

**立法會**  
*Legislative Council*

LC Paper No. CB(1)923/19-20  
(These minutes have been seen  
by the Administration)

Ref : CB1/BC/2/19

**Bills Committee on Rating (Amendment) Bill 2019**

**Minutes of first meeting held on  
Monday, 15 June 2020, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

- Members present** : Hon Jeffrey LAM Kin-fung, GBS, JP (Chairman)  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Jimmy NG Wing-ka, BBS, JP  
Hon SHIU Ka-fai, JP  
Hon CHAN Chun-ying, JP  
Hon LUK Chung-hung, JP  
Hon LAU Kwok-fan, MH  
Hon Tony TSE Wai-chuen, BBS
- Members absent** : Hon Steven HO Chun-yin, BBS  
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public Officers  
attending**

: Agenda item II

Transport & Housing Bureau

Mrs Alice CHEUNG, JP  
Deputy Secretary for Transport & Housing  
(Housing)/Deputy Director of Housing (Strategy)  
Housing Department

Miss Joyce KOK  
Principal Assistant Secretary (Housing) (Private  
Housing)/Assistant Director (Private Housing)  
Housing Department

Miss Tracey LI  
Senior Administrative Officer (Private Housing)1  
Housing Department

Rating and Valuation Department

Mr IP Pak-keung, JP  
Assistant Commissioner (Rating and Valuation)

Ms Kelly LAM  
Principal Valuer (Rating Division)

Department of Justice

Ms Rayne CHAI  
Senior Assistant Law Draftsman

Mr Gary LI  
Senior Government Counsel (Acting)

**Clerk in attendance** : Mr Derek LO  
Chief Council Secretary (1)5

**Staff in attendance** : Ms Vanessa CHENG  
Assistant Legal Adviser 5

Ms Anki NG

Council Secretary (1)5

Ms Michelle NIEN  
Legislative Assistant (1)5

---

Action

**I Election of Chairman**

Mr Abraham SHEK, the member who had the highest precedence in the Council among members of the Bills Committee on Rating (Amendment) Bill 2019 ("the Bills Committee") present at the meeting, presided over the election of Chairman of the Bills Committee. He invited nominations for the chairmanship.

2. Mr CHAN Hak-kan nominated Mr Jeffrey LAM and the nomination was seconded by Mr Christopher CHEUNG. Mr Jeffrey LAM accepted the nomination. There being no other nomination, Mr Jeffrey LAM was declared Chairman of the Bills Committee. Mr LAM took the chair.

3. Members agreed that it was not necessary to elect a Deputy Chairman.

**II Meeting with the Administration**

(LC Paper No. CB(3)811/18-19	— The Bill
File Ref: HDCR4-3/PH/10-5/30	— Legislative Council Brief issued by the Transport and Housing Bureau
LC Paper No. LS4/19-20	— Legal Service Division Report
LC Paper No. CB(1)751/19-20(01)	— Mark-up copy of the Bill prepared by the Legal Service Division (Restricted to members only)
LC Paper No. CB(1)751/19-20(02)	— Assistant Legal Adviser's letter dated 8 November 2019 to the Administration
LC Paper No. CB(1)751/19-20(03)	— Assistant Legal Adviser's letter dated 13 May 2020 to the Administration

- LC Paper No. CB(1)751/19-20(04) — Letter from the Administration dated 9 June 2020 responding to the letters from Assistant Legal Adviser dated 8 November 2019 and 13 May 2020
- LC Paper No. CB(1)751/19-20(05) — Paper on Rating (Amendment) Bill 2019 prepared by the Legislative Council Secretariat (background brief)

4. The Bills Committee deliberated (index of proceedings in the **Appendix**).

Time constraints for scrutinizing the Bill

5. Members noted that if the Second Reading debate of the Rating (Amendment) Bill 2019 ("the Bill") was to resume at the last Council meeting of 15 July 2020 before the prorogation of the Sixth Legislative Council ("LegCo"), the Bills Committee should complete its work by the end of June and report to the House Committee on or before 3 July 2020.

6. Members discussed the work of the Bills Committee. Mr LUK Chung-hung expressed support for the Bill. Mr LUK, Mr CHAN Hak-kan and Mr Tony TSE considered that the Bills Committee should endeavour to complete the scrutiny of the Bill by expediting its work as far as possible. Mr WONG Ting-kwong opined that the Bills Committee should receive public views on the Bill before it proceeded to scrutinize its provisions in detail. Mr Abraham SHEK and Mr CHUNG Kwok-pan expressed great reservation on the feasibility of completing scrutiny of the Bill within such a short period of time.

Follow-up actions to be taken by the Administration

7. The Administration was requested to provide the following information:

*Information on unsold units*

- (a) the method of calculating the purported 10 000 units of unsold first-hand private residential units in completed projects as at 31 March 2020 and the distribution of these unsold units by unit size;

- (b) analysis of the unsold first-hand private residential units in completed projects in the past 10 years, including the actual number of unsold units each year vis-à-vis the number of transactions of first-hand private residential units that took place each year, the reasons for such units to remain unsold, and the extent to which the unsold units were normal work-in-progress units to ascertain the extent of hoarding, if any, of first-hand private residential units in completed projects;
- (c) the total number of government quarters units and the number and percentage of vacant units;

*Coverage and exemption*

- (d) the reasons for proposing to charge Special Rates on first-hand private residential units with Occupation Permits ("OPs") issued for 12 months or more which remain unsold and have not been rented out for more than 183 days during the past 12 months, and whether the Administration had considered that those units might not be readily rented out as they would not be ready for occupation by tenants before the issue of Certificates of Compliance ("CCs") and renovation by first-owners;
- (e) arising from (d) above, an account of the nature of OPs and CCs, and their respective requirements that the first-owners have to comply with after their issue and before the first-hand private residential units were ready for rental purpose;
- (f) arising from (d) and (e) above, the typical period of time between the issue of OPs of first-hand private residential units and the subsequent issue of their CCs;
- (g) the basis of exempting from the Special Rates a tenement under a stamped tenancy agreement at a rent not less than the market rent for not less than 183 days in aggregate during the reporting period, and reasons for setting the said threshold of 183 days but not shorter or longer;
- (h) arising from (g) above, whether and how the Administration would provide information relating to the market rent to first-owners to

facilitate their compliance with the exemption requirement;

*Policy objectives and alternatives*

- (i) the number of unsold first-hand private residential units which would be regarded by the Administration as normal and reasonable;
- (j) considering that the Special Rates was a new tax, the alternatives, if any, that the Administration had considered as means to combat the unreasonable hoarding of first-hand private residential units and the reasons for choosing the Special Rates regime over these alternatives;

*Other issues*

- (k) whether and how the proposed Special Rates regime would be consistent with Article 6 of the Basic Law in relation to protecting the right of private ownership of property in accordance with law;
- (l) details of the public consultation conducted by the Administration following the announcement of the proposed introduction of Special Rates on 29 June 2018, including when the consultation took place and who the consulted stakeholders were; and
- (m) the English version of the PowerPoint presentation materials tabled at the meeting on 15 June 2020.

In addition, the Secretary for Transport and Housing was requested to attend the Bills Committee meetings in future to facilitate members' deliberations on policy issues of the Bill.

*(Post-meeting note: Supplementary information provided by the Administration was issued to members in electronic form vide LC Paper No. CB(1)790/19-20(02) on 22 June 2020.)*

Date of next meeting

8. The Chairman said that he would consider members' views regarding the work of the Bills Committee and revert to members after fixing the date for the next meeting with the Clerk.

*(Post-meeting note: The notice and agenda for the meeting on 23 June 2020 were issued to members vide LC Paper No. CB(1)773/19-20 on 16 June 2020.)*

**III Any other business**

9. There being no other business, the meeting ended at 12:57 pm.

Council Business Division 1  
Legislative Council Secretariat  
14 August 2020

**Proceedings of first meeting of the  
Bills Committee on Rating (Amendment) Bill 2019  
on Monday, 15 June 2020, at 10:45 am  
in Conference Room 3 of the Legislative Council Complex**

Time marker	Speaker	Subject(s)	Action required
<b>Agenda item I – Election of Chairman and Deputy Chairman</b>			
000402 – 000516	Mr Abraham SHEK Mr CHAN Hak-kan Mr Jeffrey LAM Mr Christopher CHEUNG	Election of Chairman	
<b>Agenda item II – Meeting with the Administration</b>			
000517 – 000950	Chairman Mr CHAN Hak-kan Mr Abraham SHEK Mr LUK Chung-hung Administration	<p>Discussion on provision of the updated number of unsold first-hand private residential units in completed projects by the Administration.</p> <p>The Administration advised that the number of unsold first-hand private residential units in completed projects as at 31 March 2020 was around 10 000 units. Mr Abraham SHEK requested the Administration to provide information on the method of calculating the purported 10 000 units of unsold first-hand private residential units in completed projects as at 31 March 2020 and the distribution of these unsold units by unit size.</p> <p>The Chairman invited members' views on the time required for scrutinizing the Rating (Amendment) Bill 2019 ("the Bill").</p>	Paragraph 7(a) of the minutes
000951 – 002425	Chairman Mr Jimmy NG Mr LUK Chung-hung Mr Abraham SHEK Mr CHUNG Kwok-pan Mr CHAN Hak-kan Mr Tony TSE Mr WONG Ting-kwong Clerk	Discussion on the legislative timetable and the time required for scrutinizing the Bill.	



Time marker	Speaker	Subject(s)	Action required
002426 – 003700	Chairman Mr Abraham SHEK Administration	<p>Briefing by the Administration on the Bill with the aid of PowerPoint presentation materials (LC Paper No. CB(1)758/19-20(01)).</p> <p>Mr Abraham SHEK requested a copy of the English version of the PowerPoint presentation materials.</p>	Paragraph 7(m) of the minutes
003701 – 004518	Chairman Mr CHAN Hak-kan Administration	<p>The Chairman and Mr CHAN Hak-kan requested the Secretary for Transport and Housing to attend the Bills Committee meetings in future to facilitate members' deliberations on policy issues of the Bill.</p> <p>Mr CHAN Hak-kan enquired about –</p> <p>(a) the estimated percentage of reduction in the price of first-hand private residential units after Special Rates was introduced by virtue of passing the Bill;</p> <p>(b) whether the Administration would consider imposing Special Rates on properties other than vacant first-hand private residential properties, and the current vacancy rate of these other properties; and</p> <p>(c) the alternatives, if any, that the Administration had considered as means to combat the unreasonable hoarding of first-hand private residential units, such as specifying requirements in the land grant or lease conditions that developers had to sell all first-hand private residential units within a specific timeframe upon completion, and the reasons for choosing the Special Rates regime over these alternatives.</p> <p>The Administration advised that –</p> <p>(a) the Chief Executive announced on 29 June 2018 the proposed introduction of Special Rates on vacant first-hand private residential units, with the objective of encouraging more timely supply of these units, rather than combating or curbing property prices of first-hand private residential units. Property prices were affected by various factors, such as global and local economic conditions;</p> <p>(b) the Rating and Valuation Department ("RVD") conducted a survey every year on the year-end vacancy position of various types of private properties (including first-hand and second-hand private domestic properties). According to RVD's</p>	<p>Paragraph 7 of the minutes</p> <p>Paragraph 7(j) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>statistics, the overall vacancy rate of private domestic properties as at end-2019 was about 3.7%, which was even lower than the long-term average vacancy rate of 5% over the period from 1999 to 2018. If the number of private domestic units completed in 2019 was deducted from such figure, the vacancy rate would be about 2.8%. Such low level of vacancy rate indicated that it was uncommon for flat owners to leave their properties vacant. Furthermore, it was a normal market phenomenon that second-hand flats would be left vacant for a short period of time when landlords searched for buyers or tenants, engaged in price negotiations or refurbished their properties. As such, the introduction of Special Rates on all residential properties might not effectively help increase the housing supply; and</p> <p>(c) the Administration had not imposed in the past requirement in the relevant land grant or lease conditions that developers had to sell all the units within a certain period after completing the development. Hence, such approach could only cover residential units built on newly leased land, while residential units built on previously leased land, including unsold first-hand private residential units currently in the market, would continue to be unregulated. This was not in line with the policy intention of the Government to expedite the supply of first-hand units by developers through the measures.</p>	
004519–005422	Chairman Mr CHAN Chun-ying Administration	<p>Mr CHAN Chun-ying enquired about –</p> <p>(a) the rationale for exempting part of Chinese temples (華人廟宇) premises from the Special Rates regime as referred to in paragraphs 25 to 27 of the Administration's response (LC Paper No. CB(1)751/19-20(04)) to the letters from the Legal Adviser of the Bills Committee, given that places of worship of gods appeared to be unconnected with private residential units and possible hoarding of such units; and</p> <p>(b) the reasons for not exempting first-hand private residential units above a certain size, say, units of 300 square metres ("sq m") or more, from the Special Rates regime, given that they were commonly regarded as luxurious apartments and not the usual type of units in great public demand for purchase or rental purposes, and it often took</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>developers more than 12 months to sell these units.</p> <p>The Administration advised that –</p> <p>(a) the proposed new section 2(9) under the new Schedule 1 of the Bill provided that premises built, and used wholly or mainly, for the purpose of (i) holding services or saying prayers by congregations loyal to a belief in accordance with the practice of religious principles or (ii) a monastery or convent are excluded from the application of the Special Rates regime. While places referred to in section 2(a) of the definition of Chinese Temples in the Chinese Temples Ordinance (Cap. 153) should be excluded from the application of the Special Rates regime, the Administration considered it not appropriate to exclude places referred to in section 2(b) of the definition, lest this would unnecessarily expand the scope of the excluded premises and reduce the effectiveness of the Special Rates regime; and</p> <p>(b) the policy intent of the Bill was to encourage more timely supply of first-hand private residential units of all sizes. In addition, it would be difficult to determine the specific sizes of units which were considered "luxurious" or "not the usual type of units in great public demand for purchase or rental purposes".</p> <p>The Chairman urged the Administration to take note of members' concerns and further consider the scope of exemption of the premises as specified in the proposed new section 2(9) under the new Schedule 1 of the Bill.</p>	
005423 – 010100	Chairman Mr LUK Chung-hung Administration	<p>Mr LUK Chung-hung agreed to the policy intent of the Bill but opined that the Administration should step up its measures to prevent hoarding of first-hand private residential units in completed projects. He enquired about the rationale for setting the rate of Special Rates at a flat rate of two times (i.e. 200%) of the rateable value of a specified tenement, which was about 5% of the property value.</p> <p>The Administration advised that based on the average rental yield of 2.4% for residential property in June 2019, the proposed Special Rates chargeable for one year was roughly equal to 5% of the property value. The Administration considered that adopting a uniform rate and pitching it at two times of the rateable value</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>would be sufficiently effective to send a clear signal to the market, while avoiding the complications of implementing a progressive tax regime as suggested by some in society.</p> <p>Mr LUK opined that imposing the Special Rates of 5% of the property value was a mild measure taking into account the rise in property value of about 2.4 times in the past 10 years, and hoped that charging of the Special Rates could send a clear signal to the market to prevent hoarding of first-hand private residential units in completed projects.</p>	
010101 – 011634	Chairman Mr Abraham SHEK Administration	<p>Mr Abraham SHEK made the following comments:</p> <ul style="list-style-type: none"> <li>(a) the overall vacancy rate of private domestic properties as at end-2019 being about 3.7% was a very low percentage out of the total 1 210 000 domestic units;</li> <li>(b) the Special Rates regime was by nature unfair as it targeted the developers only;</li> <li>(c) Special Rates was to be imposed on completed units but it had not been specified in the land grant or leases, or anticipated by the developers when they acquired the land on which the completed units were built. To those developers, Special Rates in a way produced a "retrospective effect"; and</li> <li>(d) some developers or first-owners were holding properties for investment or staff quarters purpose, and some properties were difficult to sell or rent out.</li> </ul> <p>Mr SHEK enquired about –</p> <ul style="list-style-type: none"> <li>(a) whether first-hand private residential units used as staff quarters or for investment purpose would be exempted under the Special Rates regime;</li> <li>(b) details of the public consultation conducted by the Administration following the announcement of the proposed introduction of Special Rates on 29 June 2018, including when the consultation took place and who the consulted stakeholders were;</li> <li>(c) the total number of government quarters units and the number and percentage of vacant units; and</li> </ul>	<p>Paragraph 7(l) of the minutes</p> <p>Paragraph 7(c) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>(d) on the basis of exempting from the Special Rates a tenement under a stamped tenancy agreement at a rent not less than the market rent for not less than 183 days in aggregate during the reporting period, the reasons for setting the said threshold of 183 days but not shorter or longer.</p> <p>The Administration advised that –</p> <p>(a) first-hand private residential units used as staff quarters or rented out at a rent not less than the market rent for not less than 183 days in aggregate during the reporting period would be exempted from the Special Rates regime;</p> <p>(b) it would provide the requested information on government quarters but added that government quarters were not private residential units within the policy objective of the Special Rates regime; and</p> <p>(c) the Government considered it reasonable and appropriate to set the threshold for renting out a unit at 183 days (i.e. around six months or half of a reporting period) as a shorter period might reduce the effectiveness of the measure while a longer period might be over stringent.</p>	<p>Paragraph 7(g) of the minutes</p>
<p>011635 – 013111</p>	<p>Chairman Mr LAU Kwok-fan Administration</p>	<p>Mr LAU Kwok-fan opined that the Administration should simplify the administrative procedures in issuing relevant documentation for certifying completion of the residential units, as complicated procedures and prolonged period of communications between the parties would cause unnecessary delay in the supply of those units. He enquired about –</p> <p>(a) the distribution of the purported 10 000 units of unsold first-hand private residential units in completed projects as at 31 March 2020 by unit size;</p> <p>(b) the justifications for using the issuing date of Occupation Permits ("OPs") and not the date of issuance of the Certificates of Compliance ("CCs") as the relevant date for charging the Special Rates, since residential units issued with OPs but not yet</p>	<p>Paragraph 7(a) of the minutes</p> <p>Paragraph 7(d) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>issued with CC and refurbished by developers might not be ready for occupation by tenants and hence not ready to be rented out; and</p> <p>(c) the typical period of time between the issue of OPs of first-hand private residential units and the subsequent issue of their CCs.</p> <p>The Administration advised that –</p> <p>(a) the Government published statistics on private housing supply in the primary market on the website of the Transport and Housing Bureau on a quarterly basis, including the number of unsold first-hand private residential units in completed projects, which might include vacant units or units rented out by developers. As developers currently were not required to declare the status of these unsold units, the Administration did not have sufficient information on the number or percentage of these units which were rented out or left vacant. The distribution of the unit size of these units was: about 60% were class A (saleable area of less than 40 sq m) and class B (saleable area of 40 to 69.9 sq m), about 13% was class C (saleable area of 70 to 99.9 sq m), and about 27% were class D (saleable area of 100 to 159.9 sq m) and class E (saleable area of 160 sq m or above); and</p> <p>(b) the Government considered it appropriate to adopt the issuing date of OP, rather than the issuing date of CC, as the reference point in determining when the developers should start submitting returns on the status of the units. In principle, the issue of an OP implied that the relevant unit could be occupied and put into effective use. According to the Consent Scheme, developers might apply to the Lands Department for pre-sale consent at a maximum of 30 months in advance of the completion of a residential property development, and might choose to rent out the units after the issue of OP. Developers did not have to wait until the issue of CCs to sell or rent out the units. In addition, some development or redevelopment projects covered by old leases were not subject to the Consent Scheme. Developers did not have to apply for pre-sale consent or CCs prior to selling these units. Starting from 2002, lease conditions in general provided that developers could rent out completed units with OPs issued. Developers who</p>	<p>Paragraph 7(f) of the minutes</p>

Time marker	Speaker	Subject(s)	Action required
		<p>were able to fulfill certain requirements (e.g. the tenancy period shall not exceed 10 years) could rent out the units without the need to obtain prior consent from the Director of Lands.</p>	
013112 – 013829	Chairman Ir Dr LO Wai-kwok Administration	<p>Ir Dr LO Wai-kwok opined that unreasonable hoarding of first-hand private residential units in completed projects was undesirable but the Administration had not provided sufficient information and evidence to prove that there had been such hoarding of unsold units. It should conduct an analysis of the unsold first-hand private residential units in completed projects in the past 10 years to ascertain the extent of hoarding of such units, if any. The analysis should include the actual number of unsold units each year vis-à-vis the number of transactions of first-hand private residential units that took place each year, the reasons for such units to remain unsold, and the extent to which the unsold units were normal works-in-progress units. He enquired about –</p> <p>(a) the alternatives, if any, that the Administration had considered as means to combat the unreasonable hoarding of first-hand private residential units and the reasons for choosing the Special Rates regime over these alternatives; and</p> <p>(b) the number of unsold first-hand private residential units which would be regarded by the Administration as normal and reasonable.</p> <p>The Administration advised that –</p> <p>(a) it had taken note that the number of unsold first-hand private residential units in completed projects had been increasing in recent years, from around 4 000 units at end-March 2013 to 9 000 units at end-March 2018, and around 10 000 units as at 31 March 2020. Among them, about 4 000 units were completed before 2017, about 2 000 units were completed in 2018, and the remaining units were completed in 2019 and 2020; and</p> <p>(b) the rising trend was undesirable in the face of a housing shortage, hence the Government proposed to introduce the Special Rates regime with a view to encouraging more timely supply of these units.</p>	<p>Paragraph 7(b) of the minutes</p> <p>Paragraph 7(j) of the minutes</p> <p>Paragraph 7(i) of the minutes</p>
013830 – 020030	Chairman Mr Tony TSE Administration	<p>Mr Tony TSE opined that the policy objective of the Bill appeared to skew towards encouraging the sale rather than renting out of first-hand private residential</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>units in completed projects. He enquired about –</p> <ul style="list-style-type: none"> <li>(a) whether and how the Administration would provide information relating to the market rent to first-owners to facilitate their compliance with the exemption requirement, given that a tenement rented out under a stamped tenancy agreement at a rent not less than the market rent for not less than 183 days in aggregate during the reporting period would be exempted from Special Rates;</li> <li>(b) whether the Administration had made assessment on its relevant manpower requirement for and the effect of introducing the Special Rates regime (e.g. the possibility of causing large-scale private residential projects to develop in phases which led to a delay in completion of such projects);</li> <li>(c) whether the use of a tenement, e.g. domestic or as staff quarters, etc., was specified in the relevant OPs or to be determined by other means; and</li> <li>(d) whether first-owners could sell the tenements being rented out for not less than 183 days in aggregate during the reporting period at a rent not less than the market rent and be exempted from Special Rates.</li> </ul> <p>The Administration advised that –</p> <ul style="list-style-type: none"> <li>(a) the objective of the Bill was to encourage developers to expedite the supply of first-hand private residential units in completed projects. The Administration had no specific views on the ways in which developers dispose of the units, i.e. by selling them or renting them out;</li> <li>(b) it had taken note of members' concerns on the rental period for compliance with the exemption requirement under the Special Rates regime;</li> <li>(c) in evaluating whether the relevant rent was market rent, RVD would consider the actual circumstances of each individual case and all relevant factors, including the information provided by the first-owner in the return and whether the rent was one at which the specified tenement might</li> </ul>	<p>Paragraph 7(h) of the minutes</p>



Time marker	Speaker	Subject(s)	Action required
		<p>reasonably be expected to be let in the open market on the terms of the tenancy agreement or agreements, with both the landlord and the tenant to the tenancy acting at arm's length. If RVD considered that a first-owner was liable for Special Rates, the first-owner would receive a demand note specifying the amount of Special Rates required to be paid in about three to four months after submitting the return to RVD;</p> <p>(d) it did not expect that the Special Rates regime would entice developers to develop large-scale private residential projects in phases or lead to delay in project completion;</p> <p>(e) while some premises were permitted for domestic use under the OPs, their nature was different from that of private residential units and hence not within the intended scope under the Special Rates regime. Examples of these premises included staff and student quarters, etc. The Administration therefore proposed to set out in Schedule 1 of the Bill a list of premises to be excluded from the application of the Special Rates regime; and</p> <p>(f) first-owners could sell the tenements being rented out and be exempted from Special Rates.</p>	
020031 – 020620	Chairman Mr WONG Ting-kwong Administration	<p>Mr WONG Ting-kwong said that he understood the objective of the Bill was to achieve effective use of available housing resources by increasing the circulation of first-hand private residential units. He did not agree with some views that the Special Rates regime was to punish developers. He opined that high property prices might be partly due to the high land price policy, construction costs, inflation and regulatory compliance costs. In addition, he opined that there were loopholes and technical details under the Bill which would need to be further considered, and the Administration should provide sufficient information to address members' concerns on the provisions of the Bill. He enquired whether the Administration would, apart from imposing Special Rates, provide any incentives to encourage more timely supply of these units, such as providing concessions in stamp duty or property tax for early sale or rental of the units, etc.</p> <p>The Administration advised that Special Rates was not</p>	

Time marker	Speaker	Subject(s)	Action required
		<p>a penalty imposed on developers for not selling or renting out the private residential units in completed projects in good time. The policy objectives were to increase the supply of such units in the market and achieve efficient use of available housing resources. Property prices were affected by various factors, including economic conditions, interest rates and housing supply and demand, etc.</p>	
020621 – 021555	Chairman Mr Abraham SHEK Ir Dr LO Wai-kwok Administration	<p>Mr Abraham SHEK requested the Administration to provide an account of the nature of OPs and CCs, and their respective requirements that the first-owners had to comply with after their issue and before the first-hand private residential units were ready for rental purpose. He also sought information about whether and how the proposed Special Rates regime would be consistent with Article 6 of the Basic Law in relation to protecting the right of private ownership of property in accordance with law.</p> <p>In response to the Chairman's enquiry on the application of the Special Rates regime to tenancies with rent-free periods and tenements with sale and purchase agreements subsequently cancelled or terminated, the Administration advised that if the sale and purchase agreement was subsequently cancelled or terminated, depending on the circumstances, the first-owners might need to make back payment of Special Rates in respect of one or more reporting periods.</p> <p>Ir Dr LO Wai-kwok requested the Administration to provide written response to his enquiries raised earlier at this meeting.</p> <p>Date of next meeting and invitation for submissions.</p>	Paragraph 7(e) of the minutes  Paragraph 7(k) of the minutes
<b>Agenda item III – Any other business</b>			
021556 – 021631	Chairman	Closing remarks	