

LCQ7: Loading of trains of West Rail Line

Following is a question by the Hon Leung Che-cheung and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 8):

Question:

In 2015, the loading of trains on the busiest section of the West Rail Line (WRL) (i.e. the section between Kam Sheung Road Station and Tsuen Wan West Station) was 104 per cent (calculated on the basis of a passenger density of four persons (standing) per square metre within train compartments). During the period from 2016 to 2018, the MTR Corporation Limited (MTRCL) gradually increased the number of train cars of WRL from seven to eight, resulting in an increase in the carrying capacity of each train by about 14 per cent. While the loading of trains on the aforesaid section dropped slightly to 99 per cent in 2016, it rebounded to 101 per cent in 2017 and 2018. In this connection, will the Government inform this Council if it knows:

- (1) whether MTRCL has drawn up targets and plans for reducing the loading of trains on the busiest section of WRL; if MTRCL has, the details of that;
- (2) whether MTRCL made prior estimations on the changes that the increase in the number of train cars would bring to the loading of trains on the busiest section of WRL in 2017 and 2018; if MTRCL did, the relevant data, and whether the actual loading met the estimated loading;
- (3) whether MTRCL has studied the reasons for the rebound in the loading of trains on the busiest section of WRL in 2017;
- (4) whether MTRCL has estimated the loading of trains on the busiest section of WRL in the coming decade; if MTRCL has, the details of that;
- (5) the current actual and designed maximum train frequencies of WRL during (i) peak and (ii) non-peak hours respectively; whether MTRCL will immediately increase the train frequency of WRL;
- (6) regarding the Tuen Mun South Extension and the Hung Shui Kiu Station proposed to be constructed, whether MTRCL has estimated the impacts of their commissioning on the loading of trains on the busiest section of WRL; if MTRCL has, the details of that; and
- (7) the latest progress of the Shatin to Central Link project; whether MTRCL has estimated the impact of the railway line's commissioning on the loading of trains on the busiest section of WRL; if MTRCL has, the details of that?

Reply:

President,

My reply to the various parts of the Hon Leung Che-cheung's question is as follows:

(1) to (3) Hong Kong's community development and population growth have brought about rising traffic volumes. According to the MTR Corporation Limited (MTRCL), the daily patronage of the MTR network on weekdays increased from around 5.56 million passenger trips in 2015 to around 5.88 million passenger trips in 2018, representing a growth of nearly 6 per cent within three years. In particular, the rapid development of the community of North-west New Territories has brought about a continuous rise in both its population and transport demand. Regarding the West Rail Line (WRL), the patronage per direction in the busiest hour during the morning peak for its critical link increased from 36 400 in 2015 to 40 400 in 2018, representing a gain of more than 10 per cent.

When calculating the loadings of the railway lines, the MTRCL takes into account the current carrying capacities of trains on the respective lines, assuming a passenger density of either six or four persons (standing) per square metre (ppsm). The passenger density of six ppsm was the industry standard design adopted at the time of the construction of the railway lines. Nevertheless, it has been observed in recent years that, in actual operation, trains running on the busiest corridors during the busiest hours achieved a passenger density of only around four ppsm. Thus, the MTRCL uses these two passenger densities to calculate the corresponding loadings. A loading based on six ppsm will be lower than one based on four ppsm given the same patronage and carrying capacity.

To dovetail with the "East West Corridor" project (i.e. Tuen Ma Line) of the Shatin to Central Link (SCL), the number of cars of WRL trains has been progressively increased from seven to eight since 2016. With the conversion completed in end-May 2018, the maximum carrying capacity (based on six ppsm) has increased from 49 200 (in 2015) to 56 200, representing a gain of 14 per cent.

The MTRCL has been closely monitoring the passenger demand as a reference for service planning. However, the loading of the line is dependent on both the carrying capacity of the trains and the patronage. When the growth in patronage surpasses that in carrying capacity, the loading increases. Thus, since the carrying capacity of the WRL trains increased by 8 per cent in 2018 compared with that in 2016 but the patronage rose by 10 per cent during the same period, there was a slight increase in loading. The carrying capacity, patronage and loading per hour during the morning peak for the critical link of the WRL from 2015 to 2018 are set out in the Annex.

(4) & (5) In order to enhance the carrying capacity and operating efficiency of the overall railway network, the MTRCL has been taking various measures to ease passenger flows during peak hours, including increasing train frequency

where practicable, and enhancing platform management at stations to facilitate on-time departures. Currently, the train frequencies of the WRL in the morning and evening peaks are around 3 minutes and 3.5 minutes respectively for trips between Tuen Mun and Hung Hom. During the busiest period of the morning peak hours, the MTRCL additionally provides a regular special train trip departing from Tin Shui Wai Station for Hung Hom. The above measures were observed to effectively alleviate crowdedness at the busiest sections during the said period. The MTRCL will continue to closely monitor the loading of the railway line, and will review and consider proposals from time to time to cope with demand generated by future patronage.

In addition to the basic growth in passenger flow, the patronage for the WRL in the years to come will depend on a number of factors, including the developments along the railway lines and the patronage upon the completion of new railway projects. Based on the data for the previous years from 2013 to 2017, the average daily passenger flow of the WRL generally grows in the range of 0.6 per cent to 2.3 per cent every year. In taking forward individual development project, the relevant bureaux and departments will examine the impact of the proposed development on the existing transport network and formulate the corresponding strategies in order to determine the feasibility of the project. Upon completion and the initial stage of commissioning of new railway projects, it will take time for the passenger traffic to stabilise. Therefore, it is normal for the Government to continuously monitor the passenger traffic after commissioning and re-assess future patronage forecast.

(6) In planning the Tuen Mun South Extension, the Transport and Housing Bureau (THB) had, having regard to the indicative implementation window recommended in the Railway Development Strategy 2014, invited the MTRCL to submit a proposal for the implementation of the Tuen Mun South Extension. The MTRCL submitted a proposal for this railway project to the Government in end December 2016. The THB, the Highways Department and relevant bureaux/departments have evaluated the proposal and requested the MTRCL to provide additional information and supplement details. In carrying out the evaluation, our main focus is to ensure that the proposal is practically feasible and can bring maximum benefits to the community. Due to the tight housing supply and the potential housing supply that may be brought about by railway development, the Government is also reviewing the proposal submitted by the MTRCL in this light. Based on the MTRCL's forecast, the WRL would be capable to cope with the additional passenger flow brought about by the Tuen Mun South Extension upon its commissioning. At the detailed planning and design stage, the MTRCL will further review the patronage of the Tuen Mun South Extension and its impact on the WRL in the light of the latest planning data.

For planning of Hung Shui Kiu Station, its implementation is targeted to tie in with the planned population intake of Hung Shui Kiu New Development Area. Subject to the pace of development of the area concerned, the Government will invite the MTRCL to submit a proposal for the project in a timely manner. When preparing the proposal, the MTRCL will assess the

patronage of Hung Shui Kiu Station and its impact on the WRL in the light of the latest planning data.

In accordance with the established procedures, we will consult the public, including the Legislative Council and the District Council, on the details of the project before finalising any new railway scheme.

(7) The "Tai Wai to Hung Hom Section" under the SCL is originally scheduled for commissioning in mid-2019. In view of the concern on the works quality of the Hung Hom Station and other stations, the target commissioning date is subject to further review. Meanwhile, the planned commissioning date for the "Hung Hom to Admiralty Section" under the SCL remains to be 2021.

Upon commissioning of the "Tai Wai to Hung Hom Section" under the SCL, it will connect the existing Ma on Shan Line to the existing WRL to constitute the "Tuen Ma Line". Passengers will be able to travel directly from Wu Kai Sha Station to East Kowloon, Hung Hom, New Territories West and Tuen Mun, providing more direct and convenient railway services.

After the commissioning of the Tuen Ma Line, the MTRCL can provide services at a maximum frequency of 24 train trips per hour per direction by procuring more trains and enhancing signalling system, thus increasing the carrying capacity of WRL by approximately 37 per cent as compared with that in 2015. Based on MTRCL's estimation, the above arrangement can cope with the post-commissioning passenger demand. Upon commissioning of the Tuen Ma Line, the Government will require MTRCL to continue monitoring passenger traffic and, if needed, consider the feasibility of further increasing train frequency to enhance the services of the WRL.

LCQ6: Certificates of competency issued by Marine Department

Following is a question by the Hon Steven Ho and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 8):

Question:

The Merchant Shipping (Local Vessels) (Certification and Licensing) Regulation (Cap. 548D) stipulates that a Class I, II or III vessel that is fitted with any propulsion engines shall not be underway, unless there is on board a person in charge of the vessel who is the holder of a local certificate of competency (CoC) as a coxswain appropriate for the vessel or any equivalent certificates specified in the Merchant Shipping (Local Vessels) (Local Certificates of Competency) Rules (the Rules). On the other

hand, the Rules provide that CoCs shall cease to have effect upon the holder attaining the age of 65. According to the Marine Department Notice No. 12 of 2018 (the Notice), CoC holders who wish to have their CoCs' validity period extended beyond the date of attaining the age of 65 are required to submit an application to the Seafarers' Certification Section of the Marine Department (MD) within six months prior to attaining the age of 65. Quite a number of fishermen who have attained the age of 65 have sought my assistance, saying that they did not apply for the extension of the validity period of CoCs in a timely manner as no expiry date was stated on their CoCs which were issued in or before the 1980s, coupled with reasons such as they have neither received the relevant notifications from the Government nor noticed the Rules and the Notice published by the Government. Regarding the issuance of CoCs by the MD, will the Government inform this Council:

(1) of the respective numbers of CoC holders in each of the past five years, who reached 65 in the year and, within the six months prior to their attaining the age of 65, (i) did not apply for the extension of the validity period of CoCs, and (ii) had applied for the extension of the validity period of CoCs but the applications were rejected;

(2) whether the Government, in each of the past five years, reminded CoC holders who were about to attain the age of 65 to apply for the extension of the validity period of CoCs; if so, of the channels through which such reminders were made and the percentage of CoC holders reminded;

(3) given that holders of vehicle driving licences may apply for renewal of their driving licences within three years from the expiry dates without undergoing a driving test, why a similar arrangement has not been made for CoCs; whether such an arrangement will be made for CoCs;

(4) given that holders of expired CoCs used to be qualified to navigate or operate a local vessel, whether the Government will stipulate that for them to be issued CoCs again, they are required to pass a navigation examination only; if so, of the details; if not, the reasons for that;

(5) as it is stipulated in the Notice that the validity period of CoCs may be granted an extension of three years for holders attaining the age of 65 who appear to be physically fit and pass the eyesight test, and that such an extension may be granted only on a yearly basis for holders who have attained the age of 71, among the applications for the extension of the validity period of CoCs submitted in each of the past five years by CoC holders who were aged (i) 65, (ii) 68, (iii) 71, (iv) 72 to 75 and (v) 76 or above, of the respective numbers and percentages of applications approved;

(6) given that while Hong Kong residents holding the People's Republic of China Fishing Vessel Personnel Certificates may be issued Hong Kong coxswain and engine operator certificates by the MD, these two certificates will cease to have effect simultaneously upon the day on which the holders attain the age of 60, whether the Government will consider discussing with the Mainland authorities revising the existing arrangements on reciprocal recognition of certificates so that persons attaining the age of 60 and having passed fitness and eyesight tests are allowed to apply for the extension of the

validity period of such certificates issued by the MD; if so, of the details; if not, the reasons for that;

(7) of the respective passing rates, in each of the past five years, of the examinations for the various grades of coxswain and engine operator certificates; and

(8) as the various types of vessel operators have indicated that there has been a severe shortage of manpower in the industry, whether the Government will examine if the application thresholds for various grades of certificates (including the requirements on the length of service and examination) may be lowered, so as to attract new blood to join the industry; if so, of the details; if not, the reasons for that?

Reply:

President,

The Merchant Shipping (Local Vessels) (Certification and Licensing) Regulation (Cap. 548D) requires any person navigating or operating a Class I, II or III vessel that is fitted with propulsion engines to hold a local certificate of competency (CoC) as a coxswain or an engine operator appropriate for the vessel. In addition, the Merchant Shipping (Local Vessels) (Local Certificates of Competency) Rules (the Rules) made under the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) specify that CoCs shall expire upon their holders attaining the age of 65 years. Holders of CoCs who wish to have their CoC validity periods extended should, in accordance with the Rules, submit applications to the Seafarers' Certification Section of the Marine Department (MD) within six months prior to reaching the age of 65 years. For a CoC holder who has reached 65 years of age, the validity period of his CoC could be extended for three years if he is physically fit and passes the eyesight test. As for a CoC holder who is 71 years old or above, his CoC would be extended yearly subject to assessments of physical fitness and eyesight.

In response to the Hon Steven Ho's question, in consultation with the MD and the Transport Department, our reply is as follows:

(1) and (5) According to the MD's records, over the past five years, the number of CoCs that have expired as the holders have not applied for extension of their validity periods is set out at Annex A. The age distribution of applicants for extending the validity periods of their CoCs, as well as the respective figures and percentages of applications approved are at Annex B.

(2) To ensure that CoC holders are fully aware of the arrangements and deadline of extending the validity periods of their CoCs, starting from March 2017, the MD would issue letters on a monthly basis to all holders whose CoCs are due to expire in three months' time to remind them of applying for extension of their CoCs' validity periods in a timely manner. These reminders are sent to the holders' correspondence addresses as recorded by the MD. As at March 2019, the MD has issued a total of 2 887 such reminders.

(3) Under section 15(6) of the Road Traffic (Driving Licences) Regulations (Cap. 374B), a full driving licence may be renewed during the period from four months before the date of its expiry to not exceeding three years after the date of its expiry. Given the various differences between driving a vehicle and a vessel in respect of the driving/ navigating conditions, modes of operation and competency requirements for drivers/ coxswains, driving licences and CoCs have their own respective regulatory regimes. The renewal arrangements and considerations of driving licences and CoCs are therefore not directly comparable.

That said, as a special measure to facilitate holders who need to extend the validity periods of their CoCs, the MD made a one-off arrangement in January 2018 for holders aged 65 years or above to renew their expired CoCs. Under the said arrangement, holders whose CoCs had expired for not more than three years (counting from the issue date of the Marine Department Notice No. 12 of 2018 concerned on January 26, 2018) might be granted with a CoC of the same grade as the one expired without having the holders to take an examination, subject to the holders' physical fitness, passage of the eyesight test and completion of a one-day refresher course within six months from the issuance of the aforesaid Marine Department Notice. To effectively notify the persons who might benefit from the arrangement, the MD promulgated this one-off arrangement to over 300 fishermen associations and organisations and enlisted their help to relay the information to their members.

(4) At present, the examinations for CoCs of coxswains and engine operators are mainly in written format (oral examinations could be arranged under special circumstances, such as when a candidate of Coxswain Grade 3 or Engine Operator Grade 3 CoC declares that he is unable to take the written examination due to illiteracy). The contents of the examinations cover several areas, namely basic knowledge of local waters and pilotage, the International Regulations for Preventing Collisions at Sea (COLREGs), as well as seamanship and basic engine knowledge. This is to ensure that the CoC holder possesses sufficient knowledge and skill sets to ensure marine safety. The MD's view is that the proposal to substitute the written (or oral) examinations with a navigation examination is not preferable. This is mainly because such examination format of practical assessment at sea has its inherent limitations, as it could not fully cover different scenarios such as low visibility, night navigation, the application of COLREGs under different navigational circumstances, the knowledge and skills of the candidate in operating different classes of vessels, etc.

(6) To address the operating needs of mobile fishing vessels plying between the Mainland and Hong Kong, the MD issues CoCs with certain restrictions to holders of the Mainland Fishing Vessel Personnel Certificates (Mainland Certificates) to suit their daily mode of operation. It should be noted that as they come with specific restrictions, such as the types and maximum lengths of fishing vessels the holder is permitted to operate, this type of CoCs is different from the CoCs obtained via local examinations which entitle the holder to operate Class I, II and III vessels. Nevertheless, under the overarching principle of ensuring anyone operating a local vessel would possess suitable knowledge on marine safety, the MD is open-minded to

possible ways that could assist holders of the Mainland Certificates in meeting the necessary requirements for obtaining a local CoC.

(7) In the past five years, the passing rates of the examinations for the CoCs of various grades of coxswains and engine operators are at Annex C.

(8) To ensure that the holders of CoCs of various grades possess the suitable experience and skills, the applicants of CoCs of various grades are required to meet specific requirements, such as the relevant work experience, on-job training, etc. Currently, to facilitate the manpower development in the local vessel trade and to attract more young persons in joining the sector, the MD is undertaking an accreditation exercise for the qualifications of the relevant CoCs in order to facilitate and support the lifelong learning and development of CoC holders, as well as to enable wider recognition of the CoC holders' abilities. Since such qualification accreditations involve reviewing the existing examination regime, the MD is currently studying whether there is a need to amend the relevant examinations so as to better match the requirements of the accreditation exercise and the actual mode of operation of the trade.

“HKMC Retirement Solutions” introduces new product and promotional offers

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (May 8) the launch of the Policy Reverse Mortgage Programme (PRMP) as a new product to its "HKMC Retirement Solutions", and introduced a series of offers to promote the new product together with the Reverse Mortgage Programme (RMP) and the HKMC Annuity Plan (Note 1).

At today's "HKMC Retirement Solutions" Expo launch ceremony, the Executive Director and Chief Executive Officer of the HKMC, Mr Raymond Li, said, "The company is committed to promoting the development of retirement planning market. In the past few years, we have launched the RMP and the HKMC Annuity Plan, which have collectively helped over 10 000 Hong Kong citizens turn their assets amounting to more than HK\$20 billion into stable stream of income, so as to support their retirement lives. Today, we further introduce the PRMP as another tool available in the market which can provide retirees with immediate, stable and lifelong stream of income for enhancing the quality of their retirement lives."

The PRMP enables the borrowers to use life insurance policy as collateral to draw down loans. The borrowers can opt to receive monthly payouts either over a fixed period of time or throughout their lifetime. They

may also borrow lump-sum payouts for specific purposes. In general, the borrowers do not need to repay the loans during their lifetime. After they have passed away, the lenders will use the amount recovered from the death benefits of the life insurance policy to repay the loans.

"The payout calculation of this product is based on its death benefits instead of its cash value. In other words, the PRMP can meet people's retirement needs by converting assets, which supposed to be granted after death, into instant cash flows. It also possesses immediate, stable and lifelong features which are commonly shared by other products under the 'HKMC Retirement Solutions'," Mr Raymond Li added. The PRMP will open for applications from May 30 this year. Please refer to Annexes A and B for its eligibility criteria, key features and costs.

Meanwhile, promotional offers will be introduced to further promote the "HKMC Retirement Solutions":

	RMP	PRMP
Promotional period	May 9 to November 8	May 30 to November 8
Offers*	Extra Cash Incentive: Where an application is submitted during the promotional period and the respective loan remains valid after the cooling-off period, the borrower will be entitled to a cash incentive equivalent to 1-month payout amount.	
	HKMC Annuity Plan	
Promotional period	May 9 to November 8	
Offers*	<p>1. Premium discount for existing customers: If the existing customers (Note 2) apply for the HKMC Annuity Plan during the promotional period, each of the qualifying policies will be eligible for a two per cent premium discount.</p> <p>2. Premium discount for friends and family members: If the existing customers refer friends or family members to apply for the HKMC Annuity Plan during the promotional period, the qualifying policy of each referee will be eligible for a one per cent premium discount.</p> <p>3. Premium discount for group purchase: If two or more customers apply for the HKMC Annuity Plan together during the promotional period, each of the qualifying policies will be eligible for a one per cent premium discount.</p>	

* Terms and conditions apply

Furthermore, the maximum premium amount per person of the HKMC Annuity

Plan will be increased to HK\$3 million, which will take effect from May 9. Increasing the maximum premium amount per person can raise the guaranteed monthly annuity payment to a higher level to support retirement living.

For enquiries, please call the HKMC Annuity Plan Hotline at 2512 5000 or the RMP and the PRMP Hotline at 2536 0136.

A two-day "HKMC Retirement Solutions" Expo is being held at MCP Central, Tseung Kwan O starting from today, with the support and participation of different organisations. In addition to the information about the "HKMC Retirement Solutions", exhibitions and seminars on site also introduce services including age-friendly housing design, property agency services and daily life support such that visitors will find useful information to enable "Retirement Today Made Possible".

Note 1: HKMC's subsidiaries include HKMC Insurance Limited and HKMC Annuity Limited. The RMP and the PRMP are operated by HKMC Insurance Limited. The HKMC Annuity Plan is operated by HKMC Annuity Limited.

Note 2: An existing customer is either (i) a policyowner of an inforce policy issued by the HKMC Annuity Limited as at May 8; or (ii) a borrower of the RMP with the first drawdown of loan on or before May 8.

LCQ5: Land Sharing Pilot Scheme

Following is a question by the Hon Kwong Chun-yu and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 8):

Question:

The Chief Executive has proposed in the 2018 Policy Address the Land Sharing Pilot Scheme (LSPS), which seeks to unlock privately owned agricultural lots in the New Territories for both public and private housing development in the short-to-medium term. The Government is currently formulating the details of LSPS. According to the Government's initial thinking, "land sharing" applications will be put before the Land and Development Advisory Committee (LDAC) for advice and then submitted to the Chief Executive in Council (CE-in-Council) for final vetting and approval. In addition, applicants must comply with all applicable statutory procedures and land administration regimes, including submitting rezoning or planning applications to the Town Planning Board (TPB). In this connection, will the Government inform this Council:

(1) whether CE-in-Council will, apart from conducting final vetting and approval for "land sharing" applications, conduct preliminary vetting and approval for such applications; if so, at which stage; if such preliminary

vetting and approval is to be conducted prior to TPB's vetting and approval of the relevant matters, how the Government ensures that such a scenario will not subject TPB to the pressure of giving its green light; and

(2) given that LDAC will provide advice to the Government on "land sharing" applications, but there are public opinions querying that some LDAC members have a close relationship with real estate developers or own agricultural lots,

(i) whether the Government will make public the records on declaration of interests by LDAC members; and

(ii) of the measures, other than the existing declaration of interests system, put in place by the Government which may prevent LDAC members from having a conflict of interests in handling the relevant applications?

Reply:

President,

The Chief Executive outlined the Land Sharing Pilot Scheme (LSPS) in the 2018 Policy Address which seeks to unlock the development potential of privately owned agricultural lots in the New Territories for both public and private housing development through public-private partnership. We will adopt a set of criteria and procedures based on fairness and high transparency in handling applications under the LSPS and selecting suitable projects. The Government is in the process of drawing up more specific criteria and other implementation details of the LSPS, including the basic requirements which must be fulfilled by the applications, work flow in vetting applications including alignment with existing statutory procedures and land administration regime, as well as the relevant advisory set-up for the LSPS and its operational arrangements (including the mechanism for declaration of interest and disclosure arrangement). We will later brief the relevant panel of the Legislative Council and professional sectors on the proposed arrangements and listen to their views, and submit the proposed arrangements to the Chief Executive in Council for approval, with a view to inviting applications in the second half of 2019.

My reply to various parts of the question is as follows:

(1) The Government has stated clearly on previous occasions that all applications under the LSPS have to comply with the applicable statutory procedures and requirements under the land administration regime, including submitting applications to the Town Planning Board (TPB) in relation to changes in land uses or increasing development intensity in accordance with the Town Planning Ordinance (Cap. 131), and paying to the Government land premium at full market value in respect of the private housing and ancillary commercial facilities. Under this guiding principle, the TPB will continue to perform effectively its functions in handling the planning aspect of the applications concerned.

(2) As an advisory body to the Government, the Land and Development Advisory Committee (LDAC) is tasked to advise the Government on land and development

matters. At present, the non-official members of the LDAC comprise representatives from trade and professional organisations, as well as persons from other fields such as social services, legal services, academia, etc. LDAC members must make declarations in accordance with the established declaration of interest system. The declarations so made are not open for public inspection at present. The mechanism of the Committee is largely in line with that applicable to other government advisory bodies. As mentioned above, when formulating the details of the LSPS, we will consider the relevant advisory mechanism as well as the appropriate declaration of interest and disclosure arrangements.

LCQ22: Combating money laundering and terrorist financing activities

Following is a question by the Hon Kenneth Leung and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (May 8):

Question:

Hong Kong is a member of the Financial Action Task Force (FATF). On FATF's request, the Government examined the threats and vulnerabilities in respect of money laundering and terrorist financing that the relevant sectors in Hong Kong and the city as a whole were facing, as well as published a Hong Kong Money Laundering and Terrorist Financing Risk Assessment Report in April last year. The Government has indicated that it has taken follow-up actions in the light of the assessment outcome (follow-up actions). In this connection, will the Government inform this Council:

(1) of the number of reports received in each of the past five years by the authorities from financial institutions about suspicious transactions involving money laundering and terrorist financing, and the total amount of the funds involved; among such cases, of the to-date numbers of (i) cases in respect of which the authorities have taken law enforcement actions, and (ii) persons arrested, prosecuted and convicted respectively;

(2) of (i) the progress and achievements, as well as (ii) the manpower and resources deployed, since the authorities' taking the follow-up actions; and

(3) whether the authorities, when implementing measures to combat money laundering and terrorist financing activities, have maintained communication with the stakeholders of affected financial institutions and designated non-financial businesses and professions, so as to understanding the business environment they are facing and their practical needs, as well as to adjust the relevant measures on a regular basis; if so, of the details; if not, the

reasons for that?

Reply:

President,

(1) Under sections 25A of the Drug Trafficking (Recovery of Proceeds) Ordinance and the Organized and Serious Crimes Ordinance, as well as section 12 of the United Nations (Anti-Terrorism Measures) Ordinance, when a person knows or suspects that any property is proceeds of drug trafficking or an indictable offence, or terrorist property; or was used in connection with drug trafficking, an indictable offence or terrorist act; or is intended to be used in drug trafficking, an indictable offence or terrorist act, he or she should report his or her knowledge or suspicion to the Joint Financial Intelligence Unit (JFIU) administrated jointly by the Hong Kong Police Force and the Customs and Excise Department as soon as practicable.

The number of suspicious transaction reports (STRs) received by the JFIU in the past five years is as follows:

Year	2014	2015	2016	2017	2018
STRs	37 188	42 555	76 590	92 115	73 889

The number of persons prosecuted and convicted for money laundering in the past five years is as follows:

Year	2014	2015	2016	2017	2018
Persons prosecuted	212	149	121	133	143
Persons convicted	143	121	100	83	79

(2) Over the years, Hong Kong has established a robust anti-money laundering and counter-terrorist Financing (AML/CTF) regime. The Government makes regular efforts to enhance the regime, having regard to developments in international standards and changes in security landscape. Taking last year as an example, Hong Kong's AML/CTF regime was further strengthened with the commencement of several pieces of legislation. These include the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance 2018, which extends the statutory customer due diligence and record-keeping requirements to designated non-financial businesses and professions and introduces a licensing regime in respect of trust or company service providers; the Companies (Amendment) Ordinance 2018, which requires locally incorporated companies to maintain beneficial ownership information for inspection by law enforcement agencies where needed; the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance, which establishes a declaration and disclosure system to detect the movement of large quantities of physical currency and bearer negotiable instruments into or out of Hong Kong; the United Nations (Anti-Terrorism Measures) (Amendment) Ordinance 2018, which

implements the relevant United Nations Security Council (UNSC) resolutions on prohibiting travelling, organising, facilitating or financing travel for the purpose of terrorist acts or terrorist training and prohibiting any person from dealing with properties of a terrorist or terrorist associate; and the United Nations Sanctions (Amendment) Ordinance 2018, which enables regulations made under the Ordinance to impose sanctions directly against persons designated by the UNSC, as well as the relevant regulation to implement the latest UNSC resolutions against the Democratic People's Republic of Korea.

The manpower and other resources involved in the above work are absorbed by the relevant bureaux/departments from within their existing resources. The Government does not maintain a separate breakdown.

(3) In implementing AML/CTF measures, the Government maintains close communication with relevant industries and stakeholders to hear their views and ensure that the measures are practicable and implementable. The amendment of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance last year is a case in point. In addition to prior consultation on the legislative proposals, the Government and the regulatory bodies concerned organised a good number of seminars and workshops for the sectors after enactment of the amendment Ordinance. Sector-specific guidelines were also issued to assist the affected sectors to comply with the legal requirements.