

Chapter VIII : Housing

8.1 At the Chairman's invitation, the Secretary for Housing, Planning and Lands (SHPL) highlighted the key programme areas within the purview of the Housing Department (HgD) for the year 2003-04 (Appendix V-7).

Re-organization of the Housing Bureau and the Housing Department

8.2 In reply to Mr Albert HO's enquiry on the impact of the deletion of 24 posts upon the re-organization of the former Housing Bureau (HB) and HgD, SHPL advised that the re-organization was aimed at removing the overlapping of functions between HB and HgD and had resulted in the deletion of four directorate posts and 20 non-directorate posts. In response to Mr LAU Ping-cheung's question, SHPL said that only a small number of professional posts had been deleted. To facilitate members' understanding, the Administration was requested to provide the ranks and grades of the 24 posts which had been deleted as a result of the re-organization of the former HB and HgD.

8.3 Mr LAU Ping-cheung asked if there were still surplus posts within HgD after the re-organization and if so, whether these posts would be deleted according to the principle of "3R1M" (i.e. reprioritization, reorganization, reengineering and making full use of the market) to achieve the target savings of 1.8% in operating expenses in the coming year. SHPL replied that through business re-engineering, enhanced productivity programme and efficiency saving initiatives, HgD had de-layered the functions and duties of departmental staff. It would continue to keep the staff establishment under review to ensure cost effectiveness and report the latest development to the relevant Panel in due course. Meanwhile, the Administration was requested to advise the number of other posts to be deleted to achieve the target savings.

Financial situation of the Housing Authority

8.4 Given that the Housing Authority (HgA) would incur a deficit in 2005-06, Mr IP Kwok-him expressed concern that it might not be able to maintain the production of public rental housing (PRH). He asked if the Government would inject capital into HgA to support the PRH programme. Mr SIN Chung-kai doubted if it was viable to inject further capital into HgA given the substantial budget deficit. He pointed out that the moratorium on sale of Home Ownership Scheme flats had severely undermined the financial stability of HgA. The rental income from PRH coupled with the proposed divestment of commercial properties and carparks would not be able to make up HgA's own deficit. He opined that it was time for HgA to re-position its core function to focus on

Chapter VIII : Housing

assisting those inadequately housed families with genuine need for housing. While acknowledging the stringent financial position of HgA, SHPL advised that HgA was actively exploring new sources of income, including the proposed divestment of its commercial properties and carparks, and means to cut cost, such as reducing the quota for Home Assistance Loan Scheme in the event of low subscription rate. Discussion between the Government and HgA was also underway with a view to mapping out feasible short and long-term financial arrangements. He was confident that HgA should be able to meet its operational needs and uphold the pledge for reducing the average waiting time for PRH to three years.

Squatter clearance and control

8.5 In response to Ms Emily LAU, SHPL confirmed that the \$378 million proposed for the programme area of squatter and temporary housing clearance and squatter control were inclusive of all costs, including rehousing cost, incurred from clearance of squatters and clearance of unauthorized rooftop structures (URS). Ms LAU referred to the performance indicators and questioned the cost effectiveness of incurring \$378 million for clearing only 520 structures in 2003-04. The Deputy Director of Housing (Estate Management) (DD of H(EM)) explained that under the 2003-04 clearance programme, two major clearance exercises would be carried out. These included the Deep Bay Link clearance project to make way for the construction of Shenzhen Western Corridor and the clearance for construction of Kowloon-Canton Railway Sheung Shui to Lok Ma Chau Spur Line. It was estimated that 3 000 structures would be cleared and some 71 hectares of land would be resumed under the Deep Bay Link project.

8.6 The Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) supplemented that in addition to the two major projects, clearances to make way for other infrastructural programmes such as Route 5-section between Shek Wai Kok and Chai Wan Kok, Route 9-section between Tsing Yi and Shatin and Route 10-section between North Lantau and Yuen Long Highway etc would also be carried out. DD of H(EM) further pointed out that the provision had in fact been reduced by \$100 million from \$481.2 million in 2001-02 to \$378 million in 2003-04. In 2002, some 12 000 squatter structures had been cleared, including those under the clearance projects of Tai Tsoi Yuen in Cheung Chau and Yuen Long South extension-road works in Areas 13 and 14. Apart from clearance, HgD was also responsible for squatter control to prevent further expansion of the squatter population. While over 200 hectares of land

Chapter VIII : Housing

had been resumed annually in the past three years and 70 000 clearances were rehoused under non-development clearances, some 360 000 squatter structures were still remaining in Hong Kong with a population of 189 500. At members' request, the Administration undertook to provide details of the provision of \$378 million, including the clearance programme, the number of squatters and URS to be cleared and the number of clearances involved etc.

8.7 Noting that the estimated number of people to be rehoused as a result of programmed squatter and URS clearances would be increased from 2 400 in 2002 to 9 400 in 2003, Mr NG Leung-sing enquired about the rationale behind the sharp increase and the locations of the squatters and URS concerned. PSH explained that a large squatter area in the New Territories had been earmarked for clearance to make way for a PRH project. Besides, the number of URS to be cleared by the Buildings Department in 2003 would be increased from 700 to 1 300 involving 2 300 families. As regards locations, DD of H(EM) advised that most of the URS were situated in the urban area. While there was no breakdown for squatters, most of them were located in the New Territories.

8.8 As the number of squatters was decreasing, Mr Fred LI queried the need to retain the existing establishment of 889 posts under HgD for squatter clearance and control, particularly those at Directorate/Chief Manager/Manager levels given that most of the work was carried out by frontline staff. Consideration should be given to streamlining the establishment and re-deploying surplus staff to other areas within HgD. DD of H(EM) advised that of the 889 posts, 669 were responsible for squatter control while 197 for squatter clearance. The remaining 23 posts were supporting staff at Headquarters. SHPL added that subject to the response to the second Voluntary Retirement (VR) scheme to be launched later this year, HgD would consider the issue of staff re-deployment if there were suitable posts available within the Department. Ms Emily LAU however questioned the efficacy of the VR scheme in addressing the problem of redundancy given that the Administration had no discretion at which staff should join or should not join the scheme.

Quality of public housing flats

8.9 Mr Albert HO asked if consideration would be given to putting PRH production under the control of the Buildings Ordinance (Cap. 123) and if so, the staffing provision earmarked in 2003-04 for implementing the relevant legislative proposal. SHPL responded that an independent working group had been set up to study the issue. Subject to the recommendations of the working group, the

Chapter VIII : Housing

Administration would look into the financial resources involved. Meanwhile, no staffing provision in this respect had been made in the 2003-04 Estimates.

Management of public rental housing estates

8.10 Referring to the series of recent incidents occurred in PRH estates managed by private property service companies (PPSC), Mr LEUNG Yiu-chung attributed the deteriorated quality in building maintenance and estate management to the lack of monitoring of PPSC by HgD. This had been a cause of concern of District Councils, including the Kwai Ching District Council which had received numerous complaints against the poor performance of PPSC. Mr LEUNG enquired about the measures which HgD would take to ensure that the quality of estate management would not be compromised as a result of outsourcing to save cost. PSH replied that while it was HgD's intention to allow greater flexibility to PPSC in managing PRH estates, HgD would closely monitor their performance. Given that the estate management of about half of the total 650 000 PRH units had been contracted out to 14 PPSC, HgD considered it an opportune time to conduct a comprehensive review on this mode operandi. The objectives of the review were to improve service standards and cost effectiveness of estate management and to see how more PPSC managed PRH estates could be effectively monitored with the minimum level of HgD staff. Mr LEUNG was not convinced that better estate management could be achieved with reduced level of supervision. In this connection, the Administration was requested to provide information on the measures to be put in place to monitor the performance of PPSC in the management of PRH estates.

