

LCQ21: Support for small and medium enterprises

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (November 7):

Question:

The results of a study reveal that small and medium enterprises (SMEs) have been faced with the problem of labour costs rising incessantly since the implementation of the Statutory Minimum Wage (SMW) regime in May 2011. The profit ratio of SMEs was 2.7 percentage points lower than that of all enterprises in 2011, and such gap gradually widened to 6.7 percentage points in 2016. Regarding the support for SMEs, will the Government inform this Council:

(1) whether it knows the respective profit ratios, in each year from 2011 to 2017, of SMEs belonging to the following five industries: (i) import/export trade and wholesale, (ii) social and personal services, (iii) professional and business services, (iv) retail, and (v) accommodation and food services; whether it has studied the impacts of the rise in labour costs on the profitability of SMEs belonging to these industries; if so, of the outcome;

(2) as a survey's findings have revealed that the business support most wanted by SMEs from the Government is the introduction of one-off relief measures (such as exemption from payments of business registration fees and other levies), whether the Government will roll out measures in response to such a request; if so, of the details; if not, the reasons for that;

(3) given that both the number of applications received for, and the number of SME beneficiaries of, the SME Loan Guarantee Scheme and the SME Export Marketing Fund have been on the decline over the past few years, of the measures to be put in place by the Government in the coming year to enhance these initiatives, so as to encourage SMEs to make applications; and

(4) whether it will consider afresh extending the geographical scope for the subsidy of the Enterprise Support Programme under the Dedicated Fund on Branding, Upgrading and Domestic Sales from the current coverage of the Mainland and the member states of the Association of Southeast Asian Nations to encompass all the countries and regions along the Belt and Road; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consulted the Office of the Government Economist, the Financial Services and the Treasury Bureau, and the Trade and Industry Department, my reply to the four parts of the question is provided below:

(1) Data on the profit ratio of small and medium enterprises (SMEs) (only including enterprises with employees) by selected industries from 2011 to 2016 (latest available data) are set out at Annex.

The Government has all along paid close attention to the business situation of various industries, in particular SMEs. Generally speaking, an increase in labour costs would exert greater pressure on the operation of labour-intensive sectors. Nevertheless, profit ratio of enterprises actually depends on a host of external factors (such as external economic environment) and internal ones. Apart from compensation of employees, business situation of the relevant sectors, costs of goods and changes in other operating expenses also matter.

(2) When considering and formulating relief or concessionary measures, the Government takes into account the overall economic situation, the Government's fiscal position, the needs of various sectors in the community and relevant policies in a holistic way. The 2018-19 Budget proposed a series of concessionary measures, including reduction of profits tax and rates concession, from which many SMEs have benefited. In addition, the Government has implemented the two-tiered profits tax rates regime with effect from the year of assessment 2018-19, lowering the rate by half to 8.25 per cent for the first \$2 million of assessable profits for qualifying enterprises. This new measure can provide tax relief to SMEs.

The Government will continue to closely monitor the global economic situation and its impact on Hong Kong's economy.

(3) Under the SME Loan Guarantee Scheme (SGS), the Government provides up to 50 per cent loan guarantee to SMEs to help them secure loans from the participating lending institutions for acquiring business installations and equipment or as general working capital. Since its launch in 2001 and up to end September 2018, 31 405 applications have been approved, involving a guarantee amount of about \$25.6 billion and benefitting over 16 000 SMEs. The number of applications received in the third quarter of 2018 (221 applications) has increased by 19 per cent as compared to the same period last year.

The SME Export Marketing Fund (EMF) aims to encourage SMEs to expand to markets outside Hong Kong by providing financial assistance to SMEs for participation in export promotion activities. Since its inception in 2001 and up to end September 2018, the EMF has granted some \$3.3 billion benefitting over 47 000 enterprises. To strengthen the support to SMEs for exploring new markets and new business opportunities, the Government has advanced the launch of the enhancement measures to the EMF to August 1, 2018, including doubling the cumulative funding ceiling per SME and the maximum funding per application to \$400,000 and \$100,000 respectively. Upon the launch of the enhancement measures, the number of applications received by the EMF in August and September (1 609 applications) has increased by 20 per cent as compared to the same period last year.

We will continue to closely monitor and review the operations of the SGS and the EMF from time to time, and will make adjustments where necessary to

assist SMEs in obtaining financing and expanding their markets outside Hong Kong.

(4) To further assist enterprises in developing markets, the Government has advanced the launch of the enhancement measures to the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) to August 1, 2018, including the launch of the ASEAN Programme under the BUD Fund to provide funding support to non-listed Hong Kong enterprises in carrying out projects that aim to enhance their competitiveness and further business development in the ASEAN markets. We have also advanced the launch of enhancement measures to the Mainland Programme under the BUD Fund, including doubling the cumulative funding ceiling per enterprise to \$1 million, and relaxing the current restriction on the maximum number of approved projects, so as to strengthen support to SMEs. The trade responded positively to the enhancement measures. As at September 30, 2018, the ASEAN Programme received 75 applications; and the enhanced Mainland Programme received 273 applications in the third quarter, representing a substantial increase of 58 per cent as compared to the last quarter.

We will maintain liaison with the trade, learn from the operational experiences of the ASEAN Programme and review the operations of the BUD Fund from time to time, including the geographical coverage of its funding support, taking into account the changing market and economic situation as well as feedback from the trade. We will make adjustments where necessary so as to cater to the needs of enterprises.

Besides, there is no geographical limitation under the EMF, and SMEs may make use of the funding to conduct export promotion activities that aim at countries along the Belt and Road.

LCQ11: Collision incident near Lamma Island in 2012

Following is a question by the Hon James To and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (November 7):

Question:

On October 1, 2012, two vessels, namely Sea Smooth and Lamma IV, collided near the waters of Lamma Island, killing 39 and injuring 92 people. After conducting an inquiry into the incident, the Commission of Inquiry (CoI) appointed by the Government in the same month under the Commissions of Inquiry Ordinance (Cap. 86) issued its report (CoI Report), revealing that there had been negligence and faults on the part of Marine Department officers who had failed to act in accordance with the law in the vetting and

approval of vessel drawings as well as surveying vessels, etc. The Transport and Housing Bureau set up an internal investigation team and the Steering Committee on Systemic Reform of the Marine Department in 2013 to undertake an internal investigation and a systemic reform of the Marine Department respectively. In this connection, will the Government inform this Council:

(1) whether it knows the extent of the damage to Sea Smooth (together with photos showing the damage to the hull);

(2) given that the photo in Appendix 9 to the CoI Report shows that there were two keelson holes on the lowest deck of Lamma IV after the collision, whether the Government knows the causes of the holes; if they were caused by the crash with Sea Smooth, (i) which part of Sea Smooth was involved in the crash that caused the holes, (ii) how the crash caused the keelson holes on Lamma IV, and (iii) of the respective hull materials used in the parts of the two vessels that crashed;

(3) whether it knows if there were any construction irregularities in respect of Lamma IV; if there were, of the construction irregularities, and whether it has conducted an investigation after the collision incident to see if there are construction irregularities in respect of other passenger vessels; if it has and the result is in the affirmative, of the Government's follow-up actions;

(4) whether Lamma IV was required under regulations to be installed with a watertight door; if so, when the Government learnt that Lamma IV had not been installed with a watertight door and what follow-up actions it took, and whether any punishment has been imposed on the officials responsible for the vetting and approval of the relevant drawings and surveying the vessel;

(5) whether it knows the survey records of Sea Smooth from its launch to the collision incident, and whether there were construction irregularities (including the part that hit Lamma IV); if there were, of the construction irregularities, and whether similar construction irregularities have been found in other twin-hulled catamarans owned by the Hong Kong and Kowloon Ferry Holdings Limited; if so, of the follow-up actions by the Government;

(6) as the then Secretary for Transport and Housing pointed out that the problems revealed by the CoI Report (including the operation of the Marine Department) were more serious than he had imagined, regarding the recommendations of the internal investigation team to institute disciplinary actions against some Marine Department officers and to refer those questions suspected to involve criminal conducts to the Police, of the details (including the number and ranks of the officers involved, the disciplinary/criminal offences involved, and the dates of referrals of the criminal conducts to the Police) as well as the follow-up actions taken by the Government and the progress made (including the dates when the disciplinary actions formally took effect, the date on which the Police concluded its investigation and the anticipated date of commencing the death inquest); and

(7) given that the Steering Committee on Systemic Reform of the Marine

Department put forward a number of recommendations for reform in its Final Report published in April 2016, including reviewing the coxswain licensing system, rewriting the codes of practice for local vessels, setting up a more elaborate internal audit and compliance mechanism, and conducting a grade structure review for the two professional grades of Marine Officer and Surveyor of Ships, of the progress in such work?

Reply:

President,

My responses to the question raised by the Hon James To are as follows:

(1) The Marine Department (MD) inspected the extent of damage of Sea Smooth after the collision incident near Lamma Island on October 1, 2012 (the Incident). Photos showing the extent of damage of Sea Smooth are enclosed at Annex.

(2) On October 22, 2012, the Government appointed the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 (CoI) pursuant to the Commissions of Inquiry Ordinance (Cap. 86) to inquire into the facts and circumstances leading to and surrounding the Incident, including ascertaining the causes of the Incident and making appropriate findings thereof; considering and evaluating the general conditions of maritime safety concerning passenger vessels in Hong Kong and the adequacy of the system of control at the time; and making recommendations on measures required for prevention of the recurrence of similar incidents in future. The Government released the full Report of the Commission of Inquiry into the Collision of Vessels near Lamma Island on 1 October 2012 (the Report) on September 30, 2015.

As mentioned in the Report, Sea Smooth was constructed in glass reinforced plastic, while Lamma IV was constructed in aluminium and glass reinforced plastic. The Report also mentioned that the CoI, pursuant to the power granted to it, appointed expert witnesses to prepare written reports and received their oral testimony in respect of such reports. In paragraphs 200 to 201 of the Report, the CoI quoted from the expert witnesses and explained with technical details how Sea Smooth and Lamma IV had collided. The Report as well as the reports and statements of the expert witnesses have been uploaded to the website of the CoI at www.gov.hk/en/theme/coi-lamma/pdf/COI_Report.pdf for public reference.

(3) and (4) The CoI explained the details of the construction of Lamma IV and the approval of its Certificate of Survey including matters related to the watertight doors in paragraphs 204 to 315 of the Report. The relevant paragraphs covered thorough technical details, including the MD's regulatory guidance, the findings and opinions of the relevant expert witness, the evidence considered by the CoI, the approval of the relevant drawings, the inspection of the hull of Lamma IV, and the approval of the stability calculations of that vessel.

In the Report, the CoI also identified problems with the MD at that time

in regulating local passenger vessels, including loopholes and inadequacies in aspects such as plan approval, ship inspection, law enforcement and regulation. In addition, the CoI called for a systemic change in the MD, where the CoI raised a series of specific recommendations, such as requiring certain classes of vessels to install navigation and communications equipment (including automatic identification system, collision avoidance radar and Very High Frequency radiotelephone), requiring that sufficient child lifejackets should be carried for every child on board all classes of vessels and that consideration be given to the provision of infant lifejackets on the vessels, as well as requiring watertight doors be fitted with alarms, etc. The Report has been uploaded to the website of the CoI for public reference. The progress of the MD's follow-up work with regard to the recommendations of the CoI is set out at part (7) of our reply below.

(5) During the period from 2002 when Sea Smooth was first launched to the date of the Incident, the MD inspected Sea Smooth every year. In the annual inspections conducted during that period, the MD did not find any item contravening the applicable safety requirements with respect to the vessel construction and maintenance under the Merchant Shipping (Local Vessels) (Safety and Survey) Regulation (Cap. 548G).

While following up on the Incident, the Government came across matters of partial non-compliance with the statutory requirements in respect of some Class I vessels. For example, the Certificates of Survey of some Class I vessels at the time showed non-compliance with the requirements under Cap. 548G as they did not clearly indicate the provisions of lifejackets, buoyant lifelines and self-igniting lights on board the vessels. According to records of the MD, the relevant matters have been rectified.

(6) In early 2014, the Internal Investigation Team (Team) of the Transport and Housing Bureau (THB) completed the investigation work on the possible maladministration and negligence of duty on the part of the MD officers in carrying out their duties in relation to Lamma IV. Based on the prima facie evidence, suspected misconduct in 17 MD officers (including retired officers) was found in their discharging of duties in respect of the Lamma IV in the past. After completion of the internal investigation, THB has passed the full version of the investigation report to the Civil Service Bureau (CSB) and to the Police for follow-ups in respect of disciplinary action and criminal investigation respectively. Upon receipt of the report from the THB, the CSB has actively followed up on each of the cases in accordance with legal advice from the Department of Justice (DoJ) and the disciplinary procedures, including imposing disciplinary punishments. According to the established mechanism, we will not comment on individual cases. As for the criminal investigation, the DoJ has maintained contact with the Police regarding the investigation work and provided legal advice to the Police when necessary. As the relevant procedures are still on-going, it is not appropriate for us to comment on this at this stage.

(7) To follow up on the CoI's views and recommendations, the then Secretary for Transport and Housing set up the Steering Committee on Systemic Reform of the Marine Department (the Steering Committee) in May 2013 to advise and

steer the Director of Marine to undertake a comprehensive systemic review and reform of the MD with a focus on three areas of work, namely the regulation of passenger safety and local vessels, the MD's business processes and operational procedures, and the MD's manpower strategy and training matters. The Steering Committee issued its final report in April 2016 (the Final Report), concluding its work and setting out the next steps and general directions of the MD's reform. The MD has been proactively following up on the various recommendations of the CoI and the Steering Committee.

Regarding marine safety enhancement measures, the MD has implemented in phases various measures and many of which are in response to the CoI's relevant recommendations. The five improvement measures in the first-phase were fully implemented in 2014. These included enhancing look-out by crew, requiring the provision of a muster list, reviewing the minimum safe manning scale, improving the signage and directives relating to lifejackets, and requiring fitting watertight-door alarms in wheelhouse. As for the second-phase improvement measures, the legislative amendments to increase the third party risks insurance coverage took effect in September 2016, and the legislative amendments to require the installation of the relevant navigation and communications equipment on local vessels were passed in February 2017. Moreover, the MD has also commenced trade consultations to prepare for legislative amendments to enhance the lifejacket provision on local vessels. We plan to consult the Legislative Council (LegCo) Panel on Economic Development on the relevant legislative proposal in end 2018. Furthermore, the MD will continue to take forward the third-phase improvement measures on enhancement of trainings for coxswains; and some of these measures (such as setting the standard for the attachment of seats to the deck) have already been implemented.

On the recommendation to introduce a periodic revalidation requirement in the certification of coxswains, the MD is of the view that, while there are merits in the recommendation, it may involve a fundamental change to the coxswain certification system. As the trade has been facing acute labour shortage and that the recommendation may put a strain on already stretched workforce, the MD will consider the recommendation carefully in consultation with the trade. Furthermore, regarding the recommendation to revamp the codes of practice of local vessels, the MD has, after having consulted the Local Vessels Advisory Committee in March 2017, revised the contents in the codes of practice to make the requirements therein class-specific. The MD will continue to make technical amendments to the relevant codes of practice with regard to the actual operational needs as appropriate.

With respect to the business processes and operational procedures, the MD had completed an organisational review in two phases and had implemented the recommendations of the review, such as enhancing communication between frontline staff and management, developing systems and procedures to improve reporting and documentation, and using information technology to improve the storage and sharing of information, etc. After completing the two-phase organisational review, the MD had progressively applied the reform measures to other divisions, notably the Government Fleet Division which takes up over 40% of both the manpower and resources of the whole department, in order to

address inadequacies in their business processes and operational procedures. The MD will continue with the comprehensive internal audit and compliance mechanism in the other divisions to ensure that the good practices introduced would be sustained and fully complied with.

As for the work relating to the Grade Structure Review for the Marine Officer and Surveyor of Ships grades, the LegCo Finance Committee approved the creation of assistant ranks for the two grades and other pay related recommendations on June 15, 2018. The relevant recommendations took effect on August 1, 2018. The MD launched recruitment exercises for Assistant Marine Officer/Assistant Surveyor of Ships and Marine Officer/Surveyor of Ships in August and September 2018 respectively. It is expected that the new appointees would report for duty starting from the first quarter of 2019.

[LCQ19: Pilot Scheme for Arbitration on Land Premium](#)

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (November 7):

Question:

It is learnt that it is not uncommon for lease modification/land exchange applications dragging on for years as a consensus over the amount of land premium cannot be reached between land owners and the Lands Department (LandsD). In view of the above, the Government introduced the Pilot Scheme for Arbitration on Land Premium (the Pilot Scheme) in October 2014. The Government may invite lease modification/land exchange applicants (the applicants) to participate in the Pilot Scheme whereby the land premium issue in respect of their applications may be settled through arbitration. In this connection, will the Government inform this Council:

- (1) of the criteria adopted by LandsD for determining whether or not to invite an applicant to participate in the Pilot Scheme;
- (2) of the respective numbers of lease modification/land exchange applications that have been received and handled by LandsD since October 2014 and, among them:
 - (i) the number of cases in which the applicants were invited to participate in the Pilot Scheme; among such cases, the respective numbers of cases in which the invitation was accepted by the applicants, arbitrations are being/have been conducted, and arbitrations were concluded; the arbitration time taken for those cases in which arbitrations were concluded, and the

amount of public expenditure concerned; the number of cases in which applicants who had declined such invitations subsequently reached a consensus with LandsD over the amount of land premium, as well as the respective shortest, longest and average time taken for negotiations in respect of such cases; and

(ii) the number of cases in which the applicants had not been invited to participate in the Pilot Scheme but they reached a consensus with LandsD over the amount of land premium, as well as the respective shortest, longest and average time taken for negotiations in respect of such cases;

(3) whether it has reviewed the effectiveness of the Pilot Scheme; if so, of the anticipated completion time;

(4) as there have been views that the subject to be arbitrated under the Pilot Scheme being confined to the amount of land premium has rendered the Pilot Scheme unattractive, whether the Government will explore expanding the scope of the subjects to be arbitrated under the Scheme; and

(5) whether it will review the method for calculating the amount of land premium, and take into consideration the values of the existing structures erected on the relevant land lots and the economic activities thereon, as well as the expenses need to be incurred for demolishing the structures thereon; if not, of the reasons for that?

Reply:

President:

The Pilot Scheme for Arbitration on Land Premium (Pilot Scheme) introduced in October 2014 aims to provide an additional avenue for both the applicant (Applicant) in lease modification/land exchange cases and Lands Department (LandsD) to expedite the conclusion of land premium negotiations. The arbitration mechanism allows an independent and impartial third party to adjudicate the premium payable based on the arbitration terms and conditions agreeable to both sides, which in turn would help speed up land supply for housing and other uses.

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

(1) After substantive exchanges of views of the Applicant and the Government, generally speaking, after at least two appeals submitted by the Applicant for the land premium and no agreement can still be reached, either the Applicant or the Government may propose to settle the premium negotiation by arbitration. LandsD will adopt certain criteria in according priority to cases, such as:

(a) higher priority to "high yield" cases in terms of net increase in flat number (e.g. not less than 200) or net gain in non-residential GFA (gross floor area) (e.g. not less than 20,000 square metres);

(b) higher priority to cases with a wider premium gap; and

(c) higher priority to cases with fewer issues in dispute or with relatively straightforward disputes.

Both parties have to consent before arbitration can be used for adjudicating the premium payable.

(2) Since October 2014 until end of September 2018, LandsD received a total of 218 valid application cases for lease modification or land exchange. During the same period, premia were agreed for a total of 396 cases, including cases for technical modification resulting in no increase in residential or other floor area (the application cases received were not necessarily the same as the cases agreed during the period). The cases handled during the period include :

(i) a total of 32 invitations were issued by LandsD to the Applicants (involving 16 developments, some of which were invited more than once at different junctures) to settle premium negotiations through arbitration under the Pilot Scheme. Among those 16 developments, one case proceeded to arbitration and was concluded in December 2015. In that particular case, it took about 11 weeks from the formation of the Arbitral Tribunal to the issue of the final award. The Government incurred expenditure of around \$1.3 million (including the Government's share of the arbitration fees and professional expenses), excluding in-house manpower and resources deployed.

For the other 15 developments, there were two cases in which the Applicants had agreed in principle to proceed with arbitration, but eventually decided to accept the land premium proposed by LandsD through the normal premium negotiation mechanism before proceeding to arbitration. Therefore, arbitration was not necessary. In respect of the remaining 13 developments of which the Applicants declined the invitations, seven of them subsequently settled the premium figure with the Government through the normal premium negotiation mechanism. The shortest and the longest negotiation time spans for the concerned cases were two years and 10 years respectively, with a median of four years. At present, Applicants in four remaining cases have chosen to continue to negotiate the land premium with LandsD, while and the Applicants in the two other remaining cases withdrew their lease modification or land exchange applications.

Separately, LandsD has received one application for arbitration which did not meet the policy objective of increasing land supply, and hence the application has been declined. Subsequently, that case was settled through normal premium negotiation procedures.

(ii) Since October 2014, 386 cases (mostly not meeting the "two appeals" criteria and/or involving technical modification resulting in no increase of residential or other floor area) were not invited to participate in the Pilot Scheme, but the Applicants of these cases reached a consensus on the land premium amount with LandsD. According to available information, the shortest and longest negotiation time spans for those cases were three months and eight years respectively, with a median of 1.5 years.

(3) Given the limited number of completed arbitration case and general support from stakeholders to retain the arbitration route, the Government announced on October 19, 2018 that the Pilot Scheme will be extended for two years until October 23, 2020. We note stakeholders' concerns over the absence of an upper limit for the arbitral award being a disincentive for potential applicants, as well as calls for relaxing the thresholds for triggering arbitration etc. We are now exploring possible refinements to the detailed implementation arrangements, and will consult relevant professionals and stakeholders at an appropriate time, with a view to encouraging arbitration applications during the extension period so that both the Government and stakeholders may gain more experience through actual cases.

(4) The scope of the Pilot Scheme focuses on the amount of premium, and does not cover disputes on policy and lease interpretation matters. The ambit of the Arbitral Tribunal does not include settling disagreements over the established principles in premium assessment, which are fundamental issues with policy and sector-wide ramifications. If an Applicant disagrees on lease interpretation, that is a legal matter which should be addressed by way of legal avenues.

(5) In general, for lease modification (or land exchange) involving development and redevelopment projects, the premium will be equivalent to the difference between the full market value of the cleared site under the original lease conditions as compared with under the proposed new conditions as at the time of valuation. In assessing the value of the cleared site, the different conditions under the original lease and the proposed new lease, the development forms and parameters permissible under the prevailing planning and building restrictions as well as the property market and the overall economy will be taken into account. The demolition cost of existing buildings will be included as part of the redevelopment cost. We consider that the land premium assessment approach as adopted by the Government has been working effectively over the years, and that the established valuation principles are fair and reasonable.

LCQ2: Management of typhoon shelters

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 (November 7):

Question:

It has been reported that many vessels were stranded or capsized when super typhoon Mangkhut hit Hong Kong in September this year. Various types of vessel operators have said that the incident highlighted the problem of insufficient berthing spaces at typhoon shelters and their poor management.

In this connection, will the Government inform this Council:

(1) whether it knows the occupancy rates of the various typhoon shelters and sheltered anchorages during the onslaught of Mangkhut (with a breakdown by vessel lengths permitted by typhoon shelters);

(2) given that whenever typhoons hit Hong Kong, some typhoon shelters are always full as many work boats and visiting vessels berth at such shelters, rendering it impossible for local vessels to berth at their homeport, how the Government tackles the problem;

(3) given that during the onslaught of Mangkhut, a number of vessels were damaged, were stranded or sank along the coasts of Sai Kung, whether the Government will improve the facilities of the Sai Kung Sheltered Anchorage (such as strengthening the breakwaters) to avoid the recurrence of similar incidents;

(4) given that according to my observations and those of various types of vessel operators, some vessels were not berthed at typhoon shelters in an orderly manner, and some work boats, being pushed by wind and waves, even bumped into other vessels because such boats were loosely moored, (i) how the Government ensures that vessels at typhoon shelters are berthed in an orderly and tidy manner and will not affect other vessels, and (ii) how it will strengthen the relevant publicity work;

(5) given that the number of various classes of vessels has been increasing incessantly in recent years, and that fishing vessels and pleasure vessels berthed in close proximity will easily collide with one another and give rise to compensation claims, whether the Government will study (i) demarcating the berthing spaces in typhoon shelters according to vessel type, (ii) expanding the various typhoon shelters, and (iii) solving the problem of insufficient berthing spaces and inadequate embarking and disembarking facilities for small fishing vessels; if so, of the details; if not, the reasons for that;

(6) given that the Marine Department has, on a trial basis since August last year, designated a specific area within the Kwun Tong Typhoon Shelter for the exclusive mooring of non-pleasure vessels, of the progress and effectiveness of the measure, as well as the next course of action to be taken by the Government; and

(7) although the Government has estimated that the supply of sheltered space across the territory could adequately meet the demand throughout the period from 2014 to 2030, the actual occupancy rates of the typhoon shelters located in relatively remote areas (e.g. Hei Ling Chau Typhoon Shelter) are rather low given the long plying time required, and the problem of insufficient berthing spaces in typhoon shelters remains, whether the Government will consider (i) conducting planning for typhoon shelters having regard to the demand for sheltered space on a district basis, and (ii) providing additional typhoon shelters in those districts where the highest occupancy rates of the existing ones have reached 90 per cent or above; if so, of the details; if not, the reasons for that?

Reply:

President,

My responses to the question raised by the Hon Steven Ho are as follows:

(1) The occupancy rates of typhoon shelters during the course of the super typhoon Mangkhut in Hong Kong are set out at Annex. The Marine Department (MD) does not maintain breakdown of occupancy rates by vessel lengths permitted in typhoon shelters.

(2) and (3) During the course of the super typhoon Mangkhut in Hong Kong, the MD disseminated information of typhoon shelters which were already full through radio and television broadcasts in accordance with the usual practice, so as to facilitate vessels to use other typhoon shelters for safe berthing timely. According to MD's records, among the 14 typhoon shelters in Hong Kong, three (namely Rambler Channel, To Kwa Wan and Tuen Mun Typhoon Shelters) had reached their full occupancy when the Typhoon Warning Signal No. 8 was hoisted during super typhoon Mangkhut in Hong Kong. There was still sheltered space available for use in the remaining 11 typhoon shelters, including the Aberdeen West, Cheung Chau and Shau Kei Wan Typhoon Shelters which were more frequently used by fishing vessels, as well as the Yim Tin Tsai Typhoon Shelter in Sai Kung. Having regard to the aforementioned utilisation, there is sufficient sheltered space in the Sai Kung district and across the territory in Hong Kong for local vessels to take refuge during typhoons.

The Civil Engineering and Development Department will commission a consultancy study lasting for about 18 to 24 months to conduct a comprehensive review of the low-lying coastal and windy locations as well as relevant storm surge and wave analysis, with a view to assessing the impacts of extreme weather to these areas. Based on the outcomes of the study, the Government will formulate appropriate protection measures including the options of improvement works and management measures to strengthen the resilience to wave impacts at the coastal areas.

(4) On management of typhoon shelters, all local vessels may enter and remain in any typhoon shelter at any time based on their own operational needs on a first-come-first-served basis, except in special circumstances such as when vessels are carrying dangerous goods or when the length of a vessel has exceeded the length limit of the typhoon shelter concerned. However, a vessel shall not be anchored within the passage area of the typhoon shelter, nor should it obstruct the free access of other vessels to any unoccupied space in the typhoon shelter. During the course of the super typhoon Mangkhut, the MD staff carried out patrols in typhoon shelters to ensure that vessels were berthed in an orderly manner and that the passage areas were unobstructed. The MD staff also gave advice, direction and assistance to vessel operators to ensure that vessels could be anchored in an orderly manner at suitable locations in the typhoon shelters and take refuge at safe berthing spaces.

(5) to (7) The MD has taken note of the trade's concern that vessels of

different classes (in particular pleasure vessels (PVs) and non-PVs) berthing in close proximity to each other within typhoon shelters may cause minor collisions leading to compensation claims. To minimise such occurrences, apart from carrying out patrols from time to time to ensure that vessels are berthed in an orderly manner and would not cause obstruction to other users, the MD has designated a specific area in the southern part of the Kwun Tong Typhoon Shelter for exclusive mooring of non-PVs on a trial basis. The MD has been closely monitoring the daily operation, utilisation and effectiveness of the measure. Based on initial observations, a certain number of PVs have accordingly been relocated to the northern part of the typhoon shelter for berthing. There are also berthing spaces available for use in both the northern part (for use of all classes of vessels) and the southern part (for use of non-PVs) of the typhoon shelter. Depending on the outcomes of the trial measure, the MD will further consult the trade and consider the feasibility of applying similar arrangements in other typhoon shelters.

The Government is committed to ensuring that sufficient and suitable sheltered space is provided within the Hong Kong waters for local vessels to take refuge during typhoons or inclement weather so as to ensure the safety of these vessels and their crew members. Regarding the demand and supply of sheltered space in Hong Kong, the MD's latest regular assessment has shown that the overall supply of sheltered space in Hong Kong waters is sufficient in meeting the estimated demand from local vessels up till 2030. Sheltered space including gazetted typhoon shelters, sheltered anchorages and berthing facilities in marinas are located in different parts of Hong Kong waters to meet the berthing demand from local vessels.

EMSD announces latest sampling results for legionella at fresh water cooling towers

The Electrical and Mechanical Services Department (EMSD) today (November 7) announced that the department tested 104 water samples collected from cooling towers in 91 buildings in its routine inspections in October this year. None of them was detected to have a total legionella count at or above the upper threshold, which is 1 000 colony-forming units per millilitre. The latest statistics are set out in Annex 1.

The EMSD also announced the locations of buildings which were served with nuisance notices during the preceding three-month period as the total legionella count was found in the fresh water cooling towers to be equal to or above the upper threshold. Details can be found in Annex 2. The EMSD publishes the latest statistics of the above information on a half-monthly

basis on its website

(www.emsd.gov.hk/en/other_regulatory_services/cooling_towers/water_sampling/index.html#ct-stat).

The EMSD reminds the owners of fresh water cooling towers that they have the responsibility to design, operate and maintain cooling towers properly. They should arrange regular inspections, timely maintenance and periodic testing of the water quality in their cooling towers in accordance with the Code of Practice for Fresh Water Cooling Towers issued by the department to prevent the proliferation of legionella.