

NOTE FOR FINANCE COMMITTEE

Ex-gratia Allowances relating to Land Resumption, Clearance and Marine Works in Hong Kong Waters

Introduction

As requested by the Finance Committee (FC) on 8 June 2001, we set out in this note an overview of the 28 ex-gratia allowances (EGAs) which FC has approved over the years for payment to persons affected by resumption, clearance and marine works in Hong Kong waters. Other than agreeing to the target recipient, eligibility criteria, and calculation basis for each of these EGAs, FC has also authorised the Administration to review and revise the individual rates of compensation for components within each EGA formula. The main features of each of the 28 EGAs are highlighted below and details are set out at the Enclosure.

Encl.

(A) EGAs relating to resumption of private agricultural/building land

(1) Zonal compensation for private land in the New Territories

2. Since 1978, the Administration has adopted an ex-gratia zonal compensation system for resumption of land in the New Territories. Owners of private agricultural/building land affected by resumption in the New Territories are eligible for this ex-gratia compensation as an alternative to statutory claims.

3. The system covers four compensation zones. The compensation rates for different zones are expressed in terms of varying percentages of the basic rates for agricultural and building land, and take into account the potential use of the land, its location and proximity to New Town Development Areas to reflect the fair land value. The ex-gratia compensation rates are shown on the Zonal Plan for Calculation of Compensation Rates which is available for inspection at all New Territories District Lands Offices and summarised at the Enclosure.

(2) *Compensation for old scheduled lots resumed in New Kowloon and on Hong Kong Island*

4. Owners of private agricultural/building land on old scheduled lots in New Kowloon and on Hong Kong Island affected by resumption are eligible for this compensation. Agricultural land is compensated at the same rate as the agricultural land in the New Town Development Areas. The compensation for building land is the value of an exchange of building land in Fung Wong San Tsuen, Wong Tai Sin.

(B) EGAs relating to resumption and clearance of domestic properties

(3) *EGA for legal occupiers of domestic properties*

5. This EGA is payable to legal occupiers of domestic properties affected by resumption. It takes into account rental, removal costs, basic fitting-out (decoration) costs as well as fees payable to agents for finding alternative premises, legal fees and stamp duty. The rates of allowance vary with the location of the resumed premises.

(4) *Home purchase allowance (HPA)/Supplementary allowance (SA)*

6. HPA is payable to owner-occupiers of domestic properties affected by resumption so that they can purchase a replacement flat of a similar size in the same locality. The amount payable is the cost of a replacement flat (of about seven years old in the same locality) less the statutory compensation (i.e., the open market value of the resumed property). The payment of HPA is limited to at most three flats for a claimant in a resumption exercise. Owners of wholly tenanted/vacant properties are eligible for a SA at a maximum of two flats in a resumption exercise. The SA payable is fixed at 50% of the HPA for the first flat and 25% for the second flat. Owners of a flat partially self-occupied or occupied by their immediate family members and partially tenanted/vacant are eligible for the HPA for the area they or their immediate family members occupy as well as for the SA at 75% of the HPA for the tenanted/vacant area on a pro rata basis.

(5) *Domestic removal allowance*

7. Clearees of domestic structures surveyed for dwelling purpose in the 1982 Squatter Structure Survey, who are compulsorily cleared into public housing, are eligible for an EGA to help them meet the initial cost of moving. The rates of this allowance vary according to the family size of clearees.

(6) *Rehabilitation allowance*

8. This EGA is payable to farmers who are affected by resumption and clearance in the New Territories and are eligible for public housing but opt to continue farming elsewhere. Farmers affected give up their eligibility to public housing upon receipt of this EGA. This EGA comprises two components, namely the cost of constructing and fitting out a temporary domestic structure and the cost of removal. The former takes into account the cost of constructing a single-storey part-built structure with facilities such as water, electricity and drainage. The latter is based on the removal cost for a four-person family moving into the temporary domestic structure.

(7) *EGA for village removals in the New Territories*

9. When village houses owned by indigenous villagers in the New Territories or by non-indigenous villagers who owned such land before World War II are resumed, the owners are eligible for this type of EGA.

10. Eligible villagers may choose to accept either a government-built resite house, a building site plus a building allowance, or a cash payment (house allowance). The building allowance is to assist the villagers affected to meet the building costs of a self-built resite house. The cash payment is calculated on the basis of the current market value of a resite house in the same locality of the old building land acquired at the date of resumption/surrender. Eligible villagers are also given a rental allowance for renting alternative accommodation before their resite houses are available, and a removal and decoration allowance to meet the cost of removal and some basic decoration of the resite house. A temporary removal allowance is also payable to eligible villagers for meeting the expenses of moving into temporary accommodation before a new resite house is available.

(C) EGAs relating to resumption of legal commercial and industrial properties

(8) *EGA in respect of legal commercial properties*

11. Owner-occupiers of legal commercial properties affected by resumption are entitled to the open market value of their properties, plus an EGA equivalent to four times the amount of rateable value of the resumed properties. Tenants of legal commercial properties may receive the open market value of their lesser interest in the properties, if any, plus an EGA equivalent to three times the amount of the rateable value of the resumed properties. Owners of tenanted or vacant commercial properties are offered the open market value of their properties, plus an EGA equivalent to the amount of the rateable value of the resumed properties. In addition, severance payments legally incurred by employers who are legal occupiers of the commercial properties affected may also be reimbursable by the Government.

(9) *EGA in respect of legal industrial properties*

12. Occupiers of legal industrial properties affected by resumption are entitled to a compensation equivalent to the open market value of the property and an EGA. The EGA takes into account the rental for the period required for fitting out, removal costs, basic fitting-out (decoration) costs, agents fees, legal fees and stamp duty, as well as the location of the premises resumed. In addition, severance payments legally incurred by employers who are legal occupiers of the industrial properties affected may also be reimbursable by the Government.

(D) EGAs payable to rowing boat operators/owners of Class III vessels affected by reclamation in Hong Kong waters

(10) *EGA for rowing boat operators*

13. This EGA is payable to licensed rowing boat operators whose operations are affected by reclamation. The allowance comprises two components, namely the loss of the boat and the loss of business profits.

(11) *EGA for owners of Class III vessels*

14. This EGA is payable to owners of Class III vessels which are required to be relocated to make way for reclamation. The allowance is paid to cover half of the average replacement costs for the mooring equipment of Class III vessels, taking into account depreciation through normal wear and tear.

(E) EGAs relating to resumption and clearance of agricultural undertakings

(12) *Ex-gratia disturbance allowance for cultivators*

15. This EGA is payable to cultivators who are cleared from government land or from land resumed for public purposes, to assist them to re-establish elsewhere. The allowance comprises two elements, namely the average loss of net farm income during a 12-month re-establishment period and the estimated land preparation cost and part of the replacement cost for the provision of irrigation facilities.

(13) *EGA for pig and poultry farmers*

16. This EGA is payable to pig and poultry farmers whose farm structures are covered by the 1982 squatter control survey and are affected by resumption and clearance. Those farmers who chose to cease their operation under the Livestock Waste Control Scheme were also eligible for this EGA (the EGA application deadline for the last phase of livestock waste control areas was end-1996). This EGA comprises two components, namely the loss of profit during the period required to re-establish their business and half of the average replacement cost of fixtures required for production, excluding farm building element.

(14) *EGA for qualified farm structures on private land*

17. Farmers owning qualified farm structures on private land affected by resumption are eligible for this EGA. Calculation of this EGA rate is based on the total floor area and the average unit replacement cost of farm buildings, taking into account the type of construction (whether fully-enclosed or open-sided) and condition of the buildings.

(15) *EGAs for miscellaneous permanent improvements*

18. This EGA is payable to cultivators, upon resumption and clearance, for losses relating to farm installations and fixtures such as water ponds, wells, fences, irrigation pipes/ditches, boundary walls, gates, bunds and other minor annexures to land which are used principally for agricultural purposes. The amount payable is based on the assessed replacement rates of the items affected by resumption and clearance, less their depreciated value.

(16) *Ex-gratia crop compensation*

19. This EGA is payable to cultivators for the loss of crops upon resumption and clearance. It is calculated on the basis of the market values of the crops under cultivation. The market values are computed from data on prices generated from wholesale markets and territory-wide farm and market surveys.

(F) EGAs relating to resumption and clearance of fishery undertakings

(17) EGA for pond fish farmers rearing edible fish and fish fry

20. Pond fish farmers rearing edible fish and fish fry affected by resumption and clearance are eligible for an EGA, comprising five components, namely payment to cover loss of capital investment, loss of working capital, loss of net income, loss relating to permanent improvements to the land, and severance or disturbance allowance for the remaining portion of the fish pond in the case of a partial resumption.

(18) EGA for oyster farmers at Deep Bay

21. Upon clearance, operators of oyster beds under active cultivation, i.e., those having not less than 70 oyster clutches per 100/m², are eligible for an EGA. This EGA comprises three components, namely loss of capital investment, loss of recurrent investment and loss of one year's net income.

22. In addition, an EGA is also payable to oyster farmers for the loss of their economic use of tools and equipment on clearance. This represents one year's value of the tools and equipment used by an average oyster farmer, which are assumed to have an economic life of seven years. This is applicable to all oyster farmers irrespective of whether they meet the 70 oyster clutches per 100/m² criterion, provided there is evidence of investment in such farm equipment for the purpose of oyster farming.

(19) *EGA for red worm pond operators*

23. Red worm pond operators affected by resumption and clearance are eligible for an EGA. This EGA comprises five components, namely payment for loss of capital investment, loss of recurrent investment for one harvest, notional loss of net income having regard to the tenure of the land lease, loss relating to permanent improvements to the land, and severance or disturbance allowance for the remaining portion of the pond in the case of a partial resumption.

(G) *EGA relating to clearance of graves, Kam Taps and shrines in the New Territories*

(20) *EGA for graves, Kam Taps and shrines*

24. This EGA is payable upon the clearance of graves and Kam Taps belonging to indigenous villagers and locally-based fishermen in the New Territories. It is also payable to a village as a whole for shrines built and worshipped by the villagers.

(H) *EGAs payable to mariculturists/fishermen affected by marine works projects/clearance in Hong Kong waters*

(21) *EGA for mariculturists affected by marine works projects/clearance in Hong Kong waters*

25. Mariculturists are eligible for an EGA covering a normal two-year fish culture cycle if the shortest water distance between the designated boundary of a sand dredging or mud disposal operation and the gazetted boundary of a fish culture zone is five kilometres or less, irrespective of the concentration of suspended solids. Upon expiry of the first two-year period of sand dredging or mud disposal operation, the mariculturists meeting certain criteria may be granted an EGA again, subject to the suspended solid test. For sand dredging or mud disposal operations more than five kilometres away and other types of works (e.g., reclamations), payment of an EGA is subject to the suspended solids test. The EGA formulation takes into account the affected mariculturists' notional loss of income for a normal two-year fish culture cycle, loss of capital investment and loss of working capital.

26. Mariculturists affected by clearance may also choose to receive a transportation allowance and relocation allowance for relocation of business, or to receive an extinguishment allowance should they wish to cease their business permanently.

(22) *EGA for fishermen affected by marine works projects in Hong Kong waters*

27. Fishermen are not entitled to statutory compensation when marine works extinguish their habitual fishing grounds permanently or temporarily as they have no legal rights over the waters where they habitually fish. Recognising that affected fishermen may suffer a reduction of income and may incur extra expenses in relocating their activities to fishing grounds elsewhere, they may be granted an EGA subject to meeting certain eligibility criteria.

28. Fishermen suffering a permanent loss of fishing ground as a result of marine works are eligible for an EGA based on a notional value of seven years' fish catch. Those suffering a temporary loss of fishing grounds are eligible for an EGA based on a notional value of three years' fish catch. Further EGAs may also be granted to fishermen affected by successive marine works projects at the same location where three years have elapsed since completion of the last works.

(I) EGAs relating to clearance of shops, workshops, godowns, slipways, schools and churches, and ornamental fish breeding undertakings in squatter/cottage areas [Items (23) - (28)]

29. Business operators, who run businesses (including shops, workshops, godowns, slipways, schools, churches, etc.) at the time of the pre-clearance survey in 1982-surveyed structures registered for such uses and who are affected by clearance, are eligible for EGAs to help them re-establish their business elsewhere and to provide them with assistance for loss of business and other costs incurred during removal.

30. The EGAs for shops and workshops are linked to the average rentals of comparable shops and flatted factories in the private sector, capitalised over four months for shops and 12 months for workshops. The amount of EGAs payable also varies according to the type and size of the businesses. The EGAs for schools and churches are proportionate to the rates for shops while the rates for slipways and godowns are proportionate to the rates for workshops.

Environment and Food Bureau

Housing Bureau

Planning and Lands Bureau

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OUTLINE

(A) EGAs relating to resumption of private agricultural/building land

- (1) Zonal compensation for private land in the New Territories
- (2) Compensation for old scheduled lots resumed in New Kowloon and on Hong Kong Island

(B) EGAs relating to resumption and clearance of domestic properties

- (3) EGA for legal occupiers of domestic properties
- (4) Home purchase allowance (HPA)/Supplementary allowance (SA)
- (5) Domestic removal allowance
- (6) Rehabilitation allowance
- (7) EGA for village removals in the New Territories

(C) EGAs relating to resumption of legal commercial and industrial properties

- (8) EGA in respect of legal commercial properties
- (9) EGA in respect of legal industrial properties

(D) EGAs payable to rowing boat operators/owners of Class III vessels affected by reclamation in Hong Kong waters

- (10) EGA for rowing boat operators
- (11) EGA for owners of Class III vessels

(E) EGAs relating to resumption and clearance of agricultural undertakings

- (12) Ex-gratia disturbance allowance for cultivators
- (13) EGA for pig and poultry farmers
- (14) EGA for qualified farm structures on private land
- (15) EGAs for miscellaneous permanent improvements
- (16) Ex-gratia crop compensation

(F) EGAs relating to resumption and clearance of fishery undertakings

- (17) EGA for pond fish farmers rearing edible fish and fish fry
- (18) EGA for oyster farmers at Deep Bay
- (19) EGA for red worm pond operators

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- (21) EGA for mariculturists affected by marine works projects/clearance in Hong Kong waters
- (22) EGA for fishermen affected by marine works projects in Hong Kong waters

(I) EGAs relating to clearance of shops, workshops, godowns, slipways, schools and churches, and ornamental fish breeding undertakings in squatter/cottage areas

- (23) EGA for shops
- (24) EGA for workshops
- (25) EGA for godowns
- (26) EGA for slipways
- (27) EGA for schools and churches
- (28) EGA for ornamental fish breeding undertakings

(A) EGAs relating to resumption of private agricultural/building land

(1) Zonal compensation for private land in the New Territories

Target recipients

Owners of private agricultural land/building land in the New Territories affected by resumption

Formulation endorsed by FC

- For land resumed within the New Town Development Areas (basically *Zone A*¹), compensation is calculated as follows –
 - (a) a basic rate is derived from a weighted value of residential, commercial and industrial lands in selected areas in Shatin, Tsuen Wan and Tuen Mun. The basic rate (separate for agricultural land and building land) is revised bi-annually on the basis of a survey of the land valuation in the selected area;
 - (b) agricultural land – 120% of the prevailing basic rate (basic rate currently at \$311/ft²); and
 - (c) building land – amount by valuation plus 120% of the prevailing basic rate (basic rate currently at \$615/ft²)
- For land resumed outside the New Town Development Areas (divided into *Zone B*², *Zone C*³ and *Zone D*⁴), compensation is offered as follows –
 - (a) agricultural land – *Zone B* – 75% of prevailing basic rate
Zone C – 50% of prevailing basic rate
Zone D – 30% of prevailing basic rate; and

¹ *Zone A* – New Town Development Areas (namely areas within the New Town boundaries as shown on gazetted outline zoning plans for new towns), and those areas that are affected by essential projects with territory-wide significance

² *Zone B* – Areas that may be brought under urban development in the near future, either by extensions to the adjoining layout areas due to their proximity to such areas or by reason of their known potential for urban development

³ *Zone C* – Areas in which no development is planned and which are unlikely to be affected by later extension to layout areas, but where resumptions are required sometimes for purposes directly connected with urban layout development and sometimes for local improvement schemes

⁴ *Zone D* – Areas not included in other zones

- (b) building land – Zone B – Amount by valuation + 75% of prevailing basic rate
- Zone C – Amount by valuation + 50% of prevailing basic rate
- Zone D – Amount by valuation + 30% of prevailing basic rate

Rate adjustment – Review twice a year

(2) **Compensation for old scheduled lots resumed in New Kowloon and on Hong Kong Island**

Target recipients

Owners of private agricultural/building land on old scheduled lots in New Kowloon and on Hong Kong Island affected by resumption

Formulation endorsed by FC

- (a) Agricultural land –
Same as Item 1(b) above for land resumed within the New Town Development Areas (Zone A) in the New Territories.
- (b) Building land –
\$4,800/ft² for Fung Wong San Chuen, Wong Tai Sin and comparable urban locations.
- (c) An additional allowance of \$3,158/ft² is payable to indigenous owners of old scheduled building lots and owners who have inherited their lots through the male line from a pre-25 December 1941 owner in New Kowloon only and subject to a maximum payment of \$1,375,624 (i.e., \$3,158 x 435.6ft²), unless the land is occupied by domestic structures.

Rate adjustment –

Ex-gratia compensation for agricultural land – Review twice a year

Ex-gratia compensation for building land – Review on a need basis

Additional allowance for indigenous owners – Review on a need basis

(B) EGAs relating to resumption and clearance of domestic properties

(3) **EGA for legal occupiers of domestic properties**

Target recipients

Legal occupiers of domestic properties affected by resumption

Formulation endorsed by FC

Depending on the location of the resumed properties, different amounts of EGA are payable to legal occupiers of domestic properties to cover rental for the period required for fitting-out (one month's rental), removal costs, basic fitting-out costs and fees payable to agents for finding alternative premises, legal fees and stamp duty. Classification and rates applicable are as follows –

Location ⁵	Basic rates ⁶					
	Group A	Group B	Group C	Group D	Group E	Group F
Basic composite rate (round off to the nearest \$5)	\$1,240/m ²	\$1,100/m ²	\$1,050/m ²	\$1,035/m ²	\$1,000/m ²	\$945/m ²

Rate adjustment – Review once a year

(4) Home purchase allowance (HPA)/Supplementary allowance (SA)

Target recipients

Owners of domestic properties affected by resumption

⁵ Group A – Primary locations in urban areas of Hong Kong Island and Kowloon, e.g., Mid-levels, Kowloon Tong, Tsimshatsui.

Groups B & C – Secondary locations on Hong Kong Island, Kowloon and New Kowloon. Main streets in Causeway Bay, Mong Kok, Yau Ma Tei, North Point fall within Group B whilst less preferable secondary locations, such as Reclamation Street, Shanghai Street, Wan Chai Road, fall within Group C.

Groups D & E – Tertiary locations in urban areas. First Street in Sheung Wan, Hoi Tan Street in Shum Shui Po fall within Group D whilst more inferior locations such as Lei Yue Mun Area are in Group E. Primary locations in New Territories fall within Group D and secondary locations in New Territories within Group E.

Group F – Most inferior locations in New Territories.

⁶ Basic rates are applicable to principal living space such as cubicles, bedrooms, sitting rooms, living rooms and cocklofts (where they are the only available living space).

For subsidiary living space, such as kitchens, lavatories, domestic storage space, and covered yards (on ground floors used as living), a rate equivalent to 2/3 of the basic rate applies.

For covered rooftops (including side roofs and flat roofs), balconies, verandahs and open yards used for domestic storage or other domestic purposes, a rate equivalent to 1/2 of the basic rate applies.

A universal rate of \$3,013 and \$2,410 per unit is paid for bedspaces and bunks respectively. The rate is approximately equivalent to 2.5m² and 2m² respectively of the principal living space in secondary locations (i.e., Group C).

Formulation endorsed by FC

- (a) The amount of HPA payable is the cost of a replacement flat (assuming a reasonably modern flat about seven years old in the same locality and having a similar area as that of the resumed property) less the amount of statutory compensation (the open market value of the resumed properties). The HPA is paid to owners owning, wholly or partially, a maximum of three flats per resumption exercise.
- (b) Owners of wholly tenanted/vacant flats are eligible for SA assessed at 50% of the HPA for a first flat and 25% for a second flat. No SA is paid for the third wholly tenanted/vacant flat.
- (c) Owners of a flat partially self-occupied or occupied by their immediate family members and partially tenanted/vacant are eligible for the HPA for the area they or their immediate family members occupy and the SA at 75% of the HPA for the tenanted/vacant area on a pro rata basis.
- (d) Owners who have accepted zonal compensation (Item (A)(1) above) or accommodation in public housing are not entitled to HPA and/or SA.

Rate adjustment – Review on a need basis

(5) **Domestic removal allowance**

Target recipients

Clearees of domestic structures for dwelling purposes in the 1982 Squatter Survey, who are compulsorily cleared into public housing

Formulation endorsed by FC

This EGA is payable to cover the costs of removing and installing a telephone line, basic fitting-out and domestic removal. The following current rates are applicable to families of different sizes –

One person	: \$3,410
Two-three persons	: \$6,200
Four-five persons	: \$7,580
Six and more persons	: \$9,400

Rate adjustment – Review once a year

(6) **Rehabilitation allowance**

Target recipients

Farmers affected by resumption and clearance in the New Territories who are eligible for public housing but opt to continue farming elsewhere

Formulation endorsed by FC

This EGA is payable to cover the cost of constructing and fitting out a temporary domestic structure and the cost of removal. The current rate is \$43,489 per family. Upon receipt of the EGA, farmers affected give up their eligibility for public housing.

Rate adjustment – Review once a year

(7) **EGAs for village removals in the New Territories**

Target recipients

Indigenous villagers or non-indigenous villagers owning the land before World War II affected by resumption

Formulation endorsed by FC

- (a) For every 0.01 acre of building land/house surrendered or resumed, indigenous villagers affected may choose to accept a government-built resite house, OR one building site of 65.03m² plus a building allowance (currently at \$867,000) for the construction of a 3-storey house; OR a cash payment (house allowance) at full market value of a resite house in the same locality of the building resumed/surrendered in lieu of a resite house. Claims exceeding three resite houses (0.03 acre) per villager are referred to the Lands Department Headquarters for approval.
- (b) Rental allowance is payable to indigenous villagers who have accepted the resite arrangement and vacated their houses pending completion of the resited houses. The rate is based on the prevailing rental value of a flat of 46.5m² gross area in the urban part of the district of the resumed land. The allowance payable varies from district to district and ranges from \$3,400 to \$6,400 (per month).
- (c) Removal and decoration allowance is payable to families moving into village resite houses. The allowance takes into account such costs as the removal of personal effects and furniture, installations of gas, electricity, telephone and water connections, and basic decoration of the resite houses. The current rate is \$11,000 per resite house.
- (d) Temporary removal allowance is payable to eligible villagers for meeting expenses of moving into temporary accommodation before new resite houses are made available. The current rate is \$6,500 per resite house.

Rate adjustment –

Building allowance and rental allowances – Review twice a year

Removal and decoration allowance – Review once a year

Temporary removal allowance – Review on a need basis

(C) EGAs relating to resumption of legal commercial and industrial properties

(8) EGA in respect of legal commercial properties

Target recipients

Legal occupiers of or owners of tenanted/vacant commercial properties affected by resumption

Formulation endorsed by FC

- (a) For owner-occupiers – EGA equivalent to four times the amount of rateable value of the resumed properties.
- (b) For tenants – EGA equivalent to three times the amount of rateable value of the resumed properties.
- (c) For owners of tenanted or vacant properties – EGA equivalent to the amount of the rateable value of the resumed properties.

In addition, severance payments legally incurred by employers who are legal occupiers of the commercial properties affected may also be reimbursable by the Government.

Rate adjustment – Adjusted according to the rateable value of the resumed properties prevailing at the time of resumption

(9) EGA in respect of legal industrial properties

Target recipients

Legal occupiers of industrial properties affected by resumption

Formulation endorsed by FC

This EGA is payable to legal occupiers of resumed industrial properties to cover rental for the period required for fitting-out of alternative premises (one and a half months' rental), removal costs, basic fitting-out costs and fees payable to agents for finding alternative premises, legal fees and stamp duty. The following rates are applicable to resumed industrial properties in different locations –

Location ⁷	Basic rates									
	Group A		Group B		Group C		Group D		Group E	
	*G/F	*U/F	G/F	U/F	G/F	U/F	G/F	U/F	G/F	U/F
Basic rate (round off to the nearest \$10)	\$ 1,990/m ²	\$1,830/m ²	\$1,930/m ²	\$1,820/m ²	\$1,830/m ²	\$1,770/m ²	\$1,760/m ²	\$1,710/m ²	\$1,740/m ²	\$1,660/m ²

* G/F = Ground Floor; U/F = Upper Floor

In addition, severance payments legally incurred by employers who are legal occupiers of the industrial properties affected may also be reimbursable by the Government.

Rate adjustment – Review once a year

(D) EGAs payable to rowing boat operators/owners of Class III vessels affected by reclamation in Hong Kong waters

(10) *EGA for rowing boat operators*

Target recipients

Licensed rowing boat operators affected by reclamation in Hong Kong waters

Formulation endorsed by FC

This EGA is payable to licensed rowing boat operators whose operations are affected by reclamation. The allowance comprises two components, namely the loss of the boat and the loss of business profits.

Rate adjustment - Review on a need basis

⁷ *Group A* : Primary locations in the urban area, e.g., North Point, Hung Hom and Mongkok
Group B : Secondary locations in the urban area and primary locations in the New Territories, e.g., Kwun Tong, Chai Wan, Lai Chi Kok and Tai Kok Tsui
Group C : Tertiary locations in the urban area and secondary locations in the New Territories, e.g., areas with poor access and lack basic facilities for industrial use such as Diamond Hill and Ngau Chi Wan
Group D : Tertiary locations in the New Territories
Group E : Most inferior locations in the New Territories
Open Areas : A rate equivalent to 25% of the basic rates applicable to the upper floors

(11) *EGA for owners of Class III vessels*

Target recipients

Owners of Class III vessels affected by reclamation in Hong Kong waters

Formulation endorsed by FC

This EGA is payable to owners of Class III vessels which are required to be relocated to make way for reclamation. The allowance is paid to cover half of the average replacement costs for the mooring equipment of Class III vessels, taking into account depreciation through normal wear and tear.

Rate adjustment - Review on a need basis

(E) EGAs relating to resumption and clearance of agricultural undertakings

(12) *Ex-gratia disturbance allowance for cultivators*

Target recipients

Cultivators affected by resumption and clearance

Formulation endorsed by FC

This EGA is a disturbance allowance payable to cultivators affected by resumption and clearance to cover the average loss of net farm income during a 12-month re-establishment period and the estimated land preparation cost, and part of the replacement cost for the provision of irrigation facilities. (Current rate at \$50.7/m²)

Rate adjustment – Review once a year

(13) *EGA for pig and poultry farmers*

Target recipients

Pig and poultry farmers affected by resumption and clearance

Formulation endorsed by FC

This EGA is payable to pig and poultry farmers whose farm structures covered by the 1982 squatter control survey are affected by resumption and clearance. Those farmers who chose to cease their operation under the Livestock Waste Control Scheme were also eligible for this EGA (the EGA application deadline for the last phase of livestock waste control areas was end-1996). The EGA is paid to cover the loss of profit during the re-establishment period and for half of the cost of replacing farm fixtures. The

following current rates are applicable to different types of livestock raised in the farms affected –

<u>Type of livestock</u>	<u>Per capita based⁸</u>	<u>Building area based⁹</u>
Chicken	\$40.32/head	\$539.21/m ²
Leghorn	\$35.17/head	\$378.12/m ²
Duck/goose	\$32.81/head	–
Pigeon	\$39.35/head	\$524.68/m ²
Quail	\$ 5.28/head	\$567.53/m ²
Pig	–	\$612.17/m ²

Rate adjustment – Review once a year

(14) EGA for qualified farm structures on private land

Target recipients

Owners of qualified farm structures on private land affected by resumption

Formulation endorsed by FC

This EGA is payable to owners of qualified farm structures affected by resumption, based on the total floor area and the average unit replacement cost of farm buildings, taking into account the type of construction (whether fully-enclosed or open-sided) and condition of the buildings. Calculations are as follows –

The amount of EGA payable = $(L \times W \times P - S \times R) \times F$

L = length (in metres) of the farm buildings;

W = width (in metres) of the farm buildings;

P = agreed average unit replacement cost of the farm buildings;

S = length (in metres) of the open sides of farm buildings which are not fully enclosed;

R = rate (per metre length) of the component costs of side windows/walls of farm buildings as a reduction factor when the farm buildings are open-sided;

F = modification factor

⁸ The per capita rate is applied only to “backyard” and free range poultry farms in which the number of birds is small and can be practically counted (i.e. less than 1 000).

⁹ The building area based rate is applied to all pig farms and high density poultry farms where the number of birds is 1 000 or more. It is derived from the per capita rate and takes into account the most common stocking density of the various types of livestock reared in the New Territories farms.

The current rates for the different types of qualified farm structures (components P and R) are as follows –

<u>Poultry Sheds</u>	<u>Pig Sheds</u>	<u>Agricultural Storage Sheds</u>
P = \$969.04/m ²	P = \$851.28/m ²	P = \$613.84/m ²
R = \$646.68/m	R = \$210.83/m (for open structures above the height of 1.2m approximately)	R = \$302.91/m
	R = \$450/m (for structures with no side windows or walls)	

Rate adjustment – Review once a year

(15) **EGAs for miscellaneous permanent improvements**

Target recipients

Cultivators affected by resumption and clearance who have made permanent improvement to their farms

Formulation endorsed by FC

This EGA is payable to cultivators affected by resumption and clearance to compensate for miscellaneous permanent improvement items to their farms (which are principally for agricultural purposes), such as water ponds, wells, fences, irrigation pipes/ditches, boundary walls, gates and bunds. The amount of EGA payable is calculated on the basis of the assessed replacement cost of the particular items less depreciation in accordance with the Schedule of Replacement Rates for Typical Constructional Works, which is pegged to the Civil Engineering Works Index. The current unit rates for individual items are set out below –

<u>Items</u>	<u>Unit rates for improvement works done</u>
Excavation	Ranging from \$53.93/m ² to \$1,438.09/m ³ (depends on the type of excavation work)
Concrete work (including formwork)	Ranging from \$125.85/m to \$3,145.79/m ³ (depends on the type of concrete work)

<u>Items</u>	<u>Unit rates for improvement works done</u>
Brick work	Ranging from \$215.72/m ² to \$1,258.30/m ³ (depends on the type of brick walling)
Masonry	Ranging from \$754.96/m ³ to \$1,617.85/m ³ (depends on the type of rubble walling)
Roof covering	Ranging from \$143.80/m ² to \$772.95/m ² (depends on the type of roofing work)
Metal Work	Ranging from \$19.78/kg to \$21.58/kg (depends on the type of works and material used)
Metal Work (product)	Ranging from \$125.85/m ² to \$359.52/m ² (depends on the type of product)
Netting	Ranging from \$57.51/m ² to \$86.30/m ² (depends on the type of material used for post)
Fence	Ranging from \$7.19/m to \$424.70/m (depends on the type of material used for the post and the scale of fencing)
Gates	Ranging from \$539.29/m ² to \$1,527.96/m ² (depends on the type of material used for the gates)
Plaster work and other finishes	Ranging from \$71.91/m ² to \$287.61/m ² (depends on the type of procedures adopted and plastering and finishing work)
Drainage	Ranging from \$71.91/m to \$287.61/m (depends on the size of the pipe)
Plumbing	Ranging from \$17.97/m to \$287.61/m (depends on the size of tubing)
Conventional well	Ranging from \$4,853.50/m to \$35,951.93/m (depends on the size of the well)

Rate adjustment – Review once a year

(16) **Ex-gratia crop compensation**

Target recipients

Cultivators affected by resumption and clearance

Formulation endorsed by FC

This EGA is payable to cultivators to cover the loss of crops upon resumption and clearance. The amount of EGA payable is to be assessed individually on a case-by-case basis, taking into account the true market value of the crops affected. Based on their botanical nature and method of cultivation, crops are classified into the following five categories for calculating the amount of EGA payable –

- (a) vegetable and field crops,
- (b) ornamental and flowering plants,
- (c) fruit trees and their seedlings,
- (d) common trees, tree saplings and curio plants, and
- (e) chinese medicinal herbs

Non-transplantable items such as vegetables are awarded the full crop ex-gratia rates. Transplantable items such as tree saplings or other nursery stocks as well as closely planted or newly planted crops are awarded a percentage of the full ex-gratia rate to reflect the cost and loss incurred upon transplanting. EGA for potted plants reflects the costs incurred upon removal.

Rate adjustment – Adjust according to market rates of the affected crops at the time of resumption and clearance

(F) EGAs relating to resumption and clearance of fishery undertakings

(17) **EGA for pond fish farmers rearing edible fish and fish fry**

Target recipients

Pond fish farmers rearing edible fish and fish fry affected by resumption and clearance

Formulation endorsed by FC

This EGA is payable to pond fish farmers rearing edible fish and fish fry affected by resumption and clearance to cover –

- (a) the loss of capital investment;
- (b) the loss of working capital;
- (c) the loss of net income;
- (d) the loss of permanent improvements to the land; and
- (e) severance or disturbance allowance for the remaining portions of the fish ponds affected in the case of a partial resumption.

For edible fish, the components of loss of permanent improvements to the land and severance or disturbance allowance are assessed individually on a case-by-case basis. The current rates for calculating capital and income loss applicable to different types of fish are as follows –

<u>Type of culture</u>	<u>Loss of capital investment, working capital & net income (for an average pond over 2.1 m deep on private land with two-year lease)</u>
Polyculture	\$39.08/m ²
Snakehead	\$39.49/m ²
Catfish	\$40.71/m ²

For fish fry, the rates for the five components are assessed individually on a case-by-case basis.

Rate adjustment – Review once a year (for edible fish) and on need basis (for fish fry)

(18) **EGA for oyster farmers at Deep Bay**

Target recipients

Oyster farmers affected by clearance of oyster beds

Formulation endorsed by FC

- An EGA is payable to oyster farmers upon clearance of oyster beds which are in active cultivation (i.e., those having not less than 70 oyster clutches per 100m²) to cover –
 - (a) the loss of capital investment;
 - (b) the loss of recurrent investment; and
 - (c) the loss of one year's net income.

The current weighted EGA rate is calculated as follows –

	Fattening (\$/m ²)	Post-tile Culture (\$/m ²)	Rock Culture (\$/m ²)
Loss of capital investment	–	\$1.78	\$0.66
Loss of recurrent investment	–	\$10.40	\$9.00
Loss of one year's net income	<u>\$24.38</u>	<u>\$3.28</u>	<u>\$0.02</u>
EGA rates for different types of oyster cultures	\$24.38	\$15.46	\$9.68
Weighting factor (note) ¹⁰	0.75	0.15	0.1
Weighted EGA rate = \$[(24.38 x 0.75) + (15.46 x 0.15) + (9.68 x 0.1)]/m ²			
= \$21.57/m ²			

Rate adjustment – Review once a year

- An EGA is also payable to oyster farmers affected by clearance, irrespective of whether they meet the 70 oyster clutches per 100m² criterion, to cover one year's value of the tools and equipment (which are assumed to have an economic life of seven years) used for the cultivation. The EGA is calculated as follows –

$$\begin{aligned}
 \text{Current EGA per claimant} &= \frac{\text{Estimated value of farm equipment}}{\text{Economic life of the equipment}} \\
 &= \frac{\$24,948}{7} \\
 &= \$3,564 \text{ per claimant}
 \end{aligned}$$

Rate adjustment – Review once a year

(19) EGA for red worm ponds operators

Target recipients

Red worm ponds operators affected by resumption and clearance

Formulation endorsed by FC

This EGA is payable to red worm ponds operators affected by resumption to cover –

- (a) the loss of capital investment;
- (b) the loss of recurrent investment for one harvest;
- (c) the notional loss of net income;
- (d) the loss of permanent improvements to the land; and

¹⁰ Weighting factor is calculated based on the proportion of oyster bed area by farming methods.

- (e) severance or disturbance allowance for the remaining portion of the pond in the case of a partial resumption.

The components of the loss of permanent improvements to the land and severance or disturbance allowance are assessed individually on a case-by-case basis.

Rate adjustment – Review on a need basis

(G) EGA relating to clearance of graves, Kam Taps and shrines in the New Territories

(20) EGA for graves, Kam Taps and shrines

Target recipients

Indigenous villagers and locally-based fishermen in the New Territories whose graves, Kam Taps and shrines are affected by clearance

Formulation endorsed by FC

- (a) For graves and shrines, the amount of EGA payable varies depending on the size and material used for the erection;
- (b) for Kam Taps, the current EGA rates applicable to different structures are as follows –
- Without shelter – \$2,245 per Kam Tap
 - With shelter – \$4,460 for the shelter and the first Kam Tap;
\$2,245 for each additional Kam Tap;
- (c) furthermore, an additional allowance is payable for the following factors –
- for clan significance – an additional allowance of \$12,168 is payable to each branch of the clan on removal of clan graves;
 - for age significance – an additional allowance of \$18,392 is payable on the removal of pre-1898 graves; and
 - for Fung Shui significance – an additional allowance of \$16,128 is payable to cover ceremonial expenses and geomaster's fees.

Rate adjustment – Review once a year

(H) EGAs payable to mariculturists/fishermen affected by marine works projects/clearance in Hong Kong waters

(21) EGA for mariculturists affected by marine works projects/clearance in Hong Kong waters

Target recipients

Mariculturists affected by marine works projects/clearance in Hong Kong waters

Formulation endorsed by FC

- For mariculturists affected by marine works projects –

- (a) If the shortest water distance between the designated boundary of a sand dredging or mud disposal operation and the gazetted zone boundary of a fish culture zone is five kilometres or less –

mariculturists are eligible for a one-off payment of EGA covering a normal two-year fish culture cycle, irrespective of the concentration of suspended solids;

upon expiry of the first two-year period, the mariculturist may be granted EGA again only if concentration of suspended solids in the waters of a fish culture zone reaches 100% more than the highest level recorded there in the previous five years before the commencement of works; OR reaches 50 milligrams per litre.

- (b) For sand dredging or mud disposal operations more than five kilometres away and other types of works, e.g., reclamations, payment of EGA is also subject to the above suspended solids test.
- (c) Mariculturists deemed eligible for the EGA may –

continue their business at their own risk and receive EGA equivalent to 50% of the notional loss of income for a normal 2-year fishculture cycle (rate currently at \$192.37/m² of raft area); OR

suspend their business for two years and receive EGA equivalent to the loss of income for a normal two-year fish culture cycle (rate currently at \$384.74/m² of raft area) and the loss of working capital (rate currently at \$272.75/m² of raft area); OR

cease their business permanently and receive an extinguishment allowance to cover two-year notional loss of income (rate currently at \$384.74/m² of raft area), loss of working capital (rate currently at \$272.75/m² of raft area), loss of capital investment on raft (rate currently at \$7,537.01 for the first 25m² of raft area and \$157.13/m² thereafter), loss of capital investment on cages (rate currently at \$360.65 for the first

6.6m² of raft area and \$54.19/m² thereafter), and loss of capital investment on other farm equipment (rate currently at \$26.45/m² of raft area).

- Mariculturists affected by clearance may –
 - (a) relocate their business to another fish culture zone and receive an allowance for refitting fixture (rate currently at \$35.11/m² of raft area), an allowance for transportation (rate currently at \$10.83/m² of raft area for every 1000 m distance removed, subject to the amount paid out not exceeding twice the loss of capital investment on raft in case of a permanent extinguishment of business), and a disturbance allowance (to be assessed individually on the basis of market value of fish loss); OR
 - (b) relocate their business within the same fish culture zone and receive EGA which is to be assessed individually on the basis of expenses actually incurred but not exceeding the rates for calculating allowance for refitting of fixture in case of relocation to another fish culture zone; OR
 - (c) cease their business permanently and receive an extinguishment allowance to cover two-year notional loss of income (rate currently at \$384.74/m² of raft area), loss of working capital (rate currently at \$272.75/m² of raft area), loss of capital investment on raft (rate currently at \$7,537.01 for the first 25m² of raft area and \$157.13/m² thereafter), loss of capital investment on cages (rate currently at \$360.65 for the first 6.6m² of raft area and \$54.19/m² thereafter), and loss of capital investment on other farm equipment (rate currently at \$26.45/m² of raft area).

Rate adjustment – Review once a year

(22) **EGA for fishermen affected by marine works projects in Hong Kong waters**

Target recipients

Fishermen affected by marine works projects in Hong Kong waters

Formulation endorsed by FC

- (a) Calculation of the EGA payable to eligible fishermen affected by marine works projects resulting in the permanent loss of fishing grounds (primarily due to reclamation projects) is based on a notional value of seven years' fish catch.
- (b) The EGA payable to eligible fishermen affected by marine works projects resulting in the temporary loss of fishing grounds (primarily due to sand dredging or mud disposal projects) is based on a notional value of three years' fish catch.

Rate adjustment – Review on a need basis

(I) EGAs relating to clearance of shops, workshops, godowns, slipways, schools and churches, and ornamental fish breeding undertakings in squatter/cottage areas

Target recipients

Operators of shops, workshops, godowns, slipways, schools and churches, and ornamental fish breeding undertakings in squatter/cottage areas affected by clearance

Formulation endorsed by FC

The EGAs for shops and workshops are linked to the average rentals of comparable shops and flatted factories in the private sector, capitalised over four months for shops and 12 months for workshops. The rates for schools/churches are two-third of the rates for shops. The rates for slipways and godowns are half of the rate payable for workshops. The rates for ornamental fish breeding undertakings are the same as those for workshops. Current individual rates for the EGAs are as follows –

(23) EGA for shops

Covered Area			Open Area		
Amount for first 10 m ²	Amount for each m ² thereafter	Maximum Payment	Amount for each m ²	Minimum Qualifying Area	Maximum Payment
\$7,180/m ²	\$3,590/m ²	No	\$600/m ²	10m ²	\$300,000

(24) EGA for workshops

Covered Area				Open Area		
Amount for first 5m ² to 25m ²	Amount for each m ² thereafter	Minimum Qualifying Area	Maximum Payment	Amount for each m ²	Minimum Qualifying Area	Maximum Payment
\$51,000	\$1,020/m ²	5m ²	No	\$170/m ²	20m ²	\$170,000

(25) EGA for godowns

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

(26) **EGA for slipways**

Amount for each m ²	Maximum Payment
\$510/m ²	No

(27) **EGA for schools and churches**

Covered Area		Open Area		
Amount for each m ²	Maximum Payment	Amount for each m ²	Minimum Qualifying Area	Maximum Payment
\$2,390/m ²	No	\$400/m ²	20m ²	\$480,000

(28) **EGA for ornamental fish breeding undertakings**

Covered Area				Open Area		
Amount for first 5m ² to 25m ²	Amount for each m ² thereafter	Minimum Qualifying Area	Maximum Payment	Amount for each m ²	Minimum Qualifying Area	Maximum Payment
\$51,000	\$1,020/m ²	5m ²	No	\$170/m ²	No	No

Rate adjustment – Review once a year

[Note: Rates given in this Enclosure are as at January 2002.]

~ ENDS ~