

Subcommittee on Rating (Exemption) Order 2014

**List of follow-up actions arising from the discussion
at the meeting on 13 March 2014**

1. In relation to the rates exemption proposal in the 2014-15 Budget, the Administration is requested to provide information/response to members' views as follows:

- (a) a breakdown of properties which will benefit from the proposal by category (i.e. public housing/private residential properties/non-residential properties), the amount of rates to be payable by each category, and the rateable/rental value of the properties;
- (b) the amount of rates concession to be received by the top 100 organizations (excluding organizations providing public housing) and the number of rateable properties held by these organizations;
- (c) the number of ratepayers whose properties are subject to rates payment below \$1,500 per quarter and hence cannot fully utilize the rates concession of \$3,000, and the rateable/rental value of such properties; and
- (d) some members' concerns about:
 - (i) the rates exemption proposal is lopsided towards the rich (e.g. property developers, owners of properties subject to higher rates payment, owners with many properties) and fails to achieve its purpose of helping the grassroots (in particular those who cannot benefit from other one-off relief measures in the 2014-15 Budget and the elderly who live in small properties with low rates payments); and
 - (ii) how the rates exemption proposal will benefit the tenants where the rents they paid have included rates, especially operators of small businesses.

2. On the following proposals suggested by members, the Administration is requested to provide information on: (a) the number and profile of properties (i.e. residential and non-residential, rateable/rental value, etc.) to be benefited from each of the proposals; (b) the amount of one-off revenue forgone and other financial implications (if any) in relation to each of the proposals:

- (a) waiving rates for four quarters in the period from 1 April 2014 to 31 March 2015, subject to a ceiling of \$750 per quarter;
 - (b) waiving rates for four quarters in the period from 1 April 2014 to 31 March 2015, subject to a ceiling of \$700/\$650/\$600 per quarter;
 - (c) waiving rates for four quarters in the period from 1 April 2014 to 31 March 2015, subject to an appropriate ceiling per quarter which will enable more households to fully utilize the rates concession of \$3,000 while maintaining the total revenue forgone at \$6,135 million (this proposal should not result in additional one-off revenue forgone for the Government); and
 - (d) waiving rates in respect of residential properties only for four quarters in the period from 1 April 2014 to 31 March 2015, subject to a ceiling of \$750 per quarter.
3. The Administration is requested to advise whether it will consider any of the said proposals in paragraph 2 above; and if not, the reasons.
4. The Administration is requested to provide views on a proposed resolution to be moved by Members of the Legislative Council ("LegCo") to amend the Rating (Exemption) 2014 Order ("the Order") without entailing any additional one-off revenue forgone for the Government beyond the amount (i.e. approximately \$6,135 million) already envisaged under the Order, including whether such a proposed resolution will have any charging effect within the meaning of Rule 31(1) of the Rules of Procedure ("RoP") of LegCo.
5. In respect of the rates exemption measures implemented in the past 10 years, the Administration is requested to provide information on:
 - (a) the amount of rates concession involved and administrative costs incurred in each of the measures implemented in 2003, 2007, 2008, 2009, 2010, 2011, 2012 and 2013; and
 - (b) the amount of rates concession received by the top 100 organizations (excluding organizations providing public housing), and the number of rateable properties held by these organizations.

6. The Legal Adviser of the Subcommittee is requested to provide the following information:

- (a) the genesis of rule 31(1) of RoP and whether that rule is inconsistent with Article 74 of the Basic Law which provides, *inter alia*, that "Bills which do not relate to public expenditure or political structure or the operation of the government may be introduced individually or jointly by members of the Council"; and
- (b) whether a Member's proposed amendment to the Order that will not affect the amount of rates to be forgone (i.e. \$6,135 million) as proposed by the Administration will have any charging effect for the purposes of rule 31(1).

Council Business Division 1
Legislative Council Secretariat
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