

THE GOVERNMENT MINUTE

in response to the

**REPORT NO. 45 OF
THE PUBLIC ACCOUNTS COMMITTEE**

dated February 2006

10 May 2006

REPORT ON THE RESULTS OF VALUE FOR MONEY AUDITS (Report No. 45)

Chapter 1 – Development of a site at Sai Wan Ho

95. The Government and PAC share a common objective to enhance the transparency of the development approval process, whilst at the same time striking a balance by not creating unnecessary hurdles for the industry in conducting its business. The Government has accepted all the recommendations made by the Director of Audit as endorsed by PAC and has already taken positive steps to implement them.

96. Through the concerted efforts of the Planning Department (Plan D), Lands D, BD, Arch SD and HPLB, we have put in place a series of improvement measures to address the recommendations of PAC and the Director of Audit.

Importance of implementing planned development intensity

97. In order to meet the community's aspiration for a quality living environment, we have, in conjunction with the Town Planning Board, proactively and progressively taken measures to control building heights and density of developments through stipulations in the statutory town plans. To ensure that proper regard is paid to the provision of public facilities, Plan D will, before the sale of a site, provide to the relevant Government departments an updated assessment on the need for such provision in the concerned district.

Transparency in the land sale process

98. With a view to enhancing the transparency of the procedures for sale of government land, Lands D has revised the relevant internal instructions defining which types of information to be given to an enquirer pertaining to the development parameters, such as gross floor area (GFA), car parking requirement and provision of government/institution/community (GIC) facilities, are to be publicized on the Government website and in newspapers.

99. BD has put in place a mechanism whereby advice to be provided to Lands D on site classification before a land sale would be determined by the Building Authority Conference only.

100. In respect of GIC facilities, the Arch SD has reviewed the procedures for the preparation of technical schedules for incorporation into the lease conditions. The audit recommendations, including that GIC design requirements should, where appropriate, be properly drawn to scale in the layout drawings for incorporation into the lease conditions of the site, have been adopted and will be implemented for future GIC facilities.

Site classification

101. Concerning site classification for development projects, BD has already amended the Building (Planning) Regulations to clarify the definition of 'street' for site classification purposes under the law. In addition, BD will consult relevant departments on factors affecting site classification prior to the sale of a site and seek legal advice where necessary to clarify any legal doubts.

Granting of exempted and bonus GFA

102. To remove any ambiguities concerning whether a public transport terminus (PTT) would be GFA accountable, BD has amended the relevant Practice Note. The Practice Note now states clearly that all PTTs will count for GFA, unless the relevant outline zoning plan or a specific planning approval allows the PTT to be exempted from GFA calculation. Legal advice will be sought where necessary in case of any legal doubts.

103. In the granting of bonus GFA, the BD will consult and seek consensus from relevant departments, in particular Lands D and Plan D, to ensure that such GFA concessions are supported by the departments concerned.

104. In keeping with its well-established practices in dealing with cases where the lease conditions contain a maximum GFA clause, Lands D will stipulate in the lease conditions whether any government accommodation required would be GFA-accountable, so that prospective tenderers can take this information into account when bidding for a site.

Improving inter-departmental communication

105. PAC has requested to be kept informed of actions taken by the Secretary for Housing, Planning and Lands (SHPL) to improve communication and coordination among Plan D, Lands D and BD with a view to ensuring that planning intentions are achieved when a site is developed. The role of the HPLB (the Bureau) is to set the general policies relating to planning, land and building matters, whilst the three departments perform their functions in accordance with prevailing policies and the relevant legislation in the development of a site. The three departments maintain close communication in the process. There are established forums to discuss and resolve inter-departmental issues at various stages of the development process, including the District Lands Conference, District Planning Conference, Building Committee and Building Authority Conference. In case there are issues with policy implications, the departments will consult the Bureau for guidance.

106. Moreover, the Bureau has set up dedicated forums, such as task forces and working groups, to enhance coordination among the departments, whether in the handling of ad hoc issues or individual projects, or in dealing with more systemic issues, for instance in streamlining the approval procedures during the development process. The Government will continue to strive towards further improvement in this area. For example, efforts are being made in the alignment of development control parameters between the three departments where appropriate, and in simplifying lease conditions.

Criteria for GFA restrictions in future leases

107. PAC recommended reviewing the criteria for deciding whether the maximum GFA of a site should be specified. To this end, we have started reviewing whether or not it is appropriate to impose a maximum GFA clause in the leases of future sale sites of Government land. Apart from the merits and demerits of this proposal, which SHPL highlighted in the PAC hearings, there are certain trade-offs between the provision of certainty and the maximisation of land premium. It would be necessary for us to strike a delicate balance. The Government will carefully consider the recommendation of PAC in reviewing the criteria for deciding under what circumstances the maximum GFA of a particular site should be specified, and conduct consultations with the stakeholders concerned before determining the way forward.

Practice Notes governing Building Authority (BA)'s exercise of discretion

108. In order to enhance accountability and transparency in his exercise of discretion in the processing of various applications under the Buildings Ordinance, the BA has in the past issued various Practice Notes to set out for the information of the industry the criteria that BA will adopt in the exercise of such discretion. BA and officers authorised by him to exercise such discretion have to act in good faith, follow the law and the criteria promulgated in the Practice Notes and take into account all factors relevant to the issue under consideration in the exercise of discretion. While the relevant factors may vary in each case, BD has put in place internal guidelines to set out for general guidance the factors which should be considered.

109. Having regard to the complexity of the individual cases, the applications will be considered and endorsed by a committee chaired by an Assistant Director of BD, or by a committee chaired by the BA, as appropriate. To further enhance transparency, BD will publish a summary of the matters considered at the Building Committee, and the decisions made, on its web site.

Way forward

110. The Government will continue to monitor the implementation of the various improvement measures.