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Your Ref.

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我們矢志努力不懈,提供盡善盡美的土地行政服務 We strive to achieve excellence in land administration

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4 January 2010

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Clerk to Public Works Subcommittee, Legislative Council Secretariat, Legislative Council Building, 8 Jackson Road, Central, Hong Kong. (Attn.: Ms Angel SHEK)

Dear Ms SHEK,

Public Works Subcommittee Follow-up to meeting on 16 December 2009

Capital Works Reserve Fund Head 701 Subhead 1004CA

I refer to your letter of 23 December 2009 to the Secretary for Financial Services and the Treasury. The information requested by Hon KAM Nai-wai and Hon IP Kwok-him on the compensation arising from underground strata resumption required for the West Island Line (WIL) project is provided below.

- (a) Underground strata beneath 551 lots on which 271 buildings (or developments) stand will be resumed to facilitate the construction of the WIL. The list of the private developments concerned was provided in a letter of 26 June 2009 from the Secretary for Transport and Housing to the Clerk to the Public Works Subcommittee (PWSC) in response to questions raised by PWSC members in considering the funding application for the construction of the WIL. The number of private flats involved is not available as the compensation estimate was based on the number of lots and existing developments involved instead of the number of flats.
- (b) The overall project estimate in respect of the compensation for loss of redevelopment potential arising from underground strata resumption required for the WIL project is \$378.9 million and the estimate for 2010-2011 is \$70 million. The estimates, which were prepared having due regard to technical and other information available at the time, provide a broad indication of the potential claims which may be received under the

provisions of the Railways Ordinance. Such claims may arise due to factors such as reduced achievable Gross Floor Area, additional constraints in design, and additional cost incurred upon redevelopment due to resumption of the stratum. Based on the best information available at the time, the overall project estimate of \$378.9 million was calculated on the assumption that 48 buildings (or developments) involving 109 lots might be subject to claims for loss of redevelopment potential. The provision of \$70 million for 2010-11 was an estimate of those old developments that might redevelop and hence would likely seek compensation soon after the resumption commenced. Under the Railways Ordinance, any person having compensatable interests in the land resumed should submit a claim to the Secretary for Transport and Housing. The Administration does not consider it appropriate to provide the information on the estimated compensation to the affected parties because provision of compensation details to individual developments and lots owners would prejudice the Administration's position in the future negotiation with the claimants.

There is an established statutory mechanism protecting the rights of any party adversely affected by such strata resumption. Claims for compensation based upon actual losses substantiated at the relevant time will be fairly handled within such statutory framework including ultimate impartial determination by the Lands Tribunal as may be necessary.

The Administration had explained in detail of the above provision of the Railways Ordinance to the Central and Western District Council as well as the affected parties through a number of resident meetings to address their concerns on resumption of underground stratum and claims relating to loss of redevelopment potential. The Administration will continue to maintain close dialogue with the District Council and affected parties on this issue.

Yours Incerely

for Director of Lands

c.c. Secretary for Financial Services and the Treasury (Attn: Ms Belinda WONG)