

LEGISLATIVE COUNCIL QUESTION

No. 6 (Oral)

Date of Sitting: 2 June 1999

Asked by: the Hon Mrs Selina Chow

Answered by: Secretary for the Treasury

Question:

Will the Government inform this Council:

- (a) of the current situation regarding the sale of duty-not-paid diesel oil;
- (b) of the measures it has taken against such activities; and the number of persons prosecuted for operating illegal filling stations in the past year, as well as the average penalty imposed on the convicted persons; and
- (c) among such prosecution cases, of the number of those involving illegal filling stations operating in residential premises; and the measures adopted by the Government to ensure the safety of the residents concerned?

Reply:

President,

Light diesel oil used by motor vehicles is dutiable in Hong Kong. The sale of duty-not-paid light diesel oil for use by motor vehicles is illegal. This kind of illicit activities continues to exist in Hong Kong. The Customs and Excise Department (C&ED) has been launching and will continue to launch large scale enforcement operations. It has also dedicated substantial resources to combating such illicit activities at all

levels, including the smuggling, distribution, retail and use of illicit fuel.

Since 1996, C&ED has set up a Diesel Oil Enforcement Division to tackle the smuggling and distribution of illicit fuel. In addition, C&ED has implemented two significant measures to deter the use of illicit fuel in motor vehicles. First, with effect from December 1996, any vehicle, other than those used for public transport, found twice using illicit fuel will be detained pending application for forfeiture. Secondly, with effect from January 1997, any vehicle driver or owner who commits an offence relating to illicit fuel will be fingerprinted and will have a criminal record upon conviction.

In 1998-99, C&ED seized 5.6 million litres of duty-not-paid light diesel oil. Of this quantity, over 800 000 litres were from 461 illegal filling stations raided in that year. A total of 341 operators were charged with various offences under the Dutiable Commodities Ordinance. The imprisonment terms and levels of fine imposed by the court on the 317 offenders found guilty range from 14 days to four months and from \$250 to \$55,000 respectively. The average imprisonment term was 1.7 months and the average fine was \$3,470. Of the 461 illegal filling stations raided in 1998-99, 87 stations were situated at or near residential areas and a total of 72 persons who operated these stations were arrested and prosecuted.

The Administration has been paying special attention to illegal filling stations in or near residential areas. Since this year, C&ED has launched three territory-wide special operations involving 102 locations in all parts of the territory. In these operations, a total of 17

illegal filling stations, all located in or near residential areas, were raided with the arrest of 28 persons and seizure of over 18 000 litres of illicit fuel. We encourage the public to report information concerning operation of suspicious illegal oil filling stations. For this purpose, C&ED has established two reward schemes, funded by the Government and the oil industry separately.

Furthermore, C&ED has been liaising and co-operating closely with the Fire Services Department (FSD) by passing all relevant information to FSD for taking further appropriate action against those who have contravened the Dangerous Goods Ordinance and the Fire Services Ordinance. For example, two of the three territory-wide special operations mentioned earlier were jointly conducted with officers of FSD. In these two operations, a total of 95 locations throughout the territory were visited or inspected. As a result, apart from offences charged by C&ED under the Dutiable Commodities Ordinance, FSD prosecuted a total of nine persons under the Dangerous Goods Ordinance, and served Fire Hazard Abatement Notice under the Fire Services Ordinance to 14 persons requiring them to remove the fuel oil and the dispensing equipment involved.

Finance Bureau

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