

立法會
Legislative Council

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Legislative Council
Panel on Planning, Lands and Works

Minutes of special meeting
held on Friday, 8 February 2002 at 8:30 am
in Conference Room A 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 TAM Yiu-chung, GBS, JP
Hon Abraham SHEK Lai-him, JP
Hon Albert CHAN Wai-yip
Hon IP Kwok-him, JP
- Members attending** : Hon CHAN Yuen-han, JP
Hon Frederick FUNG Kin-kee
- Members absent** : Hon WONG Yung-kan
Hon LAU Wong-fat, GBS, JP
Hon Timothy FOK Tsun-ting, SBS, JP
Hon WONG Sing-chi
- Public officers attending** : Miss CHEUNG Siu-hing
Deputy Secretary (Urban Renewal & Buildings)
Planning and Lands Bureau
- Ms Olivia NIP
Principal Assistant Secretary (Urban Renewal)
Planning and Lands Bureau

Dr LAU Wah-sum
Chairman
Urban Renewal Authority

Mr Billy LAM
Managing 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

I. Work plans of the Urban Renewal Authority

- (LC Paper No. CB(1)1011/01-02(01) — Paper provided by the Administration
- LC Paper No. CB(1)900/01-02 — Paper for the House Committee meeting on 25 January 2002 — Report of the Panel on “Delay in the implementation of 25 uncompleted projects of the former Land Development Corporation”
- LC Paper No. CB(1)825/01-02(01) — Paper provided by the Administration
- LC Paper No. CB(1)760/01-02(01) — Booklet entitled “Land Resumption And Compensation In The Urban Area — Guidelines for Owners, Occupiers and Surveyors”
- LC Paper No. CB(1)217/01-02(01) — Booklet entitled “Urban Renewal Strategy - People First - A Caring Approach to Urban Renewal” provided by the Planning and Lands Bureau
- LC Paper No. CB(1)843/01-02(01) — “Undertakings made by the Administration in respect of urban renewal” prepared by the LegCo Secretariat)

The Chairman said that following the discussion on the work plans of the Urban Renewal Authority (URA) at the last special meeting on 22 January 2002, the Panel had presented a report to the House Committee (HC) reflecting Members' concern about the delay in the implementation of the 25 uncompleted projects of the Land Development Corporation (LDC) (LC Paper No. CB(1)900/01-02). As agreed by HC at its meeting on 25 January 2002, the Chairman of HC then conveyed Members' concern to the Chief Secretary for Administration.

2. The Chairman advised that the purpose of this special meeting was to follow up the discussion at the last special meeting on 22 January 2002. As decided by the Panel, the Chairman of URA was invited to attend this meeting.

Declaration of interest

3. Mr LAU Ping-cheung declared that he was a non-executive director of the URA Board.

Briefing by the Deputy Secretary of Planning and Lands Bureau

4. The Deputy Secretary (Urban Renewal & Buildings) of Planning and Lands Bureau (DS/PLB) briefed members on the paper provided by the Administration. She highlighted that follow-up actions on a number of the undertakings listed in the paper entitled "Undertakings made by the Administration in respect of urban renewal" prepared by the Legislative Council (LegCo) Secretariat had been completed. She also advised that on 5 February 2002, URA had submitted its first draft 5-year corporate plan and first draft annual business plan to the Financial Secretary (FS) for approval. The Government was studying the two draft plans with a view to processing them as expeditiously as possible.

Briefing by the Chairman of URA

5. The Chairman of the Urban Renewal Authority (C/URA) advised that following the passage of the URA Ordinance (Cap. 563) in June 2000, LDC had set up a task force in November 2000 to prepare the ground work for URA's first draft 5-year corporate plan. The work was taken over by URA after its establishment on 1 May 2001. C/URA pointed out that it was not an easy task, having regard to the need for URA to achieve its aim of implementing an urban renewal programme consisting of 200 new projects and 25 uncompleted projects of LDC in 20 years and at the same time, to achieve the main objectives of urban renewal, i.e. redevelopment, rehabilitation, revitalization and preservation (four Rs). To achieve the aim of implementing 225 projects in 20 years, URA would have to implement about 11 projects per year on average. The URA Board therefore fully appreciated the need to expedite its work. In this connection, C/URA pointed out that:

- (a) URA had conducted a restructuring exercise to align its structure with its new mission and statutory functions under the URA Ordinance;
- (b) URA would explore with the Government the feasibility of streamlining the land resumption procedure with a view to shortening the average time required for completing the procedure for an urban renewal project from six/seven years to two years;
- (c) URA had sought FS's approval for the early launch of three of the 25 uncompleted projects of LDC. On 11 January 2002, URA announced the commencement of the three "early launch" projects, namely Johnston Road redevelopment in Wan Chai, Fuk Wing Street/Fuk Wa Street redevelopment in Sham Shui Po, and Cherry Street redevelopment in Tai Kok Tsui. An occupancy survey was conducted during the period from 11 January to 14 January 2002; and
- (d) Once FS approved URA's first draft 5-year corporate plan and first draft annual business plan, URA would proceed to implement the plans immediately.

Discussion

URA's first draft 5-year corporate plan

6. Members were pleased to note that URA had already submitted its first draft 5-year corporate plan and first draft annual business plan to FS for approval. To enable the early implementation of the 20-year urban renewal programme, Members urged the Government to expedite the scrutiny work of the two draft plans for FS's early approval. Mr James TO Kun-sun asked when FS was expected to give his approval. DS/PLB assured Members that the Government was equally concerned about the early implementation of the urban renewal programme. As the two draft plans had only been submitted to the Government a few days before and they were URA's first draft 5-year corporate plan and first draft annual business plan, the Government needed some time to study them in detail. DS/PLB considered it too early at this stage to comment on when FS would give his approval. However, as the two draft plans covered the 5-year/1-year period from the start of the 2002/03 financial year, her own working timetable was to finish processing of the two draft plans by the end of March 2002. Mr James TO considered the target date acceptable.

7. Mr James TO asked for the financial resources required for implementing the urban renewal projects covered by the two draft plans. DS/PLB considered it not meaningful to provide a rough figure at this stage when the Government was still studying the two draft plans. The Government needed to assess whether the programme of proposals contained in the draft plans was in compliance with the URA

Ordinance and the Urban Renewal Strategy (URS), and whether the financial assumptions and projections were reasonable.

8. Mr Albert CHAN Wai-yip considered the progress of work of URA too slow. He hoped that the 5-year corporate plan would set out clear directions and timetable for the implementation of urban renewal projects, and achieve the objectives for enacting the URA Ordinance. The delay in the implementation of urban renewal projects should not be attributed to the need to achieve the four objectives (4 Rs) of urban renewal. C/URA stressed that both the LDC Board and URA Board fully appreciated the need for early implementation of urban renewal projects, and had worked very hard towards that goal. However, a lot of difficulties had been encountered during the transition from LDC to URA. With the benefit of hindsight, it might have been more efficient and effective if LDC had been wound up before the establishment of URA. In any case, the projects could only be commenced with Government's approval and financial support. Once FS approved the two draft plans, URA would proceed to implement the projects immediately. Mr Albert CHAN did not agree that LDC should have been wound up before the establishment of URA.

9. Mr IP Kwok-him asked whether the 5-year corporate plan approved by FS would be disclosed to the public. DS/PLB advised that as the plan involved sensitive information, it was not appropriate to disclose the plan in full and to disclose the timing of the individual projects too early. Some general aggregate information, such as the total number of projects covered by the plan, would be disclosed. As regards the details of each project, URA was required under the URA Ordinance to publish in the Gazette, before the commencement date of the project, the commencement date and a description of the general nature and effects of the project to allow the public to raise comments and objections.

(Post-meeting note: The press release provided by the Administration on the approved URA's first corporate plan and first business plan was circulated to members vide LC Paper No. CB(1)1402/01-02 on 2 April 2002.)

Undertakings made by the Administration in respect of urban renewal

10. Referring to the list of "Undertakings made by the Administration in respect of urban renewal" prepared by the LegCo Secretariat (LC Paper No. CB(1)843/01-02(01)), Mr Frederick FUNG Kin-kee expressed his grave concern on whether the Administration would stand by its undertakings made since the discussion of the URA Bill, in particular the following:

- (a) To recommend to URA that its acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to URA (Item 22(b) of the list of undertakings — Letter dated 8 March 2001 from the Secretary for Planning and Lands (SPL) to Clerk to Panel);

- (b) To recommend to URA that, in respect of the 25 uncompleted projects of LDC, the acquisition offers of URA should have regard to the fact that the residents in these project areas had waited for redevelopment for quite some time (Item 23 of the list of undertakings — Letter dated 8 March 2001 from SPL to Clerk to Panel); and
- (c) To recommend to URA that priority should be given to the 25 uncompleted projects of LDC (Item 15 of the list of undertakings — Letter dated 8 March 2001 from SPL to Clerk to Panel).

URA's acquisition offers

11. On paragraph 10(a) and (b) above, Mr Frederick FUNG was disappointed to note that URA had decided to use a seven-year old flat as the basis for calculating the Home Purchase Allowance (HPA) payable to the owners concerned. This was only the same as, but not more favourable than, the Government's land resumption offer. He was of the view that Mr Stephen FISHER, the former DS/PLB who had signed the letter dated 8 March 2001 on behalf of SPL, had misled Members to believe that URA would make a more favourable acquisition offer than the Government's land resumption offer. Mr Albert CHAN considered it unfair for Members to comment on a public officer in his absence.

12. Miss CHAN Yuen-han appreciated Mr Frederick FUNG's sentiments. She recapitulated that when the Administration put forward its proposal in 2001 that a seven-year old flat be used as the basis for calculating HPA payable to owners of domestic properties affected by Government land resumption, some Members and residents concerned considered that a five-year old flat should be used as the basis for calculation. While some of them maintained their view, some of them finally accepted the Administration's proposal on the understanding that URA would make a more favourable acquisition offer than the Government's land resumption offer. To uphold the credibility of the Government, Miss CHAN considered that the Government should strongly urge URA to make a more favourable acquisition offer, e.g. to use a five-year old flat as the basis for calculating HPA. She stressed that it was the Administration's responsibility to stand by its undertakings made in respect of urban renewal despite staff changes for the post of DS/PLB.

13. DS/PLB wished to put it on record that the Administration had not misled Members, and that the Administration would stand by its undertakings despite staff changes. She drew Members' attention to the letter dated 8 March 2001 from SPL where it was clearly stated that the acquisition policy of URA would be determined by its Board when it was established, and that the Government would recommend to URA that its acquisition offer should be more favourable than the Government's land resumption offer as an incentive to flat owners to sell their properties to URA. The Government had already made the recommendation to URA and so far, URA had not

acted against that recommendation. DS/PLB also pointed out that the former SPL had reiterated at the Finance Committee meeting on 30 March 2001 that it was not appropriate for the Government to recommend to URA a HPA based on a five-year old flat, as distinct from other projects requiring land resumption.

14. C/URA assured Members that the URA Board, in deciding on its acquisition offers, would take into account the Government's recommendations. Apart from using a seven-year old flat as the basis for calculating HPA, it would consider offering additional incentives to the owners concerned. The Land, Rehousing & Compensation Committee of URA was working out the detailed proposals on compensation arrangements in respect of urban renewal projects. He also stressed the need for URA to strike a balance for the reasonable and fair allocation of resources, and to achieve a self-financing urban renewal programme in the long term.

15. Mr Frederick FUNG referred to a press report published on Ming Pao on 1 June 2001, where it was stated that C/URA had indicated that after the publication of an urban renewal project in the Gazette, URA would apply to the Chief Executive (CE) in Council to resume land for the project under the Lands Resumption Ordinance (Cap. 124) and at the same time, make acquisition offers to the owners concerned. After the CE in Council had given its approval, URA would make use of the "imperial sword (尙方寶劍)", i.e. the Lands Resumption Ordinance, to conduct mandatory land resumption. Mr FUNG was concerned that the owners concerned would have no choice but to accept URA's acquisition offers. C/URA considered it inappropriate for him to comment on a press report. However, he clarified that URA had no "imperial sword" and that land resumption for both URA and non-URA projects were conducted under the Lands Resumption Ordinance.

25 uncompleted projects of LDC

16. On paragraph 10(c) above, Members strongly urged URA to give priority to the 25 uncompleted projects of LDC and expedite implementation of the projects. Responding to Members, C/URA advised that apart from the three "early launch" projects announced by URA, the remaining 22 uncompleted projects of LDC had been included in the list of projects covered by the draft 5-year corporate plan. While some of them were placed in the first part of the list, some were placed in the middle part. In prioritizing the projects, URA had taken into consideration a number of factors, such as the conditions of the project areas. Miss CHAN Yuen-han pointed out that LDC should have already considered the conditions of the project areas before announcing the 25 projects in 1998. The fact that LDC had decided to announce the 25 projects ahead of other projects demonstrated that the 25 project areas were in poorer conditions. With a lapse of five years, the conditions of the project areas concerned had further deteriorated. Being uncertain about the commencement date of these projects, the owners/residents concerned faced a dilemma as to whether they should carry out or further postpone the maintenance works. Further delay of the projects would be unfair to them. Miss CHAN therefore urged URA to accord first priority to

the 25 projects. As URA had already announced the three "early launch" projects, URA should place the remaining 22 projects as Nos. 1 to 22 of the list of projects covered by the 5-year corporate plan. Mr James TO supported her view.

17. C/URA said that he had conducted site visits to the project areas and was fully aware of the difficulties encountered by the residents and owners affected by the 25 uncompleted projects of LDC. He assured Members that priority would be accorded to the remaining 22 projects as far as practicable. Mr IP Kwok-him considered that the schedule for implementing the 22 projects should be disclosed to the public to ease their concern. C/URA advised that the schedule proposed in the draft 5-year corporate plan, if approved by FS, would still be subject to annual review. In preparing the annual business plan, the URA Board would review the priority of projects. The priority would be adjusted if there were urgent projects, for example, those considered to have posed safety and security problems that needed to be dealt with. Apart from urgent projects, Members stressed that the 22 projects should be accorded first priority. Mr IP requested URA to consider commencing the 22 projects within three years.

Flat-for-flat Exchange Scheme

18. Responding to Mr IP Kwok-him, C/URA advised that the management of URA was discussing with the Government on the practicality of the Flat-for-flat Exchange Scheme. Some practical issues, such as the issue of whether the exchange should be made in terms of the size or the value of a flat, had yet to be carefully considered and resolved.

Mode of operation of URA

19. Citing examples of the redevelopment projects for Tsuen Wan "Seven Streets" and Yeung Uk Road, Mr Albert CHAN expressed his grave concern that URA would become a land resumption agency for private developers and that there would be collaboration between URA and private developers. He strongly objected to this mode of operation of URA and queried how the objectives of urban renewal, in particular the preservation of historical buildings, could be achieved under this mode. C/URA clarified that URA had not colluded with any private developers. In view of the substantial financial resources required for urban renewal projects, URA Board considered it appropriate to pursue the option of joint venture with private developers so as to reduce risk. It would also reduce the financial loss to be borne by the Government in the event of project failure. Regarding the Tsuen Wan projects, C/URA advised that URA had decided to invite tenders through an open tender exercise. Mr CHAN considered that URA should have consulted Members and the public on the details of the tender exercise, including eligibility criteria, tender procedure and assessment criteria. The Managing Director of URA (MD/URA) advised that after the URA Board had decided on 31 January 2001 to invite tenders for the Tsuen Wan projects, details of the open tender exercise were being worked out and

would be submitted to the URA Board for its consideration in due course. Responding further to Mr CHAN and Mr IP Kwok-him, MD/URA confirmed that no changes had been made to the content of the development plans for the Tsuen Wan projects and Kennedy Town "Five Streets" project previously approved by the Town Planning Board.

20. Mr LAU Ping-cheung proposed a new mode of operation for URA. Under the new mode, URA would play the role of a matchmaker, matching owners/residents of old buildings with interested private developers to undertake redevelopment projects for the buildings concerned. In Mr LAU's view, this mode of operation would have the merits of expediting the implementation of urban renewal projects, reducing the risk involved in undertaking urban renewal projects by URA and avoid criticisms against URA on collaboration with private developers. Moreover, it would not involve any public moneys. C/URA pointed out that as Mr LAU had already reflected his views in this aspect to the URA Board, his views were recorded in the minutes of the relevant Board meeting. DS/PLB said that it was for URA to decide its mode of operation and that the Government would not interfere with its decision, unless the proposed mode did not comply with the legislative requirements.

21. In view of the abundant resources available in the Housing Society (HS), Mr James TO considered it cost-effective for URA to amalgamate with HS to facilitate the early implementation of more urban renewal projects. He suggested the Government and URA to give serious thought to this proposal. Mr LAU Ping-cheung supported Mr TO's view. DS/PLB said that it was not against the principle of urban renewal for URA to implement urban renewal projects through joint venture with potential partners, such as HS. C/URA said that URA would explore the feasibility of working with HS on urban renewal projects.

Review and redeployment of manpower resources of URA

22. Referring to the recent streamlining measures adopted by the Government, Mr LAU Ping-cheung considered that URA should also review its manpower resources to avoid unnecessary expansion. DS/PLB advised that under section 21 of the URA Ordinance, URA was required to include in the draft 5-year corporate plan the staffing requirements to implement the urban renewal programme covered by the plan. The Government would, in studying the 5-year corporate plan, consider whether the staffing requirements were reasonable.

23. Mr LAU Ping-cheung suggested the Government and URA to consider whether there were rooms for redeployment of staff between Government departments and URA to facilitate the effective use of manpower resources. He urged the Government to take a proactive role to resolve the technical issues involved in the redeployment of manpower resources between Government departments and public organizations, e.g. issues arising from the differences in their pay structure and scale. He also suggested the Government to consider more effective staff redeployment

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measures among various departments to achieve savings and to avoid staff redundancy. He noted that while the recent re-engineering exercise of the Architectural Services Department (ArchSD) might result in a reduction in the number of posts of the department, another department was planning to create posts of similar ranks. In his view, the Administration should consider redeploying the surplus staff of ArchSD to the latter department. DS/PLB said that she would convey Mr LAU's views to the Civil Service Bureau.

Transparency of URA

24. Referring to paragraph 9 of the URS where it was stated that the URA Board should be accountable, open and transparent, Mr Frederick FUNG urged URA to adopt the practice of the Housing Authority, i.e. to conduct working meetings in camera and meetings on policy issues in public. Mr FUNG considered that this practice would enhance the transparency of URA and enable the public to observe URA meetings. In response, C/URA pointed out that a LegCo Member had just submitted the same view to the URA Board in writing and the matter was being studied by the management of URA. MD/URA added that the intention was for meetings of URA to be open to the public as far as practicable.

II. Any other business

25. There being no other business, the meeting ended at 10:15 am.

Legislative Council Secretariat
9 April 2002