

**Speaking Points for the Secretary for Development
at the Special Meeting of the Finance Committee
on 23 March 2011 (Wednesday)**

Chairman,

- I would like to thank Members for their interest in the Draft Estimate of the Development Bureau (DEVB). My respective Controlling Officers have provided answers to 213 written questions from Members accounting for the use of resources under the purview of Planning and Lands. They are here to respond to any further questions that Members may wish to raise.
- My 2011-12 Recurrent Expenditure on Planning and Lands is \$3,558.14 million, representing an increase of \$252.47 million (7.6%) compared with the revised estimate of \$3,305.67 million for 2010-11.
- In 2011-12, there will be an increase of 217 civil service posts, mainly for the purpose of enhancing the building safety in Hong Kong. As the regulatory authority, the number of posts in the establishment of the Buildings Department (BD) will be increased from 996 to 1 173 in the coming year, representing an increase of nearly 18%. This reflects the SAR Government's determination to improve the building safety in Hong Kong.
- Now I would like to brief Members on several priority tasks of the Planning and Lands portfolio in the coming financial year.

Land Supply

- To ensure a steady land supply for the residential property market to cater for the needs of housing and economic development, we have taken a proactive and aggressive approach in supplying land. This has been fully reflected in this year's Land Sale Programme and our discussions with the MTR Corporation Limited (MTRCL).
- This year's Land Sale Programme adopts a two-pronged approach to increase land supply, namely sites to be triggered from the Application List, and sites to be sold by auction or tender at Government's initiative. The Government can thus have the initiative in land sale and is able to respond to market changes more flexibly.
- In this year's Land Sale Programme, we have designated up to 18 sites for government-initiated sale in the coming year, including nine residential sites. This comprises four sites in the Application List, and five sites to be sold by tender with size restrictions.
- We have announced that we will sell a site in the Application List by auction on 27 April 2011, namely the ex-Ko Shan Road Customs & Excise Service Married Quarters in Hung Hom; and we will invite tender for another two sites in Hung Hom on 29 April 2011, namely the residential sites at the junction of Gillies Avenue South and Bulkeley Street and at 5-23 Lee Kung Street. We will impose flat number and size restrictions on the development of these two sites. Depending on

the market situation, we will consider designating more sites in the Application List for sale through government-initiated sale.

- In the coming year, MTRCL is going to be an important source of supply of residential sites. It will dispose of sites at Nam Cheong, Tsuen Wan, Tai Wai, Tin Shui Wai and Tseung Kwan O, which are estimated to provide about 14 600 flats.
- Sources of housing land supply also include redevelopment projects of the Urban Renewal Authority (URA), projects subject to lease modification/land exchange, and private redevelopment projects not subject to lease modification.
- In the medium to longer term, the Kai Tak Development Area will start providing housing sites by 2014; new development areas in the northern New Territories as well as other developments will provide more land to meet the housing needs of the community. A planning study on the quarry site at Anderson Road has commenced recently. Other studies aimed at identifying more housing land that the Government will embark on include a planning study on a quarry site on Lamma Island, a feasibility study on the proposed remaining development area of the Tung Chung New Town and a planning review of the development at the ex-Cha Kwo Ling Kaolin Mine site. We will also explore reclamation outside Victoria Harbour and rock cavern development as a strategic means to create land resources to cope with future development needs.

Progress in revitalising industrial buildings

- By the end of February 2011, the Lands Department had approved 12 applications for wholesale conversion and five applications for redevelopment of industrial buildings, while 21 applications were being processed. For the approved wholesale conversion applications, they are mainly located in Kwun Tong and Kowloon Bay, and the owners will convert their buildings to a range of commercial and social uses including offices, eating places, retail and provision of direct services, and hotels. For the approved redevelopment applications, they are located in Yau Tong, Kwun Tong, Wong Chuk Hang and To Kwa Wan, and the owners will redevelop their buildings to residential, commercial or hotel use.
- The DEVB has already commenced a mid-term review on the revitalisation measures, which is expected to be completed in the second half of this year. We have been meeting professional institutions, industrial building owners and other stakeholders to collect their views on the present package of measures. We will also consult the LegCo Panel on Development (the Panel) on the measures to revitalise industrial buildings shortly.

Sustainable Built Environment

- In view of the recommendations of the Council for Sustainable Development, the Government will introduce a package of measures to

enhance the design standard of new buildings to foster a quality and sustainable built environment. This includes tightening gross floor area concessions to reduce the occurrence of “inflated buildings”, introducing various measures including building separation, setback and greenery in new buildings, as well as imposing additional requirements to enhance the energy efficiency of buildings. After the BD’s consultation with the industry, the Practice Notes stipulating the modus operandi of the aforesaid measures will come into effect on 1 April .

- These measures have struck a proper balance between addressing public concern over “inflated buildings” and fulfilling the aspirations of occupants to have more green and amenity features within their estates, and at the same time ensured room for creativity in Hong Kong's building design.
- In addition, the Financial Secretary has decided to request the West Rail Property Development Limited to redesign the six property developments above the West Rail in order to comply with the new requirements in controlling “inflated buildings”. In the course of redesigning these six projects, we have also taken the opportunity to adjust the composition of flats to increase the supply of small and medium-sized flats. The Fuk Chuen Street/Peel Street project of the URA, the tendering exercise of which was conducted in November last year, has also complied with the new policy.

- We will report the latest developments to the Panel on 29 March.

Building Safety

- We announced in October last year a new, multi-pronged package of measures, covering legislation, law enforcement, support measures to owners as well as publicity and public education, to enhance the building safety in Hong Kong. Members in general support these enhanced measures but indicate that additional manpower is needed to facilitate the work. In fact, in the Estimates of Expenditure 2011-12, the BD has been allocated most of the additional resources among the departments under the DEVB.
- On legislation work, I moved the second reading of the Buildings (Amendment) Bill 2010 (the Bill) at the Legislative Council meeting on 3 February, proposing the implementation of the Mandatory Building Inspection Scheme and Mandatory Window Inspection Scheme. The Bills Committee has been actively scrutinising the bill, and has so far held 18 meetings. The DEVB will fully facilitate the Bills Committee, with a view to completing the scrutiny of the bill as early as possible. The minor works control system, which provides a convenient means for the public to carry out small-scaled building works, was fully implemented in December last year.
- On law enforcement, the BD's UBWs removal programme has removed most unauthorised building works (UBWs) constituting a

high risk to public safety in the past decade and is coming to an end on 31 March 2011. Starting from April 2011, the BD will step up its enforcement actions against UBWs, including an extension of the scope for enforcement actions, active handling of complaints, swift issuance of statutory orders to all actionable UBWs, etc. A stock-taking exercise of all UBWs on the exteriors of buildings will also be conducted to facilitate the BD's law enforcement work.

- We understand the importance of providing suitable assistance to building owners. The Government has been working closely with the Hong Kong Housing Society (HKHS) and URA and has launched various financial assistance schemes to assist owners in carrying out maintenance works. To further strengthen support to owners, the HKHS and URA have recently completed a review of their schemes. Starting from 1 April 2011, the five schemes administered by the two organisations will be consolidated into a single scheme called the “Integrated Building Maintenance Assistance Scheme” (IBMAS). We will explain the detailed arrangements at the Development Panel meeting to be held later this month.
- Lastly, we have to emphasise that building owners bear the ultimate responsibility to properly repair and maintain their own properties. Hence, we will continue to foster a building safety culture in Hong Kong through mounting large-scale public education campaigns. In addition, a “community monitoring” programme will be launched by

the BD to mobilise every member of the community to play a part in reporting building safety problems.

"Operation Building Bright"

- We launched the "Operation Building Bright" (OBB) as one of the measures on "preserving jobs" in May 2009, aiming to achieve, under the financial tsunami, the dual purpose of creating more job opportunities for the construction sector and improving building safety. Together with the Government's three-time injection totally \$2.2 billion and the HKHS's and URA's \$0.3 billion, the \$2.5 billion funding of the OBB has so far subsidised owners of over 2 000 dilapidated buildings and created over 17 500 job opportunities.
- The Second Round of the OBB received applications from the owners' corporations of the Category I target buildings from October to December last year. In total, we have received 550 applications involving around 830 buildings, exceeding our original estimated numbers. In order to provide financial assistance to all eligible applicants of the second round of the OBB, the 2011-12 Budget proposes an additional funding of \$1 billion for the OBB.
- With the additional \$1 billion funding, we estimate that the \$3.5-billion OBB will be able to provide assistance to more than 3 000 buildings aged 30 years or above, as well as create more than 60 000 job opportunities related to the construction industry. We will consult the Panel on the proposal to inject the additional \$1 billion

funding on 29 March, and will brief and seek approval from the Finance Committee as soon as possible.

Urban Renewal

- The Chief Executive announced in the 2010-11 Policy Address that the Government had revised the text of the Urban Renewal Strategy (URS) for public consultation. The consultation was completed by the end of 2010. The DEVB has, on the basis of the comments received during the public consultation, made further refinement to the draft text of the URS. The new URS was promulgated on 24 February this year, marking the beginning of a new era in adopting a “people first, district-based, public participatory” approach to carry out urban renewal.

- The progress with the implementation of major initiatives under the new URS is as follows –

(i) District Urban Renewal Forum (DURF)

In respect of the setting up of the first DURF in Kowloon City, we plan to set up DURF and launch its work within one to two months. The proposal to create a Chief Town Planner post in the Planning Department has received support from members of the Establishment Subcommittee of the LegCo Finance Committee on 16 February, and will be submitted to the Finance Committee for consideration on 6 May. I am now actively considering the membership for DURF. There will be 15 to 20

members to be appointed from different sectors. The appointments and their announcement will be made shortly.

(ii) “Flat-for-flat” Arrangement

The URA has announced the implementation details of the “flat-for-flat” arrangement on 21 March. All new redevelopment projects commenced by the URA will now enjoy the “flat-for-flat” arrangement.

We have earlier announced that we have identified at the Kai Tak Development a site measuring 1.1 hectare at the north apron of former Kai Tak Airport, that is, Site 1G1, to be granted to the URA at full market value, to facilitate its provision of modest flats under the “flat-for-flat” scheme for owner-occupiers affected by its redevelopment projects. The first phase of the site will be handed over to the URA in April 2012 for providing about 500 flats with sizes ranging from 400 to 600 sq ft. The flats will be available in 2016 at the earliest. I understand that in order to be consistent with the design requirements of the Kai Tak Development and to meet the standards on environmental performance, the URA will target at high energy-efficient building design.

(iii) Urban Renewal Trust Fund (Trust Fund)

The URA will undertake and execute a trust with an objective to the furtherance of urban renewal and will set up a company

limited by guarantee (the Company) to hold the fund. All the directors of the Company (i.e. members of the Board of Trustees) will be appointed by the Secretary for Development. The directors will be responsible for the management of the Trust Fund and approving funding applications, including applications for various studies and public engagement activities to be conducted by DURF, appointment of the social service teams and applications for heritage preservation and district revitalisation initiatives. The operation of the Company will be independent from the URA. The DEVB is now processing the legal issues and registration arrangements for the establishment of the Trust Fund and the Company. We expect that the Trust Fund and the Company will be established in May this year.

The candidates for directorship on the Company (i.e. members of the Board of Trustees) will include those from the social service and other professional sectors as well as members of the local community. We expect to announce the appointments by the end of April 2011.

Conclusion

- Chairman, my colleagues and I will be happy to answer any questions that Members may wish to raise. Thank you.

* * * * *