

LCQ 5: Management fees of housing courts under the Starter Homes pilot projects for Hong Kong Residents

Following is a question by the Hon Wilson Or and a reply by the Secretary for Transport and Housing, Mr Frank Chan Fan, in the Legislative Council today (June 17):

Question:

Intake of residents for the eResidence, the first Starter Homes (SH) for Hong Kong Residents pilot project developed by the Urban Renewal Authority, commenced last month. Some flat owners of that housing court have complained that they have to pay exorbitant management fees, which amount to \$4.3 per square foot and are even higher than those of certain private housing courts. The exorbitant management fees, coupled with property mortgage repayments, have aggravated their financial burden. In this connection, will the Government inform this Council:

(1) given that the prices of SH flats are positioned at a level between those of Home Ownership Scheme (HOS) courts and private housing courts, whether it has assessed if the management fees of SH housing courts should be pitched at a level between those of HOS courts and private housing courts; if it has conducted such an assessment, of the outcome;

(2) whether the Government participated in determining the management fee level of the eResidence; and

(3) whether it will set up a mechanism to monitor the management fee levels of SH housing courts?

Reply:

President,

The objective of Starter Homes (SH) pilot projects for Hong Kong Residents is to enrich the housing ladder by adding a rung below private housing and above the Home Ownership Scheme (HOS). As a type of subsidised sale flats (SSFs), SH aims to help the higher-income families who are not eligible for HOS and yet cannot afford private housing to meet their home ownership aspirations in the face of high property prices.

In June 2018, the Government invited the Urban Renewal Authority (URA) to assign its redevelopment project at Ma Tau Wai Road as an SH pilot project (eResidence). Subsequently, URA announced the pre-sale of 450 SH units at eResidence in December 2018. All SH units were sold in June 2019. Following

the completion of the project, URA commenced execution of assignment and handover procedures in early May this year.

My reply to various parts of the question raised by Hon Wilson Or is as follows:

(1) Currently, there are three major types of SSFs under different rungs along the housing ladder, namely, Green Form Subsidised Home Ownership Scheme (GSH), HOS and SH. The positioning and relativity of these three types of SSFs along the housing ladder are reflected in the discount of the selling prices of the units. Therefore, the discount rate of GSH units would be higher than that for HOS sale exercise, while the discount rate of SH units would be lower than that for HOS sale exercise. As for the eResidence project, SH units were sold at 62 per cent of the assessed market values, i.e. a discount rate of 38 per cent, which was 10 per cent less than the 48 per cent discount for the previous HOS sale exercise (i.e. in 2018).

From the perspective of property management, there is no difference between SSF projects and private residential projects in general. The management fee level of housing projects (no matter for SSF or private residential projects) is affected by a number of factors, including development scale of the housing estate, number of units, community facilities and ancillary infrastructures provided by the housing estate, expenditure on daily maintenance and repair works, number of security guards and cleaning workers, as well as fees for hiring property management company, etc. In general, if there are fewer building blocks and units in the housing estate, or more community facilities (e.g. clubhouse and gym) provided by the housing estate, the management fees to be shared by each unit would be higher. Considering that the specific circumstances of different housing projects may be widely different, the Government does not consider it appropriate to lay down a set of rigid indicators with regard to the management fee level.

(2) In inviting URA to assign its redevelopment project at Ma Tau Wai Road as SH pilot project, the Government has specified certain requirements concerning SH units under the relevant lease modification document, including that the units can only be sold to persons meeting the eligibility criteria specified by the Government, the pricing should be subject to the approval by the Government, and there should be alienation restrictions for the units, etc., while matters concerning the determination of management fee level are not included. The Government was also not involved in the determination of the management fee level of eResidence.

According to information provided by URA, in determining the management fee level of eResidence, URA has made reference to the management fees of residential projects in the market with comparable development scale and facilities, and the management fee level of eResidence is compatible with the current market level. According to the understanding of the Government, depending on the scale and relevant facilities of individual housing estates, the management fee level of private residential projects completed in recent years is around \$4 to \$5 per square foot in general.

(3) As mentioned above, the management fee level is affected by a number of factors. It would be difficult for the Government to specify the management fee level and relevant indicators for SH projects which are of reference value. Moreover, if the Government sets restrictions on the management fee level for SH projects, in order to comply with relevant requirements, developers may unavoidably need to make trade-offs on areas such as facilities and ancillary infrastructures of the housing estates. This may reduce the flexibility of developers in the design of SH projects, and is not in line with the original intent of the Government to fully utilise the experience and expertise of developers in designing and constructing buildings to provide SH units.

Tender results of re-opening of 15-year Government Bonds under Institutional Bond Issuance Programme

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority, as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announces that a tender of 10-year Government Bonds through the re-opening of existing 15-year Government Bond issue 15GB3007 under the Institutional Bond Issuance Programme was held today (June 17).

A total of HK\$1.7 billion 15-year Government Bonds were offered today. A total of HK\$4.508 billion tender applications were received. The bid-to-cover ratio, i.e. the ratio of bonds applied for to bonds issued, is 2.65. The average price accepted is 112.97, implying an annualised yield of 0.790%.

HKSAR Government Institutional Bond Issuance Programme Government Bond tender results

Tender results of re-opening of 15-year Government Bonds under the Institutional Bond Issuance Programme:

Tender Date	: June 17, 2020
Issue Number	: 15GB3007 (Re-open)
Stock Code	: 4227 (HKGB 2.13 3007)
Issue and Settlement Date	: June 18, 2020

Tenor	: 10-year
Maturity Date	: July 16, 2030
Coupon Rate	: 2.13%
Amount Applied	: HK\$4.508 billion
Amount Allotted	: HK\$1.7 billion
Bid-to-Cover Ratio*	: 2.65
Average Price Accepted (Yield)	: 112.97 (0.790%)
Lowest Price Accepted (Yield)	: 112.15 (0.870%)
Pro-rata Ratio	: About 67%
Average Tender Price (Yield)	: 111.37 (0.947%)

* Calculated as the amount of bonds applied for over the amount of bonds issued.

[LCQ3: Polling arrangements for the Legislative Council General Election](#)

Following is a question by Dr the Hon Helena Wong and a reply by the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, in the Legislative Council today (June 17):

Question:

Regarding the Regulation under which persons arriving at Hong Kong from overseas shall be subject to 14-day compulsory quarantine, the Government has extended its expiry date to September 18 this year, straddling the polling date set for the 2020 Legislative Council General Election (i.e. September 6). The Government has indicated that it will consider allowing electors under compulsory quarantine to go out temporarily to cast their votes.

However, some Hong Kong people who are currently outside Hong Kong and intend to make a special trip to return to Hong Kong to cast their votes have indicated that the said arrangement is still unsound as they have to, owing to personal circumstances, leave Hong Kong shortly after casting their votes, and will be unable to stay in Hong Kong to complete the quarantine procedure. Regarding the polling arrangements for the Election, will the Government inform this Council:

(1) whether it has finalised the arrangements for those persons who are under compulsory quarantine and for those coronavirus disease 2019 patients who are receiving medical treatments to cast their votes on the polling day; if so, of the details;

(2) whether it will exempt those electors who have made a special trip to return to Hong Kong to cast their votes from the 14-day compulsory quarantine requirement; if so, of the details; if not, the reasons for that; and

(3) whether it will set up a polling station inside the Restricted Area of the Hong Kong International Airport to facilitate those electors outside Hong Kong who make a special trip to return to Hong Kong or transit via Hong Kong to cast their votes; if so, of the details; if not, the reasons for that?

Reply:

President,

After consulting the Food and Health Bureau, our consolidated reply to Dr the Hon Helena Wong's question is as follows:

The Chief Executive has published in the gazette on June 12 that the 2020 Legislative Council (LegCo) General Election will be held on September 6, 2020. The nomination period of the LegCo General Election is set from July 18 to July 31 this year.

We note that although the situation of COVID-19 outbreak in Hong Kong and the number of confirmed cases have slightly stabilised in the past month or so, the situation still remains volatile, with local cluster cases reported again recently. At the same time, the global situation remains severe. As at June 16, 218 countries/territories/areas reported a total of around 7.86 million COVID-19 cases. Since late March, about 70 000 to 130 000 new cases have been reported daily around the world. As regards the Mainland, despite significant improvements in the situation, individual provinces/cities still reported certain number of imported and local cases in the past few weeks.

The above situation reflects that the epidemic is yet to be over whether in Hong Kong or places outside Hong Kong. Considering that COVID-19 epidemic is not expected to fade away in the near future, we will closely keep in touch with the Food and Health Bureau and the Centre for Health Protection to carefully monitor the development of the outbreak in assessing the impact of the epidemic on the LegCo General Election from now until the polling date,

and formulate various plans in view of the different possibilities concerning the development of the epidemic in a timely manner. The Registration and Electoral Office all along does not set up polling stations in hospitals, but will explore whether special arrangements could be made for electors under compulsory quarantine to go out temporarily to cast their votes in a safely manner.

The voting rights of citizens are protected by the Basic Law. When formulating measures that are related to the prevention of COVID-19 in the election, the Hong Kong Special Administrative Region (HKSAR) Government will endeavour to strike a balance among factors like public health protection, social acceptance, electors facilitation, etc. The HKSAR Government has earlier published in the gazette to amend the Compulsory Quarantine of Certain Persons Arriving at Hong Kong Regulation (Cap. 599C) and the Compulsory Quarantine of Persons Arriving at Hong Kong from Foreign Places Regulation (Cap. 599E) by extending their validity. We shall closely monitor movement of people between Hong Kong and other places and implement compulsory quarantine measures, as well as development of the epidemic situation in the Mainland and overseas, in order to decide the plan to be adopted to facilitate electors to vote. We will finalise the details and announce them to the public in due course.

Regarding the setting up of a polling station inside the Hong Kong International Airport, in accordance with Section 30 of the Electoral Affairs Commission (Electoral Procedure) (Legislative Council) Regulation (Cap. 541D), the Chief Electoral Officer must allocate to each elector and authorised representative a polling station or polling stations to cast the vote or votes he or she is entitled to cast at an election. The Chief Electoral Officer must also allocate to a geographical constituency (GC) elector a GC polling station that is, as far as practicable, close to his or her registered residential address to cast the vote for the GC. To this end, the Registration and Electoral Office must prepare an extract of the Register of Electors for each polling station for staff at the polling station to verify the electors' eligibility to vote before issuance of ballot papers. Taking into account that there are difficulties in ascertaining the information and number of electors who will return to Hong Kong or transit via Hong Kong on the polling day, the Registration and Electoral Office considers that it will be difficult to prepare the said extract of Register of Electors prior to the polling day. At this stage, the Registration and Electoral Office considers that the proposal to establish a polling station in the Restricted Area of Hong Kong International Airport may not be feasible, but it will continue to explore if the relevant technical difficulties can be overcome, or adopt other practicable ways to enable voters returning from abroad to vote.

Besides, in order to ensure electors' safety and prevent the spread of COVID-19 in the polling stations and counting stations, we plan to implement the following proposed safety measures:

- (1) All polling staff are required to wear a mask and those showing signs of fever will not be allowed to discharge electoral duties;

(2) Before entering the polling stations, electors, candidates and agents are required to put on their own masks properly and rub their hands by using alcohol based handrub placed at the entrance of the polling stations;

(3) Installation of infrared thermographic camera at polling stations as far as possible to screen out electors showing signs of fever and provision of handheld electronic thermometers to polling stations where it is not feasible to install such camera;

(4) Upon arrival at the polling station, temperatures of electors, candidates and agents will be taken. Candidates and agents showing signs of fever are advised not to enter the polling station; and

(5) Providing disinfecting sprays or wipes for polling staff to disinfect polling tables, tick chops, paperboards, etc. regularly.

The Government will continue to make proactive preparations and arrangements to ensure that the LegCo General Election in September will be conducted in a fair, open and honest manner whilst meeting the public health and safety requirements.

Thank you President.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, June 17, 2020 is 107.9 (up 0.2 against yesterday's index).

LCQ2: Addition to or deletion from the list of laws in Annex III to Basic Law

Following is a question by the Hon Tanya Chan and a reply by the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, in the Legislative Council today (June 17):

Question:

Article 18 of the Basic Law stipulates that the laws listed in Annex III shall be applied locally by way of promulgation or legislation by the Hong

Kong Special Administrative Region (SAR). The Standing Committee of the National People's Congress (NPCSC) may add to or delete from the list of laws in Annex III after consulting its Committee for the Basic Law of the Hong Kong Special Administrative Region (BLC) and the SAR Government. In this connection, will the Government inform this Council:

- (1) whether it knows the specific criteria or legal provisions based on which NPCSC determines whether a certain piece of national law shall be applied in SAR by way of promulgation or by way of legislation; whether, under the SAR legal system, there is a difference in the status of the laws applied by the two different ways mentioned above;
- (2) whether it knows the procedure adopted by NPCSC for consulting BLC and the SAR Government in respect of the addition to or deletion from the list of laws in Annex III to the Basic Law, including the stage at which the consultation is to take place; whether such a consultation procedure is also applicable to the amendments made to the provisions of the laws listed in Annex III; and
- (3) as the SAR Government indicated in its reply to a question raised by a Member of this Council in February 1999 that "in future, if any national law proposed to be added to Annex III to the Basic Law has any practical effect in the SAR, we will refer the issue concerned to the relevant Legislative Council panel for discussion", whether the SAR Government still adopts such a practice at present?

Reply:

President,

Having consulted the relevant bureau and department, our consolidated reply to Hon Tanya Chan's question is as follows:

The National People's Congress (NPC) is the highest state organ of power of the People's Republic of China. In accordance with Article 62 of the Constitution of the People's Republic of China (Constitution), the NPC exercises the function and power of enacting and amending laws. The Hong Kong Special Administrative Region (HKSAR) was established by the "Decision of the National People's Congress on the Establishment of the HKSAR" adopted in accordance with Article 31 of the Constitution on April 4, 1990. The NPC adopted the Basic Law of the HKSAR of the People's Republic of China (Basic Law) as a national law in accordance with Articles 31 and 62 (14) of the Constitution.

Article 2 of the Basic Law stipulates that "the NPC authorises the HKSAR to exercise a high degree of autonomy and enjoy executive, legislative and independent judicial power, including that of final adjudication, in accordance with the provisions of the Basic Law". Article 18 of the Basic Law stipulates that "national laws shall not be applied in the HKSAR except for those listed in Annex III to the Basic Law. The laws listed therein shall be applied locally by way of promulgation or legislation by the HKSAR. The Standing Committee of the National People's Congress (NPCSC) may add to

or delete from the list of laws in Annex III after consulting its Committee for the Basic Law of the HKSAR and the government of the HKSAR. Laws listed in Annex III to the Basic Law shall be confined to those relating to defence and foreign affairs as well as other matters outside the limits of the autonomy of the HKSAR as specified by the Basic Law".

Article 13 of the Basic Law stipulates that "the Central People's Government shall be responsible for the foreign affairs relating to the HKSAR", whereas Article 14 of the Basic Law stipulates that "the Central People's Government shall be responsible for the defence of the HKSAR". These are examples of matters outside the limits of the autonomy of the HKSAR. In accordance with the Basic Law, the HKSAR exercises a high degree of autonomy in many areas, especially with respect to the economy. Various provisions in Chapter V of the Basic Law provide for the high degree of autonomy of the HKSAR in public finance, monetary affairs, trade, industry and commerce. The most representative ones include Article 108 of the Basic Law, which stipulates that "the HKSAR shall practise an independent taxation system"; Article 111, which stipulates that "the Hong Kong dollar, as the legal tender in the HKSAR, shall continue to circulate"; and Article 114, which stipulates that "the HKSAR shall maintain the status of a free port". These are clearly matters within the limits of the autonomy of the HKSAR.

Since Hong Kong's return to the Motherland, the NPCSC has made additions to or deletion from the list of laws listed in Annex III to the Basic Law four times, including: (1) adding the Law of the People's Republic of China on the National Flag, the Regulations of the People's Republic of China concerning Consular Privileges and Immunities, the Law of the People's Republic of China on the National Emblem, the Law of the People's Republic of China on the Territorial Sea and the Contiguous Zone, and the Law of the People's Republic of China on the Garrisoning of the HKSAR, as well as deleting the Order on the National Emblem of the People's Republic of China Proclaimed by the Central People's Government (Attached: Design of the national emblem, notes of explanation and instructions for use) on July 1, 1997; (2) adding the Law of the People's Republic of China on the Exclusive Economic Zone and the Continental Shelf on November 4, 1998; (3) adding the Law of the People's Republic of China on Judicial Immunity from Compulsory Measures Concerning the Property of Foreign Central Banks on October 27, 2005; and (4) adding the Law of the People's Republic of China on the National Anthem on November 4, 2017.

The NPCSC may add to or delete from the list of national laws in Annex III in consultation with its Committee for the Basic Law of the HKSAR and the government of the HKSAR in accordance with the provisions and relevant procedures stipulated in Article 18 of the Basic Law. The national laws listed in Annex III to the Basic Law, regardless of being applied by way of promulgation or legislation, are laws applied in Hong Kong and have legal effect. The national laws currently listed in Annex III to the Basic Law have not been amended since their inclusion in Annex III.

When exercising its legislative power conferred by the Constitution to enact laws, the NPCSC also has to abide by the rules stipulated in Chinese laws such as the Legislation Law of the People's Republic of China. The

HKSAR government cannot answer questions relating to the enactment of laws by the NPCSC and the criteria for making relevant decisions on behalf of the NPCSC. If there is a need to amend any national laws listed in Annex III to the Basic Law, it will be led by the NPC or the NPCSC in accordance with their powers conferred by law.

For national law(s) to be added to Annex III to the Basic Law in future, the NPCSC will consult the Committee of the Basic Law and the HKSAR government in accordance with Article 18 of the Basic Law. The HKSAR government will listen to the views of different sectors having regard to actual circumstances and the subject matter concerned, and will duly reflect the actual situation in Hong Kong and specific views when being consulted by the NPCSC.

Thank you President.