

立法會
Legislative Council

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Panel on Development

**Minutes of special meeting
held on Monday, 15 October 2007, at 4:30 pm
in the Chamber of the Legislative Council Building**

Members present : Hon LAU Wong-fat, GBM, GBS, JP (Chairman)
Prof Hon Patrick LAU Sau-shing, SBS, JP (Deputy Chairman)
Hon James TIEN Pei-chun, GBS, JP
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Hon Miriam LAU Kin-ye, GBS, JP
Hon CHOY So-yuk, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon LEE Wing-tat
Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki
Hon CHEUNG Hok-ming, SBS, JP

Members attending : Hon CHEUNG Man-kwong
Hon CHAN Yuen-han, SBS, JP
Dr Hon YEUNG Sum, JP
Hon Emily LAU Wai-hing, JP
Hon WONG Kwok-hing, MH

Members absent : Dr Hon Philip WONG Yu-hong, GBS
Hon Albert CHAN Wai-yip
Hon Daniel LAM Wai-keung, SBS, JP

Public officers attending : Mrs Carrie LAM
Secretary for Development

Mr MAK Chai-kwong
Permanent Secretary for Development (Works)

Mr Raymond YOUNG
Permanent Secretary for Development
(Planning and Lands)

Clerk in attendance : Ms Anita SIT
Chief Council Secretary (1)4

Staff in attendance : Ms Pauline NG
Assistant Secretary General 1

Mr WONG Siu-yee
Senior Council Secretary (1)7

Ms Christina SHIU
Legislative Assistant (1)7

Action

I. Briefing by the Secretary for Development on relevant policy initiatives in the Chief Executive's Policy Address 2007-2008
(LC Paper No. CB(1)16/07-08(01) -- Initiatives of Development Bureau in the 2007-2008 Policy Address and Policy Agenda)

- Address by the Chief Executive at the Legislative Council meeting on 10 October 2007 -- "A New Direction for Hong Kong"
- The 2007-2008 Policy Address -- "Policy Agenda"

To allow more time for members to raise questions, the Secretary for Development (SDEV) suggested and members agreed that no introduction by SDEV would be required.

Infrastructure projects and the construction industry

2. Noting that implementation of the 10 major infrastructure projects would only start in 2009, Mr WONG Kwok-hing asked whether the Administration would increase the number of capital works projects before then so that the \$29

billion earmarked each year would be fully utilized to alleviate unemployment in the construction industry. He also asked when the Administration would implement measures, such as paying workers for wages in arrear out of contract money due to the main contractor, under public works contracts for resolving wage disputes.

3. In response, SDEV said that the estimated expenditure for capital works projects would be \$20.4 billion in 2007-2008. Owing to the time required for various procedures in implementing capital works projects, the 10 major infrastructure projects would not significantly increase capital works expenditure in the short run. However, apart from the 10 major infrastructure projects, the Administration would expedite other capital works projects, such as replacement and rehabilitation of water mains and environmental enhancement of nullahs, and strive to submit some 100 funding proposals on public works projects to the Public Works Subcommittee and Finance Committee in the current legislative session. The situation was not pessimistic as could be demonstrated by the fact that the Public Works Subcommittee had approved some 100 funding proposals in the previous legislative session. The employment situation in the construction industry would improve in the foreseeable future as those approved projects commenced.

4. On safeguarding workers' wage payments, the Permanent Secretary for Development (Works) said that the measure of allowing the Government to pay workers for wages in arrear out of contract money due to the main contractor had been implemented for some 70 public works contracts since 1 May 2006. The number of wage disputes had decreased to only 10 to 20 in the current year. With the commencement of the Construction Workers Registration Ordinance on 1 September 2007, only registered workers were permitted to work on construction sites and attendance records would be kept to avoid disputes and combat illegal workers.

5. As regards the statement in the Policy Address that the Administration's efforts in promoting infrastructure development over the past decade did not match expectations, Ms Emily LAU expressed doubt on whether the establishment of the Development Bureau would be of help in this regard. She pointed out that while the Administration had not implemented some projects which the Legislative Council supported, it had spent considerable efforts on some other projects which the Legislative Council did not support. She asked what lesson the Administration had learnt from the experience over the past 10 years on how to better cooperate with the Legislative Council and reconcile divergent views of the community.

6. In response, SDEV said that the statement in the Policy Address was neutral and was not meant to blame any party for the less than satisfactory progress in implementing capital works projects. There had been a lack of major infrastructure projects over the past few years to fully utilize the earmarked average provision of \$29 billion each year. In addition, various other factors including policy changes, statutory procedures, views of the local

communities, judicial reviews and heritage conservation had affected the progress of capital works projects. Apart from establishing the Development Bureau to improve coordination work, the Administration had adopted an approach of engaging the public at an early stage in the planning process, as could be demonstrated by the Kai Tak Development. In future, Heritage Impact Assessment would be conducted if any heritage sites would be affected by a works project. She did not consider that the Legislative Council had in any way hindered the implementation of capital works projects. She clarified that it was the responsibility of the policy bureau concerned to take forward a project from inception to putting up a funding proposal before the Development Bureau took up the implementation of a capital works project.

7. Ir Dr Raymond HO shared the view that the Legislative Council had not hindered the implementation of capital works projects. Their progress was often affected by objections on grounds of environmental protection and conservation, some of which were reasonable and others farfetched. Last-minute applications for judicial review represented an attempt to use the Judiciary to interfere with the Administration. Under such complicated circumstances, he considered that efficient coordination and resolution of inter-departmental issues would be conducive to the smooth implementation of capital works projects. He asked what new measures the Administration would adopt in this regard.

8. In response, SDEV said that execution efforts and internal coordination for capital works projects would be further strengthened under the new organizational structure of the Government. She would chair supervisory teams or steering committees comprising officials from other bureaux concerned to facilitate communication and monitor the progress of individual mega projects such as the Kai Tak Development. Comprehensive public engagement at an early stage would reduce conflicts and disputes during the implementation stage.

9. Responding to an enquiry from Mr CHEUNG Hok-ming, SDEV said that there was no definite timetable at present for developing the cross-boundary facilities at Liantang/Heung Yuen Wai because the project was at an initial study stage. The Administration would expedite the planning study and establish a high-level working group with the Shenzhen Municipal Government to coordinate and oversee various cross-boundary development projects, including the Lok Ma Chau Loop and the Liantang/Heung Yuen Wai control point.

10. Mr Abraham SHEK said that there were insufficient employment opportunities in the construction industry. Although he supported the 10 major infrastructure projects, they would not be implemented until 2009. As such, the Administration should give assurance to the construction industry by clearly specifying its earmarked annual provision for capital works projects. As regards wage disputes, he expressed concern on whether legislation on security of payment would be introduced.

New Development Areas

11. Mr LEE Wing-tat pointed out that some overseas cities had already adopted the zero carbon dioxide emission standards. In implementing the New Development Areas (NDAs), the Administration should consider adopting those standards.

12. Expressing a similar concern, Ir Dr Raymond HO asked whether the NDAs would be environmental-friendly by having more electricity-driven vehicles and automatic people movers and strict monitoring of industrial emissions.

13. Noting that the public-private-partnership (PPP) approach might be adopted in implementing NDAs, Mr CHAN Kam-lam asked how the Administration would ensure that the rights of small property owners and small land owners would not be affected by large developers in the implementation of NDAs. He urged the Administration to consult the local communities and Heung Yee Kuk as soon as possible.

14. In response, SDEV said that as the project was only at a very early stage, the details had yet to be decided. The Administration would first embark on planning and engineering studies. The Administration would draw reference from the successful experience of other projects and adopt environmental protection measures as appropriate. The concept of an environmental-friendly city could be a possibility subject to the results of the planning and engineering studies for the NDAs. Title ownership in the NDAs concerned was diverse yet concentrated. While there were individual owners, there were also developers who had land reserve. It was from this perspective that the PPP approach could be considered. The approach to be adopted would be fair, reasonable and unbiased. The implementation process would be interactive and the Administration would consult the relevant stakeholders.

15. Mr CHEUNG Hok-ming pointed out that the Administration had earmarked 12 conservation sites in the New Territories for development under the PPP approach, but three years had passed with little progress. He expressed concern on the situation and asked whether the Administration would draw reference from that unsuccessful experience in implementing the NDAs under the PPP approach.

16. In response, SDEV said that the Development Bureau would work with the Environment Bureau and Transport and Housing Bureau to explore possibilities for invigorating the pilot scheme for conserving the 12 conservation sites under PPP. A Liaison Group comprising the Secretary for Transport and Housing, Secretary for the Environment and herself had been formed to further strengthen organizational capacity in delivering infrastructure projects. As long as there was sufficient transparency, the possibility of adopting the PPP approach should not be excluded in implementing the NDAs.

17. Prof Patrick LAU asked whether the Administration had any new thinking in planning for the NDAs, and whether the project would be implemented under the supervision of a project manager who would assume an overall steering role, like what had been done in the past in developing new towns.

18. In response, SDEV said that a new thinking was required because time had changed and so had the needs of the community. To ensure good coordination among various aspects in planning the NDAs, planning and engineering issues would be considered in conjunction with the PPP approach. The project manager approach would be a possibility.

19. Mr Abraham SHEK said that it was important to have an implementation timetable after completing the planning and engineering studies for the NDAs. The study for the Hung Shui Kiu NDA should be conducted simultaneously with that for the "Three-in-One" NDA. Implementing the NDAs would boost economic development and create employment opportunities. As long as there was high transparency, the Administration should not worry about accusations of collusion in adopting the PPP approach. The Administration should strike a balance between the interests of various parties in aspects such as economic development and environmental protection.

Development intensity and town planning

20. Dr KWOK Ka-ki asked whether there were any concrete measures to revamp the Town Planning Board (TPB) and review the Outline Zoning Plans (OZPs) so that town planning could meet the aspirations of the community.

21. In response, SDEV said that there was no plan to revamp the TPB as such but a comprehensive review of the existing OZPs with a view to responding to calls from the community for lower development intensity was under way. Out of the 108 OZPs, about half did not have development restrictions, such as plot ratio, building height limit and maximum gross floor area, at present. Although there was no timetable for completing the review of the OZPs due to the voluminous work, priority would be given to those OZPs covering areas under high development/redevelopment pressures and waterfront areas along Victoria Harbour. Also, the Administration had concrete measures to enhance the living environment and quality of life, such as reviewing the intensity of the property development project at the Nam Cheong Station of the West Rail.

22. In relation to land use and development intensity, Mr LEE Wing-tat pointed out that the plot ratio for town centres such as Yuen Long Town could be 6 to 8 or even 9. For rural areas, the plot ratio might only be 0.5 to 1.0. He considered that the disparity was too large and suggested that the plot ratio for the fringe areas of town centres could be slightly relaxed to 2 to 4 so as to alleviate the difficulties in sourcing land for development and provide greater flexibility.

23. In response, SDEV said that although she would not preclude the idea of more balanced land utilization, review of development intensity was often a controversial issue in every district. By way of illustration, although the plot ratio of the property development project at the Yuen Long Station of the West Rail was only 4.63, there were still a lot of controversies. The Administration would review the plot ratio in response to the views of the Yuen Long District Council and the local residents. As regards rural areas, the Administration would wish to maintain low development intensity and retain 40% of the territory as country parks and nature reserves.

24. As regards the review of the property development projects at the Yuen Long Station and Nam Cheong Station of the West Rail, Mr Alan LEONG enquired about the timetable for the review and the workflow. With regard to public engagement in town planning, the approach adopted for the Kai Tak Development was quite successful but there was room for further improvement. He asked whether the Administration would introduce a new mechanism, including revamping TPB, so as to provide more opportunities for the public to participate in town planning.

25. In response, SDEV said that although the property development projects at Nam Cheong and Yuen Long Stations had already been approved by TPB, the projects would be reviewed in response to concerns of the community, in particular the local residents and the relevant District Councils. The Administration would discuss with the railway corporation to formulate alternative schemes for the project. The public and relevant stakeholders would be consulted and those schemes would be vetted through the statutory planning process. Losses, if any, arising from reduction in the development intensity would not have financial implication for the railway corporation because it was only the agent of the Government in the development of the property site. However, public funds and the supply of private housing would be affected. The Administration would continue to further enhance the public engagement process in town planning.

26. Mr Abraham SHEK commented that reducing development intensity would affect Hong Kong's economic development. The crux was to provide incentives for developers to formulate good designs to make the best use of the development sites.

Enhancing the living environment

27. Miss CHAN Yuen-han asked whether the Administration would draw reference from the approach adopted for the Cheonggyecheon restoration project in Seoul, South Korea to beautify instead of decking the Kai Tak Nullah. In fact, the beautification approach was also adopted for the Yuen Long Town Nullahs. Both greening and water bodies could reduce the heat-island effect. The Administration should take the lead in creating a quality living environment.

28. In response, SDEV said that in deciding the strategy to be adopted for treating nullahs, the Administration had to respect the views of the local community and consider the particular circumstances. The Administration had drawn reference from overseas experience in its plan for greening and beautifying the Yuen Long Town Nullahs instead of decking them. The Kai Tak Nullah was one of the 16 nullahs planned to be decked and there was support from the relevant District Council. If an alternative method was to be adopted, the relevant District Council and the local community would need to be further consulted.

Urban renewal and heritage conservation

29. Miss CHAN Yuen-han commented that urban renewal projects undertaken by the Urban Renewal Authority (URA), such as the Nga Tsin Wai Village project, had failed to optimize the planning because of the constraints in the existing legislation. Although the Administration was promoting "Quality City and Quality Life", there were no concrete measures to achieve that objective.

30. Expressing a similar concern, Prof Patrick LAU asked whether the Administration would adopt an integrative heritage conservation approach in future. If the conservation work of URA was confined to a small area, it would be difficult for URA to realize its full potentials.

31. Dr KWOK Ka-ki was concerned about the timetable for grading the heritage buildings and the policy and measures that the Administration would adopt for built heritage conservation.

32. While expressing support for the setting up of an Office of the Commissioner for Heritage Conservation, Mr Abraham SHEK pointed out that the priority task was to formulate a heritage conservation policy.

33. In response, SDEV said that the Nga Tsin Wai Village project demonstrated a balance between conservation and development. The Wong Tai Sin District Council and the residents supported the current proposal. URA had been tasked with a new mission of stepping up the preservation and revitalization of pre-war buildings which did not necessarily fall within the boundaries of its redevelopment projects, and it would formulate measures in this regard. An area-based conservation approach would be adopted in some older districts such as Wan Chai so as to better preserve the characteristics of the districts and ensure a good integration of the new and the old.

34. Mr Alan LEONG considered that adoption of an area-based heritage conservation approach was appropriate and crucial. To allow URA to spearhead in urban renewal and live up to the people-oriented principle, there should be room for URA to provide more options, such as flat-for-flat compensation, shop-for-shop compensation and equity participation, for affected parties of urban renewal projects.

35. Mr Albert HO asked through what procedures the Administration would carry out revitalization initiatives for historic buildings. Regarding the Hong Kong Jockey Club's revitalization proposal for the Central Police Station Compound, he asked whether there would be any open competition or open tendering in the process because competition would produce the most creative proposal. Although the Hong Kong Jockey Club might be in an advantageous position to undertake the project, he considered that proposals from other parties could also be solicited.

36. In response, SDEV said that all along, the Administration had been encouraging non-governmental organizations to make applications for undertaking heritage conservation projects, such as conversion of the Bethanie in Pokfulam for campus use by the Hong Kong Academy for Performing Arts. It was not the Administration's established practice to invite tenders for this type of projects and the conservation of the Central Police Station Compound was consistent with the past practice. The Administration had in principle accepted the Hong Kong Jockey Club's proposal and requested the Hong Kong Jockey Club to conduct a six-month consultation. The Administration had solicited and considered various views on how to conserve the Central Police Station Compound for a long time, and concluded that the project should be a non-profit-making project. The Hong Kong Jockey Club would bear the \$1.8 billion capital cost of the project and the recurrent deficits for the initial years of operation. Other parties might not have sufficient financial resources to undertake the project. If there were other equally attractive and financially viable proposals put forward during the consultation period, the Administration would also consider them. The Expression of Interest approach would be adopted for other historic buildings to invite interested parties to compete by submitting proposals under a partnership scheme. A committee comprising members of the Antiquities Advisory Board and experts in the relevant fields would be responsible for selecting the best proposals.

37. As regards revitalization of historic buildings, Mr James TIEN was worried about the response from interested parties if there was too much emphasis on the non-profit-making approach in implementing those projects. Opportunities for the revitalization of some historic buildings might be reduced because of a lack of interest from the community. He considered that a good historic building revitalization proposal incorporating some profit-making developments nearby would be more appealing. He also asked whether the Application List would include any sites, especially in urban areas, solely for hotel developments.

38. In response, SDEV said that the Administration did not rule out the possibility of adopting a profit-making approach involving commercial organizations in revitalizing historic buildings. According to the Treasury and the Government Property Agency, the renovation costs for the first batch of historic buildings would be expensive, thus rendering the buildings not very viable or attractive commercially. However, the business sector would be invited to express

their interest in participating in the revitalization of other historic buildings with commercial value. She confirmed that the Administration was actively pursuing identification of sites solely for hotel developments to be included in the Application List so as to facilitate the development of hotel facilities.

II. Any other business

39. There being no other business, the meeting ended at 5:40 pm.

Council Business Division 1
Legislative Council Secretariat
20 November 2007