

立法會
Legislative Council

LC Paper No. CB(1) 862/00-01
(These minutes have been seen
by the Administration)

Ref : CB1/PS/1/00/1

LegCo Panel on Housing

**Subcommittee on Rehousing Arrangements for
Residents Affected by Clearance of
Temporary Housing Areas, Squatter Areas and Cottage Areas**

**Minutes of meeting
held on Thursday, 7 December 2000, at 4:30 pm
in Conference Room A of the Legislative Council Building**

Members present : Hon CHAN Kam-lam (Chairman)
Hon LEE Cheuk-yan
Hon Fred LI Wah-ming, JP
Hon CHAN Yuen-han
Hon LEUNG Yiu-chung
Hon SZETO Wah
Hon Frederick FUNG Kin-kee

Members absent : Hon Andrew WONG Wang-fat, JP
Hon Andrew CHENG Kar-foo
Hon IP Kwok-him, JP

Public officers attending : **Housing Bureau**

Mrs Elaine TANG
Principal Assistant Secretary (2)

Housing Department

Mr K H LAU
Business Director/Allocation & Marketing

Mr K N CHEUNG
Assistant Director/Operations and Redevelopment

Clerk in attendance : Miss Odelia LEUNG
Chief Assistant Secretary (1)1

Staff in attendance : Miss Becky YU
Senior Assistant Secretary (1)3

I Meeting with the Administration

Discussion on policy on interim housing
(LC Paper Nos. CB(1) 269/00-01(01) and (02))

At the Chairman's invitation, the Principal Assistant Secretary for Housing (2) (PAS for H(2)) briefed members on the Administration's information paper (LC Paper No. CB(1) 269/00-01(02)). The Assistant Director/Operations and Redevelopment (AD/O&R) then introduced the design, surrounding environment, community facilities and transportation network of the interim housing (IH) in Po Tin, Tuen Mun using a computer power point.

2. While acknowledging that the facilities in Po Tin IH were better than those in temporary housing areas (THAs), squatter areas (SAs) and cottage areas (CAs), Miss CHAN Yuen-han reiterated that clearnees were reluctant to accept rehousing to IH in Tuen Mun because of its location which was far away from the neighbourhood they were accustomed to. This would cause undue disruptions to their daily routine, particularly to the elderly and students who had to travel a long way to school. PAS for H (2) advised that Tuen Mun was not as remote and distant from urban areas as perceived given the present transport network. Besides, it was not uncommon for people to travel to other districts to work nowadays. The Education Department would also assist the affected students to transfer schools if necessary as in the case of the Diamond Hill Squatter Clearance (DHSC). The Business Director/Allocation & Marketing (BD/A&M) added that in order to help clearnees to adapt to the new environment, a shuttle bus service had been arranged for IH residents in Tuen Mun during the interim from now to the summer in the following year.

3. Miss CHAN was disappointed that the Administration had turned a blind eye to the needs of clearnees and insisted on providing IH in Tuen Mun. BD/A&M explained that the provision of IH in Tuen Mun and Tin Shui Wai aimed to eliminate the possibility of queue-jumping by illegal squatting leading to an increase in squatter population. To ensure rational allocation of public housing resources, clearnees were required to apply for PRH through the Waiting List (WL). As new WL applicants could only opt for PRH in extended urban areas, the New Territories (NT) and Islands, clearnees who were only eligible for IH should likewise be rehoused to these areas. In line with the Government's pledge to reduce the average waiting time for PRH, IH residents who registered on WL now would be allocated PRH flats in about three years' time.

4. Mr LI Wah-ming remarked that the current policy on IH was a series of repeated mistakes. By way of illustration, the building of low-rise prefabricated IH blocks was cost-ineffective. BD/A&M explained that converting old rental blocks as IH and building low-rise prefabricated IH blocks were short-term measures to tackle the shortage in supply of temporary accommodation at that time. In the light of members' concern that permanent structures with better facilities should be built for rehousing carees who were rendered homeless for one reason or another but were not immediately eligible for PRH, the Administration had introduced the concept of permanent IH in 1995. The new form of vertical IH with self-contained units provided the most effective and economical means to meet the long-term demand for IH. The Chairman questioned the rationale for providing new IH in remote areas such as Tuen Mun and Tin Shui Wai. BD/A&M advised that as the main supply of new PRH flats was in NT, carees who were rehoused to IH would eventually be offered PRH in NT. Moving to these areas now would help them familiarize with the environment.

5. Referring to the comments of the Public Accounts Committee (PAC) of the Legislative Council (LegCo) that the Administration had failed to make full use of the large number of 2,800 old public rental housing (PRH) units which had been left vacant for more than two years pending redevelopment, Mr LI Wah-ming urged the Administration to re-consider members' suggestion of using vacant and old PRH flats in urban/extended urban areas as IH. This would save the construction cost for IH on the one hand and better meet the housing needs of carees on the other. BD/A&M advised that the Administration had considered the proposal and concluded that it was not desirable. Both the Director of Housing and the Chairman of the Housing Authority had made it clear to PAC that the provision of IH and PRH in the same block would incur immense management problems in view of different expectations from different types of tenants. Besides, the relatively short duration of stay of not more than three years of carees in IH rendered it not possible to recover the refurbishment cost of \$24,000 for each flat through the payment of rent. Mr LI opined that the Administration could save this cost by offering non-refurbished flats as an alternative to IH in Tuen Mun and Tin Shui Wai. It would be for the carees to choose between these two types of IH.

6. To ensure better utilization of the scarce public housing resources on the one hand and reduce resistance from carees on the other, the Chairman reiterated that vacant and old PRH units in urban/extended areas, particularly those vacated as a result of the Comprehensive Redevelopment Programme (CRP), should be used as IH to rehouse carees. Such a proposal had the unanimous support of members. BD/A&M cautioned that the proposal would inevitably affect the pace of CRP. There was also a possibility that carees might refuse to move out of the CRP blocks upon redevelopment if they were not satisfied with the rehousing arrangements. The Chairman remarked that members who had supported the proposal would assist the Administration in persuading carees to move out under such circumstances. PAS for H (2) explained that as THAs, SAs and CAs were scattered over the territory, it would be difficult for the Administration to identify sufficient PRH blocks due for

redevelopment to rehouse clearerees in the proximity upon clearances. AD/O&R added that the proposal had another disadvantage in that clearerees would have to move to other IH within a short period of time upon redevelopment of the CRP blocks.

7. Mr LEUNG Yiu-chung opined that the Administration could use casual vacancies in urban/extended urban areas to rehouse clearerees in order to minimize undue disruptions to their daily routine, particularly for students who might have to transfer schools upon rehousing to IH. PAS for H (2) advised that under the existing housing policy, vacant PRH flats were allocated to WL applicants. Clearerees who were only eligible for IH should be rehoused to IH in NT where the majority of new PRH units were located. Such an arrangement would also help students to reduce the need for frequent transfer of schools.

8. Noting that residents affected by past clearances of Diamond Hill SA were rehoused in urban areas, Miss CHAN Yuen-han considered it unfair that clearerees of the impending DHSC had to be rehoused to IH in Tuen Mun. She cautioned that the Administration would have to face the dire consequences in the event of confrontation on the day of clearance if it maintained its stance on the rehousing arrangements. BD/A&M took the opportunity to thank members for their assistance in DHSC. He said that the objectives of clearance were to improve the living conditions of THA, SA and CA residents on the one hand and to release land for public purposes on the other. For example, the vacated site of Diamond Hill SA would be used to build a “green” estate, a school village and other community facilities. Moreover, efforts were being made to ensure adequate supply of PRH to meet the Government’s pledge to reduce the average waiting time for PRH. In fact, many affected residents of Diamond Hill SA who had registered on WL in 1998 were being allocated PRH under the Anticipatory Housing Scheme.

9. In view of the small number of remaining urban squatter areas, the Chairman agreed that a long-term policy on IH might not be necessary. He nevertheless urged the Administration to accord more flexibility in dealing with rehousing matters of clearerees. PAS for H (2) took note of the Chairman’s view. She called for members’ assistance to encourage THA, SA and CA residents to register on WL which would avoid unnecessary disputes upon clearance.

Discussion on compensation for non-domestic structures upon clearance
(LC Paper Nos. CB(1) 269/00-01(03) and (04))

10. Miss CHAN Yuen-han pointed out the following discrepancies in the current arrangement for the payment of ex gratia allowances (EGAs) for operators of business undertakings affected by clearance of cottage areas:

- the amount of EGAs for shop operators was higher than that for workshop operators;
- all workshop operators were subject to the same EGA rate regardless of their nature of business. The amount of EGA might be sufficient for

workshop operators engaged in light industries but not for those in heavy industries. For example, the amount of EGA for a weaving workshop in Tung Tau CA was not sufficient for the operator to remove the machinery, let alone to re-establish his business elsewhere;

- different EGA rates were applied to covered and open business areas; and
- the calculation of EGAs failed to take into account subsequent changes in the nature of business of the business areas.

11. AD/O&R responded that the current formula for calculating EGAs for business undertakings affected by clearance was approved by the LegCo Finance Committee (FC) in 1988, under which EGAs for shops and workshops were linked to the average rentals of shops and flats in the private sector, capitalized over four months for shops and twelve months for workshops. The rationale for capitalizing the workshop rentals for twelve months was that workshop operators usually required a longer time to re-establish their business than shop operators. Given that the amount of EGAs for workshops was calculated according to their size, workshops used for heavy industries would be entitled to a greater amount of EGAs since they normally occupied more space than those used for light industries. Moreover, light industrial undertakings did not require twelve months to re-establish their business. As regards covered and open business areas, AD/O&R explained that the calculation of EGAs was based on the recorded business area in the 1982 Squatter Structure Survey or the pre-clearance survey, whichever was the smaller. This was to discourage the illegal extension of surveyed structures and the conversion of domestic structures for business use.

12. While acknowledging that the EGA rates were approved by FC, Miss CHAN said that with a lapse of twelve years, the Administration should review the formula for calculating EGAs. The Chairman also enquired about the number of business operators in existing CAs. BD/A&M advised that since 1988, the approved formula had been applied to all business operators of business undertakings affected by Government clearances, including those related to the West Rail, and no problems had been encountered so far. At the moment, there were only four non-domestic premises in the remaining CAs.

13. Mr LEE Cheuk-yan was disappointed that the Administration had ignored the problems relating to EGAs. He pointed out that EGA for the weaving workshop in Tung Tau CA was not sufficient for the owner to remove the machinery, let alone to re-establish his business elsewhere. The offer of two separate premises by the Housing Department also failed to meet the need of the operator to accommodate his heavy machinery under one roof. BD/A&M advised that the Administration had re-considered the case at Tung Tau CA and agreed that a higher amount of EGA could be offered since part of the business area had also been used as a shop. He added that the amount of EGA had yet to be confirmed but this was the best arrangement that could be made under the current policy.

14. Mr FUNG Kin-kee expressed concern that the revised EGA would still be insufficient for the operator to remove the machinery. He asked if the Administration would consider allowing the operator to claim the removal cost on a reimbursement basis. BD/A&M advised that the Administration was liaising with the operator with a view to explaining to him how the EGA was worked out. As regards Mr FUNG's proposal, BD/A&M said that this had to be considered very carefully having regard to the high removal cost of heavy machinery. He reiterated that the payment of EGAs was not a form of compensation but assistance to operators of business undertakings affected by clearance for loss of business and other costs incurred during removal. The Chairman remarked that the current discussion should not affect the negotiation between the Administration and the operator concerned which should be conducted on a fair reasonable basis.

15. As to whether the Administration would review the basis for calculating EGAs, PAS for H(2) explained that the EGA rates had been reviewed annually by the inter-departmental Compensation Review Committee in accordance with the agreed formulae and approved by the Secretary for the Treasury (S for Tsy). The last review of EGA rates for shops, workshops, godowns, slipways, schools and churches was made in September 2000. Mr LEE Cheuk-yan however pointed out that the review was only confined to adjusting the amount of EGAs in accordance with the approved formula. A review on the basis for calculating EGAs was therefore necessary having regard to the changing circumstances since 1988. As S for Tsy was the authority for approving changes for EGAs, Miss CHAN Yuen-han opined that representatives from the Treasury should be invited to discuss with members in this regard. She also suggested that the issue of compensation for non-domestic structures upon clearance be followed up by the Housing Panel in view of the large number of workshop operators to be affected by future Government clearances.

16. To facilitate members' understanding, the Clerk was requested to seek advice from the Treasury on the following:

- the criteria for adjusting the EGA rates annually; and
- the need for reviewing the basis for calculating EGAs in view of the long lapse of time and the changing circumstances.

The Chairman remarked that members would decide on the way forward upon receipt of the response from the Treasury.

(Post-meeting note: A letter was issued to S for Tsy on 8 December 2000.)

II Any other business

17. There being no other business, the meeting ended at 6:10 pm.

19 April 2001