

**立法會**  
**Legislative Council**

LC Paper No. CB(1)279/04-05  
(These minutes have been seen  
by the Administration)

Ref: CB1/SS/1/04/1

**Subcommittee on the  
proposed resolution under section 4(2) of the  
Dutiable Commodities Ordinance (Cap. 109)**

**Minutes of first meeting  
held on Friday, 5 November 2004, at 3:30 pm  
in Conference Room A of the Legislative Council Building**

- Members present** : Hon CHAN Kam-lam, JP (Chairman)  
Hon LEE Cheuk-yan  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon SIN Chung-kai, JP  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon WONG Kwok-hing, MH
- Members absent** : Hon LEUNG Yiu-chung  
Hon Albert Jinghan CHENG
- Attendance by invitation** : Mr Martin GLASS, JP  
Deputy Secretary for Financial Services and the  
Treasury (Treasury) 2
- Miss Erica NG  
Principal Assistant Secretary for Financial  
Services and the Treasury (Treasury) (R)
- Mr Edward MAK  
Assistant Secretary for Financial Services and  
the Treasury (Treasury) (R)
- Ms Brenda CHENG  
Principal Assistant Secretary for Economic  
Development and Labour (Economic  
Development) Financial Monitoring

Ms Angela LEE  
Principal Assistant Secretary for Environment,  
Transport and Works (Transport)

Ms Amy CHAN  
Government Counsel  
Department of Justice

**Clerk in attendance** : Miss Polly YEUNG  
Chief Council Secretary (1)3

**Staff in attendance** : Mr Stephen LAM  
Assistant Legal Adviser 4

Ms Debbie YAU  
Senior Council Secretary (1)1

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Action

**I. Election of Chairman**

Mr LEE Cheuk-yan, the member who had the highest precedence in the Council among all members of the Subcommittee, presided over the election of the Chairman of the Subcommittee. He invited nominations for the chairmanship of the Subcommittee.

2. Mr CHAN Kam-lam was nominated by Mr WONG Kwok-hing and seconded by Mr SIN Chung-kai. Mr CHAN accepted the nomination. There being no other nominations, Mr CHAN Kam-lam was declared Chairman of the Subcommittee. Mr CHAN then took over the chair.

**II. Meeting with the Administration**

LC Paper No. CB(1)168/04-05(01) -- Information paper provided by the Administration

LC Paper No. CB(1)168/04-05(02) -- Marked-up copy of the resolution proposed under section 4(2) of the Dutiable Commodities Ordinance (DCO) (Cap.109) prepared by the Legal Service Division

- LC Paper No. CB(1)168/04-05(03) -- Section 4(2) of the DCO (Cap 109)
- LC Paper No. CB(3)95/04-05 -- The resolution proposed under section 4(2) of the DCO (Cap.109) to be moved by the Secretary for Financial Services and the Treasury
- LC Paper No. CB(3)95/04-05 -- The draft speech of the Secretary for Financial Services and the Treasury when moving the proposed resolution
- LC Paper No. LS12/04-05 -- Legal Service Division Report on proposed resolution under section 4(2) of the DCO (Cap.109)
- LC Paper No. CB(1)168/04-05(04) -- Press release on "Financial Secretary announces extension of Ultra Low Sulphur Diesel concessionary rate"
- LC Paper No. CB(1)168/04-05(05) -- Chronology of motions to reduce/extend the concessionary duty rate for Ultra Low Sulphur Diesel prepared by the Secretariat

3. The Subcommittee deliberated (Index of proceedings attached at Appendix).

4. Referring to the motion on reducing the duty on ultra low sulphur diesel (ULSD) moved by Hon Miriam LAU and as amended by Hon Ronny TONG which was carried at the Council meeting on 3 November 2004, members requested the Administration to expeditiously review the current rate of duty on ULSD and report the outcome in three months' time. Members further suggested that the Administration should also examine the high local pump prices during the review. In response, the Administration said that it had carefully reviewed the prevailing circumstances and the duty rate. Taking into account the fiscal condition, the overall economic conditions and the pressure faced by the transport industry, the Administration proposed to further extend the current concessionary duty for another year. The Administration said that as the motion was only passed on 3 November 2004, the Administration would need to study

the motion and was therefore not in a position to give a firm undertaking at this moment. It would nevertheless revert to Members on its response in due course.

5. On the mechanism for setting the duty rate on ULSD, members asked whether the Administration would consider making the existing concessionary duty rate at \$1.11 per litre a permanent arrangement because this duty rate had already been extended on five occasions in the past six years. In response, the Administration indicated that at this stage, it did not contemplate a permanent extension and it remained the Administration's long-term intention to re-align the duty rate to \$2.89 per litre in due course when the economy improved. Members further urged the Administration to consider stipulating a reasonable duty rate in the principal ordinance instead of moving a motion every now and then to seek Members' approval to extend the so-called concessionary rate.

6. The Administration undertook to relay members' comments and concerns on various policy issues to the relevant policy bureaux for consideration.

7. Members did not raise any query on the proposed resolution. They also agreed that the Administration should give fresh notice to move the proposed resolution as soon as possible.

*(post-meeting note: The Administration subsequently advised that it would give notice to move the proposed resolution at the Council meeting on 1 December 2004)*

8. The Chairman concluded that the Subcommittee had completed scrutiny of the proposed resolution and would report to the House Committee.

*(post-meeting note: The Subcommittee would report to the House Committee on 12 November 2004)*

### **III. Any other business**

9. There being no other business, the meeting ended at 4:15 pm.

**Proceedings of the first meeting of the  
Subcommittee on the proposed resolution under section 4(2) of  
the Dutiable Commodities Ordinance (Cap. 109)  
on Friday, 5 November 2004 at 3:30 pm  
in Conference Room A of the Legislative Council Building**

| <b>Time Marker</b> | <b>Speaker</b>  | <b>Subject(s)</b>  | <b>Action required</b> |
|--------------------|---|--|------------------------|
| 000109 – 000216    | Mr LEE Cheuk-yan<br>Mr WONG Kwok-hing<br>Mr CHAN Kam-lam            | Election of Chairman.  |                        |
| 000217 – 000624    | Chairman<br>The Administration                                      | (a) Welcoming remarks.<br>(b) Briefing by the Administration.  |                        |
| 000625 – 000831    | Mr WONG Kwok-hing<br>Chairman<br>The Administration                 | On the motion carried at the Council meeting on 3 November 2004, members' suggestion that the Administration should expeditiously review the current rate of duty on ULSD in three months' time and the Administration's reply that it would study the motion and revert to Members on its response in due course. |                        |
| 000832 – 001319    | Mr LEE Cheuk-yan<br>Chairman<br>The Administration                  | (a) The competitiveness of the transport industry.<br>(b) Whether the benefit of the concessionary duty on ULSD in the past six years had been passed on to the consumers.   |                        |
| 001320 - 002433    | Ms Miriam LAU<br>Chairman<br>Mr SIN Chung-kai<br>The Administration | (a) The role and scope of the Subcommittee.<br>(b) Whether the existing concessionary duty rate of \$1.11 per litre on ULSD could be made permanent.<br>(c) The mechanism for setting the duty rate on ULSD and whether a reasonable rate of duty should be stipulated in the Ordinance.                           |                        |

| Time Marker     | Speaker   | Subject(s)   | Action required |
|-----------------|---|--|-----------------|
|                 |   | <p>(d) The rationale for introducing the concessionary duty rate on ULSD.</p> <p>(e) Other initiatives to help the transport industry enhance its competitiveness.</p>   |                 |
| 002434 - 002807 | <p>Mr LEE Cheuk-yan<br/>Chairman<br/>The Administration</p>                   | <p>(a) The competitiveness of the transport industry.</p> <p>(b) The Administration's indication that at this stage, it did not contemplate a permanent extension on the current rate on ULSD.</p>                                 |                 |
| 002808 – 003328 | <p>Mrs Selina CHOW<br/>Chairman<br/>The Administration</p>                    | <p>(a) The need to examine the high local pump prices when reviewing the current duty rate on ULSD.</p> <p>(b) The Administration would relay members' comments and concerns to the relevant policy bureaux for consideration.</p> |                 |
| 003329 – 004120 | <p>Mr SIN Chung-kai<br/>Chairman<br/>The Administration<br/>Ms Miriam LAU</p> | <p>(a) The mechanism for adjusting duty rate on ULSD.</p> <p>(b) The effectiveness or otherwise of the initiatives to enhance the competitiveness of the transport industry.</p>   |                 |
| 004121 – 004216 | <p>Chairman<br/>The Administration</p>  | <p>The Subcommittee supported the proposed resolution and the Administration's giving fresh notice to move the proposed resolution. It would report to the House Committee.</p>  |                 |