

立法會
Legislative Council

LC Paper No. CB(1)2515/08-09
(These minutes have been seen
by the Administration)

Ref : CB1/PL/DEV/1

Panel on Development

Minutes of meeting
held on Tuesday, 23 June 2009, at 2:30 pm
in Conference Room A 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 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
Dr Hon Philip WONG Yu-hong, GBS
Hon WONG Yung-kan, SBS, JP
Hon Emily LAU Wai-hing, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Albert CHAN Wai-yip
Hon LEE Wing-tat
Hon Alan LEONG Kah-kit, SC
Hon CHEUNG Hok-ming, SBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king
Hon Tanya CHAN
Dr Hon Priscilla LEUNG Mei-fun
Hon IP Kwok-him, GBS, JP
Dr Hon Samson TAM Wai-ho, JP

Members attending : Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon IP Wai-ming, MH

Members absent : Hon Timothy FOK Tsun-ting, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP

Public officers attending : **Agenda item IV**

Mrs Carrie LAM CHENG Yuet-ngor, JP
Secretary for Development

Mr Raymond YOUNG Lap-moon, JP
Permanent Secretary for Development
(Planning and Lands)

Mr Laurie LO Chi-hong
Principal Assistant Secretary for Development
(Planning and Lands) 4

Agenda item V

Mrs Carrie LAM CHENG Yuet-ngor, JP
Secretary for Development

Mr Raymond YOUNG Lap-moon, JP
Permanent Secretary for Development
(Planning and Lands)

Mr Laurie LO Chi-hong
Principal Assistant Secretary for Development
(Planning and Lands) 4

Miss Ophelia WONG Yuen-sheung, JP
Deputy Director of Planning/District

Agenda item VI

Mrs Carrie LAM CHENG Yuet-ngor, JP
Secretary for Development

Mr Edward TO Wing-hang
Principal Assistant Secretary for Development
(Planning and Lands) 3

Mr Paul PANG Tat-choi
Assistant Director of Buildings/Existing Buildings 1

Agenda item VII

Mr Edward TO Wing-hang
Principal Assistant Secretary for Development
(Planning and Lands) 3

Mr CHOY Kin-kuen
Assistant Director of Buildings/New Buildings 2

Mr Edmond CHAN Chu-fai
Chief Structural Engineer/Kowloon and Rail
Buildings Department

Attendance by invitation : **Agenda item IV**

Mr Barry CHEUNG Chun-yuen, JP
Chairman of the Urban Renewal Authority

Mr Quinn LAW Yee-kwan
Managing Director of the Urban Renewal Authority

Ms Iris TAM Siu-ying, JP
Executive Director of the Urban Renewal Authority

Ir Calvin LAM Che-leung
Executive Director of the Urban Renewal Authority

Mr Lawrence YAU
Director, Corporate Communications of the
Urban Renewal Authority

Agenda item VI

Mr WONG Kit-loong
Chief Executive Officer and Executive Director
Hong Kong Housing Society

Ir Calvin LAM Che-leung
Executive Director of the Urban Renewal Authority

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

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

Ms Christina SHIU
Legislative Assistant (1)7

Action

- I Confirmation of minutes and matters arising**
(LC Paper No. CB(1)1948/08-09 -- Minutes of meeting on
20 January 2009
LC Paper No. CB(1)1964/08-09 -- Minutes of meeting on
31 March 2009)

The minutes of the meetings held on 20 January 2009 and 31 March 2009 were confirmed.

- II Information papers issued since last meeting**
(LC Paper No. CB(1)1730/08-09(01) -- Administration's paper on
proposed deletion of two
permanent posts of Chief
Town Planner and revision
and redistribution of duties
and responsibilities of some
directorates posts in the
Planning Department
LC Paper No. CB(1)1875/08-09(01) -- Issues raised at the meeting
between Legislative Council
Members and Tsuen Wan
District Council members on
23 April 2009 on water
seepage problems in
buildings

LC Paper No. CB(1)1961/08-09(01) -- Administration's paper on 681CL - Formation, Roads and Drains in Area 54, Tuen Mun – Phase 2)

2. Members noted that the above information papers had been issued since the last meeting.

III Items for discussion at the next meeting

(LC Paper No. CB(1)1947/08-09(01) -- List of outstanding items for discussion

LC Paper No. CB(1)1947/08-09(02) -- List of follow-up actions)

3. Members agreed that the following items would be discussed at the regular meeting scheduled for 28 July 2009 and that the meeting would be extended to 6:30 pm to allow sufficient time for discussion --

- (a) Study on Land Use Planning for the Closed Area (Stage 2 Public Engagement);
- (b) District-based beautification and revitalization projects;
- (c) Public engagement process on "Building Design to Foster a Quality and Sustainable Built Environment" of the Council for Sustainable Development; and
- (d) Progress report on heritage conservation initiatives.

IV Progress of work of the Urban Renewal Authority

(LC Paper No. CB(1)1947/08-09(03) -- Administration's paper on progress of work of the Urban Renewal Authority

LC Paper No. CB(1)1947/08-09(04) -- Paper on the Urban Renewal Authority prepared by the Legislative Council Secretariat (Background brief))

4. The Secretary for Development (SDEV) said that the Urban Renewal Authority (URA) had launched the 25 priority projects taken over from the former Land Development Corporation. The review of the Urban Renewal Strategy (URS Review) had commenced in 2008 and it would last for two years with a view to arriving at a consensus on a new direction for urban renewal. The year 2009-2010 would be a year of consolidation for URA. Mr Barry CHEUNG

Chun-yuen, Chairman of URA, briefed members on the details of URA's work, including the progress of the Kwun Tong Town Centre project, adoption of URA's environmental sustainability policy for the Lee Tung Street/McGregor Street project, URA's preservation initiatives, reduction in development intensity of the Staunton Street/Wing Lee Street project, URA's participation in Operation Building Bright and the URS Review, the financial status of URA for financial year 2008-2009 and URA's plan to issue bonds.

Financial issues

5. Mr CHAN Kam-lam asked when URA would issue bonds and considered that URA should try to reduce the loss provision made for the Kwun Tong Town Centre project. Prof Patrick LAU enquired about the bases for URA to issue bonds and how URA would attract investors to buy its bonds.

6. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that the preparation work for issuing bonds was near completion and URA could issue bonds within a few months. The \$4 billion loss provision made for the Kwun Tong Town Centre project would not affect the long-term corporate credit rating of URA, because it was not an operating deficit and would not affect URA's cash flow. URA had a surplus of \$0.8 billion in the previous financial year and it could maintain its \$10 billion capital assets. It had \$12 billion cash on hand and some of its projects would generate surpluses. URA could attract investors based on its sound financial status and the expected surpluses of its projects to be completed in the next few years. It was a normal financial management practice to issue bonds. URA had acquired bank loans in the past but the interest cost for issuing bonds was less expensive.

7. Mr James TO declared that he was a non-official non-executive director of the URA Board. He considered that if URA issued bonds, the holders of the bonds would have an interest in the financial status of URA. The URS Review might be affected because there would be pressure to retain the existing mode of urban renewal to maintain URA's financial self-sufficiency. The offering documents for the bond issue would have to disclose the risks on URA's financial status that could arise from any changes in the mode of urban renewal as a result of the URS Review. He considered that it might be a better arrangement for the Government to issue bonds and offer loans to URA.

8. SDEV responded that when agreeing to URA's proposal to issue bonds, the Administration had not associated URA's bond issue with the URS Review. The Principal Assistant Secretary for Development (Planning and Lands) 4 (PAS(P&L)4) said that according to the Urban Renewal Authority Ordinance (Cap. 563), approval by the Financial Secretary was needed for URA to issue bonds or acquire loans. In the past, URA had acquired loans from banks. Issuing bonds by URA and financial support from the Government were separate matters. Issuing bonds was a financial tool for managing cash flow and might

incur a lower interest cost than acquiring loans. The Government had injected \$10 billion by phases into URA and offered special land premium arrangements to help the urban renewal programme become self-financing in the long run.

9. Mr Albert HO asked whether URA would disclose the financial results of each project and whether the Kwun Tong Town Centre project would have any surpluses. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that URA would not disclose the financial results of each project because doing so would mean disclosing the financial information of its partners. The Kwun Tong Town Centre project was expected to incur a loss of \$4 billion. The final financial results of the project would not be available at present but would depend on the actual proceeds from the sale of the redeveloped properties. Mr Quinn LAW Yee-kwan, Managing Director of URA, added that the seven completed projects as a whole had generated a surplus of about \$1.5 billion for URA.

10. Noting this, Mr Albert HO asked whether the need to keep the financial results of each URA project confidential was a reason for not offering owner participation in URA's redevelopment projects. He considered that if the said information was kept confidential, it would be difficult to implement owner participation. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that URA's acquisition offers were fair and based on the mechanism approved by the Legislative Council. In the past, URA had offered owner participation as an option but the response was unsatisfactory. He did not object to owner participation in principle but a workable model was required. The issue would be explored in the URS Review.

11. Mr Albert CHAN considered that unless URA wanted to conceal the profits of its projects, there was no reason why it could not disclose the financial results of each project. He said that Mr Abraham SHEK had disclosed similar information on the projects of the former Land Development Corporation in response to his question raised at a previous meeting. He asked whether URA would reconsider the matter. Mr Quinn LAW Yee-kwan, Managing Director of URA, responded that URA had searched the records but could not locate the information mentioned by Mr Albert CHAN.

12. Mr Abraham SHEK said that he had disclosed the financial results of seven projects of the former Land Development Corporation at an open meeting held some years ago. Whether the information could be located in the records and whether URA would disclose the financial results of each project were separate matters. If URA could disclose the information, it should do so. If it could not, the information should be kept confidential. SDEV responded that the issue had been discussed at meetings of the Panel in the past two years. URA had explained its stance and enhanced its disclosure of financial information already.

13. Mr Alan LEONG asked whether there were conditions in the agreements between URA and its joint venture partners that prohibited URA to disclose the financial results of each project; and whether its joint venture partners had raised any queries or challenges for URA to disclose the said information. Mr Quinn LAW Yee-kwan, Managing Director of URA, said that URA's joint venture partners were obliged not to disclose the contents of their tenders, and as URA had not disclosed the financial results of each project, its joint venture partners had not lodged any complaints.

14. Mr Alan LEONG considered that if there were no legal constraints on URA in disclosing the said information, URA should do so. Miss Tanya CHAN declared that she was a non-official non-executive director of the URA Board. She expressed support for Mr Alan LEONG's views and said that URA should consider disclosing the financial results of each project. It could consider disclosing the information progressively, starting from earlier completed projects, so as to alleviate any worries on the effects of such disclosure.

Admin 15. Mr Albert CHAN requested the Administration to provide the legal basis, if any, for not disclosing the amount of profit/loss of each completed project undertaken by URA. If there was no such legal basis, he would strongly demand that URA disclose the amount of profit/loss of each completed project. He said that URA could disclose its share of the proceeds of each project without disclosing that of its partners.

16. Mr Quinn LAW Yee-kwan, Managing Director of URA, said that information on the share of the proceeds received by URA from its partners was sensitive commercial information. As urban renewal was a long-term task, URA would not give special consideration to the surpluses or deficits of individual projects. URA would consider how to disclose further financial information on its projects.

17. Mr Abraham SHEK considered that the \$1.5 billion surplus of the seven completed projects for URA did not reflect the whole picture because the surpluses or deficits already accounted for by the former Land Development Corporation in respect of those projects had been excluded. He asked whether URA did not disclose the financial results of each project because it was worried that doing so would raise the acquisition prices. He considered that disclosure of the said information would not pose any problems because acquisition offers were made based on an established mechanism. As the Government had injected \$10 billion into URA, the public should have the right to monitor the work and financial status of URA and share its surpluses.

18. SDEV responded that whether disclosing the information or not would not exert pressure on URA in its acquisitions offers because the acquisition prices were determined based on the mechanism approved by the Legislative Council. As URA had to undertake other social missions such as rehabilitation

and preservation, the surpluses from a particular URA project could not be shared and viewed in isolation. Mr Barry CHEUNG Chun-yuen, Chairman of URA, added that URA would explore how to disclose its financial information in future.

19. Mr Frederick FUNG said that the fact that URA had accumulated a surplus of \$1.5 billion from seven completed projects reflected the profitability of its projects. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that due to high acquisition prices, URA had to make loss provisions of \$4 billion and \$1 billion for the Kwun Tong Town Centre project and the Sai Yee Street project respectively. The rise in property prices when the redeveloped flats were sold was often the reason why some completed projects could generate surpluses. In reply to an enquiry from the Panel Chairman, he said that the financial information disclosed in URA's annual reports was similar to that of listed companies.

20. Mr LEE Wing-tat said that the reduction in the achievable additional gross floor areas and the lowering of the development intensity of URA projects would reduce URA's revenues. If the Administration maintained the existing strategy of requiring URA to be self-sufficient, URA would place greater emphasis on containing its acquisition costs. He asked whether the Administration would change the strategy.

21. Mr Alan LEONG referred to paragraph 19 of the Administration's paper and asked whether the Administration had measures to relieve URA's financial pressure because URA had indicated that it would be increasingly difficult to balance its books due to its increased commitments in preservation, revitalization and rehabilitation.

22. SDEV responded that paragraph 19 reflected the present financial status of URA. Over the past two years, the requirement for URA to balance its books had been slightly relaxed. Reducing the development intensity of the Staunton Street/Wing Lee Street project would lead to deficits. In preserving shophouses and contributing \$150 million to Operation Building Bright, URA would only incur expenditure without generating any revenue. The future financial arrangements for URA would be explored in the URS Review. In this connection, a pertinent issue was whether the costs and benefits of urban renewal should be assessed on the basis of individual project sites or more globally taking into account the social benefits. If a conclusion could be drawn on this, the formulation of future financial arrangements would be easier. As further discussion with professional organizations and the community was required, it would be premature to draw any conclusion at present. Mr Barry CHEUNG Chun-yuen, Chairman of URA, added that although the plot ratio and development intensity of some URA projects had to be reduced and URA had to face greater financial pressure, it was still capable of undertaking redevelopment projects through adopting innovative approaches. Redevelopment was an

effective and direct way of enhancing the living conditions of residents in old districts.

Kwun Tong Town Centre project

23. Mr CHAN Kam-lam said that as more than 90% of the self-occupied owners had accepted URA's acquisition offers, the acquisition process and implementation of the Kwun Tong Town Centre project could be expedited. Prof Patrick LAU also considered that the project could be expedited. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that experience showed that acquiring the last few percentages of the titles was critical and might need substantial time. The said project would be implemented in phases so as to maintain vibrancy in the area and minimize disturbance to affected parties during the redevelopment period. URA would maintain flexibility and combine some of the phases if the progress of acquiring the remaining titles was smooth. SDEV said that a balance in the acquisition process was needed to ensure that URA had made sufficient efforts to acquire the necessary titles. PS(P&L) added that subject to the views of the relevant District Council and the Executive Council, the acquisition process might be completed within six months to one year.

24. Prof Patrick LAU asked whether it would be possible for URA to cooperate with the MTR Corporation Limited in constructing noise barriers at the Kwun Tong MTR Station to alleviate the severe noise problem. Ms Iris TAM Siu-ying, Executive Director of URA said that the existing residential buildings near the Kwun Tong MTR Station were affected by noise from the MTR trains at present. In future, commercial buildings, which were not sensitive noise receivers, would be constructed near the station. The station was outside the redevelopment boundary of the Kwun Tong Town Centre project and as it was built years ago, no provision had been made in the loading of the structure for constructing noise barriers.

25. Mr Alan LEONG asked whether URA had commenced the tracking study for the Kwun Tong Town Centre project. He said that the difficulty for conducting the study would increase if it commenced too late because some affected residents would have moved out. Mr Quinn LAW Yee-kwan, Managing Director of URA, responded that the tracking study for the project had already commenced.

Compensation mechanism

26. Mr Frederick FUNG and Mr Abraham SHEK considered that owner participation in redevelopment and flat-for-flat compensation should be offered as options to affected owners. Mr Frederick FUNG said that affected owners could be compensated with a flat of the same size in a designated area, with a standard comparable to that of flats developed by the Hong Kong Housing

Society. Alternatively, they could be compensated with a flat of the same size in the redeveloped building. Offering such options would facilitate the acquisition process.

27. SDEV responded that the suggestions could be explored in the URS Review, which would also look into more fundamental issues such as the appropriate weighting of redevelopment in urban renewal.

General issues

28. Mr LEE Wing-tat said that if the pace of urban decay was faster than that of redevelopment, the number of old buildings would increase. He asked whether redevelopment was the only solution. Many elder owners had no incentive or knowledge to rehabilitate their old buildings. Banks were not enthusiastic in offering mortgage to owners of old buildings. The rental market and transaction market of old buildings were unsatisfactory and elder owners of such buildings could not count on their properties to maintain their living after retirement. In this regard, offering accommodation in public rental housing estates would help elder owners.

29. Mr Abraham SHEK said that rehabilitation was a good solution because it could prolong the life of the old buildings and enhance their value. Reversed mortgage for old buildings should be considered and a body could be established to take forward the matter. The missions of urban renewal in future should be explored.

30. SDEV responded that urban decay was a fundamental and perpetual problem. As URA alone and redevelopment alone could not solve the problem, the Administration had adopted a multi-pronged approach to urban renewal, such as implementing mandatory building and window inspection, issuing statutory repair orders, offering building rehabilitation loan schemes and subsidy schemes and launching Operation Building Bright. The Administration and the Elderly Commission would continue to study the housing needs of the elderly. Mr Barry CHEUNG Chun-yuen, Chairman of URA, concurred with Mr LEE Wing-tat's analysis of the urban decay problem. He said that although rehabilitation could prolong the life of old buildings, some old buildings were too dilapidated to be rehabilitated and redevelopment was the only viable option.

31. Mr Frederick FUNG said that if URA did not undertake redevelopment projects, it could not sustain financially because it would have no revenues. Redevelopment projects could also provide new community facilities. While agreeing that a more lenient threshold could be adopted for the redevelopment projects undertaken by URA, he objected to lowering the application threshold for compulsory land sale to 80%. He considered that management problem was the root of many problems in old buildings. SDEV noted Mr Frederick FUNG's views.

32. Miss Tanya CHAN asked whether URA would continue to adopt its policy on environmental sustainability for projects in addition to the Lee Tung Street/McGregor Street project and whether there would be other similar new measures. She considered that URA should play a role in this regard because those measures could help save the environment. URA should also listen more to the views of the affected parties.

33. Mr Barry CHEUNG Chun-yuen, Chairman of URA, responded that URA had set out its policy on environmental sustainability in May 2009 and depending on the individual circumstances, it would adopt environmental-friendly measures for its projects in future as far as possible. He concurred that URA could play a role in this regard. The additional cost for those measures would be well spent because property purchasers welcomed environmental-friendly facilities and energy consumption could be reduced. URA had spent a lot of efforts to listen to the views of affected parties and it would continue to do so.

34. Prof Patrick LAU said that as a redevelopment project in a district could have a substantial effect on the whole district, planning in redevelopment and analyses of the effects of redevelopment on the district were important. Rehabilitation and preservation should also be considered on a district basis instead of a building basis. The good characteristics of old buildings should be preserved, such as constructing verandahs in the redeveloped buildings. As regards the Sai Yee Street project, he urged URA to reconsider his proposal because it partly coincided with URA's proposal and was a "triple-win" option. Mr Barry CHEUNG Chun-yuen, Chairman of URA, concurred that planning in redevelopment and handling of urban decay should be on a district basis.

V Proposals to facilitate redevelopment by the private sector: application threshold under the Land (Compulsory Sale for Redevelopment) Ordinance

(LC Paper No. CB(1)1947/08-09(05)	No. -- Administration's paper on proposals to facilitate redevelopment by the private sector: applications threshold under the Land (Compulsory Sale for Redevelopment) Ordinance
LC Paper No. CB(1)1947/08-09(06)	-- Paper on proposal to lower the application threshold under the Land (Compulsory Sale for Redevelopment) Ordinance prepared by the Legislative Council

	Secretariat (Background brief)
LC Paper No. CB(1)1874/08-09(01)	-- Submission on Land (Compulsory Sale for Redevelopment) Ordinance from the Democratic Alliance for the Betterment and Progress of Hong Kong dated 4 June 2009
LC Paper No. CB(1)1874/08-09(02)	-- Submission on Land (Compulsory Sale for Redevelopment) Ordinance from Ms CHAN Li-li received on 8 June 2009
LC Paper No. CB(1)1973/08-09(01)	-- Submission on Land (Compulsory Sale for Redevelopment) Ordinance from a deputation (K28重建區波鞋街關注組眾業主) dated 18 June 2009
LC Paper No. CB(1)2000/08-09(01)	-- Submission on Land (Compulsory Sale for Redevelopment) Ordinance from The Hong Kong Institute of Surveyors dated 19 June 2009
LC Paper No. CB(1)2000/08-09(02)	-- Joint submission on Land (Compulsory Sale for Redevelopment) Ordinance from a group of organizations received on 19 June 2009)

35. Members noted the following submissions tabled at the meeting --
- (a) submission from Dr Stephen L CHAN dated 19 June 2009;
 - (b) submission from Mr Charles CHAN received on 20 June 2009;
 - (c) submission from People Planning in Action dated 21 June 2009;
 - (d) submission from 市區規劃大聯盟 dated 22 June 2009;
 - (e) submission from The Hong Kong Association for the Advancement of Real Estate and Construction Technology Limited dated 22 June 2009;

- (f) submission from Hong Kong Institute of Real Estate Administrators dated 23 June 2009;
- (g) submission from 李維怡 received on 23 June 2009; and
- (h) submission from Hong Kong Christian Institute received on 23 June 2009

(Post-meeting note: The above submissions (LC Papers No. CB(1)2039/08-09(01) to (08)) were issued to members by email on 24 June 2009.)

36. SDEV said that the Administration's latest package of proposals was to designate a lower application threshold of 80% for three classes of lots, viz. lots with "all units but one" acquired; lots with all buildings aged 50 or above; and lots with industrial buildings aged 30 years or above located in non-industrial zones; with respect to applications for compulsory order for sale under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545). The building age criterion had been tightened up from 40 years to 50 years. As regards old industrial buildings, some of them could be revitalized through alteration and it was unnecessary to demolish all of them. Accordingly, DEVB was concurrently pressing ahead with the needed measures to facilitate conversion of industrial buildings. Assuming that a subcommittee would be formed for scrutiny of the relevant legislative proposal and that the proposal was eventually approved by the Legislative Council, the proposed legislative amendments would take effect in about six months' time. She hoped the conversion proposals would be ready within that timeframe. She emphasized that the Administration's package of proposals was to lower the application threshold only. The Lands Tribunal had to be satisfied with the need for redevelopment of the lot concerned before it made a compulsory order for sale. She welcomed that The Hong Kong Institute of Surveyors had published a booklet on compulsory land sale for public reference; and that the Hong Kong Housing Society had agreed to provide advice and referral services for property owners on compulsory land sale through its 10 Property Management Advisory Centres.

General comments

37. Mr Frederick FUNG said that he had expressed objection when the relevant bill was introduced at that time because he knew that the mechanism would fail. He considered that private property right should be respected and some owners were unwilling to sell their properties not because of the prices offered, but for sentimental reasons. For redevelopment projects undertaken by URA, community facilities were often provided but this was not so for projects implemented through compulsory land sale. He considered that the problem with old buildings was often a building management issue. If there was good building management, there was no need for redevelopment through compulsory

land sale. Even the Hong Kong Housing Authority would retain some of the old public rental housing estates instead of demolishing them. He considered that the Chief Executive-in-Council should retain the power relating to compulsory land sale and queried why developers' redevelopment projects should be facilitated by lowering the application threshold.

38. SDEV responded that the Chief Executive-in-Council had the power to specify certain classes of lots for a lower threshold and the Administration's current proposal was to trigger such a mechanism. Apart from considering sentimental reasons, a rational analysis of the need for redevelopment was essential. The Lands Tribunal had rejected an application for compulsory land sale for a building about 50 years in age. She said that some elderly owners were in support of the Administration's proposal because the old buildings in which they lived had no lifts and low rental values, and they could not afford the cost for building rehabilitation. On the other hand, if they could dispose of their aged property and be rehoused in public rental housing estates, their living condition would be significantly improved. While some of the problems in old buildings were building management problems, aging and dilapidation were real problems to be tackled.

39. Mr WONG Kwok-hing asked why the Administration did not put forward its proposal to lower the threshold after completing the URS Review when a consensus on the long-term development of the city had been obtained. SDEV responded that the URS Review and the Administration's proposal had no direct relationship because not all urban renewal projects were to be undertaken by URA. The Administration would not expect that a community consensus could be reached on its proposal and there were calls from the public for an early decision on whether to lower the threshold for compulsory land sale.

40. Dr Priscilla LEUNG said that different stakeholders had different views on the Administration's proposal. While there many owners who wanted to sell their properties, there were also some who wanted to retain their properties for sentimental reasons. The Administration should conduct further opinion surveys and the respondents should not be limited to residents living in rented and privately-owned residential units. The Administration should also step up its educational work. Developers should bear part of the social responsibilities. She remained open on the Administration's proposal.

41. SDEV responded that the Administration had been soliciting the views of the public on the subject since 2006. The original proposal had been revised in 2008 and the current proposal had been further refined. Even if the Administration conducted opinion surveys again, she expected that views might remain diverse. She urged Members to allow a decision on the subject to be made to provide certainty to owners.

42. Miss Tanya CHAN suggested that there could be a mechanism, such as offering bank loans, to facilitate owner participation in redevelopment projects undertaken through compulsory land sale. She expressed concern that as the review of Outline Zoning Plans to impose planning control had not yet been completed, one particular redevelopment project could affect the whole community nearby.

43. Ms Starry LEE said that some citizens hoped that the pace of urban renewal could be expedited. Although owners accorded higher priority to URA for undertaking redevelopment projects because they had more confidence in public bodies, the properties of some owners who were awaiting redevelopment were not included in URA's redevelopment plans. As it was impossible for URA to include all old buildings in its redevelopment plans, she considered it appropriate to discuss the current proposal. As nearby residents might worry about the lack of development controls over the redevelopment projects, she asked whether the Administration would ensure sufficient development restrictions in the Outline Zoning Plans when introducing the proposed legislative amendments. She also asked whether the Administration would require the developers concerned to provide public facilities for the residents.

44. The Permanent Secretary for Development (Planning and Lands) (PS(P&L)) responded that the review of the Outline Zoning Plans had little relationship with the proposal to lower the application threshold. As the redevelopment projects under compulsory land sale had to observe the prevailing requirements and conditions of the relevant Outline Zoning Plans and land leases, he did not see this proposal giving rise to more bulky and tall buildings than would otherwise be the case. The Administration was at present reviewing height restrictions in the Outline Zoning Plans. As the review on imposing restrictions on plot ratio would require a longer time, the Administration could not wait until the completion of the review of the Outline Zoning Plans before introducing its current proposal to respond to the calls of some residents for expediting redevelopment.

45. Miss Tanya CHAN said that some buildings aged 50 or above might have the possibility of becoming historic buildings and they could be rehabilitated instead of redeveloped. Prof Patrick LAU also expressed concern that some of the old buildings proposed for compulsory land sale might be historic buildings. He considered that there should be flexibility in the building age criterion of 50 because some buildings aged under 50 could be in a dilapidated condition. SDEV responded that most historic buildings were aged over 50 and information on the 1 440 historic buildings was available on the Government's website. The Administration would pay attention to concerns in this area.

46. Ms Cyd HO said that in view of its controversial nature, she was concerned that the legislative proposal was subject to negative vetting. The

Administration should allow sufficient time for discussion by the Legislative Council and the public. As regards industrial buildings, she considered that redevelopment was not the only method. Other methods such as relaxation on the uses of industrial buildings could be considered. SDEV responded that whether a legislative proposal was subject to negative vetting was determined by the provisions in the principal ordinance. The Legislative Council could extend the scrutiny period if deemed necessary. For industrial buildings, the Administration would adopt a two-pronged approach. Redevelopment and alteration were both possible options.

47. Mr KAM Nai-wai expressed concern about whether well-maintained buildings would be redeveloped through compulsory land sale. SDEV responded that if the buildings concerned were in good condition, the Lands Tribunal would not approve applications for compulsory land sale. It had rejected an application involving a building aged 47 years.

Auctions conducted under compulsory land sale

48. Mr Albert CHAN said that he had once been a proponent of the legislation on compulsory land sale. At that time, he put forward the proposal on the premise that there would be fair competition during the public auctions conducted under compulsory land sale. He had hoped that the legislation would benefit owners, developers and the public. However, it turned out that on most occasions, the applicant for compulsory land sale was the only bidder during such auctions. This had distorted the original intention of introducing the legislation. He requested the Administration to provide details such as the number of bidders in auctions conducted under compulsory land sale. He considered that the acquisition prices offered under compulsory land sale should not be less than that offered by URA for similar redevelopment projects. He objected to the Administration's proposal to lower the application threshold because it would allow developers to reap benefits through looting private properties. Instead of relaxing the legislation, he considered that the legislation should be repealed.

49. The Principal Assistant Secretary for Development (Planning and Lands) 4 (PAS(P&L)4) responded that the reserve prices in auctions under compulsory land sale had taken into account the redevelopment values and they were on average 1.8 to 2.2 times the existing use values of the properties concerned. Up to the present, there had been 61 applications for compulsory land sale with 20 compulsory sale orders made, but not all the properties concerned were put to public auction in the end. The records showed that more than one bidder participated in at least two such auctions, and the transaction prices for those two auctions were higher than the reserve prices. SDEV added that since its enactment, the compulsory land sale legislation had seldom been invoked. The reserve prices, which had taken into account redevelopment values, had to be approved by the Lands Tribunal. Even if the properties

concerned were sold at the reserve price, the transaction price still reflected the market price. She agreed to provide details of the public auctions conducted under compulsory land sale.

(Post-meeting note: The Administration's supplementary information paper (LC Paper No. CB(1)2260/08-09(01) was issued to members on 15 July 2009.)

50. Mr Frederick FUNG said that redevelopment values could fluctuate substantially with time. For redevelopment projects implemented through compulsory land sale, the latent values of the properties would be transferred to the developers concerned. Miss Tanya CHAN asked whether it would be possible to offer additional sums to owners concerned if the redevelopment values of the properties had increased; and whether it would be possible for the developer concerned to bear the cost for the minority owners to engage an independent surveyor for conducting valuation. Expressing a similar concern, Prof Patrick LAU asked whether there were any methods, such as offering loans, to assist owners who did not have the financial resources to engage professionals to conduct valuation for their properties. Ms Starry LEE said that the Administration should handle concerns about the fairness of the valuation.

51. SDEV responded that it would be reasonable for owners to choose to sell their properties to enhance their living environment if they could obtain sale proceeds amounting 1.8 to 2.2 times the existing use values of their properties. As regards valuation, PAS(P&L)4 said that minority owners could submit their own valuation reports for the Lands Tribunal's consideration. The Lands Tribunal also had a qualified surveyor sitting on its panel. Different redevelopment values might result from different redevelopment modes. If the reserve price of a property was considered low, other bidders would likely participate in the public auction concerned.

52. Mr CHAN Kam-lam considered that the mechanism of conducting public auctions conducted under compulsory land sale already offered sufficient protection for the owners. He did not consider that the latent values would be transferred to the developers concerned because the redevelopment values of properties could only be realized if those properties were indeed redeveloped.

53. Mr Albert HO and Mr James TO considered that whether private property right should be an absolute right was a philosophical question. Mr Albert HO said that the conflict was not only between developers and owners, because some owners supported the Administration's proposal to facilitate them in selling their properties. From the perspective of the owners, they had the right to obtain the highest sale proceeds for their properties regardless of the purchaser. They should be given such an opportunity and Members of the Democratic Party supported the compulsory land sale mechanism. As public auctions under compulsory land sale were held under the

open market mechanism, there was no solution if there was only one bidder in such auctions. The issue was the circumstances under which compulsory sale should be allowed and the valuation. If owners considered that the valuation was unfair, they could not afford the litigation costs if the case was taken to court. If there were improvements in the valuation process and owners did not have to bear all the relevant litigation costs, Members of the Democratic Party would adopt an open mind on the Administration's proposal. Protection for tenants affected by compulsory land sale might need further consideration. SDEV noted Mr Albert HO's views and said that the Administration had been exploring ways to enhance the protection for owners. It would continue to explore ways to further enhance the valuation process and protection for owners.

54. Mr Alan LEONG asked how the Administration would protect the interests of the last remaining owners in the valuation process. SDEV responded that the Administration would pay attention to the valuation process. She could further solicit Mr Alan LEONG's views after the meeting.

55. Mr Abraham SHEK considered valuation an art rather than a science. He said that legislation on compulsory land sale already existed and the Administration's proposal was to lower the application threshold from 90% to 80% only. He expressed support for the Administration's proposal.

56. Mr James TO said that the valuation process could be improved. As the Lands Tribunal had not handled many cases of compulsory land sale, it was difficult to say whether justice had been done by the rulings of the Lands Tribunal. The issue of developers acquiring properties through compulsory land sale during the lows of the property market from owners who did not want to sell their properties remained unresolved.

Balance of interests

57. Prof Patrick LAU and Mr Abraham SHEK said that some owners would ask for an unreasonably high price for their properties. Prof Patrick LAU said that the crux was how to strike the balance and resolve the matter in a reasonable way. He considered that applications for compulsory land sale should be vetted carefully.

58. Mr KAM Nai-wai said that respecting private property right was a core value of Hong Kong. He did not believe that developers had not advocated the proposal to lower the application threshold. He expressed concern about how the compulsory land sale mechanism could cater for those owners who wanted to retain their properties for genuine sentimental reasons.

59. Mr CHAN Kam-lam said that the Administration should be prudent because its proposal was controversial. The Democratic Alliance for the Betterment and Progress of Hong Kong had interviewed residents of old

districts. While the majority of them supported the Administration's proposal, some objected and some strongly objected to it. While he agreed that there should be protection for the owners, he did not consider that compulsory land sale was like looting private properties. Dilapidated buildings affected the environment. The wish of the majority of the owners who supported redevelopment should also be respected. Although some buildings aged over 50 might be worth preserving, others needed to be redeveloped. Members of the Democratic Alliance for the Betterment and Progress of Hong Kong considered that a balance should be struck between protecting the rights of the owners and redevelopment. He enquired about the Administration's future direction in taking forward the matter.

60. SDEV responded that in proposing to apply the lower application threshold to the three specified classes of lots only, the Administration had thought through the whole subject and believed that the present proposal already struck a balance. As regards the future direction, a timetable for making a decision on the matter was required. Otherwise, the matter would remain unresolved. She said that practically, if the Legislative Council did not support the legislative proposal under the negative vetting mechanism, she would not choose to re-introduce legislative proposal on the same subject again during her tenure so that the Bureau would accord priority attention to other subjects.

61. Mr Abraham SHEK said that a balance between protecting private property right and implementing redevelopment was needed for the benefit of the whole community. URA did not have sufficient resources to undertake all redevelopment projects by itself. For some dilapidated buildings, there was no one to repair them or their conditions had deteriorated to a state beyond repair. The Administration's proposal to lower the threshold should be viewed from the urban renewal perspective.

62. Mr James TO said that there were some owners of old buildings who wanted to sell their properties, and the issue was how to provide a way to enable them to obtain a price for their properties which was somewhat higher than the existing value. It was under this premise that he and Mr Albert CHAN proposed the compulsory land sale legislation at that time. Dilapidated old buildings could impose an externality and become a public hazard. Although the maintenance costs for old buildings were substantial, some owners were willing to retain the buildings. There were also some owners who wanted to retain their properties in order to obtain the highest redevelopment values or for various other reasons. The issue was the extent to which the wish of those who wanted to retain their properties should be respected. He considered the Administration's proposal prudent in general because criteria had to be met and the Lands Tribunal had to be satisfied that redevelopment of the lot was justified before making an order for compulsory sale.

Effects on tenants

63. Mr WONG Kwok-hing and Mr Albert HO expressed concern about the effects of the Administration's proposal on tenants living in old buildings subjected to compulsory sale orders. Mr WONG Kwok-hing said that some tenants were not eligible for rehousing in public rental housing estates. The protection for tenants under the present Landlord and Tenant (Consolidation) Ordinance (Cap. 7) was lower than it was before and the Administration should consider the livelihood of the lower class. Ms Starry LEE said that the Administration should handle issues related to tenants affected by compulsory land sale. Dr Priscilla LEUNG said that the developers concerned could be asked to make arrangements to assist affected residents on housing matters. Mr KAM Nai-wai considered that the Administration should address compensation issues for affected tenants.

64. PAS(P&L)4 responded that under the present legislation, compensation would be offered to affected tenants and they would be given six months' notice for termination of tenancy. The notice period was longer than that required for termination of tenancy under other circumstances. The relevant Bills Committee had considered the issue of compensation in detail. As the projects were private redevelopment projects, the Bills Committee considered it impractical to ask the developers concerned to provide assistance to affected residents on housing matters if there was no participation from public bodies. It was therefore decided to offer cash compensation through sale trustees and extend the notice period for termination of tenancy.

65. Ms Cyd HO also considered that the housing needs, such as rehousing in public rental housing estates, of the affected residents should be addressed. In this regard, she asked whether the Administration had any new plans for identifying sites for the construction of public rental housing estates. She expressed concern that some owners might terminate the tenancies with their tenants in advance by giving one month's notice if they anticipated that their properties would become targets of compulsory land sale.

66. SDEV responded that the Panel on Housing and the Panel on Development would hold a joint meeting to discuss land supply for public housing. Tenants already had protection under the Landlord and Tenant (Consolidation) Ordinance and they would be offered compensation if affected by compulsory land sale.

Panel to receive public views

67. Mr WONG Kwok-hing suggested that the Panel should receive public views on the subject at a special meeting or a future regular meeting. Mr Albert HO, Mr Alan LEONG, Mr Abraham SHEK and Ms Cyd HO expressed support

for the suggestion. Mr CHAN Kam-lam considered that the meeting should be held before mid-July 2009.

68. SDEV said that she hoped that the meeting could be held before the summer recess so that the Administration could take forward the matter as planned. The Administration would in particular like to receive views on its proposal relating to industrial buildings.

69. The Chairman said that he would arrange with the Clerk on the exact date and time of the special meeting.

VI Operation Building Bright -- latest progress

(LC Paper No. CB(1)1947/08-09(07)	No. -- Administration's paper on Operation Building Bright – progress and update
LC Paper No. CB(1)1947/08-09(08)	-- Paper on Operation Building Bright prepared by the Legislative Council Secretariat (Background brief))

70. SDEV said that the public welcomed the Operation Building Bright (the Operation), which was a special measure for creating job opportunities. For Category 1 target buildings, 1 128 applications had been received, with 26% and 12% of the applications from buildings in Yau Tsim Mong and Sham Shui Po districts respectively. A computer ballot was conducted on 19 June 2009 to determine the priority for processing and granting of funds for the eligible buildings. For Category 2 target buildings, 226 had been identified and the Buildings Department (BD) had commenced the works for a number of these buildings in May 2009. It was expected that repair and maintenance works for about 25 Category 2 target buildings would be carried out by BD each month. In addition, 500 Category 2 target buildings had been nominated by Legislative Council Members and District Councils, with some overlapping with the 226 buildings mentioned above. On 26 May 2009, the Financial Secretary announced a package of additional relief measures and earmarked an additional funding of \$1 billion for the Operation. Subject to approval by the Legislative Council of the additional sum sought, the Administration would proceed to notify owners' corporations (OCs) with priority number after 500 so that they might also commence repair works under the Operation and would not have to apply again. Based on the Administration's rough estimation so far, after completion of the works in respect of all the valid applications received under Category 1 and selected buildings under Category 2, there might still be uncommitted funds available out of the \$2 billion for further deployment. If this was the case, the Administration would propose to accept new applications for Category 1 target buildings. Owners of buildings which did not have OCs at

present could submit applications under the second round if they had established OCs by then.

Implementation arrangements

71. Ms Starry LEE said that as no asset and income means tests were required and the terms of the Operation were favourable to encourage owners to carry out repair works, many owners wanted to participate in the Operation. She urged the Administration to increase the number of eligible buildings if resources permitted. For the time being, she would not object to the Administration's proposal that the additional provision, if approved, would be used to allow OCs which had applied previously and with priority number after 500 to commence repair works under the Operation. Nevertheless, some OCs which could not apply in time under the first round of applications were disappointed at the arrangement. She urged the Administration to decide the timing for receiving the second round of applications as soon as possible if funds were still available so that those OCs would have sufficient time to make preparations for their applications.

72. SDEV responded that the number of buildings to be included under the Operation was limited by the funds available and the Administration's intention was to include as many eligible buildings as possible. The proposal to allow eligible OCs which had applied previously and with priority number after 500 to commence repair works under the Operation if the \$1 billion additional funding was approved was put forward based on this premise. This would also remove the need for the OCs concerned to submit applications again.

73. Ir Dr Raymond HO said that comparatively speaking, owners could easily understand the Operation and submit applications. He appreciated the Administration's proposal of allowing eligible OCs which had applied previously and with priority number after 500 to commence repair works under the Operation and its flexibility in implementing the Operation. He said that Members of the Professionals Forum supported the Administration's funding proposal and hoped that the Operation would not be a one-off operation and could be extended if necessary.

74. Mr IP Wai-ming said that he welcomed the Operation because it would create more job opportunities for workers in the construction sector. He asked whether the Administration would provide information, such as the names of approved contractors, to assist and facilitate OCs in choosing contractors of appropriate quality. He also asked how the Administration would prevent contractors from hiring illegal workers and how it would monitor the implementation of the Operation to ensure that the repair works were in order.

75. Mr WONG Kit-loong, Chief Executive Officer and Executive Director, Hong Kong Housing Society (HKHS), responded that a list of

authorized persons, based on BD's list, who had indicated interest in undertaking repair works under the Operation and a list of approved general contractors had been prepared. Eligible OCs participating in the Operation had to choose at least four contractors from the list when inviting tenders for the repair works so as to minimize the possibility of corruption. OCs could also invite other additional contractors to participate in the tender exercises. During the implementation of the Operation, consultants of HKHS and the Urban Renewal Authority (URA) would monitor the repair works from their commencement to completion. OCs also had to engage consultancy firms with authorized persons to monitor the repair works to ensure that the works were in order.

76. Ir Calvin LAM Che-leung, Executive Director, URA, added that the authorized persons engaged by OCs had to certify relevant documents such as inspection reports, tender analyses, works contracts, certificates for disbursement of funds and certificates of completion to ensure the quality of the repair works. Consultants of HKHS and URA would also vet those documents during the whole process before releasing the grants under the Operation.

77. Noting this, Mr IP Wai-ming asked how the Administration would ensure the quality of the other additional contractors invited by OCs to participate in the tender exercises.

78. Mr WONG Kit-loong, Chief Executive Officer and Executive Director, HKHS, responded that those other additional contractors invited by OCs to participate in the tender exercises had to be registered general contractors. The arrangement was made to respect the autonomy of the OCs in choosing contractors and to ensure fair competition at the same time.

79. SDEV said that as OCs would have to bear part of the cost for the repair works, they should be given some latitude in choosing contractors and implementing the repair works. She assured members that the Administration had established measures to handle the issue of illegal workers. She had received views expressing worries that the pace of implementing the Operation was too fast and the repair works were implemented too intensively. Workers unions considered that it would be more desirable for the repair works to be spread out over a longer period of time because the economic situation in the next two years might still be gloomy. The Administration would keep in view the situation to avoid over-stressing the labour market before allowing eligible OCs which had applied previously and with priority number after 500 to commence repair works under the Operation after obtaining approval for the additional \$1 billion provision.

Eligibility criteria

80. Ms Starry LEE said that the criterion that eligible buildings should comprise no more than 400 residential units was arbitrary and some owners

considered it unreasonable. She urged the Administration to consider relaxing the said eligibility criterion when inviting new applications from OCs under the second round. She considered that the eligibility criteria on building age and rateable value would suffice.

81. Expressing a similar concern about the criterion that eligible buildings should comprise no more than 400 residential units, Ms Cyd HO said that she had also received complaints from owners about the issue. The buildings of those owners, although with more than 400 residential units, were old and dilapidated and some owners were not well-off. They hoped that their buildings could also be included in the Operation. She asked whether the Administration would relax the said criterion when inviting applications under the second round.

82. SDEV responded that the criterion on the number of residential flats was one of the objective criteria of the Operation and HKHS also adopted the same criterion for some of its building maintenance subsidy schemes. Nevertheless, she appreciated members' concern. She appealed to Members to approve the additional provision of \$1 billion first and the Administration would report on the latest expenditure of the Operation after the summer recess to see whether funds were still available and whether there was room to adjust the criterion.

Other comments

83. Miss Tanya CHAN said that the Operation was a commendable measure because its terms were favourable and it could assist needy owners. She noted that one-stop technical assistance would be provided under the Operation and that there was a funding scheme under the Environment and Conservation Fund to promote building energy efficiency. In this regard, she asked whether the Operation could also include the installation of energy-efficient facilities.

84. SDEV responded that she had raised the issue with the Secretary for the Environment. The Environment and Conservation Fund had set aside \$450 million for projects for conducting carbon audit and implementing energy-efficient measures. The provision was mainly targeted at large housing estates, and owners concerned had to bear 50% of the cost for the projects. The target buildings and provision of grants of that scheme were different from those of the Operation. The Administration could provide relevant information on that scheme for owners' reference to facilitate owners' consideration.

85. Ms Starry LEE urged the Administration to consider providing one-stop technical assistance and comprehensive advice through a single unit to help owners to carry out repair works under various building maintenance subsidy schemes. SDEV responded that the Administration would further enhance the coordination of the various building maintenance subsidy schemes to facilitate owners' application.

86. Ms Cyd HO considered that works for rectifying wrong connection of sewerage pipes to rainwater drain pipes should be included as a repair item under the Operation. SDEV responded that replacement of sewerage pipes was covered under the Operation.

87. The Chairman said that Members' views would be reported to the Finance Committee when the relevant funding proposal was considered at its meeting on 3 July 2009.

VII Building (Construction) (Amendment) Regulations

(LC Paper No. --	Administration's paper on
CB(1)1947/08-09(09)	Building (Construction) (Amendment) Regulation 2009)

88. The Principal Assistant Secretary for Development (Planning and Lands) 3 (PAS(P&L)3) briefed members on the Administration's paper, including the background of the Administration's proposal, the proposed amendments to regulation 17 of the Building (Construction) Regulations and the parties consulted. He said that subject to Members' views, the Administration intended to table the Building (Construction) (Amendment) Regulation 2009 in the Legislative Council for negative vetting by the end of 2009 and for implementation in the first quarter of 2010.

89. Ir Dr Raymond HO said that he supported the Administration's proposal in principle because a detailed classification of the floor uses would be beneficial economically, and building materials and construction cost could be saved. He was not worried about high-rise buildings because they had stringent design requirements for wind loads. However, as earthquakes could occur unexpectedly even in areas of low risk, he considered that the Administration should review the need for adopting anti-earthquake design requirements in Hong Kong for low-rise buildings such as hospitals, police stations, fire stations, community centres and schools, because such disaster emergency relief facilities would be essential during earthquakes.

90. PAS(P&L)3 responded that the Administration would provide a detailed response to a written question on precautionary measures for earthquakes in Hong Kong to be raised at the Council meeting on 24 June 2009. Hong Kong was not situated within any active earthquake region and the risk for violent earthquakes occurring in Hong Kong was relatively low. As buildings in Hong Kong were wind-resistant, they would basically be safe in the event of an earthquake that might take place in the territory. The Administration would consult the Legislative Council and relevant sectors on the report of its consultancy study on seismic effects on buildings in Hong Kong.

91. Mr CHAN Kam-lam asked whether reducing the required minimum imposed loads of buildings and categorizing the floor uses into eight detailed classes would limit the future uses of the buildings, such as limiting the conversion of floors for residential activities to residential care homes. He also asked how the Administration would regulate the erection of signboards and unauthorized building works (UBWs) on external walls and whether it would tighten up control through legislative measures after implementing its proposal. He further enquired about the reductions in imposed loads and the benefits for the relevant industries that could be achieved under the Administration's proposal.

92. The Assistant Director of Buildings/New Buildings 2 responded that the Administration's intention was that while new buildings would be subjected to the new regulations, existing buildings would not be affected if there was no change of use. In future, if floors for residential activities were converted to residential care homes, the new regulations would be applicable. When the Administration vetted applications for change of use, other factors such as lease conditions, fire safety, etc, would be considered in addition to loading. Loading would not be the major factor because the proposed reductions were not large and there were engineering solutions to overcome loading limitations. The existing categorization was based on the required minimum imposed loads instead of floor uses. The Administration's proposal was to re-categorize the floor uses into eight classes for easier comprehension. The proposed reductions in the required minimum imposed loads for floors for residential, carpark and restaurant uses were 2.5 kPa to 2.0 kPa, 4.0 kPa to 3.0 kPa and 5.0 kPa to 4.0 kPa respectively. The percentage of materials that could be saved arising from the reductions in the required minimum imposed loads would be about 5%. The Buildings Department had always objected to the erection of UBWs. It would remove newly erected UBWs as soon as practicable and existing ones progressively. Lowering the required minimum imposed loads would tighten up control on the erection of UBWs. PAS(P&L)3 added that the implementation of the minor works control system would facilitate regulation on the erection of signboards, which had to be carried out by registered contractors. The Buildings Department had launched a special operation earlier this year to remove 5 000 abandoned signboards in one year's time. The Administration hoped that these measures would reduce the numbers of unauthorized signboards and abandoned signboards.

VIII Any other business

SDEV's speaking note on tree management

93. With the agreement of the Chairman, PAS(P&L)3 read out SDEV's speaking note on matters related to tree management.

(Post-meeting note: SDEV's speaking note (LC Paper No. CB(1)2058/08-09(01)) was issued to members on 25 June 2009.)

94. There being no other business, the meeting ended at 6:30 pm.

Council Business Division 1
Legislative Council Secretariat
28 August 2009