

立法會
Legislative Council

LC Paper No. CB(1)2248/02-03
(These minutes have been seen
by the Administration)

Ref: CB1/BC/14/02

Bills Committee on Boundary Facilities Improvement Tax Bill

Minutes of the first meeting
held on Wednesday, 2 July 2003, at 8:30 am
in the Chamber of the Legislative Council Building

Members present : Hon CHAN Kam-lam, JP (Chairman)
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Hon Howard YOUNG, SBS, JP
Hon LAU Kong-wah, JP
Hon Miriam LAU Kin-ye, JP
Hon Andrew CHENG Kar-foo
Dr Hon TANG Siu-tong, JP
Hon LI Fung-ying, JP
Hon WONG Sing-chi
Hon Audrey EU Yuet-mee, SC, JP
Hon MA Fung-kwok, JP

Non-Bills Committee Member

Hon CHOY So-yuk
Dr Hon LAW Chi-kwong, JP

Members absent : Hon Emily LAU Wai-hing, JP

- Public officers attending** : Mr Martin GLASS, JP
Deputy Secretary for Financial Services and the Treasury
- Miss Erica NG
Principal Assistant Secretary for Financial Services and the Treasury
- Ms Zina WONG, JP
Acting Deputy Commissioner for Transport
- Mr M H LEE
Chief Transport Officer, Transport Department
- Mr Francis LIU
Assistant Director, Marine Department
- Mr Adam LAI
Principal Marine Officer, Marine Department
- Mr K F CHENG
Senior Assistant Law Draftsman,
Department of Justice
- Clerk in attendance** : Ms Anita SIT
Chief Assistant Secretary (1)6
- Staff in attendance** : Miss Anita HO
Assistant Legal Adviser 2
- Mr Matthew LOO
Senior Assistant Secretary (1)3

I Election of Chairman

Mr CHAN Kam-lam was elected Chairman of the Bills Committee.

II Meeting with the Administration

(The Bill and papers for background information)

LC Paper No. CB(3) 709/02-03 - Bill gazetted on 6 June 2003

File Ref : FIN CR 1/2310/99 - Legislative Council Brief

LC Paper No. LS125/02-03 - Legal Service Division Report

LC Paper No. CB(1) 2113/02-03 (01) - Extract of the minutes of meeting of the Panel on Financial Affairs held on 19 February 2003

LC Paper No. CB(1) 2113/02-03 (02) - Marked-up copy of the consequential amendments in Schedule 7 of the Bill

LC Paper No. CB(1) 2114/02-03 - Background brief)

2. The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

3. The Administration was requested to provide written response on the following issues before the next meeting -

- (a) Practicability of on-site collection of the Boundary Facilities Improvement Tax (BFIT) in view of the anticipated operational difficulties associated with the off-site collection mode;
- (b) Detailed analysis of the estimated additional revenue of about \$1 billion generated from imposing BFIT and the recurrent funding of \$55 million per year for collection and enforcement of the tax. The analysis should include the forecast on the cross-boundary passenger flows and vehicular flows at various border points and a breakdown of the expenses to be covered by Government's recurrent funding;
- (c) Detailed analysis of the impact of BFIT on the cross-boundary passenger flow of the Kowloon-Canton Railway and the fare income of the Kowloon-Canton Railway Corporation (KCRC) and hence Government's dividend income from KCRC, and to take this into account in estimating the additional annual revenue to be generated from BFIT. KCRC's own analysis of the impact on its fare income should also be provided; and

- (d) Historical background to the differential fare structures between the domestic line and cross-boundary line of the East Rail, and to confirm whether the differences were originally attributed to a Government levy on the cross-boundary line fare and/or related charges in the past.

Public consultation

4. The Bills Committee discussed and agreed that views on the Bill should be sought. As agreed by the Committee, the Clerk would:

- (a) arrange for the invitation of public views by uploading a general invitation notice onto the website of the Legislative Council and issuing a press release; and
- (b) issue letters to KCRC and other transport-related organizations to invite their views on the Bill.

5. The Bills Committee also agreed that the deputations should be invited to attend the next meeting if they would like to present their views to the Bills Committee.

(Post-meeting note: The invitation note was published on the LegCo Website and the press release was issued on 4 July 2003. Letters were also issued to relevant organizations in July 2003. Members were invited to make suggestion on particular deputations to the meeting vide LC Paper No. CB(1)2161/02-03 dated 7 July 2003.)

Dates of next meeting

6. The Chairman would confirm the date of the next meeting with the Administration and inform members of the arrangement.

(Post-meeting note: The next meeting of the Bills Committee was scheduled for 5 September 2003 at 9:00 am in the Chamber of the Legislative Council Building. Notice of meeting was issued to members vide LC Paper No. CB(1)2161/02-03 dated 7 July 2003.)

III Any other business

7. There being no other business, the meeting ended at 10:35 am.

**Proceedings of the meeting of the
Bills Committee on Boundary Facilities Improvement Tax Bill**

**First meeting on Wednesday, 2 July 2003, at 8:30 am
in the Chamber of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000000 - 000057	Mrs Selina CHOW Mr LAU Kong-wah Mr CHAN Kam-lam Ms Miriam LAU	<ul style="list-style-type: none"> • Election of Chairman • The Bills Committee decided that there was no need to elect a deputy chairman 	
000058 - 000242	Chairman	Welcoming and introductory remarks	
000243 - 000903	Chairman Admin	Briefing by the Administration	
000904 - 001646	Chairman Mr Howard YOUNG Admin	<ul style="list-style-type: none"> • Clarifications on persons to be exempted from the payment of Boundary Facilities Improvement Tax (BFIT) • Justifications on charging BFIT at a flat rate of \$100 per car for private cars 	
001647 - 001750	Admin Chairman	Checking on returns furnished by operators responsible for BFIT collection	
001751 - 002224	Chairman Dr TANG Siu-tong Admin	<ul style="list-style-type: none"> • Proposal for charging BFIT for private cars according to the number of passengers in each car, or adjusting the proposed flat rate downward from \$100 to \$50 per car • Proposal for adjusting BFIT downward from \$18 to \$10 per person 	

Time marker	Speaker	Subject(s)	Action required
002225 - 002342	Chairman Ms Miriam LAU	Exemption for BFIT for tour guides	
002343 - 002428	Ms Miriam LAU Chairman	The Bills Committee to consult coach and bus operators on BFIT	
002429 - 003814	Miss Miriam LAU Chairman Admin	Implementation of BFIT collection and exemption arrangements by the Kowloon-Canton Railway Corporation (KCRC) and other transport operators	
003815 - 004909	Chairman Mr LAU Kong-wah Admin Mrs Selina CHOW	<ul style="list-style-type: none"> • Double taxation for cross-boundary passengers using KCRC if BFIT was imposed, and pricing policy of KCRC • Justification for imposing BFIT with reference to tax levied on cross boundary facilities in other countries 	
004910 - 010557	Chairman Mrs Selina CHOW Admin	<ul style="list-style-type: none"> • Members of the Liberal Party supported BFIT • Collection arrangements were too complicated, and both on-site and off-site options should be considered • Implementation of exemption for visiting diplomats, consular members, members of specified International Organizations, consulates and specified International Organizations • Justification for offering concessions up to 50% discount on the full tax for frequent travellers 	

Time marker	Speaker	Subject(s)	Action required
010558 - 011521	Chairman Ms Miriam LAU Admin	Practicability of implementing on-site BFIT collection in view of operational difficulties faced by coach and taxi operators	Administration to take the follow-up action set out in paragraph 4(a) of the minutes
011522 - 012021	Chairman Ms LI Fung-ying Admin Ms Miriam LAU	Burden on drivers to collect BFIT	
012022 - 012809	Chairman Mr LAU Kong-wah Admin	<ul style="list-style-type: none"> • Double taxation for cross-boundary passengers using KCRC • Bases for additional revenue of \$1 billion generated from BFIT and recurrent funding of \$55 million required 	Administration to take the follow-up action set out in paragraph 4(b) of the minutes
012810 - 013838	Chairman Mr CHENG Kar-foo Admin	Impact of introducing BFIT on KCRC cross-boundary passenger flow and fare income of KCRC	Administration to take the follow-up action set out in paragraph 4(c) of the minutes
013939 - 014714	Chairman Ms CHOY So-yuk Admin	<ul style="list-style-type: none"> • Wrong timing of introducing BFIT • Pricing policy of KCRC • Charging BFIT for private cars at a flat rate of \$100 per car was unreasonable 	
014715 - 015008	Chairman Mr MA Fung-kwok	Objection to introducing BFIT	
015009 - 015608	Chairman Mrs Selina CHOW Admin Mr LAU Kong-wah	Pricing policy of KCRC and the historical background to the differential fare structures of cross-boundary line and domestic line	Administration to take the follow-up action set out in paragraph 4(d) of the minutes

Time marker	Speaker	Subject(s)	Action required
015609 - 020230	Chairman Mr CHENG Kar-foo Mr SIN Chung-kai Miss Miriam LAU Mr LAU Kong-wah Ms CHOY So-yuk	<ul style="list-style-type: none">• Date of next meeting• Invitations for public views on the Bill	The next meeting would be held on 5 September 2003 at 9:00am

Council Business Division 1
Legislative Council Secretariat
23 July 2003