

**The Administration's response to the follow-up action  
arising from the meeting of  
the Legislative Council Panel on Development  
on 21 October 2009**

Purpose

The Administration was requested to provide information on the mechanism for determining the zonal compensation payable to the landowners whose land will be resumed for implementation of the Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link.

Background

2. From time to time, Government may have to acquire private land for public purposes, such as highways projects, drainage works, river training works, public housing developments, or any item in the Public Works Programme. Private land can be resumed under a number of Ordinances, including (but not exclusively) the Lands Resumption Ordinance (Cap. 124); the Roads (Works, Use and Compensation) Ordinance (Cap. 370); the Railways Ordinance (Cap. 519) and the Water Pollution Control (Sewerage) Regulation (Cap. 358).

3. Landowners affected by land resumption will, subject to eligibility, be offered ex-gratia land compensation. When land is resumed, the Ordinance under which the legal interest is extinguished or affected provides for payment of compensation. If the offer of ex-gratia compensation is not acceptable to the landowners, they may submit statutory claims. If the amount of the claim cannot be agreed, either the claimant or Government may refer the claim to the Lands Tribunal for a final determination. Interest on statutory compensation is payable by Government from the date of resumption until the date of payment.

Zonal Compensation: Existing Mechanism

4. For land resumption in the New Territories, the Administration adopts an ex-gratia compensation system which consists of four compensation zones, namely A to D, and this serves as an alternative to statutory claims under the respective Ordinances. The

four zones attract ex-gratia compensation rates in descending order. The rate of each zone is set at a different percentage of the basic rate. The current definition of compensation zones A to D and their ex-gratia compensation rates are set out below -

<b>Zone</b>	<b>Definition</b>	<b>Compensation</b>
A	New Town Development Area (namely areas within the New Town boundaries as shown on gazetted outline zoning plans for new towns) and those areas that are affected by essential projects with territory-wide significance.	120% of basic rate* for agricultural land. Valuation + 120% of basic rate for building land.
B	Areas which may be brought under urban development in the near future, either by extension to the adjoining layout areas due to their proximity to such areas or by reason of their known potential for urban development.	75% of basic rate for agricultural land. Valuation + 75% of basic rate for building land.
C	Areas in which no urban development is planned and which are unlikely to be affected by later extension to layout areas, but where resumption is required sometimes for purposes directly connected with urban layout developments and sometimes for local improvement schemes.	50% of basic rate for agricultural land. Valuation + 50% of basic rate for building land.
D	Areas not included in other zones	30% of basic rate for agricultural land. Valuation + 30% of basic rate for building land.

\* The current basic rates of ex-gratia compensation for the resumption of agricultural and building land are \$439 per square foot (from 1 October 2009) and \$867.5 per square foot (from 1 October 2009) respectively. The rates of ex-gratia compensation are revised twice a year, and the revised rates take effect on 1 April and 1 October respectively.

5. The ex-gratia zonal compensation system, consisting of four compensation zones, has been adopted since 1985. In 1996, the Government completed a review of the system and concluded that it had worked satisfactorily. Despite that, a number of refinements were proposed. Following approval of the proposed refinements by the then Governor in Council in July 1996, and having briefed the LegCo Panel on Planning, Lands and Works on 19 November 1996, the Administration obtained the Finance Committee's approval on 6 December 1996 to adopt the new definition for Zone A covering not only New Town Development Areas but also those areas that are affected by essential projects with territory-wide significance. That FCai also stated clearly that "it is not practicable to lay down specific guidelines on what constitutes an essential project in this category. The Committee on Planning and Land Development (CPLD), chaired by the then Secretary for Planning, Environment and Lands, will consider each case on its individual merits. In its consideration, the Committee will make reference to precedent cases and seek the advice of the relevant policy branch."

6. In the ex-gratia compensation system, the CPLD is responsible for the application of the zonal rates to individual projects and review of the boundaries of the compensation zones. The Committee also considers and reviews policies on production, acquisition, use and disposal of land. It is an internal committee chaired by the Secretary for Development and comprising representatives from the relevant Bureaux and Departments. Choi Yuen Tsuen would fall within Zone C if only its location were taken into account. In June 2009, the CPLD agreed to upgrade the ex-gratia compensation for private land to be resumed in the New Territories for the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL), including Choi Yuen Tsuen, from Zone C rates to Zone A rates in recognition that the project was an essential project with territory-wide significance. The Zone A compensation rates are therefore applicable to private land at Choi Yuen Tsuen to be resumed for implementing the Hong Kong section of the XRL project.

Development Bureau  
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