

LegCo Panel on Housing

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

Ex-gratia Allowances for Operators of Business Undertakings Affected by Government Clearances

Purpose

To inform Members of the current arrangement for the payment of ex-gratia allowances (EGAs) to eligible operators of business undertakings affected by Government clearances.

Background

2. Being Government's clearance agent, Housing Department clears land for development, slope safety or other purposes with funds provided by the Government.

3. Upon clearance, business operators running businesses (including shops, workshops, godowns, slipways, schools, churches and pig/poultry farms, etc.) at the time of pre-clearance survey in surveyed structures registered for such uses in the 1982 Squatter Structure Survey are eligible for EGAs. The payment of EGAs to operators of business undertakings affected by clearance is to help them re-establish their business elsewhere and to provide them with assistance for loss of business and other costs incurred during removal. The amount of EGAs payable varies according to the type and size of the business. The current EGA rates for business undertakings are at Annex.

EGA for Shops and Workshops

4. In 1988, the Finance Committee of Legislative Council approved a Government proposal to link EGAs for shops and workshops to the average rentals of comparable shops and flatted factories 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 is that workshop operators

usually require a longer time to re-establish their business than shop operators. The initial area of a shop (10m²) or workshop (5 to 25 m²) attracts an allowance at twice the standard EGA rate so as to provide an incentive for operators of small business undertakings to move out voluntarily.

5. The Finance Committee also approved in 1988 that authority to approve future change to the EGA rates in accordance with the approved formulae be delegated to the Deputy Financial Secretary (now the Secretary for the Treasury).

6. Since 1988, the EGA rates have been reviewed annually by the inter-departmental Compensation Review Committee in accordance with the agreed formulae and approved by the Secretary for the Treasury. The last review of EGA rates for shops, workshops, godowns, slipways, schools and churches was made in September 2000.

Amount of EGA for Workshops

7. The amount of EGA for workshops is calculated according to their size. In other words, workshops which occupy larger areas are entitled to greater amounts of EGA.

1982 Squatter Structure Survey

8. The calculation of EGAs is based on the recorded business area in the 1982 Squatter Structure Survey or the pre-clearance survey, whichever is the smaller. This is to discourage the illegal extension of surveyed structures and the conversion of domestic structures for business use. Relaxing or changing this criterion is undesirable as it would encourage proliferation of illegal extensions and conversions.

**Housing Bureau and Housing Department
December 2000**

**Current Rates of Ex-gratia Allowance Payable for
Business Undertakings affected by Government Clearances**

A. EGA for Shops

Covered Area			Open Area		
\$/m ² for first 10 m ²	\$/m ² thereafter	Maximum Payment	\$/m ²	Minimum Qualifying Area	Maximum Payment
\$6,480	\$3,240	No	\$540	10m ²	\$270,000

B. EGA for Workshops

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
\$51,000	\$1,020	5m ²	No	\$170	20m ²	\$170,000

C. EGA for Godowns (Covered Area only)

\$/m ²	Minimum Qualifying Area	Maximum Payment
\$510	20m ²	No

D. EGA for Slipways

\$/m ²	Maximum Payment
\$510	No

E. EGA for Schools and Churches

Covered Area			Open Area		
\$/m ²		Maximum Payment	\$/m ²	Minimum Qualifying Area	Maximum Payment
\$2,160		No	\$360	20m ²	\$432,000

F. EGA for Pig and Poultry Farms

Pigs		Chickens		Leghorns		Ducks/ Geese	Pigeons		Quails	
\$/m ²	\$/head	\$/m ²	\$/head	\$/m ²	\$/head	\$/head	\$/m ²	\$/head	\$/m ²	
\$706.59	\$40.01	\$535.01	\$36.15	\$388.71	\$32.67	\$40.82	\$544.27	\$4.65	\$500.00	

Note 1: The EGA rate on per capital basis applies to poultry farms with less than 1,000 birds.

Note 2: The minimum qualifying number of birds for poultry farms is 30.