

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1054/18-19  
(These minutes have been seen  
by the Administration)

Ref : CB1/SS/9/18

**Subcommittee on Rating (Exemption) Order 2019**

**Minutes of the first meeting on  
Tuesday, 26 March 2019, at 10:45 am  
in Conference Room 2A of the Legislative Council Complex**

**Members present** : Hon Holden CHOW Ho-ding (Chairman)  
Hon WONG Ting-kwong, GBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon WU Chi-wai, MH  
Hon CHAN Chi-chuen  
Dr Hon KWOK Ka-ki  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Hon SHIU Ka-fai  
Hon CHAN Chun-ying, JP  
Hon AU Nok-hin

**Public officers attending** : Mr Andrew LAI, JP  
Deputy Secretary for Financial Services and the  
Treasury (Treasury)<sup>2</sup>

Ms Pecvin YONG  
Principal Assistant Secretary for Financial Services and  
the Treasury (Treasury)(R1)

Mr IP Pak-keung  
Deputy Commissioner (Ag.)  
Rating and Valuation Department

Ms Amy CHAN  
Senior Assistant Law Draftsman (Ag.)  
Department of Justice

**Clerk in attendance :** Ms Connie SZETO  
Chief Council Secretary (1)4

**Staff in attendance :** Ms Wendy KAN  
Assistant Legal Adviser 6

Miss Sharon LO  
Senior Council Secretary (1)9

Ms Sharon CHAN  
Legislative Assistant (1)4

Ms Vivian CHAN  
Clerical Assistant (1)4

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Action

**I Election of Chairman**

Election of Chairman

Mr CHAN Hak-kan, the member with the highest precedence among those who were present at the meeting, presided over the election of the Chairman of the Subcommittee and invited nominations for the chairmanship of the Subcommittee.

2. Mr Holden CHOW was nominated by Mr Christopher CHEUNG and the nomination was seconded by Mr CHAN Chun-ying. Mr Holden CHOW accepted the nomination. There being no other nomination, Mr CHAN Hak-kan declared that Mr Holden CHOW was elected the Chairman of the Subcommittee. Mr CHOW then took the chair.

3. Members agreed that there was no need to elect a Deputy Chairman.

**II Meeting with the Administration**

(LC Paper No. CB(1)759/18-19(01) — Administration's paper on Rating (Exemption) Order 2019)

Action

Relevant papers

(L.N. 28 of 2019	— Rating (Exemption) Order 2019
LC Paper No. LS54/18-19	— Legal Service Division Report
LC Paper No. CB(1)759/18-19(02)	— Background brief prepared by the Legislative Council Secretariat)

Discussion

4. The Subcommittee deliberated (Index of proceedings attached at **Appendix**).

Follow-up action to be taken by the Administration

5. The Administration was requested to provide information on the top 10 ratepayers who were estimated to receive the largest amounts of rates concession in 2019-2020.

*(Post-meeting note: The Administration's written response was issued to members vide LC Paper No. CB(1)797/18-19(01) on 27 March 2019.)*

**III Any other business**

Invitation of views

6. Members considered it unnecessary for the Subcommittee to meet with deputations for views on the Rating (Exemption) Order 2019 ("the 2019 Order").

Legislative timetable

7. The Chairman concluded that the Subcommittee had completed the scrutiny of the 2019 Order and would not propose amendments to the Order.

8. The Subcommittee noted that the scrutiny period of the 2019 Order would expire at the Council meeting of 17 April 2019, and the deadline for giving notice of motion to amend the Order would be 10 April 2019. The

Action

Chairman would make a verbal report on the deliberations of the Subcommittee at the House Committee meeting on 29 March 2019.

9. There being no other business, the meeting ended at 11:57 am.

Council Business Division 1  
Legislative Council Secretariat  
10 May 2019

**Proceedings of the first meeting of  
the Subcommittee on Rating (Exemption) Order 2019  
on Tuesday, 26 March 2019, at 10:45 am  
in Conference Room 2A of the Legislative Council Complex**

Time Marker	Speaker	Subject(s)	Action Required
<b>Agenda item I — Election of Chairman</b>			
000428 – 000531	Mr CHAN Hak-kan Mr Christopher CHEUNG Mr CHAN Chun-ying Mr Holden CHOW	Election of Chairman	
<b>Agenda item II — Meeting with the Administration</b>			
000532 – 000959	Chairman Administration	Briefing by the Administration on the Rating (Exemption) Order 2019 ("the 2019 Order")  [LC Paper No. CB(1)759/18-19(01)]	
001000 – 001554	Chairman Mr WONG Ting-kwong Administration	Mr WONG conveyed the Democratic Alliance for the Betterment and Progress of Hong Kong's support for the 2019 Order, and expressed the following views –  (a) in view of public concerns over the current rates concession mechanism, the Administration reviewed the mechanism last year and consulted the Panel on Financial Affairs ("FA Panel") on a number of options for modifying the mechanism;  (b) given that Panel members had diverse views over the Administration's proposed option and members' concern that the proposed changes might arouse more public controversies, the Administration had shelved the proposal to modify the mechanism; and hence the implementation arrangement for providing rates concession in 2019-2020 was same as before;	

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		<p>(c) the Administration should consider whether it was appropriate to continue providing rates concession as a relief measure and consider any other feasible alternatives for relief purpose in future budgets; and</p> <p>(d) the Housing Authority ("HA"), instead of property developers, might have received the largest amounts of the rates concession. The concession received by HA would be rebated to the tenants of the public rental housing ("PRH") units who were responsible for rates payment. It was fair that when ratepayers pay rates, they should benefit from rates concession.</p> <p>The Administration responded that –</p> <p>(a) rates concession was an effective way to provide one-off relief to a wide spectrum of Hong Kong people;</p> <p>(b) the proposed rates concession in 2019-2020 would benefit all properties (about 3.29 million) liable to rates payment including non-domestic properties, and PRH estates, markets and shopping centres owned by HA. HA would rebate the rates concession to the tenants;</p> <p>(c) at present, more than 50% of the tenancy agreements of non-residential properties were of rates exclusive basis, meaning that the owners of these properties would rebate the rates concessions to the tenants concerned in accordance with the provisions of tenancy agreements; and</p> <p>(d) Mr WONG's views on whether to provide rates concession in future budgets would be conveyed to the Financial Secretary ("FS").</p>	

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001555 – 002427	Chairman Mr CHAN Chi-chuen Administration	<p>Mr CHAN said that he was opposed to the proposed rates concession measure. He had the following views and enquiries –</p> <ul style="list-style-type: none"> <li>(a) the distribution of rates concession among ratepayers across-the-board (including property developers and owners with multiple properties, especially those with a large number of non-residential properties, etc.) was not in line with the objective of relieving people's burden as stated in FS's speech of the 2019-2020 Budget;</li> <li>(b) certain properties such as automatic teller machines or advertising light boxes should be excluded from the rates concession measure;</li> <li>(c) whether the Administration would continue reviewing the current rates concession mechanism so as to ensure that the measure would focus on the needy more; and</li> <li>(d) the Administration should provide information on the top 10 ratepayers who were estimated to receive the largest amounts of rates concession in 2019-2020.</li> </ul> <p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) the Administration had studied a number of options for modifying the current rates concession mechanism and consulted FA Panel in December 2018;</li> <li>(b) after considering the pros and cons of the options and their implications on the existing beneficiaries of the rates concession measure, Panel members requested the Administration to shelve the proposal of modifying the rates concession mechanism;</li> </ul>	<p>The Administration to take action as per paragraph 5 of the minutes</p>

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		<p>(c) the proposed rates concession for 2019-2020 would benefit about 800 000 tenants of PRH estates (with an average rates payment of \$3,276 in 2019-2020), and about 98% of them would not need to pay any rates in 2019-2020;</p> <p>(d) the top 10 ratepayers who were estimated to receive the largest amounts of rates concession in 2019-2020 would receive about \$170 million rates concession in total, involving around 38 000 rateable properties;</p> <p>(e) rates concession was implemented on an equal-footing basis in that the measure benefited all ratepayers and on tenement basis, regardless of the type (domestic or non-domestic) of the relevant properties; and</p> <p>(f) it would be unfair and might be difficult to exclude certain types of properties from rates concession as such properties were all subject to rates payment.</p>	
002428 – 003254	Chairman Mr WU Chi-wai Administration	<p>Mr WU questioned the effectiveness of the rates concession measure in relieving people's burden, in particular the grassroots and the needy. He opined that –</p> <p>(a) completed but unsold residential properties held by developers and owners with a large number of non-residential properties should be excluded from rates concession; and</p> <p>(b) the Administration should ensure that property owners would rebate the rates concession to the tenants if the latter were responsible for paying rates.</p>	



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		<p>The Administration responded that –</p> <ul style="list-style-type: none"> <li>(a) the Administration noted the concerns expressed by some members of the public and individual Members of the Legislative Council over the rates concession mechanism;</li> <li>(b) the Administration welcomed any new proposals for making improvement to the existing rates concession mechanism;</li> <li>(c) Mr WU's views regarding rates on completed but unsold residential properties held by developers would be conveyed to the Transport and Housing Bureau which was preparing an amendment bill to introduce "Special Rates" on vacant first-hand private residential units;</li> <li>(d) HA would rebate the rates concession to the tenants of PRH units and commercial properties; and</li> <li>(e) over 80% of the tenancies of the estimated top 10 ratepayers in 2019-2020 were of rates exclusive basis, meaning that most of the rates concessions would be rebated to the tenants concerned in accordance with the tenancy agreements.</li> </ul>	
003255 – 003811	Chairman Mr CHAN Chun-ying Administration	<p>Mr CHAN's views were as follows –</p> <ul style="list-style-type: none"> <li>(a) some FA Panel members had expressed reservation for the Rating and Valuation Department ("RVD") to invest \$200 million to \$300 million to develop and maintain a new property ownership system for implementing a revised rates concession mechanism; and</li> <li>(b) with the development of Open Application Programming Interfaces</li> </ul>	

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		<p>and the initiative to pursue electronic government, whether RVD would consider using new technologies to develop a similar property ownership database so as to pave the way for making modifications to the rates concession mechanism in the future.</p> <p>The Administration explained that –</p> <ul style="list-style-type: none"> <li>(a) at present, the valuation and collection of rates were based on tenements, and hence RVD only maintained basic information of the ratepayers for the purposes of assessing rateable value of tenements and issuing quarterly demand notes for rates payment, without other identification information, and did not collect information on the owners of the tenements;</li> <li>(b) owing to the concern about protection of privacy of personal data, there were legal restrictions for departments to share their data collected from the public when discharging their duties; and</li> <li>(c) departments were under statutory requirement to specify the purpose(s) of collecting information from the public, and were prohibited from using the information collected for other purposes.</li> </ul>	
003812 – 004507	Chairman Mr CHAN Chi-chuen Administration	<p>Mr CHAN's views and enquiries were as follows –</p> <ul style="list-style-type: none"> <li>(a) the Administration should develop a property ownership database to pave the way for making modifications to the rates concession mechanism in the future; and</li> <li>(b) how the Administration would enhance RVD's information system for</li> </ul>	

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		<p>collecting and maintaining information on property ownership.</p> <p>The Administration responded that –</p> <p>(a) RVD issued the Requisition for Particulars of Tenements ("the requisition form") from time to time for collecting information relating to tenements, and based on the latest information available, over 80% of the tenancies of the top 10 ratepayers estimated to receive the largest amounts of rates concession in 2019-2020 were of rates exclusive basis; and</p> <p>(b) ratepayers were obliged to provide accurate information and return the requisition form to RVD.</p>	
004508 – 005636	Chairman Mr WONG Ting-kwong Administration	<p>Mr WONG suggested that RVD should modify the requisition form and enhance RVD's information system to collect information on the ownership of properties.</p> <p>The Administration responded that –</p> <p>(a) the requisition form required the ratepayers, who could be the owners, occupiers, or agents of the owners of the tenements, to provide the leasing information of the tenements; and</p> <p>(b) RVD did not collect information on the identity of the owners of the tenements, which was not essential for carrying out rates assessment and collection of rates. RVD would need to develop a property ownership system for capturing and maintaining information on the ownership of properties if such information was to be collected.</p> <p>The Chairman opined that RVD should consider enhancing its information system and using big data in the collection and</p>	

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		collation of information with a view to developing a comprehensive database on property ownership.	
005637 – 011040	Chairman Dr KWOK Ka-ki Administration	<p>Dr KWOK's views were as follows –</p> <p>(a) RVD should modify the requisition form to collect information on the ownership of properties, and a disclaimer could be included in the form stating the purposes for collecting the information and the possible parties that the information would be disclosed to; and</p> <p>(b) RVD should enhance its system for capturing and maintaining information on property ownership.</p> <p>The Administration reiterated that –</p> <p>(a) the valuation and collection of rates were based on tenements, modifying the current rates concession approach to provide rates concession on an ownership basis would imply the need to make a fundamental change to the rates collection system; and in order to facilitate the change, RVD had to set up a new computer system for capturing property ownership information and to put considerable resources to keep track of changes in ownership;</p> <p>(b) some members of FA Panel had expressed reservation about the amount of resources required for implementing the revised rates concession mechanism and considered this not in line with the "value for money" principle; and</p> <p>(c) there were legal restrictions for departments to share their data collected from the public, e.g. section 4 of the Inland Revenue Ordinance (Cap. 112) stipulated that the</p>	

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		information collected by the Inland Revenue Department was for the purpose of tax assessment, and the Department was prohibited from using or sharing its data collected for other purposes.	
<b>Clause-by-clause examination of the subsidiary legislation</b>			
011041 – 011240	Chairman Administration	<b>Rating (Exemption) Order 2019 (L.N. 28 of 2019)</b>  <u>Section 1 – Commencement</u>  <u>Section 2 – Interpretation</u>  <u>Section 3 – Exemption from payment of rates</u>  <i>Explanatory Note</i>  Members did not raise question on the 2019 Order.	
<b>Agenda item III — Any other business</b>			
011241 – 011540	Chairman Mr WONG Ting-kwong Assistant Legal Adviser 6	Legislative timetable	