

# LCQ10: Prepayment mode of consumption

Following is a question by Dr the Hon Chan Han-pan and a written reply by the Acting Secretary for Commerce and Economic Development, Dr Bernard Chan, in the Legislative Council today (November 6):

Question:

It has been reported that earlier on, a chain fitness and beauty group announced its "temporary closure", and the Consumer Council subsequently received more than 1 700 complaints about prepayment mode of consumption, involving a total amount of about \$60 million. On the other hand, it is learnt that at present, different countries and regions have different protection for prepaid services contracts. For instance, it is stipulated in New York State of the United States that prepaid services contracts of health clubs must be with a duration of not more than 36 months, with the services fees capped at US\$3,600 (i.e. around HK\$28,000) per annum, and that consumers may terminate the contracts on health grounds and apply for refunds; in Ontario of Canada, it is stipulated that personal development services contracts for sports, fitness, martial arts and dance activities, etc, must last for only one year, with an instalment payment option for which a maximum premium of 25 per cent is charged; in Taiwan, fitness centres are required to provide contract performance guarantee (e.g. by opening dedicated trust accounts) for 50 per cent of the fees charged in the contracts signed between the centres and the consumers. In this connection, will the Government inform this Council:

(1) whether the authorities will consider (i) setting an upper limit on the contract period and the amount of prepayment for prepaid services contracts, and allowing consumers to terminate the contracts on specified grounds; (ii) drawing reference from the model of the levy contributed under the Travel Industry Compensation Fund and setting up a compensation fund by imposing a fixed fee for each prepaid service contract transaction; and (iii) requiring fitness centres to provide contract performance guarantee by opening dedicated trust accounts, so as to strike a balance between safeguarding the rights of consumers and the interests of operators; if so, of the details and timetable; if not, the reasons for that; and

(2) as it is learnt that at present, prepayment consumption cases in Hong Kong are primarily handled by the Commerce and Economic Development Bureau, the Hong Kong Customs and Excise Department and the Consumer Council under the Trade Descriptions Ordinance (Cap. 362) and other relevant consumer contract laws, whether the authorities will, by drawing reference from the practices in other regions, set up a dedicated department to deal with issues concerning consumer rights or enhance the functions of the Consumer Council; if so, of the details and timetable; if not, how the authorities will enhance consumer protection and consumer education?

Reply:

President,

The Government of the Hong Kong Special Administrative Region is highly concerned about the recent incident involving the temporary business suspension suddenly announced by a chain fitness and beauty group, and has formed an inter-departmental dedicated investigation team to follow up. The dedicated investigation team, which comprises the Commerce and Economic Development Bureau, the Security Bureau, the Customs and Excise Department (C&ED), the Hong Kong Police Force (Police) and the Consumer Council (Council), continues to closely monitor the developments of the incident. In particular, the C&ED and the Police are conducting intensive investigation from the perspectives of offences regarding the unfair trade practices under the Trade Descriptions Ordinance (Cap. 362) (the Ordinance) and whether other criminal offences are involved respectively.

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

(1) We are aware that different sectors of the community have put forward various suggestions in respect of offering better protection to consumers who make prepayments (including imposing a cap on the length of prepayment contracts and prepayment amounts and setting up trust accounts), after this incident of the chain fitness and beauty group announcing temporary business suspension. We will conduct an in-depth study into different suggestions and consider their pros and cons and feasibility, with reference to the experience of this incident, other relevant factors (including the economic environment, the operating situation of relevant industries and relevant complaint and enforcement statistics) and the experience in other jurisdictions, with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests.

(2) Currently, various laws in Hong Kong protect consumers' rights and interests. Among others, the Ordinance covers goods and services, and prohibits traders from subjecting consumers to unfair trade practices, including false trade descriptions, misleading omissions, aggressive commercial practices, bait advertising, bait-and-switch and wrongly accepting payment. The Ordinance is applicable to the trade practices of both physical and online traders.

The C&ED is the principal enforcement agency of the Ordinance, and adopts a three-pronged approach, covering enforcement actions, compliance promotion and publicity and public education, to combat unfair trade practices proactively. Meanwhile, the Council endeavours to study and promote the protection of consumers' rights and interests, and carries out its statutory functions in accordance with the Consumer Council Ordinance (Cap. 216), including handling complaints from consumers and resolving disputes between consumers and traders.

The C&ED and the Council have been maintaining close communication with each other, and have been collaborating with other government departments and social service organisations, etc. to jointly promote the protection of the

rights and interests of consumers. Currently the Government has no plan to change the relevant practices or expand the Council's statutory functions.

The C&ED and the Council will continue to adjust and strengthen the strategies and work in respect of protecting the rights and interests of consumers, having regard to the complaints and the enforcement situation. In particular, the publicity and public education work includes:

(i) Conducting talks and workshops for consumers, with a view to enhancing their understanding of common unfair trade practices and sharing with them tips about "smart consumption", so as to prevent them from falling into sales pitfalls.

In particular, targeting common unfair trade practices, the C&ED conducts talks for consumers (especially the elderly) and joins hands with the Police, District Councils and District Fight Crime Committees to carry out promotion by distributing promotional leaflets to the elderly, with a view to enhancing their understanding of the Ordinance and awareness of "smart consumption".

(ii) Conducting dedicated educational programmes to enhance the capability of different groups of consumers (especially the elderly, persons with special needs and students) to guard against unfair trade practices.

In particular, the Council conducts the Educator Scheme for Senior Citizens, which provides consumer education training to soon-to-be retirees or retirees so as to equip them to host consumer educational talks for other elderly in the community. The Council's Support Programme for Persons with Special Needs, through virtual reality role-play simulations that cover different scenarios (for example those about the sales pitfalls of fitness and beauty centres), allows persons with special needs to better grasp the skills for guarding against common sales pitfalls. In addition, the Council also organises consumer education programmes for primary school students and secondary school students respectively, including launching the brand new programme of Smart Consumption Academy (which comprises a project study, an online quiz, a social media post creation competition and an ambassador scheme) dedicated for secondary school students starting from the 2023/24 school year so as to cater to the evolving educational modes.

(iii) Disseminating consumer information to enable consumers to make informed consumption decisions.

In particular, the Council publishes product tests, service surveys, consumption tips and complaint case sharing, etc, in its CHOICE Magazine, providing practical consumer information to different groups of consumers. In addition, the C&ED and the Council have also been utilising social media, such as Facebook, Instagram, YouTube and WeChat, to issue timely consumer alerts and promotional videos, etc, so as to provide consumers with the latest consumer information.

Regarding consumption involving prepayments, the C&ED from time to time

reminds consumers to make purchases with reputable traders, give prudent consideration before making decisions for consumption involving prepayments and, after purchasing a service, keep the transaction receipts and relevant records, which can serve as the basic information for lodging a complaint if needed in the future.

In addition to the publicity and public education work above, the C&ED will continue to spare no efforts to strengthen the enforcement actions in respect of the Ordinance which, coupled with the sentences imposed by the court on prosecution cases, impose a deterrent effect on unscrupulous traders. The C&ED will at the same time continue to proactively carry out compliance promotion so as to enhance traders' understanding of the legal requirements under the Ordinance and the measures that should be taken for complying with the Ordinance. These efforts seek to combat unfair trade practices at source and to provide consumers with a safe consumption environment.

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## **DH to launch catch-up programme for human papillomavirus vaccination (first phase) on December 2**

The Department of Health (DH) today (November 6) announced that a one-off catch-up programme (first phase) for human papillomavirus (HPV) vaccination will be launched on December 2 which aims to gradually boost the herd immunity of the community against high-risk HPV infection, thereby preventing cervical cancer.

In response to the World Health Organization (WHO)'s recommendation, the Centre for Health Protection (CHP) of the DH launched an HPV vaccination programme to Primary Five and Primary Six school girls under the Hong Kong Childhood Immunisation Programme (HKCIP) during the 2019/20 school year. The first dose of HPV vaccine will be given via outreach by the DH's School Immunisation Teams (SIT) to eligible Primary Five female students at their schools, and a second dose will be given to the girls when they reach Primary Six in the following school year. If students miss the vaccination in schools, they could attend a SIT sub-office or a Student Health Service Centre for a mop-up vaccination.

The vaccination rate for Primary Five and Primary Six school girls has remained high over the past five years. In the school years 2022/23 and 2023/24, the two-dose coverage rates of HPV vaccination for Primary Six school girls reached 91 per cent, which is much higher than the interim target (70 per cent) coverage for completion of two doses of HPV vaccination as stated in the Hong Kong Cancer Strategy 2019.

In 2022, the WHO further suggested to provide catch-up vaccinations to girls aged between 9 and 18. The Scientific Committee on Vaccine Preventable Diseases under the CHP also agreed earlier to expand the target group of HPV vaccinations to older girls aged 18 or below. Hence, the Government will launch a one-off catch-up vaccination programme by phases starting from December 2, 2024, for female Hong Kong residents who were born in 2004 or after, and have not been covered by the HKCIP (i.e. girls aged 18 or below as in 2022, and not being covered by existing programme) to receive a free HPV vaccination. Each of the eligible persons can receive two doses of vaccination, while immunocompromised persons have to receive three doses of vaccination (all three doses are free of charge).

The programme will last for about two years and will be implemented in three phases. The first phase will start from December 2, 2024. Targeted recipients will be full-time female students (including secondary sections of special schools) studying Secondary Five or above (or an equivalent grade) in Hong Kong. Schools can engage participating outreach vaccination teams to provide free HPV vaccines to eligible female students. The CHP will provide vaccines for the outreach vaccinations along with a subsidy of \$105 per dose to doctors.

The second phase, which targets female Hong Kong residents studying in local post-secondary institutions or universities who were born between 2004 and 2008, is anticipated to be launched in the first quarter next year. For the third phase, which is expected to start in the first half of next year, female Hong Kong residents born between 2004 and 2008 who have completed their studies in Hong Kong will be the targeted group. Details of the second and third phases will be announced in due course.

All eligible persons participating in this programme must have been registered with eHealth. After joining eHealth, participants and their family members or caregivers may access at any time the vaccination records under this programme and various government vaccination schemes through the eHealth mobile app. Currently, under the HKCIP of the DH, all the vaccination records at the Maternal and Child Care Centres since 2007 and outreach vaccination activities at all primary schools since 2013 are recorded in the eHealth system. Members of the public who have registered with eHealth can access individual's vaccination records.

"Cervical cancer is one of the 10 most common cancers and a leading cause of cancer deaths for local females. Almost all cervical cancers are caused by persistent infection with high-risk HPV. HPV vaccines are very effective against high-risk HPV, which commonly causes cervical cancer. The WHO recommends all countries introduce HPV vaccines for girls aged 9 to 14 before their sexual debut, and provide catch-up vaccination for those aged 9 to 18 (including those who missed the vaccination and elder girls) in order to lower their risk of developing cervical cancer," a spokesman for the CHP said.

The Government will continue to provide quality medical and health

services for students. In the 2024 Policy Address, the Government has promulgated initiatives to create a better growing environment for students. These include devising health promotion strategies by adopting a life-course framework to formulate health management plans for the public according to age and health conditions; strengthening the Whole School Health Programme to recommend targeted school-based measures for physical activities, meals and other matters to improve students' physical and psychological well-being.

For more information about HPV vaccination catch-up programme, please visit the thematic website [www.chp.gov.hk/en/features/108084.html](http://www.chp.gov.hk/en/features/108084.html).

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## **LCQ15: Processing of applications for building New Territories small houses**

Following is a question by the Hon Yung Hoi-yan and a written reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (November 6):

Question:

According to a research publication of the Legislative Council Secretariat, as at end 2021, more than 10 000 applications for building New Territories small houses (small house applications) were yet to be processed. Some members of the public have relayed to me that the speed of vetting and approving such applications has become increasingly slow in recent years. In this connection, will the Government inform this Council:

- (1) of the following information in respect of small house applications:
  - (i) the number of applications received in each of the past five years;
  - (ii) the number of Certificate of Exemption and Certificate of Compliance granted in each of the past five years;
  - (iii) the current number of applications of which the Certificate of Exemption and Certificate of Compliance are yet to be processed;
  - (iv) the current backlog of applications;
  - (v) among the applications mentioned in (iv), of the number of those which have been backlogged for more than five years; among them, the duration of the 10 longest backlogs, and the reasons for the prolonged backlogs; and
  - (vi) the staff establishment and posts involved in processing the vetting and approval of applications;
- (2) of the reasons for the increasingly slow speed in vetting and approving small house applications, and whether the problem of manpower shortage is involved;

(3) given that the sale and purchase of small houses may require payment of land premium, of the respective current number of small houses for which land premium is to be paid but the procedure of paying the land premium has not yet completed, and the amounts involved;

(4) whether the Lands Department (LandsD) could achieve its target of processing 2 300 small house applications per year in the past five years; whether the LandsD will, in view of the huge backlog of applications, adjust upwards the target number of applications to be processed; and

(5) of the plans in place to handle the backlog of applications so as to keep the backlog in check?

Reply:

President,

The New Territories Small House Policy has been implemented since December 1972 to allow an indigenous villager to apply for permission to, for once in his lifetime, erect a small house on a suitable site within his own village. The small house shall neither contain more than three storeys nor exceed a height of 8.23 metres (27 feet); and the roofed-over area shall not exceed 65.03 square metres (700 square feet).

After an application to build a small house (small house application) is approved by the Lands Department (LandsD), the applicant has to pay an administrative fee and/or a premium. The applicant will then have to, in accordance with the Building Ordinance (Application to the New Territories) Ordinance (Cap. 121), apply to the LandsD for and obtain the Certificates of Exemption (CoE) in respect of building works, site formation works and drainage works before the commencement of construction works (Note 1). After the construction works are completed, the applicant has to submit a construction completion report to the LandsD. The LandsD will issue a Certificate of Compliance (CoC) if, having conducted on-site checking, it is satisfied that the applicant has complied with all relevant conditions, requirements and obligations.

My reply to the various parts of the question raised by the Hon Yung is as follows:

(1) In the past five years (2019 – 2023), the numbers of small house applications received, CoEs issued, and CoCs issued by year are tabulated below:

Year	Number of applications received (Note 2)	Number of applications processed (Note 2/3)	Number of CoEs issued (Note 2/4)	Number of CoCs issued (Note 2)
2019	2 175	2 265	1 384	817
2020	814	2 137	868	397

2021	1 741	2 200	1 269	584
2022	1 054	2 706	1 184	520
2023	814	2 376	1 558	591

As at September 30, 2024, there were 10 661 small house applications pending completion of processing by the LandsD ; the numbers of applications for CoEs and CoCs being processed are 2 654 and 939 respectively.

(2) For straightforward cases, it may be possible for the processing of a small house application to be completed within 24 weeks from the date of the interview with the applicant. For non-straightforward cases such as those associated with local objections or land title problems, it may take longer processing time. Delay in some cases may also be attributable to factors which are beyond the control of the LandsD, such as the applicant's late submission of technical reports or unavailability to attend interviews. As regards the processing time of CoEs and CoCs, it would hinge on the complexity of the relevant works and technical issues and hence it is difficult to set a broad target. The LandsD does not maintain detailed statistics relating to the processing time of small house applications, CoEs and CoCs. As regards manpower, around 100 staff of the LandsD, mainly deployed to the eight District Land Offices (DLOs) in the New Territories, are involved in processing small house applications. However, these staff are also responsible for other land administration duties in the DLOs, and the above figure is therefore provided for general reference only. The LandsD will continue to review and redeploy its manpower from time to time having regard to factors such as changes in operational needs and resources.

(3) Land grants or Building Licences to indigenous villagers under the Small House Policy usually contain restrictions on the sale or other disposal of the land. These restrictions may remain in force even after the development has been completed, e.g. an owner may be required to pay an additional premium to the Government before the restrictions can be removed. Specifically, for a small house constructed on a villager's private land with a Building Licence, the villager is required to pay an additional premium to the LandsD if he transfers ownership of his small house within the five-year alienation restriction period after the issue of the CoC. For a small house constructed by a villager on a land granted by the Government, the villager is required to pay an additional premium whenever he transfers ownership of his small house. As of September 30, 2024, about 105 applications for the removal of the alienation restriction are being processed by the LandsD. As the processing of application is still underway, the amount of premium involved is not yet available at this stage.

(4) and (5) The performance pledge of the LandsD between 2019 and 2023 was to process not less than 2 300 small house applications per year (Note 5). As illustrated in the table above, except for 2020 and 2021, when the special work arrangement was in place due to the COVID-19 pandemic, the LandsD was largely able to fulfil its performance pledge.



To streamline the procedures for processing small house applications and expedite approvals, the LandsD enhanced the processing procedures in October 2021 and January 2023, including:

- (i) To commence the procedures under various aspects in parallel, such as the verification of land ownership and lot boundary, and consultation with relevant departments;
- (ii) To simplify the procedures for handling objections so as to shorten the time involved;
- (iii) To encourage more face-to-face meetings with applicants for direct discussion;
- (iv) To delegate the approval of relatively straightforward cases to officers under the District Lands Officer, and only non-straightforward cases will be submitted to the District Lands Officer or DLO Conference for approval;
- (v) To strengthen the monitoring role and functions of the Headquarters in reviewing the processing of small house appeal cases; and
- (vi) To enhance the workflows of processing straightforward and non-straightforward cases, and redefine the criteria for straightforward and non-straightforward cases, etc.

Following the implementation of the above streamlined procedures, the number of small house applications annually processed by the LandsD in 2022 and 2023 rebounded to more than 2 300, with an average of 2 541, surpassing the level of performance pledged by the LandsD. With the expedited processing of applications over the past two years, coupled with the slowdown in the number of new applications, the number of small house applications pending completion of processing by the LandsD decreased from 12 600 at the end of 2021 to 10 661 as of September 30, 2024, representing a decrease of about 15 per cent. Meanwhile, the number of CoEs and CoCs issued last year was also maintained at a high level.

To implement the Development Bureau's goal to streamline development-related procedures, the LandsD will continue to review and revise its internal guidelines in a timely manner as necessary to expedite the processing of small house applications. The LandsD is studying the implementation of self-certification arrangements on a pilot basis for the approval of CoCs and related documents. That means land owners will have the choice to appoint external professionals to self-certify the compliance of relevant approval requirements, thereby optimising the use of resources in the industry and streamlining and expediting the approval process, with the target of completing the approval of straightforward cases within 10 weeks. The LandsD plans to launch a pilot scheme by the end of this year.

Note 1: If CoE in respect of site formation and drainage works are not issued by the District Lands Officer due to geographical and topographical constraints, the applicant is required to submit site formation and drainage plans formally to the Building Authority for approval prior to commencement of construction works.

Note 2: As the processing of applications received during a year may not be completed within the same year, the applications

processed in a particular year and its number may not correspond with the applications received in the same year and its number. Likewise, CoEs/CoCs issued in a particular year and their respective number may not correspond with applications for CoEs/CoCs processed in the same year and their respective number.

Note 3: The number of applications processed refers to applications which the LandsD approves, rejects or classifies as non-straightforward cases for further processing in a particular year.

Note 4: More than one CoE may be issued for one small house.

Note 5: The number of applications processed covered by the LandsD's performance pledge refers to the applications which the LandsD approves, rejects or classifies as non-straightforward cases for further processing in a particular year.

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## LCQ5: Heung Yuen Wai Boundary Control Point

Following is a question by the Hon Chan Yuet-ming and a reply by the Secretary for Security, Mr Tang Ping-keung, in the Legislative Council today (November 6):

Question:

It has been reported that the numbers of inbound and outbound passenger trips at the Heung Yuen Wai Boundary Control Point (HYW BCP) have continued to hit record highs, resulting in snaking queues during both weekends and holidays. In this connection, will the Government inform this Council:

(1) whether it has examined the reasons for the occurrence of snaking queues at HYW BCP; whether it will consider upgrading HYW BCP to increase its clearance capacity and discuss with the Office of Port of Entry and Exit of the Shenzhen Municipal People's Government short and medium-term improvement measures, including increasing the number of entry/exit gates and X-ray machines, as well as implementing the various enhancement measures under the Special Action Plan for Improving the Efficiency of Shenzhen Ports; if so, of the details; if not, the reasons for that;

(2) as it has been reported that Macao introduced iris self-service channels at the Border Gate Port last year, whether the authorities have plans to introduce the relevant technology or upgrade the Automated Passenger Clearance System to tie in with the future implementation of the "collaborative inspection and joint clearance" mode at HYW BCP; if so, of the

details; if not, the reasons for that; and

(3) as it has been reported that the public car park at HYW BCP is often full during weekends, and that the use of the nearby private car park by members of the public has also caused traffic chaos, whether the authorities will review the user-friendliness and intelligence of the booking system of the car park so as to increase the efficiency of its use, and introduce measures or consider widening the roads around HYW BCP to improve traffic conditions?

Reply:

President,

The Heung Yuen Wai Boundary Control Point (HYW BCP) is the first BCP which adopts the design of "direct access to people and vehicles", with a designed handling capacity of about 30 000 passenger trips daily. The HYW BCP has been well-received by the public since the commissioning of passenger clearance service in February 2023. As at September 2024, the HYW BCP recorded a daily average of about 70 000 cross-boundary passenger trips, and during weekends and public holidays, a daily average of over 80 000 cross-boundary passenger trips. The Hong Kong Special Administrative Region (HKSAR) Government will continue to enhance the handling capacity of BCPs and apply innovative technology to provide more efficient clearance services.

Having consulted the Financial Services and the Treasury Bureau and the Transport and Logistics Bureau, a reply to the questions raised by Hon Chan Yuet-ming is as follows:

(1) The relevant departments have been taking various measures, including flexible deployment of manpower, optimisation of workflow, and effective use of information technology, etc., to enhance the handling capacity and efficiency of the HYW BCP.

To further increase the overall handling capacity, the Immigration Department (ImmD) has set up 10 additional mobile counters in the passenger arrival hall of the HYW BCP, and completed the enhancement works in early June this year to replace certain traditional counters with e-Channels, thereby increasing the total number of e-Channels in the passenger arrival hall from 14 to 18. The Customs and Excise Department has also been adopting a risk management approach to select passengers for examination to avoid inconvenience caused to other cross-boundary passengers. During festive periods or long holidays, relevant government departments will minimise leave for frontline officers, operate additional counters and channels, and deploy more security guards to assist in crowd management to ensure smooth passenger flow at the BCP.

In the light of the above measures, citizens can complete immigration clearance in a few minutes during non-peak periods of ordinary days at HYW BCP; whereas for weekends and festive peak periods, citizens can complete immigration clearance within 15 minutes most of the time. Since the commissioning of passenger clearance service in February 2023, there were

only four occasions during long holidays on which citizens' average waiting time was recorded to exceed 15 minutes. The average waiting time did not however exceed 30 minutes on such occasions.

In view of the considerable number of tour groups choosing to enter and exit Hong Kong through the HYW BCP, the Tourism Commission has been maintaining close liaison with the tourism industry for making necessary arrangement for clearance of the tour groups. Relevant departments have also maintained close liaison with the Mainland port authorities through the established port hotlines and real-time notification mechanism, to closely monitor the passenger traffic at the BCP and to take diversion measures when necessary to ensure smooth operation of the BCP.

The HKSAR Government has also maintained close liaison with relevant Mainland authorities to discuss and take forward various BCP enhancement measures. It is understood that to take forward items related to clearance in the "Special Action Plan for Improving the Efficiency of Shenzhen Ports", relevant Mainland authorities have implemented various enhancement arrangements, including introducing diversion measures at the port building and setting up waiting area for tour groups near the control point, etc, while exploring other enhancement measures.

(2) Apart from the common fingerprint and facial recognition, biometric authentication also includes other technologies such as iris and palm print recognition, etc. Every technology has its own advantages and limitations. Taking iris recognition as an example, its accuracy is higher as iris features of each individual are different. However, iris recognition may not be applicable to people with eye diseases (such as cataract) due to damaged iris features.

It is understood that the "iris recognition self-service channels" implemented in Macao at present allow registered Macao residents, under the "separate-location arrangement" mode, i.e. clearance procedures are conducted at the places of departure and arrival in each jurisdiction, to use the iris recognition technology to undergo clearance at Macao side. This mode does not apply to the "collaborative inspection and joint clearance" mode at the moment.

As visitors will only need to have their identities verified once to complete the respective clearance procedures of both sides under the "collaborative inspection and joint clearance" mode, the detailed operation would need to be agreed by the Shenzhen and HKSAR Governments before confirmation. The two Governments are discussing the operational details in depth regarding the "collaborative inspection and joint clearance" mode at the new Huanggang Port, and the current plan is to use facial and fingerprint information for identification of cross-boundary passengers.

(3) There are two fee-paying public car parks in the non-closed areas of the HYW BCP, which have been leased out to car park contractors for operation by the Government Property Agency (GPA), providing a total of 415 private car, 36 motorcycle and 15 light goods vehicle parking spaces. Since its operation

in February 2023, the GPA has been reviewing the parking need and the operation of the online pre-booking system, and had rolled out two enhancement measures last year including, accepting on-site booking of parking spaces for private cars and motorcycles during non-peak periods, i.e. except for weekends, public holidays and their preceding working day, since July, and releasing the parking spaces of cars leaving early for public use since October.

The GPA is also currently enhancing the online pre-booking system. At present, the online pre-booking system only allows the public to reserve parking spaces from two hours prior to entry. The GPA is planning to shorten it to half an hour with the implementation expected to take place in end-2024 or early 2025.

In addition, the Transport Department will maintain an effective communication with the operators of the car parks in the vicinity of the HYW BCP and request them to properly manage the car parks to avoid congestion. The Police will also assist in traffic management and diversion when necessary.

Lastly, I appeal to members of the public to check the website and the mini programme of the ImmD and Shenzhen authorities to understand the clearance status and choose the appropriate BCP before travelling to the Mainland; and to avoid making their journeys during peak periods to prevent congestion.

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## LCQ17: Monitoring of charitable institutions

Following is a question by the Hon Carmen Kan and a written reply by the Secretary for Home and Youth Affairs, Miss Alice Mak, in the Legislative Council today (November 6):

Question:

Regarding the monitoring of charitable institutions, will the Government inform this Council:

(1) of the following information of charitable institutions as at 30 September of each of the past three years (set out in a table):

(i) the respective numbers of tax-exempt charitable institutions recognised by the Inland Revenue Department under section 88 of the Inland Revenue Ordinance (Cap. 112) whose tax exemption status was approved and withdrawn, as well as the percentages of such numbers in the total number of

institutions for that year and the year-on-year rates of change;

(ii) the number of charitable institutions (set out by type) as well as the amounts of donations exempted from tax and the year-on-year rates of change; and

(iii) a list of the 50 charitable institutions being granted the highest amounts of government funding, the amounts of funding granted to them, as well as the percentages of such amounts in the total amount of funding for that year and the year-on-year rates of change;

(2) whether it will, on the basis of its experience in making reference to common law precedents over the years, study the formulation of a legal definition of "a charitable institution or charitable trust of a public character" under section 88 of Cap. 112 applicable to the situation in Hong Kong; if so, of the details; if not, the reasons for that;

(3) as the newly amended Charity Law of the People's Republic of China has been formally implemented on the Mainland since September 5 this year to regulate charitable organisations, whether the authorities will enact a Charity Ordinance; if so, of the details; if not, the reasons for that;

(4) given that in reply to a question raised by a Member of this Council on February 21 this year, the Financial Services and the Treasury Bureau indicated that the Bureau would, in the light of the relevant circumstances, consider setting up a dedicated department or organisation as the regulator of charitable institutions, of the factors considered by the authorities in the light of the current situation, and whether they will set up the relevant organisation as soon as possible; if so, of the details; if not, the reasons for that, as well as the measures in place to monitor the operation of charitable institutions; and

(5) given that pursuant to a recommendation in Report No. 68 of the Public Accounts Committee, the authorities have drawn up a new "Good Practice Guide on Charitable Fund-raising" (the Guide), of the effectiveness of the Guide; whether they will consider making it mandatory for charitable institutions to comply with the Guide; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Financial Services and the Treasury Bureau (FSTB), the Food and Environmental Hygiene Department (FEHD), the Home Affairs Department (HAD) and the Social Welfare Department (SWD), my reply, on behalf of the Government, to the various parts of the question raised by the the Hon Carmen Kan is as follows:

(1) (i) Charities are exempted from tax if they meet the conditions stipulated in section 88 of the Inland Revenue Ordinance (Cap. 112) (IRO), i.e. (a) the profits are applied solely for charitable purposes; (b) the profits are not expended substantially outside Hong Kong; and (c) either the trade or business is exercised in the course of the actual carrying out of the expressed objects of the charity, or the work in connection with the

trade or business is mainly carried on by persons for whose benefit the charity is established.

As at September 30 of the past three years, the total number of tax-exempt charities, charities newly exempted from paying tax and charities with tax exemption status withdrawn by the Inland Revenue Department (IRD); and their year-on-year rates of change and percentages in the total number of tax-exempt charities are set out below:

Year	Total number of tax-exempt charities	Charities newly exempted from paying tax		Charities with tax exemption status withdrawn	
		Number (Note) and year-on-year change	Percentage in total number of tax-exempt charities	Number and year-on-year change	Percentage in total number of tax-exempt charities
2022	9 856	449	4.6%	211	2.1%
2023	10 347	655 (+45.9%)	6.3%	208 (-1.4%)	2%
2024	10 699	578 (-11.8%)	5.4%	267 (+28.4%)	2.5%

Note: The figures do not include charities tax exemption status of which had been withdrawn and later reinstated.

(ii) As at September 30 of the past three years, the numbers of tax-exempt charities (categorised by legal structure) are as follow:

Year	Number of tax-exempt charities				Total
	Incorporated under the Companies Ordinance	Registered under the Societies Ordinance	Trusts	Others (Note)	
2022	7 586	743	432	1 095	9 856
2023	8 071	742	438	1 096	10 347
2024	8 419	743	441	1 096	10 699

Note: "Others" comprises mostly incorporated management committees established under the Education Ordinance, statutory bodies, ad hoc special committees and overseas companies registered under the Companies Ordinance.

Donations made by taxpayers to charities exempted from paying tax under section 88 of the IRO are tax deductible. In the past three financial years, the amounts of approved charitable donations allowed and the year-on-year rates of change are set out below. However, as there is a cap on the amount of tax-deductible donations to charities, the following figures do not represent the amount of tax-exempt donations received by charities each year:

Year of assessment	Approved charitable donations allowed under profits tax	Approved charitable donations allowed under salaries tax	Total and year-on-year rate of change (\$ billion)
	Amount and year-on-year rate of change (\$ billion)	Amount and year-on-year rate of change (\$ billion)	
2020/21	4.35	7.45	11.8
2021/22	6.9 (+58.6%)	7.4 (-0.7%)	14.3 (+21.2%)
2022/23	5.16 (-25.2%)	7.27 (-1.8%)	12.43 (-13.1%)

The tax returns for the year of assessment 2023/24 are being processed. Hence, IRD is unable to provide the statistics for that financial year at the moment.

(iii) At present, the monitoring of different charitable organisations currently involves various policy bureaux/departments. The Government does not centrally maintain and consolidate the relevant data.

(2) to (4) In processing applications for tax exemption under section 88 of the IRO, IRD has been making reference to the relevant common law cases to determine whether an organisation's object is a charitable purpose at law, and whether the organisation is established for public benefit. IRD regularly reviews the tax-exempt charities to ascertain whether their objects are still of charitable nature and whether the activities are compatible with their stated objects. The existing mechanism has been effective in handling tax matters under section 88 of the IRO.

In addition to the abovementioned tax arrangement for charitable organisations, charitable organisations which wish to conduct fund-raising activities in public places shall apply for the relevant permits or licences from the FEHD, HAD or SWD.

With reference to the recommendations in the Law Reform Commission Report on Charities published in December 2013 (LRC Report), relevant Audit Report and the Public Accounts Committee Report (PAC Report), the Government has introduced a series of administrative measures in phase since 2018 with a view to further enhancing the transparency and accountability of charitable fund-raising activities. For example, uploading all audited accounts submitted by organisations which obtained approval to organise charitable fund-raising activities to the fund-raising activities page of GovHK for reference by the public; issuing the "Good Practice Guide on Charitable Fund-raising" (Good Practice Guide) and encourage adoption by charitable organisations; and setting up a dedicated hotline for handling enquiries or complaints in relation to charitable fund-raising activities held by organisations in public places, etc.



Since the legislation and monitoring in relation to charitable organisations involve different bureaux / departments, and that the recommendation of setting up a dedicated department or organisation as the regulator of charitable organisations carries significant implications on the definition and operation of charitable organisations in Hong Kong, it takes time for the Government to study and consider the recommendations thoroughly and carefully.

(5) As mentioned above, with reference to the LRC Report, relevant Audit Report and the PAC Report, the HAD, SWD and FEHD issued the Good Practice Guide to provide the best practices for organising charitable fund-raising activities. Relevant departments have been encouraging the adoption of the Good Practice Guide by charitable organisations to ensure the accountability and transparency of charitable fund-raising activities and the use of donations so received.

In respect of the HAD, under the Gambling Ordinance (Cap. 148), anyone who wishes to conduct a lottery event in Hong Kong has to apply for a licence. The Office of the Licensing Authority (OLA) under the HAD is responsible for processing applications for lottery licences. Lottery licences are issued to bona fide organisations to conduct lottery ticket sales for the purpose of fund-raising, and funds so raised are to be used to meet the organisations' operating expenses or for donations to local registered charities, or both. In fact, the conditions stated in the lottery licences issued have already covered some of the suggested good practices, including the preparation of income and expenditure statement regarding the sales of lottery tickets. The OLA will continue to promote the voluntary adoption of the Good Practice Guide.

Besides, the FEHD also encourages charitable organisations which applied for a Temporary Hawker Licence for setting up any booth in public places to sell goods for raising funds, to adopt the Good Practice Guide on a voluntary basis. The FEHD has provided a link for downloading the Guidelines on its website.

In respect of the SWD, since the publication of the Good Practice Guide, all organisations that have applied for a Public Subscription Permit (PSP) from the SWD have committed to observing the Guide (except for one organisation that had adopted another set of guidelines which also complies with the standards of good practice). The major arrangements contained in the Good Practice Guide, including the rights of donors, fund-raising practices and financial accountability, etc., have been incorporated into the permit conditions of the PSP for organisations issued with the PSP to comply with.

As some or the major arrangements contained in the Good Practice Guide have already been incorporated into the conditions stated in different permits or licences for conducting charitable fund-raising activities, the Government has no plan to further mandate the charitable organisations to adopt the Good Practice Guide at this stage. The Government will continue to encourage charitable organisations to adopt the Good Practice Guide.