

立法會
Legislative Council

LC Paper No. CB(1)2405/08-09
(These minutes have been seen
by the Administration)

Ref : CB1/BC/5/08

Bills Committee on Dutiable Commodities
(Amendment) Bill 2009

Minutes of second meeting held on
Saturday, 30 May 2009, at 8:30 am
in Conference Room A of the Legislative Council Building

Members present : Hon CHAN Kin-por, JP(Chairman)
Hon Andrew CHENG Kar-foo
Hon Vincent FANG Kang, SBS, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN

Member attending : Hon WONG Yuk-man

Members absent : Hon Albert CHAN Wai-yip
Hon WONG Ting-kwong, BBS

Public officers attending : **Agenda item I**

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

Miss LI Wan-in
Assistant Secretary for Food & Health (Health) SD3

Dr Ronald LAM
Head, Tobacco Control Office
Department of Health

Mr CHOW Chi-kwong
Head of Revenue and General Investigation Bureau
Customs and Excise Department

Miss Betty CHEUNG
Senior Assistant Law Draftsman
Department of Justice

**Attendance by
Invitation**

: Agenda item I

Modern China Restaurant

Mr CHU Man-chung
Assistant Manager

Hong Kong Council on Smoking and Health

Ms Lisa LAU, JP MH
Chairman

Department of Community Medicine and
School of Public Health
The University of Hong Kong Li Ka Shing
Faculty of Medicine

Professor LAM Tai-hing
Chair Professor and Head

Individual

Dr Amy CHAN Kit-ling

Asian Consultancy on Tobacco Control, Hong
Kong

Dr Judith Longstaff MACKAY, SBS, OBE, JP
Director

Life Education Activity Programme

Ms Joyce CHOW
Senior Educator

Individual

Miss Yolanda NG Yuen-ting
Wan Chai District Councilor

Philip Morris Asia Ltd

Ms Tammy CHAN
General Manager, HK, Macau & Taiwan

Individual

Professor Sophia CHAN Siu-chee
Head, Department of Nursing Studies, HKU

Tobacco Association of Hong Kong

Mr Raza ZULFIQAR
Executive Secretary

Coalition of Hong Kong Newspaper and
Magazine Merchants

Mr LIU Sair-ching
Chairperson

Health Group of Democratic Party

Mr Mark LI
Convener

The Society of Hospital Pharmacists of Hong
Kong

Miss Ellen LAI
Committee member

Hongkong Newspaper Hawker Association

Mr LAM Cheung-fu
Vice Chairman

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

Miss Winnie CHENG
Legislative Assistant (1)5

I Meeting with deputations/the Administration

(LC Paper No. - Administration's response to
CB(1)1753/08-09(01) issues raised at the meeting on 21
May 2009

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. - Marked-up copy of the Bill
CB(1)1652/08-09(01) prepared by the Legal Service
Division

LC Paper No. - Submission from Hong Kong
CB(1)1753/08-09(02) Council on Smoking and Health

LC Paper No. - Submission from Department of
CB(1)1753/08-09(03) Community Medicine and School
of Public Health, The University
of Hong Kong

LC Paper No. - Submission from Dr Amy CHAN
CB(1)1753/08-09(04) Kit-ling

LC Paper No. - Submission from Asian
CB(1)1753/08-09(05) Consultancy on Tobacco Control,
Hong Kong

LC Paper No. - Submission from Life Education
CB(1)1753/08-09(06) Activity Programme

LC Paper No. - Submission from Professor Sophia
CB(1)1753/08-09(03) CHAN Siu-chee, Head,
Department of Nursing Studies,

LC	Paper	The University of Hong Kong
CB(1)1734/08-09(01)		No. - Submission from Clear the Air
LC	Paper	No. - Submission from Philip Morris
CB(1)1788/08-09(01)		Limited
LC	Paper	No. - Submission from Circle K
CB(1)1788/08-09(02)		
LC	Paper	No. - Submission from Ms Yolanda NG,
CB(1)1788/08-09(03)		Wan Chai District Councillor)

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

Applications for late membership

2. The Bills Committee accepted the applications for late membership from Dr Joseph LEE and Mr Alan LEONG.

Meeting with deputations

3. The deputations expressed diverse views on the Bill which sought to increase the duty rates on tobacco. In general, deputations from the medical, community service and catering sectors supported the duty increase, quoting relevant local and overseas studies and statistics to prove the effectiveness of duty increase to discourage smoking, especially among young people and low-income people. They urged the Administration to allocate more resources to step up tobacco control, public education, enforcement against illicit cigarette activities, and smoking cessation services.

4. Representatives from the tobacco industry and newspaper stallholders, however, opposed the duty increase on grounds that it would only lead to increase in illicit cigarette activities and hence loss in Government revenue but not reduction in tobacco consumption. Low-income people who resorted to smoking illicit cigarettes might even be exposed to greater health hazards posed by counterfeit cigarettes. They preferred a phased approach in increasing tobacco duty coupled with greater education and enforcement efforts. Newspaper stallholders further expressed concern about the impact of the duty increase on their income, and called on the Administration to devise measures to help them make up for their loss.

Meeting with the Administration

5. The Administration emphasized that the duty increase was introduced to help strengthen tobacco control efforts to discourage smoking and protect public health because duty and hence price increase could reduce demand. The Administration highlighted the immediate increase in enrollees to smoking

cessation classes after the duty increase, and stressed the need for a multi-pronged approach, including education, publicity, legislation, plus tobacco duty increase, to reduce smoking. Enforcement actions against different aspects of illicit cigarette activities, in particular import and retailing, as well as efforts on intelligence collection had been enhanced with encouraging results. The Administration was discussing options to increase business opportunities of newspaper stallholders.

6. Mr WONG Yuk-man stated that overseas experience had shown that tobacco duty increase could not discourage smoking. It was therefore not preferred because it would adversely affect the public's freedom of choice and the income of newspaper stallholders, and would lead to increase in illicit cigarette activities, which had become more rampant and difficult to detect and combat. Mr WONG further opined that it was unfair to increase the rates of duty on tobacco products on the one hand and reduce the rates of duty on alcoholic beverages on the other. He considered it necessary to establish a designated fund for smoking cessation services with the revenues from tobacco duty, and requested the Administration to provide the following information within one year following the enactment of the Bill to the relevant Panels for follow-up discussion -

Admin.

- (a) A progress report on the effectiveness of the Administrations' efforts in combating illicit cigarette activities;
- (b) Sale figures of duty-free cigarettes and the duty potential of the duty-free cigarettes sold;
- (c) Statistical figures on changes in the number of smokers in Hong Kong; and
- (d) Measures taken to increase the business opportunities of newspaper hawkers in order to address their concern on the impact brought about by the increase in cigarette duty on their livelihood.

7. Mr Vincent FANG shared some of Mr WONG Yuk-man's views above, and further highlighted the health hazards of counterfeit cigarettes. Though in support of the tobacco duty increase, Dr Joseph LEE and Miss Tanya CHAN shared Mr WONG 's concern about its impact on the income of newspaper stallholders, and were keen to ensure that effective mitigation measures would be worked out early. In this regard, the Coalition of Hong Kong Newspaper and Magazine Merchants pointed out that considering the environmental hygiene factor, relaxation of the licence restriction on advertising might be the most feasible measure and if implemented, the trade had already agreed to share the advertising income so derived among trade members in recognition that the income would vary with the locations of stalls.

Admin 8. The Administration agreed to provide a written response on the timeframe for working out measures to mitigate newspaper stallholders' income loss.

Clause-by-clause examination of the Bill

9. The Bills Committee examined the Bill clause by clause.

The way forward

Clerk 10. The Bills Committee completed its deliberations on the Bill and agreed to report its deliberations to the House Committee at its meeting on 5 June 2009 recommending the resumption of the Second Reading debate on the Bill at the Council meeting on 17 June 2009. The Clerk was requested to prepare a report to the House Committee.

II Any other business

11. There being no other business, the meeting ended at 10:25 am.

Council Business Division 1
Legislative Council Secretariat
4 August 2009

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

Time marker	Speaker	Subject(s)	Action required
000143 – 000352	Chairman Dr Joseph LEE	- Opening remarks - The Bills Committee accepted Dr Joseph LEE's late application for membership	
000353 – 000843	Dr Amy CHAN	- Presentation of views (LC Paper No. CB(1)1753/08-09(04))	
000844 – 001019	Modern China Restaurant	- Presentation of views	
001020 – 001525	Hong Kong Council on Smoking and Health	- Presentation of views (LC Paper No. CB(1)1753/08-09(02))	
001526 – 002139	Department of Community Medicine and School of Public Health, The University of Hong Kong	- Presentation of views (LC Paper No. CB(1)1753/08-09(03))	
002140 – 002729	Asian Consultancy on Tobacco Control, Hong Kong	- Presentation of views (LC Paper No. CB(1)1753/08-09(05))	
002730 – 003009	Life Education Activity Programme	- Presentation of views (LC Paper No. CB(1)1753/08-09(06))	
003010 – 003632	Miss Yolanda NG Wan Chai District Councillor	- Presentation of views (LC Paper No. CB(1)1788/08-09(03))	
003633 – 003943	Philip Morris Asia Ltd	- Presentation of views (LC Paper No. CB(1)1788/08-09(01))	
003944 – 004413	Professor Sophia CHAN Siu-chee	- Presentation of views (LC Paper No. CB(1)1753/08-09(03))	

Action

004414 – 004756	Tobacco Association of Hong Kong	- Presentation of views	
004757 – 005309	Coalition of Hong Kong Newspaper and Magazine Merchants	- Presentation of views	
005310 – 005830	Health Group of Democratic Party	- Presentation of views	
005831 – 005942	The Society of Hospital Pharmacists	- Presentation of views	
005943 – 010435	Hong Kong Newspaper Hawker Association	- Presentation of views	
010436 – 010858	Chairman Administration	- Administration's response to the deputations' views	
010859 – 011842	Chairman Mr WONG Yuk-man Administration	- Mr WONG Yuk-man's statement of the stance of the League of Social Democrats (the League) - Mr WONG Yuk-man's query of whether smoking should be totally banned instead of just increasing tobacco duty if it was really as harmful as the Administration and some deputations claimed, and why the Administration had not worked out measures to make up for newspaper stallholders' income loss before introducing the duty increase	Administration to provide information (paragraph 6 of minutes)
011843 – 012424	Dr Joseph LEE Administration Coalition of Hong Kong Newspaper and Magazine Merchants	- Discussion on the impact of the Bill on the income of newspaper stallholders, measures to mitigate the impact and the relevant timeframe - Discussion on the effect of the duty increase in discouraging smoking, and efforts made to address concerns about the increase in illicit cigarette activities so arising	
012425 –	Chairman	- Discussion on how relevant	

Action

013217	Miss Tanya CHAN Coalition of Hong Kong Newspaper and Magazine Merchants Hong Kong Newspaper Hawker Association Administration	<p>licence restrictions on advertising could be relaxed to help newspaper stallholders make up for their income loss</p> <ul style="list-style-type: none"> - Discussion on whether and how the combat against illicit cigarette activities could be geared up with assistance from newspaper stallholders - Hong Kong Newspaper Hawker Association's reiteration of its stance - Administration's emphasis of the effect of tobacco duty increase in discouraging smoking, and the need for a multi-pronged approach including duty increase to reduce smoking 	
013218 – 013842	Mr Vincent FANG Administration	<ul style="list-style-type: none"> - Discussion on impacts of the Bill, namely, diminished freedom of choice, increase in illicit cigarette activities, deterioration of the contraband cigarette problem, etc. - Discussion on the feasibility of relaxing licence restrictions on the additional commodities which newspaper stallholders could sell and on the size of the permitted areas of their stalls, and on the need to work out feasible measures early, preferably within three months 	Administration to provide information (paragraph 8 of minutes)
013843 – 015330	Chairman Mr WONG Yuk-man Asian Consultancy on Tobacco Control, Hong Kong Mr Vincent FANG Administration	<ul style="list-style-type: none"> - Discussion on the effectiveness of the publicity and education efforts presently made to discourage smoking, and the need for a total ban on smoking - Mr WONG Yuk-man's reiteration of the League's stance - Discussion on the changes in the number and mode of illicit cigarette activities, which 	

Action

		presently took the form of diverse small-scale operations, and the impact of such changes on the effectiveness of relevant enforcement actions	
015331 – 015445	Chairman Mr Vincent FANG Administration	<ul style="list-style-type: none">- Discussion on the sale of duty-free cigarettes at the border control points- Discussion on the health hazards posed by contraband cigarettes to smokers, and actions taken to address the problem	
015446 – 015633	Chairman Mr Alan LEONG Administration	<ul style="list-style-type: none">- The Bills Committee accepted Mr Alan LEONG's late application for membership- Clause-by-clause examination of the Bill	
015634 – 015850	Chairman Administration	<ul style="list-style-type: none">- The Chairman's conclusion that the Bills Committee would report its deliberations to the House Committee on 5 June 2009 recommending the resumption of the Second Reading debate on the Bill at the Council meeting on 17 June 2009- The Chairman's reminder of the Administration to gear up enforcement actions against illicit cigarette activities after the duty increase and to provide in due course the information members requested at the meeting	The Clerk to prepare a report of the Bills Committee for submission to the House Committee