

(Translation)

N.T. Association of Societies

27 January 2000

Stick to the Production Target of 50 000 flats
Freeze rents to relieve the hardship of the public

Ms Rosanna WONG
Chairman of the Housing Authority

Dear Madam,

The Authority in the Review of Long Term Housing Strategy (LTHS) in 1997 set an annual production target of 85 000 flats from public and private sectors.

It is revealed recently that the Government has decided to replace the annual production of 6 000 HOS units with housing loans in three years.

The production of 85 000 flats will then be a mix of 44 000 public housing units and 41 000 private housing units. Under the new policy, land reserved for HOS will be offered for sale to private developers and housing loans will be provided to replace HOS flats. One cannot but wonder if the Government is trying to force the public to buy private flats. We hold that the Authority should utilize the lands saved from the reduction of HOS flats for PRH. It should also adhere to the policy of an annual production of 50 000 public housing units so that the waiting time for PRH will be shortened.

We also request the Authority to freeze the rents for PRH of which a 10% to 23% increase was proposed at the end of the year. Though Hong Kong's economy shows slight improvements recently and 4.5% economic growth is recorded for the third quarter, the unemployment rate is still high and the socio-economic situation is yet to be improved.

The HA should help relieve the financial burdens of the PRH tenants in these days of hard times. We strongly demand that the Authority should stick to the policy of an annual production of 50 000 public housing units and should continue to freeze rents.

FUNG Choi-yuk
Chairman of the Housing Policy Committee

(Translation)

The Federation of H.K., Kln., and N.T. Public Housing Estates Resident and Shopowner Organization

Ms Rosanna WONG
Chairman
Hong Kong Housing Authority

27 January 2000

Dear Madam,

Demand for freezing PRH rents and object to the reduction of supply of public housing

We petitioned the Authority last May to freeze the rents of PRH for three years in order to relieve burdens of the grass-roots. We are strongly opposed to any increase of PRH rents in the light of the economic downturn and high unemployment rate. Any increase in rents would add to the burden of PRH tenants.

The economy of Hong Kong has shown slight improvement in 2000. However, the living of the grass-roots has not improved. We are still confronted with problems like closing down of business, unemployment, redundancy, and reduction and freezing of wages. Recently, the Government has announced that the unemployment rate is 6.1%, that is about 220 000 persons are unemployed. The Housing Society has just decided to freeze the rents of its estates because of a decrease in the rent level of private properties and the costs of estate management. Thirty-three thousand households have benefited.

We consider that the Authority with a surplus of \$22.6 billion should not take the lead to increase rents. It should help relieve the burden of the public by freezing rents.

The Housing Bureau announced that it planned to replace 6 000 HOS flats with housing loans from 2003/2004 onwards. We believe that only adequate supply of public housing can prevent the soaring up and fluctuation of private property prices. Reduction of production of HOS flats and increase of housing loans will only “push up” the property market. With additional supply of land, private developers surely will lower the bidding price. They may not start work on the sites immediately after they have acquired them. They may also hold up the sale of the flats until prices are high enough.

We suggested that the land made available from reduction of HOS flats should be used for PRH flats. An annual production of 50 000 PRH flats will thereby be ensured to fulfill the housing need of the public and shorten the waiting time for PRH.

We strongly urge the HA:

1. to continue to freeze the PRH rents; and
2. not to reduce the supply of public housing.

WONG Kwun
Chairman of the Federation of HK, Kln and
N.T. Public Housing Estates Resident and
Shopowner Organization

(Translation)

The Alliance of Housing Department Staff Unions

Convenor : LAM Man-cheuk c/o Wah Ming Estate Office, Fanling
Telephone : 2677 2002 Fax : 2677 9009

Mr Tony Miller, Director of Housing
Hong Kong Special Administration Region of
The People's Republic of China

27 January 2000

Recently, the Department has held a series of briefings on the Phased Transfer of EMM Services and the Voluntary Departure Scheme and this causes great anxieties to those staff who wish to stay in the Department.

The SAR Government and the Housing Authority (HA) have emphasized in the publicity that PST will be based on the arrangements under the Voluntary Departure Scheme. However, the scope of service transfer for the first two years has been decided while the PST programme has not taken into account the number and types of staff opting for voluntary departure. This clearly shows that the SAR Government and HA have no sincerity at all to achieve greater PSI gradually by way of voluntary departure. They aim to disguise their motive to use forced redundancy as the last resort and, in particular, to mislead civil servants of other departments. Moreover, the Secretary for Housing Mr Dominic WONG and the Chairman of the HA Task Force Mr CHAN Bing-woon also threatened to use forced redundancy as the last resort. We are very angry and anxious about this.

To reassure staff opting to stay and let them continue to provide quality service to the public, the Alliance of Housing Department Staff Unions strongly requests the SAR Government to guarantee in writing that staff opting to stay can continue to work in the government until retirement. The Alliance considers that it is the right of HD staff and permanent and pensionable civil servants to work in the Government until retirement. Given the annual production of a large number of flats, there will be adequate workload for staff. We cannot see why HA should not guarantee continual employment of staff. As Head of the Department, the Director of Housing should understand how the 9 200 staff feel about the new policy and secure a stable working environment for those who opt to stay. We strongly demand that the Director, on behalf of staff and the SAR Government (as a responsible government), urge HA in its meeting today to act as a responsible "board of directors". HA should decide on the scale and pace of greater PSI having regard to the actual subscription to voluntary departure and natural wastage of staff. Most of the staff are being upset. We hope that the Director will, on behalf of HD staff, request the Government to guarantee by letter not to implement forced redundancy. The Alliance believes that the success of such request hinges very

much on your sentiments, commitment and attitude towards your staff.

LAM Man-cheuk
Convenor of the Alliance of Housing Department Staff Unions

c.c. The Secretary for Civil Service, Mr LAM Woon-kwong
The Secretary for Housing, Mr Dominic WONG
The Chairman and all Members of the Housing Authority

(Translation)

HOUSING DEPARTMENT ESTATE ARTISAN GRADE ASSOCIATION

Mr J A MILLER
Director of Housing

26 January 2000

Dear Sir,

We have heard from many members of our association and the media that the privatization/corporatization of the HD, which has sped up the outsourcing of EMM service, and the sale of estates have caused anxiety among staff who have been worried about losing their jobs and have no confidence in their future. Though the Department puts forward the Voluntary Departure Scheme, it does not give any reassurance to the staff that they can stay in the Department. This has further undermined the confidence of the staff.

Reportedly, a Government official said forced redundancy would be the last resort if the Department faced the problem of staff surplus that could not be resolved.

We, therefore, ask you to relieve our anxieties and strengthen our confidence by giving us an assurance that those who choose to stay will not be made redundant.

KWOK Yiu-wah
Chairman of the HD Estate Artisan Grade Association

c.c. Secretary for Civil Service

(Translation)

HONG KONG CHINESE CIVIL SERVANTS' ASSOCIATION

Our Ref.: (79) in 2/7/CCSA (XI)

URGENT

Ms Rosanna WONG, the Chairman, and all Members of the Housing Authority
Hong Kong Housing Authority
33 Fat Kwong Street
Kowloon

27 January 2000

Dear Sirs/Madams,

In view of the possible aggravation of the tense staff relations in the Housing Department, we hereby urge you all to pay immediate attention to the following:

- ◆ Privatization of EMM services of the Housing Department, which represents a major change of HA policy, must not threaten the job security of the staff. We are opposed to any forced redundancy of HD staff. The Authority should take all possible actions (including natural wastage) to give the HD staff peace of mind so that they may continue to provide normal and efficient service to the PRH tenants.
- ◆ Strictly adhere to the principle of voluntary choice when implementing the Voluntary Departure Scheme.

It is hoped that you would seriously consider the matter and make an early announcement.

SO Chiu-kuen
Chairman of the HK Chinese Civil Servants' Association

c.c. Secretary for Housing
Director of Housing

Secretary for Civil Service
Alliance of Housing Department Staff Unions

(Translation)

HONG KONG PEOPLE'S COUNCIL ON HOUSING POLICY

Response to the Housing Authority's Consultative Document on Housing Quality

40 recommendations for improvement have been made in the consultative document on housing quality just issued by the Housing Authority (HA). We are highly appreciative of HA's efforts and commitment to implement reform on housing quality, which are much different from the way it did in the past. We also welcome the implementation of these improvement initiatives.

HA should assume responsibilities

Since the outbreak of the short pile scandal of Tin Chung Court, Tin Shui Wai, this Council has held the view that HA, as an important monitoring authority, should assume full responsibilities for and bear all the consequences of this incident. Apart from making reasonable compensations to those prospective HOS owners affected by the short piles, HA should also be held accountable to the public for its negligence in monitoring. The highest policymaker of the Department should therefore tender his resignation.

Efforts should be made to improve the monitoring mechanism

The significant increase of housing production in recent years should not be used as an excuse for the problems found in the existing monitoring mechanism. It only brings out the weaknesses of the unsound monitoring mechanism of the Housing Department. We believe that the 40 recommendations just announced by HA were formulated after in-depth and extensive review and the public will not query HA's contribution in this respect. However, most of these initiatives, which aim to change the malpractice of the construction industry, will not be implemented as easily as it is perceived. It is also impossible and beyond the Department's ability to rectify these deeply rooted problems in the industry overnight. The Department should therefore make an effort to reform its monitoring mechanism. This is the only practical and effective way to go.

Recommendations

HA's improvement initiatives only emphasis a technical and 'hardware' reform of housing construction. There are not adequate measures to safeguard the interests of HOS buyers. Only two out of these recommendations offer protection to the home buyers: 1) 10-year structural guarantee for all HOS flats; and 2) extension of defect liability period to 2 years for new flats. We consider that such initiatives cannot fully regain the confidence of the community. This is well demonstrated by the record low of HOS over-subscription rate in 14 years. While we will not comment on the effectiveness of the initiatives for the time being, we would like to point out that HA should propose a solution to the following: What protection and compensation can be offered to HOS buyers or owners in case problems are still found in HOS flats? The confidence of the community can only be regained if HA is willing to bear buyers' interests in mind.

Meeting of the Housing Authority held on 27 January 2000
Speaking Notes by the Hon Rosanna WONG,
Chairman of the Housing Authority

Assuming responsibility and conducting thorough investigation

Dear Members,

I fully appreciate the community's concern over the recent incidents related to the quality of public housing and the pressure brought to bear on you. I would like to take this opportunity to express my views on the matter and elaborate the follow-up actions to be taken.

First of all, I would like to reiterate that it is incumbent on the Housing Authority (HA) to provide safe and suitable accommodation for the public. Structural safety and the interests of residents will always be on the top of our agenda. As a responsible and highly transparent public organisation, HA will never dodge problems and cover things up. We are totally committed to solving any problem identified. We will give you a detailed account if quality problem is found in any housing project.

To ensure that all the piling works underway meet the expected safety standard, the Housing Department (HD) has been working with an independent consultant to speedily re-check the piling works of 106 uncompleted sites through site investigation and checking of works records. It is expected that the re-checking work will be completed in early March and the results will then be made known to the public. I hope that the community's concern over the foundation safety of public housing will be addressed upon completion of the inspection. I fully understand that there might still be conjectures and anxieties before the results are available. HD will therefore complete the re-checking as soon as possible to clear the air.

The discovery of short piles at the HD's development at Area 14B in Yuen Chau Kok Shatin comes as a shock both in terms of magnitude and gravity. We will not tolerate any unruly elements who deliberately commit an offence without any regard for public safety. HD is currently carrying out coring test to all the piles and finalizing its assessment on the seriousness of the case. I can assure you that building safety and the interests of residents will be our main concerns in considering any follow-up actions. We do not rule out the possibility of pulling down the blocks in question when sufficient evidence is gathered. HD will come to a final decision by early March and details will then be made known to Members and the public.

The faulty piling work may not only be hazardous to the structural safety of the blocks in question, but also incur great financial losses in many respects. We are outraged by such a serious and organized irregularity and have to give it our severest reprimand. I have already proposed an immediate ban on the contractors concerned from other HA's projects. Upon completion of a full investigation, the parties involved will be subject to heavy penalty depending on their degrees of

involvement and liability. For the contractors, 'permanent ban' from HA's future works is one of the possible penalties. We shall not only claim for all the damages but also look into the criminal liability involved.

It is extremely regrettable that HD staff are implicated in the suspected corruption case and that the HD's monitoring mechanism failed to check the malpractice. The Authority have to draw a lesson from it and carry out an overall reform of the HD itself as well as every part of the housing production process. At this critical moment in particular, we can decline no responsibility but go all out to find out the crux of the problem, look for solutions and make a clean breast of it.

To draw a lesson from the Yuen Chau Kok Incident, I suggest the Authority to immediately set up an independent investigation panel. To ensure its independence, the panel will be composed of non-HA/HD members. It will conduct an in-depth investigation as soon as possible to find out the causes of the problem and the areas of responsibility. It is expected that the panel will complete its investigation within 3 months and submit its report to the Authority. I shall then submit, in the capacity as the Chairman of the Authority, the report together with the investigation report for the site concerned to the Chief Executive and the Legislative Council, and explain to the public the whole story of the incident. Should any HD staff, irrespective of their rank, be found having neglected their duties, the cases will all be handed over to the Civil Service Bureau for full investigation and disciplinary action.

Many people have queried why we have not arranged an immediate demolition of the two blocks in question. I share your wish for a speedy settlement of the incident, with those involved brought to justice. To gather sufficient evidence to shed light on where the problem lies and who to hold accountable so that those involved will have no excuse for shirking responsibility, we shall carry out comprehensive coring tests to all the remaining piles. As the case might involve extensive litigation and stupendous sums of damages, we should on no account act rashly. However, I can assure you that once full evidence has been obtained, we shall take immediate and decisive actions to safeguard public interests.

Over the past few weeks, Members have stuck to their guns without flinching in face of much public criticism. Criticism is hard to swallow, but it is the driver for change. I am deeply indebted to you for the solidarity you show and the trust you have in the Authority. Your unflinching support has made us all the more determined to press on with the reforms.

We have just finished a comprehensive review on the public housing production process, and incorporated a 4-pronged reform strategy with forty major recommendations into a consultative document entitled "Quality Housing : Partnering for Change". Subject to Members' endorsement of the said document today, we shall proceed to consult the construction industry and the public before finalizing the recommendations.

We must apply the right solutions to any problems found. In addition to addressing immediate issues, we shall have to prepare fully for uplifting building quality in the long term. To make the consultation exercise a real success and given the need for working out the details of implementing the recommendations, I propose that a task force be set up to follow through the consultation process and draw up a specific time-table for implementation of the proposed measures. This will ensure that each recommendation is carried through consistently and that the public will have

a clear picture of the progress made and the effectiveness of the measures taken.

Lastly, supervision by the HD is an extremely important aspect targeted by our reforms. While the consultation is underway, we shall appoint an independent consultant to examine fully the housing production line of the HD, including such areas as supervision, accountability and efficiency, and to explore ways and means of improvement. The purpose is to ensure that our executive arm is healthy and highly efficient.

To Members and the community alike, I wish to reiterate HA's resolute determination to enhance the quality of public housing. When problems are identified, we are the wearer who knows where the shoe pinches. At the same time, we feel duty-bound more than anyone else to address the problems. 'Repent what is past, avoid what is to come', as the saying goes. We hope the introduction of reforms would be a turning point from which we would assume a more liberal, cool-headed and responsible manner in solving problems, adopt a more practical, resolute and pro-active approach to bring about changes, and reaffirm our continuous commitment to providing quality homes for the people of Hong Kong.