

**21st Business Liaison Group Meeting
with the Hotel Trade**

Date: 2 February 2016 (Tuesday)
Time: 2:30 p.m.
Venue: Conference Room 5, G/F, Tamar Central Government Offices, Admiralty
Convenor: Mr CHAN Wah-chan Head, Business Facilitation Division,
Economic Analysis and Business Facilitation Unit

Trade Attendees:

Federation of Hong Kong Hotel Owners (FHKHO)

Mr Michael LI Executive Director
Miss Stephenie FUNG Assistant to Executive Director
Mr C.K. LAM Representative of FHKHO

Acesite Knutsford Hotel

Mr Jeff MA Sales Manager

Caritas Hospitality Services

Ms Candy CHAN Lodge Manager
Mr Tony NG Project Officer

Chinachem Group

Mr Christopher CHAN Licensing Manager

Dorsett Hospitality

Ms Winnie CHIU President and Executive Director

Kings De Nathan Hotel

Mr Ken KWAN Director
Ms Janet KWAN Manager
Ms Molly CHAN Administrative Secretary

Oriental Lander Hotel

Mr K.C. LAI Managing Director

Government Representatives:

Home Affairs Department (HAD)

Mr AU Wing-hung Chief Officer (Licensing Authority)
Mr Paul HEUNG Building Surveyor (Licensing Authority)

Buildings Department (BD)

Mr Colin CHENG Senior Building Surveyor/New Territories West 2
Ms Angel LAI Building Surveyor/Licensing (Special Duties)

Electrical & Mechanical Services Department (EMSD)

Mr K.W. KONG Senior Engineer/Energy Efficiency/B5
Mr Chris CHAN Engineer/Energy Efficiency B7/1

Economic Analysis and Business Facilitation Unit (EABFU)

Mr Peter FUNG Chief Management Services Officer (Business Facilitation)²
(Secretary)
Miss Jenny YEUNG Business Facilitation Officer

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The **Convenor** welcomed all to the meeting. He said that the notes of the last meeting had been posted to the Business Facilitation Initiatives website (http://www.gov.hk/tc/theme/bf/pdf/H_BLG_20_Notes.pdf) for trade's reference.

Agenda Item 1 - Briefings by Government department

1.1 Implementation of new administrative enhancement measures for hotels following the Review of the Hotel and Guesthouse Accommodation Ordinance (Cap. 349)

2. **Mr Paul HEUNG** gave a briefing on the subject with his presentation slides at Annex 1. He highlighted that to enhance the safety and management of the premises licensed under Cap.349, the Hotel and Guesthouse Accommodation Authority (i.e. the Secretary for Home Affairs) had introduced the following enhancement measures with effect from 28 December 2015 -

- (a) a third party risks insurance (public liability insurance) policy was required to be procured by the licensee of hotel/guesthouse;
- (b) a 24-hour manned counter was required to be installed at the licensed guesthouse (general); and
- (c) four different forms of licences would be issued on the basis of the approved use of the premises.

The above measures (a) and (c) were applicable to all premises being used as hotels and guesthouses under Cap.349, while measure (b) was only applicable to licensed guesthouses (general). For details of the measures, reference could be made to the "Guideline on New Licensing Requirements under the Hotel and Guesthouse Accommodation Ordinance" (http://www.hadla.gov.hk/filemanager/en/docs/hotel_20151211b_eng.pdf).

3. **Mr Michael LI** remarked that hotels were already providing 24-hour manned counter. Apart from the new administrative enhancement measures, there should be legislative amendment on Cap. 349 to allow the licensing authority more power to combat unlicensed guesthouses. He said that the trade supported the legislative amendment and enquired about the time frame of taking forward this initiative. **Mr AU** said that HAD was drafting the legislative amendment proposals. HAD would put forward to the Legislative Council for consideration when ready.

4. **Mr Ken KWAN** opined that since most of the transactions related to the booking of unlicensed guesthouses were completed through the Internet and did not involve cash, it would be difficult for the licensing authority to collect enough evidence for taking enforcement actions against unlicensed guesthouses. **Mr AU** said that the proposed Cap.349 amendment would address the issue in a two-pronged approach. On

one hand the collection of evidence would be simplified, making it easier to instigate prosecution against the owners and operators of the unlicensed guesthouses. On the other hand, the penalty options would be strengthened for better deterrent effect, for example, the licensing authority could apply to the Court to issue a Closure Order against the premises involved in unlicensed guesthouse operation.

1.2 Implementation of the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) (Amendment) Regulation 2015 relevant to hotels

5. **Mr Colin CHENG** gave a briefing on the subject with his presentation slides at Annex 2. **Mr CHENG** highlighted that the Amendment Regulation was fully implemented on 14 December 2015 and covered the following area –

- introduction of new categories of building uses;
- enhancement of the standards for the provision of more female sanitary fitments;
- rationalisation of the standards for restaurants; and
- other technical amendments and drafting changes.

6. **Mr CHENG** also pointed out that the Amendment Regulation was applicable to nine categories of building uses. Out of the nine uses, four could be commonly found in a hotel building, namely, residential building, office/places of work, restaurants and shopping arcades. Under the Amendment Regulation, the hotel trade should provide sanitary fitments according to the new male to female ratio and increase in provision for female for each of the four categories of building uses in respect of new hotel buildings. For existing hotel buildings, the Amendment Regulation was only applicable to major renovations when there was extension or change in use of the building uses.

7. **Mr LI** opined that the hotel industry supported the Amendment Regulation in respect of the provision of more female toilets. He enquired whether BD would provide any compensation in the form of Gross Floor Area (GFA) for new hotel development projects to meet the new requirements of sanitary fitments. **Mr CHENG** confirmed that there was no such compensation under the Amendment Regulation.

8. In response to Mr LI, **Mr CHENG** clarified that the Amendment Regulation would only be applicable to renovations under at least one of the following two conditions, (1) when there was extension: for example, when an existing hotel was enlarged by including more area/building and became one unified hotel, or when the shopping arcade was extended by including another floor and became unified as one shopping arcade; or (2) when there was change in building use: for example, when an office floor was changed into a guestroom floor, or when a restaurant floor was changed into a shopping arcade. He further elaborated that when a restaurant floor was swapped with a shopping arcade floor, the Amendment Regulation would be applicable to both floors because both the restaurant and shopping arcade were covered by the Amendment Regulation, and the swapping would be deemed as changes in building uses on both floors.

9. **Mr LI** opined that the hotel trade should not be held responsible for providing extra sanitary fitments for the renovations of restaurants or shopping arcades etc. that

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were not covered by the hotel licence. **Mr CHENG** said that under the Amendment Regulation, different parts of a building would be required to comply separately according to its building use. Hotel operator would not be held responsible for areas not covered by the hotel licence. If the shopping arcades and restaurants belonged to the hotel, the hotel operator should consider carefully before making any changes to these areas because such changes would be subject to the application of the Amendment Regulation.

10. **Mr C.K. LAM** said that it was common for a hotel to apply for one general restaurant licence which covered several restaurant outlets in the hotel building, and one set of sanitary fitments was shared among these outlets. He enquired whether the shared sanitary fitments should be upgraded to the new standard under the Amendment Regulation if one of these outlets was to undergo alteration works. **Mr CHENG** reiterated that the Amendment Regulation would only be applicable to alterations which involve extension or change in building use. The Amendment Regulation was not applicable to internal alteration of a restaurant outlet.

11. **Mr CHENG** advised the meeting that should the trade face insurmountable difficulties when complying with the Amendment Regulation, they could apply for exemption with justification with the Building Authority. BD would take a pragmatic approach in considering the application on a case-by-case basis. The trade were welcomed to contact the BD's hotline for further enquires.

Agenda Item 2 - New issue*Compliance requirements of commercial buildings being converted to hotels under the Buildings Energy Efficiency Ordinance (Cap. 610)*

12. The **Secretary** said that the Buildings Energy Efficiency Ordinance (Cap. 610) (BEEO) was enacted in 2012 to regulate building energy efficiency in respect of the four building service installations (BSIs), namely, air-condition installations, lighting installations, electrical installations, and lifts/escalators installations. When some hotel operators were converting existing commercial buildings into hotel buildings, advisory letters were received from EMSD requiring them to conduct energy audits on the buildings concerned. The trade would like to know whether energy audits were required for hotel buildings, and if yes, the requirements for compliance. The trade was also concerned that it was difficult to hire Registered Energy Assessors (REAs) for the compliance service as the number of REAs available in the market was limited and the REA contact information available at the BEEO's website was inadequate.

13. In response to the trade's concerns, **Mr Chris CHAN** gave a brief presentation on the Buildings Energy Efficiency Ordinance with his presentation slides at Annex 3. Under the BEEO, "hotel" referred to the hotel premises licensed under the Hotel and Guesthouse Accommodation Ordinance. For new purpose built hotels, they were required to comply with the Building Energy Code (BEC) on energy efficiency standards. For hotel being converted from existing building (without demolishing the whole building), it would be required to partially comply with the BEC in respect of the

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major retrofitting works done on the BSIs. When existing hotel undergo major retrofitting works, they would also be required to comply with BEC. As regard to carrying out energy audit, hotels, whether purpose built or by conversion, were not required to carry out energy audit when the hotel licence covered the entire hotel.

14. **Mr Chris CHAN** said that EMSD issued advisory letters to commercial building owners reminding them to carry out energy audit in accordance with the timeframe as set out under schedule 5 of the BEEO, and the advisory letter was issued in accordance with the occupation permit record. As such, it was possible for an owner of a hotel building being converted from a commercial building to receive such advisory letter. The owner could apply for exemption by informing EMSD the status of the building, providing the layout plan which showed the hotel licensing area, non-hotel area, and the BSIs therein etc. The trade should also provide a time frame for the completion of the hotel conversion for EMSD's consideration.

15. **Mr Chris CHAN** advised that the contact information for the about 850 REAs posted on BEEO's website was provided by the REAs on a voluntary basis. He further advised that the BEEO did not mandate the appointment of an independent REA. As such, hotels could include an REA into its project team to provide the service. For example, the REA could be one of the members of the design team, or engaged under the architect or electrical and mechanical designer, or engaged under the project manager. Alternatively, the trade could hire the REA through its installation contractor (e.g. engage the REA under the air-conditioning installation contractor). In accordance with the prevailing communication channels with various stakeholders, it was revealed that there was no difficulty in engaging REA to carry out the certification works as required by the BEEO. For more information on BEEO and REA etc., the trade could browse the BEEO's website at (<http://www.beeo.emsd.gov.hk>).

16. **Mr LI** remarked that upon the completion of a new hotel building project, it should have complied with all the requirements as set out by the BEEO, and the Environment Bureau had agreed that all hotels were exempted from the energy audit during the introduction of the BEEO. **Mr Chris CHAN** said that if the whole building was covered by a hotel licence, such building was not regarded as commercial building and then it would not be required to carry out energy audit.

17. **Ms Molly CHAN** enquired whether EMSD would request a hotel building converted from a commercial building to provide separate energy audit report in respect of the lift/escalator installations and lighting installations. **Mr Chris CHAN** advised that if BSIs were involved in the conversion works and if the works were regarded as the major retrofitting works as defined under the BEEO, the trade had to submit a Form of Compliance through the REA for such BSIs certifying that they were in compliance with the BEC on energy efficiency standards.

18. **Mr LI** asked whether energy audit was required for the staircases of a building which were shared by another building partially covered by a hotel licence. **Mr Chris CHAN** responded that under the BEEO, only the parts of the building which were covered by the hotel licence would be considered as "hotel" and those areas not covered under the hotel licence may be regarded as the commercial portion of the building. The

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requirement about energy audit was applicable to the central BSI solely serving the commercial portion of the building. For the above mentioned staircase, if the central BSI was in the share use between the hotel and commercial portions, the requirement about energy audit became **not** applicable.

Agenda Item 3 - Date of the next meeting

19. The **Convenor** said that the secretariat would inform the trade of the date of the next meeting in due course.

**Economic Analysis and Business Facilitation Unit
February 2016**