

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1662/06-07  
(These minutes have been seen  
by the Administration)

Ref: CB1/BC/1/06

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

**Minutes of sixth meeting on  
Thursday, 26 April 2007, at 4:30 pm  
in the Chamber of the Legislative Council Building**

- Members present** : Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP (Chairman)  
Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon CHAN Yuen-han, JP  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Hon WONG Yung-kan, JP  
Hon Emily LAU Wai-hing, JP  
Hon Abraham SHEK Lai-him, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Hon LEE Wing-tat  
Hon LI Kwok-ying, MH, JP  
Dr Hon Joseph LEE Kok-long, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Dr Hon Fernando CHEUNG Chiu-hung  
Hon WONG Ting-kwong, BBS  
Hon Ronny TONG Ka-wah, SC  
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members absent** : Hon Albert HO Chun-yan  
Hon Miriam LAU Kin-ye, GBS, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Daniel LAM Wai-keung, SBS, JP  
Hon CHEUNG Hok-ming, SBS, JP

**Public Officers attending** : Miss Mary CHOW Shuk-ching, JP  
Deputy Secretary for Housing, Planning and Lands  
(Housing)

Ms Cora HO  
Assistant Director (Strategic Planning)  
Housing Department

Mr Raymond WU  
Senior Administrative Officer (Strategic Planning) 2  
Housing Department

Mr Francis YIU  
Senior Statistician  
Housing Department

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

Miss Emma WONG  
Government Counsel  
Department of Justice

Mr FUNG Hing-wang  
Commissioner for Census and Statistics

Miss Karen CHAN Ka-lin  
Assistant Commissioner for Census and Statistics (Social)

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

**Staff in attendance** : Mr Kelvin LEE  
Assistant Legal Adviser 1

Ms Debbie YAU  
Senior Council Secretary (1)1

**I Confirmation of minutes and matters arising**

(LC Paper No. CB(1)1398/06-07 -- Minutes of the meeting held on 16 March 2007)

The minutes of the meeting held on 16 March 2007 were confirmed.

**II Meeting with the Administration**

**Computation and operation of the proposed income index under the new rent adjustment mechanism**

(LC Paper No. CB(1)1455/06-07(01) -- The Administration's responses to Members' concerns raised at the meeting on 17 April 2007

LC Paper No. CB(1)1114/06-07(01) The Administration's responses to Members' concerns raised at the meeting on 9 February 2007

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

Follow-up actions to be taken by the Administration

*Rescaled annual income index series for 1996-2006*

3. To reflect the actual rental affordability of public rental housing tenants, the Administration was requested to provide the following information to the table listing the re-scaled series of income index for 1996-2006 (section E to Appendix II of the Administration's paper (LC Paper No CB(1)1114/06-07(01)) for members' reference:

- (a) Consumer Price Index;
- (b) Nominal wage; and
- (c) Real wage.

Dates of next meetings

4. Members agreed to re-schedule the seventh meeting from 3 May 2007 to 4 May 2007, from 3:00 pm (or immediately after the House Committee meeting, whichever was later) to 7:00 pm. The Bills Committee would commence clause-by-clause examination of the Bill at the meeting. Members further agreed to schedule meetings on a weekly basis for May up to early June 2007.

*(Post-meeting note: Members were duly notified about the updated schedule of meetings for May to June 2007 vide LC Paper No. CB(1)1465/06-07 on 27 April 2007.)*

**III Any other business**

5. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 1  
Legislative Council Secretariat  
21 May 2007

**Proceedings of the sixth meeting of  
the Bills Committee on  
Housing (Amendment) Bill 2007  
on Thursday, 26 April 2007, at 4:30 pm  
in the Chamber of the Legislative Council Building**

<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
000151 – 000454	Chairman Mr Frederick FUNG Ms Emily LAU	(a) Opening remarks by the Chairman  (b) Re-scheduling of the next meeting and meetings for May and June 2007  (c) Confirmation of minutes of the meeting held on 16 March 2007 (LC Paper No. CB(1)1398/06-07)	
000455 – 001643	Chairman Administration Ms Emily LAU Mr LEUNG Yiu-chung	Briefing by the Administration on the computation and operation of the proposed income index (LC Paper No. CB(1)1455/06-07(01))	
001644 – 002729	Chairman Mr LEE Cheuk-yan Administration	(a) Mr LEE Cheuk-yan's concern that as different samples of public rental housing (PRH) households would be taken during the rent review cycle, it would be inappropriate to calculate tenants' average monthly household income for both the first and second periods weighted on the basis of the household size distribution over the first period. The resultant index values could not keep track of income changes of the same group of PRH households  (b) The Administration's response as follows: (i) Changes in the average household income of all PRH tenants were affected by changes in the household size distribution. To assess the "pure income change" of all PRH households, it was necessary to discount the effect of the changes in household size distribution on household income by keeping the household size distribution constant in any one particular rent review cycle for the purpose of compiling the income index; and  (ii) While a longitudinal survey could trace the income changes of a certain group of PRH households, the mobility of households and changes in their household size during the rent review cycle would have a direct bearing on the representativeness of the data.	

Time marker	Speaker	Subject(s)	Action required
002730 – 003023	Chairman Administration	Briefing by the Administration on the calculation of the income index values for the first and second periods, and re-basing of the household size distribution in different rent review exercises (LC Paper No. CB(1)1455/06-07(01))	
003024 – 003919	Chairman Mr Frederick FUNG Administration Assistant Legal Adviser 1 (ALA1)	<p>(a) Mr Frederick FUNG's concern as follows:</p> <p>(i) The reliability or otherwise of household income data collected through a voluntary survey conducted by the Census and Statistics Department (C&amp;SD) vis-à-vis a mandatory declaration system administered by the Housing Authority (HA); and</p> <p>(ii) The impact of adopting the sampling method that no PRH household would be selected more than once within a period of 12 months on the computation and reliability of the income index.</p> <p>(b) The Administration's response as follows:</p> <p>(i) Data collected by C&amp;SD, in particular those which would be used for further computation, were collected on a mandatory basis; and</p> <p>(ii) An annual sample of 24 000 PRH households would be selected as 12 separate independent monthly samples each containing 2 000 PRH households representative of the entire public rental housing population thus ensuring minimum respondent burden to the sampled households and the representativeness of the income data collected.</p> <p>(c) ALA1's advice that under the Census and Statistics Ordinance (Cap 316), it was an offence for any person to provide false entries in schedules or returns. The maximum penalty would be a fine of \$5,000 and imprisonment of 6 months</p>	
003920 – 004706	Chairman Mr LEUNG Kwok-hung Administration	<p>(a) Mr LEUNG Kwok-hung's reiteration that conducting a longitudinal study of PRH household income would better keep track of the changes in tenants' income, and hence their rental affordability</p> <p>(b) The Administration's response that the reliability of statistical surveys with data obtained through sampling was indicated by the level of confidence interval. A confidence interval of <math>\pm 0.1</math> was more reliable than <math>\pm 1</math>. As a larger sample size would generate a narrower</p>	

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		<p>confidence interval, a sample of 24 000 households would produce more reliable results than a sample of 2 000 households for the purpose of compiling the income index. A longitudinal survey could not meet the objective because of mobility of households and change of household size over time</p>	
004707 – 005719	<p>Chairman Ms Emily LAU Administration</p>	<p>(a) Ms Emily LAU's enquiry/concern as follows:</p> <ul style="list-style-type: none"> <li>(i) Types of voluntary and mandatory surveys conducted by C&amp;SD and their reliability; and</li> <li>(ii) The need to enhance PRH tenants' understanding of the computation and operation of the proposed income index.</li> </ul> <p>(b) The Administration's advice that surveys involving highly sensitive data, such as income, wages, and employment figures, were mainly conducted on a mandatory basis. Only general surveys such as the General Household Surveys would base on voluntary returns</p> <p>(c) C&amp;SD's confirmation that the proposed methodology for computing the income index was fair and would better reflect changes in the income of PRH tenants</p>	
005720 – 012014	<p>Chairman Mr LEE Wing-tat Prof Patrick LAU Mr Frederick FUNG Administration</p>	<p>The Administration's response to the enquiries/concern as follows:</p> <ul style="list-style-type: none"> <li>(a) Hypothetical examples showing the compilation of the proposed income index leading to upward and downward adjustment in PRH rents in different rent review exercises (Appendix I to CB(1)1455/06-07(01));</li> <li>(b) In compiling the income index for HA, C&amp;SD would implement various quality control measures to ensure impartiality and objectivity of the entire process of data collection and data input, including checking the list of sampled households; and checking the income data provided by tenants, the documentary proof of selected tenants and the accuracy of data input on a random basis; and</li> <li>(c) Unlike general opinion surveys, income data of PRH tenants for the purpose of determining the extent of rent adjustment should be collected on a mandatory basis to ensure reliability.</li> </ul>	

Time marker	Speaker	Subject(s)	Action required
012015 – 013647	Chairman Mr Ronny TONG Administration	<p>The Administration's response to Mr Ronny TONG's enquiries as follows:</p> <p>(a) The 24 000 PRH households selected per year for compiling the income index should be representative of the profile and size distribution of households. Hence, small households would not be disadvantaged as a result of applying the household size distribution in the first period to derive the weighted monthly household income of the second period; and</p> <p>(b) As the income index was calculated based on the weighted average household income of PRH tenants, it was inevitable that the income change of individual households might be different from the average figure. There was no evidence to suggest a systematic pattern that a particular household size group would consistently be disadvantaged.</p>	
013648 – 014336	Chairman Mr LEE Cheuk-yan Administration	<p>The Administration's response to Mr LEE Cheuk-yan's concerns as follows:</p> <p>(a) To facilitate comparison, the income index values under different rounds of rent review could be linked up together to form a series by a statistical re-scaling process, and the base-year of the weighted index could be updated at regular intervals; and</p> <p>(b) The base-year (i.e. the "first period") in respect of the first rent review after the commencement of the Amendment Ordinance would be the 12 months expiring on the day immediately before the commencement date.</p>	
014337 – 015102	Chairman Mr LEUNG Yiu-chung Administration	<p>(a) Mr LEUNG Yiu-chung's concern that as the income index had not taken account the impact of inflation, it could not reflect change in real wage of PRH tenants, and hence their rental affordability</p> <p>(b) The Administration's response as follows:</p> <p>(i) HA was also charging a nominal rent instead of a real PRH rent</p> <p>(ii) The increase in nominal wage of PRH tenants between 1995-96 and 1997-98 was over 12% whereas the change in income index between 1996 and 1998 was only 10.2%</p>	



<b>Time marker</b>	<b>Speaker</b>	<b>Subject(s)</b>	<b>Action required</b>
015103 – 015622	Chairman Ms Emily LAU Mr Frederick FUNG	(a) Ms Emily LAU's request for the Administration to provide additional information  (b) Dates of subsequent meetings	The Admin to take follow-up action under para 3 of the minutes

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