

## LCQ21: Short-term accommodation

Following is a question by the Hon Charles Mok and a written reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (June 6):

Question:

In recent years, home-stay lodgings and short-term rental sleeping accommodation provided through the use of idle resources (collectively known as "short-term accommodation") have been in the ascendant around the world. Such type of accommodation offers a travel experience different from that offered by hotels and helps drive the local economy. Some members of the tourism sector have pointed out that many cities around the globe (e.g. Paris, London, Tokyo and Singapore) have formulated policies and regimes to regulate short-term accommodation. However, Hong Kong plans to amend the Hotel and Guesthouse Accommodation Ordinance (HAGAO) (Cap. 349) to step up efforts to combat unlicensed guesthouses and throttle the room for survival of short-term accommodation. Such members have also pointed out that the demand for short-term accommodation from in-bound visitors has continued to increase in recent years, and they therefore have proposed that the Government should introduce a licensing regime to legalise the operation of short-term accommodation. They have proposed that the following should be prescribed under the licensing regime: (i) the upper limits on the number of letting days and the number of licences, (ii) the types of premises which may be used for short-term accommodation, and (iii) the respective conditions applicable to short-term accommodation for guests staying, and that for guests not staying, with hosts (such as the requirement that there must be a trained property manager to oversee the premises). In this connection, will the Government inform this Council:

(1) whether the authorities explored, when conducting studies for amending HAGAO, the introduction of a licensing regime for short-term accommodation and made reference to the relevant experience and policies in other places; if so, of the details; if not, the reasons for that;

(2) whether it will consider formulating a licensing regime to regulate short-term accommodation in accordance with the aforesaid proposals, and implement the regime by expanding the proposed scope of the amendments to HAGAO, so as to facilitate the development of sharing economy; if so, of the details; if not, the reasons for that; and

(3) whether the Policy Innovation and Co-ordination Office will commission a consultancy study on the impacts and potentials of sharing economy and short-term accommodation on the economy, consult the relevant stakeholders and put forth a comprehensive proposal on a licensing regime for short-term accommodation; if so, of the details; if not, the reasons for that?

Reply:

President,

Operation of hotels and guesthouses in Hong Kong is regulated by the Hotel and Guesthouse Accommodation Ordinance (Cap. 349) (HAGAO). The purpose of the HAGAO is to ensure that premises intended to be used as hotels/guesthouses comply with the statutory standards in respect of building and fire safety in order to safeguard lodgers and members of the public. According to the HAGAO, "hotel" and "guesthouse" mean any premises whose occupier, proprietor or tenant holds out that, to the extent of his available accommodation, he will provide sleeping accommodation at a fee for any person presenting himself at the premises. Any premises providing short-term sleeping accommodation at a fee, including home-stay lodgings or short-term rental sleeping accommodation provided through the use of idle resources as mentioned in the question, if the mode of operation falls within the definition of "hotel" and "guesthouse" under the HAGAO, a hotel or a guesthouse licence must be obtained before lawful operation. However, premises in which all accommodation is provided for a period of 28 continuous days or more for each letting are excluded from the application of the HAGAO, as stipulated in the Hotel and Guesthouse Accommodation (Exclusion) Order (Cap. 349C). The Office of the Licensing Authority (OLA) under the Home Affairs Department (HAD) is responsible for administering the HAGAO, including issuing licences and performing enforcement duties.

My reply to the Hon Charles Mok's question is as follows:

(1) The main purposes of the Government's plan to amend the HAGAO are to improve the licensing regime, minimise nuisance caused by licensed hotels and guesthouses to nearby residents, facilitate enforcement actions against unlicensed hotels and guesthouses, and increase deterrent effect against operation of unlicensed hotels and guesthouses. This was in response to public concerns over the safety problems posed by operation of guesthouses inside multi-storey buildings, in particular having regard to a serious fire outbreak at a multi-storey building in 2013, causing death and injury of tourists accommodating in guesthouses operating at the building concerned.

Currently, the HAGAO does not preclude licence applications for home-stay lodgings or other forms of short-term rental sleeping accommodation. Any premises may apply for a licence for lawful operation provided that they comply with the fire and building safety requirements. As the current HAGAO has already included regulation for short-term rental sleeping accommodation as mentioned in the question, we consider it unnecessary to introduce another licensing regime to regulate the relevant premises.

The proposed amendments to the HAGAO have already been discussed for years. Further to the consultation exercise conducted in 2014, the Panel on Home Affairs, the trade, relevant stakeholders and the public generally support relevant legislative proposals. We hope to implement the proposed amendments to the HAGAO as soon as possible to address public concerns.

(2) As mentioned above, the current HAGAO does not preclude licence

applications for home-stay lodgings or other forms of short-term rental sleeping accommodation. In fact, the OLA has all along been issuing guesthouse (holiday flat) licences to village-type houses in the New Territories operating in the mode of home-stay lodging with reference to "A Guide to Licence Application for Holiday Flat" (the Guide). Having considered the general scale and design of holiday flats, the fire and building safety requirements set out in the Guide are generally more relaxed than those for guesthouses (general). The OLA will continue to adopt a flexible and pragmatic approach as usual in processing relevant licence applications.

We have noted that regulation of hotels and guesthouses, home-stay lodging or other forms of short-term rental sleeping accommodation varies in different jurisdictions depending on the overall environment and living conditions, without any uniform standard. Therefore, if other proposals are to be further considered, we have to take full account of the views from different stakeholders and the actual circumstances, such as the proliferation of densely populated multi-storey buildings in Hong Kong, to ensure that the regulation of hotel and guesthouse accommodation suits the needs of Hong Kong.

(3) According to information provided by the Policy Innovation and Co-ordination Office (PICO), since its establishment on April 1 this year, the PICO has been meeting relevant government departments and stakeholders to gather their views on issues relating to sharing economy. Insofar as home-stay lodgings or other forms of short-term rental sleeping accommodation are concerned, PICO is conducting research on the regulatory regimes adopted by various cities with a view to examining their implications under different social environments and providing evidenced-based input for consideration by the policy bureaux concerned.

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## **LCQ8: Broadcasting arrangements of international sports events**

Following is a question by the Hon Chan Han-pan and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 6):

Question:

In recent years, organisers of international sports events, such as the Olympic Games and the World Cup, have sold the broadcasting rights of those matches to media organisations around the world through a competitive bidding process. The broadcasting rights of those matches have often been awarded to pay television broadcasters, rendering members of the public who are not pay

television subscribers being unable to watch those matches. In this connection, will the Government inform this Council:

(1) given that matches of the 2018 World Cup finals will be held starting next week, and it has been reported that the media organisation which has secured the exclusive broadcasting right for those matches will air only 19 out of 64 matches on its own free-to-air television station, whether the Government will discuss with the media organisation the broadcasting of all those matches on free-to-air television stations or free websites;

(2) whether it will consider paying a fee to media organisations which have been awarded the broadcasting rights of various large-scale international and regional sports competitions in order that arrangements can be made to broadcast those relevant matches in community halls or other venues to enable members of the public (especially the grass roots) to watch them for free; if so, of the details; if not, the reasons for that; and

(3) whether it will discuss with organisers of large-scale international and regional sports competitions to urge them to ensure, when awarding the broadcasting rights for Hong Kong, that all Hong Kong people can watch those relevant matches for free; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consolidated information provided by the Home Affairs Bureau and the Office of the Communications Authority, my consolidated reply to the three parts of the question is as follows:

Major sports events are held around the world each year. The broadcasting arrangements of such events are made by the organisers having regard to the nature of the events and their operational needs. In respect of the World Cup and the Olympic Games, the organisers award the broadcasting rights to eligible media corporations or their related companies under market mechanism in accordance with their policies and regulations. It is understood that the relevant organisers have required the organisations awarded with the broadcasting rights to allow local free television broadcasters to relay certain hours of the events or the key events therein. As such, a mechanism is already in place to ensure that the public may view some of the matches of the World Cup and the Olympic Games free of charge. In general, governments around the world will not intervene in the process and Hong Kong is no exception.

As for the broadcasting arrangements of the 2018 World Cup Russia in Hong Kong, we note that PCCW Content Limited, a company related to HK Television Entertainment Company Limited (HKTVE) (which is a domestic free television programme service licensee), has acquired the exclusive broadcasting rights in Hong Kong. The company has reached a commercial agreement with HKTVE on the broadcasting arrangements of the World Cup matches. Under the agreement, HKTVE's free television channel (i.e. ViuTV)

will broadcast 19 matches of the World Cup (including the opening match, two semi-final matches and the final).

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## LCQ9: Bus lane permit

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 (June 6):

Question:

Road Traffic (Traffic Control) Regulations (Cap. 374 sub. leg. G) provides that unless for special reasons such as avoiding a traffic accident or conforming with a direction given by a police officer, the driver of a motor vehicle who is not a permitted user shall ensure that his vehicle does not enter a bus lane. It has been reported that early last month, the saloon car of the Financial Secretary was found travelling along a section of bus lane in Wan Chai in order to jump the queue and cut into a lane heading to the Cross Harbour Tunnel. In responding to media enquiries subsequently, his Press Secretary indicated that the car concerned might use bus lanes when "necessary" because the Commissioner for Transport had issued a bus lane permit (BLP) in respect of that car. In this connection, will the Government inform this Council:

- (1) of the number of government officials who have been issued with a BLP, and set out by government department (i) a breakdown of such number and (ii) the registration marks of the vehicles concerned;
- (2) apart from the government officials mentioned in (1), whether the authorities have issued BLPs to the personnel of (i) consulates and (ii) other types of organisations; if so, of the reasons for issuing the BLPs, and the number of BLPs issued to the personnel of each type of organisations;
- (3) of the traffic regulations with which BLP holders are exempted to comply;
- (4) whether, when issuing BLPs in the past five years, the Transport Department (TD) imposed any conditions specifying the circumstances under which the use of BLP was regarded "necessary"; if so, of the details, and whether TD has issued (i) guidelines to BLP holders and (ii) law enforcement guidelines to the relevant law enforcement agencies, in relation to such conditions; if so, of the details; if not, whether the authorities will formulate such guidelines; and
- (5) whether TD has required BLP holders to attend courses before using BLPs to ensure that they are familiar with the conditions therein; if so, of the unit offering such courses; if not, the reasons for that?

Reply:

President,

The Transport Department (TD) designates bus lanes on roads in accordance with the Road Traffic (Traffic Control) Regulations (Cap. 374G). Any person who wishes to drive a motor vehicle, or wishes a motor vehicle to be driven, in a bus lane may apply to the TD for a bus lane permit (BLP). The TD may issue a BLP pursuant to the Road Traffic (Registration and Licensing of Vehicles) Regulations (Cap. 374E).

In processing applications for a BLP, the TD will assess each case on individual merits. When assessing the applications, the TD will review the actual needs of the applicant, the justifications and the proofs provided. Consideration will also be given to factors such as the prevailing traffic conditions, road safety, the availability of alternative arrangements, and impact on other road users and public transport services.

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

(1) At present, the TD has issued 520 BLPs to 31 bureaux, government departments and related government bodies. The details are set out in Annex 1. Given the sizable number of departmental vehicles involved, and that some of them are used for security/enforcement/patrol duties, the disclosure of the registration marks of those vehicles may hinder the carrying out of those duties, the TD has therefore not set out further details. Furthermore, in accordance with regulation 60 of the Road Traffic (Traffic Control) Regulations, if the bus lane hinders the use of vehicles for fire services, ambulance, police or customs and excise service purposes, the restrictions of the traffic signs and road markings of such bus lane do not apply to these vehicles.

(2) At present, the TD has issued 2 165 BLPs to other organisations and bodies, including public transport operators, government service contractors, non-governmental organisations, and operators of transport service for students. BLPs have not been issued to vehicles of consulates. The numbers of BLPs issued to various organisations and bodies are set out in Annex 2.

(3) to (5) The TD will normally incorporate appropriate additional conditions into the BLP, such as limiting the use of the permit to the discharge of official duties and provision of public services, the dates and hours during which the permit will be valid, and certain specified restrictions applicable only to specific road sections. When using the BLPs, vehicles are obliged to comply with the conditions set out in their BLPs when passing through bus lanes, and must not cause inappropriate obstruction to the operation of buses.

Since there are clear traffic signs and road markings for the area and the entrance of a bus lane, holders of a driving licence should be able to identify a bus lane and comprehend the relevant restrictions. Furthermore, a BLP already sets out the scope of its application and its conditions of use

in writing. Hence, the TD has neither issued separate guidelines to BLP holders, nor required drivers of vehicles issued with BLPs to enrol on additional courses.

Any police officer on duty who has found a vehicle travelling along a bus lane without displaying a valid BLP will issue a fixed penalty ticket to the driver on the spot pursuant to the Road Traffic (Traffic Control) Regulations and charge him for failure to conform with the road marking. In case the driver claims to the Police that he has been issued a valid BLP from the TD but has nevertheless failed to display it to the Police at the scene, the Police will suggest the driver to dispute the fixed penalty ticket already issued to him. If police investigation confirms that the driver does hold a valid BLP, the Police will cancel the fixed penalty ticket concerned. However, the Police will charge the driver for contravention of the conditions of the bus lane permit pursuant to the Road Traffic (Registration and Licensing of Vehicles) Regulations, as the vehicle involved has failed to display a valid BLP at the designated position on its windscreen.

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## **LCQ7: Redevelopment projects on private residential buildings carried out by land owners and developers**

Following is a question by the Hon Chu Hoi-dick and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 6):

Question:

Regarding the redevelopment projects on private residential buildings carried out by land owners and developers (redevelopment projects), will the Government inform this Council:

(1) of the following details of each of the redevelopment projects for which the relevant building plans were approved for the first time within the past five years (set out in a table):

- (i) name,
- (ii) address and lot number,
- (iii) site area and details of site amalgamation,
- (iv) the completion date for the demolition works of the old building(s),
- (v) the date on which the building plan was approved for the first time,
- (vi) whether an application was made for an order for compulsory sale of land under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) (if so, of the application number),
- (vii) original land use and total gross floor area of site,

(viii) land use and total gross floor area of site upon redevelopment,  
(ix) total gross floor area and number of residential units upon redevelopment,  
(x) total gross floor area and number of commercial premises upon redevelopment (if any),  
(xi) amount of land premium payable, and  
(xii) whether an occupation permit has been obtained from the Buildings Department; and

(2) whether it will enact a dedicated legislation to govern those redevelopment projects and stipulate that the relevant information of those redevelopment projects must be made public to facilitate the public to assess, from the perspective of overall planning, the impacts of those redevelopment projects on the various aspects of the communities concerned?

Reply:

President,

(1) For development projects (including redevelopment projects) carried out by land owners/developers, approval of building plans must be sought from the Building Authority in accordance with the Buildings Ordinance (Cap. 123) (BO). Besides, land owners/developers have to obtain approval of demolition plan and demolition consent from the Building Authority before the commencement of demolition works in accordance with the requirements of the BO, if the development project involves the demolition of existing buildings. Summary information on new building plans approved in the month (except amendment plans) including the address of the development project, types of new buildings, total gross floor areas for domestic or/and non-domestic uses as shown in the approved plans, numbers of domestic units (if applicable), occupation permits already obtained from the Buildings Department (BD) and sites with demolition consents issued of all private development projects are set out in the Monthly Digest of BD and uploaded to the BD website ([www.bd.gov.hk/english/documents/index\\_statistics.html](http://www.bd.gov.hk/english/documents/index_statistics.html)) for public inspection. Members of the public may also request to inspect and copy the approved plans of individual completed private development projects.

As the release of information aims at providing information contained in approved building plans, it does not contain records as to whether the projects involved are redevelopment projects or any relevant information on the original buildings of the redevelopment projects.

For details of compulsory sale orders issued in the past five years, please refer to our written reply to the supplementary question (question serial number: S0105) raised by the Finance Committee in examining the Estimates of Expenditure 2018-19 ([www.legco.gov.hk/yr17-18/english/fc/fc/sup\\_w/s-devb-pl-e.pdf](http://www.legco.gov.hk/yr17-18/english/fc/fc/sup_w/s-devb-pl-e.pdf)).

The amounts of land premium payable for lease modifications involved in development projects are set out in relevant land documents, and members of the public may obtain relevant land documents by searches at the Land



Registry.

(2) There are relevant legislations at present to regulate development projects (including redevelopment projects) and we consider it unnecessary to enact a dedicated legislation to govern redevelopment projects. Specifically, development projects are governed by the BO to ensure that the planning, design and construction of new buildings comply with the building design and construction standards under the BO on various aspects such as structure and fire safety and sanitation. In addition, development projects have to comply with the requirements stipulated in the Outline Zoning Plans (OZPs) prepared under the Town Planning Ordinance (Cap. 131) (TPO). For development projects requiring planning permission from the Town Planning Board (TPB) or amendment to OZP, the proponent must file an application to TPB under the TPO. The application will be published according to the provisions of the TPO for public comment. Also, land owners/developers are also bound by the respective land lease conditions.

The Government has all along been releasing information on development projects for public inspection. As mentioned above, members of the public can access information on the approved building plans of individual completed development projects through the Monthly Digest available on the BD website or by making a request to BD. According to existing mechanism, if a development project is the subject of an application for planning permission, the Planning Department (PlanD) will prepare a gist of the application which will be deposited at PlanD's planning enquiry counters and uploaded to the TPB website for public inspection. Planning documents submitted by applicants are also kept at PlanD's planning enquiry counters. Under the TPO, members of the public may submit their views on amendments to OZPs and planning applications. Information on OZPs and planning applications are available on the TPB website ([www.tpb.gov.hk](http://www.tpb.gov.hk)) and the Statutory Planning Portal 2 ([www2.ozp.tpb.gov.hk/gos](http://www2.ozp.tpb.gov.hk/gos)). Moreover, regarding development projects involving applications for lease modification or land exchange, the Lands Department will upload the information on each completed application to its website ([www.landsd.gov.hk/en/exc\\_mod](http://www.landsd.gov.hk/en/exc_mod)) for public inspection.

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## **LCQ20: Improvement of Hongkong Post's modus operandi in order to increase its revenue**

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 6):

Question:

The Post Office Trading Fund (POTF) was established in August 1995 to manage and account for the operation of the Hongkong Post (HKP). On the other hand, the Director of Audit's Report No. 65 published in October 2015 pointed out that for the 20-year period from 1995-1996 to 2014-2015, HKP had recorded operating losses in eight years and had not achieved the target rates of return in 14 years. There are views that HKP should, apart from improving its operation by implementing measures to generate revenue and manage costs, also draw reference from overseas successful experience and revamp the modus operandi of postal services in order to increase revenue. In this connection, will the Government inform this Council:

- (1) of POTF's target rate of return and actual rate of return, as well as HKP's operating cost and trading receipt, in each of the past five years;
- (2) of the specific measures taken by HKP in the past five years to reduce its operating cost, and boost the percentage of revenue from sources other than traditional postal services, in its total revenue; the effectiveness of such measures, including the resultant increase in HKP's overall revenue;
- (3) apart from rationalising the post office network and closing down those post offices which have been operating at a loss, whether HKP has studied ways to further diversify, through collaboration with various types of organisations, including non-profit-making organisations and commercial establishments, the services provided by various post offices so as to enhance HKP's operational efficiency and increase its revenue; and
- (4) whether it has plans to comprehensively review the current arrangement under which HKP operates under the trading fund mode, and to re-engineer HKP upon drawing reference from the experience of overseas governments in revamping their postal departments, so as to bring the operation of HKP closer to a business model; if so, of the details; if not, the reasons for that?

Reply:

President,

A consolidated reply to the questions raised is set out below.

The Post Office Trading Fund (POTF) started operation in August 1995. The operating revenues and expenditures and the rates of return (Note 1) of the POTF from 2013-14 to 2017-18 are as follows:

	2013-14	2014-15	2015-16	2016-17	2017-18 (Note 2)
Operating revenue	\$5,249 million	\$5,344 million	\$4,878 million	\$4,881 million	\$5,016 million
Operating expenditure	\$5,252 million	\$5,175 million	\$4,663 million	\$4,728 million	\$5,171 million

Actual rate of return	-0.5 per cent	4.9 per cent	6.5 per cent	4.7 per cent	-4.0 per cent
Target rate of return	5.9 per cent	5.9 per cent	5.9 per cent	5.9 per cent	2.6 per cent

Hongkong Post (HKP) has been making sustained efforts to contain its operating costs and increase revenue.

Initiatives to contain operating costs include revising the procurement terms for major expenditure items such as airfreight services and vehicle hiring services to better encourage market competition; formulating bilateral agreements with other postal administrations to reduce expenditures on terminal due (Note 3); and business process re-engineering, automation and mechanisation such as implementing the Integrated Postal Services System and the Mail Flow Management and Tracking System to streamline mail processing procedures, improve operational efficiency and enhance user experience.

On revenue generation, HKP has been developing new services with a wider range of service features to capture the varied needs of e-commerce, including introduction of the e-Express Service and expansion of the service network to provide an economical and speedy delivery solution with priority delivery at the destination and basic mail tracking functions; and introduction of Express Lanes in collaboration with individual postal administrations based on a work-sharing model. For the new services developed to capture e-commerce, the revenue generated for 2017-18 is estimated to be about \$700 million, constituting about 14 per cent of HKP's total revenue for that year. The revenue generated to a certain extent helps mitigate the drop in revenue caused by e-substitution of traditional mail items. HKP also engages with the Airport Authority Hong Kong and other postal authorities to explore collaboration with a view to maximising the use of the Air Mail Centre's transit handling capability to foster cross-border logistics and trading activities.

In addition, HKP has been collaborating with various organisations to offer a more diverse range of services, including collaborating with the Airport Authority Hong Kong to provide free delivery service for purchases reaching specified amounts at the Hong Kong International Airport to designated destinations (Note 4); collaborating with GS1 Hong Kong (GS1 HK) to launch the "Hong Kong Trusted Product" programme on HKP's ShopThruPost e-market place, so that small and medium enterprises can offer products authenticated by GS1 HK and delivered by HKP to achieve "Double Trust in e-Commerce" to customers all over the world; and collaborating with the Hong Kong Trade Development Council (HKTDC) to provide international courier service via HKTDC's "Small Order Zone" platform to support local merchants to reach out to the global market.

We have no plan at this stage to change the mode of operation of the HKP as a trading fund. This arrangement allows HKP to manage its resources in a more flexible manner to better achieve cost-effectiveness, and to formulate appropriate business strategies in response to changes in the operating

environment so as to provide customers with quality, reliable and value-for-money services. HKP will continue to explore and implement measures to contain expenditure, increase revenue and improve productivity to improve the financial performance of POTF.

Note 1: The rate of return on fixed assets = total comprehensive income (excluding interest income, interest expenses and net realised and revaluation gains or losses on derivative financial instruments and structured notes) divided by average net fixed assets. Fixed assets include properties, plants and equipment and intangible assets.

Note 2: Pending audit review.

Note 3: The fee charged by the destination postal administration from the originating postal administration for handling the mail.

Note 4: Hong Kong, Australia, Canada, Indonesia, Japan, Macao, Mainland China, Malaysia, the Philippines, Singapore, South Korea, Taiwan, Thailand, the United States and Vietnam.