

**立法會**  
***Legislative Council***

LC Paper No. CB(1) 2077/00-01

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by the Administration)

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**Legislative Council**  
**Panel on Planning, Lands and Works**

**Minutes of meeting**  
**held on Monday, 9 July 2001 at 10:45 am**  
**in the Chamber of the Legislative Council Building**

**Members present** : Dr Hon TANG Siu-tong, JP (Chairman)  
Hon LAU Ping-cheung (Deputy Chairman)  
Ir Dr Hon Raymond HO Chung-tai, JP  
Hon James TO Kun-sun  
Hon WONG Yung-kan  
Hon TAM Yiu-chung, GBS, JP  
Hon Abraham SHEK Lai-him, JP  
Hon Albert CHAN Wai-yip  
Hon IP Kwok-him, JP

**Members attending** : Hon LEE Cheuk-yan  
Hon Fred LI Wah-ming, JP  
Hon NG Leung-sing, JP  
Hon CHAN Kam-lam  
Hon LEUNG Yiu-chung  
Dr Hon YEUNG Sum  
Hon Emily LAU Wai-hing, JP  
Hon LI Fung-ying, JP  
Hon Frederick FUNG Kin-kee

**Members absent** : Hon LAU Wong-fat, GBS, JP  
Hon Timothy FOK Tsun-ting, SBS, JP

**Public officers attending : Agenda Item II**

Mr Stephen FISHER  
Deputy Secretary (Urban Renewal & Buildings)  
Planning and Lands Bureau

Ms Olivia NIP  
Principal Assistant Secretary (Urban Renewal)  
Planning and Lands Bureau

Mr Canice MAK  
Managing Director  
Urban Renewal Authority

Mr Russel HUI  
Executive Director  
Urban Renewal Authority

**Clerk in attendance :** Miss Salumi CHAN  
Chief Assistant Secretary (1)5

**Staff in attendance :** Mrs Queenie YU  
Senior Assistant Secretary (1)6

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Action

**I. Confirmation of minutes of meeting**

(LC Paper No. CB(1)1604/00-01 — Minutes of the meeting held on  
2 April 2001

LC Paper No. CB(1)1659/00-01(01) — List of outstanding items for  
discussion

LC Paper No. CB(1)1659/00-01(02) — List of follow-up actions)

Confirmation of minutes of the meeting

The minutes of the meeting of Panel held on 2 April 2001 were confirmed.

**II. Work plan, estimated expenditure and pay review of Urban Renewal Authority**

(LC Paper No. CB(1)1659/00-01(03) — Paper provided by the Urban Renewal Authority

LC Paper No. CB(1)1696/00-01(01) — Submission from the Staff Association of Urban Renewal Authority (Preparatory Committee)

LC Paper No. CB(1)1696/00-01(02) — Submission from the Hong Kong YWCA Urban Renewal Social Services Team)

2. The Chairman advised that the purpose of the meeting was for the Administration and the Urban Renewal Authority (URA) to brief members on the work plan, estimated expenditure and pay review of the URA. A submission each from the Staff Association of URA (Preparatory Committee) and the Hong Kong YWCA Urban Renewal Social Services Team had been circulated to members.

3. The Chairman reminded members that a joint meeting with the Panel on Environmental Affairs had been scheduled to be held at 12:00 noon (immediately after the Panel meeting) to discuss the work progress of the Sustainable Development Unit.

4. At the invitation of the Chairman, the Managing Director of URA (MD/URA) briefed members on the salient points of the paper prepared by the URA. He also highlighted the two major tasks being undertaken by the URA. First, the URA was in the course of preparing the first draft 5-year Corporate and annual Business Plans for the consideration of the URA Managing Board (MB) in September/October 2001 and then for the Financial Secretary (FS)'s approval. Secondly, the URA was actively seeking the early commencement of some of the 25 uncompleted Land Development Corporation (LDC) projects by November 2001 by seeking a separate approval for this from FS under section 22 of the URA Ordinance (Cap. 563). As regards the pay review, the consultant commissioned to conduct a study of the salary structure, benefits, terms and conditions of employment of the LDC staff was finalizing its report and would submit it to the URA MB within the next few weeks for its consideration.

Declaration of interests

5. Mr LAU Ping-cheung and Mr Fred LI Wah-ming declared that they were members of the URA MB.

## Work plan and schedule

### *The uncompleted 25 LDC projects*

6. In view of the time needed to seek the approval of URA MB and FS, Mr Albert CHAN Wai-yip was concerned that the implementation of the 25 uncompleted LDC Projects would be further delayed. Pointing out that many affected owners and residents had expressed strong dissatisfaction and anxiety about the delay, Mr CHAN, Mr IP Kwok-him and Mr LEUNG Yiu-chung urged that priority be accorded to the 25 uncompleted LDC projects. MD/URA appreciated the concern and anxiety of the affected owners and residents. He said that the URA planned to commence implementation of all the 25 projects within five years, and to seek FS's approval for the early commencement of some of these projects by November 2001.

7. Mr IP Kowk-him considered that the LDC should have prepared the implementation plan for the 25 uncompleted projects to enable the URA to proceed without delay upon its establishment on 1 May 2001. Mr IP and Mr Frederick FUNG Kin-kee were not satisfied with the slow progress made and urged for the advancement of the implementation schedule of the 25 uncompleted LDC projects. MD/URA reiterated that under section 22 of the URA Ordinance, the URA was required to submit its business plans for FS's approval. The URA was also required by the Ordinance to prepare the plans by following the guidelines contained in the Urban Renewal Strategy (URS). In accordance with section 20 of the Ordinance, the public must be consulted before the URS could be finalized. He assured members that the URA would implement the projects as soon as the URS was finalized and after obtaining the necessary approval in accordance with the procedures and requirements set out in the Ordinance. Dr YEUNG Sum considered that the URA should expedite action for the early implementation of the 25 uncompleted LDC projects.

8. Mr Abraham SHEK Lai-him queried why the 25 uncompleted LDC projects could not be implemented before November 2001, as the LDC had already conducted the freezing surveys after the announcement of the projects in January 1998. MD/URA said that the URA MB would consider the need for conducting another round of freezing surveys to update the position. Mr Frederick FUNG cautioned that the conduction of another round of freezing surveys might attract a significant number of "imposters" to take up residence in the project areas. He considered that new surveys, not freezing surveys, might be conducted for the purpose of comparison. MD/URA pointed out that some residents concerned had requested the URA to conduct another round of freezing surveys. The URA MB would consider the need and the implications of doing so.

9. Mr Fred LI and Mr IP Kwok-him sought clarification on the number of the 25 uncompleted LDC projects which would be implemented in the first batch by November 2001. MD/URA advised that the number and priority of projects had yet to

be considered by the URA MB and approved by FS. Responding to Mr LEUNG Yiu-chung, MD/URA confirmed that there was no fixed plan yet for the phased programme of the 25 projects.

10. Responding to members, MD/URA advised that the URA MB would, in determining the priority of individual urban renewal projects, take into account the conditions and facilities of the buildings involved, such as the safety and environmental aspects; the districts involved in the projects; the financial implications of the projects; and compatibility of the projects with other development plans for the districts concerned, such as railway development plans. Mr Abraham SHEK considered the first and third factors conflicting. He requested the URA to enhance its transparency and make known to the public how the priority of projects was set.

11. Mr Abraham SHEK considered that the URA should commence the acquisition work for all the 25 uncompleted LDC projects within two years, instead of five years. In this connection, Mr Albert CHAN proposed and Mr James TO seconded a motion which read in Chinese "本委員會要求市區重建局在兩年內開展前土地發展公司未完成的二十五個項目的收購工作。". MD/URA responded that as there were other urban renewal projects to be implemented by the URA, the initial plan to commence all the 25 uncompleted LDC projects within five years from 1 April 2002 was the best that the URA could achieve. It would be extremely difficult, if not impossible, for the URA to commence all these projects within two years having regard to the substantial financial resources and work involved. Mr CHAN, Mr TO and Mr SHEK were not convinced and maintained their view that the task was achievable within two years. Mr SHEK pointed out that some of the 25 projects were small in scale but involved dilapidated buildings. It was not reasonable to require the residents concerned to wait for another five years. Dr YEUNG Sum supported the motion and pointed out that the early commencement of the 25 projects would bring about early improvement to the living environment of the residents concerned and increase the overall demand for housing units. Mr Frederick FUNG also supported the motion.

12. Whilst appreciating the need for early implementation of the 25 uncompleted LDC projects, MD/URA reiterated that the URA was also required to implement other urban renewal projects. He stressed that the proposal contained in the motion would seriously upset the URA's work plans. He also pointed out that some of the 25 projects, such as those in Kwun Tong and Sham Shui Po, were large in scale.

13. Mr LAU Ping-cheung supported the early implementation of the 25 uncompleted LDC projects. However, in view of the resource constraints and the need to comply with the required procedures, Mr LAU considered that the URA might not be able to commence all the 25 projects within two years. In his view, it would be more practical to urge the URA to submit as soon as possible its first 5-year Corporate and annual Business Plans for FS's approval so that it could commence its acquisition work. Mr TAM Yiu-chung shared Mr LAU's views.

14. Mr IP Kwok-him said that the Democratic Alliance for Betterment of Hong Kong (DAB) was disappointed at the slow progress of the work of the URA. However, the information available was not sufficient for Members of DAB to judge whether two years was a reasonable time frame to commence all the 25 projects. In the circumstance, they would abstain in the voting on the motion.

15. The motion was put to vote. Of the seven members present (excluding the Chairman), three voted for the motion and four abstained. As the motion was not supported by a majority of the members present, the Chairman declared that the motion was not carried.

*Compensation and rehousing policies*

16. Responding to members, the Deputy Secretary (Urban Renewal & Buildings) of Planning and Lands Bureau (DS/PLB) said that the Administration had honoured its promise made in March 2001 and put forward a number of recommendations in writing to the URA upon its establishment in May 2001, including:

- (a) the recommendation that the URA's acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to the URA;
- (b) the recommendation that priority should be given to the 25 uncompleted LDC projects; and
- (c) the recommendation that in respect of the 25 uncompleted LDC projects, the URA's acquisition offer should have regard to the fact that the residents in these project areas had waited for redevelopment for quite some time.

17. Referring to the press reports that the Chairman of the URA MB had mentioned that a seven-year-old replacement flat would be offered by the URA for compensation, Mr LEE Cheuk-yan sought clarification on whether the URA MB had already decided on its acquisition and compensation policies. MD/URA considered that there might be some misunderstanding as a decision had yet to be made by the URA MB. Responding further to Mr LEE, MD/URA said that he was not in a position to decide on behalf of URA MB as to whether the URA would offer a more favourable compensation package to the affected residents than that offered by the Government.

18. Responding to members, DS/PLB advised that under the URA Ordinance, the Administration was required to monitor the implementation of urban renewal projects by the URA. Should the compensation policy of the URA hinder the smooth implementation of the 20-year urban renewal programme, the Administration would discuss with the URA and follow up the issue as appropriate. DS/PLB also pointed out

that there were four official non-executive directors on the URA MB, namely, the Director of Buildings, Director of Lands, Director of Planning and the Director of Home Affairs. The first three Directors worked to the Secretary for Planning and Lands and kept him informed of the developments.

19. Referring to paragraphs 1.8 and 1.9 of the paper, Mr Fred LI considered that Members should be consulted on the acquisition and compensation policies of the URA, and on the rehousing arrangements before the URA signed the Memorandum of Understanding (MoU) with the Housing Authority (HA) and Housing Society (HS). MD/URA considered that this was a matter for the URA MB to decide.

20. Responding to some members, DS/PLB advised that the Administration had liaised with the HA and HS on the rehousing arrangements for the residents affected by urban renewal projects. The Administration was also identifying lands for the Flat-for-flat Exchange Scheme to be offered as an option to the affected owners. Mr Abraham SHEK did not see the need for the Administration to allocate additional lands to the URA. He suggested that new Home Ownership Scheme (HOS) flats be used for the Flat-for-flat Exchange Scheme. Mr Frederick FUNG disagreed. He pointed out that under the proposed Flat-for-flat Exchange Scheme, an owner-occupier would be offered the option of exchanging his old flat for a new replacement flat which would be of a standard similar to that of a flat of the Sandwich Class Housing Scheme (SCHS) of HS. However, the market value of HOS flats was normally lower than that of SCHS flats. DS/PLB confirmed that under the proposed scheme, owner-occupiers who were willing to participate in the Scheme would be offered flats of SCHS standard. HOS flats would be offered as an additional choice if the proposal were accepted by HA. However, HA's preliminary response was not in support of the proposal.

#### *Urban Renewal Strategy*

21. Responding to Mr Abraham SHEK, DS/PLB advised that the consultation document on URS would be issued by the end of July. Members would be consulted before the Administration finalized the URS.

22. Responding to Ms Emily LAU, DS/PLB advised that the URS would focus on the overall urban renewal strategy such as the role of the URA and financial arrangements. It would not cover the implementation plans for individual projects.

#### *Social Services Teams*

23. Responding to Mr LAU Ping-cheung's enquiry on paragraph 1.10 of the paper and some recent press reports, MD/URA confirmed that new Social Services Teams (SSTs) would be set up for each of the new urban renewal projects. The two SSTs referred to in the press reports were set up for the projects in Wanchai and Tsuen Wan. As most of the cases had been settled, the two SSTs would be disbanded. The

several remaining cases would be handed over to the local welfare organizations, if necessary.

*Urban renewal plan for Sham Shui Po district*

24. Mr James TO pointed out that the LDC had not drawn up any urban renewal plan for the Sham Shui Po district. To be fair to the residents in that district, Mr TO suggested the URA to consider the need to do so.

*Appointment matters of the URA*

25. Ms Emily LAU noted that Professor Cecilia CHAN had been appointed as the Vice-Chairman of the Lands, Rehousing and Compensation Committee (LRCC) of the URA and the Chairman of the Appeals Panel for compensation cases. She queried whether there was a role conflict for the same person to be appointed to these two posts. MD/URA considered that there should be no such problem as the Appeals Panel had no authority to change the compensation policy approved by the URA MB. At the request of Ms LAU, MD/URA agreed to look into the matter, and provide the terms of reference of the LRCC and the Appeals Panel for Members' reference.

26. Responding to Ms Emily LAU's enquiry on the progress of the investigation on the allegations against the Chairman of the LDC, DS/PLB said that a report would be submitted to the Panel within the week.

(*Post-meeting note:* (a) The report provided by the Administration on the allegations against the Chairman of the LDC was circulated to members vide LC Paper No. CB (1) 1758/00-01 on 10 July 2001.

(b) Information on LRCC and the Appeals Panel of the URA provided by MD/URA was circulated to members vide LC Paper No. CB(1)2042/00-01 on 19 September 2001).

Estimated expenditure

27. Members noted that a rough estimate of the funding requirements for the projects to be implemented by the URA in the first five years was in the range of \$10 to \$15 billion. Mr Abraham SHEK considered the rough estimate meaningless, as the detailed information such as the number of projects and the scope of works of each individual project were not provided. MD/URA responded that the detailed information could not be disclosed before the FS's approval of the 5-year Corporate and annual Business Plans. Mr SHEK pointed out that without the detailed information, it was difficult for Members to judge whether the financial resources sought by the URA were value-for-money.

28. Mr James TO and Ms Emily LAU shared the concern of Mr Abraham SHEK. They requested the Administration and the URA to disclose the required information to Members in an appropriate forum, such as a Panel meeting conducted in camera. MD/URA responded that if necessary, confidential briefings for Members might be arranged in due course. DS/PLB pointed out that there were two ways for making the funding arrangements. The Government could inject funding to finance the URA projects and would be paid dividends when the URA made a profit on its projects in future. Alternatively, the URA could borrow money from the Government on low or interest-free payment term. In either case, Members would be provided with an overview of the plan, such as the number and duration of the projects involved, the number of persons affected, areas of land affected, the estimated profit/loss of the projects, etc. to facilitate their consideration of the proposed funding requirements. Detailed information on individual projects could only be released after it was announced in accordance with the procedures set out in the URA Ordinance.

29. Referring to the Administration's proposal to introduce the Maintenance Costs Reimbursement Scheme, Mr LAU Ping-cheung enquired about the progress and the funding requirements for the Scheme. MD/URA advised that the purpose of the Scheme as proposed in the URS was to encourage owners of buildings included in a redevelopment project to carry out the required maintenance works by allowing them, upon redevelopment of the buildings concerned, say, after two years, to apply for reimbursement of the costs of the remaining useful life of the maintenance works. The details and logistics of the Scheme were being studied with the relevant departments. The funding requirements for the Scheme would be worked out at a later stage.

#### Pay Review

30. The Chairman drew members' attention to the submission from the Staff Association of URA (Preparatory Committee).

31. The Chairman also pointed out that the Administration had advised the Bills Committee on the URA Bill in writing on 4 May 2000 that "employment with the LDC and the URA should for all purposes be deemed to be a single continuing employment. The terms of employment may be changed subsequently by mutual agreement between the employees and the URA". It was also provided in section 37(9) of the URA Ordinance that employment with the LDC and the URA under an employment contract was deemed for all purposes to be a single continuing employment.

32. Mr Abraham SHEK recalled that when he was serving as the Chief Executive of the LDC, the Administration had assured LDC staff that the terms and conditions of their employment would remain unchanged after the establishment of the URA. Mr SHEK, Miss LI Fung-ying and Mr WONG Yung-kan urged the Administration to keep its promise. Miss LI also requested the Administration to reassure URA staff, i.e.

staff of the former LDC, that the terms and conditions of their employment, including salaries, would remain unchanged.

33. DS/PLB said that following the passage of the URA Bill, he had written to the Deputy Chief Executive of the LDC on 12 July 2000 providing the Administration's response to the questions raised by LDC staff on the URA Ordinance and the transitional arrangements for the change from the LDC to the URA. In response to one of the questions raised, the Administration had pointed out the provisions of section 37(9) of the URA Ordinance, and that the terms and conditions of LDC staff would remain unchanged after the establishment of the URA. As regards the question of whether there would be any change in the organizational structure, the Administration had responded that it would be up to the MBs of LDC and URA to decide. DS/PLB stressed that the Administration's stance remained unchanged.

34. Responding to Miss LI Fung-ying's enquiry on the action to be taken by the Administration on the proposed reduction of salaries of URA staff, DS/PLB clarified that the URA MB was empowered by the URA Ordinance to enter into employment contracts with any person. In deciding the terms and conditions of employment contracts, the URA MB was not required to consult the Administration. Nevertheless, any changes to the terms of employment contracts should be subject to the mutual agreement between the URA and the employees concerned. Mr LEE Cheuk-yan pointed out that the URA could terminate the employment of those employees who did not accept the proposed changes.

35. Mr LEE Cheuk-yan noted from paragraph 2.1 of the paper that it was at the Government's request that the LDC MB had engaged an external human resource consultant in September 2000 to conduct a review of the salary structure, benefits, terms and conditions of employment of the LDC staff. DS/PLB said that to his knowledge the Government had, after the financial turmoil in 1998, requested all public organizations to review the pay level, terms and conditions of employment of their employees with reference to private sector practice. MD/URA added that around August 1999, the then FS had requested the LDC to conduct the review mentioned by DS/PLB. The review was completed in 2000. As it was anticipated that the URA would soon be established, the LDC MB decided not to make any changes at that time.

36. Responding to Mr LEE Cheuk-yan, DS/PLB advised that the Planning and Lands Bureau was not aware of the findings of the review conducted by the LDC when it responded to the Bills Committee on the URA Bill and the LDC on the transitional arrangements in May and July 2000 respectively. Mr LEE queried why the Administration was not aware of the review findings. DS/PLB reiterated that the MB of the LDC or URA was not required to consult or inform the Administration about its pay review. Mr Frederick FUNG considered it not justified to conduct the review as circumstances might have changed since 1999. He requested the URA not to pursue the review.

37. Mr Albert CHAN pointed out that Members had supported the URA Bill on the understanding that the terms and conditions of employment of the LDC staff would remain unchanged after the establishment of the URA. According to the information provided by URA staff, it was proposed under the review that the working hours of staff of property management grades be increased by 8%, and yet their salaries and allowances be decreased by about 8% to 10%. Mr CHAN questioned the need for the proposed changes.

38. Mr James TO considered that the Administration should honour its promise that the terms and conditions of LDC staff would remain unchanged after the establishment of the URA. Whilst appreciating that it might not be possible for the terms and conditions to remain unchanged forever, the Administration should ensure that they remained unchanged for a reasonable period of time, say, two years. In this connection, the Administration should have made conscious efforts through the four official non-executive directors on the URA MB.

39. Mr IP Kwok-him supported Mr James TO's views. He pointed out that the LDC staff who chose to remain to work in the URA had made their decision on the understanding that the terms and conditions of their employment would remain unchanged. If the management considered it necessary to conduct a pay review to meet changes, it might do so in consultation with staff. However, any proposed changes should not be introduced before the expiry of the current employment contracts.

40. Mr LAU Ping-cheung also considered that changes should not be introduced shortly after the establishment of the URA. In his view, the URA should decide on its work policies, such as acquisition and compensation policies, before considering the need to introduce changes to organizational structure and terms and conditions of employment of staff. If the need for change was established, the staff concerned should be allowed options to choose.

41. Mr Albert CHAN proposed and Mr James TO seconded a motion which read in Chinese "本委員會議決要求市區重建局就現有員工的聘用條件，維持不變。". Mr LAU Ping-cheung considered it impossible not to make any changes over time. MD/URA stressed that the issues involved were complex and requested the Panel to defer making a decision on the matter. The URA might provide further information for Members' reference. Mr CHAN considered that the URA should have provided all relevant information before the meeting.

42. The motion was put to vote. Of the five members present (excluding the Chairman), four voted for the motion and one abstained. As a majority of the members present voted for the motion, the Chairman declared that the motion was carried.

### III. Any other business

Rescheduling of joint Panel meeting

43. Due to time constraints, Ms Emily LAU suggested and members agreed that the joint meeting with the Panel on Environmental Affairs originally scheduled to be held immediately after the Panel meeting be rescheduled.

Concluding remarks of the Chairman

44. As this was the last meeting of the Panel before the summer recess, the Chairman took the opportunity to thank members for their contribution in the session. He also thanked the Administration and the Clerk for their support to the work of the Panel.

45. There being no other business, the meeting ended at 1:35 pm.

Legislative Council Secretariat

19 September 2001