

Temporary suspension of self-service library station services

The self-service library station located at Island East Sports Centre Sitting-out Area will suspend services from 10.15am on November 12 (Monday) to the end of the day to facilitate periodic inspection and system testing at the venue, a Leisure and Cultural Services Department spokesman announced today (November 7).

During the service suspension period, readers are welcome to use other public libraries to borrow or return library materials, or to use book drop services to return library materials beyond service hours. They may also renew library materials by telephoning 2698 0002 or 2827 2833 or via www.hkpl.gov.hk.

LCQ20: Capability of seawalls and breakwaters to withstand winds and waves

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

Question:

During the onslaught of super typhoon Mangkhut in Hong Kong in September this year, the coastal areas (including Hong Kong Island East near Heng Fa Chuen, Shek O, South Horizons, Sha Tin, Tseung Kwan O, Sai Kung and Sha Tau Kok) suffered severe flooding and quite a number of facilities (including roads, piers and bridges) there were damaged. Such situations have given rise to doubts over the capability of existing seawalls and breakwaters to withstand winds and waves. In this connection, will the Government inform this Council:

- (1) whether it has assessed the correlation between the serious damage to the facilities along the seafront of Tseung Kwan O South during the onslaught of Mangkhut and the capability of the seawall there to withstand winds and waves; if so, of the outcome and follow-up measures; if not, the reasons for that;
- (2) of the design standards adopted for the existing seawalls and

breakwaters; when such standards were formulated, and the date on which such standards were last updated; and

(3) whether it will conduct a comprehensive review of the design standards for the construction of seawalls and breakwaters so as to strengthen the capability of such facilities to withstand winds and waves; if so, of the details and timetable; if not, the reasons for that?

Reply:

President,

The geographical position of Hong Kong makes it susceptible to weather-related threats such as tropical cyclone, rainstorm and storm surge. In particular, some low-lying coastal or windy locations are vulnerable to seawater inundation caused by extreme storm surges or huge waves, and consequential damage to facilities situated near the seaside. As climate change goes drastic, threats induced by extreme weather are expected to be more frequent and severe. Attaching great importance to climate change, the Government established in April 2016 the Steering Committee on Climate Change under the chairmanship of the Chief Secretary for Administration. Besides, the Civil Engineering and Development Department (CEDD) has established the Climate Change Working Group on Infrastructure to co-ordinate the work among various works departments on tackling climate change, actively conduct relevant studies, align design standards, and uplift the resilience of major public infrastructures.

Having consulted relevant departments, I provide below a consolidated reply to the three parts of the Hon Yung's question:

(1) During the passage of a typhoon, waves approaching shores may overtop seawalls. On September 16 this year, the maximum sustained winds near the centre of Mangkhut was 195 kilometres per hour (km/h), higher than the same of 1962's Wanda, 1971's Rose and last year's Hato (which were all 185 km/h), thus intensifying the severity of overtopping waves. As a result, some low-lying coastal or windy locations were exposed to threats of seawater inundation, causing different levels of damage to seaside facilities.

As far as the southern seaside of Tseung Kwan O is concerned, during the passage of Mangkhut, huge waves rolled up by strong winds overtopped the seawall, inundated the promenade and waterfront park, and caused damage to some facilities at the seaside. Nevertheless, the structural integrity of the seawalls were not severely affected by the wave attack of Mangkhut. The relevant seawall structure comply with the design standards set out in the Port Works Design Manual published between 2002 and 2004 by the Civil Engineering Department (CED) .

(2) The CED published the Port Works Manual in 1992 to provide general technical and application guidance for professionals engaging in the design, construction and maintenance of port structures in Hong Kong. In 2002 to 2004, the CED published the Port Works Design Manual. The manual is divided

into five sections, namely General Design Considerations for Marine Works; Guide to Design of Piers and Dolphins; Guide to Design of Reclamation; Guide to Design of Seawalls and Breakwaters; and Guide to Design of Beaches. In view of the potential impact on marine works in Hong Kong due to climate change, the CEDD (note: the former Civil Engineering Department and the former Territory Development Department merged into the Civil Engineering and Development Department in 2004) updated the Port Works Design Manual in January this year, incorporating projections of rise in mean sea levels and increase in wind speed due to climate change. The CEDD will continue to make reference to the latest climate change projections, and to collect updated weather data. In collaboration with the Hong Kong Observatory in monitoring the latest situation, the CEDD will review and update design standards set out in the Port Works Design Manual in a timely manner in order to enhance the resilience of marine works against wave impacts.

(3) The CEDD will commission a consultancy study for a period of 18 to 24 months to conduct a comprehensive review on low-lying coastal and windy locations, and carry out relevant investigations on storm surge and wave, so as to assess the impacts of extreme weather. Based on the findings of the study, the Government will review if it is necessary to update relevant design standards set out in the Port Works Design Manual, and formulate appropriate protection measures including options of improvement works and management measures to strengthen the resilience to wave impacts at the coastal areas. The Government will carry out a multi-pronged assessment on the suggestions of flood prevention strategy to identify long-term solutions to problems caused by huge waves.

Auction for Che Kung Festival Fair stalls to be held on November 21

The Food and Environmental Hygiene Department (FEHD) announced today (November 7) that a public auction for stalls at the 2019 Che Kung Festival Fair will be held on November 21 (Wednesday).

The annual fair will be held for 18 days from February 2 to February 19, 2019, at Chui Tin Street Soccer Pitch in Sha Tin. The upset bidding prices for the 44 dry goods stalls and four wet goods stalls are \$4,620 and \$1,100 respectively.

The auction will begin at 9.30am at Wo Che Community Hall, Wo Che Estate, Sha Tin. Dry goods stalls will be auctioned first, followed by wet goods stalls.

Bidders must be at least 18 years old and ordinarily resident in Hong Kong.

Anyone can bid for more than one stall. A bidder must pay the bid price and register in person with his or her own name as the licensee of the stall immediately after successfully bidding for a stall. The bidder is also required to sign at once a licence agreement with the FEHD, or will forfeit the rights to operate the stall.

Stall licensees should not destroy, damage or abandon any unsold commodities at and in the vicinity of the stall. They shall completely remove the stall structure and all paraphernalia, together with all refuse, debris and unsold commodities (whether damaged or otherwise) from the licensed area before 10pm on February 19, 2019.

For more information about the auction, please call the FEHD's Sha Tin District Environmental Hygiene Office at 2634 0134. Details are also available on the FEHD website at www.fehd.gov.hk.

LCQ21: Support for small and medium enterprises

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

Question:

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

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

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

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

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

Reply:

President,

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

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

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

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

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

(3) Under the SME Loan Guarantee Scheme (SGS), the Government provides up to 50 per cent loan guarantee to SMEs to help them secure loans from the participating lending institutions for acquiring business installations and equipment or as general working capital. Since its launch in 2001 and up to

end September 2018, 31 405 applications have been approved, involving a guarantee amount of about \$25.6 billion and benefitting over 16 000 SMEs. The number of applications received in the third quarter of 2018 (221 applications) has increased by 19 per cent as compared to the same period last year.

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

We will continue to closely monitor and review the operations of the SGS and the EMF from time to time, and will make adjustments where necessary to assist SMEs in obtaining financing and expanding their markets outside Hong Kong.

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

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

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

LCQ11: Collision incident near Lamma Island in 2012

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

Question:

On October 1, 2012, two vessels, namely Sea Smooth and Lamma IV, collided near the waters of Lamma Island, killing 39 and injuring 92 people. After conducting an inquiry into the incident, the Commission of Inquiry (CoI) appointed by the Government in the same month under the Commissions of Inquiry Ordinance (Cap. 86) issued its report (CoI Report), revealing that there had been negligence and faults on the part of Marine Department officers who had failed to act in accordance with the law in the vetting and approval of vessel drawings as well as surveying vessels, etc. The Transport and Housing Bureau set up an internal investigation team and the Steering Committee on Systemic Reform of the Marine Department in 2013 to undertake an internal investigation and a systemic reform of the Marine Department respectively. In this connection, will the Government inform this Council:

- (1) whether it knows the extent of the damage to Sea Smooth (together with photos showing the damage to the hull);
- (2) given that the photo in Appendix 9 to the CoI Report shows that there were two keelson holes on the lowest deck of Lamma IV after the collision, whether the Government knows the causes of the holes; if they were caused by the crash with Sea Smooth, (i) which part of Sea Smooth was involved in the crash that caused the holes, (ii) how the crash caused the keelson holes on Lamma IV, and (iii) of the respective hull materials used in the parts of the two vessels that crashed;
- (3) whether it knows if there were any construction irregularities in respect of Lamma IV; if there were, of the construction irregularities, and whether it has conducted an investigation after the collision incident to see if there are construction irregularities in respect of other passenger vessels; if it has and the result is in the affirmative, of the Government's follow-up actions;
- (4) whether Lamma IV was required under regulations to be installed with a watertight door; if so, when the Government learnt that Lamma IV had not been installed with a watertight door and what follow-up actions it took, and whether any punishment has been imposed on the officials responsible for the vetting and approval of the relevant drawings and surveying the vessel;
- (5) whether it knows the survey records of Sea Smooth from its launch to the

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

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

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

Reply:

President,

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

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

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

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

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

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

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

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

(6) In early 2014, the Internal Investigation Team (Team) of the Transport and Housing Bureau (THB) completed the investigation work on the possible

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

(7) To follow up on the CoI's views and recommendations, the then Secretary for Transport and Housing set up the Steering Committee on Systemic Reform of the Marine Department (the Steering Committee) in May 2013 to advise and steer the Director of Marine to undertake a comprehensive systemic review and reform of the MD with a focus on three areas of work, namely the regulation of passenger safety and local vessels, the MD's business processes and operational procedures, and the MD's manpower strategy and training matters. The Steering Committee issued its final report in April 2016 (the Final Report), concluding its work and setting out the next steps and general directions of the MD's reform. The MD has been proactively following up on the various recommendations of the CoI and the Steering Committee.

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

On the recommendation to introduce a periodic revalidation requirement in the certification of coxswains, the MD is of the view that, while there

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

With respect to the business processes and operational procedures, the MD had completed an organisational review in two phases and had implemented the recommendations of the review, such as enhancing communication between frontline staff and management, developing systems and procedures to improve reporting and documentation, and using information technology to improve the storage and sharing of information, etc. After completing the two-phase organisational review, the MD had progressively applied the reform measures to other divisions, notably the Government Fleet Division which takes up over 40% of both the manpower and resources of the whole department, in order to address inadequacies in their business processes and operational procedures. The MD will continue with the comprehensive internal audit and compliance mechanism in the other divisions to ensure that the good practices introduced would be sustained and fully complied with.

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