

# Appointments to Statistics Advisory Board

The Government announced today (May 30) that the Secretary for Financial Services and the Treasury has appointed members to the Statistics Advisory Board (SAB) for a new term of two years from June 1, 2018, to May 31, 2020.

The SAB of the new term includes 12 non-official members, seven of whom are serving members and five newly appointed members. The five new members are Mr Victor Chan Kok-wai (Hotel Industry), Mr Samuel Lau Kin-pui (Logistics Industry), Ms Michelle Leung Oi-pui (Electronic Commerce Industry), Dr Vivian Lou Wei-qun (Academia) and Mr Gavin Poon Ka-ming (Life Science and Technology Sector).

The Commissioner for Census and Statistics, Mr Leslie Tang, said, "Members of the SAB are established professionals from different disciplines. Their diverse backgrounds will provide the Census and Statistics Department with invaluable insights and help ensure that its statistical work will continue to meet the evolving needs of our community."

Mr Tang added, "We are grateful to the four outgoing members, Ms Christina Law Sau-mui, Mr Anthony Leung Ming-tim, Mr Patrick Ting Siu-yin and Mr Jason Wong Chun-tat, for their unfailing support and wise counsel to the SAB that has helped foster the development of the Government's statistical work over the past years."

The SAB is an advisory body established in 1972 to advise the Commissioner for Census and Statistics on matters pertaining to official statistical work. Its membership consists of professionals from the business sector, the academia and the community, which provides for a wide representation to assist the Commissioner in integrating views of data users, data suppliers and statisticians.

Following is the membership of the SAB for the new term from June 1, 2018, to May 31, 2020:

Chairman (Ex officio)  
Commissioner for Census and Statistics

Official members  
Director of Planning (or representative)  
Government Economist (or representative)  
Representative from the Financial Services and the Treasury Bureau

Non-official members  
Ms Clara Lau Wai-ping  
Professor Leung Siu-fai  
Professor Tsui Kwok-leung

Mr Augustine Wong Ho-ming  
Ms Karen Chan Ka-yin  
Mrs Cheung Ang Siew-mei  
Ms Nicole Yuen Shuk-kam  
Mr Victor Chan Kok-wai \*  
Mr Samuel Lau Kin-pui \*  
Ms Michelle Leung Oi-pui \*  
Dr Vivian Lou Wei-qun \*  
Mr Gavin Poon Ka-ming \*

\* Newly appointed

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## LCQ11: Introduction of mandatory cooling-off period to protect consumers

Following is a question by the Hon Shiu Ka-fai and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 30):

Question:

Last month, the Consumer Council (CC) recommended to the Government the introduction of a mandatory cooling-off period targeting certain industries (including the beauty industry) and specific transaction modes. Regarding the reply of the Secretary for Commerce and Economic Development on the 9th of this month to my question concerning the recommendation, will the Government inform this Council:

- (1) as CC's study on the introduction of a mandatory cooling-off period does not cover cooling-off arrangements offered on a voluntary basis by traders in other jurisdictions, of the reasons why the authorities did not request CC to conduct a study that covers such arrangements;
- (2) whether it has assessed if CC has a predetermined stance before conducting the aforesaid study, and whether the outcome of the study is objective and fair; of the reasons why the authorities did not in the first place assign the study to a professional consultant with a neutral stance;
- (3) of the amount of public money that the authorities allocated to CC for conducting the study; whether it knows the manpower deployed for and the number of man-hours involved in the said study;
- (4) as the aforesaid reply to the question has not given a direct answer as to whether currently there are jurisdictions which have introduced a

mandatory cooling-off regime for the beauty industry, whether the authorities know if CC has actually identified any jurisdiction which has introduced such a regime;

(5) given that CC does not have the power to conduct investigations to ascertain if the complaints received are substantiated, whether the authorities know the basis on which CC made the remark that "operators in the beauty industry have adopted various types of unfair trade practices in recent years"; whether they have assessed if such a remark made by CC has tarnished the reputation of the beauty industry, and whether it is a responsible way of doing things;

(6) given that CC will only take up the role of a conciliator in handling consumer complaints and it does not have the power to conduct investigations, whether the authorities have assessed if CC has gone beyond its statutory functions by repeatedly and publicly stating, under the circumstances of not having grasped information on the number of substantiated cases, that sales practices which seriously damage the rights and interests of consumers have emerged from time to time in certain industries;

(7) as CC considers that, in respect of legitimate traders in general, the imposition of a mandatory cooling-off period will not result in a large number of consumers cancelling their contracts, and therefore the impact should be limited, whether the authorities know the basis on which CC made such a remark; whether CC had conducted any study and gained an understanding of the real situation from the industries concerned before making such a remark; if CC had not conducted any study and consultation, of the reasons why CC has made such a remark;

(8) as CC has indicated that since it has formulated its recommendation after making reference to the experience of other jurisdictions, it believes that the recommendation has struck a balance between protecting consumers' legitimate rights and interests and maintaining a business-friendly environment, whether the authorities know how CC ascertains if the practices of such jurisdictions are applicable to Hong Kong; the reasons why CC has not made reference to the experience of those jurisdictions that allow traders to offer a cooling-off period on a voluntary basis;

(9) as CC, having considered the general level of the relevant charge, has recommended that an administrative fee of not more than 3 per cent of the credit card transaction value may be deducted by traders from the refund if consumers have paid by credit cards, whether the authorities know what data or study outcome is held by CC in support of its remark that "3 per cent is the general level of the relevant charge";

(10) as CC considers that issues concerning acquiring banks/companies increasing their administrative fees for refund for transactions made by credit cards or delaying payment to traders are commercial arrangements between the acquiring banks/companies and traders, and not directly related to the imposition of a cooling-off period, whether the authorities know if CC had duly consulted the local banking and beauty industries to gain an understanding of the real situation before making such a remark; if CC had,

of the details; if not, the reasons why CC has made such a remark;

(11) as CC has recommended that a mandatory cooling-off period be applicable to contracts of not less than six months for beauty services, whether the authorities know if CC had conducted any study and duly consulted the industry concerned to gain an understanding of the real situation before putting forward such a recommendation; if CC had not conducted any study or consultation, of the reasons why CC has put forward such a recommendation;

(12) of the reasons why the aforesaid reply to the question has not given an answer to the question as to whether CC had discussed its recommendation with the banking industry to ascertain the feasibility of the recommendation;

(13) whether it knows the respective numbers of banks which (i) have ceased providing Point of Sales terminals and acquiring service to new clients of beauty service companies, (ii) imposed in the past five years the following measures on existing clients of beauty service companies: limiting the credit card transaction value; increasing the deposit required and delaying payment to traders (such as extending the period from 30 days to five months), and (iii) in providing acquiring service, charge those beauty service companies which apply for cancellation of credit card transactions (including purchase-by-installment transactions) an administrative fee equivalent to 4 per cent to 10 per cent of the total transaction value;

(14) whether it knows that after CC published its recommendation, quite a number of beauty service companies have immediately been notified by banks that the refund handling fees for customers' purchase-by-installment transactions will be further increased and repayment to traders will be delayed (such as extending the period from a month to 90 days), and even those clients who have collateral with the banks are also treated in the same way;

(15) of the reasons why the aforesaid reply to the question has not given an answer to the following question: whether, before making its recommendation (i.e. the trader can deduct from the refund the value of the service used and the amount shall be calculated pro rata to the total consideration stipulated in the contract), CC has considered (i) the fact that the trader's cost of providing a single unit of goods or service to the customer is usually higher than that of providing a batch of such goods or service, making it very likely for the trader to eventually bear the relevant differences in the cost, and (ii) if this recommendation will induce many people to exploit the loophole to enjoy part of the services at a lower average price through the purchase of packages;

(16) of the reasons why the aforesaid reply to the question has not given an answer to the following question: whether the authorities know the justifications for CC to recommend that consumers may request for a refund without any reasons, and whether it has considered if this recommendation may lead to abuses or even be exploited as a strategy to undermine competitors in the business arena, which may eventually throw the market into chaos;

(17) whether it has considered, instead of introducing a mandatory cooling-

off period, reminding consumers through public education that they may choose to patronise beauty service companies which offer a cooling-off period on a voluntary basis, and with reference to the banks' current practice of keeping audio recordings of the selling process, requiring beauty service companies to make audio or video recordings of the selling process as a proof that no unfair trade practices have been employed; and

(18) whether it has studied the contributions made by the beauty and related industries to the economy of Hong Kong and in providing employment opportunities; if so, of the details; if not, whether it will conduct such a study?

Reply:

President,

A consolidated reply to the 18 parts of the question is provided below:

The Consumer Council (the Council) is an independent statutory body. According to the Consumer Council Ordinance (Cap. 216), the functions of the Council include collecting, receiving and disseminating information concerning goods and services, receiving and examining complaints by consumers of goods and services, as well as taking such action as it thinks justified by information in its possession, including tendering advice to the Government, so as to protect and promote consumer rights. The Council has studied numerous consumer issues over the years, and is experienced in this regard. The Government provided \$6.3 million to the Council in the year 2016-17 to support the Council in undertaking a number of new studies on individual consumption markets and legal protection for consumers, including the study on cooling-off period. It is difficult to quantify the manpower expenditure for individual studies separately.

The Council's "Report to Advocate Mandatory Cooling-Off Period in Hong Kong" aims to recommend to the Government the imposition of a mandatory cooling-off period, and suggests principles for a legislative proposal. Besides drawing references from other jurisdictions' legislative arrangements and implementation experience, the Council also looked into and studied the situation of the local market, including the operation of credit card schemes, factors that may affect the administrative fees charged on credit card usage, the general level of such fees etc. In formulating the proposals on operational arrangements (including the applicable contract duration, calculation of deductible amount etc.), based on its experience in handling complaints and understanding of the trades' operation, and having considered the feasibility of various options and all relevant factors such as how to minimise the chance of abuse, and objectively analysing and balancing between consumer rights and impact on business operation, the Council put forth the proposal that it considers to be the most practical and suitable for Hong Kong.

In recent years, both the Hong Kong Customs and Excise Department and the Council have received numerous complaints where consumers entered into

beauty or fitness services contracts involving large amount of pre-payment and/or long contract duration under high pressure sales tactics, and there have been calls from the Legislative Council (LegCo) and the community for the Government to impose mandatory cooling-off period on these contracts by way of legislation. For example, at the meeting of the LegCo Panel on Economic Development (ED Panel) on May 23, 2016, members passed the following motion – "That this Panel urges the Government to introduce legislation on imposition of mandatory cooling-off periods, and accord priority to implementing a statutory cooling-off period for pre-paid services involving a lot of complaints and large amount of payment, such as those provided by fitness centres and the beauty industry, so that consumers may unconditionally receive a refund of the paid fees and cancel the contracts during the cooling-off period with a view to protecting consumers' rights, thereby indirectly dampening the incentive to engage in unfair and high-pressure marketing practices, and ultimately safeguarding practitioners of the relevant trades as well." In addition, several LegCo members wrote to the ED Panel, urging the Government to conduct relevant study and legislative work proactively, with a view to imposing a cooling-off period on contracts involving pre-payment, such as those for beauty and fitness services, in order to further protect consumer rights.

The Council has submitted its recommendations to the Government, and the Commerce and Economic Development Bureau (CEDB) would need to consider the recommendations in detail and make specific policy decisions. We are working with relevant Government departments to study various issues relating to legislating on cooling-off period arrangement, including the scope of application; definitions of sectors; implementation details; redress mechanism; and exemptions, etc.; and will consider the appropriate implementation arrangements. We thank the Honourable Shiu for conveying his concern on the issue of legislating for cooling-off period and relaying the beauty trade's opinion on the Council's report. Our goal is to submit the Government's proposed framework to LegCo within this year, and consult the public thereafter. We will listen to the views of and fully consult the community, including the stakeholders.

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## **LCQ9: Provision of biologic therapy for psoriasis patients**

Following is a question by the Dr Hon Helena Wong and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (May 30):

Question:

The dermatology specialist outpatient clinics under the Department of

Health (DH) provide treatment for psoriasis patients, and refer patients of serious cases to the dermatology biologic therapy (biologic therapy) outpatient clinic at the Prince of Wales Hospital (PWH) for treatment. DH enhanced the referral mechanism in June 2016, tasking a medical consultant with the responsibility for assessing whether the psoriasis patients of clinics under DH meet the criteria for receiving biologic therapy so as to expedite referrals. However, there are currently more than 3 000 patients in Hong Kong who are suitable for receiving biologic therapy, but the number of such patients so referred since 2012 has been few and far between. On the other hand, the authorities plan to offer biologic therapy outpatient service at the Pamela Youde Nethersole Eastern Hospital (Eastern Hospital) in the first quarter of 2018, but such plan has not yet been implemented. In this connection, will the Government inform this Council:

(1) of (i) the number of psoriasis patients referred by DH for receiving biologic therapy since the implementation of the aforesaid enhanced mechanism, and (ii) among such patients, the number of those who received biologic therapy subsequently and the percentage of this number in the number of serious psoriasis patients in Hong Kong;

(2) whether it knows the reasons why the Eastern Hospital has not yet introduced the biologic therapy outpatient service, and when such service will be introduced;

(3) whether it knows if the Hospital Authority will step up the service provided at PWH's dermatology biologic therapy outpatient clinic, including increasing the service hours and patient quota; and

(4) as a patient group has pointed out that psoriasis patients currently have to wait for 10 years on average before they receive treatment and thus will very likely miss the best timing for treatment, whether the authorities have comprehensively assessed the service needs of such patients; if so, of the assessment outcome; if not, whether they will conduct such assessment expeditiously?

Reply:

President,

Currently, treatment options for psoriasis are provided in accordance with evidence-based medical practice. The treatments include medicine for external use or oral administration, phototherapy and the newly introduced biologic therapy. Doctors will prescribe appropriate medicine according to the severity of patients' conditions, most of which can be controlled by using conventional treatment options (i.e. medicine for external use or oral administration and phototherapy).

Generally speaking, serious psoriasis patients seeking follow-up consultations at clinics providing specialist dermatology outpatient services under the Department of Health (DH) may be referred to the Hospital Authority (HA) for biologic therapy under the existing mechanism if their conditions

cannot be effectively controlled by conventional treatments like medicine for external use or oral administration or phototherapy, or they have suffered from relatively serious adverse effects after receiving such treatments, provided that they do not have any contraindications to biologic therapy.

To provide appropriate treatments for serious psoriasis patients, the DH has enhanced the referral mechanism for these patients since June 2016. Under the enhanced mechanism, fast and direct referrals will be offered to serious psoriasis patients following the assessment by DH's specialists for appointments for the biologic therapy outpatient service at the Prince of Wales Hospital (PWH). Since the implementation of the enhanced mechanism, a total of four serious psoriasis patients have been referred by the DH to the PWH for biologic therapy.

To further enhance the existing service, the DH and the HA started to actively prepare for the provision of biologic therapy outpatient service at the Pamela Youde Nethersole Eastern Hospital (Eastern Hospital) in September 2017. Preliminary testing of workflows was completed in early 2018, which covers the application of computer systems for basic clinic facilities such as those for medicine prescription, patient registration and fee collection, and the formulation of case referral procedures. The outpatient service will be provided directly by experienced healthcare personnel of DH's Social Hygiene Service, who have completed the training on the application of the systems. The DH and the HA are finalising the detailed arrangements for the overall operation of the biologic therapy outpatient service. It is expected that the clinic will come into operation soon to provide services for psoriasis patients.

The DH will continue to keep abreast of international guidelines and review the treatment options for psoriasis from time to time according to the latest situation in Hong Kong. Apart from the existing biologic therapy outpatient service provided by the PWH, the biologic clinic of the Eastern Hospital will come into operation soon. The DH will maintain close liaison with the HA to explore the relevance and feasibility of introducing the service at the specialist outpatient clinics of other HA hospitals.

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## **LCQ7: Support services for single-parent families**

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (May 30):

Question:



The number of cases in which divorce decrees were granted by the court rose from 6 295 in 1991 to 17 196 in 2016, representing a rate of increase of 1.7 times. Moreover, there were 73 428 single parents in Hong Kong in 2016, of whom more than 30 per cent were recipients of Comprehensive Social Security Assistance. On the other hand, the Integrated Family Service Centres (IFSCs) of the Social Welfare Department (SWD) provide social services for single-parent families at present. However, there are comments that the services currently provided by IFSCs for single-parent families are neither comprehensive nor persistent. In this connection, will the Government inform this Council:

(1) of the number of requests for assistance from single parents handled by the various IFSCs in each of the past five years, with a breakdown by (i) catchment district and (ii) type of issues pertaining to the requests for assistance, as well as the respective percentages of such numbers in the total; the average time taken for handling such cases; the criteria adopted by IFSCs for making the decision to close a case;

(2) of the current (i) staff establishment, (ii) average number of cases handled by each social worker, and (iii) annual operational expenditure, of each IFSC; whether SWD has reviewed the operation and staff establishment of IFSCs on a regular basis;

(3) given that IFSCs currently provide services through a district-based approach, whether the cases of the two parties of separated/divorced couples who reside in different catchment districts are handled by the social workers from different IFSCs; if so, how the authorities ensure that the social workers concerned maintain effective communication with each other in order to comprehensively assess the needs of such separated/divorced couples;

(4) given that SWD will set up five one-stop co-parenting support centres (CPSCs) to be operated by non-governmental organisations in the current financial year, of the (i) address, (ii) estimated annual expenditure, and (iii) staff establishment of each CPSC;

(5) of the number of cases for which services have been provided under the Pilot Project on Children Contact Service since its commencement in September 2016; given that SWD intends to regularise the project and incorporate the relevant service into CPSC's scope of services, of the relevant details and implementation timetable;

(6) whether it will set up specialised service units (e.g. one-stop support centres for single-parent families) to provide comprehensive support services for separated/divorced families; and

(7) given that default in alimony payments is a major problem faced by single-parent families, whether the Government will consider setting up a managing organisation or monitoring mechanism for alimony to help address the problem?

Reply:

President,

After consulting the Home Affairs Bureau (HAB), my consolidated reply to the various parts of the question is as follows:

(1) The number of cases involving single-parent families handled by the Integrated Family Service Centres (IFSCs) of the Social Welfare Department (SWD) and the percentage of such cases in the total number of cases in the past five years are tabulated below:

Year (Note)	Cases involving single-parent families	Percentage of such cases in the total number of cases
2013-14	4 690	19.20 per cent
2014-15	4 546	18.52 per cent
2015-16	4 312	17.59 per cent
2016-17	4 134	17.15 per cent
2017-18	4 260	17.07 per cent

Note: The figures for 2013-14 to 2016-17 were the numbers of cases as at March 31 of the respective years, whereas the figure for 2017-18 was the number of cases as at December 31, 2017.

The SWD does not have the breakdown of cases involving single-parent families by service district and by type of issues pertaining to the requests for assistance.

If it is concluded upon assessment by the IFSCs' social workers that no further assistance is required by the individuals concerned and their families, the social workers will close the cases with the consent of those individuals. If the individuals concerned and their families have other service needs due to changes in circumstances after the closure of cases, they may seek assistance from the IFSCs again. The SWD has not collated information on the average time for handling such cases.

(2) The SWD will, taking into account the service needs and characteristics of different districts, arrange suitable manpower for the IFSCs, including officers-in-charge (Social Work Officer rank), frontline social workers (including Assistant Social Work Officers, Senior Social Work Assistants and Social Work Assistants) and auxiliary staff (including Assistant Clerical Officers, Clerical Assistants and Workman IIs). At present, the staffing establishment of each IFSC, in accordance with district service needs, case complexity and caseload arrangements, is in the range of 21 to 36 posts.

As the nature of cases is getting more and more complicated, the SWD has from time to time enhanced social worker manpower for the IFSCs since the adoption of the integrated family service mode. To introduce the concepts of co-parenting and parental responsibility as early as possible, enhance parents' capability in coping with divorce as well as strengthen family

functioning through district-level coordination, the SWD will strengthen the manpower of IFSCs in 2018-19, increasing the number of social workers serving in the IFSCs from 679 in 2004-05 to 833 in 2018-19. The SWD will continue to closely monitor the workload and manpower situation of the IFSCs, and allocate more resources when necessary.

The estimated Government expenditure on the IFSCs operated by the SWD and non-governmental organisations (NGOs) for 2018-19 is \$1.0134 billion. In 2017-18 (as at the end of December 2017), the average number of cases handled by each IFSC's social worker per month was 36.5.

(3) For cases involving separated/divorced families, if family members are living in different districts, the IFSCs' social workers will, with the consent of the individuals concerned, contact the social workers of other service units serving the same families. Social workers from the two service units will interact and coordinate with each other to conduct comprehensive assessment on the needs of the individuals concerned and their families, and with their best interests taken into consideration, arrange joint interviews, home visits or case conferences, and arrange parents and their children to join groups and programmes that are specifically designed for them, so as to provide appropriate services and assistance for separated/divorced families.

(4) and (5) To strengthen co-parenting support for divorced/divorcing/separated parents and their children, the SWD plans to set up five specialised one-stop co-parenting support centres to be operated by NGOs, one each in the five clusters across the territory (i.e. Hong Kong Island, Kowloon East, Kowloon West, New Territories East and New Territories West), in the fourth quarter of 2018 at the earliest, with services including co-parenting counselling, parenting co-ordination, structured co-parenting groups or programmes, child-focused counselling/groups or programmes, as well as children contact service. Meanwhile, the SWD is evaluating the effectiveness of the Pilot Project on Children Contact Service (the Pilot Project) operated by the Hong Kong Family Welfare Society, and is planning to incorporate the Pilot Project into the new co-parenting support centres. As at mid-April 2018, a total of 105 cases had been served under the Pilot Project.

The above service projects are currently in the planning stage, with details to be finalised.

(6) The SWD has no plans to set up one-stop support centres for single-parent families. However, the SWD will continue to make efforts to provide comprehensive support services for single-parent and separated/divorced families through the IFSCs and the co-parenting support centres to be set up soon.

(7) As advised by the HAB, the Government is committed to enhancing the effectiveness of the system of collecting maintenance payments and enforcing maintenance orders. The measures taken so far include relaxing the requirement for the court to make an Attachment of Income Order, imposing interest or surcharge against defaulting maintenance payers as well as stepping up publicity and education work.

The Government will commission a consultancy study through the Family Council to examine various issues relating to marriage and divorce, including the proposal of setting up a maintenance board, with a view to facilitating the consideration of the way forward. The study is expected to commence in mid-2018.

While the consultancy study is underway, the Government will continue to review and implement suitable measures to facilitate the enforcement of maintenance orders. These measures include increasing the amount of monthly maintenance that may be exempted from the Director of Legal Aid's First Charge, streamlining the referral procedures for recovery of arrears of maintenance by legal aid applicants, as well as launching publicity and education programmes on an ongoing basis.

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## LCQ8: Unsold first-hand private residential units

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 (May 30):

Question :

According to the Statistics on Private Housing Supply in Primary Market released by the Transport and Housing Bureau, as at the end of last year, there were 9 000 unsold units in the completed private buildings in the territory. On the other hand, the Collector of Stamp Revenue may grant, under section 45 of the Stamp Duty Ordinance (Cap. 117), stamp duty relief to an instrument that conveys or transfers a beneficial interest in an immovable property from one associated body corporate to another. In this connection, will the Government inform this Council:

(1) whether the aforesaid 9 000 unsold units include those leased out by the developers concerned; if so, of the number concerned; if not, the reasons for that;

(2) of a breakdown of the aforesaid 9 000 unsold units by (i) name of development and (ii) the unit floor area classification used by the Rating and Valuation Department in compiling the statistics and, among such units, the number of those which were leased out by the developers concerned;

(3) of the following information in respect of each of the developments mentioned in (2):

(i) the District Council district in which the development is located;

- (ii) the street number;
- (iii) the date on which the occupation permit was granted;
- (iv) the date on which the certificate of compliance (commonly known as "letters of satisfaction") was granted;
- (v) the sum of the prices of the unsold units concerned on the price list; and
- (vi) the sum of the rateable values of the unsold units concerned;

(4) among the aforesaid 9 000 unsold units, whether there are units in respect of which the beneficial interests have been conveyed or transferred upon completion and the instruments concerned have been granted stamp duty reliefs by the Collector of Stamp Revenue under section 45 of the Stamp Duty Ordinance; if so, of the number of such units; if not, the reasons for that;

(5) under the existing requirement, when the transferee of a conveyance or transfer mentioned in (4) sells the unit concerned subsequently to a third person who is not his or her associate, whether the former is required to make retrospective payment in respect of the stamp duty relief granted by the Collector of Stamp Revenue under section 45 of the Stamp Duty Ordinance; if so, of the number of such cases in each of the past three years and the amount of stamp duty involved in each case;

(6) of the number of instruments involving conveyance or transfer of beneficial interests of private domestic units which were granted stamp duty reliefs under section 45 of the Stamp Duty Ordinance in each of the past three years and, in respect of each instrument, the date of conveyance or transfer and the amount of stamp duty involved (set out in a table); and

(7) given that if the association between two body corporates ceases within two years after the date of execution of the instrument, the Collector of Stamp Revenue shall have the right to withdraw the stamp duty relief that has already been granted under section 45 of the Stamp Duty Ordinance, of the number of cases in which the Collector of Stamp Revenue withdrew the stamp duty reliefs in each of the past three years, and the amount of stamp duty involved in each case (set out in a table); whether the authorities have reviewed the implementation of the relief requirement; if not, of the reasons for that; if so, the details, including whether such requirement will be amended?

Reply:

President,

After consulting the Inland Revenue Department (IRD), my reply to various parts of the question raised by the Hon Dennis Kwok is as follows:

(1), (2) and (3) The Government releases statistics on private housing supply in the primary market on the website of the Transport and Housing Bureau (THB) on a quarterly basis, including the number of unsold units in completed projects. The concerned statistics are consolidated by THB based on inputs provided by various Government departments (e.g. Buildings Department, Land

Registry, etc.) for the purposes of projecting the supply of first-hand private residential units in the coming three to four years.

As at March 31, 2018, there were around 9 000 unsold first-hand private residential units in completed projects. These unsold units may be vacant units, units occupied by the developers for self-use or units rented out by developers (e.g. serviced apartments). As developers are not required to declare the occupancy of these unsold units, we do not have information about the number of units rented out by developers among these 9 000 units. We also do not compile statistical data on the size, the District Council district in which the relevant development is located, the street number, the dates on which the occupation permit and certificate of compliance were granted, the prices and the rateable values of these unsold units.

(4) The above 9 000 unsold units refer to the number of unsold first-hand private residential units in completed projects. In other words, if the units have been transferred to other persons or companies through agreement for sale and purchase, these units would not be counted as unsold units.

(5) According to the Stamp Duty Ordinance, if a transferee of an instrument executed by associated bodies corporate in relation to sale and purchase or transfer of residential property sells or transfers the residential property covered by the instrument to an unassociated third party in future, the transferee is not required to pay to the Collector of Stamp Revenue the stamp duty in respect of the instrument for which relief has been granted. However, unless the transaction for sale or transfer of residential property to an unassociated third party fulfills the exemption conditions prescribed in the Stamp Duty Ordinance, the relevant transaction will be subject to Special Stamp Duty, Buyer's Stamp Duty and the New Residential Stamp Duty with reference to applicable rates.

(6) In the past three financial years, the number of residential property cases and the amount of stamp duty involved therein where stamp duty relief was granted by the IRD on grounds of property transfer between associated bodies corporate under sections 29H(3) and 45 of the Stamp Duty Ordinance are set out in the table below:

Financial year	Number of cases (Note 1)	Amount of stamp duty involved (Note 2) (\$ Million)
2015-16	206	2,626
2016-17	168	1,874
2017-18	253	3,014

Note 1: The numbers of cases listed in the table above are classified by the date on which IRD granted the relief. IRD has not performed analysis on the date of conveyance of and the amount of stamp duty involved in each individual case.

Note 2: It only includes the amount of relieved ad valorem stamp duty and Buyer's Stamp Duty. Since it is not necessary to provide the date of acquiring the relevant residential property at the time of applying for the relief, the amount of relieved Special Stamp Duty cannot be computed.

(7) According to section 45(5A) of the Stamp Duty Ordinance, if associated bodies corporate no longer qualify for the associated relationship as defined under section 45(2) within two years from the date of executing the instrument for sale and purchase or transfer of property, the relevant bodies corporate have to pay the stamp duty for which relief has been granted. In the past three financial years, IRD had no record of withdrawing stamp duty relief by reason of cessation of associated relationship.

Section 45 of the Stamp Duty Ordinance can effectively cater for the genuine need of transferring properties between associated bodies corporate, and at the same time empower the Collector of Stamp Revenue to refuse granting relief and recover stamp duty under appropriate circumstances for the protection of Government revenue. Since the relevant provision has all along been effective and there are no signs of abuse, the Government currently has no plan to amend the relevant provision.