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本函檔號 Our Ref. : FIN CR L/M77/00
來函檔號 Your Ref. : CB1/PS/1/00

22 January 2001

Secretary-General
Legislative Council Secretariat
Legislative Council Building
8 Jackson Road
Central
Hong Kong

(Attn: Ms Odelia Leung)

Dear

LegCo Panel on Housing

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

Thank you for your letter of 8 December 2000 conveying the Subcommittee's request to seek clarification on the following -

- (a) the criteria for periodically adjusting the rates of ex-gratia allowances (EGAs) for operators of business undertakings affected by Government clearances; and
- (b) the need for reviewing the basis for calculating such allowances in view of the lapse of time since the basis was last established.

Criteria for Periodic Adjustment of the EGA Rates

The current formulae for the payment of EGAs to eligible operators of business undertakings affected by Government clearances are stipulated in four Finance Committee papers referenced, FCC(88-89)10, FCC(88-89)13, FCC(88-89)24 and FCR(1999-2000)34, which were approved on 6 July 1988, 15 August 1988, 11 January 1989 and 9 July 1999 respectively. As set out in the paper to the LegCo Panel on Housing, referenced CB(1) 269/00-01(04), business undertakings include shops, workshops, godowns, slipways, schools, churches, as well as pig and poultry farms.

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 submitted to the inter-departmental Compensation Review Committee chaired by the Secretary for Planning and Lands for advice. Acting on the advice of the Compensation Review Committee, Secretary for the Treasury (S for Tsy) 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 S for Tsy in the past five years are at the Annex.

Need for Reviewing the Basis for Calculating EGAs

The Administration reviews the basis for calculating EGAs whenever it considers the original rationale to be no longer appropriate. The submissions referenced FCC(88-89)13 and FCR(1999-2000)34 are two cases in point. 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 vide FCC(88-89)10. We also implemented, with effect from July 1999, a new 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.

We believe the present basis for calculating the remaining EGA rates for operators business undertakings remains valid but would nevertheless welcome any views on this matter from the Subcommittee.

(J G Herd)
for Secretary for the Treasury

**Current 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
<i>1989</i>	<i>327.60</i>	<i>26.92</i>	<i>392.70</i>	<i>45.41</i>	<i>489.40</i>	<i>20.15</i>	<i>34.00</i>	<i>453.30</i>	<i>3.42</i>	<i>367.71</i>
:	:	:	:	:	:	:	:	:	:	:
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
