Aeronautical Information Services, and annually updated the hourly charging rates of relevant staff ranks of the CAD in the Aeronautical Information Circulars in line with some other overseas practice (such as Australia). In addition, we have provided, by way of an attachment to the demand note for the AOC fees, the details of calculation of AOC fees to AOC holders.

WAY FORWARD

30. We plan to submit the relevant legislative amendments to the LegCo for negative vetting in the second quarter of 2017, with the target of implementing the fee proposals at the beginning of the 2017/18 LegCo session (i.e. fourth quarter of 2017).

**Transport and Housing Bureau
Civil Aviation Department
February 2017**

Details of Fee Items with Fixed Rates

Counting no. of fee items	Cap./ Para.	Description	Existing rate (\$)	Cost recovery rates at existing rate (%)	Proposed rate (\$)	Fee increase (%)
(I) 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	32%
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%
3*	448D / 4	(b) In respect of a series aircraft – (i) fee for a glider or balloon	5,040	80%	6,300	25%

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	3%
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	3%
6	448D / 6	(c) Fee for any other case	340 per 500 kg	98%	350 per 500 kg	3%
		<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	3%
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	3%
9*	448D / 7	(c) Fee for any other case	340 per 500 kg	98%	350 per 500 kg	3%

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%
11*	448D / 7	(ii) in respect of a series aircraft	5,040	80%	6,300	25%
		<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%
13	448D / 11	(ii) for piston engine rotorcraft	605	82%	740	22%
14	448D / 11	(iii) for turbine engine rotorcraft	605	82%	740	22%
15	448D / 11	(iv) other than pressurised metal aircraft, piston engine rotorcraft, and turbine engine rotorcraft	605	82%	740	22%
		(b) Inclusion of a type rating in a licence –				
16	448D / 11	(i) for piston engine rotorcraft	535	83%	645	21%
17	448D / 11	(ii) for turbine engine rotorcraft	535	83%	645	21%
18	448D / 11	(iii) for other than piston engine rotorcraft, or turbine engine rotorcraft	535	83%	645	21%

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	21%
20	448D / 11	(d) Grant of a licence by validation	310	83%	375	21%
21	448D / 11	(e) Renewal of a licence	310	83%	375	21%
<u>Licences for Flight Crew and Ratings in Licences</u>						
22	448D / 12	(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 – (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	29%
23	448D / 12	(ii) in other circumstances	1,100	80%	1,380	26%
24	448D / 12	(b) renewal of a professional pilot's licence or a licence to act as a flight engineer	595	76%	785	32%
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	32%

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%
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	32%
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	32%
29	448D / 12	(3) Inclusion of an instrument rating in a professional pilot’s licence or private pilot’s licence	595	76%	785	32%
30	448D / 12	(4) Inclusion of an additional aircraft type rating in a Private Pilot’s Licence (Helicopters)	595	76%	785	32%
31	448D / 12	(5) Inclusion of an additional group rating in a Private Pilot’s Licence (Aeroplanes)	595	76%	785	32%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
32	448D / 12	(6) Inclusion of an endorsement in respect of language proficiency in a pilot's licence	595	76%	785	32%
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	31%
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	28%
35*	448D / 13B	<u>Permission to drop persons from aircraft</u> Permission to drop persons from an aircraft	1,470	78%	1,875	28%
36	448D / 13C	<u>Permission to carry munitions of war</u> Fee for permission to carry munitions of war – (a) for permission for a specified period of time	785	80%	975	24%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
37	448D / 13C	(b) for a single consignment	565	80%	705	25%
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	28%
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	28%
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%
41	448D / 17	<u>Permission for Low Flying</u> Fee for the grant of permission for low flying	1,470	78%	1,875	28%

Counting no. of fee items	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Fee increase
			(\$)	(%)	(\$)	(%)
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%
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% (1st year) 20% (2nd year) 21% (3rd year)
44	448D / 11	(b) for every essay question paper	775	52%	965 (1st year) 1,200 (2nd year) 1,495 (3rd year)	25% (1st year) 24% (2nd year) 25% (3rd year)

Counting no. of fee items	Cap./ Para.	Description	Existing rate (\$)	Cost recovery rates at existing rate (%)	Proposed rate (\$)	Fee increase (%)
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% (1st year) 44% (2nd year) 46% (3rd year)

Counting no. of fee items	Cap./ Para.	Description	Existing rate (\$)	Cost recovery rates at existing rate (%)	Proposed rate (\$)	Fee increase (%)
(II) Fee Items with Fixed Rates 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%
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%

Change (%)	Cap./ Para.	Description	Existing rate	Cost recovery rates at existing rate	Proposed rate	Change
			(\$)	(%)	(\$)	(%)
(III) 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)						
48	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%
49	312A / 2	Grant of a noise certificate in other circumstances	505	96%	Unchanged	0%
50*	312A / 3	Issue of duplicate noise certificate	200	95%	Unchanged	0%

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

Details of Fee Items with Variable Rates (subject to various maximum levels)

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing maximum fee amount	Proposed maximum amount	Increase
			(\$)	(%)	(\$)	(%)
(I) Fee Items charged at Cost of Investigation but subject to a Maximum Amount - Propose to Increase/Rationalise the Maximum Amounts (Total 3 Maximum Amounts)						
1	448D / 14	<u>Licensing of Aerodromes</u> Fee for the issue of an aerodrome licence	10 million	85%	15 million	50%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing maximum fee amount	Proposed maximum amount	Increase
			(\$)	(%)	(\$)	(%)
2	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%-100% (Only the most complicated cases are under-recovering.)	373,300 (1st year) 522,500 (2nd year) 745,000 (3rd year)	40% (1st year) 40% (2nd year) 43% (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 (%)
3	448D / 2	<u>Air Operator's Certificate (AOC)</u> Grant or variation of an AOC Maximum total weight authorised – Heaviest aircraft type in applicant's fleet of aircraft	<u>(a) not over 2 tonnes</u> 147,000 <u>(b) over 2 but not over 55 tonnes</u> 730,900 <u>(c) over 55 but not over 100 tonnes</u> 974,600 <u>(d) over 100 but not over 160 tonnes</u> 1,470,300 <u>(e) over 160 tonnes</u> 2,940,600	51%-100% (Only AOC fees collected from AOC holders who operate with lighter aircraft types are under-recovering.)	<u>(a) not over 80 tonnes</u> 1,000,000 (1st year) 1,450,000 (2nd year) 1,900,000 (3rd year) <u>(b) over 80 but not over 160 tonnes</u> 1,500,000 (1st year) 1,950,000 (2nd year) 2,400,000 (3rd year) <u>(c) over 160 tonnes</u> 3,000,000 (1st year) 3,450,000 (2nd year) 3,900,000 (3rd year)	N/A; Simplify the structure of the maximum fee amount and increase it over three years

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing maximum fee amount (%)	Proposed maximum amount (\$)	Increase (%)
		For every other aircraft type in applicant's fleet	<u>(a) not over 2 tonnes</u> 73,500 <u>(b) over 2 but not over 55 tonnes</u> 365,500 <u>(c) over 55 but not over 100 tonnes</u> 487,300 <u>(d) over 100 but not over 160 tonnes</u> 735,100 <u>(e) over 160 tonnes</u> 1,470,300		<u>(a) not over 80 tonnes</u> 500,000 (1st year) 950,000 (2nd year) 1,400,000 (3rd year) <u>(b) over 80 but not over 160 tonnes</u> 800,000 (1st year) 1,250,000 (2nd year) 1,700,000 (3rd year) <u>(c) over 160 tonnes</u> 1,500,000 (1st year)	

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 147 for each 1,000 freight tonne kilometres		1,950,000 (2nd year) 2,400,000 (3rd year) Unchanged Unchanged	

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 Minimum and Maximum Amount - Proposed to Remove the Minimum Amounts (Total 4 Minimum Amounts)						
4*	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	N/A 0%
5	448D / 8	<u>Approval of Persons</u> Application fee for the grant or variation of an approval of a maintenance organisation – 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	N/A 0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing maximum fee amount	Proposed maximum amount	Increase
			(\$)	(%)	(\$)	(%)
6*	448D / 8	Investigation fee for the purpose of the grant of the approval (including any subsequent approval) –	16,100 (min. fee)	100%	Remove the min. fee	N/A
		(i) for the initial period if the cost of investigations exceeds \$16,100, an amount equal to that cost but not exceeding	402,500	100%	Unchanged	0%
7	448D / 8	(ii) for each subsequent financial year	16,100 (min. fee)	100%	Remove the min. fee	N/A
		if the cost of investigations exceeds \$16,100, an amount equal to that cost but not exceeding	402,500	100%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount (\$)	Cost recovery rates at existing rate (%)	Proposed maximum amount (\$)	Change (%)
(III) 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>				
8*	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%
9	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>				
10*	448D / 5	(a) for a gas turbine engine	574,600	100%	Unchanged	0%
11*	448D / 5	(b) for any other engine of 300 kW or less	47,300	100%	Unchanged	0%
12*	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 –				
13*	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
			(\$)	(%)	(\$)	(%)
14*	448D/7	(b) in respect of a series aircraft	16,900 per 500 kg	100%	Unchanged	0%
15*	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>				
16	448D / 11	(a) Approval of any course of training or instruction	192,800	100%	Unchanged	0%
17*	448D / 11	(b) Authorisation of a person to conduct examinations or tests	192,800	100%	Unchanged	0%
18*	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%
19*	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
			(\$)	(%)	(\$)	(%)
20*	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%
21*	448D / 11	(f) Approval to a person as qualified to furnish reports	192,800	100%	Unchanged	0%
22*	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>				
23	448D / 12	(a) Approval of a flight simulator	209,700	100%	Unchanged	0%
24	448D / 12	(b) Approval of any course of training or instruction	1,033,700	100%	Unchanged	0%
25	448D / 12	(c) Authorisation to conduct examinations or tests	209,700	100%	Unchanged	0%
26*	448D / 12	(d) Approval to provide any course of training or instruction	209,700	100%	Unchanged	0%
27*	448D / 12	(e) Approval as a qualified person to furnish reports	209,700	100%	Unchanged	0%

Counting no. of fee items	Cap./ Para.	Description	Existing maximum amount	Cost recovery rates at existing rate	Proposed maximum amount	Change
			(\$)	(%)	(\$)	(%)
28*	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%
29*	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.