

立法會
Legislative Council

LC Paper No. CB(1)2206/06-07
(These minutes have been seen
by the Administration)

Ref: CB1/BC/1/06

**Bills Committee on
Housing (Amendment) Bill 2007**

**Minutes of eleventh meeting on
Wednesday, 30 May 2007, at 9:30 am
in Conference Room A of the Legislative Council Building**

Members present : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)
Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han, JP
Hon CHAN Kam-lam, SBS, JP
Hon WONG Yung-kan, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Alan LEONG Kah-kit, SC
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Prof Hon Patrick LAU Sau-shing, SBS, JP

Members absent : Hon Albert HO Chun-yan
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon Miriam LAU Kin-ye, GBS, JP
Hon Daniel LAM Wai-keung, SBS, JP
Hon LEUNG Kwok-hung
Hon CHEUNG Hok-ming, SBS, JP
Hon Ronny TONG Ka-wah, SC

Public Officers attending : Miss Mary CHOW Shuk-ching, JP
Deputy Secretary for Housing, Planning and Lands
(Housing)

Ms Cora HO
Assistant Director (Strategic Planning)
Housing Department

Mr Raymond WU
Senior Administrative Officer (Strategic Planning) 2
Housing Department

Mr Francis YIU
Senior Statistician
Housing Department

Miss Emma WONG
Government Counsel
Department of Justice

Clerk in attendance : Ms Connie SZETO
Chief Council Secretary (1)6

Staff in attendance : Mr Kelvin LEE
Assistant Legal Adviser 1

Ms Debbie YAU
Senior Council Secretary (1)1

Action

I Meeting with the Administration

Consideration of draft Committee Stage amendments proposed by members

(LC Paper No. CB(1)1768/06-07(01) - Letter dated 28 May 2007 (Chinese version only) from Hon CHAN Kam-lam with proposed Committee Stage amendments

- LC Paper No. CB(1)1768/06-07(02) - Letter dated 29 May 2007 (Chinese version only) from Hon LEUNG Yiu-chung with proposed Committee Stage amendments
- LC Paper No. CB(1)1768/06-07(04) - Draft Committee Stage amendments proposed by Hon Hon WONG Kwok-hing
- LC Paper No. CB(1)1768/06-07(05) - List of follow-up actions arising from the discussion on 25 May 2007 prepared by the Legislative Council Secretariat
- LC Paper No CB(1)1784/06-07(01) - The Administration's responses to members' proposed Committee Stage amendments
- LC Paper No. CB(1)1794/06-07(01) - Letter dated 29 May 2007 from Hon Frederick FUNG Kin-kee with revised proposed Committee Stage amendments (Chinese version only)
(tabled at the meeting and issued on 30 May 2007)
- LC Paper No. CB(1)1794/06-07(02) - Draft Committee Stage amendments proposed by Hon LEE Wing-tat
(tabled at the meeting and issued on 30 May 2007)

The Bills Committee deliberated (Index of proceedings attached at **Appendix**).

Follow-up action to be taken by the Administration

2. The Administration was requested to provide written responses to draft Committee Stage amendments (CSAs) proposed by Hon CHAN Kam-lam, Hon LEUNG Yiu-chung, Hon Frederick FUNG Kin-kee, Hon WONG Kwok-hing and Hon LEE Wing-tat as discussed at the meeting after consultation with the Housing Authority (HA).

Date of next meeting

3. Members agreed to meet with the Administration on Thursday, 31 May 2007 at 2:30 pm to consider the Administration's response to members' proposed CSAs after it had consulted HA.

II Any other business

4. There being no other business, the meeting ended at 10:45 am.

Council Business Division 1
Legislative Council Secretariat
27 July 2007

**Proceedings of eleventh meeting of
Bills Committee on
Housing (Amendment) Bill 2007
on Wednesday, 30 May 2007, at 9:30 am
in Conference Room A of the Legislative Council Building**

Time Marker	Speaker	Subject(s)	Action required
000105 – 000243	Chairman	Opening remarks by the Chairman	
000244 – 000920	Chairman Mr CHAN Kam-lam Ms CHAN Yuen-han Administration	<p>(a) Mr CHAN Kam-lam's briefing on his proposed Committee Stage amendments (CSAs) (LC Paper No CB(1)1768/06-07(01)) as follows:</p> <p>(i) As it was likely that income increase of low-income public rental housing (PRH) tenants would be lower than the increase in the proposed income index, the proposed rent increase cap could provide a safeguard for these tenants to ensure PRH rents were affordable;</p> <p>(ii) The proposed rent increase cap of 10% was compatible with the proposed rent adjustment mechanism and should be understood easily by the public;</p> <p>(iii) It was unnecessary to provide a rent decrease cap; and</p> <p>(iv) A shorter rent review cycle of two years would enable the Housing Authority (HA) to react more quickly to changes in socio-economic circumstances.</p> <p>(b) The Administration's response that the new rent adjustment mechanism already provided a de facto cap on rent increase and statutory safeguard for PRH tenants</p>	
000921 – 001153	Chairman Assistant Legal Adviser 1 (ALAI) Administration	<p>(a) The Administration's concern that Mr LEUNG Yiu-chung's proposed CSAs (LC Paper No CB(1)1768/06-07(02)) would effectively delete and replace the entire Clause 4 although there were indeed only two amendments to the original Clause 4 and CSAs proposed by the Administration</p> <p>(b) ALAI's advice that the President of the Legislative Council (the President) would rule on the admissibility of Members' CSAs taking into account comments from the Administration and the Members' responses (if necessary)</p>	

Time Marker	Speaker	Subject(s)	Action required
001154 – 002837	Chairman Mr Frederick FUNG Administration ALA1	<p>(a) Mr Frederick FUNG's briefing on his proposed CSAs (LC Paper No CB(1)1794/06-07(01)) as follows:</p> <ul style="list-style-type: none"> (i) A rent review cycle of three years was generally acceptable by PRH tenants; (ii) A rent increase cap should be in place to safeguard the low-income tenants; (iii) A rent reduction cap should not be imposed; and (iv) The merits of limiting the level of PRH rent by putting in place an average rent to income ratio (ARIR) of 15% <p>(b) The Administration's response that the calculation of ARIR for all PRH tenants would not be able to discount the household size distribution effect on income, and that it was difficult to interpret the exact meaning of ARIR</p> <p>(c) ALA1's preliminary view that the proposed rent level cap might not be compatible with the new rent adjustment mechanism, and hence might be considered by the President to be outside the scope of the Bill</p>	
002838 – 003918	Mr Frederick FUNG Chairman Dr Joseph LEE Administration	<p>(a) Mr Frederick FUNG's explanation as follows:</p> <ul style="list-style-type: none"> (i) Unlike median rent-to-income ratio (MRIR) which would be pushed up by the increase in the number of small households, ARIR could not be subject to influence by the factor; and (ii) The proposed rent level cap would operate as a limitation on increase in rent and could co-exist with the new rent adjustment mechanism. <p>(b) Chairman's view on possible incompatibility of the proposed rent level cap with the new rent adjustment mechanism and her concern about the methodology for computing ARIR</p> <p>(c) The Administration's response that ARIR for all PRH tenants was also subject to distortion by extraneous factors such as the increase in the number of small households</p>	

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003919 – 004523	Chairman Mr WONG Kwok-hing ALA1 Administration	<p>(a) Mr WONG Kwok-hing's briefing on his proposed CSAs (LC Paper No CB(1)1768/06-07(04)) that a rent increase cap could help maintain social harmony and a 12% MRIR cap was proposed in response to deputations' views</p> <p>(b) ALA1's preliminary view that as the Bill sought to repeal the MRIR provisions, the proposed CSA might be inconsistent with the long title of the Bill. The President might consider the proposed CSAs outside the scope of the Bill. His further advice on the consistency between the Chinese and English versions of Mr WONG's proposed CSAs</p> <p>(c) The Administration's response that MRIR was affected by a number of extraneous factors, and the retention of MRIR would prevent reasonable and effective operation of the proposed income-based rent adjustment mechanism</p>	
004524 – 005408	Chairman Ms CHAN Yuen-han Administration ALA1	<p>(a) Ms CHAN Yuen-han's reflection of PRH tenants' concern on the need to retain the MRIR cap to restrict excessive rent increases by HA. Her reiteration that RAS was only an administrative measure of HA</p> <p>(b) Chairman's highlight on members' consensus about the need to provide a rent increase cap in the Bill</p> <p>(c) The Administration's response that it would consult HA on members' proposed CSAs</p>	
005409 – 010808	Chairman Mr LEE Wing-tat Mr Abraham SHEK Administration	<p>(a) Mr LEE Wing-tat's briefing on his proposed CSAs (LC Paper No CB(1)1794/06-07(02)) as follows:</p> <p>(i) As reflected by the wage indices of the unskilled labour (i.e. craftsmen and operators) between 1992 and 2006 (table attached to LC Paper No CB(1)1794/06-07(02)), the real wage of the low-income group had not risen correspondingly with the normal wage. As such, a rent increase cap was necessary to safeguard the low-income PRH tenants; and</p> <p>(ii) The need to exclude additional rent-paying households and households with top 5% of household income in each household size group from the coverage of the proposed income index</p> <p>(b) The Administration's response as follows:</p> <p>(i) The wage index only reflected the changes in wage levels of those in employment and</p>	

Time Marker	Speaker	Subject(s)	Action required
		<p>related only to the average of the wage rate of individual employees. Moreover, the index had excluded self-employed workers such as those in trades of hawkers, construction workers and self-employed workers taxi-drivers/public light bus drivers/lorry drivers. This had explained why at times where the income index had dropped but the real wage index had increased, for instance, in year 2002 as revealed in the Administration's responses to members' requests raised at the meeting on 17 and 26 April 2007 (LC Paper No. CB(1)1570/06-07(02)); and</p> <p>(ii) While "extreme and mild outliers" was estimated to be about top 3% to 5% households in each household size group, it was undesirable to prescribe a fixed percentage of exclusion of households from the coverage of the income index in law because the exact percentage would vary depending on the prevailing income distribution of PRH tenants and had to be ascertained through a statistical assessment process. The Administration would consider applying more stringent selection rules to exclude both "extreme and mild outliers" from the coverage of the income index.</p>	
010809 – 011249	Mr LEE Wing-tat Chairman Administration Mr Abraham SHEK	Mr LEE Wing-tat's request for the Administration to undertake upon the resumption of Second Reading debate on the Bill that as far as practicable, the household income of the top 5% households in each household size group would be excluded in the calculation of the income index	
011250 – 011300	Chairman Administration Mr Frederick FUNG Mr CHAN Kam-lam	Members' agreement to meet with the Administration on 31 May 2007 for its responses to members' proposed CSAs after consultation with HA	