

Speech by Secretary for Housing, Planning and Lands
at the Special Meeting of Legislative Council Finance Committee
on 11 April 2005

Chairman,

First of all, I would like to brief the Committee on the Housing, Planning and Land Bureau's major activities in relation to housing and the associated financial provisions in 2005-06.

Major Activities

2. The Government's housing policy aims to provide a fair and stable environment for the sustained healthy development of the private property market on the one hand, and focus its resources on providing public rental housing to low-income families on the other. On the private housing front, since the end of 2004 we have been releasing statistics on private housing supply in the primary market on a quarterly basis and compiling comprehensive supply statistics on residential properties, with a view to enhancing market transparency. As regards public housing, the Housing Authority will continue to put in adequate resources to maintain the average waiting time for public rental housing

at around three years.

Public Expenditure on Housing

3. The public expenditure for achieving the policy objectives set out above will be about \$18.1 billion in 2005-06, representing 6.7% of total public expenditure. 98% of this expenditure, i.e. \$17.7 billion, will be incurred by the Housing Authority, mainly for the construction and management of public rental housing and the ancillary commercial and welfare facilities. The remaining 2%, i.e. around \$400 million, is Government expenditure on regulatory framework for the smooth operation of the private property market, land use planning for housing and squatter control, etc.

4. In the past few years, the Housing Department has been striving to enhance efficiency, cut cost and generate revenue, streamline the organisation structure and make the best use of available resources to provide quality services to the public. So far, the Housing Department has deleted 2 841 posts, 17 of which were directorate posts. The resultant reduction in the Housing Department's civil service establishment was about 20%, which exceeded the target reduction of

10% set by the Government.

5. The Housing Department plans to further delete 659 posts (including 10 directorate posts) by March 2007, comprising 406 civil service posts and 253 Housing Authority contract posts, in order to achieve the overall target reduction of about 3 500 posts. The total establishment will be reduced by about 30% and the directorate establishment by 37%, with resultant annual savings estimated at about \$1,300 million.

Conclusion

6. The Housing Authority will continue to ensure availability of adequate and stable funding for the sustainable development of public housing and to discuss with the Government about the long-term financial arrangement. Looking ahead, the Government will continue to implement a clear, comprehensive and consistent housing policy to foster a free and stable market environment.

7. My colleagues and I will be pleased to reply to Members' questions. Thank you.