

**(Translation)**

Paper No. HA 17/2000

**Minutes of the Open Meeting of the HONG KONG HOUSING AUTHORITY held on  
Thursday, 27 January 2000**

**PRESENT**

Dr the Hon Rosanna WONG Yick-ming, JP (Chairman)  
Mr J A MILLER, JP (Director of Housing) (Vice-chairman)  
Hon LEE Wing-tat  
Mr Daniel LAM Chun, JP  
Mr YEUNG Ka-sing, JP  
Mr Anthony WONG Luen-kin, JP  
Mr Eddy FONG Ching, JP  
Mr Raymond CHOW Wai-kam, JP  
Ms SIU Yuen-sheung, JP  
Mr Walter CHAN Kar-lok, JP  
Dr Anthony CHEUNG Bing-leung, JP  
Mr WAN Man-ye, JP  
Mr CHAN Bing-woon, SBS, JP  
Dr LAU Kwok-yu, JP  
Mr Peter WONG Hong-yuen, GBS, JP  
Hon CHENG Kai-nam, JP  
Hon NG Leung-sing  
Mr WONG Kwun  
Professor Richard WONG Yue-chim, SBS  
Mr Philip Trevor NUNN  
Hon CHUNG Shui-ming, JP  
Mr Michael CHOI Ngai-min  
Mr Alex CHOY Kan-pui, BBS, JP  
Hon HO Sai-chu, SBS, JP  
Mr IP Kwok-him, JP  
Mr George NG Sze fuk, BBS, JP  
Miss Elaine CHUNG Lai-kok, JP (Secretary for Housing) (Acting)  
Miss Jennifer MAK Yee-ming, JP (Director Corporate Services) (Secretary of the Authority)

**ABSENT WITH APOLOGIES**

Dr Joseph CHOW Ming-kuen, JP  
Mr NG Shui-lai, JP  
Ms Iris TAM Siu-ying

Miss Denise YUE, JP  
Mr R D POPE, JP

(Secretary for the Treasury)  
(Director of Lands)

**IN ATTENDANCE**

Mr Marco M H WU, JP	(Deputy Director/Management)
Mr R A BATES, JP	(Deputy Director/Works)
Mr T C YUEN, JP	(Business Director/Development)
Mr R J AVON, JP	(Finance Director)
Mr Vincent W S TONG, JP	(Business Director Management) (Acting)
Mr K H LAU, JP	(Business Director/Allocation & Marketing) (Acting)
Mr Joseph K C LEE	(Business Director/Commercial and Business Development) (Acting)
Mr A R WELLS, JP	(Deputy Secretary for Housing/2)
Miss Sandy CHAN	(Principal Assistant Secretary for Housing/2)
Mr H T FUNG	(Assistant Director/Management 3)
Mr Simon P S LEE	(Assistant Director/Legal Advice)
Mr David S C LEE	(Project Director/West)
Mrs Doris MA	(Project Director/Special Duties)
Mr Y K CHENG	(Assistant Director/Applications and Home Ownership)
Mr Andrew LAI	(Head of Corporate Strategy Unit)
Mr K N CHEUNG	(Assistant Director/Operations and Redevelopment) (Acting)
Mr S K KWOK	(Assistant Director/Management 1) (Acting)
Mr WONG Bay	(Assistant Director/Management 2) (Acting)
Mr Albert K W LEE	(Assistant Director/Business) (Acting)
Mrs Winifred CHUNG	(Assistant Director/Administration)
Ms Ada Y S FUNG	(Assistant Director/Tenants Purchase Scheme) (Acting)
Mr S C LAM	(Chief Structural Engineer/3) (Acting)
Mr Albert P W LI	(Principal Executive Officer/Business Development)
Ms Cindy K K SHIH	(Chief Finance Manager/Financial Management & Systems)
Ms Angelina Y Y KWAN	(Senior Administrative Officer/Policy)
Mrs Elise K Y WONG	(Senior Strategic Manager/Co-ordination)
Mrs Katherine YAU	(Chief Publicity Officer/Corporate & Community Relations)
Mr Lawrence Y L CHOW	(Committees' Secretary) ( <b>Meeting Secretary</b> )
Mr Emil Y S HUI	(Assistant Committees' Secretary/5) ( <b>Assistant Meeting Secretary</b> )

**Opening Address**

**The Chairman** opened the meeting at 8:45a.m. and welcomed Members to the meeting. She informed Members that the proceedings of the meeting were broadcast to the Lecture Hall and Staff Club for departmental staff's viewing.

**Congratulations and acknowledgement**

2. The Chairman shared with Members the following good news and extended her congratulations to the parties concerned:

- Ms SIU Yuen-sheung, Mr CHAN Bing-woon, Mr Alex CHOY Kan-pui, Mr IP Kwok-him and Mr George NG Sze-fuk were elected District Board members; Mr George NG

Sze-fuk was elected the Chairman of Sai Kung District Board;

- The Housing Authority (HA) was one of the award winners of the Outstanding Planning Award issued by the Hong Kong Institute of Planners to mark its 20th Anniversary. The Award aimed to recognize the achievements of those organizations which contributed greatly to the city planning and development of Hong Kong;
- The HA's territory-wide Clean Neighbourhood Campaign won an Honorable Mention under the Best Community Relations Campaign category of the 1999 Asian PR Award;
- Three staff members of the Housing Department (HD) were selected as winners of the service-wide Customer Service Award Scheme organized by the Civil Service Bureau in 1999 to reward those civil servants who excelled in providing quality customer service.

The Chairman also thanked Members and staff for the success of the Housing Conference on "Better Homes in the New Millennium" held by HA on 24 and 25 November last year.

### Written Representations

3. The Committee received written representations from the following bodies before the meeting:
1. New Territories Association of Societies (Annex I)
  2. The Federation of H.K., Kln and N.T. Public Housing Estate Resident and Shopowner Organization (Annex II)
  3. Alliance of Housing Department Staff Unions (Annex III)
  4. Housing Department Estate Artisan Grade Association (Annex IV)
  5. Hong Kong Chinese Civil Servants' Association (Annex V)
  6. Hong Kong People's Council on Housing Policy (Annex VI)

The above written representations were tabled at the meeting for Members' reference.

### AGENDA ITEM 1

#### Confirmation of the minutes of the open meeting held on 7 October 1999

(Paper No. HA 70/99)

4. The minutes of the open meeting held on 7 October 1999 were confirmed and signed.

### AGENDA ITEM 2

#### Matters Arising from the minutes of the previous meeting held on 7 October 1999

(Paper No. HA 5/2000)

5. Members noted the Paper No 5/2000 submitted by the Department.

**AGENDA ITEM 3****Housing Authority Corporate Plan 2000/2001**

(Paper No. HA 10/2000)

6. **Mr Andrew LAI** presented the paper.
7. **Mr LEE Wing-tat** said that the PRH allocation quota of 20 000 for the next year only represented a slight increase over last year. As the waiting time for PRH had been the major concern to the HA and the public, he asked if the quota could be increased so as to shorten the waiting time. **Mr Peter WONG Hong-yuen** pointed out that none of the initiatives set out in the proposed Corporate Plan served to enhance environmental awareness except the use of HK-BEAM (Residential) to assess housing projects. Citing staff's consumption of paper as an example, he said the target for 1999/2000 was the same as that for 2000/2001. As regards the collection of domestic waste paper from PRH estates, the target for next year was only 21 kg from each household, just the load of newspapers for 7 weeks. He hoped that the HA would direct greater efforts to make improvement.
8. **Dr LAU Kwok-yu** said that next year would see a period of peak activities for public housing production, allocation of HOS flats, and the redevelopment and rehousing programmes. He asked if HD had adequate manpower to cope with the workload. It was stated in page 27 of the paper that the management of 31 newly completed rental housing estates and HOS courts and 33 shopping centres would be outsourced. He asked if this was included in the proposed PSI in EMM Services. He suggested that the paper should indicate the number of flats apart from the number of estates for Members' easy reference. Referring to the outsourcing of management work mentioned in page 45 of the paper, he said it should also include the management of 15 HOS courts and 4 BRO estates. Furthermore, the management fees stated in item 5 of page 44 of the paper should be broken down into property management fee and tenancy management fee to give a clearer picture to the public.
9. **Mr Andrew LAI** said that the allocation of 20 000 rental flats was only the lower target. The actual allocation quota would be decided by the Rental Housing Committee (RHC). Given that more PRH would be coming on stream next year, the quota might be increased so as to reduce the average waiting time to 5 years. In the area of environmental protection, the HA had endorsed an environmental strategy framework and promised to report to Members on the environmental initiatives and their effectiveness every year. **Mr LAI** agreed that next year would see a peak of public housing allocation and management activities. To cope with the workload, Business Directors had carefully worked out plans to allow flexible deployment of manpower and outsourcing of some of the work process. **Mr LAU Kai-hung** added that more front-line staff had been deployed as appropriate and computer systems had been acquired for greater efficiency over the past few years to cope with the ever increasing workload in the marketing and allocation of public housing.

10. Referring to the outsourcing of the management of the PRH estates, HOS courts and shopping centres mentioned in page 27 of the paper, **The Chairman** said they were all newly completed developments and were therefore not included in the PSI Programme. In response to Dr LAU's suggestions on improving the presentation of the paper, **Mr Andrew LAI** said that consideration would be given to incorporating the relevant data in the Corporate Plan. However, it was more appropriate to explain the details of the individual performance indicators in the relevant business plans.

11. **Dr Anthony CHEUNG Bing-leung** commented that the HA should continue to act as a housing provider whilst assuming the role of a facilitator. According to the estimates provided in the paper, the operating surplus of commercial properties would be able to offset the operating deficit of rental housing after 2001/2002. He asked if it meant that the financial position of the HA would become stable. **Mr IP Kwok-him** noted that all 11 THAs and 2 cottage areas would be cleared in 2000/01. He wished to know the detailed arrangements for the clearance of these 2 cottage areas. **Ms SIU Yuen-sheung** said that the Corporate Plan was visionary and innovative. She agreed that the enhancement of housing quality should be put on top of the agenda. As for the formation of Owners' Corporations (OCs) at HOS courts, she hoped that the Department should coordinate its efforts with other government departments and provide appropriate training for owners to enhance the management standard of HOS courts.

12. **Mr Andrew LAI** said that the HA would still be a housing provider but its role as a facilitator would be gradually enhanced. Referring to the prospect that the operating surplus of commercial properties would offset the deficit of rental housing, he said that the rental income from commercial properties were subject to factors like economic conditions and rental levels. It was desirable to maintain a prudent approach to financial management. In response to Mr IP Kwok-him's enquiry, **Mr LAI** pointed out that there was already a plan to clear the cottage areas in Tung Tau and Fo Tan by April 2001. The remaining 3 cottage areas would also be cleared in the next financial year. **Mr LAI** agreed that assistance should be provided to owners in the formation of OCs. In this connection, the HD would liaise with the Home Affairs Department to proceed with the work.

13. **Mr George NG Sze-fuk** asked if the 10 000 parking spaces under planning included the goods vehicle spaces. **Mr WONG Kwun** pointed out that the waiting time for PRH for singletons should also be shortened in keeping with the rational allocation of PRH resources. He considered it unfair that PRH tenants were required to vacate within one month after the purchase of HOS flats or the purchase of private flats with HPLS loans. According to the mid-year review, only 41% of the PRH tenants could meet this requirement. Those who failed to do so were required to pay three-time rents. He said that this requirement was too harsh to tenants as it now took the Department 57 days to refurbish a PRH flat. He hoped that the Committee concerned would review the policy.

14. **Mr Andrew LAI** explained that the 10 000 parking spaces to be provided next year included goods vehicle spaces. He said the waiting time for singletons had always been a matter of concern to the HA. The Strategic Planning Committee (SPC) had endorsed the conversion of some larger PRH flats to provide an additional stock of 6 000 small flats for allocation to singletons. In planning the production of new PRH, flat-size mix would be considered carefully to provide an appropriate number of flats as far as possible to shorten the waiting time for singletons. The arrangement for the surrendering of PRH flats within one month was introduced because it was found that some PRH tenants had taken advantage of the relaxed approach in the past to enjoy double housing benefits for a long time. He opined that the policy and implementation details could be further deliberated at the RHC.

BD/M

15. With objection raised by Mr Peter WONG Hong-yuen, Members **endorsed** the Housing Authority Corporate Plan 2000/2001.

#### **AGENDA ITEM 4**

#### **Housing Authority's Revised Budgets 1999/2000, Proposed Budgets 2000/2001 and Financial Forecasts 2001/2002 to 2003/2004**

(Paper No. HA 6/2000)

16. With the aid of a series of computer slides, **Mr Roger AVON** presented HA's budgets and the financial forecasts.

17. **Mr Eddy FONG** thanked Mr Roger AVON and his team for their efforts in preparing the budgets and the financial forecast. He informed Members that the Finance Committee, at its meeting on 13 January 2000, had examined the budgets in detail and had endorsed the proposals. As the Chairman of the Finance Committee, he would recommend the support and approval of the budgets by all HA Members. He remarked that the preparation of budgets was an enormous task that only policies approved by HA as at July 1999 and were still valid could be included in the financial estimates. New policies approved after the cut-off date, which could have significant financial impacts on the budgets, including those considered in the current HA meeting, were therefore not incorporated in the budget paper.

18. He said that after the budget proposals had been publicised, there was considerable community concern. He would like to take this opportunity to respond to some of the major issues raised -

- Rental housing rent increase – the budgets included an assumption of 10.9% adjustment in 3 years to reduce the deficit in the public rental housing business. The implementation would require the careful deliberation and approval by the Rental Housing Committee (RHC). He would expect RHC Members to strike a balance between HA's financial stability and the need to relieve tenants' financial difficulties;

- Phased Service Transfer (PST) – the greater Public Sector Involvement proposals included a release package that would have considerable financial impacts on HA. This was not yet included in the current budget paper. He understood that the objectives for PST were for cost-effectiveness and Enhanced Productivity Programme (EPP). As the paper on PST pointed out, there would be a review in two years' time in the light of the responses from both the staff and the market;
- Improving HOS building quality – it would be an over-simplification that HA could improve its building quality by paying a higher cost. The real causes for the public housing quality problems had yet to be ascertained. They might be the problems associated with subcontracting, lack of supervision, shoddy work or even fraud. The cost paid had not achieved the quality anticipated. While HA would improve its site supervision, it would need the construction industry's cooperation in exercising self-discipline, and promoting integrity and a corruption-free culture. Then HA might not need to pay a higher cost to achieve a better quality in housing;
- Increasing HPLS quota and reducing HOS construction – Members were concerned about this recent proposal by the Housing Bureau, under which HA's HOS income would decrease and HPLS payment would increase. This proposal would have a negative impact on HA's financial position. He considered it fortunate that by its implementation in 2003/04, HA would have passed the peak of its HOS construction with an estimated cash balance of \$60 billion. HA would have sufficient resources to implement the new policy. He considered the major issue at hand was the public's concern over the quality of public housing. If the public lost confidence over HOS, HA's income in the future would be affected and this would complicate the policy implementation.

19. **Mr FONG** reiterated that the possible financial impacts of the four issues discussed were not included in the budget. The Department had undertaken to conduct a review after 6 months during the mid-year revised budget exercise.

20. **The Chairman** thanked Mr Eddy FONG and all FC Members for their thorough examination of the budget proposals.

21. **Mr NG Leung-sing** said that Mr FONG had addressed his concern over the possible financial impacts from improving building quality. He opined that if it was really necessary to pay more to achieve a higher building quality and better safety, he would certainly support the proposal. On the other hand, he expressed concern on whether HA would be able to recover all the financial losses from those fraudulent contractors.

22. Referring to Section 4.1 on page 32 of the Annex, **Dr Anthony CHEUNG Ping-leung** opined that HA's financial position, with an estimated total cash balance of \$ 15 bn and operating surplus of \$ 46 bn by 2003/04, would still be very strong even if all the five adverse factors had materialised.

23. **Dr LAU Kwok-yu** shared Dr Anthony CHEUNG's view on the HA's strong financial position throughout the forecast period. He requested the Department to clarify the comparison figures between HA and the Government at para. 4 of the paper, by defining clearly the distinction between 'public sector expenditure' and 'government finance'. He also expressed concern that according to para. 38 (c), the Secretary for the Treasury had issued instructions to revert to 2% supervision fees payment instead of full cost recovery by HA.

24. Referring to the Commercial Operating Account on page 3 of the Annex, **Mr Raymond CHOW** compared the expenditure, income and operating surplus figures in the revised budget 1999/2000 with those in the proposed budget 2000/01 and noted that the ratio of expenditure to income increased from 42% to 44%. He would like to know the measures by the Department to control the operating cost.

25. **Mr Walter CHAN** shared Dr LAU's concern over the Secretary for the Treasury's revised rate to reimburse HA for the supervision fees in the government reimbursement projects, as he understood that there were many schools and community buildings projects in the TPS projects, where HA played the agency role.

26. On the Home Ownership business, he invited the Department to explain the accounting arrangements for HA's financial commitments under the Home Purchase Loan Scheme.

27. Referring to the significant increase of Home Ownership income from \$ 26 bn at the revised budget 1999/2000 to \$ 40 bn at the proposed budget 2000/01 as stated in the Home Ownership Operating Account at Section 1.1.4 of the Annex, **Mr CHAN** requested the Department to confirm whether this increase was attributed to the new policy of reducing the restriction period for the resale of HOS units from 10 to 5 years.

28. **Mr WONG Kwun** considered the financial position of HA very strong and expressed reservation over the proposed rent increase. He suggested HA to consider continual freezing of rents to relieve the financial difficulties of the tenants. He also requested the Department to clarify the Government Non-Reimbursable items as indicated at para. 26 on page 10 of the paper.

29. In response to Members' comments and enquiries, **Mr Roger AVON** stated that the budgets and forecasts presented at the meeting were based on policies as at July 1999 and therefore none of the major items that appeared in the current meeting agenda were included in the budget paper.

30. Referring to the 5 scenarios suggested in Section 4.1 on page 32 of the Annex, **Mr Roger AVON** said that the first three scenarios (increase in construction cost, property prices remaining at current level and no rent increase for public rental housing) were outside HA's full control. The last two (increase in HOS discount rate and increase in HPLS quota) were within HA's control. While he did not expect all the first three scenarios would occur together, he would envisage that HA would consider adjusting the HOS discount rate and the HPLS quota under such circumstances.



31. Referring to para. 4 on the comparison between HA and Government's finances, **Mr Roger AVON** said that the figures for the Government were extracted directly from the Financial Secretary's budget speech. He understood the Capital Works Reserve Fund did not include those public organisations whose finances were not part of the Government budget.

32. Responding to Members' concern on Government Non-Reimbursable (GNR) projects, **Mr Roger AVON** drew Members' attention to Section 1.6.4 of the Annex, which detailed all these projects' budgets. He explained that GNR were those government projects which should be funded by the Government under the 1973 Memorandum of Administrative Arrangements (MAA) between the Government and HA. However, HA had subsequently agreed to fund these site formation projects, mainly in Tseung Kwan O and Tung Chung.

33. On the revised rate of 2% supervision fee, he considered this a question more appropriately to be responded by the Secretary for the Treasury. He informed Members that the HA had been recovering full costs for several years. This issue was being discussed between the Department and the Bureau. FD

34. On the Commercial Operating Account, he explained that level of expenditure not being reduced in direct proportion to income was due to the big increase in depreciation of the newly completed commercial facilities.

35. On the accounting treatment of HPLS, **Mr Roger AVON** explained that loans, being a balance sheet item, would not appear in the Home Ownership Operating Account at Section 1.1.4. He referred Members to the Consolidated Cash Flow figures at Section 2.2, where the net cash payment for the Home Purchase Loan Scheme (HPLS) was shown.

36. He agreed to Mr Walter CHAN's observation that due to the lowering of the restriction period for the resale of HOS units, the alienation premium would increase in the forecast period from \$1.9 bn in 2000/01 to \$ 3.3 bn in 2003/04. The financial implication of this HOS policy had been reflected in the budget forecast.

37. **The Chairman** requested Mr Roger AVON to reflect Members' views to the bureau on the 2% supervision fee, and to follow up the issue in the Finance Committee. FD

38. In response to Dr Anthony CHEUNG Bing-leung's further request for confirmation on HA's healthy financial position even if all the adverse scenarios suggested at Section 4.1 did happen, **Mr Roger AVON** replied in the affirmative.

39. Responding to Mr WONG Kwun's concern over rent increase, **Mr Eddy FONG** said that the assumption had been endorsed by the Rental Housing Committee for the purpose of preparing the budget.

40. **The Chairman** said that any rental increase would be subject to the Median Rent to Income Ratio (MRIR) capping. The issue would be further deliberated by RHC.

41. **Mr YEUNG Ka-sing** remarked that financial forecasts were often not accurate. While he thanked Mr Eddy FONG and his team for the financial forecast, he suggested that it would be more important to revise the forecast from time to time and to take appropriate follow-up actions.

42. **Mr Vincent TONG** supplemented that the improvement in the rental housing operating account budget was attributed to the Department's stringent cost control measures and the assumption for a rent increase. Any proposed rent increase would be subject to MRIR consideration and the statutory limit could not be exceeded. He took the opportunity to reassure Mr WONG Kwun that 10 000 rental housing units, due for rent revision by 1 April 2000, had their rent frozen for a year. The next rent review for 300 000 rental housing units, due at the year end, would be carefully considered by the RHC, which had to balance HA's and the tenants' financial interest carefully.

43. **Mr NG Leung-sing** followed on Mr Raymond CHOW's analysis on cost reduction in the commercial operating account. He opined that there was currently no mechanism to reward civil servants if they could reduce departmental cost. He suggested that the Department might consider incentive schemes to reward staff for cost reduction results, benchmarked against the budget expenditure.

44. **Dr LAU Kwok-yu** expressed his dissatisfaction that Government had not provided any reasons at para. 38 (c) at the budget paper for the change in the reimbursement of supervision fees. He urged the Finance Committee to follow this up. He also suggested that the Department should always quote the source of information and to differentiate government and public sector expenditures.

FD

45. With the above comments and observations, Members **approved** the Revised Budgets for 1999/2000 and Proposed Budgets for 2000/2001, and noted the Financial Forecasts for 2001/2002 to 2003/2004 of the Budgets and Forecasts Proposal in the paper.

## AGENDA ITEM 5

### Alternative Means of Public Housing Assistance

(Paper No. HA 9/2000)

46. **Miss CHUNG Lai-Kwok** and **Mr Andrew LAI** presented the paper. Miss CHUNG explained the reasons and rationale for the policy shift while Mr LAI briefed Members on the recommendations and assessment of the Housing Department.

47. **Mr CHENG Kai-nam** noticed that the paper emphasized provision of certain assisted housing opportunities rather than certain number of flats. He believed that this reflected the adoption of a more flexible approach to encourage home ownership. Though it was stated in the paper that PRH production would not be affected, the Department should further consider utilizing resources saved from the reduction of subsidized home ownership (SHO) flat production for the development of PRH having regard to the Government's commitment to reduce the PRH waiting time to 3 years and the HA's healthy financial position.

48. **Mr NG Leung-sing** remarked that the effectiveness of provision of loans to replace flat production would be subject to the supply and demand of the market and the government's ability to stabilize property price. If property price fluctuated, applicants would not be able to buy flats in private property market even with loans provided and hence the objective of the policy could not be achieved. He opined that the annual progressive reduction of 4 000, 5 000, 6 000 and 6 000 SHO flats provided flexibility for the policy but adjustment should be made anytime after implementation having regard to the prevailing circumstances.

49. **Dr LAU Kwok-yu** pointed out that there was already mechanism built in the HPLS for adjusting both the quota and level of loans according to market demand. The proposal made in the paper was not innovative. The sale of land released from HOS flat reduction to private sector did not mean that private developers would not hoard up flats to boost property prices. He remarked that the progressive reduction of HOS flat production would undermine the flexibility of our housing policies to respond to circumstances. The HPLS, instead of playing the role of regulating the market, would then become market-driven. He therefore voted against the proposal.

50. **Mr Alex CHOY Kan-pui** supported the proposal. He agreed with the proposed annual reduction of HOS flats but opined that it should be reviewed every year so as to fulfil the commitment to satisfy needs of home buyers.

51. **Ms SIU Yuen-sheung** believed that although the proposal emphasized greater choice for the public, HOS flats as one of the options would still be attractive to the public. It was not desirable to conduct a review 4 years after the implementation of the scheme. She suggested that the demand and supply of the market be closely monitored so as to ensure stabilized property prices and a sufficient supply. Only under such circumstances could the public be benefited.

52. **Mr George NG Sze-fuk** believed that flexibility would be the key to success of the proposal and careful consideration should be given to the prevailing market circumstances and demand. He supported the reduction of HOS flat production but said that the quota of loans should not be linked up with the number of flats reduced. He urged the Government to discuss the land supply and financial arrangements with the HA as soon as possible to ensure that the number of beneficiaries would not decrease after the policy shift.

53. **Mr YEUNG Ka-sing** said that partial replacement of HOS flats by loans was a more flexible way in using loans. HOS flats and loans had their own merits and each had their roles to play. Following the implementation of the policy, the HA should further consider how best to utilize the mechanism to help more people to buy suitable homes.

54. **Mr Walter CHAN Kar-lok** informed the meeting that about 40% of Green Form HPLS recipients purchased flats in the HOS Secondary Market. With the TPS Secondary Market coming into operation this year, home buyers would still have a package of choices provided by the HA through various home ownership schemes even if private developers did not provide enough flats due to commercial consideration. He also suggested that the Government should provide a balanced mix of land to the HA having regard to timing and site location in order not to affect the production strategy and income of the HA and the implementation of the loan scheme.

55. **Mr Anthony WONG Luen-kin** said that a gradual and progressive reduction allowed adjustments to be made having regard to the circumstances after the implementation of the scheme. The most important thing was that the HA had the discretion to determine the quotas. As the HA had the capability to build 50 000 flats, he suggested that the HA should consider using the resources saved from SHO flat reduction for PRH production to alleviate the demand for PRH.

56. **Mr WAN Man-ye** expressed full support for the paper as he all along did not agree with the policy to provide HOS flats. He said that many sites on the Government's Reserve List of Sites for Sale by Application failed to attract buyers and businessmen were not that keen on investing in real estate as before. Although private developers had indicated interest in buying land, Members should pay attention to the sale exercise of government land and the market response in the coming year. A review should be conducted if the supply of flats in the market could not cover the SHO flat reduction.

57. **Mr WONG Kwun** objected to the proposal. He queried if the Government was trying to change its commitment made in 1997 of producing 50 000 flats annually. Saying that the loans provided were not sufficient to help home buyers at the time of high property prices before 1997, and that not all the 4 500 HPLS quotas for this financial year were consumed, he wondered if the mere increase of quota could achieve the purpose of benefiting the community. Also, the Government projected in 1997 that the private developers should provide 35 000 flats every year, but the annual average production was only 20 000 flats for the past four years. Taking into account the annual reduction of 6 000 SHO flats, they would have to produce a total of 41 000 flats annually. It did not seem likely that they could meet the target.

58. **Mr LEE Wing-tat** objected to the proposal set out in the paper. He opined that the HA was duty-bound to further shorten the waiting time for PRH. However, while the paper suggested to reduce the production of HOS flats, it made no mention of releasing the land for PRH production. At present, apart from the HPLS, the Home Starter Loan Scheme and other housing schemes also provided loans for applicants. Besides, it was not possible at all for the Government to influence private developers in the annual supply of new flats. He therefore could not imagine how the results suggested in the paper could be achieved after the increase of quota. He was most dissatisfied with the way in which the HB put forward the proposal, saying that it was a distrust of HA Members by the Bureau. He said that since the plan was forward rolling, the HB should not limit the period to 4 years. He hoped that the HB would discuss the implementation details with the HA. He therefore not only objected to the paper, but also expressed regret over the HB's distrust of HA.

59. **Mr HO Sai-chu** supported in principle the proposal set out in the paper. He believed that the proposal would be well-received by the community. He pointed out that there would be changes in social conditions, confidence of the community in public housing or prices of private properties in the two years prior to 2003. He therefore suggested that there was no need to wait till 2003 or after to conduct annual reviews. Instead, close attention should be paid to the changing circumstances in the next two years in order to make strategic changes.

60. **Mr CHOI Ngai-min** supported the spirit of the proposal. He believed that loan provision could offer a wider range of choices and was generally welcomed by the public. He pointed out that HOS flat production, due to the proposed reduction, would naturally be lesser, compared with the present figure. However, there was still an increase over the past 5 years. He understood that some Members wondered if the land released to the private market after the reduction of HOS flat production would be utilized for development purpose. However, private property market was invariably subject to market forces. One should not expect the market to be totally led by the Government. He considered it reasonable to reduce HOS flat production under the present circumstances. In view of the rapid changes of the market, he agreed that the HA should have the flexibility to determine the quota having regard to the market conditions, as suggested in the paper. He agreed with the suggestion of Mr CHENG Kai-nam, Mr Anthony WONG Luen-kin and Mr LEE Wing-tat to use the resources saved from the reduction of HOS flat for PRH production because PRH tenants had limited choices due to financial constraints.

61. **Dr Anthony CHEUNG Bing-leung** did not support the proposal, which he found unpersuasive. In retrospect, he said that the policy announced by the Chief Executive to produce 85 000 flats a year was meant to provide new housing stock and balance property prices through the supply of new flats. Currently, most of the home ownership loans were used for the purchase of second-hand flats. This served to show that loan schemes failed to offer any incentive for the production of new flats. The original purpose of increasing housing supply therefore could not be achieved. He did not agree with the reduction of HOS flat production as there was no evidence to show that the demand for HOS flats decreased sharply. He was also not optimistic about the possibility of increasing provision in the private market to make up for the reduced production of HOS flats.

62. **Professor Richard WONG Yue-chim** said a lot of information showed that it was better for the Government to provide housing subsidies to eligible applicants through financial arrangements than direct housing production. He commented that the subsidy quota and the HOS flat production were two separate issues and should not be mentioned in the same breath. He agreed with the proposed reduction of HOS flat production while the subsidy quota should be increased as far as possible if the market condition and the financial position of HA permitted. He opined that the proposal represented a step forward but more decisive actions could be taken to give clearer signals to the market.

63. **Mr CHUNG Shui-ming** said that reduction of HOS flat production in no way implied that the Government would provide less home ownership subsidies to people in need. As for Members' query about whether the public demand for HOS flats had decreased, he said that the recent market signal was clear enough. He appreciated the worries over soaring property prices after reduction of HOS. However, he considered that the proposed progressive approach was already very pragmatic. He pointed out that stabilizing property prices was an important objective of the SAR Government's housing policy. Longer-term planning and arrangements for land supply could prevent the resurgence of soaring property prices. In the financial aspect, most of the HOS proceeds were owed to the concessionary premium policy of the Government. Reduction of HOS flat production would not bring any financial loss in terms of public money and financial resources. The HA's financial position was strong enough to meet the medium-to-short term demand. He also agreed that the Government should consider, where necessary, whether to transfer part of the land for PRH production in order to ensure that the waiting time for PRH would be shortened to 3 years by 2005.

64. **Mr IP Kwok-him** said that PRH should be the main focus of public housing policy with HOS playing a supplementary role. The HA should ensure that housing resources were allocated for increasing the supply of PRH. As for the promotion of home ownership, various loan schemes should be introduced as the key initiatives. He supported HB's proposal of reducing supply of HOS flats but held that the resources should be transferred to PRH production to increase supply of PRH. Given that HOS still provided the main source of revenue for the HA, he was concerned that the reduced production of HOS flats might lead to a decrease of the HA's revenue which would in turn affect other housing projects and loan schemes. He therefore considered the pace of reducing 4 000 flats in the first year a bit fast.

65. **Mr Peter WONG Hong-yuen** shared Professor Richard WONG Yue-chim's view that the policy did not go far enough. He said that the market mechanism was more effective in adjusting the balance between housing demand and supply. The proposed policy provided the public with more choices. Many people lived far away from where they worked and had to travel on public transport to go on and off work. This is bad for the individuals and the environment. If subsidies could be provided in such a way as to help people live in a place of their choice by swapping, selling or any other means, environmental pollution would be reduced. In this respect, he agreed with the proposal.

66. **The Chairman** said that Mr NG Shui-lai and Ms TAM Siu-ying both gave their written agreement to the proposal.

67. **Mr Andrew LAI** added that the proposal aimed to adjust the proportion of SHO flat production to quotas of loan and would not undermine the commitment towards the needy families. As the production of SHO flats in the next few years would be greater than before and the provision of loans had been well received by the public in the recent years, the Department hoped to give a clear message to the market through gradual and progressive reduction. Besides, the HA could also provide the needy families with wider choices in a more cost-effective way through the rolling programmes and flexible mechanisms of loan provision.

68. **Miss CHUNG Lai-kwok** said that the proposal was moving in the right direction and was one that was made at the right time. In response to Members' concern that the proposal might push up property prices, she said the property market after 97 was entirely different from that before. The efforts of the SAR Government to stabilize property prices had brought some fruitful results and Members needed not worry too much. In replying to Mr LEE Wing-tat's question on the four-year implementation period, she said that this was solely because the lead time for SHO flats was normally four years. She assured Members that the Government would closely monitor the market response and liaise with the HA. Annual review of the proposal would be conducted and the first review would be made next year. The Government would ensure that the production of PRH would not be affected and would work towards reducing the waiting time for PRH to three years by 2005 as pledged by the Chief Executive. As for the suggestion to direct the resources saved from reduction of SHO flats to PRH production, Miss CHUNG pointed out that the purpose of PRH was to provide accommodation to those who could not afford to rent private flats and the total demand for PRH would change with the affordability of the public and the prices of private properties. In the recent two years, the affordability of the public for private properties had reached an unprecedented high level. If the land released from reduction of SHO flats was not allowed to transfer to the private sector, demand would outstrip supply and property prices would soar up. This would in turn undermine the affordability of the public for private properties. So this had to be handled with great caution. She shared Prof WONG's view that the policy should be implemented in a decisive manner. She said the policy would be reviewed after gauging the response of the private developers to the newly available land.

69. **Mr CHENG Kai-nam** commented that though the production of PRH would not be reduced, the Government had not taken into consideration unknown and newly emerged factors that would affect the actual demand, such as the recently revised eligibility criteria of application for PRH for new arrivals and demand arisen from redevelopment by the Urban Renewal Authority in the future.

70. **The Chairman** believed that the policy proposal was very important to the HA. She agreed with Mr LEE Wing-tat that the HB should respect the HA in respect of its participation and decision in the matter. She opined that the policy implementation must proceed with caution and the changes in the market should be closely monitored. This would provide some scope for flexibility in dealing with the matter. As for the supply of PRH flats, the relevant committee should observe whether it would be affected by the implementation of the proposal.

71. Members voted on the proposal of the paper. Mr LAU Kwok-yu, Mr WONG Kwun, Mr LEE Wing-tat and Dr Anthony CHEUNG Bing-leung objected to the proposal. Mr IP Kwok-him supported the principle of the proposal but had reservation about the initial reduction of 4 000 SHO flats. Mr CHENG Kai-nam supported the paper but had reservation about the Government not making any commitment to use resources released from reduction of SHO flats for PRH production. With the above comments, the paper was **carried** by a majority.

**AGENDA ITEM 6****Greater Private Sector Involvement in Housing Authority's Estate Management and Maintenance Services: Implementation Strategy and Implications**

(Paper No. HA 7/2000)

72. **The Chairman** thanked Mr CHAN Bing-woon and the Task Force under his leadership for their hard work over the past 6 months and their timely submission of the Report for Members' consideration. She explained that the Government's endorsement had been obtained for the contribution to be borne by the Government as suggested in the paper. The funding proposals tabled at the meeting for Members's endorsement was related to the HA's contribution. The Committee Secretariat had received written representations from Mr NG Shui-lai and Ms TAM Siu-ying for supporting the proposal.

73. **Mr CHAN Bing-woon** briefly introduced the work of the Task Force. He stressed that the Task Force's study was based on the objectives to safeguard staff interests and to enhance cost-effectiveness and service quality. Members of the Task Force had held a number of meetings with the Department and the relevant parties in the industry to seek extensive consultation. The Task Force concluded that the voluntary departure package and related staffing arrangements recommended by the Department were reasonable.

74. **Mr Joseph LEE** clarified that the date "1st July" in paragraph 5.14 of the Chinese version of the Report attached to the paper should be amended to read "1st September". He presented the paper and asked Members to endorse the recommendations in paragraph 36 of the paper.

75. **The Director of Housing** expressed his sincere gratitude to the Chairman of the Task Force and its members for their concern about the benefits of HD staff. He also thanked Mr Marco WU and the colleagues involved (including representatives of the Alliance of Housing Department Staff Unions) for their tireless efforts in devising such a fair and reasonable release package. Lastly, he thanked all HD staff for having awaited patiently. He said that a considerable number of HA tenants would gradually transform into owners after the implementation of TPS. Staff engaged in the EMM services would inevitably be faced with changes. The proposed package offered a range of choice, a reasonable option period and a certain degree of flexibility to cater for the individual circumstances of staff so that they would find it easier to accept the changes. He considered that the package, which was the culmination of joint efforts of the Department and the Alliance, was best suited to the joint needs of the HA, the customers and staff. Under the phased transfer approach, the package should be able to avoid the eventuality of surplus staff and forced redundancy. He hoped that staff would make the choice best suited to their individual needs.

76. **Mr Anthony WONG Luen-kin** supported the proposal set out in the paper. He opined that the proposal had taken into account staff's right to choose whether to go or stay and the flexibility in implementation. Detailed thought had also been given to the release arrangements, monitoring mechanism and public opinions.

77. **Mr NG Leung-sing** was satisfied with the 3-year option period offered to staff. He considered that the options for staff to transfer to the private sector and to form MBO companies, if implemented progressively, were likely to attract the outgoing staff. He appreciated the Department's pledge to continue the negotiation with the Alliance. However, he was concerned that the discussions would come to no end if progress was not made in the 3-year transition period.

(Mr CHOW Wai-kam left the meeting at this juncture.)

78. **Mr Philip Trevor NUNN** said that reform should be driven to enhance services for the tenants. He was therefore particularly concerned about the tender strategy proposals which was proposed for the appointment of private property management agencies. Regarding the recommendation in paragraph 8.2(f) of the Report that equal weighting would be given to both the technical aspects and the management and maintenance budget, he said that heavier weighting should be given to the technical aspects. He also opined that a separate evaluation system should be put in place to assess the performance of those private companies which had never been engaged in HA projects.

79. **Dr Anthony CHEUNG Bing-leung** was concerned about the Alliance's worries over the possibility of forced redundancy. As a member of the Task Force, he said that the position all along taken by the Task Force was to avoid forced redundancy. He continued to draw Members' attention to the net savings of over \$0.9 billion in 10 years listed in Annex P of the Report, saying that the pensions payable to early retirees had not been deducted. The actual amount should be less than \$0.9 billion after deduction of the pension payment.

80. **Mr Walter CHAN Kar-lok** said that enhancement of service quality was an important concern of the Task Force. He said that not all outsourced projects adopted the same weighting scale. To make the criteria clearer and more uniform, the HA was planning to standardize the criteria applicable to all outsourced work monitored by RHC, HOC and CPC respectively. Besides, a consultant was studying how to streamline the organization of HD to enhance its competitiveness on the one hand and help establish criteria on the other.

81. **Mr WAN Man-ye** opined that to make greater PSI a success, efforts had to be made to ensure an inclusion of more companies on the List of Property Management Agencies in order to provide more choices. In establishing the listing rules, care should therefore be taken to enable more companies to join the bidding exercise. Referring to the assistance provided to staff in forming MBO companies, he considered that staff should be allowed to hold a higher ratio of shareholdings and be given more assistance. MBO companies should be allowed to renew the second contract on concessionary terms upon completion of the first one and be treated the same as other companies only in the third contract. He also suggested that appropriate guidance should be provided to staff during their transfer period to prevent them from getting involved in a conflict of interests situation and safeguard them against groundless accusations.

82. **Mr IP Kwok-him** said that although reform was inevitable, staff's support was needed to take forward the reform without compromising public interests. Concerned about staff's worries over forced redundancy, he opined that staff's right to stay in employment should be secured.

83. **Miss CHUNG Lai-kwok** said that all release packages were linked by a common goal to enhance quality and provide cost-effective service to PRH tenants. She was confident about the successful implementation of the proposed approach and believed that the pace and scope of transfer would be accepted by the private sector.

84. **Mr CHOI Ngai-min** declared interests at the meeting since some subsidiaries of the organization he worked for were engaged in private property management service and would bid for the management contracts of HA properties. He commented that the proposal offered choices to staff and the compensations were reasonable. As affected posts totalled more than 9 000, he considered it necessary to come up with a set of more comprehensive application procedures.

85. **Mr Alex CHOY Kan-pui** agreed that the successful bidders of property management contracts should be required to employ a percentage of HD staff. However, he considered that the 20% was too low. He said that there should be an additional requirement to ensure that the intake of staff would not be focused on a certain rank or job area. Referring to the MBO option, he was concerned that staff might have difficulties with funding. He suggested that the Department should actively offer assistance to staff.

86. **Dr LAU Kwok-yu** said that he agreed with the Report for three reasons. First, the proposal adopted a progressive approach which embodied the essence of phased transfer. Second, the scheme was implemented on a voluntary basis and offered choices to staff. Third, the proposed package was beneficial to all, including the tenants, staff, HA and HD. Referring to the transfer of no less than 25 000 flats and 50 000 flats respectively in the first and second years as described in the Report, he asked if there were upper limits. He worried that the market might not be able to absorb these flats if no upper limits were set. He also asked about the detailed timeframe of the review to be conducted after the initial two years. He agreed with the comment of Mr Walter CHAN Kar-lok and Mr Philip Trevor NUNN that standardized criteria should be established for the selection of tenders. As for estate management, he hoped that both new and older estates would be allocated to MBO companies and private management agencies to allow opportunities for competition.

87. **Mr WONG Kwun** agreed that the figures in respect of the voluntary departure package and phased transfer were appropriate. He said that forced redundancy would only dampen staff's morale and should be avoided by all means. He hoped that the HA would retain a certain percentage of properties for HD's management to further facilitate a real comparison with the private property management agencies.

88. **Ms SIU Yuen-sheung** agreed with the delegation of authority to the Director of Housing to finalize the listing rules and shared Dr LAU's concern about the consistency of

standard. She opined that service quality should be taken into account while encouraging more service providers to register on the list.

89. **Mr YEUNG Ka-sing** considered that the present review on the reallocation of manpower resources was an appropriate and necessary task of HA. The package proposed in the paper was also reasonable. The most important point about the package was that staff could make a voluntary option having regard to their own needs.

90. **Mr George NG Sze-fuk** believed that the proposed package would contribute to a steady transition so that the administrative and staffing arrangements would not be subject to any unacceptable risks. He considered the proposed compensation terms reasonable. The package not only offered due compensation to the affected staff but also met their need to make a living by providing opportunities for them to start up business. The proposed monitoring system was an objective, impartial and transparent one from which tenants could benefit.

(Mr YEUNG Ka-sing left the meeting at this juncture.)

91. **Mr Joseph LEE** pointed out that the monitoring mechanism proposed in the Task Force's report featured a four-tier structure. It was a stringent system mainly led by the tenants. As for the weighting of technical aspects and management and maintenance budget in tender evaluation, different combinations might be considered. The matter would be deliberated again in the Department's review or the meetings of relevant Committees. As regards the MBO option, the Department and the Task Force had totally agreed that assistance should be provided to MBO companies as far as practicable. In fact, MBO companies could secure the first contract on concessionary terms. The Department would then encourage and assist them to register on the list to gain an equal footing with other property services companies. Like Mr WAN Man-ye, he hoped that staff would make efforts to register on the list. For the Sixth Option, despite the Alliance's refusal to negotiate for the time being, the Department would continue to hear their views and study the option with a view to developing a cost-effective management model. Regarding Dr LAU Kwok-yu's enquiry about the timeframe of the review, it was clearly stated in the paper that it would not be later than the end of 2001. The paper did not set any upper limits on the flats to be transferred. The rate of transfer would depend on staff's response to the release package and the market capacity to take on the outsourced work.

92. **The Chairman** said that the proposed scheme was a milestone which marked an important step in the management functions of the HA.

93. With the above comments, Members endorsed the proposal in paragraph 36 of the paper.

## **AGENDA ITEM 7**

### **Enhancing Public Housing Quality**

(Paper No.: HA 8/2000)

94. The **Chairman** addressed the recent incidents related to the quality of public housing and briefed Members on the stand of the HA and the follow-up work of the HD. The speaking notes by the Chairman is at Annex 7.

95. The **Director of Housing** agreed with the Chairman's remarks and, on behalf of all HD staff, pledged full support for the measures proposed by her. He said that concerted efforts would be made with the parties concerned to conduct a thorough investigation into the matter and severe punishment would be imposed on the culprits. He thanked Members of HA and the Building Committee (BC) for their support and pledged commitment to reform in a bid to enhance building quality.

96. **Mr Andrew LAI** presented the paper and asked Members to endorse the publication of the consultation document entitled "Quality Housing - Partnering for Change".

97. **The Chairman** conveyed the views of those Members absent from the meeting: Mr NG Shui-lai agreed to publishing the document for consultation and hoped that HA would encourage more residents' groups to express their views; Ms TAM Siu-ying supported the document and considered it necessary to allow ample time for the recommendations to be implemented; Mr Raymond CHOW Wai-kam also supported the publication of the document for consultation and called on the Department to pay special attention to the monitoring process during construction. Mr YEUNG Ka-sing attributed the construction problems to the deterioration of integrity and agreed to publishing the document for consultation.

98. **Mr CHAN Bing-woon** said that the document demonstrated HA's determination to adopt a comprehensive strategy to resolve the core problems affecting the housing quality. He opined that the implementation schedule and priorities should be set out clearly so that the public and the industry would understand HA's determination to reform and take corresponding actions. He also looked forward to the early completion of the review on piling works. In order to be accountable to the public, he hoped that severe punishment would be imposed on the culprits.

99. **Mr Daniel LAM** felt deeply grieved over the recent problems of housing quality. He said that BC members would firmly support reform and never compromise on safety and quality. The HA should take this opportunity to turn crisis into opportunity and take the lead to redress the bad habits prevailing in the construction industry and change the construction culture. He hoped that the industry and the community would give their support.

100. **Mr WAN Man-ye** regretted the deteriorating work ethic and professional integrity in the industry. He considered that the 40 recommendations in the document had taken into account every aspect of the reform. He fully supported the scheme and called for an in-depth discussion of the implementation details by the community. Referring to the argument that review would mean an increase of costs, he said removal of non-value-added steps from the production process would definitely help enhance effectiveness and reduce construction cost.

101. **Mr WONG Kwun** fully supported the 40 recommendations in the paper. He said that apart from the important piling problem, problems related to finishing was another area which should not be overlooked. He suggested to set up an informer system to encourage reports on unlawful acts in the industry. He considered that a two-year retrospective maintenance period should be provided in addition to the 10-year structural guarantee. He requested the Department to clarify the newspaper report that the HOS blocks at Yuen Chau Kok might collapse anytime during typhoon signal No 10.

102. **Dr Anthony CHEUNG Bing-leung** agreed with the Chairman that the recent incident of short piles should not be tolerated and dodged. Investigation and accountability should be as thorough as possible. As the reform covered the whole industry, cooperation should be obtained from the industry to make it a success. As a member of HA, he was willing to apologize to the public for this incident.

103. **Mr Alex CHOY Kan-pui** supported the document, saying that the recommendations helped to foster a cooperation spirit and establish an incentive and penalty system. The overall building quality could also be enhanced and guaranteed.

104. **Mr HO Sai-chu** remarked that many of these 40 recommendations were short-term initiatives and should be implemented as soon as possible. In addressing the short pile problem which drew much public concern and had great bearing on safety, the Department could consider announcing the checking results batch by batch so as to give an early reassurance to the public.

105. **Mr Philip Trevor NUNN** believed that the plans for reform put forward were very ambitious and the kind of strategies proposed would take time. He proposed to focus on the immediate term and actually prioritize the activities. The problems with piling work should be HA's priority in the immediate term. He said it would take a longer time to reform the whole construction industry. He suggested looking at the risk allocation in HA's piling contracts and examine the piling technical specifications to make sure they were strengthened. He also suggested that piling contracts might be bring under the ambit of the Building Authority. He supported the proposals in the document as a whole.

106. **Dr LAU Kwok-yu** suggested extending the consultation period to three months. He said that the consultation exercise might be deemed as an educational programme. It should involve as many stakeholders as possible so that the consultation could be more extensive. He supported the proposal in paragraph 11 of requiring contractors to provide dedicated defect rectification teams during the in-take period. He hoped that these teams would follow up all the cases. He also suggested that the Department should give details on the items covered by the 10-year structural guarantee.

107. **Ms SIU Yuen-sheung** said that the 40 recommendations proposed in the document suggested a comprehensive and practicable approach to reform. She hoped that the media would report in an unbiased way the HA's determination to reform and its practicable recommendations so that the public would have a correct understanding of the public housing.

108. **Miss CHUNG Lai-kwok** said that the Government fully supported HA in conducting a comprehensive review on the quality of public housing in a resolute, pro-active and speedy manner. In response to the review of the HA, the Secretary for Works would also address the problems prevailing in the construction industry. She would ask the Secretary for Works to penalize those irresponsible contractors found by the HA to deliver shoddy works when they tendered for other government works.

109. **Mr George NG Sze-fuk** encouraged the HD staff to exert themselves and face the challenge in a positive manner. **Mr IP Kwok-him** called on the Department to carry out a drastic reform and thoroughly review and change the culture of the construction industry. He said that the 40 recommendations were generally the right solutions to the problem. **Mr LEE Wing-tat** said that he as a HA member would decline no responsibility to what had happened. He praised the Chairman and the Director of Housing for their courage to shoulder the responsibility. He hoped that the construction industry and relevant professional bodies would have the same courage and set to reform in partnership with the HA.

110. In response to Mr LAU's suggestion of extending the consultation period, **the Chairman** said that it should not be too long as quite a number of initiatives should be implemented as early as possible. In the two-month consultation period, the HA would approach different bodies in a bid to make the consultation a more comprehensive one. Addressing Mr WONG Kwun's concern about the two blocks in Yuen Chau Kok, **Mr S C LAM** said according to the professional assessment of the consultant, there was no risk of the two blocks collapsing during typhoon signal number 10.

111. With the above comments, Members unanimously **approved** the publication of the public consultation document entitled "Quality housing - Partnering for Change".

### Closure of Meeting

112. There being no other business, the meeting closed at 1:35p.m.

CONFIRMED on

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Dr the Hon Rosanna WONG Yick-ming, JP  
(Chairman)

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Lawrence CHOW  
(Meeting Secretary)

C.C. : Members of HOC

File : HA/COM/2/2 VIII

Date : 21 March 2000