

**立法會**  
**Legislative Council**

LC Paper No. CB(1)1235/06-07  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/HG/1

**Panel on Housing**

**Minutes of meeting**  
**held on Thursday, 4 January 2007, at 2:30 pm**  
**in the Chamber of the Legislative Council Building**

- Members present** : Hon LEE Wing-tat (Chairman)  
Hon Albert HO Chun-yan  
Hon Fred LI Wah-ming, JP  
Hon Mrs Selina CHOW LIANG Shuk-ye, GBS, JP  
Hon James TO Kun-sun  
Hon CHAN Yuen-han, JP  
Hon CHAN Kam-lam, SBS, JP  
Hon LEUNG Yiu-chung  
Dr Hon YEUNG Sum  
Hon Abraham SHEK Lai-him, JP  
Hon Tommy CHEUNG Yu-yan, JP  
Hon Albert CHAN Wai-yip  
Hon Frederick FUNG Kin-kee, SBS, JP  
Hon WONG Kwok-hing, MH  
Dr Hon Joseph LEE Kok-long, JP  
Hon Alan LEONG Kah-kit, SC  
Hon LEUNG Kwok-hung  
Prof Hon Patrick LAU Sau-shing, SBS, JP
- Members attending** : Dr Hon KWOK Ka-ki  
Dr Hon Fernando CHEUNG Chiu-hung
- Member absent** : Hon LI Kwok-ying, MH, JP (Deputy Chairman)
- Public officers attending** : Agenda Item IV  
Mr Kenneth MAK, JP  
Deputy Director (Corporate Services)  
Housing Department

Mr Deryk YIM  
Chief Manager / Management (Support Services) 4  
Housing Department

Agenda Item V

Mr LAU Kai-hung, JP  
Deputy Director (Estate Management)  
Housing Department

Mr PANG Hon-wah  
Chief Manager / Management (Support Services) 5  
Housing Department

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

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

Mr Anthony CHU  
Senior Council Secretary (1)3

Ms Michelle NIEN  
Legislative Assistant (1)9

Agenda Item IV

Miss Connie FUNG  
Assistant Legal Adviser 3

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Action

**I Confirmation of minutes**

(LC Paper No. CB(1)597/06-07 -- Minutes of special meeting on  
19 October 2006)

The minutes of the special meeting held on 19 October 2006 were confirmed.

**II Information papers issued since last meeting**

(LC Paper No. CB(1)506/06-07 -- Papers on outstanding items for  
discussion provided by the  
Administration)

2. Members noted that the above information paper had been issued since the last regular meeting held on 4 December 2006.

### **III Items for discussion at the next meeting**

(LC Paper No. CB(1)562/06-07(01) -- List of outstanding items for discussion

LC Paper No. CB(1)562/06-07(02) -- List of follow-up actions)

3. Members agreed to discuss the following items proposed by the Administration at the next regular meeting to be held on Monday, 5 February 2007, at 2:30 pm:

- (a) Progress of Total Maintenance Scheme; and
- (b) Construction of Local Open Space adjoining Tseung Kwan O Area 73B public housing development.

4. On item (a), members noted that the Administration would brief members on progress of the Total Maintenance Scheme after one year of implementation. As regards item (b), the Administration intended to seek the Panel's support for obtaining funding approval from the Finance Committee for a proposed Local Open Space project to tie in with public housing development at Tseung Kwan O Area 73B.

5. As proposed by Mr WONG Kwok-hing, members also agreed to discuss the item on "Allocation of public rental housing (PRH) flats for the elderly to other applicants" at the meeting on 5 February 2007.

### **IV Provision and management of retail and carparking facilities in public housing estates after the divestment of the facilities by the Housing Authority**

(LC Paper No. CB(1)562/06-07(08) -- Letter dated 8 December 2006 from the Clerk to The Link Management Limited

LC Paper No. CB(1)562/06-07(03) -- Information paper provided by the Administration

LC Paper No. CB(1)562/06-07(04) -- Submission from The Link Management Limited

LC Paper No. CB(1)562/06-07(05) -- Background brief on divestment of Housing Authority's retail and car-parking facilities prepared by the Legislative Council Secretariat)

6. Members noted that The Link Management Limited (The Link) had declined the Panel's invitation to attend the present meeting but provided a written submission (LC Paper No. CB(1)562/06-07(04)) to address members' concerns raised on related issues. They also noted the following submissions tabled at the meeting:

- (a) Report of a research conducted by the Linkwatch on the operation of The Link;
- (b) Submission from a general practitioner in private practice on The Link's "one-stop medical zone" proposal;
- (c) Submission from a resident of Wong Tai Sin on The Link's "one-stop medical zone" proposal; and
- (d) Submission from a resident of Lam Tin on The Link's "one-stop medical zone" proposal.

*(Post-meeting note: The above submissions were subsequently circulated to members vide LC Paper Nos. CB(1) 648/06-07(01) to (04) on 5 January 2007.)*

7. Mr LEUNG Kwok-hung declared interests for his involvement in the work of the Linkwatch. Prof Patrick LAU declared interests that he was a member of the Housing Authority (HA).

#### Concerns about The Link's rental increases

8. Dr YEUNG Sum highlighted findings in the Linkwatch's report about substantial rental increases on premises in shopping centres and market stalls under The Link's portfolio since the listing of The Link Real Estate Investment Trust (REIT) and monopolization of premises in shopping centres by chain stores, which had adversely affected nearby PRH tenants in terms of both the choice and price of goods and services, and hence their livelihood.

9. Mr Albert CHAN expressed grave concern about The Link's leasing policy, which in his view was worse than that of operators of private retail facilities. He quoted cases where The Link's rental increases were as high as over 80%, where it had refused to renew a number of tenancies at Fu Tung Shopping Centre with less than two months' notice without giving any reasons, and where it had arbitrarily terminated a tenancy with a sitting tenant but subsequently let the premises to a new tenant who was an acquaintance of one of its senior managers.

10. On the concern about rental increase, the Deputy Director (Corporate Services) of the Housing Department (DD of H(CS)) said that while he could not comment on individual cases, he noted from The Link's interim performance report that the average rental increase of the facilities was below 10% over the past six months. He added that despite the above cases highlighted by members, according to the findings of independent opinion surveys on The Link's asset enhancement projects (the Surveys) conducted by the Centre for Social Policy Studies of the Hong Kong Polytechnic University in June and September 2006, 90% of the respondents believed that The Link's renovation works had benefited nearby residents, and 89% of them opined that prices of goods in The Links' renovated shopping centres were affordable to tenants.

11. Mr Tommy CHEUNG opined that results of the Surveys might not reflect the impact of the substantial rental increases on the prices of goods and services in The Link's shopping centres. He said that members had raised various concerns and complaints relating to The Link's leasing policy when the subject on provision and management of retail and car-parking (RC) facilities divested by the Housing Authority (HA) was discussed at a joint Panel meeting on 5 June 2006, at which Mr Victor SO, Executive Director and Chief Executive Officer of The Link had attended. Mr CHEUNG was disappointed that Mr SO had failed to properly follow up the concerns and complaints after the meeting. He added that restaurant operators in The Link's shopping centres were deeply aggrieved by the many unreasonable measures taken by The Link to force them out, such as by splitting the premises let to them into smaller units.

12. Dr KWOK Ka-ki expressed concern about The Link's business strategy of replacing small shops with chain stores in a bid to raise rental income from its commercial premises, and that PRH tenants could hardly afford the more expensive goods and services offered by these stores. He further pointed out that the rental increases for clinics had ranged from 30% to 60%, thus exerting pressure on estate doctors and dental surgeons to pass the higher costs onto their patients.

13. In response, DD of H(CS) said that market forces would effectively keep rents at a reasonable level. Since The Link's shopping centres and markets were situated at or close to PRH estates and mainly served PRH tenants, the shops and stalls there, no matter big or small, would have to meet the needs and spending power of PRH tenants if they were to operate successfully.

14. Miss CHAN Yuen-han pointed out that contrary to the results of The Link's opinion surveys, the questionnaire surveys she had conducted on Wong Tai Sin Shopping Centre and Kai Tin Shopping Centre showed that 90% of nearby PRH tenants were worried about price increase after The Link's asset enhancement projects; 80% preferred shopping at traditional small shops to chain stores; and 90% wanted the existing estate clinics to remain where they were. She asked how the Administration would respond to the above concerns and views of PRH tenants.

15. DD of H(CS) said that market forces would at the end ensure The Link would give due regard to PRH tenants' needs and affordability because if The Link failed to do so, it would not be able to maintain a viable business. He added that while The Link's asset enhancement initiatives had brought improvements in some shopping centres, it might be possible that such initiatives would be unwelcome in the facilities covered in Miss CHAN's surveys. The Link should take note of the relevant survey results in planning their improvement initiatives.

16. Dr Fernando CHEUNG enquired about the role of the Administration and HA over The Link's operations. In particular, he was concerned whether social welfare organizations could continue to benefit from concessionary rents, as they were presently paying, in leasing new premises to meet their expansion needs. He further expressed concern that as The Link was operating under commercial principles, it would reduce available premises for social welfare purposes and would, over time, relocate existing social welfare organizations to less accessible premises in the shopping malls. The Link's move would have negative impact on the provision of social services to nearby PRH residents.

17. DD of H(CS) explained that before the listing of The Link REIT, HA and The Link had entered into an agreement governing the continued provision of certain premises in divested shopping malls for social welfare or educational purposes, as well as the charging of concessionary rent for such premises. The valuation of RC facilities had taken the above agreement into account and hence the valuation price had been adjusted downwards. It would not be appropriate to require The Link to provide additional premises for social welfare or educational purposes because, unlike premises already allocated for such purposes, the rental value of the additional premises had been assessed according to market rates. Notwithstanding, the Administration had in the past conveyed to The Link the need for additional space in The Link's shopping centres by some social welfare or educational organizations. The Link had indicated willingness to provide additional premises for such purposes as far as practicable at market rents. In recognition of the likely difficulty in identifying additional premises in The Link's shopping centres to cater for the expansion of welfare organizations, HA would examine whether HA premises could be made available to meet the need where necessary.

*The "one-stop medical zone" concept*

18. Mr WONG Kwok-hing considered the "one-stop medical zone" concept (the Concept) being developed by The Link undesirable. In his view, the Concept which grouped existing separated clinics and laboratories in a shopping centre in a one-stop facility housing a number of service providers would create inconvenience to patients, particularly the elderly, who presently could use the service of nearby clinics without any need to travel. In this connection, Dr YEUNG Sum noted that The Link's plan to relocate long existed clinics in Wong Tai Sin Shopping Centre to remote locations in Lung Cheung Mall had caused outrage from affected doctors and their patients. Echoing the concern, Dr KWOK Ka-ki pointed out that the above plan would deprive Lower Wong Tai Sin Estate of any clinics to the detriment of the poor elderly tenants

there. He also considered it undesirable that in justifying implementation of the Concept, The Link had alleged that the operation of estate clinics in commercial complexes might create health problems. In his view, The Link's purpose was to vacate premises of favourable locations to new tenants who could afford higher rents.

The role of the Administration and the Housing Authority in monitoring The Link's operation

*Concerns about The Link's leasing policy*

19. Mr WONG Kwok-hing saw a need for the Administration to play a more active role in monitoring The Link's operation so as to ensure proper provision and management of RC facilities to meet the needs of PRH tenants. He pointed out that many small commercial tenants of The Link were concerned about decreasing transparency and certainty in The Link's renewal of tenancies with sitting tenants and whether they could continue to operate in The Link's facilities.

20. Dr YEUNG Sum echoed the concerns of The Link's commercial tenants and about the impact of changes in trade mix in its shopping centres on the livelihood of PRH tenants. He considered it unacceptable that the Administration had shirked its duty in ensuring proper operation of The Link.

21. In response, DD of H(CS) explained that after the listing of The Link REIT, The Link had become a private entity, whose business strategies and day-to-day operations were entirely independent of the Administration and HA. Nevertheless, the Administration would ensure The Link's compliance with prevailing legislation, conditions of government leases, and terms of covenants and agreements made between The Link and HA. He pointed out that as stipulated in the relevant government leases, the divested RC facilities could only be used for retail and carparking purposes. Such use could not be changed without proper authorization. Under the above covenants and agreements, concessionary rent arrangement for specified welfare and educational premises in the divested retail facilities would continue. In addition, HA and The Link had been maintaining close liaison in the management of the common areas of public housing estates, such as tackling the hawker problem. As regards concerns about tenancy renewal and trade mix in The Link's shopping centres, DD of H(CS) re-iterated that these were matters related to day-to-day operation of The Link which the Administration and HA could not intervene. The Administration would however keep abreast of The Link's operation through day-to-day contact and provide assistance where appropriate.

22. Mr CHAN Kam-lam stressed the need for care in exercising political power to influence the operation of private entities, such as The Link, to avoid causing adverse effect on Hong Kong's business environment. He however opined that the Administration should urge The Link to enhance communication with its commercial tenants and the local community to address concerns about rental increases and The Link's leasing policy.

23. Mr Fred LI opined that in ensuring the continued provision of RC facilities for PRH tenants as stipulated in the Housing Ordinance (HO) (Cap. 283), the Administration should take actions to mitigate any negative impact on the livelihood of PRH tenants arising from high rental increases and replacement of small shops with chain stores in The Link's shopping centres and markets.

24. In response, DD of H(CS) said that while the Administration noted that The Link had increased rents on shops and changed trade mix in its shopping centres, so long as The Link's operations complied with prevailing legislation, conditions of government leases, and terms of covenants and agreements made between The Link and HA, the Government and HA could not intervene. He re-iterated that since the facilities under The Link's portfolio mainly served PRH tenants, market forces would come into play to ensure that the prices of goods and services provided at these facilities could meet PRH tenants' needs and affordability. The Administration would also closely monitor the situation.

25. Mr Albert HO considered that the Administration not only had the duty to secure the provision of housing and such amenities ancillary thereto but also to ensure that such facilities were suitable and adequate for PRH tenants. As such, the Administration should play a more active role instead of relying on market forces alone to ensure The Link's leasing policy would be reasonable. This was because, when responding to the market situations, The Link might cater to the needs of residents of private housing in the neighbourhood instead of those of nearby PRH tenants.

26. Dr KWOK Ka-ki considered that by denying its role in monitoring The Link's operation, the Administration had taken an irresponsible attitude and failed to live up to the assurance when seeking members' support for the divestment that the interests of PRH tenants would not be adversely affected as a result. He further pointed out that in reaching its conclusions regarding the judicial review of HA's statutory power to divest its assets, the Court of Final Appeal (CFA) had noted that The Link would adopt a market-oriented commercial approach in operating the divested RC facilities. In other words, the Administration should have been aware of the likelihood that rents for RC facilities might go up to the detriment of PRH tenants. It however proceeded with the divestment without regard to the above. Dr KWOK therefore considered that the Administration had defaulted its duty.



27. Mr Frederick FUNG saw a need for the Administration to intervene where necessary in order to protect commercial tenants' interests. In supporting his views, he highlighted a case in Tze Wan Shan Shopping Centre where The Link had been conducting renovation works in the vicinity of a restaurant for two years. Although the works had seriously affected the business of the restaurant, The Link had refused to reduce rent. In consideration of such blatant disregard of commercial tenants' interests, Mr FUNG considered that the Administration should intervene and see to it that The Link would cease such unreasonable practices.

28. Mr Alan LEONG considered that the assets of The Link were originally public assets and hence their privatization was a great concern to the Legislative Council (LegCo). He opined that the Administration had a role in monitoring The Link's operation because Mr Victor SO and Mr LEUNG Chin-man, the former Permanent Secretary for Housing, Planning and Lands (Housing) (former PSH) had made pledges to protect the interests of PRH residents when lobbying LegCo Members' support for the divestment. Referring to cases where The Link had refused to renew the tenancies of small shops in shopping centres, such as Lok Fu Shopping Centre, he opined that the Administration should take measures to ensure these centres could continue to provide PRH tenants with services and goods at affordable prices. He pointed out that many customers of these centres were indeed non-PRH residents and market forces might not be able to keep the prices of goods and services at levels affordable to PRH tenants. Even if market forces could in due course adjust the trade mix and prices of goods and services in The Link's shopping centres to meet the needs and affordability of PRH tenants, PRH tenants would be inconvenienced and their interests adversely affected during the interim period. Mr LEONG remarked that there were also problems that could only be resolved by social policies and not by market forces. The Administration's monitoring role was therefore very important.

29. In response, DD of H(CS) re-iterated that since The Link was a private company upon the listing of the Link REIT, the Administration would mainly rely on market forces to ensure The Link's leasing policy would meet the needs of PRH residents. He said that the Administration believed that services and goods provided at The Link's shopping centres could cater to the needs and affordability of PRH tenants. He added that it was inevitable that the trade mix in The Link's shopping centres would undergo changes in keeping with time and the changing needs of shoppers. For instance, shops that sold incense sticks might decrease in number due to diminishing demand. While problems might arise when such changes took place, he believed that if The Link was operating according to commercial principles, the changes it introduced would take into account market conditions, as well as PRH tenants' needs and spending power. The Administration had so far not seen any real evidence that the types of goods or services provided at The Link's shopping malls could not meet the basic needs of PRH residents, or that the prices of those goods and services were not affordable to them.

*Concerns about The Link's staff policy*

30. Stressing the Administration's responsibility to properly monitor The Link's operation after the listing of The Link REIT, Mr LEUNG Yiu-chung enquired how the Administration could ensure The Link's operation was proper, particularly in the aspect of staff matters. Elaborating his concerns, Mr LEUNG pointed out that staff reduction in some of The Link's shopping centres with a view to saving costs had already inconvenienced customers and given rise to security concerns. Moreover, changes in staff's work shift pattern in some cases had resulted in inhumane treatment where car park attendants in The Link's facilities could not leave their guard post for toilet until other staff members were available to take up their duties. In his view, both The Link's staff and customers suffered as a result of the staff cuts.

31. In response, DD of H(CS) said that as with other private companies, in protecting workers' interests the Administration could take action when The Link breached provisions of labour legislation. Mr LEUNG Yiu-chung, however, pointed out that there were many loopholes in labour laws which The Link could abuse. DD of H(CS) said that such labour issues should be handled holistically for all organizations in Hong Kong. The Link should not be singled out for action.

Attendance at the Panel meeting

*Attendance of the Administration*

32. Mr Albert CHAN expressed disappointment at the absence of the Secretary for Housing, Planning and Lands (SHPL) from the present meeting. In his view, the divestment was one of SHPL's most important political decisions. He considered that SHPL being a political appointee, should be accountable to the LegCo and attend the Panel meeting to answer members' questions. Mr LEUNG Kwok-hung also expressed dissatisfaction that SHPL, who had promised that the divestment would bring good to all involved, did not attend the present meeting.

33. Dr Fernando CHEUNG expressed regrets over the absence of representatives from the Housing, Planning and Lands Bureau (the Bureau). In response, DD of H(CS) clarified that the Housing Branch of the Bureau had merged with the Housing Department (HD) in July 2002. He was therefore attending the present meeting representing both the Bureau and HD.

*Attendance of The Link*

34. Members expressed regrets that The Link had declined the Panel's invitation to attend the present meeting to discuss the subject in question. In this connection, Dr YEUNG Sum indicated intention to move the following motion (the proposed motion):

"就領匯管理有限公司(領匯)執行董事及行政總裁蘇慶和先生今次拒絕出席立法會的會議，討論與其管理房委會分拆出售設施的相關事宜，本委員會對此表示遺憾，並建議本會再一次邀請蘇慶和先生出席會議。若蘇慶和先生再度拒絕，則建議立法會引用《立法會(權力及特權)條例》賦予的權力，傳召蘇慶和先生出席立法會的會議。"

35. In response to Dr YEUNG Sum, DD of H(CS) confirmed that as a private entity, The Link could decide for itself whether to attend meetings of the LegCo when invited. He recalled that The Link had refused to attend a meeting of the Panel on 9 May 2006. However, upon being invited again, The Link attended a joint meeting of this Panel and the Panel on Manpower on 5 June 2006. In this connection, Dr YEUNG pointed out that The Link's acceptance came after the Panel had passed a motion with similar wordings as the proposed motion. He therefore saw a need for the Panel to pass the proposed motion to press The Link to attend the meeting of the Panel.

36. Mr CHAN Kam-lam indicated support for the first part of the proposed motion, pointing out that the Panel's invitation would provide a good opportunity for The Link to address public concerns on related issues and to explain improvements for enhancing the divested RC facilities. He however had reservation about exercising the power under the Legislative Council (Powers and Privileges) Ordinance (Cap. 382) (P&PO) to order the attendance of officers from The Link, and urged that the Administration should persuade The Link to send representatives to attend the meeting of the Panel.

37. While agreeing that it might not be appropriate for the Panel to discuss matters relating to leasing and rents of individual premises in The Link's facilities, Mr Fred LI considered it unacceptable that The Link had refused to appear before the Panel, pointing out that the two power companies, which were also private entities, had also attended meetings of relevant Panels from time to time to discuss issues of public concern.

38. Mr Albert HO stressed that the Panel meeting would provide a very good opportunity for The Link to explain its policies and operations which were of concern to members and the public, and The Link should not refuse to attend. While agreeing that the LegCo should not intervene in the operation of private companies, Mr HO shared the view that The Link should maintain dialogue with the LegCo as the power companies did. He re-iterated that although The Link had become a private entity, it still had a corporate social responsibility to ensure proper provision and management of RC facilities meeting the needs and affordability of PRH tenants. Pointing out that The Link, unlike its present stance, was willing to attend meetings of the Panel to explain its operation before the listing, Mr HO cautioned that the change in The Link's attitude might affect members' attitude towards future privatization exercises. Given that The Link had made many undertakings to the public, he also opined that its commercial tenants as well as the users of RC facilities should be invited to express their views on The Link's operation. As the monitoring authority, HA should also do

its best to persuade The Link to attend LegCo's meetings.

39. In response, DD of H(CS) said that The Link REIT was governed by the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission. HA had also ensured proper corporate governance of The Link by building into The Link's corporate governance policy that at least half of its board of directors, including the Chairman, should be independent non-executive directors. On the concern about the attendance of The Link at Panel meetings, DD of H(CS) said that while the Administration and HA would also like to see The Link enhancing transparency in operation and maintaining closer communication with commercial tenants, PRH tenants, and members, it could not force The Link to attend meetings of the Panel as this was a matter for The Link to decide. He undertook to convey members' views in this regard to The Link as far as practicable but re-iterated that the decision would rest with The Link.

40. Pointing out that private companies should be allowed to operate according to commercial principles, Mr Tommy CHEUNG opined that it was undesirable to exercise the power conferred under P&PO to order the attendance of a listed private company at a Panel meeting. He however recalled that before the listing of The Link REIT, Mr Victor SO had met with commercial tenants coming from various sectors and had promised security of the tenancies, and that The Link would not consider rental increase on commercial properties before improvements in the business environment and patronage of the premises were seen. As such, Mr SO should explain to members and commercial tenants why he had not lived up to his undertakings.

41. Miss CHAN Yuen-han expressed similar concerns about The Link's failure to keep its promises to commercial tenants. While supporting that Mr Victor SO should attend the Panel meeting, in her view, the crux of the matter was how the Administration could rectify the unreasonable practices of The Link to ensure the provision of housing and such amenities ancillary thereto as required under HO.

42. Mr LEUNG Yiu-chung was of the view that it would serve little purpose to relay members' views to The Link because it had deliberately introduced changes to its leasing and staff policies to maximize profits under the pretext of common market practices. He opined that except exercising the power conferred under P&PO, there seemed to be no other ways to secure The Link's attendance before the Panel. He added that the proposed motion also sought to invite The Link again before resorting to P&PO.

43. Mr Frederick FUNG recalled that the Panel passed a similar motion at the meeting on 9 May 2006 in response to The Link's declination to attend the Panel meeting. Although Mr Victor SO subsequently attended the Panel meeting on 5 June 2006 without the LegCo resorting to using the power conferred under P&PO, Mr FUNG considered it undesirable to go through the same procedure this time on grounds that The Link had already been given many opportunities. He also saw a need to make it a standing practice for The Link to report to the Panel on its work every six months. In his view, notwithstanding that CFA's judgment had pointed out that HA

did not have to provide PRH residents with ancillary amenities itself as long as it could secure the provision thereof, when there were concerns about The Link's work in this regard, the Administration should ensure that The Link would account to LegCo for the concerns.

44. DD of H(CS) said that HA well recognized that it had the duty to secure the provision of housing and such amenities ancillary thereto for PRH residents under section 4(1) of HO. According to CFA's judgment, to secure the provision of facilities for PRH residents did not mean that HA had to be the direct provider (which would involve control by HA). The Link, as a third party over whom HA had no control, could act as the provider for the facilities. There were no provisions under HO requiring The Link to report to the LegCo after taking over the management of the divested RC facilities. As such, the Administration could not force The Link to attend Panel meetings.

45. Referring to undertakings by former PSH and Mr Victor SO before the divestment, Mr Alan LEONG opined that The Link had the responsibility to explain to members on whether and why it had fallen short of its previous undertakings. In response, DD of H(CS) clarified that the Administration had not failed to live up to any undertaking it made at meetings of the LegCo. As to Mr SO's undertakings, it would be more appropriate for him to respond.

46. Mr Albert CHAN said that all along he was opposed to the divestment of RC facilities. He was disappointed that despite the many problems and concerns associated with the project he had highlighted, in particular about Mr Victor SO's notorious track record and questionable integrity, many LegCo Members had given their support for the divestment. In consideration of the above, Mr CHAN further suggested that the proposed motion should also seek to reprimand The Link, the Administration, and Members who supported the divestment for disregard of public interests.

47. Sharing the view on the problems and concerns associated with the divestment, Mr LEUNG Kwok-hung pointed out that the listing of The Link REIT was a political exercise arbitrarily contrived as a grand achievement of the former Chief Executive rather than arising from any real need. As such, as he had foreseen, the results were disastrous. He suspected that the exercise involved transfer of interests compromising PRH tenants' interests, who had to pay higher prices for the goods and services as a result. He also expressed disappointment that the Administration did not admit fault for having sold RC facilities at a low price at the expense of taxpayers' money.

48. Prof Patrick LAU was of the view that there was a genuine need for HA to divest RC facilities, partly for improving the management of the facilities. He also agreed that Mr Victor SO should attend a meeting of the Panel to address members' concerns. To enable members to have a better understanding of The Link's operation, in particular, to ascertain whether The Link had been able to bring improvements to the divested facilities, he said that HA should arrange visits for members to the divested RC facilities.

49. In response, DD of H(CS) pointed out that both the Administration and HA maintained the view that it was a step forward in the right direction in divesting RC facilities through the listing of The Link REIT. He re-iterated that HA was satisfied with the asset enhancement efforts made by The Link in its shopping centres. The outcomes of The Link's opinion surveys were also encouraging. HA would arrange for HA members to visit the divested facilities.

Motions

50. In consideration of some members' concerns about the exercise of the power under P&PO against a private company, Dr YEUNG Sum moved the following motion:

"就領匯管理有限公司執行董事及行政總裁蘇慶和先生今次拒絕出席立法會的會議，討論與其管理房委會分拆出售設施的相關事宜，本委員會對此表示遺憾，並建議本會再一次邀請蘇慶和先生出席會議。"

(Translation)

"That this Panel regrets that Mr Victor SO Hing-woh, Executive Director and Chief Executive Officer of The Link Management Limited (The Link), has refused to attend a meeting of the Legislative Council for discussion of issues relating to the Link's management of facilities divested by the Housing Authority, and proposes that Mr SO be invited again to attend a meeting of this Panel."

51. Justifying his motion, Dr YEUNG Sum elaborated that according to section 4(1) of HO, HA had the duty to secure the provision of housing and such amenities ancillary thereto. As such, the Administration should refrain from saying that The Link was a private entity whose business strategies and day-to-day operations were entirely independent of HA. Moreover, Mr Victor SO had made many pledges previously when lobbying LegCo Members' support for the divestment. It was therefore reasonable for the Panel to seek to ascertain if The Link had honoured the undertakings by inviting The Link to attend its meeting. If The Link refused to attend the meeting again, he would propose that the Panel should consider seeking the Council's authorization to exercise the power under P&PO to summon The Link's attendance. Dr YEUNG's motion was seconded by Mr Tommy CHEUNG and Mr Fred LI.

52. Members agreed to proceed with the motion proposed by Dr YEUNG Sum and put it to vote. Except for the Chairman who did not exercise his voting right, of the other members present, ten voted for the motion and one voted against. The Chairman declared that the motion was carried.

53. Members agreed that The Link be informed of the motion passed, and its representatives, in particular, Mr Victor SO, be invited again to attend a meeting of the Panel as soon as possible. To facilitate the attendance of representatives from The Link, the Panel would arrange a special meeting on a date convenient to The Link.

*(Post-meeting note: The wording of the motion was circulated to members vide LC Paper No. CB(1)649/06-07(01) on 5 January 2007.)*

54. Mr LEUNG Kwok-hung proposed another motion as follows:

"就領匯管理有限公司執行董事及行政總裁蘇慶和先生今次拒絕出席立法會的會議，討論與其管理房委會分拆出售設施的相關事宜，本委員會對此表示遺憾，並建議立法會引用《立法會(權力及特權)條例》成立委員會，徹查領匯上市事件，追究責任。"

55. As no member seconded Mr LEUNG Kwok-hung's motion, his motion was not proceeded with.

## **V Report on the outcome of comprehensive structural investigation on Choi Hung Estate and Model Housing Estate**

(LC Paper No. CB(1)562/06-07(06) -- Information paper provided by the Administration

LC Paper No. CB(1)562/06-07(07) -- Relevant background brief prepared by the Legislative Council Secretariat)

### Presentation by the Administration

56. At the invitation of the Chairman, the Deputy Director (Estate Management), Housing Department (DD(EM)), introduced the latest progress of the Comprehensive Structural Investigation (CSI) programme, which was launched by the Housing Department (HD) in September 2005. He said that the Administration had briefed members on the outcome of the investigations on Sai Wan Estate and So Uk Estate at the Panel meeting on 9 May 2006. The investigations on Choi Hung Estate and Model Housing Estate (the two Estates) commenced in February 2006 and were completed in August 2006. With the aid of power-point, the Chief Manager/Management (Support Services)5, Housing Department (CM/M(SS)), gave a presentation on the findings and recommended improvement works for the two Estates. In gist, the results revealed that structural repair and improvement works were required in various parts of the buildings in Choi Hung Estate to sustain them for 15 years or more. Various improvement works including construction of lifts at three lower blocks would be undertaken under the Total Maintenance Scheme (TMS) to enhance the living environment. As regards Model Housing Estate, the investigation revealed that all buildings were structurally safe and the structural conditions were generally good.

Only local repair works were required and general estate improvement works would be carried out under TMS programme.

*(Post-meeting note: The power-point presentation materials were circulated to members by e-mail on 4 January 2007.)*

## Discussion

### *Repair and improvement works*

57. Mr CHAN Kam-lam expressed support for HD's plan to strengthen maintenance for the old estates and said that he had already given views to the Administration on repair and improvement works of Choi Hung Estate in the past. In respect of the repair and improvement works for the two Estates, Mr CHAN enquired about the number of households to be affected and whether there would be re-housing arrangements for affected tenants. Pointing out the strong support from residents for the proposed construction of lifts at three lower blocks of Choi Hung Estate, Mr CHAN enquired about the estimated timeframe for commencing and completing the project, and whether HD would arrange transfers for elderly tenants with mobility problems to flats to facilitate their access pending the completion of the project. Given that the improvement works aimed to sustain the old estates for 15 years or more, he also asked how the Administration would ensure the cost-effectiveness of the lift construction project. In this connection, Miss CHAN Yuen-han expressed similar concern about possible transfers for elderly tenants to flats on the lower levels at the same block or in the vicinity estates pending the completion of the lift installation project.

58. DD(EM) said that the objectives of CSI programme was to ascertain the building conditions of aged estates and identify the repair and strengthening works required to sustain the buildings for a reasonable period of time of at least 15 years. A financial viability assessment would also be conducted to evaluate the cost-effectiveness of the necessary repair and improvement works. The recommended works at the two Estates had been assessed with the same criteria. On the re-housing arrangement for affected tenants, DD(EM) advised that in view of the nature of the repair and improvement works, the Administration envisaged that the need for re-housing residents would be limited. Nonetheless, the Administration would consider tenants' requests for re-housing if necessary. As regards construction of lifts for the three lower blocks at Choi Hung Estate, DD(EM) said that the Administration understood the aspiration of local tenants to have the project completed as soon as possible and was therefore examining ways to expedite the process, including exploring new technology such as using machine-room-less lifts. He added that the estimated cost of the repair and improvements works at Choi Hung Estate, including the lift installation project, was around \$83 million. As for the re-housing arrangements for elderly tenants, DD(EM) said that HD would consider applications for transfers where necessary, adding that HD had arranged a number of transfers for elderly residents living in the three blocks upon their requests over the past years.



59. Mr Fred LI expressed support for the proposal of constructing lifts for the three lower blocks of Choi Hung Estate and urged the Administration to expedite the project to meet local residents' aspiration. Given that the improvement works would be carried out in the kitchen and toilet of the flats in Choi Hung Estate, Mr LI was concerned that the works would cause serious disruption to the daily lives of tenants and enquired about plans to re-house affected households. He opined that vacating the flats could facilitate the conduct of comprehensive repair and renovation works inside the flats in a more efficient manner. He also sought information from the Administration on whether the two Estates would be demolished after 15 years, and if so, the re-housing plan for residents.

60. Echoing the concern about disruption to sitting tenants, Mr LEUNG Kwok-hung stressed the need to arrange re-housing for tenants. He asked whether HD would made available flats in the vicinity of the two Estates for the purpose of re-housing the affected tenants.

61. In response, DD(EM) said that results of the investigations in Choi Hung Estate revealed that not many of the some 7 000 flats would require comprehensive repair works, such as floor slab screeding, which was expected to cause more disruption. Indeed, majority of the flats would only require minor repair works, including repairs/waterproofing to the floor of toilets and kitchens, and the paving of floor tiles, which were not expected to be disruptive. Hence, the need to re-house affected tenants was small. Notwithstanding, where necessary, HD would arrange re-housing for affected households and provide them with allowances. As regards concern about demolition of old estates, DD(EM) said that for the four estates already inspected under CSI programme, the Administration had decided that So Uk Estate would be cleared having regard to extensive scale of repair works otherwise required and the disturbance to tenants. He added that in considering the need to demolish any estates, the Administration would assess the respective results of CSI programme, and allow sufficient lead time for working out the necessary preparation, including re-housing affected tenants.

62. In response to Mr Fred LI's further enquiry, DD(EM) and CM/M(SS) said that the improvement and repair works would at least sustain the two Estates for another 15 years and during these 15 years, no major structural repair works would need to be undertaken, though regular maintenance would be carried out. It was envisaged that after 15 years, the two Estates would be still structurally safe but enhanced maintenance works would be required. As some estates were aged over 45 years, further improvement and repair works could be carried out to sustain the buildings after 15 years. However, any further improvement and repairs would have to be justified on the grounds of cost-effectiveness.

63. Mr LEUNG Kwok-hung expressed concern about inadequate monitoring by HD on its works contractors, and contractors compromising the quality of works by using sub-standard materials in order to save costs. He also expressed concern about the fairness and transparency in awarding the works contracts in the two Estates. In response, DD(EM) advised that HD had put in place a new mechanism to enhance monitoring on works contractors under TMS programme to ensure the quality of the works delivered. In-flat Inspection Ambassadors were deployed to conduct home visits in public housing estates, identify any repair needs inside the flats and arrange follow-up works. A complaint counter would be set up on the ground floor of the two Estates to receive complaints and arrange the necessary follow-up actions.

*Facilities for elderly tenants*

64. Given the growing aging population in the two Estates, Miss CHAN Yuen-han considered that the Administration should provide more leisure and recreational facilities for the elderly tenants when carrying out the estate improvement works. She then enquired about plans in this respect in the two Estates with a view to addressing the needs of the elderly tenants and enhancing their quality of life.

65. Dr YEUNG Sum welcomed the Administration's decision to carry out repair works to sustain the buildings in the Model Housing Estate given the convenient location of the estate. Sharing Miss CHAN Yuen-han's view, he agreed that the opportunity should be taken to provide the elderly residents living in the Estate with suitable recreational and leisure facilities. Dr YEUNG further sought details on the improvement works to be carried out in the Estate, including the number of flats to be affected, the scope of the works, estimated timeframe for commencing and completing the works, and when the tenants would be informed on these details.

66. Echoing the views of Miss CHAN Yuen-han and Dr YEUNG Sum, Dr Joseph LEE further suggested that ancillary and supporting facilities, such as handrails and ramps should be provided in the two Estates to address the mobility problems of elderly residents. When carrying out the improvement works, he also stressed the need for the Administration to implement measures to address tenants' concern about security problem in the two Estates. In this connection, The Chairman urged that when implementing estate improvement works, consideration should be given to provide appropriate ancillary facilities, such as handrail and sit-in areas, for the elderly in estates with high population of aged residents.

67. DD(EM) advised that the Administration had planned to carry out improvement works in estates under the CSI programme to enhance the living environment of tenants. It would conduct consultation with tenants to understand their needs on facilities before carrying out the improvement works. Referring to the case of Sai Wan Estate, he said that the Administration had completed the consultation, and facilities specially catered for the elderly tenants would be included under the estate improvement programme. He assured members that provision for access, landscaping, special facilities for the elderly, recreational and sports facilities would be examined with reference to the demographic profile of the two Estates and in consultation with

the relevant Estate Management and Advisory Committees. Moreover, the Administration would inform tenants of the details, including the proposed works and the estimated commencement and completion dates, as well as security measures, during the consultation.

*Measures to address nuisances arising from the improvement works*

68. Citing his personal experience, Mr LEUNG Kwok-hung expressed concern that the improvement and repair works undertaken inside the flats would have negative impact on the health of tenants. He queried whether the Administration had conducted independent study to assess the impacts of such works on tenants, especially those who were more vulnerable, including the elderly and young children. He suggested that the Administration should conduct such assessment, and inform tenants of the results.

*(Post-meeting note: The Administration's response was circulated to members vide LC Paper No. CB(1)959/06-07(01) on 14 February 2007.)*

69. DD(EM) said that given the nature and small scale of the improvement works, the overall impact on the environment would be minimal. While contractors were not required to undertake any environmental impact assessment studies before carrying out such works, they would be required to follow relevant guidelines issued by the Environmental Protection Department to minimize and mitigate the negative impacts of the works on tenants.

*Follow-up actions by the Administration*

Admin

70. Upon members' request, the Administration was requested to provide an information paper to the Panel covering the following aspects after consulting tenants of the two Estates on the recommended repair and improvement works:

- (a) results of consultation with tenants with regards to the scope and timeframe of commencement and completion of works. In particular, the details of the recreational, leisure and supporting facilities for enhancing the living environment and catering to the needs of the elderly tenants;
- (b) re-housing arrangements for affected tenants; and
- (c) measures to minimize possible negative impacts on the living environment of tenants and mitigate nuisances caused during implementation of the repair and improvement works.

**VI Any other business**

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

Council Business Division 1  
Legislative Council Secretariat  
27 March 2007