

立法會
Legislative Council

LC Paper No. CB(1) 1208/09-10

(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

**Minutes of meeting
held on Thursday, 7 January 2010, at 2:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon WONG Kwok-hing, MH (Chairman)
Hon Frederick FUNG Kin-kee, SBS, JP (Deputy Chairman)

Hon Fred LI Wah-ming, SBS, JP

Hon James TO Kun-sun

Hon CHAN Kam-lam, SBS, JP

Hon LEUNG Yiu-chung

Hon Vincent FANG Kang, SBS, JP

Hon LEE Wing-tat

Dr Hon Joseph LEE Kok-long, SBS, JP

Hon Alan LEONG Kah-kit, SC

Prof Hon Patrick LAU Sau-shing, SBS, JP

Hon CHAN Hak-kan

Hon WONG Kwok-kin, BBS

Members absent : Hon Abraham SHEK Lai-him, SBS, JP
Hon LEUNG Kwok-hung

**Public officers
attending** : **For item IV**

Ms Eva CHENG, JP
Secretary for Transport and Housing

Ms Annette LEE, JP
Acting Permanent Secretary for Transport and Housing
(Housing)

Ms Cora HO
Assistant Director (Strategic Planning)
Housing Department

Mr CHOI Chun-sun
Senior Statistician 1
Housing Department

For item V

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Ms Ada FUNG, JP
Deputy Director (Development & Construction)
Housing Department

Mr LAM Sze-chuen
Acting Assistant Director (Project) 1
Housing Department

For item VI

Mr YAU Shing-mu, JP
Under Secretary for Transport and Housing

Mr Albert LEE, JP
Deputy Director (Estate Management)
Housing Department

Mr Tony LIU
Chief Manager/Management (Support Services 2)
Housing Department

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

Staff in attendance : Mrs Mary TANG
Senior Council Secretary (1)2

Miss Mandy POON
Legislative Assistant (1)4

Action

In anticipation of the need for voting at the Finance Committee (FC) meeting held in the same afternoon, the Chairman said that he would suspend the current meeting to allow members to take part in the voting at the FC meeting upon the ringing of the voting bell.

I. Confirmation of minutes

(LC Paper No. CB(1) 794/09-10

— Minutes of the meeting held on
2 November 2009)

2. The minutes of the meeting held on 2 November 2009 were confirmed.

II. Information paper issued since last meeting

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

LC Paper No. CB(1) 588/09-10(01)

— Administration's paper on Land Registry Statistics in November 2009 (press release)

III. Items for discussion at the next meeting

(LC Paper No. CB(1) 796/09-10(01)

— List of follow-up actions

LC Paper No. CB(1) 796/09-10(02)

— List of outstanding items for discussion)

4. Members agreed to discuss the review of the Landlord and Tenant (Consolidation) Ordinance (Cap. 7) at the next regular meeting scheduled for Monday, 1 February 2010, at 2:30 pm. Deputations would be invited to express their views on the subject.

5. Mr Fred LI considered it necessary to follow up with the Housing Authority (HA) and Link Management Limited (The Link) on the management of recreational and other facilities in public rental housing (PRH) estates. He opined that HA, as the Deed of Mutual Covenant manager, could not be absolved from exercising its monitoring role. The Chairman agreed to follow up the matters with The Link.

IV. New rent adjustment mechanism for public rental housing

(LC Paper No. CB(1) 796/09-10(03)

— Administration's paper on new rent adjustment mechanism for public rental housing

LC Paper No. CB(1) 796/09-10(04)

— Paper on the new rent adjustment mechanism prepared by the Legislative Council Secretariat (background brief))

6. The Secretary for Transport and Housing (STH) briefed members on the progress of the first rent review under the new rent adjustment mechanism for PRH by highlighting the salient points in the information paper.

Survey of household income of PRH tenants

7. Mr Fred LI enquired how PRH households were selected to participate in the "Survey on Household Income of PRH Tenants" (the Income Survey). The Assistant Director of Housing (Strategic Planning) (ADH(SP)) said that the selection method had been discussed in detail by the Bills Committee on the Housing (Amendment) Bill 2007 (the Bills Committee). In gist, 2 000 PRH households would be drawn each month (i.e. 24 000 households per year) from all PRH estates on the basis of household size distribution using a probability-based statistical methodology through systematic random sampling.

8. Dr Joseph LEE questioned the representativeness of the 24 000 sampled households. Given that households were selected on the basis of household size distribution, Dr LEE also queried the reliability of the income index if this was computed without making reference to the income levels of different districts. Mr Fred LI echoed that the income levels might vary from districts. STH said that the methodology for sampling and computation of the income index would be further explained when presenting the income data for the first period of the review. ADH(SP) added that according to the Commissioner for Census and Statistics, income data collected using such a probability-based statistical methodology through systematic random sampling by household size was reliable and all types of estates would be represented.

9. The Chairman asked how the Administration could ensure the reliability of the data collected given the differences in income levels of districts and household sizes. ADH(SP) said that the Census and Statistics Department (C&SD) had adopted various quality control measures to ensure impartiality, objectivity and accuracy throughout the process of data collection and data input. It would monitor and assess the representativeness of the sampled households to ensure that the data used for compilation of the income index accurately reflected the tenants' household income.

Ensuring transparency and openness throughout the process

10. Mr Fred LI stressed the need to ensure transparency in the collection of income data given that the households were selected by the Housing Department (HD) and passed to C&SD direct for computation of the income index without the involvement of an independent third party in the process. Mr Frederick FUNG also enquired if the process was subject to audit by the Director of Audit or any other party. STH said that as the computation agent prescribed by the Housing (Amendment) Ordinance (Cap. 283) (HO), C&SD had a statutory role to ensure overall statistical integrity of the entire data collection and input process. Upon completion of the first rent review, HD was required to report the findings of the review to HA.

11. To ensure transparency throughout the process, Dr Joseph LEE said that consideration should be given to publishing information on the income data of sampled households as well as progress of the review on a quarterly basis. While the income data would be subject to variation as a result of changes in the income of

sampled households, STH said that efforts would be made to further enhance the transparency of the rent review exercise.

Computation of the income index

12. Noting that all surveys were based on past statistics, Mr Frederick FUNG expressed concern that the findings, which were based on the income data of the past year, would not be able to reflect the current and upcoming economical situation, which was expected to worsen in the next year. He suggested that a line should be drawn such that if the economy dropped by 5% to 10% or more, HA would automatically review the income index to reflect the actual income changes of PRH households. STH said that the first rent review involved the collection of income data of a total of 48 000 during the first period (a period of 12 months commencing 1 January 2007) and second period (a period of 12 months commencing 1 January 2009) for compilation of the respective income index. C&SD would compute the index, including the changes in the income index between the first and second periods. If the income index for the second period was higher than that for the first period by more than 0.1%, HA would increase the PRH rent by the rate of increase of the income index or vice versa. In any event, the rate of increase of PRH rent would be capped at 10%. STH added that HA had put in place various rent assistance schemes to help needy PRH households to tide over temporary financial hardship.

13. While supporting the use of household size distribution in computing the income index, Mr Frederick FUNG pointed out that it might not be appropriate to apply one income index to all households given that income changes of one-person households (comprising mostly elderly persons) were usually much less than that of three to four-person households. Consideration should be given to working out two income indices, one for one to two-person households and another for households with three or more persons. STH said that the proposed arrangement would give rise to administrative difficulties since the sizes of households were subject to changes. The Acting Permanent Secretary for Transport and Housing (Housing) (Atg PSH) said that C&SD was responsible for computing the income index and checking the data collection and computation process. To assess the "pure income change", the effect of the change in household size distribution on household income should be discounted. This was achieved by keeping the household size distribution of PRH tenants constant over the first and second periods of the review. The income index reflecting the weighted mean household income of PRH tenants over these two periods would be computed based on the household size distribution of the first period. ADH(SP) added that the current compilation method using the "mean household income" rather than the "median household income" had been deliberated at length and agreed by the Bills Committee, and was considered reliable.

14. Mr LEUNG Yiu-chung opined that the new rent adjustment mechanism aimed not only to provide a more flexible framework to take account of tenants' affordability, but also to enhance transparency in the computation process. He therefore requested the Administration to make available the income data collected during the first period so that members could compare these with the data collected during the second period

to ensure the rationality of the survey results. Mr James TO also enquired if the income index for the first period could be made available for members' reference before processing the income data for the second period. STH replied that the income index could be worked out by the C&SD within the next month. She agreed that an information paper would be provided to the Panel explaining the methodology for compiling the income index and the income data collected for the first period. The Chairman remarked that a meeting would be arranged to discuss the subject.

Progress of the rent review and time frame for implementing the rent adjustment

15. Noting that 24 000 PRH households would be selected for each period, Mr James TO enquired about the number of households which had submitted their income declaration forms so far. ADH(SP) said that the sampled households in the first period had submitted their declaration forms. For the second period starting on 1 January 2009 and expiring on 31 December 2009, sampled PRH households were required to return the declaration forms within specified time. As at January 2010, majority of the sampled households in September and October 2009 had submitted their declaration forms. It was expected that all declaration forms would be returned around end March 2010 for computation of the income index for the second period by the Commissioner for Census and Statistics.

16. Mr LEUNG Yiu-chung enquired about the time frame for actual rent adjustment. Atg PSH said that while the first rent review was expected to be completed by mid 2010, it would take two to three months for the rent adjustment to take effect. ADH(SP) added that assuming all the computation work, for the first rent review could be completed around June and that HA and LegCo were briefed on the findings, HA would still require to serve on PRH tenants a one-month notice on any adjustment in PRH rent, and hence, the earliest possible date for rent adjustment, if any, could only be 1 August 2010. Mr LEUNG asked if the rent adjustment was subject to review if problems were identified in the data collection and computation process. He was concerned that the Panel might not be able to discuss the rent adjustment if this was implemented during the summer recess. He requested that the rent adjustment should only be implemented after the Panel had completed discussion on the findings of the review. The Chairman echoed that the rent adjustment should not be implemented during the summer recess, and that discussion with the Panel should be held before the actual implementation of rent adjustment.

17. While supporting the rent adjustment mechanism, Mr LEE Wing-tat considered that relief measures should be introduced for low-income families in the context of the forthcoming Budget. STH said that the rent adjustment mechanism was part of HO which the Administration had to adhere to in adjusting PRH rent, taking into account changes in the household income of PRH tenants. She added that households receiving Comprehensive Social Security Assistance and those paying additional rent were excluded from computation of the income index to minimize the possible distortion brought by the extreme income profiles. She said that the Financial Secretary (FS) would take into account community views in preparing the Budget. Nevertheless, she agreed to reflect members' views to FS.

HA's financial position

18. Since HA was suffering and expected to suffer a deficit for the financial year of 2009-2010 and the next financial year respectively, the Chairman was concerned that HA would try to increase rather than decrease the PRH rent in order to cover the deficits despite a negative change in the income index. He enquired how HA could balance its budget in the absence of proceeds from the sale of Home Ownership Scheme (HOS) flats. He called upon HA to re-launch HOS to provide affordable housing on the one hand and to secure stable income for its operation on the other. Besides, the re-launching of HOS would help dampen the surging property prices. STH stressed that the statutory rent adjustment mechanism would apply irrespective of HA's financial situation. HA was committed to managing its finances under prudent financial principles with a view to providing sufficient PRH to maintain the average waiting time at around three years.

19. Mr LEE Wing-tat said that judging from HA's accounts, its investment returns had not been sound in 2008, possibly due to the financial crisis. As most companies had recorded profits in 2009 following the revival of the economy, he enquired about the returns of financial investment of HA in the past year. He opined that the Administration might need to closely monitor HA's finances on account of its decreasing income as a result of divestment of retail and car parking facilities and cessation in the production of HOS flats. STH said that HA had adopted a long-term and conservative investment policy aiming at a financial return of 6% per annum. The financial committee of HA was required to report to the Administration on HA's financial position. The investment returns for the past year were expected to be quite sound since a major part of HA's investments were on bonds which had provided good yields over the past year.

20. The Chairman enquired if the Administration would report to the Panel on the outcome of the first rent review upon completion in mid 2010. STH confirmed that the outcome would be reported to HA and the Panel in due course.

(The meeting was suspended from 3:23 pm to 3:32 pm to allow members to participate in the voting at the Finance Committee meeting held in the Legislative Council Chamber.)

V. Effectiveness of quality reform for piling works

(LC Paper No. CB(1) 796/09-10(05) — Administration's paper on effectiveness of quality reform for piling works)

21. The Under Secretary for Transport and Housing (USTH) briefed members on the effectiveness of the quality reform and enhancement measures to improve the quality of piling works since 2000. The Deputy Director of Housing (Development & Construction) (DDH(D&C)) gave a power-point presentation on the quality reform for piling works.

(*Post-meeting note:* A set of the power-point presentation materials was circulated to members under LC Paper No. CB(1)848/09-10(01) on 11 January 2010.)

22. Mr LEE Wing-tat commended HA for implementing the quality reform and enhancement measures to improve the quality of piling works. He enquired if the number of accidents involving injuries/deaths of workers had decreased following the quality reform for piling works. He also enquired about the impact of the enhancement measures on piling costs. DDH(D&C) said that the safety performance, including piling works, of HA's construction sites was generally better than the average construction sites in Hong Kong. The accident rate per 1 000 workers involving injuries/deaths of workers had been reduced from some 100 in 1999 to around 15 per year nowadays. This served to show the significant improvements in terms of construction safety following the implementation of quality reform and enhancement measures to improve piling quality and site safety. While the piling costs had slightly increased as a result of the enhancement measures (covering ground investigation, design of foundation works, construction specification, contract management, site supervision and acceptance of works upon completion), the overall construction costs had not increased since ground investigations had effectively minimized variations in works during the construction stage. The quality reform and enhancement measures had achieved better quality and overall cost effectiveness.

23. Given that ground investigation and design of foundation works were undertaken by HD, Mr CHAN Kam-lam enquired about the additional number of architects/engineers involved in the 80 completed piling contracts and their duties. He emphasized the need for sufficient manpower resources to supervise and carry out the works. DDH(D&C) said that there were sufficient in-house professional staff as well as manpower resources in HD to absorb the ground investigation and design of foundation works for an average of 15 000 PRH units to be completed each year. Resident engineers had been deployed to all piling sites to strengthen site supervision and carry out more comprehensive quality control tests. Testing contractors had been employed directly by HA to conduct final pile acceptance tests to enhance reliability. Good progress and results had been achieved as shown by the proven track record over the past nine years.

24. Mr LEE Wing-tat asked if the control on subcontracting under the quality reform for piling works, which had proven to be effective in controlling the progress of works, could be similarly applied to the construction of superstructure. DDH(D&C) said that apart from the main contractor, there were specialist subcontractors and other domestic subcontractors, depending on the complexity of the contract. In general, subcontracting was subject to a three-tier restriction, particularly for high risk construction works. The three-tier restriction on subcontracting had also been applied to the wage payment mechanism for construction workers since 2006. Henceforth, there was no longer multiple subcontracting for HA's capital works contracts.

VI. Marking Scheme for Estate Management Enforcement in Public Housing Estates

- (LC Paper No. CB(1) 796/09-10(06) — Administration's paper on marking Scheme for Estate Management Enforcement in Public Housing Estates
LC Paper No. CB(1) 796/09-10(07) — Paper on Marking Scheme for Estate Management Enforcement in Public Housing Estates prepared by the Legislative Council Secretariat (updated background brief))

25. The Chief Manager/Management (Support Services 2) (CM/M(SS2)) gave a power-point presentation on the latest progress and effectiveness of the Marking Scheme for Estate Management Enforcement in Public Housing Estates.

(Post-meeting note: A set of the power-point presentation materials was circulated to members under LC Paper No. CB(1)848/09-10(02) on 11 January 2010.)

Throwing objects from height

26. Despite the repeated occurrences of throwing objects from height in PRH estates, Mr LEE Wing-tat noted with concern that only three Notice-to-Quit (NTQ) had been issued to households committing such misdeed since 1 August 2003. He held the view that the enforcement actions taken had not reflected the gravity of the offence, and that more should be done to achieve a greater deterrent effect. On the other hand, more covered walkways, particularly at entrances to estate blocks, should be provided for the protection of residents against falling objects. His views were shared by Mr Frederick FUNG. USTH said that different penalty points would be allotted to different misdeeds under the Marking Scheme. As throwing objects from height was a serious misdeed, seven or 15 penalty points would be allotted depending on the seriousness of the misdeed and whether the misdeed was a deliberate act. Upon accumulation of 16 points within two years, the tenancy of the subject household would be terminated by a NTQ. For misdeeds which might cause serious danger or personal injuries, the tenancy of the subject household would be terminated immediately for breaching of the tenancy agreement. To deter throwing objects from height, HD rolled out a one-month educational campaign to publicize the serious consequences of throwing/falling objects from height. A pledging ceremony was jointly held with some 400 Estate Management Advisory Committee (EMAC) members from all PRH estates on 20 December 2009. The Deputy Director of Housing (Estate Management) (DDH(EM)) added that some cases of falling objects from height were unintentional as was the recent case involving the falling of a chopper from height. While the housewife concerned had turned herself in to the Police, she was allotted 15 penalty points (only one point away from termination of tenancy) given the possible dire consequences of the act. The allotment of penalty points had indeed achieved the necessary deterrent effect. On the provision of

covered walkways, DDH(EM) advised that these were provided in newer estates but not in older ones. In consultation with EMACs, shelters/covered walkways would be provided in strategic spots as far as practicable. Efforts would also be made to extend the existing covers to allow greater protection for residents against falling objects.

27. Mr WONG Kwok-kin enquired about the number of misdeeds of throwing objects from height which were detected by the Mobile Digital Closed-Circuit Television System (MDCCTV) and the Special Operation Teams against Throwing Objects from Height (Special Operation Teams). DDH(EM) said that apart from the three households committing the misdeed which were issued with NTQs, there were 275 and 21 households which were allotted seven and 15 points for the misdeed respectively. Prosecutions had been taken against 112 households in total. For more effective enforcement, 96 sets of Falling Objects Monitoring System and 10 sets of MDCCTV had been installed at strategic locations of PRH estates in order to enhance the deterrent effect. Moreover, five Special Operation Teams had been deployed for assistance in the detection and gathering of evidence for prosecution. To further deter throwing or falling objects from height, HD would deploy additional resources, including the procurement of 10 additional sets of MDCCTV and the recruitment of five additional Special Operation Teams, to enhance enforcement actions. In addition, a Task Force had been set up at HD headquarters to monitor the effectiveness of the proactive initiatives and coordinate the deployment of existing resources. CM/M(SS2) added that while no assessment had been made on the number of cases spotted by MDCCTV or the Falling Objects Monitoring System, the Special Operation Teams and local estate staff had been able to identify most of the culprits with the assistance of MDCCTV and allot them with penalty points.

28. Mr Frederick FUNG noted that some estates had engaged their own security teams to monitor throwing/falling objects from height, as they were concerned that the Special Operation Teams might not be able to oversee all PRH estates. DDH(EM) said that daily patrol duties were mostly performed by the security guards engaged by individual estates. The Special Operation Teams were deployed to estates where frequent incidents of throwing/falling objects from height took place. It was worth noting that about 80% of incidents involving falling objects from height were unintentional. Residents had been reminded of the serious consequences of throwing/falling objects from height. To prevent unintentional falling objects from height, Mr FUNG said that HD should remind tenants not to put potted plants and other objects by the window and on the coping of the parapet wall of the balcony.

29. Mr LEUNG Yiu-chung opined that more resources should be earmarked to handle complaints about misdeeds because in some cases, such as pouring of water and food waste from height, more time and efforts would be required to identify the culprits. DDH(EM) agreed to the need to deploy more manpower resources in dealing with complaints about these misdeeds. He said that the use of MDCCTV had been useful in detecting pouring of water and food waste from height.

Water dripping from air-conditioner

30. Mr Frederick FUNG held the view that misdeeds of "water dripping from air-conditioner" and "causing noise nuisance" were difficult to handle because these nuisances often ceased upon complaint but would likely to recur afterwards. DDH(EM) said that since the inclusion of "water dripping from air-conditioner" in the Marking Scheme from 1 January 2009, 95 written warnings had been issued and 13 households allotted penalty points for failing to abate the nuisance caused by water dripping within a reasonable period of time. In fact, no cases of dripping from air-conditioners were reported on the households which had been allotted penalty points or issued with written warnings. Notwithstanding, HD would continue monitoring the problem of water dripping from air-conditioners. As regards the misdeed of "causing noise nuisance", CM/M(SS2) said that 36 households had been allotted penalty points, two of which had their tenancies terminated as a result.

Dog-keeping

31. Mr Fred LI expressed concern about the allotment of five penalty points for unauthorized dog-keeping. He pointed out that some households might have difficulty in complying with the requirement to remove the dogs within two weeks' notice, particularly those which had a psychological reliance on their dogs. He enquired if assistance from social workers could be sought in assessing the need for households to continue keeping their small dogs as pets. CM/M(SS2) said that in September 2003, HA endorsed the Temporary Permission Rule under which tenants were permitted to continue keeping small dogs that had been kept before 1 August 2003 until their natural death. Apart from the 9 500 dogs registered under the Temporary Permission Rule, permission had been given to the keeping of guide dogs by the blind. Special permission would also be given to cases deserving humanitarian consideration, such as recommendations by medical doctors that the keeping of dogs would be beneficial to the recovery of elderly tenants who suffered from loss of family members. However, blanket permission for keeping of small dogs was not considered appropriate since dog-keeping caused nuisances to other tenants.

32. Mr LEUNG Yiu-chung remained of the view that it was unfair to hold the entire family liable for a misdeed committed by an individual family member. He said that in some cases, the family had tried its best to prevent the member from committing the misdeed but to no avail. HD should consider seeking professional assistance to help these families to resolve the problem, rather than allotting the household with penalty points. While acknowledging that disharmony among family members could not be easily resolved, CM/M(SS2) said that misdeeds of individual members could usually be corrected through the concerted efforts of the family. The use of family pressure to correct malpractices of individual family members was indeed the spirit behind the Marking Scheme. Where necessary, assistance from the Social Welfare Department would be sought to resolve family disputes over the misdeeds.

VII. Any other business

33. There being no other business, the meeting ended at 4:45 pm.

Council Business Division 1
Legislative Council Secretariat
23 February 2010