

# Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, March 27, 2019 is 103.3 (up 0.1 against yesterday's index).

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## LCQ14: Regulating the sale of first-hand private residential properties

Following is a question by the Hon Dennis Kwok and a written reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (March 27):

Question:

On June 29 last year, the Government announced six new initiatives on housing. Two of such initiatives are: (i) proposed introduction of Special Rates on vacant first-hand private residential units by amending the Rating Ordinance (Cap. 116), and (ii) amending, with immediate effect, the Lands Department Consent Scheme by requiring developers to offer for sale no less than 20 per cent of the total number of residential units subject to the relevant pre-sale consent at each round of sale. In this connection, will the Government inform this Council:

- (1) of the legislative timetable for amending Cap. 116;
- (2) whether it will determine the levels of Special Rates by an incremental scale based on the length of the vacant period of first-hand private residential units; if not, of the reasons for that;
- (3) of the number of pre-sale consents granted to residential projects by the Lands Department (LandsD) since the initiative of amending the Consent Scheme took effect, and set out in a table the following information by project name: (i) street number, (ii) total number of residential units, (iii) date of application for pre-sale consent, (iv) date of granting pre-sale consent, and (v) scheduled completion date of the project;
- (4) whether it knows the detailed arrangements for the first three rounds of sale of uncompleted residential units under each residential project mentioned in (3) (set out in tables of the same format as the table below);

|                              |
|------------------------------|
| Name of residential project: |
|------------------------------|

| Sales arrangements   | First round | Second round | Third round |
|--|-------------|--------------|-------------|
| Total number of residential units subject to pre-sale consent (T)  |             |              |             |
| Number of units offered for sale (A)                               |             |              |             |
| Percentage of A in T   |             |              |             |
| Among A: number and percentage of units offered for public sale    |             |              |             |
| Among A: number and percentage of units offered for sale by tender |             |              |             |

| Among A: numbers and percentages of units offered for sale respectively through the following means |                |                |                |
|---|----------------|----------------|----------------|
| Public sale in both of the first and second rounds  | Not applicable |                | Not applicable |
| Public sale in the first round, but sale by tender in the second round                              | Not applicable |                | Not applicable |
| Sale by tender in the first round, but public sale in the second round                              | Not applicable |                | Not applicable |
| Sale by tender in both of the first and second rounds   | Not applicable |                | Not applicable |
| Public sale in all three rounds   | Not applicable | Not applicable |                |
| Public sale in the first and second rounds, but sale by tender in third round                       | Not applicable | Not applicable |                |
| Public sale in the first and third rounds, but sale by tender in second round                       | Not applicable | Not applicable |                |
| Public sale in the first round, but sale by tender in the second and third rounds                   | Not applicable | Not applicable |                |
| Sale by tender in the first round, but public sale in the second and third rounds                   | Not applicable | Not applicable |                |
| Sale by tender in the first and third rounds, but public sale in second round                       | Not applicable | Not applicable |                |

|   |                |                |  |
|---|----------------|----------------|--|
| Sale by tender in the first and second rounds, but public sale in the third round | Not applicable | Not applicable |  |
| Sale by tender in all three rounds  | Not applicable | Not applicable |  |

(5) as it has been reported that the arrangement for the first three rounds of sale of uncompleted residential units of a residential development was as follows: while about 150 units were offered for sale at each round, only 55 and seven units were newly offered for sale at the second and third rounds of sale respectively, all three rounds of sale involved only about 30 per cent of the total number of residential units subject to the pre-sale consent, whether the Government has studied if such practice of unit selling is contrary to the policy intent of the initiative of amending the Consent Scheme; if it has studied and the outcome is in the affirmative, of the follow-up actions; if the study outcome is in the negative, the reasons for that;

(6) whether it will stipulate that developers must not offer for sale by tender the units of those residential projects of a certain scale; if so, of the details and the timetable; if not, the reasons for that;

(7) whether it will stipulate the proportions or minimum numbers of units that are offered for public sale and for sale by tender at each round of sale; if so, of the details and the timetable; if not, the reasons for that; and

(8) whether it will stipulate the maximum number of times for which a unit may be repeatedly offered for sale by tender; if so, of the details and the timetable; if not, the reasons for that?

Reply:

President,

With reference to the information provided by the Lands Department (LandsD) and the Sales of First-hand Residential Properties Authority, I set out my reply to various parts of the question raised by the Hon Dennis Kwok as follows:

(1) The Chief Executive announced on June 29, 2018 the proposed introduction of "Special Rates" on vacant first-hand private residential units, with a view to encouraging more timely supply of first-hand private residential units in the market. The Government proposes to amend the Rating Ordinance (Cap. 116) to require developers of first-hand private residential units with occupation permit issued for 12 months or more to furnish annual returns to the Government on the status of these units. Developers of first-hand units that have not been rented out for more than six months in the past 12 months have to pay "Special Rates". "Special Rates" will be collected by the Rating

and Valuation Department annually at two times (i.e. 200 per cent) of the rateable value of the units concerned. The Government is now listening to the views of the Members of the Legislative Council (LegCo) and various sectors in the community. At the same time, the Government is preparing the Rating (Amendment) Bill and plans to introduce the Amendment Bill into LegCo within 2018-19 legislative session.

(2) The objective of "Special Rates" is to encourage developers to sell or rent out first-hand private residential units in completed projects within a reasonable period of time. We believe that a uniform yet forceful tax rate is conducive to achieving this objective. This will also be easier to understand and to administer as compared with progressive tax rates.

Our initial proposal is that developers who have rented out their first-hand units for more than six months in the past 12 months are not required to pay the "Special Rates". In other words, depending on whether the units have been rented out or not, developers holding first-hand units may not necessarily need to pay "Special Rates" in a row for several years (for instance, they may only have to pay "Special Rates" on the first year, the fourth year and the sixth year.) Under such circumstances, charging "Special Rates" based on progressive tax rates may render the regime too complicated and difficult to administer.

(3) To improve market transparency and enhance consumer protection, the Chief Executive announced on June 29, 2018 that the Government would amend the Consent Scheme, requiring developers to offer for sale no less than 20 per cent of the total number of residential units subject to the relevant pre-sale consent at each turn of sale, regardless of the sales method (including public sale, tender and auction). If the remaining unsold residential units are less than 20 per cent, the developer has to offer for sale all remaining units in one go. The new requirement has come into effect on the date of announcement and applies to pre-sale consent applications being processed by LandsD at that time and all new applications received after that date.

As at February 28, LandsD has issued pre-sale consents for a total of 30 residential development projects since the implementation of the new requirement. The relevant information is at Annex 1. Of this total, 19 of the development projects have already been launched for sale. Statistics on their sales arrangements are at Annex 2. We do not have cumulative statistics on the first three rounds of sales arrangements for each project with a breakdown by sales method.

(4) Developers may suspend the sale of some residential units due to changes in the sales conditions, and provide documents indicating that a certain sales arrangement is no longer valid. Developers may re-launch the sale of these units at a later juncture and issue new sales arrangements accordingly. Irrespective of the circumstances, under the 20 per cent new requirement, each sales arrangement (including those under which units are offered for sale by way of both public sale and tender, as well as those newly issued due to changes in the sales condition) issued by the developer has to cover at least 20 per cent of the total number of the residential

units (or depending on the situation, all remaining unsold units).

(5) According to the Residential Properties (First-hand Sales) Ordinance (Cap. 621) (the Ordinance), if the vendors offer to sell first-hand residential properties by way of tender, they are not required to make available the price lists. However, they still have to comply with other requirements as prescribed in the Ordinance, including making available sales brochures, documents containing information of sales arrangements and registers of transactions (RT). In the RT, the vendors must set out information including the dates of provisional agreement for sale and purchase / agreement for sale and purchase, the transaction price and the terms of payment (including any discount on the price as well as any gift, financial advantage or benefit made available in connection with the purchase), etc. The vendors have to make available the RT at the place where the sale is to take place and also an electronic copy of the RT on the website designated for the development projects and the Sales of First-hand Residential Properties Electronic Platform for public perusal. We believe that the above requirements will help ensure the transparency and fairness in the sales of first-hand residential properties and enhance consumer protection.

(6) The Government will continue to monitor the sale of first-hand private residential properties. We currently have no intention to stipulate under the Consent Scheme the number or proportion of units, or the number of times a particular unit, can be offered for sale by way of tender by the developers.

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## [LCQ9: Construction records of public works projects](#)

Following is a question by the Hon Michael Tien and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (March 27):

Question:

Recently, incidents of missing construction records of the Shatin to Central Link Project and the Hong Kong Link Road of the Hong Kong-Zhuhai-Macao Bridge Project have been uncovered one after another, which has aroused widespread concern. Some members of the public suspect that such incidents are just the tip of the iceberg. In this connection, will the Government inform this Council whether it will check the construction records of all public works projects implemented in the past five years and give the public an account of whether similar situations are found; if so, of the details; if not, the reasons for that?

Reply:

President:

The Development Bureau has always attached great importance to the site supervision and quality of public works. Therefore, we have requested works departments as well as contractors and consultants on our approved lists to remind their frontline staff that the contract requirements, including timely submission of Request for Inspection/Survey Check (RISC) forms and proper keeping of relevant documents, should be followed.

Our response to the Hon Michael Tien's enquiry is as follows:

In the past five years, more than 4,000 public works projects were under construction, involving a sheer volume of documents. Coupled with the fact that some of these projects have now been completed, it would be impractical to check all documents concerned as it will require substantial staff resources and take quite long time to complete. In order to realise the situation, we have already spot-checked some public works projects under construction. According to the spot checks, missing of RISC forms have not been identified. Notwithstanding that there are cases in which some RISC forms have not been submitted on time, the contractors concerned have subsequently submitted them (note). In other words, the records of those public works projects being checked are complete and the quality of the works meets the standards and contract requirements.

To ensure proper processing and keeping of construction records, the Development Bureau (DEVB) requested the works departments earlier on to increase spot checking of records relating to RISC in future audits on public works contracts to verify whether the frontline staff have followed the procedures in processing the RISC or not. Through the Construction Industry Council, we are disseminating and advocating to the construction industry the importance of complying with the RISC system. We also appeal to the industry to provide necessary induction and on-the-job training for their staff to ensure proper implementation of the system. In addition, we have promoted the digitisation of the works supervision system through pilot projects to collect real-time data on site environment and works progress for recording, monitoring and analysis so as to further enhance the standard and efficiency of the supervision of public works projects. In the long run, the DEVB will review whether it is necessary to further refine the RISC system, for example, whether non-compliance of RISC requirements and follow-up action should be handled by more senior resident site staff at managerial level.

Note: In general, according to the requirements of public works contracts, when contractors have completed certain critical works (e.g. erection of formwork, reinforcement fixing, concreting, etc.) and/or certain works are about to be put out of view (e.g. completed piling works), they are required to submit RISC forms requesting the resident site staff to inspect and survey the works concerned. The contractors can proceed to the next stage of works only after obtaining approval from the resident site staff. If the

contractors fail to submit the RISC forms, members of the resident site staff are entitled to refuse the conduct of relevant inspection and/or survey check. Nevertheless, having considered the reason(s) for the delay in submitting the RISC forms of individual cases, members of the resident site staff may, if the circumstance permits, exercise their discretion to deal with the late request, i.e. to conduct the inspection and/or survey check first and then follow up with the contractor about the outstanding submissions together with proper documentation of the case.

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## LCQ5: Representativeness and operation of Rural Committees

Following is a question by the Hon Eddie Chu and a reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (March 27):

Question:

The Rural Representative Election Ordinance (Cap. 576) provides that the representatives of specified villages and market towns elected from the rural ordinary elections shall be members of the relevant Rural Committees (RCs), and the executive committee members and other office holders of an RC are to be elected from among its members. In this connection, will the Government inform this Council:

(1) as currently there is no statutory requirement for the articles of association of an RC to be made public, whether the Government has put in place measures to ensure that the electors of Rural Representative Elections understand the articles of association of the relevant RC, and can determine if the electoral arrangements and the conduct of an election to elect the office holders of the RC concerned are consistent with Article 21(a) and (b) of the Hong Kong Bill of Rights set out in Part II of the Hong Kong Bill of Rights Ordinance, as required under section 62(3) of Cap. 576;

(2) whether it will consider enhancing, by making legislative amendments or through other means, the transparency of the operation and accountability of RCs; if so, of the details; if not, the reasons for that; and

(3) whether it will transfer the work on registration of electors for the Rural Representative Elections from the Home Affairs Department to the Registration and Electoral Office, and enhance the interoperability of the registers of electors for the elections in respect of Legislative Council geographical constituencies, District Councils and Rural Representatives, thereby improving the registration rates of electors for Rural Representative Elections; if so, of the details; if not, the reasons for that?

Reply:

President,

My reply to the three parts of the question is as follows:

(1) and (2) The Government has been striving to work with the Heung Yee Kuk (HYK) on reviewing the arrangements for the elections of Rural Committees (RCs). At present, the 27 RCs in the New Territories are required to hold the elections in accordance with their respective Constitutions. In order to enhance the election proceedings of RCs, the Home Affairs Department (HAD) reached a consensus with HYK and RCs in 2006 after discussion, and drew up the Model Rules for Rural Committee Elections (the Model Rules). Making reference to the Model Rules, RCs set out the principles and details of the election of Chairmen, Vice-Chairmen, Executive Committee Members and General Assembly Members, as well as the handling of complaints.

Subsequently in 2012, together with HYK, HAD further enhanced the arrangement in relation to the RC elections in the Model Rules, including the general rule, role of District Officers, number of seats, term of office, handling of vacancy in office, voter eligibility, the circumstances a person is disqualified from voting, voter registration, dates for elections, the arrangement of by-elections, nomination procedure, eligibility of candidates, subscribers and seconders, withdrawal of candidature, arrangements for polling and counting of votes, handling of complaints, and questioning of the results of elections, so that the electoral arrangements of RC elections would become closer to statutory elections. All RCs set out in their respective Constitutions that the election proceedings specified therein must conform to the Model Rules.

For the elections of Executive Committee Members, Chairman and Vice-chairmen of RCs, the respective District Officer serve as the Returning Officer (RO) to coordinate the proceedings. Duties of ROs include:

- (i) fixing the date, time and place of elections and formulating the election rules and procedures;
- (ii) monitoring the whole process of elections;
- (iii) compiling and publishing registers of electors, and determining the claims and objections in respect of registers of electors;
- (iv) accepting the notices of intention to stand for an election and nomination papers of candidates and deciding on their validity;
- (v) monitoring the polling activities on polling days;
- (vi) monitoring the process of the counting of the votes;
- (vii) declaring the result of elections;
- (viii) handling complaints relating to the elections and making the determination;
- (ix) accepting and keeping in custody copies of election advertisement and related information/documents, and the Returns and Declarations of Election Expenses and Election Donations submitted by candidates; and
- (x) confirming the result of elections.

ROs will ensure, according to the Model Rules, that the elections are properly and fairly conducted and in compliance with article 21(a) and (b) of



the Hong Kong Bill of Rights under Part II of the Hong Kong Bill of Rights Ordinance (Cap. 383).

After the completion of RC and HYK elections in June 2019, HAD will conduct the Rural Election Review Working Group Meeting with HYK with a view to exploring how to improve the arrangements for rural election and ways to further enhance the RC elections in a gradual and orderly manner while respecting the history and traditions of the rural community.

(3) According to the relevant electoral law, the requirements of the voter registration for the rural representative election are different from that for the Legislative Council geographical constituencies and the District Council constituencies. There is a residency requirement for electors in Resident Representative Election/Kaifong Representative Election. Any persons who wants to register as an elector in these Elections must be a Hong Kong permanent resident and has been a resident of the concerned rural area for the three years immediately before the date of application. A "resident" means a person whose principal residential address is in the rural area. A principal residential address means the address of the dwelling place at which the person resides and which constitutes the person's sole or main home. As for Indigenous Inhabitant Representative Election, so long as a person is an indigenous inhabitant of the concerned village, or a spouse or surviving spouse of an indigenous inhabitant of that Village, he/she can register as an elector, regardless of whether he/she is a Hong Kong permanent resident or whether he/she lives in Hong Kong. As for persons who want to register as electors in a geographical constituency, they must be Hong Kong permanent residents and ordinarily reside in Hong Kong. The registered residential address should be the address of their only or principal residence in Hong Kong, but there is no requirement for the period of residence. There is also no such requirement of the indigenous inhabitant identity.

In view of the difference between the elector eligibility of the two elections, HAD and the Registration and Electoral Office (REO) compile the registers of electors separately. Combining the two registers and implementing automatic registration would result in certain unqualified persons being wrongly registered as electors for the election of rural representatives or geographical constituencies.

In order to maintain the credibility of the voter registration system and improve the accuracy and completeness of the data of the electors, HAD regularly reviews the registered addresses of electors in Rural Representative Election/Kaifong Representative Election with REO and will conduct investigation as and when necessary.

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## LCQ4: Mental health services

Following is a question by the Hon Chan Han-pan and a reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (March 27):

Question:

The Mental Health Review Report, which was released in April 2017, put forward recommendations for the enhancement of the overall mental health services in Hong Kong. In December of the same year, the Government established the Advisory Committee on Mental Health to advise the Government on mental health policies. Regarding the mental health services, will the Government inform this Council:

(1) whether it will establish a Mental Health Commission for implementing mental health-related policies and measures, including carrying out the relevant education work in primary and secondary schools; if so, of the details; if not, the reasons for that;

(2) whether it has worked out a roadmap and milestones for the development of mental health services, say, the number of persons having distressing or disabling psychiatric difficulties accounting for not more than 5 per cent of the population of Hong Kong in 2030; if so, of the details; if not, the reasons for that; and

(3) whether it will allocate additional resources to improve the public mental health services, including providing evening specialist outpatient services, increasing the number of inpatient beds, recruiting more healthcare workers, providing additional halfway houses, providing permanent premises for various Integrated Community Centres for Mental Wellness, as well as strengthening the support for the family members and carers of patients with mental illness; if so, of the details; if not, the reasons for that?

Reply:

President,

The Government attaches great importance to the mental health of the public, and has all along adopted an integrated approach in the promotion of mental health through a service delivery model that covers prevention, early identification, and timely intervention, treatment and rehabilitation for persons with mental health needs. The Government seeks to provide comprehensive, multi-disciplinary and cross-sectoral services to persons with mental health needs through collaboration and cooperation among the Food and Health Bureau, the Labour and Welfare Bureau (LWB), the Education Bureau (EDB), the Social Welfare Department (SWD), the Department of Health, the Hospital Authority (HA), non-governmental organisations and other stakeholders.

My reply, prepared in consultation with the EDB and the LWB, to the various parts of the Hon Chan Han-pan's question is as follows:

(1) and (2) The Government established the Advisory Committee on Mental Health (the Advisory Committee) in December 2017 to provide advice on mental health policies, including the adoption of a more integrated and comprehensive approach to tackle multi-faceted mental health issues in Hong Kong. It assists the Government in developing policies, strategies and measures to enhance mental health services in Hong Kong. It also follows up on and monitors the implementation of the recommendations of the Mental Health Review Report (the Review Report) promulgated in 2017. Chaired by Mr Wong Yan-lung, SC, the Advisory Committee comprises members from various sectors with a wealth of expertise and experience, including professionals from the healthcare, social service and education sectors; representatives from patient and carer advocacy groups; and lay persons with interest in mental health.

Since its establishment, the Advisory Committee has discussed various issues in detail, including ways to enhance mental health services for children and adolescents; an on-going mental health promotion, education and destigmatisation initiative; and mental health prevalence surveys. The Advisory Committee has also actively followed up on the implementation of the 40 recommendations of the Review Report with the relevant bureaux/departments, and provided views on the future direction for some of the recommendations including those concerning the Dementia Community Support Scheme and Student Mental Health Support Scheme.

In order to gather more comprehensive information on the mental health status of the Hong Kong population, the Government has also, based on the Advisory Committee's recommendations, commissioned two universities to conduct three territory-wide mental prevalence surveys covering children, adolescents and the elderly.

In primary and secondary education, learning contents related to mental health have been incorporated in the curricula of primary and secondary education for students to explore issues on healthy lifestyles, tackling stress and frustration, showing respect for people of different backgrounds, as well as the problems and needs faced by persons with mental health needs. It also aims to develop students' positive values and attitude to respect, accept and support persons with mental health needs.

(3) Like other developed areas, mental health is regarded as an important issue in Hong Kong. Over the past few years, the Government has been increasing its resource allocation on mental health so that more comprehensive services could be provided to persons with mental health needs.

On the healthcare front, the HA's expenditure on mental health services has increased from some \$3.8 billion in 2013-14 to near \$5.1 billion in the revised estimate for 2018-19, an increase of over 32 per cent, for enhancing manpower and services and for increasing 40 hospital beds in the Kowloon

Psychiatric Observation Unit, etc. In 2019-20, the Government will continue to allocate more manpower and resources in respect of mental health, including an addition of five doctors and enhance child and adolescent psychiatric services.

Making reference to the recent overseas trend of using the community resources to handle mental health cases, the Government has recently allocated more resources to mental health services in the community. Apart from improving the ratio of case managers to patients with severe mental illness under the HA's Case Management Programme from the current 1:50 to 1:40, the Government also plans to increase the number of service places for halfway houses from the current 1 509 to 1 594 in the short run and also the number of parents/relatives resource centres from the existing six to 19 in a progressive way to step up support for parents and relatives/carers of persons with disabilities, including those with mental health needs. In addition, of the existing 24 Integrated Community Centres for Mental Wellness (ICCMWs), 22 have either obtained permanent accommodation or reserved suitable places in development/redevelopment projects as permanent accommodation. The SWD has initially earmarked places as permanent accommodation for the remaining two ICCMWs to strengthen community support for persons with mental health needs and their carers.

Relevant bureaux/departments of the Government will continue to review mental health services under their policy purviews, and will allocate additional resources as required, with a view to providing more appropriate services for those with mental health needs.