

立法會
Legislative Council

LC Paper No. CB(1)2206/05-06
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by the Administration)

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Panel on Housing

**Minutes of special meeting
held on Tuesday, 16 May 2006, at 10:45 am
in the Chamber of the Legislative Council Building**

Members present : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon LEE Wing-tat (Deputy Chairman)
Hon Albert HO Chun-yan
Hon Fred LI Wah-ming, JP
Hon James TO Kun-sun
Hon CHAN Yuen-han, JP
Hon Abraham SHEK Lai-him, JP
Hon Tommy CHEUNG Yu-yan, JP
Hon Albert CHAN Wai-yip
Hon Frederick FUNG Kin-kee, JP
Hon WONG Kwok-hing, MH
Dr Hon Joseph LEE Kok-long
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP
Hon Patrick LAU Sau-shing, SBS, JP
Hon Albert Jinghan CHENG

Members attending : Hon Emily LAU Wai-hing, JP
Dr Hon Fernando CHEUNG Chiu-hung
Hon Ronny TONG Ka-wah, SC

Members absent : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP
Hon LEUNG Yiu-chung
Dr Hon YEUNG Sum
Hon LEUNG Kwok-hung

- Public officers attending** : Mr Michael M Y SUEN, GBS, JP
Secretary for Housing, Planning and Lands
- Mr Thomas C Y CHAN, JP
Permanent Secretary for Housing, Planning and Lands
(Housing)
- Mr TAM Wing-pong, JP
Deputy Secretary for Housing, Planning and Lands (Housing)
- Mr Carlson CHAN
Assistant Director (Strategic Planning)
Housing Department
- Attendance by invitation** : Neighbourhood and Worker's Service Centre
- Mr WONG Yun-tat
Community Affairs Officer
- Tsuen Wan District Council
- Mr CHIU Ka-po
District Councillor
- Mr MAN Yu-ming
District Councillor
- Shatin District Council
- Ms HO Suk-ping
District Councillor
- Mr LEE Kam-ming
District Councillor
- Hong Kong Association for Democracy and People's
Livelihood
- Mr HUI Kam-shing
Executive Director
- Mr WONG Chi-yung
Organizing Executive

Democratic Party

Mr WONG Sing-chi
Deputy Spokesman, Housing Policy

The Alliance of Wong Chuk Hang & Shek Pai Wan
Concern Review of Domestic Rent Policy

Mr NG King-hoi
Group Member

Miss WAN Yuk-ling
Group Member

Shek Lei Residents' Rights Concern Group

Ms CHAN Tong-mei
Representative

Lower Ngau Tau Kok (II) Estate Re-development
Concern Group

Mr LEE Tat-shuen
Spokesman

Kwai Yan House Mutual-Aid Committee

Mr NG Hoi-ching
Chairman

Kwai Kin House Mutual-Aid Committee

Mr CHUNG Hau-ping
Committee Member

Social Policy Committee of The Hong Kong Federation of
Trade Unions

Mr TANG Ka-piu
Representative of FTU Tung Chung Office

Mr LUK Chung-hung
Member

Shek Wai Kok Estate Resident Concern Group

Mr WONG Yiu-hing
Representative

The Mutual Aided Association of Lei Muk Shue Estate

Ms WONG Chi-fai
Secretary

Mr CHENG Chai-keung
Chairman of Toa Shue House Mutual Aid Committee

Kwai Chung Estate Housing Problem Concern Group

Mr YU Yim-kit
Representative

Mr KEUNG Chi-fai
Representative

Lee On Estate Lee Wah House Mutual-Aid Committee

Mr TSANG Lui-keung
Chairman

Hong Kong Owners Club Ltd.

Mr SHEA Hing-wan
Chairman

Kwai Fong Residents' Association

Mr LAU Yuk-nam
Chairman

Individuals

Dr LAU Kwok-yu, JP
Associate Professor
Department of Public and Social Administration
City University of Hong Kong

Professor Eddie HUI Chi-man
Department of Building and Real Estate
Hong Kong Polytechnic University

Dr CHENG Kin-sang
Honorary Research Fellow
Centre of Asian Studies
The University of Hong Kong

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

Staff in attendance : Ms Sarah YUEN
Senior Council Secretary (1)6

Ms Michelle NIEN
Legislative Assistant (1)9

Action

I. Discussion on the Consultation Paper on Review of Domestic Rent Policy
(Other relevant papers)

LC Paper No. CB(1)1045/05-06 — Consultation Paper on Review of
Domestic Rent Policy and its
Executive Summary

LC Paper No. CB(1)1060/05-06(03) — Information paper provided by the
Administration)

The Chairman welcomed representatives from the deputations to the meeting, which was the second special meeting of the Panel to receive public views on the Consultation Paper (the Consultation Paper) on Review of Domestic Rent Policy (the Review). He reminded members that another special meeting had been scheduled for Thursday, 25 May 2006, at 2:30 pm for the Panel to exchange views with the Administration.

Meeting with Deputations/Individuals

2. The Chairman invited representatives of the deputations to take turn to present their views on the Consultation Paper. He said that in order to better manage the meeting time and ensure fairness to all deputations, each deputation would be given five minutes to present its views.

Meeting with Neighbourhood and Worker's Service Centre (NWSC)
(LC Paper No. CB(1)1500/05-06(01))

3. Mr WONG Yun-tat, Community Affairs Officer of NWSC, said that NWSC was pleased to see the Secretary for Housing, Planning and Lands (SHPL) attending the meeting to listen to deputations' views. He then briefed members on NWSC's preliminary views on the Consultation Paper set out in its submission.

Meeting with members of Tsuen Wan District Council (TWDC)

4. Mr CHIU Ka-po, a member of TWDC, made the following points:

- (a) Given the complexity of the proposals in the Consultation Paper and their far-reaching implications on the community and public rental housing (PRH) tenants, the consultation period should be extended by three months to provide sufficient opportunity for the public to express views;
- (b) It was regrettable that SHPL did not attend the district public forums and meeting-the-public sessions organized for the consultation exercise, and that he had refused to receive the petition letter from resident groups on 25 March 2005;
- (c) The Housing Authority (HA) should first reduce PRH rents before conducting the Review. The proposals put forward in the Consultation Paper had failed to take account of the hardships of PRH tenants and therefore would not win their support. It was the objective of PRH policy to provide affordable housing to the low-income people. The principles of the private market should not be applied in determining PRH rents; and
- (d) The Review had not covered the policy relating to "well-off tenant". The second generations of households with incomes exceeding the PRH income limit were required to pay higher rents or move out of the flats. As a result, leaving their elderly parents and aggravating the problem of elderly households in PRH.

5. Mr MAN Yu-ming, a TWDC member, expressed the following views:

- (a) HA should reduce PRH rents before conducting the Review. The proposed establishment of a new rent adjustment mechanism that would allow for both increase and reduction in PRH rents was untimely. PRH tenants were concerned that due to impending inflation, the mechanism would likely lead to increase in rents;

- (b) The proposal to introduce differential rents should be dropped given its negative impacts of causing disruption to tenants and unnecessarily categorizing them into classes, as well as high administrative costs. PRH was a form of social welfare for the low-income people and the principles of the private rental market should not be applied in determining PRH rent; and
- (c) Despite recovery of Hong Kong's economy, there had been little improvement in the household incomes of PRH tenants. The proposal of adjusting PRH rents on the basis of movements in consumer price would subject PRH tenants to greater hardships and might give rise to social discords.

Meeting with members of Sha Tin District Council (STDC)

6. Ms HO Suk-ping, a STDC member, put forth the following points:

- (a) Given the complexity of the proposals in the Consultation Paper, a three-month consultation period was too short and should be extended;
- (b) Most PRH tenants had questioned the rationale for introducing the proposals on differential rents and a new rent adjustment mechanism. They were suspicious that the latter proposal would aim at increasing PRH rents. In this regard, HA should reduce rents before conducting the Review; and
- (c) It would be inappropriate to adjust rents according to movements in consumer price index because the incomes of most PRH tenants had decreased. Many PRH tenants were recipients of Comprehensive Social Security Assistance (CSSA). HA should acknowledge the hardship of these tenants.

7. Mr LEE Kam-ming, a STDC member, echoed the view that a longer consultation period should be provided for the Consultation Paper, and opined that the Housing Department (HD) should take the initiative to actively solicit views of PRH tenants. He also pointed out that the majority of tenants had demanded HA to reduce rents before conducting the Review. Tenants were suspicious that HA would contemplate rent increase by establishing a new rent adjustment mechanism. He further commented that in recognition of the decreased incomes of PRH tenants, HA should reduce rents irrespective of the outcome of the judicial review (JR) in respect of HA's decisions to defer rent review. Mr LEE pointed out that most PRH tenants were opposed to the proposal on differential rent and questioned the availability of sufficient number of PRH flats of different rental levels for allocation to tenants of different affordability levels.

Meeting with Hong Kong Association for Democracy and People's Livelihood (ADPL)

(LC Paper No. CB(1)1480/05-06(01))

8. Messrs HUI Kam-shing and WONG Chi-yung, Executive Director and Organizing Executive respectively of ADPL, briefed members on ADPL's submission. They echoed deputations' view that HA should reduce PRH rents before conducting the Review and stressed the need to introduce suitable amendments to the Housing Ordinance (HO) (Cap. 283) for putting in place a new rent adjustment mechanism.

Meeting with Democratic Party (DP)

(LC Paper No. CB(1)1500/05-06(02))

9. Mr WONG Sing-chi, Deputy Spokesman, Housing Policy of DP, briefed members on DP's submission. He shared the view that HA should reduce PRH rents before conducting the Review. It was necessary to amend the HO for implementing a new rent adjustment mechanism.

Meeting with The Alliance of Wong Chuk Hang & Shek Pai Wan Concern Review of Domestic Rent Policy (the WCH & SPW Alliance)

(LC Paper No. CB(1)1480/05-06(02))

10. Mr NG King-hoi, Group Member of the WCH & SPW Alliance, briefed members on the submission of the WCH & SPW Alliance.

11. Miss WAN Yuk-ling, Group Member of WCH & SPW Alliance, expressed regret that the Chairman had not invited her to express her views. The Chairman explained that as stated earlier, each deputation would be given five minutes to present its views. The five minutes allotted to the WCH & SPW Alliance had already been used up. The Chairman reminded representatives to pay attention to the speaking time limit. Miss WAN was, however, unconvinced. As a gesture to show her discontent, she and Mr NG walked out of the meeting.

Meeting with Shek Lei Residents' Rights Concern Group (石籬邨居民權益關注組) (the Concern Group)

12. Ms CHAN Tong-mei, Representative of the Concern Group, made the following points on behalf of the Concern Group:

- (a) PRH tenants had urged HA to reduce PRH rents as early as when two PRH tenants instituted the JR in 2002. PRH tenants were dissatisfied that HA had repeatedly deferred taking action by giving various excuses. The Consultation Paper was also an excuse to defer rent reduction. The rent waiver of one month in 2001 served little purpose in

relieving tenants' hardship. In particular, the rent levels of new PRH estates were very high. HA should refund PRH tenants of rents charged in excess of the statutory 10% median rent-to-income ratio (MRIR) cap over the past years. It should also reduce rents before conducting the Review, which as seen by PRH tenants was to pave the way for increasing rents. The consultation was only a cosmetic exercise;

- (b) HA's financial difficulty was the direct result of the moratorium (the Moratorium) on the sale of Home Ownership Scheme (HOS) flats. To address its financial problem, HA should consider lifting the Moratorium instead of divesting its retail and carparking (RC) facilities; and
- (c) HD staff should be held responsible for the building problems in PRH. It was unfair to PRH tenants that households were forced to split up under the "well-off tenant policy".

Meeting with Lower Ngau Tau Kok (II) Estate Re-development Concern Group (the LNTK Concern Group) (牛頭角下邨(二區)關注重建組)

13. Mr LEE Tat-shuen, Spokesman of the LNTK Concern Group, pointed out the Consultation Paper had not set out clearly the policy directions and implementation details of the various proposals to facilitate the public to give their views. Pointing out that HA had registered a surplus in the past three years, there was no justification for HA's claim that substantial public resources were used to subsidize PRH. PRH tenants had made significant contribution in the development of new towns. Their contribution should be duly recognized. There had been much mistrust between HA and PRH tenants. Tenants were of the view that HA was attempting to increase rents by proposing tricks, such as excluding CSSA recipients and tenants paying additional rents from the calculation of MRIR, and compiling MRIR based on net rents, i.e. excluding rates and management expenses. Apparently, request from PRH tenants for rent reduction was seen by the general public as an attempt to defer the formulation of a fair domestic rent policy. The mistrust would not be beneficial to working out a rent policy acceptable to the community. The LNTK Concern Group had the following views on the Consultation Paper:

- (a) Tenants' affordability and the long-term sustainability of PRH programme should be adopted as the guiding principles for rent setting and adjustments. Government funding was important in upholding the latter principle;
- (b) The proposal on differential rents should not be implemented because private housing and PRH were different in nature and principles in the private rental market should not be adopted in PRH rent policy; and

- (c) A more comprehensive consultation paper should be prepared to facilitate effective consultation on the new rent adjustment mechanism.

Meeting with Kwai Yan House Mutual-Aid Committee (KYHMC)

14. Mr NG Hoi-ching, Chairman of KYHMC, expressed regret that SHPL had failed to honour his earlier undertaking that the Government would reduce PRH rent irrespective of the outcome of the JR. He criticized that the Consultation Paper was too complicated for PRH tenants to understand. PRH tenants were also suspicious about HA's intention to use the consultation to pave the way for increasing PRH rents. It was HA's mission to provide affordable housing to low-income households. However, the mission had been distorted by changes introduced in PRH policies in recent years. The "well-off tenant policy" had caused many families to split up with the younger generation being forced to move out. This had aggravated the problem of elderly households in PRH. Divestment of HA's RC facilities had benefited developers and allowed them to reap huge profits.

Meeting with Kwai Kin House Mutual-Aid Committee (KKHMC)

15. Mr CHUNG Hau-ping, Committee Member of KKHMC, concurred that the consultation period should be extended by three months. He stated his objection to introducing fixed-term tenancy in PRH, which would be unfair to tenants and have negative impact on social stability. With the Moratorium still in force, PRH tenants were deprived of the option to purchase HOS flats. Mr CHUNG further considered that HA should explain why it had refused to reduce rents despite repeated calls from PRH tenants. HA should reduce PRH rents immediately.

Meeting with Social Policy Committee of The Hong Kong Federation of Trade Unions (HKFTU)

(LC Paper No. CB(1)1480/05-06(03))

16. Mr TANG Ka-piu, Representative of HKFTU Tung Chung Office, pointed out that according to surveys conducted by HKFTU, rents took up a significant portion of the incomes of many households. Despite recovery in Hong Kong's economy, many PRH tenants were still suffering from pay cuts and hence had affordability problem with high rents. In consideration of tenants' hardships, HA should reduce PRH rents as early as possible.

17. Mr LUK Chung-hung, Member of HKFTU, briefed members on HKFTU's submission. HKFTU was of the view that HA should reduce PRH rents before conducting the Review. He stressed that HKFTU was opposed to the proposals on differential rents, fixed-term tenancy, exclusive rent and compiling MRIR by excluding CSSA recipients and households paying additional rents.

Meeting with Shek Wai Kok Estate Resident Concern Group (the SWK Concern Group) (石圍角公屋居民關注組)
(LC Paper No. CB(1)1480/05-06(04))

18. Mr WONG Yiu-hing, Representative of the SWK Concern Group, briefed members on the submission of the SWK Concern Group. He urged that HA should reduce PRH rents immediately in order to relieve tenants' hardships.

Meeting with The Mutual Aided Association of Lei Muk Shue Estate (the LMS Association)

19. Ms WONG Chi-fai, Secretary of the LMS Association, said that residents of Lei Muk Shue Estate had expressed the following views on the Consultation Paper:

- (a) The proposal on differential rents was unsettling and divisive and hence was opposed by tenants. Adopting market principles in determining PRH rents would be against the mission of PRH of providing affordable housing to the low-income households;
- (b) There was concern that the proposed adjustment mechanism would only lead to rent increase. PRH rents should first be reduced before conducting the Review, in particular when the economy had not fully recovered and little improvement in PRH tenants' incomes were seen; and
- (c) The proposals in the Consultation Paper were complicated and difficult for PRH tenants to understand. The consultation period should be extended. HA staff should also step up efforts in explaining the proposals to PRH tenants and consulting their views.

20. Mr CHENG Chai-keung, Chairman of Toa Shue House Mutual Aid Committee, supplemented that most tenants of Lei Muk Shue Estate were opposed to the proposal of compiling MRIR based on net rents as this would introduce fundamental changes to the existing methodology for calculating MRIR, and could be used as an excuse to increase PRH rents.

Meeting with Kwai Chung Estate Housing Problem Concern Group (the KC Concern Group) (葵涌邨房屋問題關注組)

21. Mr YU Yim-kit, Representative of the KC Concern Group, pointed out that PRH tenants were opposed to the proposal on differential rents because it was against the principles of allocating PRH flats in a fair and reasonable manner. Many PRH tenants were suffering from unemployment and were struggling to make a living with

decreased incomes. It was disappointing that tenants' request for rent reduction was not heard by HA.

22. Mr KEUNG Chi-fai, Representative of the KC Concern Group, stated the KC Concern Group's opposition to the proposed rent adjustment mechanism. The proposal was divisive and would have a labelling effect on poor tenants. The Administration was attempting to use the proposal to evade compliance with the statutory MRIR cap and monitoring by LegCo. He stressed the importance for LegCo to maintain monitoring over PRH rents. Any new rent adjustment mechanism should be acceptable by the community and be subject to monitoring by LegCo. PRH tenants were suspicious that the proposed rent adjustment mechanism would be used to increase rents. HA should take immediate action to reduce PRH rents.

Meeting with Lee On Estate Lee Wah House Mutual-Aid Committee (LOMC) (利安邨利華樓互助委員會)
(LC Paper No. CB(1)1500/05-06(03))

23. Mr TSANG Lui-keung, Chairman of LOMC, briefed members on LOMC's submission.

Meeting with Hong Kong Owners Club Ltd. (HKOC)

24. Noting the concern of PRH tenants about HA's intention to use the Consultation Paper to pave the way for increasing rents, Mr SHEA Hing-wan, Chairman of HKOC, opined that HA should step up efforts to assure tenants that the proposed rent adjustment mechanism was not introduced for such purpose. He pointed out that households not eligible for PRH were also struggling to make a living. A fair and consistent PRH rent policy should be mapped out and the role of PRH should be clearly defined. If the mission of PRH was to provide affordable housing to the poor, the "well-off tenant policy" should be abolished and better-off households should be required to move out from PRH to ensure proper allocation of public resources for providing PRH to those in genuine need. Improvements should also be introduced to ensure CSSA recipients could not use their rent allowance for uses other than rent payment. Moreover, the Administration should not implement the Tenants Purchase Scheme.

Meeting with Dr LAU Kwok-yu, Associate Professor, Department of Public and Social Administration, City University of Hong Kong
(LC Paper No. CB(1)1500/05-06(04))

25. Dr LAU Kwok-yu briefed members on his submission. Referring to deputations' request for rent reduction before conducting the review of Rent, Dr LAU said that in the first quarter of 2005, of the 500 000 PRH households, there were 190 000 who paid rents below 10% of their household incomes. As such, reduction of rents across the board might not be a proper way to utilize public resources.

Instead, assistance should be targeted at only those genuinely in need. He concurred that there was a need to further examine the proposals on differential rents and exclusive rents. It was also necessary to introduce amendments to the HO to clarify issues relating to the MRIR. For the implementation of a new rent adjustment mechanism, prescribing the details in legislation would not be an advisable approach as this might undermine HA's flexibility in making appropriate changes over time.

(Post-meeting note: The English version of Dr LAU's submission was provided after the meeting and issued to members vide LC Paper No. CB(1)1573/05-06 on 23 May 2006.)

*Meeting with Dr HUI Chi-man, Professor, Department of Building and Real Estate, Hong Kong Polytechnic University
(LC Paper No. CB(1)1500/05-06(05))*

26. Dr HUI Chi-man briefed members on his submission. He considered there was a need to improve and rationalize the calculation of the MRIR and concurred with the proposals in the Consultation Paper in this regard. On the proposal of introducing a rent adjustment mechanism, it would be fair and equitable to adopt both the consumer price index and income index in the mechanism. The principle of differential rents was acceptable. However, technical problems involved had to be resolved before the proposal could be successfully implemented.

Meeting with Dr CHENG Kin-sang, Honorary Research Fellow, Centre of Asian Studies, The University of Hong Kong

27. Dr CHENG Kin-sang expressed the following views on the Consultation Paper:

- (a) The discussion on rent policy was at a standstill because of mistrust between HA and PRH tenants. On the one hand HA had stressed the importance of putting in place a new rent adjustment mechanism. On the other hand, tenants had called for rent reduction before conducting the Review. To tackle the problem, consideration might be given to examining the two issues in parallel;
- (b) MRIR meant 50% of PRH households' rent-to-income ratio (RIRs) were below the median figure while the other 50% were above it. Those households with RIRs above the MRIR were paying rents above the statutory ceiling of 10%. But the MRIR could not reflect the level of rent paid by these households. Moreover, the inclusion of CSSA recipients in the calculation of MRIR had distorted the assessment of affordability. As such, MRIR should not be used as a measure of affordability and a reference for rent adjustment; and

- (c) The proposal to adjust rents on the basis of movements in consumer price index might not be advisable because the movements in tenants' incomes and consumer price index might not correspond with each other. In particular, if consumer price index went up but tenants' incomes remained unchanged or even decrease, tenants would face greater difficulty in coping with rent increases. The use of other indicators, such as average monthly income index or wage index would also be problematic. Median monthly household income would be a more reasonable indicator to be adopted. In adopting this index, the 1998 figure should be used as the base, and households receiving rent assistance should also be excluded from its calculation.

Meeting with Kwai Fong Residents' Association (the KFR Association)

28. Mr LAU Yuk-nam, Chairman of the KFR Association, expressed the following views:

- (a) The KFR Association was opposed to the proposal on fixed-term tenancy for PRH because it would create insecurity for tenants and might inflict social instability;
- (b) The KFR Association was opposed to the proposal of differential rents on concerns about the labelling effect on poor tenants and altering the mission of PRH for providing affordable housing to low-income households;
- (c) To ensure fairness, PRH rents should be adjusted on the basis of movements in tenants' household income rather than consumer price index. This would better reflect tenants' affordability, in particular recognising the decline in household income and the rising price levels; and
- (d) SHPL should honour his undertaking to reduce PRH rents. PRH rents should be reduced by at least 10% before conducting the Review.

Meeting with the Administration

29. The Chairman thanked the deputations for their views, and invited the Administration to give initial response.

30. SHPL assured that HA would listen to deputations' views and consider them carefully. He explained that while he was unable to attend all the public forums and other consultation activities, views expressed on these occasions had all been brought back to him for consideration. As such, he was aware of the views expressed at the meetings. He stressed that the Ad Hoc Committee on Review of Domestic Rent Policy would study and analyze all the views received during the consultation

exercise and draw up its recommendations to HA. In considering improvements to the existing domestic rent policy, it was essential to strike a proper balance between the interests of PRH tenants and those of other sectors of the community. SHPL emphasized that rational allocation of resources and the level of subsidies in the provision of PRH were fundamental issues that HA needed to examine in the long term. In this regard, it was prudent for HA to consider carefully issues relating to the establishment of a viable rent adjustment mechanism to allow for both upward and downward adjustments in rents, the suitable rent levels upon which the new mechanism should operate, and the need for legislative amendments to enable implementation of the mechanism.

Rent reduction and other relief measures for PRH tenants

31. Miss CHAN Yuen-han echoed deputations' concern that there was a lack of mutual trust between the Government and PRH tenants. She agreed that PRH tenants had legitimate expectation for rent reduction. They had requested rent reduction before conducting the Review because SHPL had failed to honour his previous undertaking to reduce PRH rents. SHPL said that he had only undertaken to introduce measures to relieve the financial hardship of PRH tenants. Having considered all possible options, HA had decided to adopt a targeted approach to help needy families by further relaxing the eligibility criteria for applying for the Rent Assistance Scheme in March 2006.

32. Miss CHAN Yuen-han, however, highlighted the need for the Administration to take an amicable step forward by positively responding to tenants' call for rent reduction so as to restore tenants' confidence in the Administration. Mr Frederick FUNG pointed out that SHPL's undertaking had given PRH tenants a false hope for rent reduction. The failure of the Administration to honour the undertaking had led to mistrust between HA and PRH tenants. Mr FUNG urged HA to reduce PRH rents by 10% to 20% before conducting the Review.

33. SHPL highlighted the need to adopt a targeted approach to assist PRH tenants who were most in need. The provision of assistance through the Rent Assistance Scheme would be a more appropriate relief measure than reducing rents across the board. Moreover, HA had been implementing improvement measures to enhance the living environment of PRH estates which would benefit all tenants. As regards the concern about the proposed rent adjustment mechanism and rent level, SHPL emphasized that the issues should be considered in a comprehensive and holistic manner, taking full account of the views collected during the public consultation exercise.

34. Dr Fernando CHEUNG highlighted the plights of PRH tenants in recent years including decreasing incomes, the burden of high PRH rents, limited assistance offered by the Rent Assistance Scheme, and tenants' frustration towards HA's failure to reduce rents. He considered that the Consultation Paper had failed to respond to

tenants' call for financial relief and called upon the Administration to take concrete measures to tackle the above problems. The Administration noted his views.

Other views and concerns

35. Noting the deputations' request for extension of the consultation period, Mr WONG Kwok-hing asked whether the Administration could accede to the request. The Permanent Secretary for Housing, Planning and Lands (Housing) (PSH) said that as there were still a few weeks before close of the consultation on 9 June 2006, HA would make a decision on the matter nearer the time.

36. Referring to PSH's earlier comment that it would be unlikely for HA to implement the proposal on differential rents, Mr WONG Kwok-hing asked the Administration to provide a confirmation in this regard. In response, PSH said that one of the objectives of the consultation was to invite the community to give views on whether the proposal should be introduced. HA did not have any preconceived views on whether a system of differential rents should be implemented. Should there be strong public objection, HA would no doubt take this into account when taking a view on the matter. Nonetheless, as the consultation was still underway, it was premature to state categorically at this stage whether the proposal would be adopted or not.

37. Mr LEE Wing-tat expressed concern that PRH tenants who were marginally ineligible for rent assistance were always the worst-off, i.e. those households with RIR exceeding 25%. He sought Dr LAU Kwok-yu's views on measures to assist these tenants. In response, Dr LAU Kwok-yu pointed out that since the residual incomes of these households could still ensure them a living standard higher than that of CSSA recipients, these households should not have affordability problem in paying rents. However, there was no universally agreed housing affordability index. Households faced with affordability problem could apply for transfer to other PRH flats charging lower rents. At the end, it was for individual households to decide on the standard of flats they preferred having regard to the rent level they were ready to pay.

II. Any other business

38. There being no other business, the meeting ended at 12:55 pm.