

LCQ1: Suggestion on reorganising duties of Development Bureau and Transport and Housing Bureau

Following is a question by the Hon Dennis Kwok and a reply by the Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, in the Legislative Council today (November 14):

Question:

Some members of the public have relayed that policy blunders, ineffective monitoring and perfunctory implementation on the part of the Government in the areas of transport and housing are not uncommon in recent years. For example, road transport was paralyzed on the day after the onslaught of super typhoon Mangkhut in Hong Kong, railway construction works were found to be non-compliant and have caused settlement to the buildings in the vicinity, housing and land supply were in severe shortage making it difficult for members of the public to purchase homes and the waiting time for public rental housing hitting record high time and again. Such members of the public consider that it is difficult for the Transport and Housing Bureau to handle the two major policy areas of transport and housing, and that it is unreasonable for the two closely related policy areas of housing and land to be under the charge of two bureaux. In this connection, will the Government inform this Council whether it will consider afresh reorganising the duties of the Development Bureau and the Transport and Housing Bureau?

Reply:

President,

The Hong Kong Special Administrative Region (HKSAR) Government keeps an open mind in principle towards the reorganisation of Government structure. Over the years, in view of socio-economic changes, the Government underwent reorganisation from time to time to better support the policy objectives of the Chief Executive and enhance overall operational efficiency.

In fact, within more than one year after the current-term Government has taken office, we have already completed two organisational changes in the Government by transferring the Efficiency Unit to the Information and Technology Bureau and the Legal Aid Department to the Chief Secretary for Administration's Office. In her Policy Address announced last month, the Chief Executive notes that there have been a considerable amount of views suggesting that the Transport and Housing Bureau (THB) is overburdened and should be split into two, with the establishment of a new policy bureau to co-ordinate housing and land policies. The Chief Executive generally agrees that there is such a need and will further consider how to implement the suggestion.

In recent years, some members of the public have put forward various suggestions on the respective roles and co-operation between the THB and the Development Bureau (DEVB) with the intention of enabling the Government to focus and consolidate its resources on taking forward various policies and initiatives relating to transport, land and housing. The Government recognises that the division of responsibilities between the two policy bureaux may have attracted attention owing to public concerns on the aforesaid subjects. In this regard, ever since the current-term Government assumed office, the Government has adopted an innovative mindset in coming up with various concrete, feasible and practicable initiatives that seek to make Hong Kong a more well-connected and liveable city.

For example, in the Policy Address announced last month, the Government has proposed exempting the tolls charged on or paying the tolls for franchised buses for using government and franchised tunnels and roads. Coupled with the non-means-tested Public Transport Fare Subsidy Scheme to be implemented from January 1, 2019, the fare burden of commuters can be relieved. We have also put forward a toll adjustment proposal for the rationalisation of traffic among the three road harbour crossings, with a view to addressing cross-harbour traffic congestion that has bothered our community for a long time. The THB had also worked very hard to take forward the smooth commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link as well as the Hong Kong-Zhuhai-Macao Bridge. These two iconic cross-boundary infrastructures were commissioned in September and October respectively, marking a new era for Hong Kong.

The housing problem always tops the priorities of the current-term Government. We endeavour to enrich the housing ladder and provide adequate and affordable housing to families in different income brackets to enable them to have comfortable homes and improve their living environment. The Government announced the revision of the pricing mechanism for the Home Ownership Scheme (HOS) flats in June this year. The new mechanism revises the test for assessing affordability, so that the selling prices of HOS flats are no longer linked to the market prices of private flats and ensuring that at least 75 per cent of flats in every sale exercise are affordable to families with income at the median monthly household income of non-owner occupier households. The community is generally positive on this initiative. Balloting for the first batch of the HOS flats under the new pricing mechanism will be conducted this month and flat selection will commence in February next year. Regarding the affordable "Starter Homes" for Hong Kong middle-class families, the pre-sale of the first project located at Ma Tau Wai Road will be launched next month. It is evident that we are proactively responding to community aspirations, with some of these new measures and initiatives already put into practice and the rest expected to be rolled out gradually.

With an aim of providing steady and sufficient land resources to meet various development needs of Hong Kong, the DEVB has been adopting a multi-pronged land supply strategy. Increasing land supply for housing is amongst the DEVB's priorities. In recent years, the DEVB endeavours to rezone some 210 sites with potential for housing development. It has also been taking forward various New Development Area and New Town Extension projects at full

steam, including conducting studies, statutory planning work, seeking funding for the projects, enhancing the compensation and rehousing arrangements, etc. In order to forge a greater consensus on land supply options in society, the Chief Executive appointed the Task Force on Land Supply last September to facilitate collaborative deliberation with the public through a very extensive public engagement exercise. This year's Policy Address has also put forward a number of ideas on increasing land supply. The DEVB will continue its efforts on increasing land supply in a bid to break the current stalemate on land shortage and provide sufficient land to meet the needs of housing, community facilities and economic development.

I would like to respond to two points made in the Hon Dennis Kwok's question.

First, the HKSAR Government has all along been working as a team and, with such concerted efforts, it strives to take forward its work in various policy areas in an efficient and effective manner. In addition to the regular co-ordination and collaborative mechanisms at different levels within the Government, there are also well-established communication platforms among bureaux/departments. The Government operates as a whole regardless of the organisational structure and division of responsibilities among policy bureaux. Relevant bureaux/departments shall continue to work together on specific issues through inter-departmental platforms where necessary.

Second, in the course of public administration, it is inevitable that we encounter unexpected challenges and difficulties. In dealing with these severe situations, the Government has been responding in a swift and decisive manner. Serious follow-up actions have also been taken against any situations involving suspected irregularities. The organisation and division of responsibilities among policy bureaux do not affect the usual steadfastness and resolve of the Government in handling various problems. We will continue to listen carefully and humbly to public comments and criticisms on the performance of the Government. Nonetheless, we do not consider it necessary to suggest any causal relationship between individual controversies and proposals for the reorganisation of policy bureaux.

The Government will continue to listen to voices from all sectors and further consider implementing the suggestion of reorganising policy bureaux in a timely manner.

LCQ16: Impacts of participation in annuity and insurance schemes on the

eligibility for social welfare and subsidised housing

Following is a question by the Hon Shiu Ka-chun and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (November 14):

Question:

When processing applications for Old Age Living Allowance (OALA), the Social Welfare Department (SWD) regards any payout from an annuity scheme as an applicant's income, but does not regard the one-off lump-sum premium payment for the annuity scheme as the applicant's asset. Regarding the impacts of participation in public and private annuity schemes and insurance schemes on the eligibility for social welfare and subsidised housing, will the Government inform this Council:

(1) whether SWD, when it processes OALA applications:

(i) regards as an applicant's asset the cash value of an insurance scheme with investment elements;

(ii) regards as the applicant's income the bonuses and interests disbursed under the insurance scheme mentioned in (i); and

(iii) regards as an applicant's asset the premium payments, payable by installment, for an annuity scheme; and

(2) whether the one-off lump-sum premium payment for a public or private annuity scheme is regarded as an asset of a person applying for (i) public rental housing and (ii) comprehensive social security assistance; if so, of the reasons for that?

Reply:

President,

My reply to the Member's question is as follows:

(1) Under the prevailing arrangement for the Old Age Living Allowance (OALA), the cash value of insurance policies is not treated as asset. This has taken into account that insurance products acquired by elderly persons with financial needs are mostly under the categories of life, medical, critical illness, etc., and the cash value concerned has to be accumulated over a long period of time for contingency use. However, if the relevant persons surrender or partially surrender the insurance policies, the surrender value (if any) will be treated as asset. Meanwhile, bonuses and interests received under insurance policies are also treated as asset.

Separately, the premium payment under annuity schemes is not treated as asset under OALA. If the relevant persons surrender or partially surrender the annuity schemes, the surrender value (if any) will be treated as asset.

As for payout disbursed under annuity schemes, the relevant amount is treated as monthly income.

(2) The Comprehensive Social Security Assistance (CSSA) Scheme provides a safety net for persons who cannot provide for themselves financially to assist them to meet their basic needs. Therefore, if CSSA recipients participate in annuity schemes (including the "HKMC Annuity Plan" of the HKMC Annuity Limited), the relevant premium payment will be treated as asset. If the recipients surrender or partially surrender the annuity schemes, the surrender value (if any) will also be treated as asset.

According to information provided by the Housing Department, during asset declaration, applicants for public rental housing are required to declare value of asset items like investments such as savings or investment-linked insurance schemes (including the cash value and accumulated bonuses and interests), listed shares, bonds, funds, etc. The above declaration arrangements are also applicable to annuity schemes, including the "HKMC Annuity Plan" and annuity schemes launched by private entities. The surrender value of annuity schemes is treated as asset.

New legislation to prohibit sale and supply of alcohol to minors in the course of business to commence on November 30

The Department of Health's Tobacco and Alcohol Control Office will carry out enforcement measures under the Dutiable Commodities (Amendment) Ordinance 2018 starting from November 30. The new legislation prohibits the sale and supply of intoxicating liquor to minors under 18 years old in the course of business via face-to-face distribution and remote distribution, as well as the sale of alcoholic beverages in vending machines.

The Head of the Tobacco and Alcohol Control Office, Dr Lee Pui-man, provided details on the implementation of the ordinance at a press conference today (November 14). He said, "The new legislation aims to prevent young people's access to alcohol. The Department of Health reminds the public and stakeholders to comply with the new law. We also urge everyone, especially young people, to adopt an alcohol-free healthy lifestyle.

"The legislation covers all kinds of sale and supply of intoxicating liquor in the course of business irrespective of whether payment is involved. It covers alcoholic beverages sold or supplied for commercial purposes in fairs, celebratory events, exhibitions and the like, but does not apply to

family gatherings or social events with no business intentions. The sale of alcoholic beverages in vending machines is also prohibited."

Intoxicating liquor is defined as alcohol that has more than 1.2 per cent ethyl alcohol by volume and is fit for or intended as a beverage. The maximum fine for selling or supplying intoxicating liquor to a minor, or selling intoxicating liquor via vending machines, is \$50,000 on summary conviction. Those who obstruct inspectors during enforcement are liable to a maximum fine of \$10,000 on summary conviction.

If alcohol is sold or supplied via face-to-face distribution such as in premises or stores like supermarkets, liquor stores and convenience stores, a sign containing both the Chinese and English versions of the prescribed notice must be displayed in a prominent location easily seen by the public. The notice must be rectangular in shape with minimum dimensions of 38 centimetres by 20 centimetres, and have legible characters and letters in a font colour that contrasts with the background colour.

If alcohol is sold or supplied via remote distribution such as SMS, group messages, websites and telephone or mail order, the prescribed notice must be displayed in a reasonably legible manner, or its contents must be read out or played as a sound recording.

A sample graphic and sound recording of the prescribed notice can be downloaded from [the Tobacco and Alcohol Control Office website](#). The maximum fine for non-compliance with the prescribed notice and age declaration requirement is \$25,000 on summary conviction.

Dr Lee said, "The DH's Tobacco Control Office has expanded its scope and scale to cover the new alcohol legislation, and was renamed as the Tobacco and Alcohol Control Office. Apart from enforcing the existing Smoking (Public Health) Ordinance, Tobacco and Alcohol Control Inspectors will be empowered to enforce the new alcohol legislation."

The Tobacco and Alcohol Control Office has formulated guidelines to assist the industry in complying with the legislative requirements. Tobacco and Alcohol Control Inspectors will conduct inspections, investigate complaints and carry out enforcement actions.

To prepare for the implementation of the new legislation, the Office has enhanced stakeholders' understanding of the new law and publicised the implementation of the new law through various means. These include organising briefing sessions, attending meetings of the Business Facilitation Advisory Committee and its three Task Forces and Business Liaison Groups, distributing leaflets to retailers and publicising the new law in the mass media.

Detailed guidelines for businesses and other relevant materials have been uploaded to the Tobacco and Alcohol Control Office website www.taco.gov.hk. Members of the public can visit the website to learn more about the provisions of the new legislation.

LCQ11: Opening of bank accounts by enterprises

Following is a question by the Hon Wong Kwok-kin and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (November 14):

Question:

Quite a number of start-up enterprises, small and medium enterprises (SMEs) as well as overseas enterprises have relayed that they have encountered difficulties when they applied to the banks for opening accounts (account opening). In view of this, the Hong Kong Monetary Authority (HKMA) issued a circular on De-risking and Financial Inclusion to all banks across the territory in September 2016, requesting that banks should ensure a reasonable and fair treatment of the existing and prospective customers. In addition, HKMA issued a circular entitled Guideline on Anti-Money Laundering and Counter-Terrorist Financing Address Verification Requirements in October 2017 to streamline account opening procedure and requirements. It is learnt that banks have put in place a review mechanism to re-examine unsuccessful applications for account opening. In this connection, will the Government inform this Council:

(1) whether it knows the respective numbers of account opening applications from new corporate customers received, approved and rejected by banks each month since the issuance of the circular in October 2017, and the average time taken for processing such applications; how the success rate and the average processing time for such applications compare with the relevant figures before the issuance of the circular; if there have been unsuccessful applications, of (i) a breakdown of such applications by reason for the rejection, and (ii) the respective numbers of such applications in which the applicants were start-up companies, SMEs and overseas enterprises;

(2) whether it knows the total number of applications, received by banks in each month of the past three years, for reviewing their decisions to reject account opening and, among them, the respective numbers of cases in which such decisions were reversed and maintained; of the average time taken for the review process; regarding those cases in which the decisions were maintained, of a breakdown of the number by reason for maintaining such decisions; and

(3) whether it will study standardising the account opening procedure and requirements for all banks; if so, of the details and timetable of such a study; if not, the reasons for that?

Reply:

President,

In recent years, as the international community steps up efforts to combat money laundering and terrorist financing (ML/TF), financial institutions around the world have generally strengthened the related controls, including undertaking more comprehensive due diligence on customers.

The Hong Kong Monetary Authority (HKMA) has been reminding the local banking industry that, in implementing robust anti-money laundering and counter-terrorist financing controls, they should be mindful not to create hurdles for legitimate businesses and ordinary citizens to access banking services. The HKMA has issued guidance to banks in the past two years, reiterating that banks should apply a risk-based approach in conducting customer due diligence (CDD) and adopt measures which are commensurate with the customer's background, circumstances and ML/TF risk level. Banks should also maintain proper communication with customers throughout the CDD process, and ensure the process is transparent, reasonable and efficient, in accordance with the "Treat Customers Fairly" principle.

In response to the HKMA guidance, banks have taken measures to improve the account opening process. Apart from the establishment of mechanisms to review unsuccessful applications, all retail banks currently provide a "pre-vetting" service, whereby banks accept submissions of requisite documents for account opening by applicants via email, fax or mail for pre-screening or pre-assessment before arranging face-to-face meetings with the applicants, with a view to providing greater convenience to applicants. Some banks have also set up dedicated hotlines and dedicated branches deployed with properly trained front-line staff to handle account opening matters, so as to improve customer experience.

Our response to each part of the question is as follows:

(1) The HKMA has been monitoring the account opening situation. The retail banking sector currently opens an average of about 10 000 new business accounts every month, of which some 60 per cent to 70 per cent belong to small and medium-sized enterprises (SMEs) and start-up companies (including about 2 000 accounts for non-local SMEs and start-up companies). Of the successful cases, on average some 50 per cent to 60 per cent were able to open accounts within two weeks, and some accounts could even be opened as quickly as within a few days. The exact time taken depends on the complexity of individual cases and whether the applicants can provide the requisite information. On average there are around 300 unsuccessful account opening applications relating to SMEs and start-up companies every month, of which about 170 cases are from non-local companies. The major reason for unsuccessful account opening was that the applicants did not provide the banks with the relevant information or documentary proof for conducting CDD, so that the banks could not develop a proper understanding of their business nature and operations. The average unsuccessful rate of account opening applications for the first nine months of this year is below 5 per cent,

which is an improvement from around 10 per cent in early 2016.

(2) Currently, all retail banks have established mechanisms to review unsuccessful applications upon customers' request. Since the establishment of review mechanisms, retail banks received over 80 cases from customers for review of their unsuccessful applications, of which about 30 per cent were able to open accounts after review. In about half of the cases, accounts could not be successfully opened at the end because the applicants could not provide the requisite information and documents to enable the banks' understanding of the business nature and operation of the applicants, resulting in failure to complete the due diligence process. The remaining 20 per cent of the cases either were withdrawn by the applicants or are being followed up by banks.

(3) Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, banks are required to conduct CDD before opening bank accounts. The CDD requirements have been formulated in accordance with international standards. Individual banks also establish their own account opening procedures, taking into account various factors such as business strategies and risk considerations.

LCQ14: Water dispensers in government venues

Following is a question by the Hon Yiu Si-wing and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (November 14):

Question:

Since the beginning of this year, the automatic vending machines in government venues have ceased to sell plastic bottled drinking water measuring one litre or less. In addition, the Chief Executive announced in the Policy Address she delivered last month that the Government would install more water dispensers in government venues, with a view to reducing waste at source. Nevertheless, it has been reported that *Escherichia coli* and *Staphylococcus aureus* were detected in some water samples taken from the water dispensers in venues managed by the Leisure and Cultural Services Department, arousing public concern about the quality of water from the water dispensers in government venues. In this connection, will the Government inform this Council:

(1) whether it has established any mechanism for providing sufficient water dispensers in government venues according to the number of users of the venues concerned; if so, of the details; if not, the reasons for that; and

(2) whether it has issued guidelines to require various government departments to arrange, in respect of the water dispensers in the venues under their management

(i) regular maintenance and repairs to ensure the proper functioning of such water dispensers; if so, of the details; if not, the reasons for that; and

(ii) regular water quality tests to ensure that the drinking water from such water dispensers meets hygiene standards; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government has been leading by example in adopting various waste reduction measures. For the convenience of the public and to promote environmental protection by encouraging members of the public to bring their own reusable water bottles, the Government has provided water dispensers mainly in active recreational facilities managed by the Leisure and Cultural Services Department, such as sports centres, sports grounds and swimming pools, etc. Since February 2018, sale of plastic bottled water measuring one litre or less has been progressively ceased in automatic vending machines in government venues. To further inculcate the "bring your own bottle" culture and reduce the consumption of plastic bottled water, the Chief Executive has announced in the 2018 Policy Address that the Government will install more water dispensers in government venues with public access. The initial target is to install 500 water dispensers in three years, increasing the total number of water dispensers serving the public in government venues to 3 200 units.

The following is our reply, after consultation with relevant bureaux and departments, to the Hon Yiu Si-wing's question:

(1) In providing water dispensers for public use, the main considerations of government departments are their operational needs and the specific physical situation of individual venues, rather than the number of users of the venues. Relevant works departments would assist departments that managed government venues to apply for funding upon their requests, and install water dispensers in new government venues and suitable existing government venues, subject to the actual circumstances and technical feasibility. For the 500 new water dispensers mentioned in the 2018 Policy Address, the Government would accord higher priority in installing them in existing government venues with public access and where the flow of people is high.

(2) (i) and (ii) Drinking water provided by water dispensers in government venues usually comes from tap water or water bottles.

The quality of the water supplied to the connection point at the building/lot boundary by the Water Supplies Department (WSD) conforms with the Hong Kong Drinking Water Standards (namely the Guidelines for Drinking-water Quality recommended by the World Health Organization). To ensure that

the water is safe to drink, works departments will install water dispensers and plumbing installations in accordance with the guidelines issued by the WSD and relevant legislative requirements, including Practice Guide on Carrying Out Plumbing Works and Waterworks Ordinance etc; and obtain prior approval from the WSD before putting the water dispensers into service. These water dispensers are generally equipped with filter cartridge/ UV sterilisers to ensure that the water is hygienic. Government departments that managed government venues would undertake regular maintenance, such as inspections and replacement of filter cartridge and UV sterilisers, and clean the water dispensers in accordance with the manufacturers' guidelines so as to ensure water supplied from water dispensers is hygienic without the need for water quality tests. Besides, the correct use of water dispensers by users is very important. According to the Department of Health's advice, when using water dispensers, users should avoid contacting their mouthpiece and protective guard; should not spit on them or wash hands with them to avoid contaminating the water dispensers.

As regards bottled water, government departments procure them under bulk purchase contract arranged by the Government Logistics Department. The contract has stipulated that the bottled water must comply with all the applicable legislation and standards in Hong Kong, including the Public Health and Municipal Services Ordinance and Microbiological Guidelines for Food. The supplier must conduct regular water sampling tests to ensure water safety. User government departments would arrange regular maintenance and cleansing for the water dispensers in accordance with the manufacturers' guidelines.

In case site staff of government venues spot any problems with the water dispensers such as fault, damage, rust, abnormal operation, etc, they would report to the works departments for follow up. The relevant works departments would also conduct regular inspections of water dispensers to ensure that they function properly.