

LegCo Panel on Planning, Lands and Works

Meeting on 9 July 2001

**Work Plan, Estimated Expenditure and Pay Review
of the Urban Renewal Authority**

1. Work plan and estimated expenditure

- 1.1 Since the establishment of the URA on 1st May 2001, vigorous preparatory works have taken place in a number of areas with the intention of ensuring a speedy commencement of the urban renewal programme.
- 1.2 The Chief Executive, in an earlier Policy Address and on various other occasions since, has set out the Government's objectives for urban renewal: to arrest urban decay; a more integrated, holistic approach to urban planning to bring improvements in the build environment and clear benefits to the community; preservation of Hong Kong's cultural heritage and character through conservation, thereby creating a vibrant culturally-diverse and world-class metropolis.
- 1.3 The Government has identified in its Urban Renewal Strategy (URS) Study 200 priority projects and nine target areas for urban renewal. It has proposed that the 200 projects together with the 25 uncompleted projects of the Land Development Corporation (LDC), covering a total area of 67 hectares, should be implemented in the next 20 years. This programme involves the redevelopment

of some 2,000 ageing or dilapidated buildings and the rehousing of 27,000 households, and will result in the provision of around 60,000 square metres of open space, about 90,000 square metres of community facilities and seven new schools.

- 1.4 The 25 uncompleted LDC Projects were announced in early 1998 and because of the prolonged period that has lapsed, it is intended that the implementation of all these 25 projects will be commenced within 5 years from the approval of the URA's first 5-year Corporate and annual Business Plans.
- 1.5 Under the URA Ordinance, the URA is required to prepare its Corporate and Business Plans for approval by the Financial Secretary (FS). The URA is also required by the Ordinance to prepare these plans by following the guidelines contained in the URS. In accordance with section 20 of the URA Ordinance, the public must be consulted before the URS can be finalized.
- 1.6 The URA is in the course of preparing the first draft 5-year Corporate and annual Business Plans with a view to obtaining approval of the URA Managing Board (MB) in September/October 2001. The submission of the draft 5-year Corporate and annual Business Plans for FS's approval is subject to the finalizing of the URS as stated in item 1.5.
- 1.7 In the meantime, the URA is actively seeking the early commencement of some of the 25 uncompleted LDC Projects in

advance of the finalization and approval of the first Corporate and Business Plans by seeking a separate prior approval for this from FS under section 22 of the URA Ordinance. It is intended that approval of FS be sought in September 2001 for the commencement of the first of these “early launch” projects by November 2001. Consultation with the Resumption Section of the Lands Department, the Housing Authority and the Housing Society, whose resources will be required to be deployed to support these projects, together with the Finance Bureau, are also taking place in this respect to determine the number and the timing of the projects to be undertaken.

- 1.8 It is envisaged that one of the URA’s most important policies, that on Acquisition and Compensation, will be submitted for the MB’s approval in August/September 2001. In arriving at the policy, numerous meetings with various representations from the public and the community have taken place to hear and consult the different stakeholders and affected parties.
- 1.9 On the rehousing front, the negotiations for the Memorandum of Understanding (MoU) detailing the arrangements for the provision of rehousing accommodation to the URA by the Housing Authority and the Housing Society are at an advanced stage and it is anticipated that the MoU will be concluded and signed very shortly.
- 1.10 The logistics for the Social Service Teams and District Advisory Committees to be set up in the URA’s Target Areas, including the

timing of their setting-up and their funding, have been discussed in detail and recommendations will shortly be put to the MB for consideration.

- 1.11 A rough estimate at this stage of the funding requirements for the projects that will be implemented by the URA in the first 5 years is in the range of \$10 - \$15 Billion. We are liaising with the Finance Bureau in respect of the necessary funding arrangements for project implementation under sections 10 and 11 of the URA Ordinance.

2. Pay review

- 2.1 In September last year, the LDC Managing Board authorized the engagement of an external human resource consultant specialized in employment remuneration and benefits to conduct a study of the salary structure, benefits, terms and conditions of employment of the LDC staff. This was done for 2 reasons:
 - (a) It anticipated that the URA would be set up soon and that the mode of operation and philosophy of the Authority will be very different from that of LDC.
 - (b) The Government had asked the LDC to review the salary and terms of employment of its employees so that they would be in line with private sector practice and to set an appropriate policy on the ratios of fixed and variable pay for various levels.

- 2.2 In May 2001, the consultant completed the preliminary study and, as part of the consultative process, the preliminary study results have been communicated to all employees through consultative meetings.
- 2.3 Having taken into consideration the issues and concerns expressed by the employees at the consultative meetings, the consultant is now finalizing the report with appropriate recommendations to the MB for consideration.
- 2.4 At this stage, the consultant is still working on the report, which is expected to be ready within the next few weeks.

Urban Renewal Authority

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