

立法會
Legislative Council

LC Paper No. CB(1)2713/10-11
(These minutes have been seen
by the Administration)

Ref : CB1/BC/5/10

Bills Committee on Dutiable Commodities (Amendment) Bill 2011

**Minutes of the first meeting
held on Friday, 29 April 2011, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Dr Hon Joseph LEE Kok-long, SBS, JP (Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon Andrew CHENG Kar-foo
Hon Vincent FANG Kang, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon CHAN Hak-kan
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Alan LEONG Kah-kit, SC

Members absent : Hon James TO Kun-sun
Hon CHEUNG Man-kwong
Hon Cyd HO Sau-lan
Dr Hon LEUNG Ka-lau
Hon WONG Sing-chi
Hon LEUNG Kwok-hung
Hon WONG Yuk-man

Public officers attending : Agenda Item II

Professor Gabriel LEUNG, JP
Under Secretary for Food and Health

Mr Thomas CHAN, JP
Deputy Secretary for Food & Health (Health)2

Miss Monica CHEN
Principal Assistant Secretary for Food and Health
(Health) Special Duties 1

Dr Raymond HO
Head of Tobacco Control Office
Department of Health

Mr TAM Yiu Keung
Assistant Commissioner (Intelligence &
Investigation)
Customs and Excise Department

Clerk in attendance : Ms YUE Tin-po
Chief Council Secretary (1)3

Staff in attendance : Ms Clara TAM
Assistant Legal Adviser 9

Miss Rita YUNG
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Action

I. Election of Chairman

Dr Joseph LEE was elected Chairman of the Bills Committee.

II. Meeting with the Administration

(LC Paper No. CB(3)656/10-11 -- The Bill

File Ref: FH CR1/4041/05 -- Legislative Council Brief
issued by the Food and
Health Bureau

LC Paper No. LS49/10-11 -- Legal Service Division Report

LC Paper No. CB(1)2002/10-11(01) -- Marked-up copy of the Bill

LC Paper No. CB(1)2002/10-11(02) -- Paper on Dutiable Commodities (Amendment) Bill 2011 prepared by the Legislative Council Secretariat (background brief)

Other relevant papers

LC Paper No. CB(1)1819/10-11(02) -- Administration's paper on tobacco control and tobacco duty increase

LC Paper No. CB(1)1819/10-11(03) -- Administration's paper on provision and enhancement of smoking cessation services

LC Paper No. CB(1)1819/10-11(04) -- Administration's paper on enforcement against illicit cigarette smuggling and peddling

LC Paper No. CB(1)1936/10-11(02) -- Administration's response to issues raised at the meeting of Subcommittee on Public Revenue Protection (Dutiable Commodities) Order 2011 on 8 April 2011

LC Paper No. CB(2)1608/10-11(01) -- Letter from Hon WONG Ting-kwong on handling of seized illicit cigarettes dated 11 April 2011
(Chinese version only)

LC Paper No. CB(2)1608/10-11(02) -- Administration's response to letter from Hon WONG Ting-kwong as set out in LC Paper No. CB(2)1608/10-11(01)

LC Paper No. CB(1)1782/10-11(04) -- Guidelines for implementation of Article 5.3 of the World Health Organization Framework Convention on Tobacco Control
(*English version only*)

LC Paper No. CB(1)2062/10-11(01) -- Administration's paper on t-test information in relation to the percentage of daily smokers in the younger age group)
(*tabled at the meeting and subsequently issued via e-mail on 3 May 2011*)

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

Way forward

3. Members noted that 20 deputations/individuals had presented their views on tobacco duty increase at the second meeting of the Subcommittee on Public Revenue Protection (Dutiable Commodities) Order 2011 on 2 April 2011, and 5 other deputations/individuals not attended the meeting had also provided written submissions. The Panel on Security had also received views from deputations on 8 April 2011 regarding enforcement against the smuggling and sale of illicit cigarettes. All submissions provided by the deputations and members of the public for the two meetings had been uploaded to the Legislative Council website for public information. Members agreed that it was not necessary to invite the stakeholders and the public to give views again on the Dutiable Commodities (Amendment) Bill 2011.

4. The Chairman reminded members that the second meeting would be held on Tuesday, 17 May 2011 at 4:30 pm.

III. Any other business

5. There being no other business, the meeting ended at 6:05 pm.

Council Business Division 1
Legislative Council Secretariat
12 July 2011

**Proceedings of the first meeting of
Bills Committee on Dutiable Commodities (Amendment) Bill 2011
on Friday, 29 April 2011, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Time marker	Speaker	Subject(s)	Action required
000218 – 000317	Mr CHAN Kam-lam Mr WONG Ting-kwong Mr CHAN Hak-kan Dr Joseph LEE Mr Andrew CHENG	Election of Chairman	
000318 - 000423	Chairman	Opening remarks by the Chairman	
000424 - 000749	Chairman Administration	Briefing by the Administration on the Dutiable Commodities (Amendment) Bill 2011 (the Bill)	
000750 - 001207	Chairman Mrs Regina IP Administration	<p>Mrs Regina IP enquired about the administrative arrangements for the refund of excess tobacco duty under section 6 of the Public Revenue Protection Ordinance (Cap. 120) in the event that the Public Revenue Protection (Dutiable Commodities) Order 2011 (the Order) was repealed by the Legislative Council (LegCo).</p> <p>In response, the Administration advised that in the event that the Order was repealed by LegCo, as from the date of publication in the Gazette of the resolution to repeal, the tobacco duty rate would be reverted to the level before 23 February 2011. There would be no immediate refund in respect of any tobacco duty collected during the period when the Order was in force. The refund of excess tobacco duty, if any, would only take place after the Bill was deliberated and the tobacco duty rate was finalized upon the passage or otherwise of the Bill by LegCo.</p> <p>In the event that the Order was repealed and the Bill was subsequently passed by LegCo without amendment, the Administration would have to recover the tobacco duty under-paid for the period from the date the rate was reduced to the date of enactment of the Bill. In the event that the Order was repealed and the Bill was ultimately not passed, or the tobacco duty rate proposed in the Bill was reduced, refund of the excess tobacco duty collected during the period when the Order was in force would be made.</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>In the case of a refund, the excess duty would be paid to the party who had paid the duty in the first place, in most cases, the tobacco importers and distributors who had applied for duty-paid permits. The Administration had no authority to re-direct the excess duty to be refunded to any other persons, or require the duty payers to pay the refunded duty to any other persons, including the individual ultimate consumers.</p>	
001208 - 002244	<p>Chairman Mr CHAN Kam-lam Administration</p>	<p>Noting that the total number of daily cigarette smokers had increased from 676 900 to 698 700 between December 2007 and February 2010, as stated in Annex B to the Administration's paper (LC Paper No. CB(1)1936/10-11(02)), Mr CHAN Kam-lam opined that the proposed duty increase had only short-term effect in reducing tobacco consumption and smoking prevalence.</p> <p>In response, the Administration advised that it was well established internationally and empirically that tobacco price had a strong inverse correlation with tobacco consumption. International experience strongly indicated that tobacco duty was highly instrumental in reducing smoking prevalence. Maintaining a higher cigarette price was an effective means of deterring young people, who were more sensitive to price changes, from picking up the habit in the first place, or curbing young smokers to stop smoking after picking up the habit. According to a territory-wide school-based study conducted by the School of Public Health of The University of Hong Kong Li Ka Shing Faculty of Medicine, the 50% increase in tobacco duty in 2009 had resulted in a drop of 51% (from 6.9% in 2008 to 3.4% in 2010) in adolescent smoking in Hong Kong. This indicated that the duty increase could prevent 13 452 adolescents from smoking and hence at least 6 726 future deaths due to tobacco-induced diseases.</p> <p>The Administration would also continue to step up efforts to strengthen tobacco control in other aspects, including enforcement, legislation, education and smoking cessation. In particular, the Administration would deploy more resources to enhance the services of smoking cessation.</p>	
002245 - 003644	<p>Chairman Mr Alan LEONG Administration</p>	<p>Mr Alan LEONG expressed support for the increase in tobacco duty which was proposed as a measure to protect public health. Nevertheless, he expressed concern about the adequacy of resources allocated for smoking cessation services provided by the non-government organizations (NGOs) and enforcement actions against illicit cigarette activities, and the impact of the increase in tobacco duty on the livelihood of licensed newspaper hawkers, who had</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>suffered income loss as a result of a drop in the sale of cigarettes.</p> <p>The Administration responded that:</p> <p>(a) the resources for smoking prevention and cessation services in the Department of Health (DH), Hospital Authority (HA) and relevant NGOs had been increasing over the years. The current direction was to expand the provision of smoking cessation services especially by NGOs. These would include scaling up the existing community-based cessation services by the Tung Wah Group of Hospitals and Pok Oi Hospital. DH would also enhance smoking cessation service for young smokers. It planned to commission an NGO to operate a youth-oriented quit-line with trained peer counselors. DH would further collaborate with other NGOs to organize school-based programmes to prevent students from picking up the smoking habit. HA would also be enhancing its smoking cessation service in 2011-2012, making use of the \$19.6 million additional funding earmarked for enhancing smoking cessation in primary care services. It planned to provide smoking cessation services targeting chronic disease patients who were smokers using the chronic care model in primary care setting;</p> <p>(b) since the announcement of tobacco duty increase, the Customs and Excise Department (C&ED) had strengthened manpower through internal redeployment to closely monitor illicit cigarette activities. The total quantity of illicit cigarettes seized in January to March 2011 had increased 175% compared with the same period in 2010. C&ED would continue to work closely with the Mainland and strengthen intelligence collection to combat cross-boundary cigarette smuggling activities by interdicting the inflow of illicit cigarettes at source. At street level, actions would also be strengthened, including conducting raids targeting at black spots for illicit cigarette storage, smuggling, distribution peddling as well as mounting "undercover" operations against illicit cigarette peddling through telephone order. Random checks on incoming persons at control points would also be stepped up to prevent "couriers" from smuggling in illicit cigarettes by means of the "ants moving home" tactics. The manpower would be flexibly deployed to reinforce anti-illicit cigarette efforts as the need arises. Additional manpower would also be deployed to reinforce large scale raiding operations; and</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>(c) the licensed newspaper hawkers had requested to display advertisements other than that related to the commodities permitted for sale under their licences at their stalls. The Administration considered that allowing the licensed newspaper hawkers to display other advertisements was in breach of the objective of the licensed hawker policy. It might also cause inconvenience to the shops nearby, as many of the newspaper stalls were located in busy commercial districts. Nevertheless, the Administration remained open to explore with the licensed newspaper hawkers other possible ways to adjust to the changes in their business environment.</p>	
003645 - 004807	<p>Chairman Mr Vincent FANG Administration</p>	<p>Mr Vincent FANG expressed doubt about the effectiveness of the proposed duty increase in reducing tobacco consumption and smoking prevalence. He called on the Administration to use the additional tax revenue from tobacco duty to enhance the smoking cessation services, and strengthen the enforcement actions against illicit cigarette activities. He also urged the Administration to waive all the fees for the smoking cessation services provided by DH and HA, and to formulate substantive measures to enhance the business of the licensed newspaper hawkers.</p> <p>The Administration responded that:</p> <p>(a) similar to other tax revenues, the revenues from tobacco duty would be credited to the General Revenue Account. The Administration would make appropriate allocation of resources based on actual requirements; and</p> <p>(b) under the medical fee waiver mechanisms of DH and HA, patients who were recipients of Comprehensive Social Security Assistance (CSSA) would have their fees for smoking cessation services waived. Those who were not CSSA recipients but had financial difficulties to pay their medical fees might apply for waivers at the Medical Social Worker of the Social Welfare Department or the Medical Social Services Units of public hospitals and clinics.</p>	
004808 - 005732	<p>Chairman Mr WONG Ting-kwong Administration</p>	<p>Mr WONG Ting-kwong declared that he was a smoker. He expressed concern about the impact of the increase in tobacco duty on the tobacco industry and thus the livelihood of the people working in the industry. He suggested that legislation should be introduced to prohibit</p>	

Time marker	Speaker	Subject(s)	Action required
		any person under the age of 18 from smoking.	
005733 - 011646	Chairman Mr CHAN Kam-lam Administration	<p>Mr CHAN Kam-lam opined that despite the various tobacco control measures taken by the Administration, there had not been great decrease in the total number of daily cigarette smokers. He enquired about the details of public health education in relation to tobacco control targeted at the students. He also enquired about the expected decline in the number of smokers among population aged 15 or above in the long term.</p> <p>In response, the Administration advised that:</p> <p>(a) since the early 1980s, tobacco duty had been increased many times at rate as high as 100% to 300%. Through successive tobacco duty increase, together with progressive tobacco control efforts on various fronts, cigarette consumption had been on a general trend of decline and smoking prevalence had gradually declined from 23.3% in early 1982 to 12% in end 2009;</p> <p>(b) with a view to educating students on the hazards of smoking as well as how to resist temptation of smoking and support a smoke-free environment, the Hong Kong Council on Smoking and Health (COSH) would continue its education and publicity efforts at kindergartens, primary and secondary schools through health talks and theatre programmes. In fact, the Life Education Activity Programme had been running programmes on smoking prevention for primary and secondary students. The University of Hong Kong also provided quit-line counseling service for youth smokers; and</p> <p>(c) the Administration aimed to lower the smoking prevalence to below 10%.</p>	
011647 - 011954	Chairman Mr WONG Ting-kwong Administration	Mr WONG Ting-kwong enquired whether the Administration would consider amending the proposed percentage of increase in tobacco duty to a reasonable level. The Administration replied in the negative.	
011955 - 013439	Chairman Mr Alan LEONG Administration	<p>Mr Alan LEONG enquired about the effect of a price rise on a pack of cigarettes on reducing smoking prevalence. He also suggested that the Administration should relax the licensed hawkers policy to allow the licensed newspaper hawkers to display other advertisements at their stalls.</p> <p>The Administration advised that according to World Bank's findings, on average, a price rise of 10% on a pack of</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>cigarettes was expected to reduce demand for cigarettes by about 4% in high-income countries and by about 8% in low- and middle-income countries, where lower incomes tended to make people more responsive to price changes.</p> <p>The Chairman suggested that the issue on how to improve the business environment of the licensed newspaper hawkers should be followed up by the Panel on Food Safety and Environmental Hygiene.</p>	
013440 - 013617	Chairman	Meeting arrangement	

Council Business Division 1
Legislative Council Secretariat
12 July 2011