

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, May 23, 2018 is 99.5 (down 0.2 against Monday's index).

LCQ10: Pilot scheme to combat traffic contraventions

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 (May 23):

Question:

It has been reported that the Police implemented a two-month pilot scheme in New Territories North and Kowloon East at the end of last year, under which video cameras were used to assist police officers in taking law enforcement actions against six traffic offences which cause serious traffic obstructions, namely (i) picking up/setting down passengers in restricted zone, (ii) loading/unloading goods in restricted zone, (iii) unauthorised stopping at bus stop/public light bus stand/taxi stand, (iv) stopping bus, public light bus or taxi longer than necessary when picking up/setting down passengers, (v) unlawfully entering box junction, and (vi) "U" turn causing obstruction. Besides, the Energizing Kowloon East Office under the Development Bureau is conducting on-site tests on a Kerbside Loading/Unloading Bay Monitoring System (Monitoring System) in some sections of How Ming Street and Hoi Bun Road in Kwun Tong by making use of surveillance cameras installed on on-street lampposts to assist in monitoring the situation of the loading/unloading bays in these two road segments. In this connection, will the Government inform this Council:

(1) of the number of times for which law enforcement actions were taken by the Police under the pilot scheme, broken down by month and the police division to which the law enforcement location belonged;

(2) of the number of prosecutions instituted by the Police under the pilot scheme in respect of each of the aforesaid traffic offences, broken down by the police division to which the law enforcement location belonged;

(3) of the respective numbers of times for which the Police took law enforcement actions under the pilot scheme by ticketing the offenders on the spot and other forms, and the criteria adopted for determining the form of law enforcement action to be taken;

(4) of the criteria adopted by the Police for assessing the effectiveness of the pilot scheme, and the assessment outcome;

(5) as it has been reported that the authorities will expand the coverage of the pilot scheme to the whole territory within the first half of this year, whether the Police have formulated a detailed implementation plan; if so, of the details; if not, the reasons for that; and

(6) whether the authorities will consider using the Monitoring System to monitor the usage of and the illegal parking situation in the loading/unloading bays in the entire Kwun Tong district and the whole territory; if so, of the details; if not, the reasons for that?

Reply:

President,

To effectively combat traffic contraventions, the Hong Kong Police Force (Police) launched a two-month pilot scheme in New Territories North and Kowloon East in December 2017, under which video cameras were used to assist police officers in taking enforcement actions against six traffic offences which cause serious traffic obstructions (Pilot Scheme). The six offences are: (i) picking up/setting down passengers in restricted zone; (ii) loading/unloading goods in restricted zone; (iii) unauthorised stopping at bus stop/public light bus stand/taxi stand/public light bus stopping place; (iv) stopping public bus, public light bus or taxi longer than necessary when picking up/setting down passengers; (v) unlawfully entering box junction; and (vi) "U" turn causing obstruction.

My reply to the various parts of the Hon James To's question is as follows:

(1) The Police took a total of 103 actions under the Pilot Scheme. A breakdown of these actions by police district and month is set out at Annex 1.

(2) The Police issued a total of 540 fixed penalty tickets under the Pilot Scheme. A breakdown of these fixed penalty tickets for each traffic offence by police district is set out at Annex 2.

(3) In the course of the Pilot Scheme, the Police took 53 enforcement actions under the "immediate ticketing" mode and 50 enforcement actions under the "non-immediate ticketing" mode, issuing respectively 243 and 297 fixed penalty tickets.

The Police determined the most appropriate mode of ticketing as warranted. The factors taken into account included the safety of frontline officers and other road users, the volume of traffic on the road, the feasibility of stopping vehicles along the section of the road where enforcement actions were taken, the deterrent effects on offending drivers, as well as manpower deployment at the time.

(4) and (5) The Police have completed the two-month Pilot Scheme, and are

currently assessing and reviewing its effectiveness and considering whether to further extend the Pilot Scheme. In reviewing the effectiveness of the Pilot Scheme, the Police will take into consideration whether the scheme can serve its purposes, including assisting frontline officers in more efficient enforcement, enhancing the reliability of evidence, boosting the effectiveness of enforcement and conviction, as well as strengthening the deterrent effect.

(6) The Energizing Kowloon East Office of the Development Bureau has been collaborating with the Police since 2018 to conduct a trial on the "Kerbside Loading and Unloading Bay Monitoring System" in Kwun Tong. The two departments are also studying the implementation of a trial on "Illegal Parking Monitoring System" at suitable road sections in Kowloon East. The trial, which makes use of video analytic techniques to monitor illegal parking activities, is expected to commence within this year.

The Government's objective is to make use of new technologies to assist frontline officers in taking enforcement actions against traffic contraventions and enhance the efficiency of the back-end support process. If the system is proved practicable by the trial, the Government will consider using such systems at suitable locations to facilitate Police's prosecution against traffic offences.

LCQ7: Landing facilities and berthing spaces for local vessels

Following is a question by the Hon Steven Ho and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 23):

Question:

Some fishermen have relayed that at present, some small fishing vessels cannot berth at typhoon shelters due to reasons such as licence restrictions or susceptibility to collision with other vessels. These fishermen have no choice but to berth their fishing vessels at places such as the outer area of typhoon shelters and breakwaters. Since such berthing locations lack embarking and disembarking facilities, fishermen can only embark on or disembark from their vessels by quite dangerous means such as climbing the boulders along the shore, striding over other small fishing vessels and making use of hand-pulled ferries and rafts. There have been cases in which some fishermen fell into the sea or sustained injuries while embarking on or disembarking from a vessel. I have proposed to the Marine Department (MD) that reference be made to the relevant practices of local pleasure boat clubs and those around the world to provide floating bridges at typhoon shelters

for berthing of small fishing vessels, but MD has rejected the proposal on the ground that it falls under the purview of a number of departments and there is currently no policy support. In this connection, will the Government inform this Council:

(1) whether it has assessed if it is common for fishermen to embark on and disembark from fishing vessels berthed in the outer area of typhoon shelters and breakwaters by adopting the aforesaid quite dangerous means, and if the personal safety of them and other people is thus seriously endangered; if it has assessed and the outcome is in the affirmative, why the authorities have failed to take measures to solve the problem; if it has not assessed, of the reasons for that;

(2) of the government department currently responsible for considering the proposal to provide the aforesaid floating bridges at typhoon shelters; whether it will set up an inter-departmental working group to be led by the relevant policy bureau to study the proposal and coordinate the relevant work;

(3) as quite a number of fishermen of small fishing vessels have relayed that there is an acute shortage of berthing spaces in typhoon shelters in various districts, how the authorities will improve the relevant situation;

(4) of the respective numbers of locally licensed vessels in the past three years that were less than 10 metres and between 10 and 15 metres in length; the number of embarking/disembarking points in various typhoon shelters in the territory in the past three years; whether it has assessed the capacity of the landing facilities, in terms of the number of vessel trips per month, in various typhoon shelters in the territory; if so, of the details; if not, the reasons for that;

(5) as the Government said in reply to my question raised on July 13, 2016 that survey results indicated that the three landing facilities in Tuen Mun still had capacity to cope with more vessels and meet existing and projected demands, of the details of the survey concerned (including the criteria adopted); and

(6) given that some fishing vessels are currently not allowed to enter typhoon shelters under the law, but certain wholesale fish markets and important fisheries facilities are accessible only through typhoon shelters, how the authorities assist those fishermen in selling their catch and getting replenishment?

Reply:

President,

The reply to the Hon Steven Ho's question is as follows:

(1) Except for certain areas of waters where anchoring is prohibited, owners and masters of local vessels are allowed under existing legislation to anchor

their vessels in the waters of Hong Kong according to the vessels' operational needs and the availability of different areas of waters, including safe and suitable waters in the outer area of typhoon shelters and breakwaters. Where necessary, seafarers should use shuttle vessels to travel between vessels anchored at sea and facilities such as public piers and landing steps for safe embarkation or disembarkation. The Government is committed to ensuring that there are enough landing facilities for use by vessels in the Hong Kong waters so as to enable seafarers to travel to and from vessels anchored at sea in a smooth and safe manner.

(2) In general, private yacht clubs provide floating bridges as landing facilities while the Government provides mainly public piers and landing steps as landing facilities. Public landing facilities are built for use by all local vessels for the main purposes of passenger embarkation and disembarkation but not berthing. From time to time, the Government reviews the utilisation of public landing facilities and gauges views from stakeholders to improve the design of landing facilities and facilitate their use by various stakeholders, including fishermen. Relevant government departments including the Marine Department (MD), the Home Affairs Department, the Transport Department and the Civil Engineering and Development Department have recently liaised with fishermen representatives and listened to their suggestions on improving the landing facilities. Considerations will also be given as to how the design and quality of such facilities can be further enhanced.

(3) The Government is committed to ensuring that there is sufficient and suitable sheltered space within the Hong Kong waters for local vessels to take refuge during typhoons or inclement weather to safeguard the safety of these vessels and their crew members. To monitor the utilisation of such sheltered space, the MD keeps records of the highest occupancy of each typhoon shelter during typhoons. For instance, when a number of typhoons hit Hong Kong in 2017, sheltered spaces remained available for berthing by local vessels (including fishing vessels) in the typhoon shelters frequently visited by fishing vessels, including the Aberdeen, Shau Kei Wan, Cheung Chau, Sam Ka Tsuen and Shuen Wan Typhoon Shelters, with the exception of the Tuen Mun Typhoon Shelter. The MD is aware that the Tuen Mun Typhoon Shelter has seen occupancy rates of 100 per cent during typhoon passages in recent years. In view of this, whenever typhoons approach, the MD will closely liaise with local fishermen representatives in Tuen Mun to ensure that fishermen at sea stay alert to the latest typhoon information and return to Hong Kong as early as possible. To the MD's understanding from the representatives of local fishery associations, no Tuen Mun-based fishing vessels have been unable to return to the Tuen Mun Typhoon Shelter for berthing during typhoons in the past few years. The MD will continue to maintain contact with local fishery associations on arrangements during typhoon passages to ensure fishermen safety in inclement weather. In addition, the MD conducts regular territory-wide assessments on the demand and supply of typhoon shelter spaces to ensure that there is sufficient typhoon shelter space for use by local vessels in the waters of Hong Kong during typhoon passages.

(4) In the past three years, the respective numbers of locally licenced vessels (including fishing vessels) that were less than 10 metres and between 10 and 15 metres in length are as follow:

| Year (As at year end) | Less than 10 metres | Between 10 and 15 metres |
|--------------------------|---------------------|--------------------------|
| 2015 | 11 733 | 2 000 |
| 2016 | 11 972 | 2 027 |
| 2017 | 12 027 | 2 084 |

In the past three years, the total number of embarking/disembarking points in various typhoon shelters in Hong Kong remained at 52. The Government will from time to time review the usage situation and the structural safety of the various landing facilities to ensure that members of the crew can embark and disembark from a vessel in a smooth and safe manner. When considering the expansion or addition of landing facilities, various factors will be taken into account, including the feasibility of the works involved, the utilisation rate of such facilities, the area to be served, and availability of similar facilities in the waters nearby.

(5) The landing facilities mentioned in the reply to the question raised on July 13, 2016, as quoted in this current question, refer to the Kadoorie Public Pier, as well as the Tuen Mun Area 27 Landing No. 1 and the Tuen Mun Area 27 Landing No. 2 located within the Tuen Mun typhoon shelter near Sam Shing Estate. The Transport Department arranged for a usage survey of these landing facilities in 2015, and the findings indicated that the three landing facilities still had capacity to cope with more vessels. The usage statistics of the three landing facilities in the duration of the survey are as follow:

| Landing facility | Daily vessel usage (Hourly vessel usage on average) | |
|-----------------------------------|--|----------------------------|
| | Weekdays | Weekends |
| Tuen Mun Area 27 Landing No. 1 | 75 vessels (6 vessels) | 108 vessels (8 vessels) |
| Tuen Mun Area 27 Landing No. 2 | 38 vessels (3 vessels) | 26 vessels (2 vessels) |
| Kadoorie Public Pier | 0 vessels (0 vessels) | 2 vessels (0 vessels) |

Remarks: The survey was conducted between 7 am and 8 pm.

(6) Except for fishing vessels with length overall exceeding the "permitted length overall" of a typhoon shelter and outboard open sampans, currently all fishing vessels are allowed to enter typhoon shelters. The intention of granting licences to outboard fishing sampans, which are fishing sampans of smaller size and fitted with engines of smaller horsepower, was to enable and facilitate fishermen in transporting fish catch, fish fry, feed, replenishment, etc, within mariculture rafts located in remote waters. Owing

to safety considerations, we do not advise this type of vessel to navigate in open waters where winds and waves are stronger, or to leave the rafts and head to further destinations. Should there be a need for fishermen to head to the relevant fisheries facilities to sell their catch and get replenishments, it would be more suitable to use other fishing vessels of greater size and sturdier construction. Nevertheless, if needed, open fishing sampans could still use the nearby public piers and landing steps located outside of the typhoon shelters to handle their catch and replenishments.

LCQ6: Maternity protection for female employees

Following is a question by the Hon Ho Kai-ming and a reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (May 23):

Question:

Recently, a working woman has relayed to me that following her notifying her employer of her pregnancy last year, her supervisor repeatedly made life difficult for her, including extending her probationary period, criticising her performance at work, hurling abuses at her for no reason and prohibiting other staff members from talking to her. After she had refused to resign of her own accord, she was dismissed summarily. Although she was reinstated upon intervention by the Labour Department (LD), she was eventually dismissed in less than a month after she had resumed duty from maternity leave, without receiving appropriate compensation. Regarding maternity protection for female employees, will the Government inform this Council:

(1) Of the respective numbers of complaints or requests for assistance received by LD and the Equal Opportunities Commission in the past three years concerning pregnant employees being discriminated or treated in a hostile way by employers, and employees being dismissed soon after resumption of duty from maternity leave, with a breakdown by the contents of the complaints or requests for assistance; among such cases, the number of cases in which the employers concerned were convicted by the court for violation of the relevant legislation;

(2) Whether it will conduct an in-depth study on the special needs of pregnant employees and the difficulties they encounter at work, and survey on the prevalence of the situation of such employees being unreasonably dismissed within a certain period of time (say, in less than one month, one month to less than three months, and three months to half a year) upon resumption of duty from maternity leave; if so, of the details; if not, the reasons for that; and

(3) Of the dedicated measures that have been put in place to enhance maternity protection for female employees; whether it has plans to comprehensively review and amend the Employment Ordinance, including extending the employment protection for employees against unreasonable dismissal during pregnancy to the first six months upon resumption of duty from maternity leave, so that female employees can feel at ease in regulating their physical and mental health during the period to facilitate their adaptation to the changes brought by the addition of new members to their families; if so, of the details; if not, the reasons for that?

Reply:

President,

The purpose of the provisions on maternity protection under the Employment Ordinance (EO) (Cap.57) is to accord protection to employees who become pregnant or who are on maternity leave to ensure that their employment rights, benefits and job security will not be affected because of their pregnancy or confinement during the period of their pregnancy and maternity leave. According to the EO, the employer shall not terminate a female employee otherwise than summary dismissal in circumstances of her serious misconduct during the period from the date on which her pregnancy is confirmed by a medical certificate to the date on which she is due to return to work on the expiry of her maternity leave. Moreover, under the Sex Discrimination Ordinance (Cap 480) (SDO), it is unlawful for an employer of a Hong Kong establishment to subject a woman to a disadvantage or dismiss her on the ground of her pregnancy. All types of employment (including contract work) are covered under the law.

A consolidated reply from the Constitutional and Mainland Affairs Bureau (CMAB) and me to the question raised by the Hon Ho Kai-ming is as follows:

(1) From 2015 to 2017, the Labour Department (LD) conducted criminal investigations into 53 suspected cases of unlawful dismissal of pregnant employees. Upon investigation, LD took out prosecution on 10 cases involving 11 employers (one of the cases involved two employers). After being tried by court, nine cases of 10 employers (involving 10 summonses) were convicted. LD does not keep any statistics on the number of cases relating to employees who are dismissed after returning to work upon the expiry of maternity leave. Furthermore, based on the information provided by the Equal Opportunities Commission (EOC), a total of 199 complaints involving cases of pregnancy discrimination under the employment field were received between 2015 and 2017, the majority of which were related to dismissal on the ground of pregnancy. Of the cases handled in the past three years, over 30 per cent were successfully resolved through conciliation after investigation, while about half of the cases were discontinued mainly for reasons that no unlawful act was found or the complainant had no desire to further pursue the complaint. Besides, the EOC has issued three legal proceedings in relation to pregnancy discrimination under the SDO. In one case, the parties settled through paying monetary payment to the Claimant; in another case, the Court granted a default judgment in favour of the Claimant; while legal proceedings of the remaining case are still ongoing.

(2) The LD has not conducted study on the special needs of pregnant employees and the difficulties they encounter at work, and survey on the situation of such employees within a certain period of time upon resumption of duty from maternity leave. On the other hand, the EOC conducted a "Study on Pregnancy Discrimination and Negative Perceptions Faced by Pregnant Women and Working Mothers in Small and Medium Enterprises" in May 2016. To enhance understanding of pregnancy discrimination among employers and employees, the EOC will strengthen its public education and publicity work, including providing training to employers and employees so as to eliminate acts of pregnancy discrimination in the local workplace.

(3) The EO prohibits an employer from assigning heavy, hazardous or harmful work to pregnant employees. At present, it is already a criminal offence under EO to dismiss an employee who is pregnant or on maternity leave. As regards employees returning to work after maternity leave, they are no different from other employees in terms of the protection accorded under EO.

The existing legislation has provided pregnant employees with appropriate protection on various aspects including maternity leave, occupational health and protection, etc. At present, we have no plan to amend the provisions on maternity protection of employment under EO. Nevertheless, we will continue to promote actively the message of maternity protection under the relevant legislation to employers, employees and the general public through publicity and promotional activities.

LCQ5: Proposal to assist local residents to acquire properties by levying new taxes

Following is a question by Hon Dennis Kwok and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (May 23):

Question:

A report of an international survey organisation has pointed out that among the international metropolises around the globe, Hong Kong has been dubbed the world's most unaffordable city in terms of property price for eight consecutive years. As at the third quarter of last year, the median price of residential units in Hong Kong was around \$6.19 million, representing 19.4 times of the annual median income of \$319,000 earned by local families. In other words, it takes a family on that income level as long as 19.4 years to acquire a property, even if it did not spend a penny nor buy any food. Meanwhile, as at the end of last year, there were a total of 9 000 unsold units in the completed private residential buildings in the

territory, among which 4 000 had remained unsold for more than one year after completion. In connection with assisting local residents in acquiring properties by levying new taxes, will the Government inform this Council whether it will consider:

(1) levying new taxes on the first-hand residential units which have remained unsold for a period of time after completion to increase the cost of hoarding of units by developers, and to push them to offer the units for sale at a faster rate, with a view to increasing the supply of residential units; if so, of the details and the timetable; if not, the reasons for that;

(2) levying new taxes on the vacant residential units owned by non-local residents or companies at least 25 per cent of the beneficial interests of which are held by such persons; if so, of the details and the timetable; if not, the reasons for that; and

(3) levying a capital gains tax on the sale of residential units owned by non-local residents or companies at least 25 per cent of the beneficial interests of which are held by such persons, so as to dampen their desire to purchase residential units; if so, of the details and the timetable; if not, the reasons for that?

Reply:

President,

Owing to abundant liquidity in the global monetary environment, ultra-low interest rates and tight housing demand-supply balance, local housing prices continue to rise. In the face of the overheated property market, the Government has been striving to increase land and housing supply through a multi-pronged approach with a view to addressing the demand-supply imbalance at source in the long run. At the same time, the Government has introduced several rounds of demand-side management measures since 2010 to reduce short-term speculative activities, external demand and investment demand. My reply to various parts of the question raised by the Hon Dennis Kwok is as follows:

As at March 31, 2018, there were around 9 000 unsold first-hand private residential units in completed projects, among which 6 000 units were completed in 2017 or the first quarter of 2018 while the remaining 3 000 units were completed between 2011 and 2016. These unsold units may be vacant units, units occupied by the developers for self use or units rented out by developers as serviced apartments.

In the face of the current housing demand-supply imbalance, the Government has been striving to increase land and housing supply through a multi-pronged approach. The Government has all along been closely monitoring the developments of the private residential property market and the supply of first-hand private residential units. The Government is also aware that the number of unsold first-hand private residential units in completed projects has been increasing in recent years. We are exploring ways to address the situation. As regards the proposal of levying new tax on these unsold units, the Government will carefully consider the justifications, feasibility and

effectiveness of the proposal before making a decision.

Under the existing stamp duty regime, unless otherwise specified in the law, the acquisition of residential property by a non-Hong Kong permanent resident (non-HKPR) (including any companies) is subject to the Buyer's Stamp Duty and the New Residential Stamp Duty, both at a flat rate of 15 per cent, i.e. a stamp duty of 30 per cent in aggregate. According to the information provided by the Inland Revenue Department, in the first four months of 2018, the number of residential property transactions involving non-local individuals and non-local companies accounted for only 1 per cent of the total number of transactions, which was lower than 4.5 per cent recorded during the period from January to October 2012 (i.e. before the introduction of the Buyer's Stamp Duty). This indicates that the demand-side management measures have been effective in curbing external and investment demands.

According to the Rating and Valuation Department's statistics, the vacancy rate of private residential units had dropped from 4.3 per cent as at end 2012 to 3.7 per cent as at end 2017, which was substantially lower than the long-term average vacancy rate of 5 per cent from 1997 to 2016. These figures suggest that the overall vacancy rate of private residential units in Hong Kong is at a low level, and there are no notable signs of the idling of private residential units. In fact, it is inevitable for properties to be left vacant for a period of time when landlords seek buyers or tenants, engage in price negotiation, or refurbish their flats. This is a normal market phenomenon. Levying a vacancy tax on residential units owned by non-local residents or companies at least 25 per cent of the beneficial interests of which are held by such persons may therefore not be an effective way to increase housing supply.

As for capital gains tax, introduction of this tax is very controversial and will complicate Hong Kong's longstanding simple tax regime. Given that capital gains tax will only be charged when an owner earns profits from selling his property, we believe that the various demand-side management measures currently in place have a more immediate impact on increasing the transaction costs of non-HKPRs, thereby reducing their demand for local residential properties. The Government has no intention to study the introduction of capital gains tax at this juncture.

The Government will continue to stay vigilant and closely monitor the property market and the ever-changing external circumstances, and implement appropriate measures as and when necessary.

Thank you, Mr President.