

立法會
Legislative Council

LC Paper No. CB(1) 651/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/7/01/2

Bills Committee on Dutiable Commodities (Amendment) Bill 2002

Minutes of meeting
held on Wednesday, 18 December 2002 at 8:30 am
in Conference Room B of the Legislative Council Building

Members present : Hon HUI Cheung-ching, JP (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon CHAN Kam-lam, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Audrey EU Yuet-mee, SC, JP

Member absent : Hon Abraham SHEK Lai-him, JP

Public officers attending : Mr Martin GLASS
Deputy Secretary for Financial Services and the
Treasury

Mr Edward MAK
Assistant Secretary for Financial Services and the
Treasury

Mr Allen LAI
Senior Government Counsel

Mr CHOW Kwong
Assistant Commissioner of Customs and Excise

Mr LAM Ming-mon
Senior Staff Officer (Dutiable Commodities
Administration), Customs and Excise Department

Mr HUI Chiu-chun
Staff Officer (Excise Control), Customs and Excise
Department

Mr LEUNG Yuk-chiu
Senior Inspector (Excise Research), Customs and
Excise Department

Clerk in attendance : Ms Connie SZETO
Chief Assistant Secretary (1)4

Staff in attendance : Miss Anita HO
Assistant Legal Adviser 2

Mr S C TSANG
Senior Assistant Secretary (1)7

Action

I Election of Chairman

Mrs Selina CHOW, the member who had the highest precedence in the Council among members who joined the Bills Committee, presided at the election of the Chairman. Mrs CHOW invited nominations for the chairmanship.

2. Mr HUI Cheung-ching was nominated by Mr CHAN Kam-lam and the nomination was seconded by Mrs Selina CHOW. Mr HUI accepted the nomination. There being no other nomination, Mr HUI Cheung-ching was declared Chairman of the Bills Committee.

II Meeting with the Administration

- (LC Paper No. CB(1) 544/02-03(02) -- Marked-up copy of the Dutiable Commodities (Amendment) Bill 2002;
- LC Paper No. CB(1) 544/02-03(03) -- Letter dated 6 February 2002 from the Legal Service Division to the Administration;
- LC Paper No. CB(1) 544/02-03(04) -- Administration's response to the Legal Service Division's letter dated 6 February 2002; and

LC Paper No. CB(1) 544/02-03(05) -- Submission from the Crown
Worldwide Holdings Ltd. dated
14 December 2002)

3. The Bills Committee deliberated (Index of proceedings attached at the **Annex**).

Admin 4. The Administration undertook to take follow-up actions as follows:

Implementation of Open Bond System (OBS)

- (a) to provide an information paper setting out the details of inspection, audit, record-keeping and risk management measures or systems under the OBS to ensure compliance by warehouse operators, minimize the risk of duty evasion and protect Government revenue;
- (b) to consider the suggestion of extending the validity of OBS licence;
- (c) to consider whether the proposed two-year record-keeping requirement on warehouse operators under the new regulation 98A would provide sufficient audit trail for records; and
- (d) to consider whether it was feasible to allow applicant/licensee to submit application/renewal for OBS licence in electronic forms

Legal and drafting issues

- (a) to follow up related legal and drafting issues with the Assistant Legal Adviser of the Legislative Council, including the operation of sections 17, 34A, 47A and Schedule 3 and their relationship;
- (b) to provide written responses on the results on (a) above;
- (c) to consider whether amendment to section 34A(1) and (2) was necessary to make it clear that the duty-free quantities published by the Commissioner of Customs and Excise was Legal Notice; and
- (d) to provide information on the bases on which the new section 8A was drafted.

III Any other business

5. Members agreed to invite submissions from the trade on the Bill. Members also agreed to hold the next meeting on Friday, 3 January 2003, at 3:15 pm.

6. There being no other business, the meeting ended at 10:00 am.

Council Business Division 1
Legislative Council Secretariat
8 January 2003

**Proceedings of the meeting of the
Bills Committee on Dutiable Commodities (Amendment) Bill 2002
on Wednesday, 18 December 2002 at 8:30 am
in Conference Room B of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000106	Mrs Selina CHOW	Election of Chairman	
000106 - 000148	Chairman	Opening remarks	
000148 - 000803	Administration	Briefing on the Dutiable Commodities (Amendment) Bill 2002	
000803 - 001116	Chairman Administration	Enquiry on measures taken by the Administration to minimize the risk of duty evasion arising from the implementation of Open Bond System (OBS) The Administration would introduce a structured audit method for checking compliance of warehouse owners, which included the tightening of the licensing, storage, record-keeping and audit requirements.	
001116 - 001203	Chairman Administration	Impact of OBS on Government revenue	
001203 - 002312	Mrs Selina CHOW ALA2 Administration	Concern on the policy intent of clause 6(b) on compounding of offences. According to the proposed amendment, the Commissioner of Customs and Excise (the Commissioner) would be empowered to impose a larger penalty than the court. The Administration undertook to move a Committee Stage amendment to withdraw clause 6(b) to avoid the aforesaid situation.	
002312 - 004248	Mrs Selina CHOW Administration ALA2	Clarification on compounding of offences under sections 17 and 34A of the Dutiable Commodities Ordinance	

Time marker	Speaker	Subject(s)	Action required
	Chairman	(Cap. 109) (the Ordinance) Suggestion for the Administration to follow up related legal and drafting issues with the Assistant Legal Adviser of the Legislative Council, including the operation of sections 17, 34A, 47A and Schedule 3 and their relationship; and to provide written responses on the matter for the Bills Committee's consideration	Admin
004248 - 005830	Chairman Mrs Selina CHOW Mr SIN Chung-kai Mr Andrew WONG Mr CHAN Kam-lam Administration	Concern on the risks involved for the implementation of the OBS Consideration should be given by the Administration to provide an information paper setting out the details of the inspection, audit, record-keeping and risk management measures or systems under the OBS to ensure compliance by warehouse operators, minimize the risk of duty evasion, and protect Government revenue	Admin
005830 - 010420	Mr CHAN Kam-lam Mr Andrew WONG Administration	Enquiry on the validity of the licences under the OBS Consideration should be given to extend the validity of OBS licences in order to save the Administration's cost and effort, and to minimize inconvenience caused to the licensees Suggestion to consider whether it was feasible to allow applicant/licensee to submit application/renewal for OBS licences in electronic forms The Administration undertook to consider the above members' suggestions in the review of the OBS to be conducted after the OBS has been implemented.	Admin Admin Admin

Time marker	Speaker	Subject(s)	Action required
010420 - 010952	Mrs Selina CHOW ALA2	As regards members' concern on the new section 8A on determining applications for and revocation of licences in respect of premises, the Administration was requested to provide additional information on the bases on which the new section was drafted	Admin
010952 - 011347	Mr SIN Chung-kai Administration	Staff redeployment in Customs and Excise Department resulting from the implementation of the OBS	
011347 - 011742	Mr CHAN Kam-lam Administration	Clarification on reasons why Customs and Excise officers were required under section 34A(2) of the Ordinance to wear uniforms when they performed inspection on dutiable goods at a place other than an entry point.	
011742 - 012052	ALA2 Mrs Selina CHOW Administration	Suggestion to consider whether amendment to section 34A(1) and (2) was necessary to make it clear that the duty-free quantities published by the Commissioner was Legal Notice	Admin
012052 - 012715	Mr CHAN Kam-lam Mrs Selina CHOW Chairman Administration	Concern on whether the proposed two-year record-keeping requirement on warehouse operators under the new Regulation 98A would provide sufficient audit trail for records Request for Administration's responses to members' concern	Admin
012715 - 012940	Chairman	Invitation for submissions from the trade; and Date of next meeting	

Note: The audio records of the above proceedings are kept at the Legislative Council Library.