

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 2226/00-01  
(These minutes have been seen  
by the Administration and cleared  
by the Chairman)

Ref: CB1/PL/HG/1

**LegCo Panel on Housing**

**Minutes of meeting held on  
Wednesday, 18 July 2001, at 2:30 pm  
in Conference Room A of the Legislative Council Building**

**Members present** : Hon CHAN Kam-lam (Chairman)  
Hon Albert HO Chun-yan (Deputy Chairman)  
Hon David CHU Yu-lin, JP  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon NG Leung-sing, JP  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Howard YOUNG, JP  
Hon Andrew CHENG Kar-foo  
Hon Abraham SHEK Lai-him, JP  
Dr Hon LO Wing-lok  
Hon IP Kwok-him, JP

**Non-panel member attending** : Hon Audrey EU Yuet-mee, SC, JP

**Members absent** : Hon CHAN Yuen-han, JP  
Hon Andrew WONG Wang-fat, JP  
Dr Hon YEUNG Sum  
Hon SZETO Wah  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee  
Hon LAU Ping-cheung

**Public officers  
attending : For item III**

Housing Bureau

Miss M L WONG  
Principal Assistant Secretary (1)

Mr Gary AU  
Assistant Secretary

Housing Society

Miss L C WONG  
Deputy Executive Director

Mr Daniel LAU  
Property Development Manager

**For item IV**

Housing Bureau

Mr Andrew R WELLS, JP  
Deputy Secretary (2)

Ms LAM Lit-kwan  
Chief Assistant Secretary (Research and Planning)

Housing Department

Mr Y K CHENG  
Assistant Director (Applications & Operations)

**For item V**

Housing Bureau

Miss Joey LAM  
Principal Assistant Secretary (2)

Housing Department

Mr C P ROBERTS  
Assistant Director (Commercial Properties)

**For item VI**

Housing Bureau

Miss Joey LAM  
Principal Assistant Secretary (2)

Housing Department

Mr Marco WU  
Deputy Director

Mr Wilson FUNG  
Director Corporate Services

Mr Albert LEE  
Assistant Director/Business

**For item VII**

Housing Bureau

Miss M L WONG  
Principal Assistant Secretary (1)

Department of Justice

Mr Gilbert MO  
Deputy Law Draftsman

**Clerk in attendance** : Miss Becky YU  
Chief Assistant Secretary (1)1

**Staff in attendance** : Mrs Mary TANG  
Senior Assistant Secretary (1)2

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Before commencing discussion, Mr Fred LI enquired about the reasons for postponing the current meeting which was originally scheduled for 9 July 2001. The Chairman explained that he decided to postpone the meeting because it clashed with the meeting of the Rental Committee of the Housing Authority. Furthermore, as the Administration had given prior notification of its intention to give a special briefing to the Panel in July 2001, it made sense to combine the meeting with the special briefing. While appreciating the Chairman's concern, Mr Albert HO said that the dates of

regular Panel meetings should be adhered to as far as possible. As regards Mr LI's concern on the untimely submission of the Administration's papers for the meeting, the Chairman agreed that the Administration should have sufficient time to prepare the papers, particularly after the postponement of the meeting. It was therefore unacceptable that the papers were only ready the day before the meeting.

**I Confirmation of minutes of previous meeting**

(LC Paper No. CB(1) 1742/00-01)

2. The minutes of the meeting held on 5 February 2001 were confirmed.

**II Information papers issued since last meeting**

3. Members noted that the following information papers had been issued since the last meeting -

LC Paper No. CB(1) 1489/00-01(01) -- Referral from Duty Roster Members on granting of rent reduction under the Rent Assistance Scheme to elderly households affected by redevelopment

LC Paper No. CB(1) 1489/00-01(02) -- Extracts from minutes of the meeting between LegCo Members and North District Council members held on 22 February 2001 and the minutes of the case conference on 27 March 2001 setting out Members' concern on rehousing arrangements for residents affected by land resumption

LC Paper No. CB(1) 1638/00-01 -- Letter from Mr LAI Chi-keung, member of the Eastern District Council, urging the Housing Authority to shelve or suspend rent increase for Hing Wah Estate, Chai Wan

LC Paper No. CB(1) 1799/00-01 -- Submission from the Coalition on Safeguarding the Rights of Cottage Areas in Hong Kong regarding compensation for clearance of Cottage Areas

### III Senior Citizen Residence Scheme (LC Paper No. CB(1) 1794/00-01(03))

4. The Principal Assistant Secretary for Housing(1) (PAS for H(1)) briefly explained the preliminary proposals submitted by the Hong Kong Housing Society (HS) regarding the eligibility criteria, entry contributions and other details of the Senior Citizen Residence Scheme (SENS) which was to be operated on self-financing and user-pays principles. The Property Development Manager, Housing Society (PDM/HS) then gave a video presentation on SENS.

5. Mr Albert HO asked if the services provided under SENS would include nursing care and if so, the costs of such care. PDM/HS explained that SENS was a housing initiative with integrated medical and supportive components for elderly people. Tenants who were in need of nursing care could choose to move to the non-profit making medical care centre at the ground floor or to subscribe personalized nursing services to be provided at their own units. The types of services provided would depend on the personal needs and preferences of tenants and the charging would be based on the user-pays principle. Dr LO Wing-lok remarked that tenants should be informed well in advance of the additional costs incurred from nursing care. He then enquired about the availability of units and staff under SENS. PDM/HS advised that taking the example of the Tseung Kwan O project, there would be about 230 SENS units which would provide accommodation for about 350 to 400 elderly people. While he did not have the exact number of medical and nursing staff at hand, PDS/HS assured members that there would be adequate staff to provide quality service to the tenants.

6. The Chairman asked whether there were sufficient beds at the medical centre. PDM/HS advised that as SENS was intended for elderly people of different ages, the chances of all the tenants seeking nursing care at the same time would be slim. Besides, consideration would be given to the age and health condition of SENS tenants during intake to ensure that sufficient medical facilities would be made available to them. In the event of over-subscription of the medical facilities, arrangements would be made to use the facilities of the neighbouring elderly homes and where necessary, beds would be reserved for the purpose.

7. Mr Albert HO was concerned that SENS tenants would have to give up their units and move to Government hospitals or medical institutions if they could not afford the nursing services provided. PDM/HS said that since SENS was operated on a user-pays principle, applicants would be required to meet the asset limits before admission. Besides, the children and guarantors of SENS tenants could pay for the medical expenses incurred. If there was a need for the tenants to be transferred to other medical institutions, the Sheng Kung Hui Diocesan Welfare Council and the Haven of Hope Christian Service would provide assistance as far as possible. Upon termination of the lease, tenants would be entitled to a percentage refund of the entry contribution. This would provide with a safety exit for the tenants in case of financial hardship.

8. Mr NG Leung-sing enquired about the basis for determining the refund of the entry contribution and the monthly fee of the medical coverage. PDM/HS said that the refund would range from 10% to 70% of the entry contribution plus interest, decreasing with increased duration of occupation. The rate of decrease would be 4% per year of occupation while the interest rate would be based on the average of the interest rates of the three banknote issuing banks. Tenants would be notified of their entitlement to the refund every year. As regards the medical coverage, PDM/HS said that the monthly fee would cover general medical tests such as blood and urine tests. The health record of each tenant would be kept by the medical centre.

9. Mr NG and Dr LO Wing-lok sought elaboration on the monitoring mechanism for the management of services and funds under SENS. PDM/HS said that HS would monitor the delivery of service to ensure quality. The financial viability of SENS would depend on the occupancy rate. Although HS was required to pay interest on the entry contribution, it was expected that it could recover about 38% of its investment at the initial stage. Furthermore, SENS was worth pursuing as this would enable elderly people to “age in place” and enjoy “healthy ageing”. It was hoped that similar type of housing could also be made available in the private sector so that elderly people could have more choices.

10. While commending the innovation of SENS, Mr IP Kwok-him enquired about the role of the Government if similar service could be provided by the private sector. PAS for H(1) said that SENS was a pilot project which aimed to provide an additional option of housing with integrated medical and supportive services to elderly people. The Housing Bureau was looking at ways to involve private developers in meeting the housing needs of the community. Responding further to Mr IP about the contingency measures in the event that the project was found to be non-viable, PAS for H(1) acknowledged that there were financial risks for the pilot project and measures would be worked out jointly between the Administration and HS. However, judging from the number of enquiries received, it was likely that the project would be well received by the community.

11. Mr NG Leung-sing asked if assistance would be provided to elderly people in respect of financial arrangements associated with the sale of their existing properties so that they could make use of the proceeds of sale to cover the entry contribution for SENS. PDM/HS said that SENS would not discriminate against property owners. Applicants could choose to sell or lease their properties when joining SENS. Mr NG urged the Administration to re-consider the feasibility of introducing a reverse mortgage as proposed earlier by Mr TAM Yiu-ching which would facilitate elderly people to secure mortgage for their properties. His view was shared by the Chairman. Given that no title ownership would be involved in the leasing of SENS units, PDM/HS considered it unlikely that bank mortgage would be required. Notwithstanding, HS would work out measures with financial institutions to help facilitate elderly people in effecting payment for entry contribution before the launching of SENS in October 2001.

12. The Chairman opined that apart from elderly in the middle income group, the Administration should also consider extending SENS to those in the low income group. PAS for H(1) pointed out that elderly people in the low income group had been given priority for subsidized housing. Nevertheless, consideration would be given to the scope of SENS to the low income group if this was well received by the community.

#### **IV Update on the rent allowance for the Elderly Scheme** (LC Paper Nos. CB(1) 1794/00-01(04), (05) and (06))

13. At the invitation of the Chairman, the Deputy Secretary for Housing (2) (DS for H(2)) briefed members on the results of the further study on the implementation details of the Pilot scheme on Rent Allowance for the Elderly (the Scheme) circulated to members vide LC Paper No. CB(1) 1794/00-01(04). The Assistant Director (Applications and Operation) (AD(AO)) further explained the proposals under the Scheme as set out in the Annexures to the paper.

14. Mr LEE Cheuk-yan noted that some elderly resident associations had expressed concern that the Scheme, which was said to provide prospective elderly public housing tenants with an alternative choice of housing, would ultimately replace the allocation of public rental housing (PRH). They also dismissed the Scheme as one of the tactics to prop up the property market. In view of the progressive reduction in the supply of PRH units, Mr LEE questioned whether this was a move towards the increased provision of rental subsidies to prospective tenants. In reply, DS for H(2) reiterated the Administration's pledge for reducing the average time of elderly singletons to two years by 2005. He stressed that such a pledge would not be affected by rental subsidies, and that the Administration had no intention to force elderly applicants to accept rental subsidies in lieu of public housing.

15. Mr LEE considered that the proposed rental allowance was insufficient to cover rental in the private sector. That was why the Housing Department (HD) was given the discretion to approve accommodation which marginally failed the specified conditions under the Scheme. He urged the Administration to lower the accommodation requirements to include cubicles. AD(AO) said that according to a survey conducted by HD on some of the older districts, the current rental allowance was set at a realistic level. As regards the discretionary power of HD, AD(AO) advised that this was meant to provide more flexibility so that premises which slightly fell short of the accommodation requirements could be considered. Moreover, the proposed requirements would include domestic flats with self-contained facilities or rooms with proper partitioning inside self-contained flats.

16. Mr LEUNG Yiu-chung expressed concern about the impact of the Scheme on the rental market, particularly in old urban districts where the supply of small private rental units might not be able to meet demand arose as a result of the Scheme. AD(AO) said that there were about 220 000 units with areas below 40 square metres

(m<sup>2</sup>) available in urban districts which were sufficient to meet the anticipated increase in demand. Besides, the quota of 500 for the pilot Scheme would not have much impact on the rental market. DS for H(2) added that the market would be able to gradually adjust itself. HD would review the progress of the Scheme as well as the quota in line with the market situation.

17. Despite the abundant supply of units over 30 m<sup>2</sup>, Mr LEUNG pointed out that the rental of these units was too high for the elderly singletons. As a result, they could only afford smaller non-self-contained units with the rental allowance. There were practical difficulties in finding the right accommodation which met the proposed requirements. AD(AO) said that HD was considering a package of service to help the elderly to find suitable accommodation.

18. As regards Mr Albert HO's enquiry on the transfer mechanism, AD(AO) explained that if eligible elderly households who opted for rental subsidies wished to be move back to PRH, they could notify HD of their intention six months before the expiry of the tenancy agreements so that suitable arrangements could be made. In the event that these households wished to terminate their tenancies before the expiry of the agreements, they would have to resolve the matter with the owners concerned. If they wished to move back to PRH, they would have to submit their case to HD for consideration. Given the provision of over 30 000 PRH units in the next five years, there would be sufficient supply of PRH units for eligible elderly households. He affirmed that elderly households could move back to PRH as long as they met the eligibility criteria for PRH. As to whether rehousing within the same district would be offered to eligible elderly households who chose to move back, AD(AO) advised that they would be rehoused to the district where they had opted for in their application for rental subsidy.

19. Noting that elderly households on the Waiting List (WL) would lose their priority once they opted for rental subsidy, Mr LEE Cheuk-yan was skeptical that the Scheme was purposely introduced with a view to reducing the number of elderly WL applicants in order to meet the pledge for reduction of the average waiting time for PRH. DS for H(2) clarified that the Scheme aimed to provide an alternative choice and elderly households were free to choose between the different options available. In any case, the Administration would be able to meet the pledge with the present production schedule of PRH.

20. The Chairman said that in approving rental subsidies for the elderly households, HD should have due regard to provisions for breaking of leases, so that the interest of the Government could be protected.



## V Rent policy on markets and commercial premises of the Housing Authority (LC Paper No. CB(1) 1794/00-01(07))

21. The Assistant Director of Housing (Commercial Properties) (AD(CP)) briefed members on the policy of Housing Authority (HA) on the letting of markets and commercial premises, rent policy, mechanism to deal with request for rent reduction, vacancy rates, introduction of chain stores into HA's markets and shopping centres, as well as single-operator markets.

### Rent policy

22. Dr LO Wing-lok said that he had received complaints from medical doctors about the high rentals charged by HA as a result of an over-estimation of the market value of clinic premises, which might have been worked out with reference to the high bids offered by medical syndicates in open tender. To facilitate a better understanding, he requested the Administration to provide the following -

- (a) the situations where medical syndicates succeeded in the tender process but had later withdrawn from operation on account of the high rental;
- (b) the situations where doctors had to cease their operation or move to smaller premises due to high rental; and
- (c) the vacancy rate of clinic premises.

23. AD(CP) said that the use of open tender for letting medical clinics was considered fairer and more reasonable as compared to the previous ballot system. In bidding for clinic premises, the medical doctor would be required to bid in his own name and bids in the name of a medical syndicate would not be accepted. The open tender results over the past year indicated that in many cases current rents were on the low side, and that doctors were willing to pay more when premises were offered in the open market. As such, the rents were adjusted upward upon the renewal of contracts. In the event that the doctor ceased operation, he would have to give up the tenancy as well. He also undertook to provide the information requested.

Admin.

### Rent reduction

24. Mr Howard YOUNG noted that in the wake of the economic downturn, some landlords had taken the initiative to reduce rents in attempt to retain their tenants. He asked if HA would do the same. AD(CP) advised that following a review in 1998, rent reduction had been made on the basis of individual assessments and an average 25% reduction across the entire spectrum had been made. HA would consider undertaking such an exercise again if circumstances so warranted. By way of illustration, HA had recently agreed to waive the rent for poultry stalls in line with the policy announced by the Government.

25. Mr NG Leung-sing declared interest as a member of HA. He enquired if the Administration would consider subsidizing operators by reducing the rent of HA shopping centres so that the prices of services and products would be more competitive. PAS for H(2) said that businesses in HA shopping centres were expected to operate along commercial principles. The Administration would not subsidize commercial operations.

#### Vacancy rate

26. Mr LEE Cheuk-yan noted with concern the high vacancy rate of shops and markets of over 20% in some HA estates as set out in the Annex to the information paper. He enquired whether special consideration would be given to reducing the rent in these estates. While acknowledging that the high vacancy rate was a cause for concern, AD(CP) said that rent reduction might not necessarily be justified in every case. For example, the opening of competing facilities might result in space becoming surplus to retail requirements. The conversion of vacant space to other purposes such as office or welfare use might therefore be a better strategy. He emphasized that HD had explored the options available. The rents charged were considered reasonable in the light of market evidence. He agreed to the need for flexibility to ensure that premises were used for the best purposes.

Admin.

27. Mr Albert HO opined that vacancy rate of as much as 40% over an extended period was unacceptable. He requested the Administration to provide a paper setting out the estates with over 40% vacancy rate, the duration of vacancy, and the measures, which should include rent reduction, to reduce the vacancy rate. While agreeing to provide the said information, AD(CP) highlighted the pioneering role of HA in the development of new towns. He said that commercial facilities were initially provided within housing estates to meet the needs of the residents. As the new towns became fully occupied, private sector shopping centres were developed which being newer and larger would pose keen competition to HA shopping centres in the vicinity. While adjustments were made to promote viability, some of the space in older shopping centres were no longer viable for commercial uses and this had resulted in high vacancy rates. Rent reduction would not necessarily help reduce the vacancy rate in these shopping centres. The Chairman considered it useful for the Administration to include in the information paper to be provided the way in which it would deal with shopping centre space which was not commercially viable. Mr LEUNG Yiu-chung requested and members agreed that the paper should cover shopping centres with vacancy rates of over 20% instead of 40%. It was hoped that the paper could be submitted to members before the start of the next LegCo session.

28. Ms Audrey EU referred to a case received by Mrs Selina CHOW, Mr LEUNG Yiu-chung and herself as Duty Roster Members (DRMs) regarding the letting of HA commercial premises. She said that the complainant was a games centre operator who intended to bid for a former theatre premises. He was however prevented from doing so because he was told that the premises was intended for the

use as a department store. After the premises was left vacant for a year, the complainant found out that it was let out partly to a department store and partly to a games centre. At the case conference, it was revealed that the premises was let to a chain store by negotiation and was sublet to a games centre. To better understand the situation, DRMs had requested for information on the letting criteria of HA but the request was turned down by HD on grounds that the said information was confidential. Ms EU said that the matter had since been referred to the Panel and she hoped that it could follow up on the subject.

#### Impact of superstores on wet markets

29. While welcoming the provision of superstores in new housing estates, Mr IP Kwok-him expressed concern that the letting of premises in older estates to superstores would pose a serious threat to the survival of existing wet markets. He enquired whether consideration could be given to reducing the rent of wet market stalls which were facing a much keener competition from superstores. AD(CP) clarified that HA had no intention to introduce major superstores in existing estates. He added that supermarkets had all along been allowed to sell pre-packaged fresh foods. The recent trend was for supermarket operators to provide service-style fresh food to meet the needs of consumers. To alleviate the impact of superstores on wet markets, HA had agreed to the change only in stores over 800 square metres in size and had imposed a limit of 20% on the leased area in the supermarkets to be used for service-type sale of fresh foods. At present, there were 25 supermarkets meeting the size criteria and only eight of them had applied for service-style sale of fresh foods. In very few had the new style been operating for any length of time, and the impact on wet markets was not yet evident; it was not however expected to be substantial. Moreover, HA was looking at ways to improve the competitiveness of existing facilities such as retrofitting of air-conditioning and increasing the size of market stalls. It was also prepared to examine the impact and adjust the rent as appropriate upon the expiry of existing leases. Mr Andrew CHENG did not agree that the impact of superstores on wet markets was minimal. He suggested that market stall operators should be invited to give views in this respect.

#### Impact of chain stores on existing tenants

30. Mr LEUNG Yiu-chung remarked that the introduction of letting by negotiation in 1986 to secure major stores as anchor tenants had not improved the competitiveness of HA shopping centres but had given rise to unfair competition. He considered that the better way to enhance competitiveness would be for HA to reduce the rent of its premises so that operators could sell their goods at lower prices, thereby boosting their business. AD(CP) said that before 1986, there were few anchor tenants because many major chain stores were reluctant to participate in open tender, and customer surveys showed that the poor representation of big names was a major factor impeding business growth. To achieve a reasonable balance and a good tenant mix to meet the demand of consumers, HA had endorsed the introduction of letting by negotiation to supplement tendering. In the year 2000, around 24% of HA premises were let out by

negotiation. While chain stores were now better represented in HA shopping centres which had consequently been more competitive, chains still comprised only a minor percentage of the overall tenant mix, the primary constituent of which was small independent retailers.

31. Mr James TO remained concerned about the impact of chain stores and superstores on existing operators. AD(CP) said that HA was conscious of the need for healthy trading, and that care would be taken not to introduce major competitors suddenly. He stressed that although HA had a facilitating role, it could not guarantee the business of existing tenants. He also emphasized the need for flexibility in the trade mix for the benefit of the residents.

### Single-operator markets

32. Mr Andrew CHENG pointed out that while the rent for single-operator markets had been reduced, some of the market operators failed to reduce the rent of their licensees accordingly and some even sought to increase the rent. He considered it necessary for HA to closely monitor the situation to ensure that a fair rent adjustment would be given to the licensees by the market operators. AD(CP) said that it was not appropriate for HA to interfere with the day-to-day operation of single-operator markets which were introduced with a view to bringing the benefits of private sector flexibility, responsiveness to customer demands and innovative management to HA markets. Surveys had shown that customers preferred the services of single-operator markets. The operators concerned were responsible for the management and maintenance of the markets which included licensing of stalls and upgrading of facilities such as air conditioners. There was no direct connection between the rent charged by HA and the licence fees payable to operators by licensees. The operators were required to reach agreement with licensees on rental matters such as amount of rents and renewal of licences in the same way as landlords and tenants in the private sector. HA would however monitor the performance of the operator, including his ability to resolve disputes with licensees without undue disruption to service, and take such performance into account when considering renewal of tenancy or letting of new markets.

33. In concluding, the Chairman considered it necessary to follow up on the rent policy of markets and commercial premises. Consideration would be given to inviting views from market stall operators on the policy after receipt of the information papers from the Administration.

## **VI Progress of the Greater Private Sector Involvement in Housing Authority Estate Management and Maintenance Services** (LC Paper No. CB(1) 1794/00-01(08))

34. The Assistant Director of Housing/Business (ADH/H) gave a power point presentation on the progress of the Greater Private Sector Involvement in Housing

Authority Estate Management and Maintenance Services as set out in the printouts.

35. Mr LEE Cheuk-yan noted that HD staff had expressed worries that they would be made redundant with the current pace of service transfer as there might not be sufficient jobs for the staff who chose to remain in the civil service. He requested the Administration to quantify the number of posts required to take up the remaining duties after the service transfer as set out in page 19 of the printouts. In response, the Deputy Director of Housing (DDH) said that the HA Task Force had taken on board the concern of HD staff over the pace of service transfer and decided that the target and pace of future Phased Service Transfer (PST) programme would be based on the actual number of staff leaving HD under the Voluntary Departure Scheme (VDS). In this connection, the Director of Housing had issued a letter to each and every HD staff assuring that no staff would be made redundant as a result of the PST programme. There would be sufficient number of posts for those staff who chose to remain in HD. However, it would be difficult to provide the exact number of staff required for the management and maintenance of the remaining estates which were provided on a district basis.

36. ADH/H also took the opportunity to clarify the assessment made by the Alliance of Housing Department Staff Unions (the Alliance) regarding the pace of the PST programme. He pointed out that only 72 out of the 174 housing estates or 240 000 out of the total 640 000 units had been outsourced to private service providers. The remainder of 102 housing estates or 400 000 units were still managed by HD. As regards Mr LEE's enquiry on the staff position of HD, ADH/H explained that of the 9 000 HD staff involved in the management and maintenance of housing estates, about 1 900 were general grade and contract staff who would not be affected by VDS as they would be transferred to other departments. Given that some 3 300 had registered their interest in participating in VDS, there would be about 3 800 staff remaining in HD. He assured members that the remaining staff would not be made redundant as there would be sufficient number of posts for them. He agreed to provide members with a breakdown on the number of general grade and contract staff whose posts would be deleted upon outsourcing and the number of posts required to take up the remaining duties after the service transfer.

Admin.

37. Mr LEUNG Yiu-chung questioned the accuracy of the survey results which indicated that 90% of the residents were satisfied with the service provided by private service providers. He also asked if the Administration would consider adopting a cooling period of six months for the PST programme as proposed by the Alliance. DDH said that the survey referred to was conducted by the MDR Consultants in May 2001 based on the direct response from residents. As regards the PST programme, DDH assured members that in implementing the programme, HD would take into account the interests of the staff, irrespective of whether they chose to take part in VDS. Given the smooth progress of the PST programme, he saw no reason to adopt a six-month cooling period, which would not only create uncertainty, but also disrupt the plans of those who wished to join the private sector after their voluntary departure from HD. The Director of Corporate Services, Housing Department (DCS)

added that the imposition of the cooling period would affect the eligibility of those who were approaching their retirement age for VDS .

38. Referring to pages 16 and 17 of the printouts, Mr NG Leung-sing enquired whether the Alliance's objection to the service transfer was based on a pre-conceived idea of staff mismatch and redundancy. He considered it necessary for HA to improve communication with its staff so that the latter would be well informed of the progress of the PST programme. DCS advised that HA had resumed dialogue with the Alliance since April 2001. There had been an active exchange of ideas on the PST programme, VDS and Management Buy-Out Option. The HA Task Force had also met with the Alliance twice. However, the dialogue was unilaterally ended by the Alliance because the latter was dissatisfied that the management were prepared to recommend to HA to continue the PST programme despite their principled objection. DCS also clarified that the pace of staff leaving HD under VDS was faster than that of service transfer. For the past 15 months, HD had outsourced the management and maintenance of about 113 000 units to the private sector which would enable HD to delete about 900 posts. However, the number of staff that had been approved to leave under VDS was 1 300, which had outnumbered the posts that could be deleted. DCS assured members that there would not be any rigid target number of units that had to be outsourced and the pace of service transfer would be dependent on the actual number of staff leaving HD under VDS.

39. Mr IP Kwok-him expressed concern about the impact of VDS on staff morale and the diminished prospect of promotion resulting from the downsizing of HD. DDH confirmed that staff morale was affected when VDS was first introduced because of the uncertainty associated with it. However, the uncertainty was cleared after the details of VDS were finalised and made known to the staff. The management recognized the need for improved communication with the staff, particularly with those who were on the frontline. In anticipation of the fact that owners of Tenants Purchase Scheme (TPS) estates might eventually select private service providers in the management and maintenance of their properties in the long term, it was necessary for HD to adopt some precautionary measures. The main objective of the various schemes launched by HA since January 2000 to ensure an orderly transfer of services to private service providers was to avoid any possible staff surplus problem. The Chairman however emphasized the need for HD to provide suitable training and re-deployment opportunities for those staff who chose to remain in the civil service.

## **VII Sales Descriptions of Uncompleted Residential Properties**

(Legislative Council Brief (Ref: HB(CR)3/2/9) issued by the Housing Bureau)

40. At the invitation of the Chairman, PAS for H(1) highlighting the salient points in the information paper. Having regard to the latest developments, the Administration considered it necessary to reassess the need for the Sales Descriptions of Uncompleted Residential Properties Bill (the Bill). It would review the situation some time early next year taking into account the adequacy or otherwise of the

provision of sales information to flat purchasers by developers, including HA and HS, as well as the Law Reform Commission's final recommendations on sales descriptions of completed flats.

41. Mr NG Leung-sing was concerned about the liability of HA under the Bill regarding the sale of TPS flats as some of these flats might not have conformed to the construction and building requirements. PAS for H(1) advised that as TPS flats were not uncompleted flats, these would fall outside the ambit of the Bill. The sales descriptions of TPS flats would better be examined by the Subcommittee set up under the Law Reform Commission to look into the sales descriptions of completed residential flats. The Deputy Law Draftsman (DLD) added that the sales descriptions of TPS flats were not intended to be regulated by the Bill because the only purchasers for TPS flats were the sitting tenants who were well aware of the layout and finishing of these flats.

42. Ms Audrey EU asked how purchasers could ensure the accuracy of sales description of uncompleted residential properties in the absence of enforcement legislation. PAS for H(1) reiterated that the Administration would require more time to consider the need for the Bill in the light of the changes in market situation. Besides, the Real Estate Developers Association of Hong Kong (REDA) had recently issued a comprehensive set of guidelines on the provision of sales descriptions of flats for sale. The Administration would require more time to assess the effectiveness of these guidelines. As REDA represented the majority of developers in Hong Kong, the voluntary compliance of the guidelines by its members would mean that purchasers would be able to make informed comparisons between prices and other features of different housing developments. She nevertheless assured members that in the event of recovery of the property market which warranted greater protection of consumers, the Administration would re-consider the introduction of the Bill.

43. Ms EU however noted that the need for legislation had been considered as early as 1993. She pointed out that while REDA comprised a majority of developers, there were still some developers who were not represented. She also doubted the effectiveness of voluntary compliance of the guidelines by developers, particularly in the absence of criminal liability as a deterrent for providing inaccurate sales information. PAS for H(1) reiterated that the need for legislation and the requirements for sales descriptions would be considered in line with the final recommendations of the Law Reform Commission on sales descriptions of completed flats, and that the protection for flat purchasers could be considered at the same time. She stressed that the deferral of the Bill was not yielding to pressure from developers but taking into account the changes in market sentiment which called for a rethink on the issue. Consumers were now taking more time to compare different properties before making a decision and there were fewer complaints against inaccurate information received by the Consumer Council. The Administration would brief members on the outcome of its review of the Bill in due course. Ms EU did not accept the Administration's explanation that the need for the Bill was reduced as a result of the change in the sentiment towards a buyers' market. She cautioned that it

might be too late to introduce the Bill when there was another change in sentiment. The important point was to ensure the accuracy of sales descriptions of uncompleted properties so that the public would not be misled when making decisions on the purchase of properties.

44. Apart from saleable area, Ms EU considered that internal floor area should also be provided in the sales descriptions to facilitate a better understanding on the exact usable area. She said that she had received complaints from purchasers that the height of the unit did not conform to the sales descriptions of the properties. PAS for H(1) explained that the provision of the internal floor area as part of sales information had been a subject of contention. Developers had great reservations over the provision of information on internal floor area as there were technical difficulties in ensuring the accuracy of measurement which was subject to change during construction and finishing processes. According to the guidelines of REDA, sales descriptions would contain saleable area which could differ from internal floor area by about 5%. The guidelines would also require the provision of floor dimensions of typical and non-typical floors. In this way, consumers would be able to have sufficient information on the floor area of properties.

45. While acknowledging that there were concerns over criminalization for providing inaccurate information, Ms EU opined that this should not have prevented public access to accurate sales descriptions such as the size of property and the completion date etc. She also enquired if the Committee to be set up to monitor the sales description of uncompleted residential flats would handle complaints from the public against inaccurate sales information. PAS for H(1) said that while the Committee would not receive public complaints directly, it would study public views based on referrals from the Housing Bureau. The Housing Bureau, Consumer Council and REDA would work out the interface arrangements on the handling of complaints from the public against inaccurate sales information relating to uncompleted residential flats.

46. There being no other business, the meeting ended at 6:40 pm.