

(Letterhead of Joint Office of the HKFTU's Legislative Councillors CHAN Yuen-han,
LEUNG Fu-wah and CHAN Kwok-keung)

17 November 2000

Hon CHAN Kam-lam
Chairman of the Legislative Council Panel on Housing
The Hong Kong Special Administrative Region
c/o Ms YU, Clerk to Panel on Housing (sic)

Dear Mr CHAN,

Compensation for factory and business operators in cottage and squatter areas

The series of cottage and squatter clearances recently carried out by the Government have been met with strong views from factory and business operators concerned, including those who engage in light or heavy industries. They all hope that the Government will offer them "lump sum" compensation at a reasonable rate.

At present, the Government applies the policy on squatter clearance to factory and business operators in cottage and squatter areas. Only meagre amounts of "exgratia allowance" are offered to these operators to facilitate their removal. However, the "exgratia allowance" is of little help, particularly for those operators who engage in industries employing heavy machinery such as the weaving factory in Tung Tau Cottage Area and the steel factory in squatter areas. These businesses require large machinery and considerable space. The Government fails to provide these small and medium factory and business operators with suitable places for relocation on the one hand and the outdated compensation formula for the exgratia allowance could not provide adequate basic compensation for these operators on the other.

Furthermore, there are questions about the "broad-brush" approach currently adopted by the Government, which seems to ignore the objective factors in practical situations. Hong Kong has been experiencing different changes since 1982. It is not realistic to expect squatter areas to remain the way they were in 1982. The course of changes is not at all surprising as it is only natural for the grassroots to seek better living environment. Besides, the business operators pay their taxes and rates every year to the Government which receives the money as a matter of course. Hence, the business operators are confused and have an impression that the Government assumes a "lose-hit, win-take" attitude.

While advocating "helping the poor" and "supporting small and medium enterprises" on the one hand, the Government forces factory operators to close down their businesses on the other, making it impossible for operators of small businesses to earn a living. Is the Government not contradicting itself by so doing? Although the "exgratia allowance" is calculated in accordance with the relevant compensation formula approved by the Legislative Council in 1988, it seems that such a formula is outdated. We should acknowledge that law is amenable to sympathy. Instead of robbing others of their fruits, the factory and business operators have made their efforts and fulfilled their duties as citizens. As such, they deserve reasonable compensation. I hope that the Government will review the amounts of "exgratia allowance" and the policy to offer "exgratia allowance" only to factory operators in squatter areas who have been registered in 1982.

With best regards,

Yours sincerely,

(signed)

CHAN Yuen-han,
Member of the Legislative Council