

傳真號碼 Fax No. : 2147 3873
電話號碼 Tel. No. : 2810 2178
本函檔號 Our Ref. : FIN CR 1/2310/99
來函檔號 Your Ref. :

22 October 2003

The Honourable CHAN Kam-lam
Chairman
Bills Committee on the Boundary Facilities Improvement Tax Bill
Legislative Council
8 Jackson Road
Central
Hong Kong

Dear Chairman,

The Boundary Facilities Improvement Tax Bill

In his statement on Hong Kong's economy and the management of public finances made at the Legislative Council sitting this afternoon, the Financial Secretary has announced the Government's decision of not proceeding further with the Boundary Facilities Improvement Tax Bill (the BFIT Bill) at the current juncture. I am writing to explain this decision further and to suggest to the Bills Committee that it discontinues its work on the Bill.

The Financial Secretary has met with representatives of various sectors and political parties to listen to their views, in particular their expectations for the upcoming Budget. The Administration has also listened to the views expressed by members of the public and Legislative Council Members at meetings of the Bills Committee on BFIT Bill. While some quarters of the community support the introduction of a BFIT as a revenue-raising measure or on grounds of equity, many others are of the view that a BFIT would add to the burden of frequent commuters between the Mainland and Hong Kong and impact adversely on the growing linkages between Hong Kong and the Mainland. A prevailing view that emerged from our consultations is that BFIT should not be pursued during a time when the economy is still in recovery mode and especially in the aftermath of SARS.

We have carefully considered the views expressed on the issue. While we still believe that BFIT, if levied at a modest rate, should be affordable

and would not have significant adverse impact on our linkages with the Mainland, we understand that the general public and most political parties have expressed great reservations over implementing BFIT at the current juncture.

While noting that from the financial perspective, the annual revenue from BFIT being \$1 billion is not insignificant at a time when the Government is facing a budget deficit situation, the Financial Secretary considers on balance that the BFIT Bill should not be proceeded with during this legislative term in light of the prevailing public sentiments and economic circumstances.

In accordance with the Government's decision, I am writing to confirm that I shall not give notice under Rule 54(5) of the Legislative Council Rules of Procedure to resume Second Reading debate of the BFIT Bill within the current term of the Legislative Council, with the result that the BFIT Bill will lapse at the end of this term pursuant to Rule 11(4) and section 9(4) of the Legislative Council Ordinance (Cap. 542). May I accordingly propose to the Bills Committee that it discontinues its work on the Bill. Upon the Bills Committee's recommendation, and with the approval of the House Committee, we hope that the Bills Committee slot so released could be assigned to other government bills on the waiting list for scrutiny by Members.

I am copying this letter to other members of the Bills Committee and the Chairman of the House Committee to keep them posted of the Administration's latest thinking. We will also explain the situation to the concerned transport operators whom we have consulted. If Members consider that a briefing by us would be useful, we stand ready to attend a meeting at Members' convenience to explain our position.

We are grateful to you and members of the Bills Committee for the priority and attention given to the BFIT Bill. We look forward to your continuing support.

Yours sincerely,

(Frederick S. Ma)
Secretary for Financial Services and the Treasury

c.c. Chairman, House Committee
Members, Bills Committee on the BFIT Bill