

立法會
Legislative Council

LC Paper No. CB(1) 2014/09-10
(These minutes have been seen
by the Administration)

Ref : CB1/PL/HG/1

Panel on Housing

Minutes of meeting
held on Friday, 16 April 2010, at 3:15 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 James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon LEUNG Yiu-chung
Hon LEE Wing-tat
Dr Hon Joseph LEE Kok-long, SBS, JP
Prof Hon Patrick LAU Sau-shing, SBS, JP
Hon CHAN Hak-kan
Hon WONG Kwok-kin, BBS
- Members attending** : Hon LEE Cheuk-yan
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
- Members absent** : Hon Fred LI Wah-ming, SBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Vincent FANG Kang, SBS, JP
- Public officers attending** : **For item IV**

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

Mr Joe WONG, JP
Deputy Director (Corporate Services)
Housing Department

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

For item V

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

Ms Cora HO
Assistant Director (Strategic Planning)
Housing Department

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

For item VI

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

Miss Rosaline WONG
Chief Estate Surveyor/Land Administration
Housing Department

Mr CHIU Kin-chee
Chief Manager/Management
(Support Services 1)
Housing Department

**Attendance by
Invitation**

: For item VI

The Link Management Limited

Mr Ian ROBINS
Executive Director and Chief Executive Officer

Mr George HONGCHOY
Executive Director and Chief Financial Officer

Mr POON Kai-tak
Director (Corporate Communications and Strategy)

Mr David CHAN
General Manager - Facilities and Contract Management

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

I. Confirmation of minutes

(LC Paper No. CB(1) 1486/09-10 — Minutes of the meeting held on
1 February 2010)

The minutes of the meeting held on 1 February 2010 were confirmed.

II. Information paper issued since last meeting

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

LC Paper Nos. CB(1) 1314/09-10(01) — Administration's paper on Land
and CB(1) 1568/09-10(01) Registry Statistics in February
and March 2010 (press release);

LC Paper Nos. CB(1) 1368/09-10(01) — Referrals arising from the meeting
and CB(1) 1368/09-10(02) between Legislative Council
Members and Sham Shui Po
District Council members on 7
January 2010 regarding planning
for redevelopment of So Uk
Estate and public housing
development plan for Area No. 6
of the North West Kowloon
Reclamation (Restricted to
Members);

LC Paper No. CB(1) 1368/09-10(03) — Referral from Complaints
Division dated 26 February 2010
regarding the complaint
mechanism of the Housing
Department (Restricted to
Members); and

LC Paper No. CB(1) 1628/09-10 — Referral from Complaints Division dated 14 April 2010 regarding the complaint mechanism of the Housing Department (Restricted to Members)

3. The Chairman said that Mr Frederick FUNG had requested to include the referrals regarding the complaint mechanism of the Housing Department (HD) in the agenda of the next regular meeting. Given the many items to be discussed at the meeting in May 2010, consideration could be given to referring the matter to the Administration for initial response.

4. Mr Frederick FUNG said that the complainant had lodged various complaints against HD with the Complaints Division, but was dissatisfied that the same responses were repeatedly given, that the complaints were often referred to other organizations, and that complaints about HD staff were not handled by the senior management. Mr FUNG opined that there might be a need for the Panel to follow up HD complaint mechanism, particularly the manpower resources in dealing with complaints, the criteria for referring complaints to other organizations and the procedures in handling complaints against HD staff. The Chairman said that the Panel would decide on the way forward upon receipt of the Administration's reply.

III. Items for discussion at the next meeting

(LC Paper No. CB(1) 1575/09-10(01) — List of follow-up actions
LC Paper No. CB(1) 1575/09-10(02) — List of outstanding items for discussion)

5. The Chairman advised that the Administration had proposed the following items to be discussed at the next regular meeting scheduled for Monday, 3 May 2010, at 2:30 pm -

- (a) New initiatives for barrier free access in new housing estates;
- (b) Setting up of Tenants Purchase Scheme Advisory Team; and
- (c) Measures to increase the greening ratio of new public rental housing estates and the provision of recreational facilities in existing estates.

The Chairman also made reference to a written request from Mr WONG Kwok-kin to invite deputations to express views on the re-launching of Home Ownership Scheme (HOS) and revitalization of the HOS Secondary Market in early May 2010, so that the views gathered could be conveyed to the Subsidized Housing Committee of the Hong Kong Housing Authority for consideration at its meeting in late May 2010.

6. To allow sufficient time for discussion, Mr Frederick FUNG suggested and members agreed that the next regular meeting on Monday, 3 May 2010, at 2:30 pm would be devoted to the discussion on the re-launching of HOS and revitalization of the HOS Secondary Market. A special meeting would be held in late May 2010 to discuss the three items proposed by the Administration.

(Post-meeting note: With the concurrence of the Chairman, a special meeting had been scheduled for Monday, 24 May 2010, at 8:30 am.)

IV. Proposal to create two directorate posts in the Housing Department

(LC Paper No. CB(1) 1575/09-10(03) — Administration's paper on the proposal to create two directorate posts in the Housing Department)

7. The Chief Manager/Management (Support Services 2) (CM/M(SS2)) gave a power-point presentation on the Administration's proposal to create two directorate posts in the Estate Management Division (EMD) of HD with effect from 2 July 2010.

8. While supporting the proposed creation of two directorate posts to cope with the increased workload, Mr CHAN Kam-lam enquired whether the posts would be filled by internal promotion or external recruitment, and whether there would be a re-distribution of duties following the creation of posts. The Deputy Director of Housing (Estate Management) (DDH(EM)) confirmed that the two directorate posts would be filled by internal promotion as these were of promotional ranks. With the growing property portfolio of HD, in particular in the Kowloon East district, the relevant Regional Chief Manager was required to manage about 190 000 to 200 000 public rental housing (PRH) units, much more than the standard of 128 000 units set in 2004. To cope with the increasing workload, further re-organization and re-distribution of duties within EMD were expected following the creation of posts.

9. Mr James TO said that members had to exercise great care in scrutinizing staffing proposals to ensure that the need for staff increase was justified and quantified in terms of workload. He enquired how the staffing provision for each PRH estate compared to that for private residential development in terms of the number of units. He also enquired whether the proposed creation of posts was meant to provide relief to the under-staffing situation of EMD or to improve the existing management services. DDH(EM) said that the increase in task complexity and some new initiatives to meet the rising aspirations of tenants could not be quantified. With the re-organization of structure in 2004, an Assistant Director of Housing (AD/H) post had since been deleted. With the increase of some 66 800 PRH units and 730 non-directorate staff posts, as well as implementation of new management policies, such as harmonious family policies and the Total Maintenance Scheme, over the past six to seven years, the present directorate support in EMD was inadequate to meet the steady increase in workload both in terms of volume and complexity. To sustain operational efficiency and ensure quality customer service, an additional AD/H post was required to share the workload of the two Assistant Directors/Estate Management (ADs/EM) by absorbing

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part of the regional management arising from the expanded property portfolio, taking up some of the new strategic tasks and relieving the heavy burden of the Deputy Director/Estate Management in directly supervising three SS Sections over key support services and policy initiatives. CM/M(SS2) added that back in 2004, there were three ADs/EM responsible for policy matters and supervising 650 000 PRH units, with an average of 220 000 units each. At present, the two ADs/EM were responsible for 720 000 PRH units, with an average of 360 000 units each. Mr TO requested to put on record that he was unconvinced of the need to create the proposed posts, and that the Administration had to provide more information to quantify the increased workload.

10. Given that the need for further increase in directorate staff might arise again as a result of increase in production of PRH units and formulation of new policies and initiatives to meet the rising aspirations of tenants, Mr LEUNG Yiu-chung enquired about HD's staffing plans for the next five years. DDH(EM) assured members that the Administration would not propose to create additional directorate posts unless strictly necessary. While there might be a need for more non-directorate staff to cope with the increased production of PRH units in the next few years, the number of directorate staff might not have to be increased accordingly. Following the proposed creation of posts, EMD would unlikely require additional directorate posts within the next five years barring unforeseen circumstances. Mr LEUNG enquired about the circumstances which warranted additional directorate posts. DDH(EM) said that as EMD mainly provided management services for HD's property portfolio, additional directorate staff would only be required if there were major changes in the property portfolio in the next five years.

11. Mr CHAN Kam-lam enquired if there would be a reduction in outsourcing of management services following the creation of additional posts within EMD. He said that PRH tenants would much prefer management services provided by HD direct rather than by contractors as the latter were less efficient. DDH(EM) said that at present, about half of the estate management services were contracted out. While continued efforts would be made to meet the rising aspirations of tenants on the provision and management of PRH, a review would be made on the strategy of outsourcing management services.

12. Given the many complaints from PRH tenants on inefficient management services of HD as a result of additional workload arising from the growing property portfolio, Mr WONG Kwok-kin supported the creation of additional posts to cope with the increased workload. He enquired about the improvement to be brought about by the proposed creation of posts. DDH(EM) said that the proposed additional posts would assist in enhancing communication with tenants and formulating appropriate housing policies to meet tenants' needs. With the streamlining of management processes and the use of more advanced information technologies, it was not expected that there would be a significant increase in the number of management staff, particularly at directorate level. The proposed creation of two directorate posts would provide the much needed relief to the existing workload.

13. Mr WONG Kwok-kin enquired if HD would take on those commercial tenants who had to terminate their leases with the Link Management Company (The Link) due to high rents. DDH(EM) said that HD only had a limited number of small-scale retail facilities after divestment of the retail and car parking facilities to The Link, and the vacancy rate of which was very low at about 5% only. Tenders would be invited if vacancies arose and interested parties could apply. All applications would be dealt with on an equal basis and no preference would be given to former tenants of The Link.

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14. Mr Tommy CHEUNG said that Members belonging to the Liberal Party were very prudent in scrutinizing staffing proposals. He was aware that there were many staff changes in HD following the divestment of retail and car parking facilities to The Link and various posts had been subsequently deleted/created over the years. He requested that supplementary information on the changes in staff establishment in HD following the divestment should be provided.

15. Concluding the discussion, the Chairman said that while there was general support for the proposed creation of posts, the Administration was requested to provide supplementary information as set out in the preceding paragraphs to substantiate the staffing proposal.

V. **Rent payment for public housing tenants**

(LC Paper No. CB(1) 1575/09-10(04) — Administration's paper on rent payment for public housing tenants)

16. The Deputy Secretary for Transport and Housing (Housing) (DSTH(H)) briefed members on the proposal for the Government to pay two months' rent for tenants living in the rental units of the Hong Kong Housing Authority (HA) and the Hong Kong Housing Society (HS).

17. Mr CHAN Kam-lam indicated support for the proposed rent payment for PRH tenants.

18. While supporting the proposal, Mr LEUNG Yiu-chung considered it more appropriate to reduce PRH rent to bring relief in the longer term, rather than providing rent payment on a one-off basis. He also enquired about the basis upon which the decision to pay two months' rent was arrived at. DSTH(H) said that the proposed rent payment for PRH was part of the package of relief measures proposed by the Financial Secretary (FS) in his 2010-2011 Budget to alleviate the burden of those who had not yet benefited from the economic recovery. Mr LEUNG held the view that FS should have longer term planning in providing relief to the needy, particularly amid rising inflation. The Administration was requested to relay Mr LEUNG's view to FS for consideration.

19. The Chairman questioned why non-Elderly Persons' Flats tenants of HS Group B estates were only provided with two-thirds of net rent for two months. DSTH(H) said that as these estates target families had relatively higher income as compared to HS Group A estates, they were provided with two-thirds of net rent for two months instead to ensure rational use of public resources. The Chairman further asked when the rent payment would be made. DSTH(H) said that the Administration planned to seek the necessary funding approval from the Finance Committee (FC) on 14 May 2010. Subject to FC's approval and taking into account the time required for the preparatory work, including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks etc, it was expected that HA tenants/licencees and HS tenants would not be required to pay all or part of their rent/licence fees for the months of July and August 2010.

20. Mr Frederick FUNG asked if the rent payment could be provided to applicants on the Waiting List (WL) who had fulfilled the eligibility criteria for PRH and had been waiting for flat allocation for more than three years. DSTH(H) said the eligibility of these applicants for PRH had yet to be confirmed before flat allocation. Moreover, the WL designated purpose of WL was to register persons of low income with genuine housing need. Hence, it was not an appropriate basis for determination of other social benefits. Mr FUNG however pointed out that rent allowance had previously been provided to elderly tenants in the private sector. He said that applicants who had been on WL for three years were not allocated a PRH unit mainly because of insufficient supply of PRH. Hence, rent payment should be provided to these WL applicants subject to a test, and the amount of rent payment would depend on their household size. DSTH(H) said that the rent allowance scheme referred to was a separate scheme with different objectives subject to a different set of eligibility criteria. It would not be appropriate to make a direct comparison.

21. The Chairman enquired whether rates concessions for HA and HS commercial tenants provided in the Budget could also be applicable to users of HA and HS car parks. DSTH(H) answered in the negative because the amount of refund involved for car parking spaces leased out on an hourly basis was minimal as compared to the substantial administrative cost incurred. HA would use the rebates from rates concessions to enhance the operation of car parks. The Chairman considered it improper for HA to pocket the rates concessions every year. He suggested that the rebates should be used to provide concessions to the users concerned. DSTH(H) said that HA would actively consider to put the rebates in enhancement schemes and would share its ideas with HS.

22. The Chairman enquired whether the rental freeze applicable to markets operated by the Food and Environmental Hygiene Department (FEHD) would apply to markets operated by HA as well. CM/M(SS2) said that the HA's Commercial Property Committee would consider the need for rent relief measures for its markets and shopping centres where situations warranted as in the case of the outbreak of Severe Acute Respiratory Syndrome and the financial tsunami. However, this might not be the case now. Given that many people had yet to enjoy the benefits associated with the economic recovery, the Chairman urged the Administration to consider

applying rental freeze to HA's markets similar to that to FEHD's markets.

VI. Updated information on the provision and management of commercial and car parking facilities divested by the Hong Kong Housing Authority

(LC Paper No. CB(1) 1590/09-10(01) — Submission from The Link Management Limited

LC Paper No. CB(1) 1575/09-10(05) — Administration's paper on updated information on the provision and management of commercial and car parking facilities divested by the Hong Kong Housing Authority

LC Paper No. CB(1) 1575/09-10(06) — Paper on divestment of Housing Authority's retail and car-parking facilities prepared by the Legislative Council Secretariat (updated background brief)

23. The Chairman welcomed the senior management of The Link Management Limited (The Link) to the meeting and hoped that regular exchanges of views between the Panel and The Link could be maintained in future. The Executive Director and Chief Executive Officer, The Link (ED/CEO, The Link) said that the Board of The Link supported continued dialogue with members and the senior management of The Link would attend Panel meetings upon invitation. The Link would also endeavour to improve the working relationship with Government agencies, and enhance corporate governance and risk management, both internally and externally, with a view to managing The Link Real Estate Investment Trust (REIT) in a professional manner. The Link acknowledged the contribution of small retailers and would ensure a reasonable spread of leases across all retail shopping centers. To improve the quality of services, The Link had been holding quarterly meetings with political, union and retail association groups and the views collated were found to be very valuable. ED/CEO, The Link then took members through The Link's paper.

24. At the Chairman's invitation, DSTH(H) briefed members on the latest situation on the management of common areas, transfer of legal titles, fire safety upgrading works and management and operation of car parks.

25. Mr LEE Wing-tat said that The Link had earned a poor reputation because of its high rent policy and refusal to meet with tenants. As a listed company with poor corporate image would unlikely succeed in business, The Link should endeavour to improve its image and make effort to meet with members and tenants to listen to their views. ED/CEO, the Link said that The Link had been striving to enhance its reputation. It had been meeting with Government departments on a regular basis to exchange views on management issues. In fact, this was the fourth time he attended Panel meetings and continued dialogue with members would be maintained.

Tenancy matters and rental policy

26. Mr Tommy CHEUNG opined that the average annual rental increase of 7.3% over a three-year lease period was very high. He recalled that when The Link REIT was listed, The Link had undertaken that it would not increase the rents of markets and shopping centres if the patronage traffic and sales revenue had not increased correspondingly. However, it had been increasing the rents despite the negative growth in traffic flow in shopping centres. He enquired about the rationale behind the rental increase of 7.3%, and the rental statistics for The Link shopping centres. His concerns were shared by Mr LEE Cheuk-yan and Mr CHAN Kam-lam. Mr CHAN added that he had been approached by commercial tenants of The Link complaining about the hefty increase in rents and the difficulty in sustaining operation. Given that The Link was prepared to negotiate with tenants on an individual basis on specific financial problems, he enquired whether consideration could be given to adjusting the rentals. ED/CEO, The Link said that the 7.3% increase per annum was over a three-year lease period. The rents were analyzed based on a number of parameters and with reference to the market situation. The average base rent per square foot had increased from \$26.80 in September 2008 to \$29.70 in September 2009, while the reversion rate had been reduced from 30% in September 2008 to 25% in September 2009. The Link would continue to monitor the rent levels taking into account the market trend. The rental increases were personally approved by the Chief Executive Officer and the Chief Financial Officer of The Link after careful consideration of the property portfolio. He added that for small tenants with specific financial issues making trading performance unreasonably difficult, The Link would negotiate with them on an individual basis. As a result, some rental adjustments had been made in the past six months.

27. Mr LEE Cheuk-yan opined that high rentals had serious impacts on business operations and would in turn affect the employment opportunities of workers. He enquired about the distribution of rental increases for individual tenancies, and whether The Link would continue to increase rents in 2010. ED/CEO, The Link said that while the distribution of rental increases could not be disclosed, the average rent levels for the second half of 2010 would be released in June 2010. In view of the decreasing overall vacancy rate of The Link property portfolio, it was believed that not many tenants were facing financial difficulty. Notwithstanding, efforts would be made to ensure competitiveness of the shopping centres to improve occupancy rate and sales ratio, as well as provide a sustainable and stable business environment not only for the retailers but also the community it served.

28. Noting that some tenancies with The Link contained provisions requiring tenants to pay "turnover rents" in addition to the normal monthly rents if their business turnover exceeded a certain level, Mr CHAN Kam-lam considered the provision unfair as these tenants were already subject to regular rent increases. According to past records, 170 tenants were required to pay turnover rents in 2005-2006 with a total business turnover of \$10 million, 750 tenants in 2007-2008 with a total business turnover of \$23 million, 1 403 tenants in 2008-2009 with a total business turnover of \$32 million, and 2 754 tenants in 2009-2010 with a total business turnover of

\$32 million. While there was a drastic increase in the number of tenants paying turnover rents, the actual sales turnover had not correspondingly increased. To assess the need for turnover rents, tenants had to spend large sums of money to engage auditors for the purpose, even though they might not have attained the required level of sales for payment of turnover rents. This had unduly increased the operating cost of tenants concerned. He asked if The Link could review the need for turnover rents so that small retailers would not have to go through the trouble of assessing the turnover of their sales. Consideration should be given to removing the requirement to pay turnover rents. ED/CEO, The Link said that turnover rents were common in commercial tenancies. There were almost 3 000 tenants paying turnover rents based on monthly sales data. While the turnover rents did not constitute major revenue of The Link, the sales information was very useful in facilitate the management of shopping centres. The Link would look into ways to ease the burden of small retailers in the provision of sales information. The Executive Director and Chief Financial Officer, The Link (ED/CFO, The Link) said that The Link had reached agreements with the commercial tenants of Lok Fu Shopping Centre, based on the useful sales information made available from the collection of turnover rents.

29. Mr Frederick FUNG noted that many retail premises managed by The Link had undergone extensive renovation and were subject to much higher rents which could only be afforded by large chain stores. The high rentals had not only forced many commercial tenants to move out from The Link's shopping centres, but also driven up the retail prices of goods sold at these centres. ED/CEO, The Link said that in upgrading its property portfolio, The Link would take into account the trade mix which had not changed much since the Initial Public Offering of The Link REIT. In fact, the number of small retailers operating within The Link's shopping centres had been increasing as evidenced from the spread of leases in The Link's information paper. The overall vacancy of the entire property portfolio was also decreasing. Nevertheless, continued efforts would be made to support small retailers. At The Link Mr FUNG's request, The Link would provide the turnover of commercial tenants i.e., the number of tenancies which were renewed and terminated, over the past three years, and the percentage of commercial premises occupied by chain stores and non-chain stores. Mr FUNG further enquired if The Link had any plans to sell the retail and car-parking spaces. ED/CEO, The Link said that HA had yet to transfer the land titles of the remaining divested facilities to The Link which had no plans to sell any of its retail and car-parking facilities or assets. It would focus on upgrading facilities to improve energy efficiency.

30. The Chairman said that he had received complaints from commercial tenants that The Link had increased the rental deposits of retail stalls. ED/CEO, The Link said that he was not aware of any increases in rental deposits which normally ranged from two to three months of rentals. Most tenants would prefer to provide a bank guarantee rather than a rental deposit.

31. As the increase in rents would be transferred to consumers through increase in sales price of goods, the Chairman enquired if The Link would consider freezing the rent of its retail premises, similar to that provided by Government. ED/CEO,

The Link said that as a listed company, The Link was required to protect the interest of its shareholders. As such, a rental freeze across the board was not feasible. However, The Link would endeavour to assist individual tenants with trading difficulties. The Chairman further enquired if the rates concessions provided under the 2009-2010 Budget would be refunded to tenants. ED/CFO, The Link said that as tenants were responsible for the rates of the leased premises, the rates concessions would benefit them direct.

Commercial facilities

32. Mrs Sophie LEUNG said that the divestment of retail and car-parking facilities to The Link was meant to, among others, provide a better and more flexible management of the facilities for the benefit of residents. As such, The Link should optimize the use of vacant facilities by say non-profit organizations to provide training and recreational activities for the community. By way of illustration, she had been assisting a group of retired soccer coaches in securing venues for providing free soccer training for youngsters. She hoped that The Link, HA and the Lands Department (LandsD) could provide assistance in identifying suitable places for sports training for the younger generation. The Chairman opined that vacant carparks, such as the one at Yat Tung Estate which had been left vacant for years, could be used for soccer or other sports training. DSTH(H) said that under the terms of Deed of Mutual Covenant (DMC), The Link should allow recreational facilities at rooftops and podiums to be used by residents for recreational purposes. HA would adopt an open approach on the use of facilities for such purposes as long as the provisions of DMC were complied with. ED/CEO, The Link said that The Link would welcome cooperation with HA and non-profit organizations in the provision of venues for sports training. In fact, it was considering the development of a soccer school at Lok Fu in association with an independent operator. However, amendments to the DMC were required to change the land lease and usage to allow for recreational and training activities.

33. Mr Tommy CHEUNG noted that The Link had converted part of the wet market at the Lok Fu Shopping Centre to a food court and leased it out to operators of food stalls. However, some operators had experienced much difficulty in obtaining proper licenses because the premises were unable to meet building requirements while others had trouble installing air-conditioning due to problems with floor loading. He questioned the propriety for The Link to change the usage of retail facilities, and whether such change would require prior approval from the Housing Department, Buildings Department (BD), and the Food and Environmental Hygiene Department. Given that some operators had suffered financial loss, such as penalty in relation to operate the food stalls without a license, Mr CHEUNG considered that The Link should compensate the affected stall operators for their loss. ED/CEO, the Link said that the Lok Fu Shopping Centre was a special case because 90% of the commercial tenants had to be relocated due to major renovation. The shopping centre was expected to be fully opened by February 2011. The Link had been conducting a monthly review of the patronage traffic which was found to be increasing. As regards the hardship faced by some small retailers, ED/CEO, the Link said that The

Link would render assistance where necessary. Efforts were being made to facilitate operators in obtaining licences for operation.

34. Noting that some open areas within a shopping centre were leased for consignment sales of goods from time to time, Mr CHAN Kam-lam expressed concern that this might create undue competition with the existing stall operators selling similar products. He considered it necessary for The Link to review the situation. ED/CEO, The Link said that to avoid competition, The Link would try not to allow consignors to sell the same types of products which were being sold by the retail stalls operating within the shopping centres.

35. Mr LEE Wing-tat said that there was a need for The Link to provide air-conditioning for its wet markets in order to enhance their competitiveness. The provision of a better shopping environment would not only increase patronage but also reduce vacancy rates of market stalls. ED/CEO, the Link said that one of The Link's wet markets was currently under renovation which was expected to be re-opened in December 2010. The Link would review the investment and operation of wet markets taking into account feedback from shoppers.

36. While appreciating The Link's efforts in providing briefing sessions on business strategies for the benefit of retailers, Mr CHAN Kam-lam hoped that more efforts would be made in strengthening customer services and promotional activities. ED/CEO, The Link confirmed that diversified promotional activities and customer services would continue to be provided at the shopping centres to enhance shopping atmosphere.

Car-parking facilities

37. Mr LEE Cheuk-yan enquired about the progress of application for waivers by The Link for letting its car-parking spaces to non-residents. DSTH(H) said that The Link had proposed a payment of around \$7.15 million as the retrospective waiver fees for letting more than 700 car-parking spaces to non-residents. LandsD did not accept the proposed sum and discussion between LandsD and The Link on this issue was ongoing. ED/CEO, The Link said that The Link had been discussing with LandsD on the level of waiver fees for letting of car-parking spaces to non-residents and would seek to resolve the matter soon. The Link would conduct its business in compliance with DMC. To facilitate better understanding, the Administration was requested to explain the reason for the long time taken to recover the waiver fees and when such fees could be fully recovered.

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Fire safety installations

38. Mr LEE Cheuk-yan enquired about the progress of implementation of fire safety installations. DSTH(H) said that the Fire Services Department (FSD) and BD had started joint inspections of the third and fourth phases of the fire safety upgrading programme, for issuance of fire safety directions as appropriate requiring The Link to complete the fire safety upgrading works within the specified period. FSD and BD's

requirements on The Link and the progress of The Link in complying with the directions were comparable to other private enterprises. ED/CEO, The Link said that The Link had complied with the 33 directions issued by FSD and BD. Three independent specialists were engaged to review the risk of fire of The Link's property portfolio.

VII. Any other business

39. There being no other business, the meeting ended at 5:30 pm.

Council Business Division 1
Legislative Council Secretariat
25 May 2010