

立法會
Legislative Council

LC Paper No. CB(1)2207/06-07
(These minutes have been seen
by the Administration)

Ref: CB1/BC/1/06

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

**Minutes of twelfth meeting on
Thursday, 31 May 2007, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)
Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han, JP
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon LI Kwok-ying, MH, JP
Hon Alan LEONG Kah-kit, SC
Hon LEUNG Kwok-hung
Dr Hon Fernando CHEUNG Chiu-hung
Hon WONG Ting-kwong, BBS
Prof Hon Patrick LAU Sau-shing, SBS, JP

Members absent : Hon LEE Cheuk-yan
Hon WONG Yung-kan, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, SBS, JP
Dr Hon Joseph LEE Kok-long, JP
Hon Daniel LAM Wai-keung, SBS, JP
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

Mr Lawrence S Y PENG
Senior Assistant Law Draftsman
Department of Justice

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**
(LC Paper No. CB(1)1795/06-07(01) - List of follow-up actions arising from the discussion on 30 May 2007 prepared by the Legislative Council Secretariat

- LC Paper No. CB(1)1810/06-07(01) - Latest Committee Stage amendments proposed by the Administration
(tabled at the meeting and issued on 1 June 2007)
- 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)1794/06-07(01) - Letter dated 29 May 2007 from Hon Frederick FUNG Kin-kee with revised proposed Committee Stage amendments (Chinese version only)
- 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)1794/06-07(02) - Draft Committee Stage amendments proposed by Hon LEE Wing-tat
- LC Paper No. CB(1)1784/06-07(01) - The Administration's responses to members' proposed Committee Stage amendments
- LC Paper No. CB(1)1700/06-07(02) - The Administration's responses to Members' requests raised at the meetings on 17 April, 4 May, 10 May and 17 May 2007 with the latest draft Committee Stage amendments proposed by the Administration
- LC Paper No. CB(3)312/06-07 - The Bill
- LC Paper No. CB(1)926/06-07(02) - Marked-up copy of the Housing (Amendment) Bill 2007)

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

Follow-up action to be taken by the Administration

Proposed revision to the Rent Assistance Scheme (RAS)

2. The Administration was requested to provide information as follows:
 - (a) The details of the proposed revision to RAS;
 - (b) The date of implementation of the proposed revision; and
 - (c) When and how rental public housing (PRH) tenants would be informed about the details.

Calculation of the proposed income index

3. Members were aware that in calculating the income index, households with outlying income levels (i.e. additional rent-paying households, CSSA households and "extreme outliers" estimated to be the top 1% household income in each household size group based on the current profile of PRH tenants' household income) would be excluded. Some members were of the view that more stringent selection rules should be applied so that "mild outliers" (estimated to be 4% to 5%) should also be excluded. The Administration was requested to consider members' view and provide a written response.

(Post-meeting note: The English and Chinese versions of the Administration's response were circulated to members vide LC Paper Nos. CB(1)1820/06-07 and CB(1)1841/06-07 on 1 and 5 June 2007 respectively.)

Way forward

4. The Bills Committee had completed deliberations on the Bill and considered the Administration's proposed Committee Stage amendments (CSAs). Members agreed that the Bills Committee would report to the House Committee on 1 June 2007. Members also noted that the Administration planned to resume Second Reading debate on the Bill on 13 June 2007 and the deadline for giving notice of CSAs was 4 June 2007.

(Post-meeting note: At the instruction of the Chairman, the Bills Committee meetings originally scheduled for 5 and 12 June 2007 were cancelled. Members were duly informed of the arrangement vide LC Paper No. CB(1)1807/06-07 on 1 June 2007.)

II. Any other business

5. There being no other business, the meeting ended at 3:45 pm.

**Proceedings of twelfth meeting of
Bills Committee on
Housing (Amendment) Bill 2007
on Thursday, 31 May 2007, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Time Marker	Speaker	Subject(s)	Action required
000000 – 000319	Chairman Administration	(a) Opening remarks by the Chairman (b) Briefing by the Administration on its latest proposed Committee Stage amendments (CSAs) (LC Paper No. CB(1)1810/06-07(01))	
000320 – 000748	Chairman Mr LEUNG Yiu-chung Administration	(a) Mr LEUNG Yiu-chung's views as follows: (i) Welcoming the Administration's latest proposed CSA to prescribe that public rental housing (PRH) rent should increase in each rent review cycle by the rate of the increase of the income index or 10%, whichever was less, as it was in line with his proposed CSA; and (ii) The Housing Authority (HA) should maintain a three-year rent review cycle instead of two-year as proposed to smooth out rent increase pressure on PRH tenants, in particular the low-income tenants. (b) The Administration's response as follows: (i) HA used to review rent every two years before the Amendment Ordinance 1997 took effect; and (ii) A shorter rent review cycle would help achieve a more moderate rent adjustment in every review and allow HA to react more quickly to changes in socio-economic circumstances.	
000749 – 001009	Mr LEUNG Yiu-chung Administration Chairman	Mr LEUNG Yiu-chung's response that the Administration had repeatedly indicated that sudden economic downturn should be addressed by rent remission under section 17 of the Housing Ordinance (HO) (Cap. 283)	
001010 – 001212	Chairman Mr CHAN Kam-lam Administration	Mr CHAN Kam-lam's support for the Administration's latest proposed CSA which was agreeable by deputations and his confirmation that he would not move any CSAs on the rent increase cap	

Time Marker	Speaker	Subject(s)	Action required
001213 – 001843	Chairman Mr WONG Kwok-hing Assistant Legal Adviser 1 (ALA1)	<p>(a) Mr WONG Kwok-hing's view as follows:</p> <ul style="list-style-type: none"> (i) The Administration's latest proposed CSA could not address PRH tenants' concern. He would move CSA to introduce a median rent-to-income ratio (MRIR) cap of 12% in respect of increase in PRH rents in each rent review to safeguard PRH tenants' interests; and (ii) Enquiry about separate voting for the Administration's proposed CSAs during the Committee Stage of the Bill. <p>(b) ALA1's advice as follows:</p> <ul style="list-style-type: none"> (i) Separate voting on individual provisions in the Bill and CSAs would be arranged if requested by Members; and (ii) As the Bill sought to repeal the MRIR provisions, Mr WONG's proposed CSA might be inconsistent with the long title of the Bill. The President of the Legislative Council (the President) might consider the proposed CSAs outside the scope of the Bill. 	
001844 – 002915	Chairman Mr LEE Wing-tat Administration	<p>(a) Mr LEE Wing-tat's views as follows:</p> <ul style="list-style-type: none"> (i) Appreciation for the Administration's taking on board the community's call and members' view to prescribe a rent increase cap in each rent review cycle; and (ii) Enquiry on the details in implementing proposed improvements to HA's Rent Assistance Scheme (RAS). <p>(b) The Administration's response as follows:</p> <ul style="list-style-type: none"> (i) The implementation of the new RAS criteria should tie in with the day of introducing the first rent variation under the new rent adjustment mechanism. However, recognizing tenants' preference for an earlier implementation date, HA would implement the revised RAS at the same time as the rent reduction after passage of the Bill. If the Bill was passed at the Council meeting on 13 June 2007, revisions to RAS and rent reduction would take effect from 1 August 2007; and (ii) The Administration would issue letters to all PRH households informing them of the rent reduction and the revisions to RAS. 	The Admin. to take follow-up action under para. 2 of the minutes

Time Marker	Speaker	Subject(s)	Action required
002916 – 003649	Chairman Mr LEUNG Kwok-hung Administration	<p>(a) Mr LEUNG Kwok-hung's views that members should compare the actual rent variation effected under the new rent adjustment mechanism and by retaining the 10% MRIR before deciding whether to support the Bill</p> <p>(b) The Administration's response that the new mechanism would provide a better safeguard for PRH tenants as it could reflect more closely their rental affordability</p>	
003650 – 004100	Chairman Ms Emily LAU Administration	Ms Emily LAU's support in principle for the Administration's latest proposed CSA which should have taken on board PRH tenants' request for a rent increase cap. She would consult PRH tenants further and make a decision with a view to striking a balance between the interests of PRH tenants and those living in private housing	
004101 – 004449	Chairman Mr LEUNG Yiu-chung	Mr LEUNG Yiu-chung's reiteration of his request for a three-year rent review cycle and his view that the Administration's latest proposed CSA only provided a rent increase cap but not a rent level cap like the existing 10% MRIR. As such, he had reservation supporting the Bill and the Administration's proposed CSAs	
004450 – 005800	Chairman Miss CHAN Yuen-han Administration	<p>(a) Miss CHAN Yuen-han's concern about the rationale for not retaining the MRIR provisions and her enquiry on the Administration's response to members' proposed CSAs</p> <p>(b) The Administration's response that the proposed income index would reflect pure changes in PRH tenants' household income which would match closely with their rental affordability whereas MRIR was subject to distortion by many extraneous factors and might not reflect the actual affordability of PRH tenants</p> <p>(c) The Chairman's reflection of the support of Members of the Liberal Party for the Administration's latest proposed CSA to limit the rent increase in each rent review cycle to 10% as it could safeguard PRH tenants, in particular the low-income ones</p>	

Time Marker	Speaker	Subject(s)	Action required
005801 – 010741	Chairman Mr LEE Wing-tat Administration	<p>(a) Mr LEE Wing-tat's request for the Administration to undertake 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. Subject to the Administration's written response, he might consider withdrawing his proposed CSA</p> <p>(b) The Administration's response that based on the current income profile of PRH tenants, it was estimated that the proportion of "extreme outliers" was about top 1% household in each household size group while the proportion of "extreme and mild outliers" was about top 4% to 5%. The extent of "mild outliers" in each household size group to be excluded from the coverage of income index had to be assessed in each compilation exercise through a statistical process and would vary depending on the prevailing income distribution of PRH tenants</p>	The Admin to take follow up action under para. 3 of the minutes
010742 – 011511	Chairman Mr WONG Kwok-hing Administration	<p>(a) Mr WONG Kwok-hing's concern/request as follows:</p> <p>(i) If the Administration's proposal was an improvement to the existing rent adjustment mechanism, PRH tenants would not insist on their objection to the Bill. Repealing the MRIR provisions would remove the safeguard for tenants;</p> <p>(ii) Request the Administration to re-consider members' proposed CSA; and</p> <p>(iii) Request for a copy of the minutes of HA's meeting held earlier in the morning of the same date.</p> <p>(b) The Administration's response as follows:</p> <p>(i) HA had been consulted at its closed meeting that morning on all CSAs proposed by members and the detailed response provided by the Administration; and</p> <p>(ii) Findings of HA's telephone survey conducted in December 2006 had indicated that some 77% of the respondents (66% among the respondents living in PRH) supported the proposed income-based rent adjustment mechanism.</p>	

Time Marker	Speaker	Subject(s)	Action required
011512 – 011654	Chairman	Members' agreement for the Bills Committee to report to the House Committee on 1 June 2007	

Council Business Division 1
Legislative Council Secretariat
27 July 2007