

立法會
Legislative Council

LC Paper No. CB(1)350/07-08
(These minutes have been
seen by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of meeting
held on Tuesday, 23 October 2007, at 2:30 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
Hon James TO Kun-sun
Hon CHAN Kam-lam, SBS, JP
Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP
Dr Hon Philip WONG Yu-hong, GBS
Hon Miriam LAU Kin-yea, GBS, JP
Hon CHOY So-yuk, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon Alan LEONG Kah-kit, SC
Dr Hon KWOK Ka-ki
Hon CHEUNG Hok-ming, SBS, JP

Members attending : Hon CHAN Yuen-han, SBS, JP
Hon CHIM Pui-chung

Members absent : Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Daniel LAM Wai-keung, SBS, JP

Public officers attending : Agenda items V and VI

Mrs Carrie LAM
Secretary for Development

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

Miss WONG Wing-chen, Janet
Deputy Secretary for Development (Works) 1

Agenda item VII

Miss Annie TAM
Director of Lands

Miss Diane WONG
Principal Assistant Secretary for Development
(Planning & Lands) 1

Mr AU Choi-kai
Deputy Director of Buildings

Miss Mona WOO
District Lands Officer (Sha Tin)

Mr Simon CHENG Ho-lai
Senior Estate Surveyor/Special Duties
(Estate Management Section)

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

Staff in attendance : Mr WONG Siu-yee
Senior Council Secretary (1)7

Ms Guy YIP
Council Secretary (1)1

Ms Christina SHIU
Legislative Assistant (1)7

I Confirmation of minutes and matters arising

(LC Paper No. CB(1)85/07-08 -- Minutes of meeting on 11 October 2007)

The minutes of the meeting held on 11 October 2007 were confirmed.

2. The Chairman solicited members' views on the way forward for the Subcommittee to Review the Planning for the Central Waterfront (including the Tamar Site).

3. Mr Alan LEONG said that there were still some outstanding issues, such as reclamation works, which would require monitoring. Without the Subcommittee, the Panel would be in a passive position in following up the relevant issues.

4. Mr Abraham SHEK said that the monitoring of the planning for the Central harbourfront and relevant issues could be taken up by the Panel. The Administration could brief the Panel on those issues if and when necessary. He considered that for the Urban Design Study for the New Central Harbourfront, the Administration should brief the Panel on the design proposals to be put forward under the Stage 2 Public Engagement of the Study.

5. The Clerk said that the Administration had indicated its intention to brief the Subcommittee on the launch of the Stage 2 Public Engagement of the Urban Design Study for the New Central Harbourfront in January 2008. As regards the Tamar Development Project, the Administration had indicated that it could provide further details after it had formally awarded the design-and-build contract for the Project.

6. Members agreed that there was no need for the Subcommittee to continue with its work. The Chairman said that the Panel would follow up the outstanding issues when necessary.

II Information papers issued since the meeting on 24 July 2007

(LC Paper Nos. CB(1)2235/06-07(01) and (02) -- Letter dated 15 July 2007 from the Central H18 Owners Concern Group to the Urban Renewal Authority and the latter's reply dated 27 July 2007 relating to the incidental cost allowance and home purchase allowance for urban renewal projects

LC Paper No. CB(1)2259/06-07(01) -- Administration's reply dated 1 August 2007 to B W CHOY, a member of the public,

- relating to site investigation for foundation works design and site formation works design
- LC Paper Nos. CB(1)2293/06-07(01) and (02) -- Referral from the Complaints Division on issues relating to the wall effect and sale of a lot at Hoi Fai Road in Tai Kok Tsui
- LC Paper No. CB(1)2313/06-07(01) -- Administration's response on issues raised at the meeting between Legislative Council Members and Yuen Long District Council members on 10 May 2007 relating to greening measures at Yuen Long and Tin Shui Wai
- LC Paper No. CB(1)2318/06-07(01) -- Submission dated 30 August 2007 from Designing Hong Kong Harbour District regarding conservation of the street market at Graham Street, Peel Street and Gage Street
- LC Paper No. CB(1)2325/06-07(01) -- Response from the Urban Renewal Authority to the letter dated 30 August 2007 from Designing Hong Kong Harbour District regarding conservation of the street market at Graham Street, Peel Street and Gage Street
- LC Paper No. CB(1)2333/06-07(01) -- Letter dated 11 May 2007 from Dr Hon KWOK Ka-ki and Hon Alan LEONG Kah-kit requesting the Panel to seek advice from Legal Adviser of the Legislative Council on the questions they raised in relation to the court proceedings on Central Reclamation Phase III and the design and alignment of Road P2
- LC Paper No. CB(1)2333/06-07(02) -- Legal Adviser's views on the questions raised by Dr Hon KWOK Ka-ki and Hon Alan LEONG Kah-kit
- LC Paper No. CB(1)2353/06-07(01) -- Referral from the Complaints

- LC Paper No. CB(1)2385/06-07(01) -- Division in relation to the policy on urban renewal
Administration's response to issues raised at the meeting between Legislative Council Members and Yuen Long District Council members on 10 May 2007 relating to land use planning of Yuen Long
- LC Paper No. CB(1)2426/06-07(01) -- Letter dated 28 September 2007 from the Harbour-front Enhancement Committee informing members of the promulgation of the endorsed Harbour Planning Guidelines
- LC Paper Nos. CB(1)2441/06-07(01), (02) and (03) -- Issues raised by Sham Shui Po District Council members at the meeting with Legislative Council Members on 7 June 2007 relating to regulation of cubicle apartments and the Administration's response
- LC Paper No. CB(1)70/07-08(01) -- Administration's paper on 108CD -- West Kowloon drainage improvement -- Lai Chi Kok Transfer Scheme
- LC Paper No. CB(1)70/07-08(02) -- Administration's paper on 138CD -- Decking of Jordan Valley nullah in Kwun Tong, Rambler Crest nullah in Tsing Yi, Flower Market Road nullah in Mong Kok and Tonkin Street nullah in Sham Shui Po
- LC Paper No. CB(1)70/07-08(03) -- Administration's paper on 46WS -- Uprating of Sha Tin salt water supply system
- LC Paper No. CB(1)86/07-08(01) -- Administration's paper on re-provisioning of Sha Tin Water Treatment Works)

7. Members noted the information papers issued since last meeting.

III Items for discussion at the next meeting

- (LC Paper No. CB(1)84/07-08(01) -- List of outstanding items for discussion
LC Paper No. CB(1)84/07-08(02) -- List of follow-up actions)

8. Members noted that the Administration had not proposed any items for discussion at the next regular meeting in November 2007. The Chairman said that members might inform the Clerk within the week if they wished to propose items for discussion at the November meeting.

IV Proposal to set up a subcommittee to study issues relating to urban renewal

- (LC Paper No. CB(1)84/07-08(03) -- Paper on proposal to set up a subcommittee to study issues relating to urban renewal prepared by the Legislative Council Secretariat)

9. The Chairman said that the Administration had indicated that the Urban Renewal Strategy (URS) would be reviewed and it would provide the timetable of the review when available. Members should note that a Subcommittee on Heritage Conservation had already been set up under the Panel on Home Affairs and there might be some overlapping if a subcommittee to study issues relating to urban renewal was set up. Members would also have to bear additional workload.

10. Mr Albert CHAN pointed out that there were escalating conflicts and disputes in urban renewal and some issues, such as land use planning and compensation policy, were under the purview of the Panel. The URS was formulated more than 10 years ago and it was time to conduct a review on the URS. However, taking into consideration that there would be changes at the management level of the Urban Renewal Authority (URA), he would defer his proposal and members could reconsider it in December 2007 or January 2008 after the new Managing Director of URA had assumed office.

11. Mr Abraham SHEK concurred that there was no need to consider setting up a subcommittee for the time being because the Administration had indicated that it would review the URS with URA. The Administration and URA should be allowed more time to focus on actual urban renewal work. The Panel could continue to keep abreast of issues relating to urban renewal.

12. Mr James TIEN shared Mr Abraham SHEK's views and further pointed out that all Panel members could participate if urban renewal issues were discussed at Panel meetings. Setting up a subcommittee would further increase members' workload.

13. Mr CHAN Kam-lam said that allowing the Administration and URA to focus their efforts on actual urban renewal work was a pragmatic approach because urban renewal was a long-term task and the Administration had already agreed to review the URS. He urged the Administration to conduct the review as soon as possible.

14. Miss CHAN Yuen-han said that the current legislation on urban renewal was problematic. Although she was not a member of the Panel, she considered that it would be best to set up a subcommittee to study issues relating to urban renewal.

15. The Chairman concluded that there was no need to set up a subcommittee to study urban renewal issues for the time being. The Panel would continue to follow up the relevant issues when necessary.

16. Regarding the Panel's decision on the way forward for the Subcommittee to Review the Planning for the Central Waterfront (including the Tamar Site), Dr KWOK Ka-ki commented that issues relating to the integration between the Tamar Development Project and the new Central harbourfront and the Urban Design Study for the New Central Harbourfront would require follow-up. Without that Subcommittee, the Panel's workload would have to be increased.

V Report and analysis of Capital Works Programme expenditure
(LC Paper No. CB(1)84/07-08(04) -- Information paper provided by the Administration)

17. At the invitation of the Chairman, the Secretary for Development (SDEV) took members through the salient points of LC Paper No. CB(1)84/07-08(04) on Capital Works Programme (CWP) expenditure.

Discussion

Implementation of the 10 large scale infrastructure projects

18. Miss CHAN Yuen-han said that Members had repeatedly urged the Administration to speed up the implementation of works projects, in particular the outstanding leisure and cultural services projects of the former Municipal Councils. She was disappointed to note that the planning lead time could only be advanced by a few months. Referring to the Sha Tin to Central Link project, she pointed out that the project had been delayed for a decade. Although it was one of the earliest large scale projects to be implemented, the construction works of the project would only commence in around 2010. In this connection, she asked whether the Administration would take measures to expedite the implementation of the 10 large scale infrastructure projects and, if not, what other measures would be available to fill the expenditure gap before the commencement of those projects.

19. Mr CHEUNG Hok-ming expressed support for taking forward the 10 large scale infrastructure projects to foster economic development of the territory. He however expressed concern that some other important infrastructure projects, such as the Northern Link, had not been mentioned in the 2007-2008 Policy Address and enquired about the latest progress in this regard.

20. In reply, SDEV clarified that while the Development Bureau (DEVB) was set up to co-ordinate the implementation of infrastructure projects, it was the responsibility of the policy bureau concerned to take forward a project from inception to putting up a funding proposal before works agencies took up the implementation of a capital works project. Transport infrastructure projects were within purview of the Secretary for Transport and Housing (STH).

21. On the planning lead time of projects, the Permanent Secretary for Development (Works) (PSW) advised that, for medium size civil engineering projects, measures would be taken to compress/streamline the administrative procedures to shorten the planning lead time. These measures included the submission of funding proposals for Members' approval in tandem with the conduct of the relevant tender exercise, engaging the public at an early project planning stage and compression of the lead time required for processing Technical Feasibility Statement, etc. By so doing, the planning lead time for medium size civil engineering projects involving statutory process under the Environmental Impact Assessment Ordinance (EIAO) (Cap. 499) would be shortened from 45 months to no longer than 40 months. SDEV said that it was not possible to further compress the timeframe given the need to take projects through the statutory procedures specified under the EIAO and the Town Planning Ordinance (TPO) (Cap. 131), and the time required for handling objections etc. Nevertheless, the Administration planned to commence public engagement at an early stage of a project with a view to forging an early consensus on the way forward.

22. Mr Albert CHAN criticized that most of the 10 major infrastructure projects were not new projects and the Administration had yet to reveal their implementation details. As there had been hearsay media reports that the projects were worth \$100 billion in total, he sought clarification on the financial commitments to be earmarked for the projects. He also enquired about the co-ordination mechanism within the Administration to spearhead the projects.

23. In reply, SDEV advised that the total project cost of the 10 major infrastructure projects was estimated to be about \$250 billion. The preciseness of the project estimates for these projects varied as they were at different stages of planning. The 10 projects would be taken forward individually and each would have its own implementation timeframe. On the Administration's co-ordination mechanism to take forward the projects, she advised that she was responsible for the Hong Kong-Shenzhen Joint Development of the Lok Ma Chau Loop, the Kai Tak Development and the New Development Areas (NDAs); the Secretary for Home Affairs was responsible for the West Kowloon Cultural District (WKCD) project; and STH was responsible for the remaining six projects. Members might

follow up the progress of individual projects with the respective Bureau Secretaries at relevant Panel meetings.

24. Mr Abraham SHEK said that the NDAs comprised many pieces of privately-owned land and therefore would require a longer lead time for project planning. He considered the project very worth pursuing and urged the Administration to take forward the relevant planning work swiftly.

25. SDEV advised that the Administration had started discussions with parties interested in developing the NDAs for compatible uses such as non-polluting industrial uses. She remarked that the dialogues were constructive and could help the Government in drawing up the NDAs development plans.

Commencement of public engagement at an early stage

26. Expressing support for the initiative to implement 10 large scale infrastructure projects, Mr James TIEN however expressed concern that the implementation of the projects would be delayed due to dissenting views expressed at different stages. He cited the Central-Wan Chai Bypass and Wan Chai Development Phase II projects as examples.

27. SDEV replied that with the experience gained from the handling of the controversies over certain major projects, in particular the controversies over whether the Government's implementation plans could fulfill and comply with the relevant statutory requirements, in recent years, the Administration was now more adept at steering large scale works projects. The Administration was mindful that public engagement should be carried out at the early stage of the project to achieve greater community consensus so as to avoid a project running into very divergent views when its planning had reached an advanced stage thus delaying implementation. She cited the NDAs project as an example and advised that the Administration would discuss with the relevant District Councils and parties concerned to address various issues relating to land rights, land uses and nature conservation, etc. at an early stage.

28. Dr KWOK Ka-ki commented that the existing public consultation mechanisms used by the Government, such as that adopted by the Town Planning Board (TPB), were not citizen-friendly and failed to encourage the public to give views. He urged the Administration to devise better mechanisms to solicit views from all relevant parties. In reply, SDEV acknowledged that the Administration still needed to learn more about "public engagement" to attain the objective of planning with the people. She affirmed that in future, public consultation would be carried out at the early stage of a project and the Administration would endeavour to engage the public or relevant stakeholders in formulating policies and strategies. For instance, public forums had recently been and would continue to be organized by DEVB to gauge public opinion on heritage conservation.

29. Dr KWOK Ka-ki further said that it was high time to review the provisions of the TPO and the consultative mechanism adopted by TPB. The modus operandi of TPB was too complex for the general public to express their views to the statutory planning authority. Moreover, the public consultations conducted by the Home Affairs Bureau (HAB) and the District Officers, such as the consultations on the preservation arrangements for the Star Ferry Pier and Queen's Pier, were ineffective in addressing public concerns.

30. Mr LEE Wing-tat said that there was growing public concern over public works projects in the last decade. As such, the predictability of project span had been greatly affected by the increased queries and objections raised by different sectors in the course of project planning and implementation. He suggested that the Administration should devise concrete measures to ensure that public views could be properly channeled and community consensus could be reached over the implementation of the works projects.

31. SDEV said that in the project conceptualization and strategic planning stage, there was generally more room to accommodate different needs and aspirations while objections received at the advanced stage would entail significant implications such as project modifications, claims and judicial proceedings, etc. She cited the Kai Tak Development as an example to illustrate that through the conduct of some 60 briefing sessions to extensively gauge public opinions, feedback on the relevant new draft Outline Zoning Plan (OZP) had been positive. The OZP was expected to be approved in November 2007. Thereupon, the projects in the Kai Tak Development would be proceeded with as planned. In view of this and other similar experience, the Administration would commence public engagement early for its future projects. Referring to the paper provided by the Administration for the meeting of the Finance Committee on 1 June 2007 which, inter alia, showed the workflow of a project (Enclosure to FCRI(2007-08)2), PSW advised that at the initial stage of a project, the financial commitment was low, and potential for project modification was high. Hence, the Administration would strive to solicit public views at the early stage and assimilate as far as possible the views collected into project planning to ensure smooth implementation.

32. Noting the Administration's response, Mr LEE Wing-tat requested the Administration to confirm its commitment to conducting extensive public consultation for all future large scale works projects. SDEV advised that in general, the Administration would aim at attaining community consensus by conducting thorough public consultation. Nevertheless, an extent of flexibility should be allowed to take into account the circumstances, such as the scale and the level of public concern, of individual projects.

33. Miss CHOY So-yuk welcomed the Administration's proposal to commence public engagement at an early stage of projects. She however criticized the planning approach for the WKCD project in that the use of the project area for

arts and cultural development had been determined before consulting the public. She was of the view that the scope of consultation should encompass the issue of land use and if this fundamental issue was resolved at the early stage, project delay would likely be avoided at a later stage.

34. In reply, SDEV pointed out that project delay was not always attributable to divergent views on the land use of a project site. For instance, the Wan Chai Development and Kai Tak Development were delayed due to the different interpretations of the PHO by the Government and the public, and the reprovisioning of the Sha Tin Water Treatment Works was due to the relevant parties' objection to the adoption of a public-private-partnership approach. The Administration would adopt a pragmatic approach and address public concerns in a reasonable and sensible manner.

35. Mr Alan LEONG said that he appreciated the Administration's move to engaging the public early in a project, but was concerned on whether and how the initiative would apply to the WKCD project. At the meeting of the Subcommittee on WKCD Development held earlier on the same date, the Administration had advised that in early 2008, the OZP covering the WKCD project area would be amended to include the relevant development parameters; and the WKCD Authority would be established in 2008 and one of its tasks was to prepare the Master Layout Plan for WKCD. He said that members of the Subcommittee and the public were keen to be engaged in determining the layout and disposition of different land uses in WKCD but public officers attending the said Subcommittee meeting failed to address such concern. As DEVB had a role to play in the planning work, he sought information in this regard.

36. In reply, SDEV said that in her opinion the WKCD project was a good illustration of public engagement. In April 2006, a Consultative Committee on the Core Arts and Cultural Facilities (CACF) and its three Advisory Groups were appointed by the Chief Executive (CE) to re-examine and re-confirm if appropriate the need of the CACF. Having gone through a protracted and extensive series of consultations and deliberations with all relevant parties, the Consultative Committee submitted its report to CE in June 2007. On 12 September 2007, the Government announced the Consultative Committee's recommendations with the launch of a three-month public engagement exercise. After considering the views collected, the Administration would prepare a submission to TPB for amending the draft OZP to incorporate the development parameters for WKCD. A public consultation process on the development parameters would be instigated according to the provisions of the TPO. There would also be another round of public consultation to gauge public views on the dispositions of different land uses within WKCD which would be set out in the Master Layout Plan to be drawn up by the future WKCD Authority for TPB's approval. She called on the public to actively take part in all these public engagement exercises.

37. Noting the Administration's earlier advice that some 60 briefing sessions had been conducted for taking forward the Kai Tak Development project, Mr Alan LEONG requested the Administration to confirm that the same scale of public engagement would not apply to the WKCD project.

38. SDEV replied that it was not for her to speak on behalf of HAB or the future WKCD Authority on how the public engagement process in drawing up the Master Layout Plan would be conducted. Nevertheless, she believed that the WKCD Authority would be encouraged to engage the public extensively in the process. In response to Mr LEONG's further enquiry, she confirmed that the entire planning process for WKCD would only complete after the approval of the Master Layout Plan by TPB.

39. Dr KWOK Ka-ki commented that the Administration had focused on the arts and cultural facilities and the financial arrangements, and had not given much attention to how best the WKCD project site should be planned and developed. He pointed out that the original purposes of carrying out the West Kowloon Reclamation were to provide land to alleviate the high population density in Kowloon and a central park in Kowloon. Despite the Administration's advice that the public would be engaged at various stages throughout the WKCD project, he was disappointed that the fundamental issue of land use had never been the focal point for public deliberation.

40. SDEV said that she was not in a position to address members' concerns about the public engagement exercises conducted by HAB on the WKCD project. She understood that currently public views were mainly sought on the scale of the project. The public would be consulted on the planning issues of the project at two later stages as she had described earlier on.

41. In reply to Dr KWOK Ka-ki's further enquiry about the duration of time to be used for the two stages of public engagement on planning issues, SDEV advised that for the amendments to the relevant OZP to include development parameters for the 40-hectare project area of WKCD, the public engagement exercise would be announced and conducted by TPB according to its established mechanism. As for the preparation of the Master Layout Plan for WKCD, which would deal with the disposition of different land uses, the public engagement work would be undertaken by the WKCD Authority. She remarked that to ensure the smooth completion of the town planning procedures, the WKCD Authority was expected to conduct thorough public consultation prior to submitting the Master Layout Plan to TPB.

Environmental Impact Assessment procedures

42. Expressing concern that the implementation of CWP projects had been severely delayed in recent years resulting in the high unemployment rate in the construction industry, Mr Abraham SHEK opined that the existing mechanism of implementing CWP should be reviewed, in particular, the EIAO process. SDEV

responded that it was incumbent upon the Administration to address each and every objection received during the public scrutiny period as required under the EIAO, although this might delay the implementation schedule of some CWP projects. She welcomed the public to give views on whether the existing mechanism should be reviewed.

43. Miss CHOY So-yuk said that it was worthwhile to conduct EIAs for the sake of protecting the environment. She however noted that some EIAs, such as the one completed for Long Valley, were widely criticized by the public. She suggested that while project proponents were required to conduct the EIAs, the Administration might also engage independent bodies, such as the Advisory Council on the Environment (ACE), to conduct EIAs for specific projects so as to enhance the credibility of the assessments.

44. PSW clarified that ACE was a statutory consultative body set up to, inter alia, receive and study EIA reports of major development projects and provide views to the Environmental Protection Department (EPD) for further processing. There was no clear indication that the arrangement of having EIAs undertaken by project proponents had undermined the assessments' credibility. He was aware that some EIAs, such as the one conducted for Deep Bay, were well-received by the public. Since the adoption of EIAs in 1998, the Administration had built up an effective mechanism to guide the conduct of the assessments.

Implementation of other infrastructure projects

45. Mr CHEUNG Hok-ming sought information on the way forward for the development of Lantau, and enquired whether the Financial Secretary was still in charge of the matter. SDEV clarified that the Lantau Development Task Force, chaired by the then Financial Secretary, had completed its work for the provision of an overall planning framework of Lantau. As an on-going initiative, respective bureaux and departments would implement the proposals in the Revised Concept Plan for Lantau. Two of the relevant proposals, one for Mui Wo and another for Tai O, were currently being taken forward by DEVB.

Co-ordination of works projects by the Development Bureau

46. Mr Abraham SHEK opined that the Administration should tap on the private sector to help boost Hong Kong's economy and improve people's livelihood. In this connection, he suggested the Administration devise measures that could provide incentives to private developers, such as measures that would encourage land resumption by private developers and avoid screen-like buildings without reducing the plot ratio. Dr KWOK Ka-ki referred to the concept of "scientific outlook on development" advocated by the state leaders of the Mainland and the concept of "progressive development" advocated by CE, and enquired how the Administration would strive to strike a proper balance between development and other important socio-economic aspects, heritage conservation in particular, in planning ahead for Hong Kong.

47. In reply, SDEV said that the re-structured DEVB now comprised the planning and lands group of departments, the works group of departments and an office responsible for heritage matters. The Bureau was set up with the objectives of ensuring better co-ordination of public works and balancing development with other socio-economic aspects. While internal co-ordination would be strengthened within DEVB in spearheading public works projects, there were established mechanisms within the Administration to handle matters straddling different policy portfolios. For instance, the Policy Committee was chaired by the Chief Secretary for Administration to co-ordinate various policies; Bureaux Secretaries and Permanent Secretaries of DEVB, the Environment Bureau and the Transport and Housing Bureau had recently established a mechanism to exchange views on some cross-bureaux issues. On efforts to encourage private infrastructure projects, she cited CE's 2007-2008 Policy Address and said that, for the business sector, the Government was both a regulator and a service provider. To enhance the efficiency of the construction industry and property development market, the Administration would speed up the planning and approval procedures for private works. Further improvements to urban planning, land administration and approval procedures for building construction would also be examined.

Impact on Hong Kong's economy

48. Pointing out that the construction industry had shrunken as a result of inadequate construction works in recent years, Mr James TIEN questioned if the Administration had assessed whether there were adequate market players and human resources in the territory to cope with the implementation of the large scale infrastructure projects in the coming years.

49. In reply, SDEV referred to an economic impact assessment conducted by the Government Economist that the implementation of the 10 large scale infrastructure projects would unlikely cause undue inflationary pressure on Hong Kong. She elaborated that first of all, the projects would be implemented according to their varying schedules. Moreover, although unemployment rate in Hong Kong had lately been reduced to 4%, the unemployment rate of the construction industry still stood at around 8%. Therefore, the construction industry would be able to absorb the works to be generated by the proposed infrastructure projects. Nevertheless, the Administration was mindful of the need to closely monitor the economic implications brought about by Government initiatives from a macro-economic perspective.

50. Mr Abraham SHEK said that CWP spending in the past few years was way below \$29 billion a year, as earmarked, and the construction industry had long been urging for the implementation of more construction works to help alleviate the unemployment problem of construction workers. The construction industry welcomed CE's proposal to implement the 10 large scale infrastructure projects. He hoped that concrete schedules and financial commitments for these projects would be available shortly.

51. SDEV replied that the Government attached importance to alleviating the unemployment problem of construction workers. Apart from the large scale infrastructure projects, the Administration planned to take forward a number of smaller public works projects, such as the construction of cycle tracks, decking of nullahs, replacement and rehabilitation of water mains, etc., to improve the quality of the city environment. As the implementation of these projects would likely be welcomed by the public at large, it was envisaged that these projects could be implemented swiftly.

52. In concluding, the Chairman urged the Administration to take on board members' views in implementing CWP in future.

VI Proposal to increase the financial ceiling of delegated authority for Category D items

(LC Paper No. CB(1)84/07-08(05) -- Information paper provided by the Administration)

53. At the invitation of the Chairman, SDEV briefed members on the Administration's proposal to increase the financial ceiling of delegated authority for Category D items in the CWP to the Financial Secretary from \$15 million to \$21 million. She explained that the current ceiling had been in place for more than 12 years. To cater for inflation adjustment, it was necessary to maintain the real value of the delegation and its intended objective of facilitating the implementation of minor CWP items. Subject to members' views, the Administration planned to put to the Finance Committee (FC) for approval of the present proposal as soon as possible.

Discussion

54. Recalling members' objection to the Administration's previous proposal made at the meeting of FC on 1 June 2007 to increase the financial ceiling from \$15 million to \$30 million, Mr James TIEN expressed appreciation that the Administration had taken on board Members' views and revised its proposed financial ceiling. He said that Members of the Liberal Party were supportive of the Administration's present proposal. Mr Abraham SHEK, Mr Alan LEONG, Mr LEE Wing-tat and Dr KWOK Ka-ki stated that they were supportive of the proposal. Mr Abraham SHEK also said that he would support the Administration's original proposal to increase the financial ceiling to \$30 million so that more construction projects could be proceeded with swiftly.

55. SDEV thanked members' support for the Administration's proposal and remarked that the increased financial ceiling would facilitate the implementation of more minor works projects.

56. Prof Patrick LAU sought information on the respective numbers of additional Category D projects if the financial ceiling was increased to \$21 million and \$30 million. PSW advised that about 29 additional projects could be approved and implemented swiftly in the current financial year if the financial ceiling was increased to \$21 million. He however did not have information on hand on projects valued between \$21 to \$30 million, as the Administration was only proposing to increase the financial ceiling to \$21 million.

57. Dr KWOK Ka-ki enquired about the overall picture of the Category D projects to be implemented and whether the 29 additional projects included any outstanding projects of the former Municipal Councils. PSW advised that with the proposed increase in the financial ceiling of delegated authority, the total financial commitment of the potential Category D items for 2008-2009 would be increased by about \$150 million to \$200 million compared with that for 2007-2008. As in past years, the Administration would shortly submit a funding proposal on Block Allocations for Category D items to be implemented in 2008-2009 to the Public Works Subcommittee. The Administration would highlight the top 10 items under each Sub-head of Expenditure in the funding proposal and a full list would also be available for Members' inspection.

VII Land administration and building control issues in relation to short-term tenancies

- (LC Paper No. CB(1)84/07-08(06) -- Information paper provided by the Administration
- LC Paper No. CB(1)84/07-08(07) -- Background brief on land administration and building control issues in relation to short-term tenancies prepared by the Legislative Council Secretariat
- LC Paper No. CB(1)23/07-08(01) -- Letter dated 5 October 2007 from Hon LEE Wing-tat)

58. The Director of Lands (D of L) delivered a PowerPoint presentation to highlight the salient points in the Administration's paper (LC Paper No. CB(1)84/07-08(06)). She further provided members with the following updated figures in relation to Short-Term Tenancies (STTs): 117 breaches had been purged by the tenants themselves, 18 STTs had been terminated and 5 were pending termination, warning letters had been issued to 663 tenants, 5 breaches had been regularized and 224 regularization applications were being processed. She also clarified that the Report of the Public Accounts Committee referred to in

paragraph 6 of the paper should be No. 48, and the word "recent" in paragraph 6 of Annex B to the paper should be "subsequent".

(Post-meeting note: The soft copy of the PowerPoint presentation materials (LC Paper No. CB(1)122/06-07) was subsequently issued to members on 24 October 2007. As regards the errors in LC Paper No. CB(1)84/07-08(06) mentioned by D of L above, the relevant record kept by the Legislative Council Secretariat had been updated after the meeting.)

59. Mr LEE Wing-tat commented that although the then D of L had undertaken to conduct a review on STT administration and carry out more frequent inspections to detect breaches, it appeared that the Lands Department (LandsD) had not learnt the lessons from previous incidents. He asked whether LandsD had the ability to carry out inspections given that many of the STT sites were in remote areas. For the Hung Kiu Lane incident, he queried why LandsD approved the grant of a new STT despite previous breaches. He was particularly concerned about situations where unlawful occupation of government land by way of unauthorized building works were regularized by LandsD. He believed the general public also found it difficult to understand and accept these situations, especially if celebrities were involved. He had an impression that LandsD was slow in detecting breaches committed by wealthy STT tenants but prompt in clearing unauthorized building works erected by poor squatter residents. Land administration had been becoming more complicated with increased urbanization and higher premium. Using land at no cost was a great economic incentive for unlawful occupation of land. LandsD should consult the Legislative Council on its recommendations on STT administration after completing the review.

60. In response, D of L said that for the Hung Kiu Lane incident, LandsD had conducted regular inspections because there was a previous breach. The breach in 2002 was related to the erection of structures and increase in occupation area of ex-STT No. 1062. Thereafter, LandsD approved the grant of STT No. 1233 to replace ex-STT No. 1062 to cover the existing structures and additional tenancy area. In a subsequent site inspection in 2005, the tenancy area was found to have been extended with additional structures erected. Upon warning, the tenant had removed a substantial part of the additional structures. The case had been referred to the Sha Tin District Lands Conference (DLC) for review. After circulating the case to the relevant departments and conducting a site inspection in which new encroachment of government land was detected, the DLC discussed the case on 18 October 2007. Thereafter, the District Lands Officer/Sharing Tin (DLO/ST) wrote a letter to the tenant requesting him to rectify all encroachment on government land while DLO/ST reserved the rights to take legal action or terminate the STT. Given its current resources, LandsD was not able to carry out inspections by LandsD staff on every STT site at least once in each year. To address the problem, an outsourcing feasibility study had been conducted and preparation for the tender for outsourcing of inspection work based on the views of the Department of Justice was in progress. She appreciated that the concept of regularization might be

difficult to understand. It was nevertheless a practical approach in STT administration and consistent with the existing policy. Before approving regularization, LandsD would consider whether the site was otherwise suitable for allocation to other Government departments or alienation for use by any other parties and the regularization application would be circulated to relevant departments for comments. The tenant concerned would have to pay additional rents for the preceding period of unauthorized occupation. LandsD was now conducting a review on the administration of the STTs and the broad direction was to encourage tenants to seek prior approval, thus reducing the need for regularization. The impression of preferential treatment might be attributed to the media devoting more coverage on some cases of regularization involving certain tenants. There was in fact no preferential treatment in approving regularization applications. LandsD would treat all parties alike regardless of their financial status. There were different policies for handling squatters and unlawful occupation of government land. Squatter clearance was based on a survey conducted previously and squatters erected after the cut-off date would be cleared according to a standardized procedure.

61. In reply to Miss CHOY So-yuk's enquiry about the enforcement procedures, D of L said that on receiving a warning letter issued within 7 days after the inspection, the tenant concerned would be given 28 days to purge the breach. If the tenant failed to do so upon re-inspection, another warning letter would be issued and the tenant would be given 14 days to purge the breach. If the tenant failed to do so again without any reasonable excuses, LandsD would initiate the STT termination process.

62. Miss CHOY So-yuk suggested that in order to reduce resources required for on-site inspections, aerial photographs taken at different time periods by LandsD could be compared to help detect unlawful occupation of government land. She commented that many such cases were revealed through complaints made to the media. D of L said that LandsD had been using aerial photographs to help detect breaches. However, on-site inspections would be required, especially for cases involving termination of STTs or resumption of government land, to obtain actual information about the breaches. LandsD had to handle a large number of cases involving unlawful occupation of government land, and would revisit the use of aerial photographs to explore how it could further facilitate land administration.

63. Mr CHEUNG Hok-ming pointed out that there were many small government sites near village houses in the New Territories, some of which had been used by villagers for a long time. LandsD would initiate prosecutions if those sites were fenced. Although villagers might wish to submit applications for STTs, the administration fee, amounting to some \$10,000, was very high for such small sites. This would deter villagers from submitting applications. As those sites were of little use for the Government, he asked whether the Administration would consider lowering the administration fee as an incentive for villagers. Government revenue would be unaffected because increased revenue from rentals would offset

the reduction in revenue from administration fee. This would also facilitate the Government in land administration and alleviate environmental hygiene problems associated with government land.

64. In response, D of L said that the current administration fee of \$9,360 was set on a cost-recovery basis. LandsD encouraged parties concerned to seek prior approval rather than retrospective regularization. She would discuss with other relevant departments on Mr CHEUNG Hok-ming's suggestion.

65. Mr Albert CHAN said that as STTs covered numerous sites and involved many historical factors, it might be inappropriate to adopt a one-size-fits-all approach in handling STT breaches. He suggested that stringent fines provisions for committing breaches could be included in new STTs or upon renewal of STTs. In doing so, the Administration could avoid being accused of preferential treatment. The Administration could consider conducting an analysis of the STT sites and selling those sites which had been let for a long time to the tenants concerned and were of little use for the Government. The tenants could then put the sites to the best use and the Government could obtain additional revenue. The Administration should implement measures which would be simple to administer but having sufficient deterring effect, such as imposing fines, to combat illegal use of government land. However, the Government should exercise caution because it might be difficult to strike the right balance between different community views on enforcement under different circumstances.

66. In response, D of L said that it was indeed difficult to strike the right balance in enforcement. Although there might be some circumstances which warranted more stringent enforcement and vice versa, it would be difficult to formulate different policies for different people. As regards introducing fines provisions, LandsD had considered the suggestion. However, LandsD's legal position as a landlord under STTs was similar to that of any private landlord and legal advice was that there would be difficulties with the suggestion. She would further study the issue with her colleagues.

67. Prof Patrick LAU asked how the Administration would coordinate the work of the Town Planning Board (TPB) and the Planning Department (PlanD) because both of them would handle matters relating to change of land use. He also enquired about the procedures for utilizing land after planning had been completed. There should be good coordination between LandsD and PlanD to avoid environmental problems caused by discordant land use, such as open storage space for containers in the New Territories. Taking land title ownership into consideration during the planning process could also help tackle breaches involving land use.

68. In response, D of L said that there was close coordination among LandsD, PlanD and TPB. Having regard to the planning intention, government land would be put up for sale through auction or tender, used for long-term purposes such as construction of hospitals or schools, or used for short-term purposes through

STTs. For private land for which the proposed use was permitted under the lease conditions but not in line with the planning intention, LandsD would not have any valid basis for raising any objection to the granting of approval by TPB for change of use. If the proposed use was neither permitted under the lease conditions nor in line with the planning intention, consultation with relevant departments would be conducted and approval from TPB would have to be sought first. If TPB granted approval for change of use, LandsD would usually issue a short-term waiver or process a lease modification. As regards open storage space for containers, the lease conditions concerned for many such sites did not prohibit such use. Before granting planning approval, TPB would consider the possible environmental, transport and other effects and take into account the views of LandsD on lease conditions and land administration.

69. Mr Abraham SHEK disagreed to the view that there was preferential treatment in LandsD's enforcement. He considered that LandsD was prompt in enforcement and he was happy to see that LandsD had responded to the recommendations of the Public Accounts Committee. He expressed support for LandsD to outsource its work, and remarked that in outsourcing, the scope of work should be clearly specified to ensure that proper discharge of the statutory functions of LandsD would not be affected. He suggested that the procedures for submitting regularization applications should be simplified. The same administration fee should apply to all and it should not be too expensive.

70. In response, D of L said that LandsD would take a prudent approach in determining the scope of work to be outsourced. In this regard, LandsD would also learn from the outsourcing experience of the Buildings Department. To cope with the workload, LandsD would strive to streamline its work procedures.

71. The Chairman considered that regularization was a reasonable measure and shared the view that the administration fee should be lowered because many villagers were not affluent. The Government could also consider selling at a low premium some of the STT sites or sites being occupied without authorization if those sites were of little use to the Government. As regards outsourcing, LandsD should be cautious about possible abuse of authority after outsourcing its work.

72. On the Chairman's remark that the situation of unlawful occupation of private land might even be more serious than that for Government land, Mr Abraham SHEK asked how the Administration would handle those situations.

73. In response, D of L said that owners of private land were responsible for managing their own land. The Administration had sought legal advice on the matter and was given to understand that the owners concerned should consult their own legal advisers and take appropriate actions if their land was occupied unlawfully.

VIII Any other business

74. There being no other business, the meeting ended at 5:10 pm.

Council Business Division 1
Legislative Council Secretariat
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