

Development Opportunities Office

INTRODUCTION

In the 2009-10 Budget Speech, the Financial Secretary announced that a Development Opportunities Office (DOO) would be set up under the Development Bureau (DEVB) to facilitate development proposals from the private sector and charitable and voluntary organisations. This Note provides Members with further information on the proposal. Meanwhile, we are consulting various parties. We will fine-tune our proposals in the light of feedback and plan to consult the LegCo Panel on Development at its meeting in April.

BACKGROUND

Annex A

2. As reflected in the table at Annex A, the private sector accounts for an average of 56% of the overall construction output of Hong Kong over the past 15 years. These private sector projects are crucially important to Hong Kong in terms of their contribution to the economy, to meeting housing and other demands and in creating jobs. Since the onset of the financial tsunami, we have already seen a slow down in private sector investment in construction. While the Government will press ahead with public sector infrastructure development, we would need to find ways to encourage private development projects in order to support jobs in the construction sector and various parts of the economy.

3. The DEVB is alive to the concerns about getting private sector projects through various government authorities and statutory processes and the uncertainties some prolonged and protracted processes may create for investment decisions. Where projects span different policy areas, the lack of centralized liaison and coordination within the Administration is also a common concern. This is particularly the case with more innovative projects which require more policy support and steer, such as projects comprising private hospital, spa and resort hotel, marina, nature conservation cum residential developments, etc. The same concerns may apply to development or redevelopment projects undertaken by non-Government organizations (NGOs). As pointed out by the Financial Secretary, since announcement by the Chief Executive after the second meeting of the Task Force on Economic Challenges on 8

December 2008 that government departments would provide more active support to charitable and voluntary organisations considering extension or relocation plans, a total of ten such proposals have been received seeking the Administration's assistance and advice.

FUNCTIONS OF DOO

4. To facilitate infrastructure and building developments undertaken by the private and NGO sectors, we propose to set up the DOO in DEVB to provide "one-stop" advisory service and support to project proponents to take forward projects which are considered to be of value to enhancing Hong Kong's competitiveness. Specifically, we envisage that the projects going through the DOO should meet the following criteria –

- (a) the projects are proposed by proponents who own the land in question but the use of the land for the proposed project may require rezoning or town planning application and subsequently land exchange or lease modification; and
- (b) the project should not exclusively be residential projects but should contain certain components of wider economic value, e.g. contributing to tourism, logistics, services, heritage or nature conservation, community uses, etc.

As mentioned in the Budget Speech, the DOO will not replace the existing statutory procedures, public consultation and regulation. Land premium will be charged in accordance with established government policies, generally on a full market premium basis.

5. For proponents from the NGO sector, the development project should receive policy support from the relevant bureaux and non-recurrent funding may be provided depending on the merit of the case.

MODUS OPERANDI

6. To provide for public involvement early in the consideration of the relevant development proposals, we plan to reorganise the Land and Building Advisory Committee (LBAC) to contribute ideas to the work of the DOO. The LBAC is an advisory committee to the Government on planning, lands and building policies. Although non-official members

Annex B

are appointed on an *ad personam* basis, we have been adopting the practice of inviting related bodies and professional institutes (at Annex B) nominate members for our consideration. We propose to enhance the function of LBAC so that the Committee can advise on the merit of individual proposals handled by the DOO and how the concerns arising from such proposals, if any, could be addressed. We will strengthen the membership of the LBAC by appointing to it members from a wider spectrum of the community.

7. The DOO will be headed by a senior directorate officer at D3 level, supported by another directorate officer plus a small multi-disciplinary team of officers redeployed from different departments. It will be established within the Office of the Secretary for Development.

FOR INFORMATION

8. Members are invited to express their views on the proposal to set up the DOO under DEVB. We will consult the Panel on Development at its meeting on 28 April 2009 and then seek the approval of the Establishment Subcommittee and Finance Committee subject to Members' support.

**Development Bureau
March 2009**

Public and Private Sector Construction Output

The proportion of the public and private sectors in the total construction output from 1993-94 to 2007-08 is tabulated below :-

Financial Year	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Average
Public sector works	48.2%	38.2%	42.8%	40.3%	36.7%	41.7%	48.8%	49.8%	46.0%	57.3%	56.4%	48.9%	36.9%	31.4%	30.3%	43.6%
Private sector works	51.8%	61.8%	57.2%	59.7%	63.3%	58.3%	51.2%	50.2%	54.0%	42.7%	43.6%	51.1%	63.1%	68.6%	69.7%	56.4%

Note 1

Public sector works comprise –

- (i) The Government's Public Works Programme and Capital Subventions works (Capital Works Reserve Fund Head 708 Capital Subventions and Major Systems and Equipment);
- (ii) Projects by the railway companies; and
- (iii) Projects by Housing Authority.

Note 2

Government's Capital Works Programme includes some railway projects from 2008-09 as they are funded by Capital Works Reserve Fund.

**Land and Building Advisory Committee
(1 April 2007 – 31 March 2009)**

Professional organisations that have nominated non-official members:

The Hong Kong Construction Association Ltd

The Hong Kong Institute of Architects

The Hong Kong Institution of Engineers

The Hong Kong Institute of Landscape Architects

The Hong Kong Institute of Planners

The Hong Kong Institute of Real Estate Administrators

The Hong Kong Institute of Surveyors

The Real Estate Developers Association of Hong Kong