

## LCQ9: Cross-boundary ferry services

Following is a question by the Hon Starry Lee and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 21):

Question:

At present, the Marine Department levies, pursuant to the law, a passenger embarkation fee at \$11 per passenger from the owners of cross-boundary ferries, and such a fee is passed on to the passengers. There are comments that with the economies within the Guangdong-Hong Kong-Macao Greater Bay Area growing and integrating in an increasingly fast pace, the governments of the three places have all indicated that they will actively remove the various obstacles for exchange and co-operation. However, among the three governments, only the Hong Kong Government collects a passenger embarkation fee, which is not conducive to the connectivity and economic integration of the three places. Moreover, there are views that as a similar passenger boarding fee has not been imposed on the various modes of cross-boundary land transport in Hong Kong at present, the embarkation fee is unfair to those passengers departing by sea. In this connection, will the Government inform this Council:

(1) of the number of passenger trips departing by cross-boundary ferries and the total amount of embarkation fees collected in each of the past three years, with a tabular breakdown by ferry route;

(2) of the measures taken by the Government in the past three years to promote sea transport connectivity among Guangdong, Hong Kong and Macao, as well as the effectiveness of such measures; and

(3) whether it will review the current policy of levying a passenger embarkation fee, including whether that fee should be abolished; if it will, of the details; if not, the reasons for that?

Reply:

President,

Cross-boundary ferry services, being one type of cross-boundary transport services, help promote the connectivity at sea between Hong Kong and the Pearl River Delta (PRD) region. With the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the Government will continue to closely monitor the development of, and demand for, cross-boundary transport services (including cross-boundary ferry), and will adopt measures in a timely manner to meet the needs of the community.

My reply to the various parts of the Hon Starry Lee's question, after consulting the Financial Services and the Treasury Bureau as well as the Marine Department (MD), is as follows:

(1) and (2) At present, there are three cross-boundary ferry terminals in Hong Kong owned by the Government. Two of these terminals are managed by the Government (namely the Hong Kong-Macau Ferry Terminal and the China Ferry Terminal), providing a total of 14 routes of cross-boundary ferry services connecting Hong Kong and Macau Outer Harbour Ferry Terminal and Taipa Ferry Terminal, as well as 12 Mainland cities (including Zhuhai (Jiuzhou Port), Zhuhai Guishan, Zhongshan, Panyu Lianhuashan, Nansha, Heshan, Shunde, Gaoming, Jiangmen, Doumen, Shekou and Shenzhen Airport). The other cross-boundary ferry terminal (namely the Tuen Mun Ferry Terminal) is managed by a private operator, providing specified route between Hong Kong and Macao. The operator may provide cross-boundary ferry services between Hong Kong and other PRD cities having regard to commercial principles. At present, a cross-boundary ferry route between Hong Kong and Zhuhai (Jiuzhou Port) is operating at this terminal. The annual passenger departures and embarkation fees collected for the aforementioned cross-boundary ferry routes between 2015 and 2017 are set out at the Annex.

The patronage of cross-boundary ferry services has been stable in recent years, reflecting that there is a continuous demand from visitors for cross-boundary ferry services. In the past three years, at the request of the ferry operators, the Government approved an additional nine trips per day in total by the operators for routes between Hong Kong and Taipa Ferry Terminal in Macao, Zhuhai and Shekou, as well as the introduction of a new route between Hong Kong and Shenzhen Airport (chartered service).

On the other hand, the MD reviews the utilisation of cross-boundary ferry terminals from time to time with a view to enhancing the operation and facilities of the terminals, thereby encouraging more passengers to use cross-boundary ferry services. The relevant measures include enhancing the mechanism for allocating berthing slots for optimal use of each berth so as to increase the number of sailings that can be handled and the patronage; enhancing the berths and passenger facilities so as to raise the operational efficiency of ferry operators; and arranging additional terminal-based staff during peak periods of passenger flow and on festive days so as to respond to emergencies and maintain the order at the terminals. The MD also holds regular meetings with stakeholders for the sake of enhancing the operational efficiency of cross-boundary ferry terminals.

(3) Under regulation 34 of the Shipping and Port Control (Ferry Terminals) Regulations (Cap 313H), a passenger embarkation fee shall be paid to the Government by the owner of a ferry vessel in respect of each passenger embarking on the ferry vessel at cross-boundary ferry terminals. At present, the embarkation fee is \$11 per passenger. Ferry operators will determine the ferry fares on commercial principles.

Cross-boundary ferry terminals are one of the public utilities owned by the Government. It is the Government's established policy that charges of Government-owned public utilities should in general be set at a level to recover the full cost for the provision of services, including the cost of the capital employed. The passenger embarkation fee is charged to recover the relevant cost of providing the ferry terminal services. The Government has an established mechanism to regularly review the level of passenger embarkation

fee having regard to various relevant factors including public acceptance and affordability.

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## LCQ1: Maintaining steady development of the private residential property market

Following is a question by the Hon Jeffrey Lam and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (Nov 21):

Question:

Some members of the public have relayed that with the interest rates rising gradually and the Sino-United States trade conflicts intensifying, the local property market may have entered a downward cycle in recent months, and the various demand-side management measures (commonly known as "harsh measures") implemented by the Government to address the overheated property market have become outdated. In this connection, will the Government inform this Council:

(1) whether it will examine relaxing the loan-to-value ratios for mortgage loans to make it easier for members of the public to acquire their first property or replace their existing property, and enable small and medium enterprises to get more operating capital through securing loans by collateralising their properties;

(2) whether it has assessed if the harsh measures will exacerbate the fall in property prices when the property market is in a downtrend; if it has assessed, whether it can submit the relevant report to this Council; and

(3) given that a Hong Kong permanent resident who disposes of his or her only original residential property within 12 months from the date of acquisition of a new residential property may apply for a partial refund of the ad valorem stamp duty payable at the time of acquisition of the property which is equivalent to 15 per cent of the property price, whether the Government will change such a taxation arrangement so that persons who acquire a new residential property as replacement are required to pay additional stamp duty only if they fail to dispose of their original residential property within 12 months, so as to alleviate their burden when acquiring properties; if so, of the details; if not, the reasons for that?

Reply:

President,

Maintaining the steady development of the private residential property market is one of the important objectives of Government's housing policies. In the past few years, due to tight housing demand-supply balance and the continued ultra-low interest rates environment, local property prices have been on the rise, with heightened risk of a bubble. The Government has adopted a two-pronged approach by striving to increase land and housing supply to meet demand, and introducing several rounds of demand-side management measures as and when necessary to suppress external demand, short-term speculative demand and investment demand, with a view to stabilising the property market and preventing adverse consequences arising from an exuberant market. The Hong Kong Monetary Authority (HKMA) has also introduced several rounds of counter-cyclical macro-prudential measures to strengthen risk management of banks and resilience of the banking sector to cope with any possible impact in the event of a fall in property prices.

Having consulted the Financial Services and the Treasury Bureau, the Inland Revenue Department (IRD) and HKMA, I set out my consolidated reply to various parts of the question raised by the Hon Jeffrey Lam as follows:

(1) The intent of HKMA's counter-cyclical macro-prudential measures is to ensure stability of the banking system through implementation of appropriate measures according to the development of the property cycle, taking into consideration key factors such as the trend of property prices, property transaction volume, economic fundamentals and the external environment. HKMA will consider appropriate relaxation of the counter-cyclical measures if a downward cycle in the property market is confirmed. However, as property prices had risen by more than two times since 2008 and decreased by only about 1.5 per cent in aggregate in the past two months, HKMA has not yet determined that the property market has entered into a downward cycle, and therefore does not consider it appropriate to relax the counter-cyclical measures at this juncture.

(2) The Government has introduced several rounds of demand-side management measures to suppress short-term speculations, investment demand, and external demand through increasing transaction costs, with a view to reducing exuberance of the property market, preventing adverse consequences arising from an overheated property market, and ensuring healthy development of property market in the long run. Property prices are affected by various factors, including global and local economic environment, interest rates trend, market atmosphere, housing demand-supply situation, etc. It is not possible to weigh the impact of individual factors or measures on property prices.

Although prices and transaction volume of private flats have subsided in recent months (note 1), local housing is still in the state of demand-supply imbalance and the current property price level remains out of line with economic fundamentals and the general public's affordability. The home purchase affordability ratio (note2) in the third quarter of 2018 stayed high at 74 per cent, well above the 20-year long-term average of 44 per cent from

1998 to 2017. The Government has no intention to relax or withdraw any demand-side management measures at the moment, lest this would send a wrong message to the market and make the property market more exuberant.

The Government will remain vigilant and make reference to a series of indicators, including property prices, home purchase affordability ratio, transaction volume, housing supply, local and global economic changes, etc., and closely monitor the developments of the property market and the evolving external environment. The Government will take appropriate actions as and when necessary with a view to ensuring a steady development of the property market.

(3) According to the Stamp Duty (Amendment) Ordinance 2018 as passed by the Legislative Council in early 2018, a Hong Kong permanent resident (HKPR) who replaces his only residential property in Hong Kong by acquiring a new property before disposing of the original property can apply to IRD for partial refund of ad valorem stamp duty if the original property is sold within 12 months after acquiring the new property.

The Government considers that the prevailing refund arrangement has struck a right balance between taking care of the needs of HKPRs in replacing their properties and safeguarding the effectiveness of the demand-side management measures. We have no intention to relax the refund mechanism, lest this may be speculated by the market as a signal from the Government to "water down" the demand-side management measures, thereby resulting in a more exuberant market.

Note 1: According to information of the Rating and Valuation Department, the overall price index of private flat has subsided since August 2018, registering a cumulative drop of 1.5 per cent in August and September. Property transactions have also declined in recent months. The monthly average number of sale and purchase agreements for residential property received by the Land Registry from August to October 2018 was about 4 200, below the monthly average of about 5 700 in the first seven months this year.

Note 2: Home purchase affordability ratio refers to the ratio of mortgage payment for a 45-square metre flat to median income of households (excluding those living in public housing), at the prevailing mortgage rate for a tenure of 20 years.

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## [Update on latest MERS situation in Saudi Arabia](#)

The Centre for Health Protection (CHP) of the Department of Health is

today (November 21) closely monitoring four additional cases of Middle East Respiratory Syndrome (MERS), including one death, reported to the World Health Organization (WHO) by the Kingdom of Saudi Arabia (KSA) between October 16 and 30, and again urged the public to pay special attention to safety during travel, taking due consideration of the health risks in the places they visit.

According to the WHO, all the four male patients, aged 53 to 74, had underlying illnesses and two of them had contact with camels and consumed camel milk.

According to the latest information, 2 266 cases have been reported to the WHO (with 804 deaths), including 2 047 in 10 Middle East countries comprising 1 888 in the KSA, 87 in the United Arab Emirates, 28 in Jordan, 19 in Qatar, 11 in Oman, six in Iran, four in Kuwait, two in Lebanon, and one each in Yemen and Bahrain.

"We will maintain close communication with the WHO and relevant health authorities," a spokesman for the CHP said.

"Travellers to the Middle East should avoid going to farms, barns or markets with camels; avoid contact with sick persons and animals, especially camels, birds or poultry; and avoid unnecessary visits to healthcare facilities. We strongly advise travel agents organising tours to the Middle East to abstain from arranging camel rides and activities involving direct contact with camels, which are known risk factors for acquiring MERS Coronavirus," the spokesman said.

Travellers to affected areas should maintain vigilance, adopt appropriate health precautions and take heed of personal, food and environmental hygiene. The public may visit the MERS page of the [CHP](#) and its [Travel Health Service](#), MERS statistics in [affected areas](#), the CHP's [Facebook Page](#) and [YouTube Channel](#), and the WHO's [latest news](#) for more information and health advice. Tour leaders and tour guides operating overseas tours are advised to refer to the CHP's [health advice on MERS](#).

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## **[Jade crafts shop owner convicted of supplying fake jade with false trade descriptions](#)**

A jade crafts shop owner was sentenced to imprisonment for two weeks suspended for one year and was ordered to offer \$10,000 in compensation to a victim today (November 21) at Eastern Magistrates' Courts for supplying fake jade with a false trade description, in contravention of the Trade Descriptions Ordinance (TDO).

Hong Kong Customs earlier received information alleging a jade crafts shop in Sheung Wan made a false claim and sold a jade product which was claimed to be a specific type of jade.

After examination, it was confirmed that the product was man-made glass, different from what had been declared.

Customs reminds traders to comply with the requirements of the TD0 and consumers to procure goods from reputable shops.

Under the TD0, any person who supplies goods with a false trade description in the course of trade or business, or is in possession of any goods for sale with a false trade description, commits an offence. The maximum penalty upon conviction is a fine of \$500,000 and imprisonment for five years.

Members of the public may report any suspected violations of the TD0 to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account ([crimereport@customs.gov.hk](mailto:crimereport@customs.gov.hk)).

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## **LCQ17: The work and performance of the Joint Office**

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (November 21):

Question:

In 2006, the Buildings Department and the Food and Environmental Hygiene Department (FEHD) set up a Joint Office (JO) dedicated to handling reports on water seepage in buildings. It is learnt that for over a decade, members of the public have incessantly criticised JO's work efficiency and effectiveness. The following situation occurred whenever officials of JO attended on invitation district seminars concerning water seepage problems in buildings: members of the public who were not satisfied with the officials' explanations surrounded the officials to air grievances and lodge complaints on the spot. Despite the initiative taken by the Audit Commission and the Office of The Ombudsman (The Ombudsman) to investigate the work of JO and put forward improvement proposals, public grievances on JO's poor performance are still increasing steadily. Recently, some staff members of FEHD have even unexpectedly complained to the Public Complaints Office (PCO) of this Council about JO's low efficiency due to its poor system and administration. From 2016 to September this year, The Ombudsman received a total of 360 complaints against JO's failure to properly handle water seepage problems. Among the over 100 000 reports JO received from 2015 to 2017, only 17 per cent of the

cases had the source of water seepage identified. It is learnt that whilst JO relies mainly on the colour water test in identifying the source of water seepage, the practice is so ineffective that some cases have remained unresolved for as long as a decade. Even though JO is aware of a number of technologies, measures and methods for identifying the source of water seepage, its work efficiency has not been improved so far. Quite a number of members of the public consider that JO's performance is extremely poor and its operating cost is high, and they question why the Government has not ceased the operation of JO and used the full amount of the funds originally earmarked for its operating expenditure to directly engage or subsidise members of the public to engage private water seepage investigation companies to take up the relevant work instead. In this connection, will the Government inform this Council:

(1) of the total number of reports on water seepage received by JO in the past three years, together with a breakdown of the figures and their percentages by the testing method adopted for handling the cases (i.e. (i) colour water test, (ii) infrared camera scanning and (iii) microwave tomography scanning);

(2) of the respective average unit costs of the aforesaid three testing methods;

(3) given the significant increase in the expenditure of JO year on year in recent years, with its 2018-2019 estimates of expenditure standing high at \$108 million, whether the Government has reviewed why it still significantly increased the estimates of expenditure for JO under the circumstances of many members of the public having criticised JO for its work efficiency and the Audit Commission and The Ombudsman having taken the initiative to investigate the work of JO;

(4) as I have learnt that, in response to the complaints lodged by some FEHD staff members to PCO of this Council about the poor system and administration of JO, the Government will form a high-level inter-departmental group to thoroughly investigate the situation, of the progress of the relevant work;

(5) as it has been reported that while JO has still failed to identify the source of water seepage at the ceiling of a residential unit in To Kwa Wan after conducting investigations by means of colour water test for six years, the private water seepage investigation company hired by the newspaper organisation concerned has taken only half an hour to identify the source of water seepage by making use of infrared camera scanning device and the method of water quality test, whether the Government will approach the newspaper organisation and residential unit concerned to gain an understanding of the case, and study why there is such a huge difference between the testing efficiency of JO and that of the private water seepage investigation company; and

(6) whether it will, from the perspectives such as cost effectiveness and target orientation, consider ceasing the operation of JO in an orderly manner, and use the funds originally earmarked for its operating expenditure



to engage private water seepage investigation companies to take up the relevant work instead; if not, of the reasons for that?

Reply:

President,

Proper management and repair of buildings, including resolving water seepage problems, are the responsibilities of building owners and occupiers. However, when the water seepage condition concerned has caused health nuisance, risk to the structural safety of the building or waste in water supplied, the Government will intervene according to the power given under the Public Health and Municipal Services Ordinance (Chapter 132), the Buildings Ordinance (Chapter 123) and the Waterworks Ordinance (Chapter 102) respectively. To strengthen the handling of water seepage condition in buildings, the Government has set up a joint office (JO) between the Food and Environmental Hygiene Department (FEHD) and the Buildings Department (BD) in 2004 to handle public reports on water seepage.

Generally speaking, JO's investigation of water seepage cases is carried out in three stages. JO staff are responsible for the investigation at Stage I (confirmation of water seepage condition) and Stage II (initial investigation includes colour water test of drainage pipes or reversible pressure test for water supply pipes). If the source of seepage could not be identified during Stage II investigation, Stage III investigation (professional investigation) would be pursued. At Stage III, the JO will engage outsourced consultants to assist in carrying out detailed investigation including moisture monitoring at seepage locations, ponding test for floor slabs, water spray test on walls as well as reversible pressure test for water supply pipes to identify the source of water seepage. If the source of seepage can be identified in any stage of investigation, the JO will issue "nuisance notice" in accordance with the Public Health and Municipal Services Ordinance to the responsible party demanding abatement of the nuisance within a specified period.

The JO is facing many challenges in recent years, including the record high number of water seepage reports, difficulties in gaining co-operation from owners or occupants and the limitations of tests. In face of various challenges, the JO is pressing ahead with various tasks including reviewing comprehensively on its operations, arranging full use of new technological methods for testing in pilot districts to accumulate experience for extension to all districts in the territory, as well as setting up four regional joint offices to rationalise the workflow and strengthen communication between the staff of the two departments with a view to enhancing the overall efficiency of the JO and services to the public.

In consultation with the Food and Health Bureau (FHB), FEHD and BD, the Development Bureau (DEVB) provides a consolidated reply to the six parts of the question as follows:

(1) The current conventional testing methods for the JO to investigate water seepage cases include moisture monitoring at seepage locations, colour water

test of drainage pipes, ponding test and water spray test for floor slabs and walls as well as reversible pressure test for water supply pipes. Depending on the seepage situations, each case may involve one or more testing methods mentioned above.

To improve the success rate of identifying sources of water seepage, since August 2013, the JO has commissioned a consultant to pilot the use of infrared thermography and microwave tomography. The purposes of these new testing technologies are the same as those of the use of colour water in conducting ponding and water spray test for floor slabs and walls, which are mainly applicable to the investigation of seepage on floor slabs. However, the conventional test of moisture monitoring at seepage locations, as well as colour water test of drainage pipes and reversible pressure test for water supply pipes as needed, are still required for cases using the new testing technologies. From 2015 to 2017, the purpose of applying the new testing technologies was to confirm its technical feasibility, so they were only used in a small number of complicated cases in the past three years.

The statistics required are provided as follows:

Number of Cases (Note 1)	2015	2016	2017
(a) Reports received	29 617	36 376	36 002
(b) Reports handled	25 093	29 148	30 605
(i) Cases screened out (Note 2)	12 000	13 196	14 732
(ii) Cases investigated (all cases had undergone conventional tests)	13 093	15 952	15 873
– Cases investigated by new testing technologies	18	37	27
(c) Seepage ceased during investigation	4 920	5 385	5 448
(d) Source of water seepage identified	4 679	6 846	6 253
(e) Source of water seepage could not be identified and investigation terminated	3 494	3 721	4 172
(f) Success rate of sources of water seepage identified amongst cases investigated [(d)/(b)(ii)]	36%	43%	39%
(g) Success rate of sources of water seepage identified amongst cases where investigation was completed [(d)/((d)+(e))]	57%	65%	60%

Note 1: Figures in (a) to (g) do not correspond to the number of reports

received in the same year

Note 2: These include unjustified cases and withdrawn cases

Since the second half of June 2018, the JO has confirmed to fully apply the new testing technologies in Stage III of the water seepage investigation in three pilot districts (i.e. Kowloon City, Wan Chai and Central and Western). Nonetheless, the new testing technologies have their limitations and cannot be effectively applied under some circumstances, for example, when there is spalling of concrete ceiling at the locations of water seepage, when there is blockage of pipes and other facilities, when there are tile finishes on ceilings. For such cases, the JO has to continue to employ the conventional tests.

From the second half of June to the end October 2018, the JO has applied the new testing technologies in some 70 cases. With the experience and data obtained through wider application of such methods in the pilot districts, the JO will evaluate the effectiveness of the new testing technologies and refine the technical guidelines and procedures relating to the use of the testing methods. The JO will consider whether to extend such methods to all districts of the territory in the second quarter of 2019.

(2) Professional tests are conducted by contract consultants commissioned by the JO for Stage III investigation. Taking an ordinary domestic flat with one kitchen and one toilet as an example, the cost for conducting conventional tests is around \$3,500 per case while the cost for adopting the new testing technologies for similar cases is around \$9,000 in general. The cost does not include the overall staffing and operating expenditure of FEHD and BD at the JO.

(3) to (6) Since its establishment, the JO has endeavored to enhancing the overall efficiency, improving the success rate of investigation and providing better service to the public. In 2016, the Audit Commission conducted a value-for-money audit on the JO and made a series of recommendations. DEVB and FHB have been following up with the two departments to actively implement the various improvement measures.

In fact, the success rate of investigation has improved since the establishment of the JO. Among the 609 cases of water seepage reports received in total by FEHD for Sham Shui Po district in 2004 before the establishment of the JO, 97 cases were screened out; as for the 512 cases with investigation concluded, only 73 cases could identify the source of water seepage, rendering a success rate of 14 per cent. In 2017, the successful rate among cases where investigations were conducted by the JO was 39 per cent.

The Government has been scrutinising the manpower and expenditure situation of the JO. To cope with the record high number of cases (increased from over 17 000 cases in 2007 to over 36 000 cases in 2017), the JO has to expand its staff establishment and increase its expenditure to engage consultants to provide assistance in carrying out Stage III professional investigation. In addition, we would like to point out that besides investigating the source of water seepage, once the source of seepage could

be identified and the case of nuisance established, the JO will issue "nuisance notice" to the person concerned under the Public Health and Municipal Services Ordinance and instigate prosecution against cases not complying with the "nuisance notice". In case access to premises for investigation is denied, the JO has to duly observe the relevant provisions and procedures of the Ordinance in order to gain entry into the concerned premises for investigation. For complicated cases, JO staff will have to conduct different, ongoing or repeated tests and monitoring. The time required for investigating a water seepage case varied due to the complexity of the case and whether the relevant parties are co-operative.

JO's investigation and evidence collection work is conducted in accordance with the standards of executing criminal proceedings (for example, the JO must ensure that the evidence collected is admissible to court). The standard is different from that of a water seepage investigation conducted by a private consultant firm engaged by an individual for the purposes of identifying the repair works needed or instituting civil proceedings. The two cannot be compared in the same light.

To further improve the handling of water seepage cases, in addition to actively exploring the feasibility of fully implementing the new testing technologies, a task force comprising representatives from FHB, DEVB, FEHD, BD and Water Supplies Department and convened by the management levels of FEHD and BD was formed early this year. The task force is currently conducting a comprehensive review of the operation of the JO, including streamlining the work procedures and continuing to implement various recommendations of the 2016 Audit Report. The review is expected to complete in three years.