

立法會
Legislative Council

LC Paper No. CB(1) 350/02-03
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

**Minutes of meeting held on
Monday, 4 November 2002, at 2:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon CHAN Kam-lam, JP (Chairman)
Hon Albert HO Chun-yan (Deputy Chairman)
Dr Hon David CHU Yu-lin, JP
Hon LEE Cheuk-yan
Hon James TO Kun-sun
Hon LEUNG Yiu-chung
Hon SIN Chung-kai
Hon Andrew WONG Wang-fat, JP
Dr Hon YEUNG Sum
Hon SZETO Wah
Hon Tommy CHEUNG Yu-yan, 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 absent : Hon Fred LI Wah-ming, JP
Hon NG Leung-sing, JP
Hon CHAN Yuen-han, JP
Hon Howard YOUNG, JP
Hon Abraham SHEK Lai-him, JP

Attendance by invitation : Housing, Planning and Lands Bureau

Hon Michael SUEN, GBS, JP
Secretary

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Mr C M LEUNG
Permanent Secretary (Housing)

Ms Elaine CHUNG, JP
Deputy Secretary (Housing)1

Mr Marco WU, JP
Deputy Secretary (Housing)2

Housing Department

Mr Wilson FUNG
Senior Assistant Director (Corporate Services)

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

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Mr KAU Kin-wah
Assistant Legal Adviser 6

Ms Cindy CHENG
Senior Assistant Secretary (1)4

Miss Mandy POON
Legislative Assistant 4

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- I Confirmation of minutes**
(LC Paper No. CB(1) 76/02-03 — Minutes of the meeting held on
10 October 2002)

The minutes of the meeting held on 10 October 2002 were confirmed.

II Information paper issued since last meeting

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

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LC Paper No. CB(1) 158/02-03 — Letter dated 23 October 2002 from Property Agencies Association Limited regarding nomination of trade representatives as members of the Estate Agents Authority in the new term

III Items for discussion at the next meeting

(LC Paper No. CB(1) 149/02-03(01) — List of follow-up actions

LC Paper No. CB(1) 149/02-03(02) — List of outstanding items for discussion)

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

(a) Home Assistance Loan Scheme; and

(b) Policy on overcrowding relief.

IV Briefing by the Secretary for Housing, Planning and Lands

(LC Paper No. CB(1) 149/02-03(03) — Curriculum Vitae of Secretary for Housing, Planning and Lands

LC Paper No. CB(1) 149/02-03(04) — Register of Interests of Secretary for Housing, Planning and Lands

LC Paper No. CB(1) 149/02-03(05) — Speech of Secretary for Housing, Planning and Lands)

4. At the Chairman's invitation, the Secretary for Housing, Planning and Lands (SHPL) briefed members on the priority areas of work in respect of the housing portfolio and the efforts to be made in achieving a saving of 1.8% in the operating expenditure by highlighting the salient points in his speech tabled at the meeting. SHPL said that the Administration would take forward the two major recommendations of the Committee on Review of the Institutional Framework for Public Housing (RIFPH), namely, re-organization of the former Housing Bureau (HB) and Housing Department (HD) into a single organization and amendment to the Housing Ordinance (Cap. 283) (HO) to allow the appointment of an official as Chairman of the Housing Authority (HA). The proposed re-organization would result in saving of staff cost without compromising the service standard. Other new proposals would include introduction of the new Home Assistance Loan Scheme, General Rent Allowance Scheme and legislative amendments to Landlord and Tenant (Consolidation) Ordinance (Cap. 7) regarding security of tenure. The Administration was also conducting a comprehensive review of the existing housing policy to ensure that it would meet the needs of both the community and the low-income families. Members would be consulted when these subjects were ready for discussion.

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(*Post-meeting note:* SHPL's speech was circulated to members on 6 November 2002 vide LC Paper No. CB(1) 232/02-03.)

Land supply for housing

5. Referring to the substantial financial deficit, Mr Albert CHAN opined that apart from cutting expenditure, effort should also be made to generate income. However, the alleged moratorium on land sales as part of the package to stabilize the property market would indeed reduce revenue. He added that if the purpose of the moratorium was to contain flat supply, consideration should also be given to suspending applications for lease modifications and land exchange which contributed to more than two-thirds of flat production in Hong Kong. This would prevent unfair competition and manipulation of the property market by large developers who usually had large land reserve that could be used for flat production during the moratorium through lease modifications and land exchange. Mr CHAN asked if the Administration had assessed the impact of the moratorium on land sales. In response, SHPL reiterated that the Administration was conducting a review of the housing policy, including land supply for housing, and members' views in this respect would be most welcomed. As the review was still underway, he was not in a position to comment on the subject. He nevertheless held the view that the impact of the moratorium would be limited given that the demand for land sales was not great nowadays. He also assured members that land would not be sold at unreasonably low prices.

6. Dr David CHU agreed to the need to review the existing housing policy, particularly the target of achieving a home ownership rate of 70%, which in his view had partly contributed to the deficit as a result of the substantial drop in property prices since 1997. To restore public confidence, it was necessary for the Administration to admit the shortcomings of the existing housing policy and to put in place measures to stabilize the property market. Mr Frederick FUNG also asked if the Government would uphold its pledge of achieving a home ownership rate of 70% through the provision of housing assistance. SHPL said that his view was that in the current circumstances, home ownership should be a matter of personal choice and affordability.

Public housing

7. On *Home Ownership Scheme* (HOS), Mr SIN Chung-kai noted that proceeds from sales of HOS constituted the major income of HA. He asked how HA could continue to build public rental housing (PRH) in the event of abolition of HOS. While a decision on the way forward for HOS had yet to be decided, SHPL remarked that the Administration would ensure that the financial situation of HA would not be unduly affected as a result of the reduction in HOS sales. Besides, the land earmarked for HOS production could be put up for sale to generate income.

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8. On *Tenants Purchase Scheme* (TPS), Mr WONG Sing-chi enquired if the Administration would also suspend TPS as a matter of policy and if so, the time-table for the suspension. Mr IP Kwok-him also expressed concern that the Administration might not be able to uphold its pledge for annual provision of 50 000 housing assistance opportunities. SHPL advised that while the supply of public housing would be subject to demand, the average waiting time for applicants on the Waiting List (WL) for PRH would be maintained at an average of three years. The Administration would continue to provide adequate accommodation to those with genuine housing need taking into account the demand and market situations. He nevertheless stressed that any speculation on possible changes to established policy commitments was inappropriate before the completion of the comprehensive review of the existing housing policy in end 2002. He assured members that their views would be taken into consideration, and that they would be consulted on the outcome of review.

9. On *PRH*, Mr LEE Cheuk-yan noted with concern that the overall median rent-to-income ratio (MRIR) of PRH estates had exceeded the statutory limit of 10% under HO and had reached 11.7% in the second quarter of 2002. He asked if HA would consider reducing PRH rent in order to comply with HO and to take account of the hardship of tenants amid the economic downturn. Mr LAU Ping-cheung also enquired about the measures which the Administration would take to rectify the situation. He asked whether a new rent-setting mechanism would be introduced to link the rental levels to changes in value of flats as a result of market fluctuations. SHPL advised that an ad hoc committee had been established under HA to review the domestic rent policy. However, the review had to be suspended due to an impending court case against HA's rent policy. It was therefore not appropriate for him to discuss the subject before a judgement was made on the case. He nevertheless affirmed that HA had put in place measures, including the one-month rent holiday introduced in 2001, to assist tenants to tide over the difficult period.

10. Noting that only 341 out of 1 046 eligible applicants under the Rent Allowance for Elderly Scheme (RAES) had rented accommodation in the private sector, the Chairman considered it too premature for the Administration to conclude that the Scheme was successful for further extension to non-elderly households. SHPL said that at present, the Administration was only considering the feasibility of extending the scope of RAES but a decision had yet to be made. He assured members that they would be consulted on any changes to RAES.

11. On *rehousing policy*, Mr Albert HO suggested that to optimize the use of scarce public housing resources, consideration should be given to transferring vacant HOS flats to PRH for rehousing residents affected by clearance of unauthorised rooftop structures and squatter areas. This could expedite the pace of clearance on the one hand and increase rental income for HA on the other. SHPL replied that under the existing rehousing policy, only those who were genuine residents of domestic structures covered by the 1982 pre-clearance survey and were registered in the 1984/85 Squatter Occupancy Survey would be eligible for PRH subject to the

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passing of the comprehensive means test upon clearance. Those who could not meet these criteria would be rehoused to interim housing. He added that following the reduction in average time for PRH over the past years, residents who had been living in squatters and rooftop structures for a long time should have been rehoused to PRH if they had registered on WL in good time. As regards vacant HOS flats, SHPL advised that consideration was being given as to how to dispose of the overhang HOS flats. The Administration would endeavour to strike a balance between the needs of residents and interest of the community as a whole.

12. Given the many reviews and new initiatives in respect of the housing portfolio, members reiterated the need for the Administration to consult the Panel in advance prior to the announcement of any important policy matters. SHPL took note of members' views.

V Re-organization of the former Housing Bureau and Housing Department
(LC Paper No. CB(1) 149/02-03(06) — Paper provided by the Administration)

13. The Senior Assistant Director (Corporate Services) gave a power-point presentation on the re-organization of the former HB and HD into a single organization (the new housing organization). The new housing organization should respond through the Permanent Secretary for Housing, Planning and Lands (PSH) to SHPL and continue to serve as the executive arm of HA. He said that the re-organization would result in a net saving of four directorate posts and staff cost of \$25.98 million. Subject to members' views, the Administration would seek endorsement from the Establishment Subcommittee and the Finance Committee on 20 November and 6 December 2002 respectively.

14. Since HA would eventually become an advisory body, Mr LEUNG Yiu-chung enquired about the role of the new housing organization under such circumstances. He also expressed concern about the role of PSH in the event of conflicting views between SHPL and HA. SHPL explained that in accordance with the accountability system, the statutory and advisory bodies relating to housing should respond to SHPL. Moreover, the RIFPH Report recommended, among other things, the appointment of SHPL as the Chairman of HA (CHA). The proposed new arrangement would serve to integrate the operations of HA into the Government's overall policy making process. It would also enable SHPL to have full authority over and therefore be able to take responsibility for all aspects of the formulation and implementation of policy. As regards the future role of HA, SHPL advised that the subject warranted thorough discussion which would take time. Members would be consulted once a decision was made.

15. Mr LEUNG Yiu-chung considered that the directorate structure of the new housing organization could be further downsized after the amalgamation of former HB and HD. He cautioned that the Administration should not try to retain the senior

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director staff at the expense of non-director staff. Given that a lot of duties of HD had been contracted out, Dr YEUNG Sum echoed that there was room for further streamlining of the directorate structure through means such as redeployment or secondment to meet additional staffing requirements.

16. SHPL explained that the new housing organization was only put in place on 1 July 2002 on an administrative and provisional basis. The current proposed re-organization plan at the senior management level represented only the first stage of the streamlining initiatives. Once the new management structure was approved and put into operation, the Administration would proceed immediately to conduct review and re-engineering exercises at all levels of the new organization to ensure that the entire organization was properly aligned with the latest policy direction. He was confident that the such reviews would result in further reduction in both directorate and non-directorate establishment. Mr Tommy CHEUNG said that Members of the Liberal Party supported the proposed streamlining of the senior directorate structure of the new housing organization as a first step. He then enquired about the time-table for subsequent reviews. SHPL advised that these would be completed within a period of one year.

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17. To facilitate members' understanding, Mr Andrew WONG considered it useful for the Administration to provide a chart showing the structures of former HB and HD as opposed to that of the new housing organization, with particular reference to the directorate level. He also asked if HA would be included in the context of the subsequent reviews referred to in the preceding paragraph. SHPL answered in the negative. He said that the review of structure and role of HA would take considerable time and could not be undertaken in parallel with the re-organization of former HB and HD, which was already a mammoth task.

VI Housing (Amendment) Bill

(LC Paper No. CB(1) 149/02-03(07) — Paper provided by the Administration)

18. At the invitation of the Chairman, the Deputy Secretary (Housing)¹ briefed members on the proposed legislative amendments to enable SHPL to be eligible for appointment as CHA, and to transfer the power of appointment of appeal panel from SHPL to the Chief Executive.

19. While supporting the Bill in principle, Mr Andrew WONG queried the rationale for only making SHPL eligible for appointment as CHA. He held the view that under the accountability system, SHPL should be directly appointed as CHA ex officio so that he could have full authority over the formulation and implementation of housing policy. SHPL advised that it was a common practice in law drafting to allow greater flexibility in the appointment of CHA. Members could discuss the proposed legislative amendments in detail when the relevant Bill was introduced to the Legislature. Mr WONG remarked that he would move a Committee Stage

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amendment if direct appointment of SHPL as CHA ex officio was not included in the Bill.

VII Any other business

(LC Paper No. CB(1) 149/02-03(08) — Report of the Subcommittee to study the letting and rent policies of non-domestic premises of the Housing Authority and the Housing Society)

20. On behalf of Mr Abraham SHEK, Chairman of the Sub-committee to study the letting and renting policies of non-domestic premises of the Housing Authority and the Housing Society (the Subcommittee), who was away from Hong Kong, Mr Andrew WONG, Deputy Chairman, briefed members on the deliberations of the Subcommittee as set out in the report. The Subcommittee had examined the letting and rent policies as well as vacancy rate of commercial premises of the Housing Society (HS) and HA, impact of single-operator markets and large chain stores on tenants. Apart from exchanging views with the Administration, the Subcommittee also invited views from HA and HS. Given that most problems were policy-related, Mr WONG considered it more appropriate for the Panel to follow up these issues direct. Members noted the report and agreed that there was no need for the Subcommittee to continue its work in the current legislative session. The relevant issues could be discussed at the forthcoming Panel meetings, if necessary.

21. There being no other business, the meeting ended at 4:07 pm.

Council Business Division 1
Legislative Council Secretariat
27 November 2002