

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

Review of adjustment of rates of ex-gratia allowance for business operators
affected by clearances and the granting of special ex-gratia allowance for
residents affected by clearance of Cottage Areas

Purpose

This paper sets out the criteria for periodically adjusting the rates of ex-gratia allowances (EGA) for operators of business undertakings affected by clearances and the Government's position on Cottage Area residents' request for special EGA.

Criteria for Periodic Adjustment of the EGA Rates

2. The current formulae for the calculation of EGAs to eligible operators of business undertakings affected by clearances was first approved by the Finance Committee in 1988.

3. The EGA rates for shops, workshops, godowns, slipways, schools and churches are reviewed annually by the Housing Department, having regard to the average rents payable to shops and workshops in the private sector. The rates for godowns, slipways, schools, and churches were set at a proportion of those applicable to shops and workshops. The EGA rates for pig and poultry farmers are reviewed annually by the Agriculture, Fisheries and Conservation Department, having regard to the average annual profits on pig and poultry farming in Hong Kong over the preceding five years and the prevailing costs of farm fixtures. The results of the annual review are forwarded to members of the inter-departmental Compensation Review Committee established under the Planning and Lands Bureau for comments. On the basis of the advice of the Compensation Review Committee, Secretary for the Treasury has approved, under power delegated by the Finance Committee, the annual adjustments to the various rates. A summary showing the rates initially approved by the Finance Committee and the changes approved under delegated authority by Secretary for the Treasury in the past five years are at the Annex.

Review of the Basis for Calculating EGAs

4. The Administration reviews the basis for calculating EGAs whenever it considers the original rationale to be no longer appropriate. For example, with the approval of the Finance Committee, we extended, with effect from August 1988, the payment of EGAs to churches on Government land affected by clearances at the same EGA rates approved for schools. We also implemented, with effect from July 1999, a revised basis for calculating EGAs for slipways which takes into account the total area of slipways based on actual measurement, as against the mere portion of slipways above the low water mark on the day of assessment.

5. The current basis for calculating the EGA rates for business undertakings remains valid and there is no justifiable ground for change.

Clearance of Cottage Areas

6. The Government pledged in the 1997 Policy Address to clear all the remaining Cottage Areas in Tung Tau, Lai Chi Kok, So Kon Po, Mt Davis and Fo Tan by 2001 to improve the living conditions of Cottage Area households. Fo Tan Cottage Area and Tung Tau Cottage Area were cleared in July 2000 and March 2001 respectively. Notices-to-quit were issued to the residents in Lai Chi Kok, So Kon Po and Mt Davis Cottage Areas. So Kon Po and Mt Davis Cottage Areas are scheduled for clearance by June/July 2001 while Lai Chi Kok Cottage Area will be cleared in September/October 2001 pending readiness of suitable reception estates.

Request for Compensation

7. Cottage Area residents have been requesting compensation for the loss of their self-built structures upon clearance since 1996. The Government has very carefully and thoroughly considered all the arguments put forward in support of residents' claim.

8. Cottage Area residents are issued permits to reside on designated land by paying permit fees to the Housing Authority, the latest being an average of \$12/m² per quarter. The Housing Authority is empowered under the Housing Ordinance to enforce the permit conditions, which require Cottage Area residents to move away within three months after issuance of "notice-to-quit" to them by the Housing Authority.

9. Residents of the Cottage Areas have no legal title to the land they occupy. With a valid permit, they are allowed to erect structures at their own cost on the land, which still belongs to the Government.

10. There is no provision in the permit conditions or in the Housing Ordinance for compensation for the demolition of structures. In the absence of a legal provision, the Government and the Housing Authority are not in a position to compensate the residents concerned with public funds. In the appeals lodged by Tiu Keng Leng Cottage Area residents over compensation, the Court of Appeal in fact held that the residents have no valid claim to any form of monetary compensation.

Rehousing Arrangements for Cottage Area Residents

11. In recognition of their special circumstances, nonetheless, the Housing Department has offered rehousing arrangements which put Cottage Area residents on a par with tenants affected by the Comprehensive Redevelopment Programme. They are exempt from the Comprehensive Means Test and the domestic property ownership restriction. They are given first priority status to buy flats under the Home Ownership Scheme together with a mortgage subsidy. They may also apply for loans under the Home Purchase Loan Scheme with first priority status. If they cannot afford new flats, they are given a choice of a refurbished public rental flat with lower rent.

Housing Bureau
Government Secretariat
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Annex

EGA for Shops, Workshops, Godowns, Slipways, Schools, Churches, and Pigs and Poultry Farms

A. EGA for Shops

Year	Covered Area			Open Area		
	\$/m ² for first 10m ²	\$/m ² thereafter	Maximum Payment	\$/m ²	Minimum Qualifying Area	Maximum Payment
<i>Jul 1988</i>	<i>\$2,260</i>	<i>\$1,130</i>	<i>Nil</i>	<i>\$190</i>	<i>10m²</i>	<i>\$95,000</i>
:	:	:	:	:	:	:
1996	\$7,600	\$3,800	“	\$630	“	\$315,000
1997	\$7,820	\$3,910	“	\$650	“	\$325,000
1998	\$7,940	\$3,970	“	\$660	“	\$330,000
1999	\$7,060	\$3,530	“	\$590	“	\$295,000
2000	\$6,480	\$3,240	“	\$540	“	\$270,000

B. EGA for Workshops

Year	Covered Area				Open Area		
	Amount for first 5m ² to 25m ²	\$/m ² thereafter	Minimum Qualifying Area	Maximum Payment	\$/m ²	Minimum Qualifying Area	Maximum Payment
<i>Jul 1988</i>	<i>\$33,000</i>	<i>\$660</i>	<i>5m²</i>	<i>Nil</i>	<i>\$110</i>	<i>20m²</i>	<i>\$110,000</i>
:	:	:	:	:	:	:	:
1996	\$76,000	\$1,520	“	“	\$250	“	\$250,000
1997	\$69,500	\$1,390	“	“	\$230	“	\$230,000
1998	\$73,500	\$1,470	“	“	\$250	“	\$250,000
1999	\$59,000	\$1,180	“	“	\$200	“	\$200,000
2000	\$51,000	\$1,020	“	“	\$170	“	\$170,000

C. EGA for Godowns (Covered Area only)

Year	\$/m ²	Minimum Qualifying Area	Maximum Payment
<i>Jul 1988</i>	<i>\$330</i>	<i>20m²</i>	<i>Nil</i>
:	:	:	:
1996	\$760	“	“
1997	\$700	“	“
1998	\$740	“	“
1999	\$590	“	“
2000	\$510	“	“

D. EGA for Slipways

Year	\$/m ²	Maximum Payment
<i>Jul 1988</i>	<i>\$330</i>	<i>Nil</i>
:	:	:
1996	\$760	“
1997	\$700	“
1998	\$740	“
1999*	\$590	“
2000	\$510	“

* Revised on 9 July 1999 vide FCR(1999-2000)34

E. EGA for Schools and Churches

Year	Covered Area		Open Area		
	\$/m ²	Maximum Payment	\$/m ²	Minimum Qualifying Area	Maximum Payment
<i>Aug 1988</i>	<i>\$750</i>	<i>Nil</i>	<i>\$125</i>	<i>20m²</i>	<i>\$150,000</i>
:	:	:	:	:	:
1996	\$2,530	“	\$420	“	\$504,000
1997	\$2,610	“	\$430	“	\$516,000
1998	\$2,650	“	\$440	“	\$528,000
1999	\$2,350	“	\$390	“	\$468,000
2000	\$2,160	“	\$360	“	\$432,000

F. EGA for Pig and Poultry Farms

Year	Pigs	Chickens		Leghorns		Ducks/ Geese	Pigeons		Quails	
	\$/m ²	\$/head	\$/m ²	\$/head	\$/m ²	\$/head	\$/head	\$/m ²	\$/head	\$/m ²
1989	327.60	26.92	392.70	45.41	489.40	20.15	34.00	453.30	3.42	367.71
:	:	:	:	:	:	:	:	:	:	:
1996	774.62	43.14	576.86	85.54	919.78	25.45	36.32	484.29	5.54	595.48
1997	814.65	37.99	507.97	61.96	666.22	33.64	38.25	509.95	4.21	452.90
1998	821.47	41.02	548.59	39.18	421.30	34.10	40.47	539.59	4.29	461.29
1999	706.59	40.01	535.01	36.15	388.71	32.67	40.82	544.27	4.65	500.00
2000	612.17	40.32	539.21	35.17	378.12	32.81	39.35	524.68	5.28	567.53