

# 立法會

## *Legislative Council*

LC Paper No. CB(1)2404/08-09  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/5/08

### **Bills Committee on Dutiable Commodities (Amendment) Bill 2009**

**Minutes of first meeting held on  
Thursday, 21 May 2009, at 8:30 am  
in Conference Room B of the Legislative Council Building**

- Members present** : Hon CHAN Kin-por, JP(Chairman)  
Hon Andrew CHENG Kar-foo  
Hon Albert CHAN Wai-yip  
Hon WONG Ting-kwong, BBS  
Hon Tanya CHAN
- Member absent** : Hon Vincent FANG Kang, SBS, JP
- Public officers attending** : **Agenda item II**  
  
Mr Kenneth CHENG  
Principal Assistant Secretary for Financial Services  
and the Treasury (Treasury) (Revenue)  
  
Miss Anita CHAN  
Principal Assistant Secretary for Food & Health (Health) SD1  
  
Mr CHOW Chi-kwong  
Head of Revenue and General Investigation Bureau  
Customs and Excise Department  
  
Mr SUEN Wai-chung  
Senior Assistant Law Draftsman  
Department of Justice

**Clerk in attendance** : Ms Joanne MAK  
Chief Council Secretary (1)2

**Staff in attendance** : Mr Kelvin LEE  
Assistant Legal Adviser 1

Ms Sarah YUEN  
Senior Council Secretary (1)6

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Action

**I Election of Chairman**

Mr CHAN Kin-por was elected Chairman of the Bills Committee.

**II Meeting with the Administration**

(File Ref: FIN CR 3/7/2201/08 - The Legislative Council Brief issued by the Financial Services and the Treasury Bureau

LC Paper No. CB(3)549/08-09 - The Bill

LC Paper No. LS 63/08-09 - Legal Service Division Report on the Bill

LC Paper No. CB(1)1652/08-09(01) - Marked-up copy of the Bill prepared by the Legal Service Division

LC Paper No. CB(1)1654/08-09 - Background brief prepared by the Legislative Council Secretariat

LC Papers Nos. CB(1)1217/08-09(01) and CB(1)1440/08-09(01) - Submission from the Committee on Youth Smoking and the Administration's response)

2. The Bills Committee deliberated (index of proceedings attached at **Annex**).

3. The Administration briefed members on the Dutiable Commodities (Amendment) Bill 2009 (the Bill), which sought to increase the duty rates on tobacco.

4. Some members expressed concern about the impact of the Bill on the income of newspaper stallholders as a result of a drop in the sale of duty-paid cigarettes, and called on the Administration to devise measures to help the stallholders make up for their loss, such as by relaxing the restrictions in their licences on the commodities which they could sell, on the permitted areas of their stalls and on advertising. Members were also concerned that the duty increase might lead to increase in illicit cigarette activities and urged the

Administration to gear up efforts against the smuggling and peddling of illicit cigarettes on all fronts.

5. Mr Albert CHAN said that the policy of increasing rates of duty on tobacco products on the one hand and reducing the rates of duty on alcoholic beverages on the other was illogical and unacceptable, as he considered that alcohol was no less harmful to the society, if not more, than tobacco products. He said that the policy was in favour of the rich but penalized the poor who had to pay for expensive cigarettes and this was tantamount to “class discrimination”. He also criticized the Administration for failing to seriously examine the social and economic impacts of the duty increase before introducing it. He considered that its positive effect on public health and tobacco control should be weighed against its other social impacts.

6. In response, the Administration emphasized that the duty increase could help strengthen tobacco control efforts to protect public health and discourage smoking because price increase could reduce demand. The Administration highlighted the immediate increase in enrollees to smoking cessation classes after the duty increase. As to the concern about increase in the smuggling and peddling of illicit cigarettes after the duty increase, enforcement actions at different levels, in particular import and distribution, had already been geared up with encouraging results. To address newspaper stallholders’ concern about income loss, the Administration was also examining with the stakeholders on various feasible measures to increase their business opportunities.

Admin 7. To facilitate further discussion on the Bill, the Administration was requested to provide written responses to the following issues raised by members—

- (a) Assessment of whether there had been an increase in the smuggling of illicit cigarettes after the increase in the rates of duty on tobacco announced on 25 February 2009;
- (b) Measures adopted by the Customs and Excise Department (C&ED) in combating illicit cigarette activities and tackling contraband cigarette problem, and an assessment of the effectiveness and figures of results;
- (c) Administration's response to the Chairman's concern of whether it was possible to enhance the profit margin of newspaper stallholders in their tobacco sale;
- (d) Information on the allocation of resources for smoking cessation services;

- (e) Monthly figures of the sale of duty-free cigarettes at the existing eight control points before and after 25 February 2009 and the estimated impact on duty income;
- (f) Changes in tobacco sale after 25 February 2009 in order to assess the business impact on relevant retailers;
- (g) Assessment of whether the large price increase in cigarettes as a result of the duty increase had led to a rise in the sale of illicit drug as a substitute of cigarettes;
- (h) Increase in the number of enquiry calls received by smoking cessation service centres and the percentage of callers who were youngsters; and
- (i) An overall response to Mr Albert CHAN's view that the Administration had failed to first conduct a policy assessment on the social and economic impacts of the proposed duty increase before introduction of this new measure.

### III Any other business

#### Invitation of views

8. Members agreed to schedule the next meeting for 30 May 2009 from 9:00 am to 12:00 noon to receive views from the public on the Bill. In this connection, a notice to invite public views would be posted on the website of the Legislative Council to facilitate enrollment by any parties interested in attending the meeting to present views. Mr Albert CHAN suggested that deputations from newspaper stallholders, mahjong parlours, relevant retailers (7-eleven and Circle-K) and tobacco companies should be invited to give views on the Bill. As directed by the Chairman, the Clerk would also draw up a list of proposed deputations for invitation and circulate it to members for consideration.

*(Post-meeting note: At the request of the Administration and with the concurrence of the Chairman, the meeting was subsequently rescheduled to start at 8:30 am and to end at 11:30 am.)*

9. There being no other business, the meeting ended at 9:40 am.

Council Business Division 1  
Legislative Council Secretariat  
4 August 2009

Clerk

**Proceedings of the first meeting of  
the Bills Committee on Dutiable Commodities  
(Amendment) Bill 2009  
on Thursday, 21 May 2009, at 8:30 am  
in Conference Room B of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda Item I – Election of Chairman</b>			
000013 – 000230	Mr WONG Ting-kwong Miss Tanya CHAN Mr CHAN Kin-por	- Election of Chairman	
<b>Agenda Item II – Meeting with the Administration</b>			
000231 – 000645	Chairman Administration	- Briefing by the Administration on the Dutiable Commodities (Amendment) Bill 2009 (the Bill)	
000646 – 002100	Mr WONG Ting-kwong Administration	<ul style="list-style-type: none"> <li>- Discussion on the measures adopted by C&amp;ED in combating illicit cigarette activities, how effective these measures were, and whether there had been an increase in such activities after the increase in the duty rates on tobacco announced on 25 February 2009</li> <li>- Discussion on the need to actively combat the smuggling and peddling of illicit cigarettes considering the health hazards posed by contraband cigarettes to smokers</li> <li>- Discussion on measures to mitigate the impacts of the duty increase on newspaper stallholders, who had suffered income loss as a result of a drop in the sale of duty-paid cigarettes. For example, relaxation of the restrictions in their licences on the commodities which they could sell, on the size of the permitted areas of their stalls and on advertising</li> </ul>	<p>Administration to provide information (paragraph 7(a) of minutes)</p> <p>Administration to provide information (paragraph 7(b) of minutes)</p> <p>Administration to provide information (paragraph 7(c) of minutes)</p>
002101 – 002820	Miss Tanya CHAN Administration	<ul style="list-style-type: none"> <li>- Discussion on how intelligence on illicit cigarette activities was collected, analyzed and acted upon</li> <li>- Discussion on how the impact of the duty increase on the incomes of newspaper stallholders could be</li> </ul>	

Action

Time marker	Speaker	Subject(s)	Action required
		<p>mitigated</p> <ul style="list-style-type: none"> <li>- Discussion on the adequacy of resources allocated for tobacco control, and the need to establish a designated fund for the purpose with the revenues from tobacco duty</li> </ul>	<p>Administration to provide information (paragraph 7(d) of minutes)</p>
002821 – 004557	<p>Chairman Mr Albert CHAN Administration Miss Tanya CHAN Clerk</p>	<ul style="list-style-type: none"> <li>- Mr Albert CHAN's criticism of the duty increase for its discriminatory nature, its business impacts on relevant retailers, and the increase in illicit cigarette activities so resulting</li> <li>- Administration's explanation of the positive effect of the duty increase, and the measures taken to mitigate its impacts</li> <li>- Discussion on the meeting schedule, the legislative timetable and invitation of public views</li> <li>- Discussion on the effectiveness of C&amp;ED's operations against illicit cigarette activities</li> </ul>	<p>Administration to provide information (paragraph 7(e), (f), (g), (h) and (i) of minutes)</p> <p>The Clerk to take follow-up action (paragraph 8 of minutes)</p>
004558 – 005629	<p>Chairman Administration Mr Albert CHAN</p>	<ul style="list-style-type: none"> <li>- Discussion on the efforts made by the Administration to discourage excessive drinking</li> <li>- Discussion on the need to keep up efforts against illicit cigarette activities</li> <li>- Discussion on whether it was possible to enhance the profit margin of newspaper stallholders in their tobacco sale</li> <li>- Discussion on the need to weigh the effectiveness of the duty increase in discouraging smoking against its social and economic impacts</li> </ul>	<p>Administration to provide information (paragraph 7(c) of minutes)</p>
005630 – 005834	<p>Chairman Mr Albert CHAN Miss Tanya CHAN</p>	<ul style="list-style-type: none"> <li>- Discussion on the way forward</li> </ul>	