

**立法會**  
**Legislative Council**

LC Paper No. CB(1) 1854/01-02  
(These minutes have been seen  
by the Administration)

Ref: CB1/PL/HG/1

**LegCo Panel on Housing**

**Minutes of meeting held on  
Monday, 6 May 2002, at 2:30 pm  
in the Chamber of the Legislative Council Building**

- Members present** : Hon Albert HO Chun-yan (Chairman)  
Hon CHAN Kam-lam (Deputy Chairman)  
Dr 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 CHAN Yuen-han, JP  
Hon LEUNG Yiu-chung  
Hon SIN Chung-kai  
Hon Andrew WONG Wang-fat, JP  
Hon Howard YOUNG, JP  
Dr Hon YEUNG Sum  
Hon SZETO Wah  
Hon Abraham SHEK Lai-him, JP  
Hon Albert CHAN Wai-yip  
Dr Hon LO Wing-lok  
Hon WONG Sing-chi  
Hon Frederick FUNG Kin-kee  
Hon IP Kwok-him, JP  
Hon LAU Ping-cheung
- Members attending** : Hon Cyd HO Sau-lan  
Hon Eric LI Ka-cheung, JP  
Hon Emily LAU Wai-hing, JP

- Public officers attending** : Housing Bureau  
Mr Andrew R WELLS, JP  
Deputy Secretary for Housing (2)
- Attendance by invitation** : Lingnan University  
Prof HO Lok-sang  
Director, Centre for Public Policy Studies  
The University of Hong Kong  
Prof Lawrence W C LAI  
Associate Professor  
Department of Real Estate and Construction  
The Chinese University of Hong Kong  
Prof Wilson WONG Wai-ho  
Assistant Professor  
Department of Government and Public Administration  
Hong Kong People's Council on Housing Policy  
Mr LAU Kar-wah  
Chairperson  
Ms IP Chiu-ping  
Chief-Secretary  
The Coalition for Defending the Housing Rights of the Grass Roots
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- Ms CHEUNG Man-wai  
Member  
Mr NG Wing-chak  
Member
- Clerk in attendance** : Miss Becky YU  
Chief Assistant Secretary (1)1
- Staff in attendance** : Mrs Queenie YU  
Senior Assistant Secretary (1)6
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**I Confirmation of minutes of previous meeting**

(LC Paper No. CB(1)1627/01-02 — Minutes of the meeting held on 3 April 2002)

The minutes of the meeting held on 3 April 2002 were confirmed.

**II Information paper issued since last meeting**

2. Members noted the following information papers which had been issued since last meeting -

LC Paper No. CB(1)1411/01-02(01) — Referral from Duty Roster Members regarding the management and maintenance of the footbridge and lift tower at the Home Ownership Scheme Tung Yan Court

LC Paper No. CB(1)1411/01-02(02) — Submission from the Hong Kong Association for the Survivors of Women Abuse (Kwan Fook) referred by the Panel on Welfare Services. The Association has expressed grave concern about the existing policy on splitting of public rental tenancies upon divorce

LC Paper No. CB(1)1460/01-02 — Administration's response to the effect of the moratorium on sales of Home Ownership Scheme flats on sitting tenants affected by redevelopment of public rental housing estates

**III Date of next meeting and items for discussion**

(LC Paper No. CB(1)1637/01-02(01) — List of follow-up actions arising from discussion

LC Paper No. CB(1)1637/01-02(02) — List of outstanding items for discussion)

3. Members agreed to discuss the following items at the next meeting scheduled for Monday, 3 June 2002, at 2:30pm -

(a) Review of the finances and regulatory regime of the Estate Agents Authority (EAA); and

- (b) Provision of ancillary facilities in newly-completed public housing estates.

4. The Chairman remarked that as the review of the institutional framework for public housing was in an advanced stage, a discussion forum was considered necessary so that views of members and the public could be conveyed to the Administration for consideration before a decision was made on the review. As such, item (b) which was originally scheduled for discussion at the current meeting had to be deferred to the next regular meeting. Members also agreed that representatives from the real estate trade would also be invited to express their views on item (a).

5. The Chairman added that the Panel might need to hold special meetings in June 2002 in view of the impending completion of a number of reviews, including the one on allocation of land for housing and the other on long-term ratio between subsidized home ownership (SHO) flats and loans.

#### **IV Review of the institutional framework for public housing**

Meeting with Professor HO Lok-sang of Lingnan University (LU)  
(LC Paper No. CB(1)1637/01-02(03)-- Submission from Professor HO Lok-sang)

6. Professor HO Lok-sang briefed members on his submission. He pointed out that simplifying and streamlining the institutional framework for public housing might improve the efficiency of policy implementation, but not the quality of policy formulation which was the crux of the problem. Restructuring was not the solution to crucial questions such as who was the brain centre responsible for the overall housing policy, whether the brain centre understood the operation of the housing market and whether it was well informed and prudent in making its decisions. Nor it could prevent the recurrence of missteps, including the pledge for annual production of 85 000 flats which had given rise to housing quality problems and the introduction of Tenants Purchase Scheme (TPS) which had not only seriously affected the property market and the turnover of public rental flats for re-allocation as sitting tenants were discouraged to buy SHO or private flats, but also led to the loss of 80 000 job opportunities.

7. Dr LO Wing-lok enquired about the basis upon which the observation that 80 000 jobs had been lost after the implementation of TPS. Professor HO advised that the figure was derived by comparing the labour force and unemployment rate before and after the introduction of TPS.

Meeting with Professor Lawrence LAI of The University of Hong Kong (HKU)  
(LC Paper No. CB(1)1637/01-02(04) — Submission from Professor Lawrence LAI)

8. Professor Lawrence LAI highlighted the salient points in his submission. He stressed that the review of the institutional framework should take into account the

existing housing policies. The fact that over 50% of the population were living in public housing flats had created a heavy financial burden on Hong Kong. To this end, public money should not be used to assist home ownership so as to regulate the property market or the economy as a whole but to help the low income group to acquire adequate accommodation. Consideration should also be given to using rent subsidy in lieu of flat production. In devising the new institutional framework, care should be taken to retain the good qualities of the existing framework while dispensing with those undesirables. The Administration should also publish the views collected from the public consultation exercise to enhance transparency of the review.

Meeting with Professor Wilson WONG of Chinese University of Hong Kong (CUHK)  
(LC Paper No. CB(1)1637/01-02(05) — Submission from Professor Wilson WONG)

9. Professor Wilson WONG drew members' attention to the two major aspects of the review of the institutional framework, namely, merging of the Housing Bureau (HB) and the Planning and Lands Bureau (PLB) as well as centralization of the policy-making power to the new bureau by changing the Housing Authority (HA) into a pure consultative body. He pointed out that the merging of HB and PLB would give rise to conflict of interest and ambiguity of identity as it would be very difficult for the new bureau to balance the interest between the general public and developers in the provision of public housing. Moreover, the centralization of policy-making power to the new bureau would weaken the transparency of as well as public participation in the formulation of housing policy. Professor WONG expressed disappointment that instead of improving the existing institutional framework, the proposed reform was taking away the right of the public to know and to influence.

10. Referring to page 4 of the submission, Mr NG Leung-sing asked how open meetings would safeguard the interest of stakeholders. He further enquired how taxpayers could be assured that public money on housing was well spent under the new institutional framework if too much emphasis was placed on democracy which would inevitably involve negotiation and compromise. In reply, Professor WONG stressed that the public had the right to access to information on matters of mutual concern to the community except for very sensitive issues such as the delink of Hong Kong dollars. He also clarified that he was not asking for full democracy to the extent of universal suffrage for HA. However, it was necessary to allow greater public participation in the decision-making process to ensure impartiality.

Meeting with the Hong Kong People's Council on Housing Policy (HKPCHP)  
(LC Paper No. CB(1)1637/01-02(07) — Submission from the Council)

11. Mr LAU Kar-wah said that HKPCHP supported the merging of HB and PLB with a view to better coordinating the land and housing policies. Consideration should also be given to putting the Housing Department under the new bureau rather than HA. Furthermore, the Administration should amend the Housing Ordinance (Cap. 283) (HO) to set out clearly the role, terms of reference and composition of HA which should include 28 elected members and three government officials. The former should comprise grass-root representatives elected from each of the 18 Districts

and people nominated by relevant professional bodies, academia and concern groups to enhance public accountability and transparency of HA. The role and function of the Housing Society (HS) should also be revamped to administer and formulate policy on all housing loan schemes and to assist the Urban Renewal Authority in rehousing residents affected by urban renewal. Housing loan fund should be set up for application by non-profit making organizations to provide diversified types of housing units to meet different needs.

12. Ms IP Chiu-ping questioned whether the review was conducted in anticipation of the introduction of the proposed accountability system for principal officers. She also criticized the lack of transparency of the Committee on the Review of the Institutional Framework for Public Housing. To this end, the Administration was urged to keep the public informed of the progress of the review and to release the views collected so far.

13. Mr NG Leung-sing declared that he was a member of HA. He said that he could not agree to HKPCHP's comments on the responsibilities of HA members. He pointed out that unless HA members were employed on a full-time basis with full remuneration for carrying out their duties, it was not reasonable to hold them accountable for the operation of HA. Ms IP Chiu-ping said that as a member of the Rental Housing Committee of HA, she was aware that HA members were given extensive power in respect of formulation of housing policy. As such, they should be held accountable for their decisions. She also rejected Mr NG's view that increased democracy in HA would politicize the decision-making process.

Meeting with Coalition for Defending the Housing Rights of the Grass Roots (CDHRGR)  
(LC Paper No. CB(1)1637/01-02(08) — Submission from the Coalition)

14. Ms CHEUNG Man-wai opined that a well-balanced housing strategy was essential to foster a prosperous and stable society. This was however not the case under the existing housing policy. Instead of building more public rental housing (PRH) flats to meet the need of low income households, the Administration had abolished the pledge for annual provision of 85 000 housing flats and used housing loans to encourage these households to buy flats in the private sector. As regards HA, Ms CHEUNG expressed grave concern that it was given the authority but not the responsibility. In the absence of an effective financial mechanism, HA was not able to tackle the problem of deficit and had to resort to rent increase. She nevertheless did not support the proposal of changing HA to a pure consultative body as this would not help resolve the problems. In this connection, Mr NG Wing-chak considered it necessary for the Panel to hold a special meeting to exchange views with the relevant parties on the prevailing rent policy.

15. Mr NG Leung-sing sought clarification on CDHRGR's remarks that PRH tenants received no subsidy from the Government as the rent they paid was able to cover the recurrent cost of PRH flats. He said that if this was the case, applicants on the Waiting List should not have to wait for PRH since they could rent a comparable accommodation in the private sector. Mr NG Wing-chak stressed that it was not a

question of subsidy, but that the Government had the responsibility to look after the housing need of the low income households.

### Discussion session

16. Mr Frederick FUNG said that Members of the Hong Kong Association for Democracy and People's Livelihood had all along supported the proposed accountability system for principal officials and the reform of HA as these would facilitate the smooth implementation of policies. He pointed out that the proposed centralization of decision-making power to the new bureau was not new as evidenced in a number of incidents where HA had been stripped of its decision-making power by the Administration. These included the moratorium on sales of Home Ownership Scheme flats, eviction of well-off tenants and sale of TPS flats at low price which were all implemented at variance with HA's initial decisions. Therefore, the important question was whether the principal officer responsible for housing policy had an able think-tank to assist him to make informed decisions. The proposed centralization also had an added advantage of allowing the Legislature to vet all the funding proposals relating to public housing.

17. While agreeing to the need for institutional reform, Ms Cyd HO asked whether the reform could bring back the benefits, such as social stability as well as low and competitive wages, which the public housing policy had contributed to the overall economy of Hong Kong. She also questioned if the proposed accountability system for principal officials could achieve the objective of a single-purpose government, particularly in respect of social welfare. Professor HO Lok-sang/LU affirmed that the public housing policy would continue to benefit Hong Kong so long as the Administration upheld the three fundamental principles in the provision of public housing. Firstly, PRH units should only be allocated to those low income households which could not afford adequate accommodation in the private sector. Secondly, PRH units should only be equipped with the basic facilities to encourage tenants to move to a better accommodation when they could afford it. Lastly, the policy on safeguarding the rational allocation of public housing resources should be strictly adhered to so that better-off tenants would have to vacate their PRH flats for reallocation to those who were in genuine need of housing.

18. Miss CHAN Yuen-han supported the reform of the institutional framework, particularly after the revelation of building problems in public housing. She however expressed concern about the changes to housing policy, PRH rent in particular, as a result of the reform. She asked how the public could be assured that housing policy formulated by the new institutional framework would be able to meet the housing needs of the low income group. Professor HO Lok-sang/LU said that he had no strong view on the level of PRH rent. However, care should be taken to ensure that PRH rent would not rise as a result of improved facilities of PRH flats as this was at variance with the fundamental principle of providing adequate accommodation to those who were in genuine need of housing.

19. Ms Emily LAU asked who should be vested with the ultimate decision on housing policy after changing HA to a pure consultative body and whether greater public participation should be allowed in the decision-making process to enhance democracy. Professor HO Lok-sang/LU said that democracy was not the question. The important point was not to turn the decision-making process to a battlefield for stakeholders to seize interests. Besides, he saw no conflict of interest between the low income group and developers in the provision of public housing. In fact, the policy on PRH together with that on safeguarding the rational allocation of public housing resources had underpinned the prosperity of Hong Kong. He pointed out that PRH had enabled the low income households to prosper while the requirement for better-off tenants who could afford to buy flats in the private sector to vacate their PRH flats had in turn benefited property developers and the economy as a whole. It was therefore necessary to promote a better understanding of the rationale behind the public housing policy with a view to achieving a consensus among stakeholders.

20. While agreeing that changing of HA to a pure consultative body was a retrogression, Professor Lawrence LAI/HKU pointed out that democracy might not be beneficial as it tended to protect the interest of the vast majority. A representative government was the ultimate solution to the problem. He added that in formulating the housing policy, the Administration should endeavour to balance the interests of developers and the low income group taking into account its financial situation before reaching a final decision.

#### Meeting with the Administration

(LC Paper No. CB(1)1637/01-02(09) — Information paper provided by the Administration)

21. On *the progress of the review*, the Chairman noted with concern that the review had been long overdue. The Deputy Secretary for Housing(2) (DS for H(2)) advised that the changeover of the Chief Secretary for Administration (CS) and the need to await the outcome of two current reviews, namely, one on the allocation of land for housing and another on the long-term ratio between SHO flats and loans, had attributed to the delay of the review of institutional framework for public housing. The Chairman asked whether views collected from public consultation exercise would be released. DS for H(2) said that the Administration welcomed views from the public. In fact, an extensive consultation on the review had been carried out in 2000. Consideration was being given to including the views received in a report to be released together with the outcome of the review.

22. Ms Emily LAU agreed that public views received should be released to enhance transparency. She also asked if the results and recommendations of the review would be subject to public consultation in the form of a green paper before a final decision on the new institutional framework was reached. DS for H(2) advised that the Administration had yet to decide on the manner in which the document should be released as the review did not involve policy changes. He nevertheless assured members that the Legislature would have a further opportunity to discuss the outcome of the review in due course.



23. On *the role of HA*, Dr YEUNG Sum noted that public housing had not only provided a safety net for 50% of the population in Hong Kong, but also helped maintain social stability despite the economic downturn and surge in unemployment rate. Therefore, the Administration had to be very cautious in reviewing the institutional framework for public housing. He further pointed out that while there were many problems with HA, it was by far the most open policy-making body in Hong Kong. By way of illustration, meetings of HA were open to the public so that tenants were aware of the decision-making process. As such, Members of the Democratic Party were strongly opposed to any proposal of changing HA to a pure consultative body. He also expressed concern on the proposed centralization of the policy-making power to the new bureau, which in his view would inevitably aggravate the disparity of wealth in Hong Kong as the new bureau would tend to reduce the supply of public housing flats to boost up land sales. As a result, the interest of the low income group would be compromised.

24. On *financial arrangements for HA*, Dr YEUNG opined that if the moratorium on sales of Home Ownership Scheme flats had to be continued, the Government should inject capital to HA so that it would not increase rent for public housing to cover the anticipated deficit. The Chairman also sought clarification on HKPCHP's allegation that HA had to pay interest on capital funds received from the Government according to the agreement made between both parties in 1988. DS for H(2) said that he was not in a position to comment on the subject as this fell under the remit of a review of public finances currently undertaken by a Task Force chaired by the Secretary for the Treasury. He considered it more appropriate that the issue be discussed after a decision on the institutional framework for public housing was made.

25. On *the role of HS*, Dr YEUNG Sum opined that the Administration should tap the substantial resources of HS in rehousing residents affected by urban renewal. This would not only expedite the redevelopment of old areas, but also improve the living environment of the community as a whole.

26. The Chairman urged the Administration to take into account views of members and deputations expressed at the current meeting before finalizing the report on the review of the institutional framework for public housing.

Admin

## **V Any other business**

27. There being no other business, the meeting ended at 4:35 pm.