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Report of the Panel on Development for submission to the Legislative Council

Purpose

This report gives an account of the work of the Panel on Development from October 2010 to June 2011. It will be tabled at the meeting of the Legislative Council ("LegCo") of 13 July 2011 in accordance with Rule 77(14) of the Rules of Procedure of LegCo.

The Panel

2. The Panel was formed by resolution of LegCo on 8 July 1998 and as amended on 20 December 2000, 9 October 2002, 11 July 2007 and 2 July 2008 for the purpose of monitoring and examining Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters. The terms of reference of the Panel are in **Appendix I**.

3. For the 2010-2011 session, the Panel comprises 25 members. Prof Hon Patrick LAU Sau-shing and Hon LAU Wong-fat were elected Chairman and Deputy Chairman of the Panel respectively. The membership list of the Panel is in **Appendix II**.

Major work

Urban renewal strategy

4. The Panel discussed the draft new Urban Renewal Strategy ("the new URS") with the Administration at the meeting on 26 October 2010. It also held two special meetings in November and December 2010 to meet

with some 47 deputations to hear their views on the new URS. The new URS sets out the major directions on the future work of the Urban Renewal Authority ("URA") which were developed from a three-stage public engagement exercise conducted from mid 2008 to mid 2010.

5. While members of the Panel and deputations including District Councillors, professional and social service groups in general supported the new URS and the three new initiatives in order to strengthen the "bottom-up" approach in urban renewal planning, they raised a number of concerns. On the new initiative to set up District Urban Renewal Forum ("DURF"), some members and deputations considered that it should be operated by the District Council or include all the elected District Councillors of the concerned district, and should include relevant professionals and residents' groups as members. They strongly recommended that DURFs should be allowed to discuss acquisition proposals regarding the compulsory sale of individual lots for redevelopment, and urged the Administration to set up more DURFs as soon as possible in old urban districts such as Sham Shui Po, Tai Kok Tsui and Mong Kok. As regards the Urban Renewal Trust Fund ("URTF"), while some deputations welcomed its establishment to finance the operation of social service teams, they suggested that the Board of Trustees of URTF should include residents of old urban areas, representatives from district non-governmental organizations, professional organizations and concerned government departments.

6. As regards compensation arrangements for affected building owners, while some members and deputations such as building owners' groups supported the "flat for flat" option, they called on the Administration to consider providing "foot for foot" compensation so that affected owners could have replacement units no smaller than those they had. For the "flat for flat" compensation option, URA should pay to the affected owner the difference in the value between the flat offered and the cash compensation he/she was entitled to. On the other hand, "shop for shop" compensation for business operators affected by redevelopment projects should be provided as cash compensation was not sufficient for the operators to buy new shop premises in the same district. Small business operators affected by urban renewal projects and unable to find suitable replacement shop premises in the same districts should be granted additional ex-gratia payments.

7. Given that URA's mission was to redevelop, rehabilitate, revitalize, and preserve heritage of old urban districts, members and deputations including social service groups and residents' organizations considered that

self-financing and financial viability should not be the major factors governing URA in undertaking redevelopment projects. URA should make use of redevelopment sites to provide government and community facilities, and premises for operation of social enterprises. An independent and effective mechanism should be put in place to monitor the work of URA. URA should also increase transparency in its operation, including enhancing disclosure of information on the evaluation of compensation, and profit and loss situation of redevelopment projects. There was also concern about absence of a statement for conduct of regular reviews on URS in the revised URS.

8. The Administration had undertaken to consider the views and suggestions made by members and deputations. It advised that DURF would include members of the Area Committees, who would reflect the views of local communities, and DURF would conduct various public engagement activities to gauge views on redevelopment initiatives. As for "shop for shop" compensation, the Administration explained that the option could not address shop operators' concern about uninterrupted business. URA was tasked to provide shop operators with as much assistance as possible to re-start their business in the vicinity. Concerning monitoring of URA's work, apart from reporting its work to LegCo on a yearly basis, URA had enhanced transparency in its operation, including disclosing more financial information about each project it had completed. To address the concern about regular reviews on URS, the Administration agreed to include a statement about future review of URS in the revised URS.

9. The new URS was promulgated on 24 February 2011. In June 2011, the Administration reported to the Panel the progress of the work of URA and its work plans for the coming year. Some members urged URA to enhance its facilitator role in redevelopment and efforts in promoting the demand-led model in assisting building owners to initiate joint sale of their lot for redevelopment. Some members stressed the importance for URA to incorporate initiatives to revitalize the local economy and preserve local characteristics of individual districts in pursuing redevelopment. There were views from members that URA should start consultation with local residents and organizations as early as possible in working out redevelopment initiatives, and the Administration should consider providing more land in Kai Tak for URA to build flats for implementing the "flat for flat" scheme.

Building safety

Control of unauthorized building works

10. The spate of building problems revealed by a series of fire accidents including a fatal one in an aged building in Ma Tau Wai Road, the collapse of a canopy in an industrial building in Tuen Mun, and incidents of unauthorized building works ("UBWs") in multi-storey buildings occurred in May and June 2011 have once again rung the alarm bell for the Administration to step up efforts in enhancing building safety, in particular, the control of UBWs. The Panel held a special meeting on 20 June 2011 to discuss with the Administration on the follow-up actions and step-up measures to tackle UBW problem. Noting that the Administration has adopted a new approach since 1 April 2011 to extend the coverage of "actionable" UBWs, members of the Panel urged the need to update practice notes to clarify works that were regarded as UBWs and to highlight to building owners their responsibility to remove UBWs. While members urged the Administration to take more stringent enforcement action, they emphasized the importance of making appropriate re-housing arrangements for affected tenants before clearing UBWs. Panel members expressed grave concern about building safety problems arising from internal alteration works and sub-division of flats. They called on the Administration to tighten control on building works relating to construction of sub-divided flats, and to improve co-ordination among relevant departments in providing assistance and support to owners especially those in buildings with no owners' corporations, no management and no maintenance. To demonstrate the Administration's determination in tackling building safety problems and to achieve more effective results of the enhanced measures, some members suggested the Administration to consider setting up a high-level cross bureaux and departments task force to take up the matter, including the formulation of a comprehensive policy and concrete action plans. The Administration took note of members' views and suggestions. Besides continuing to implement the multi-pronged approach covering legislation, enforcement, support and assistance to owners as well as publicity and education to enhance building safety, the Administration planned to introduce a bill to enable the Buildings Department to apply warrants from the Court for entering individual premises in taking enforcement actions against building safety problems, such as internal building works related to sub-divided flats. Moreover, the Administration would introduce legislative amendments to the Minor Works Control System to include major work items involved in sub-divided flats including erection or alteration of partition walls in

buildings, addition or alteration of floor screeding in buildings, and formation of openings to fire escape route, etc.

11. The Ombudsman's report on its investigation into enforcement against UBWs in New Territories Exempted Houses ("NTEHs") released in April 2011 sparked off wide public concern about the disparity in treatment of UBWs in NTEHs and those in other buildings. The Panel discussed the regulation of UBWs in NTEHs with the Administration at the meeting on 28 June 2011. Members noted that taking into account of the fundamental premise of ensuring building safety and complying with existing legislation, the Administration proposed to adopt a pragmatic approach in tackling UBWs in NTEHs through categorization of UBWs and prioritization of enforcement. Under the proposal, the Administration would firstly give priority to enforcement against UBWs in NTEHs constituting obvious hazard or imminent danger to life or property, and those under construction or newly completed. Secondly, existing UBWs not posing imminent danger but constituting serious contravention of the law and imposing higher potential risks would be tackled with the first round targets including village houses of four storeys or more, and houses built without Certificate of Exemption etc. Thirdly, a registration scheme would be introduced for other existing UBWs to tackle them in phases after dealing with the first round targets. Existing UBWs would be considered for registration if they were completed before a "specified date". Lastly, existing and new green and amenity facilities in NTEHs could be allowed to stay or be installed in future without seeking the permission from the Administration.

12. While some members noted that the regulatory framework of NTEHs was different from that of buildings in urban areas, they stressed the need for the Administration to treat these houses with fairness and on equal footing with other buildings in tackling UBW problems with a view to upholding the building safety policy and safeguarding public interests. They called on the Administration to stay firm in taking enforcement actions against UBWs in NTEHs and urged the Administration to work out a definite timetable and resources requirement for implementing the proposed enforcement scheme. Other members recognized that there were historical reasons behind the regulatory framework of NTEHs, and that UBWs in these houses were usually of small scale and hence were not the priority targets of the Administration's enforcement in the past. They urged the Administration to handle UBWs in NTEHs in a pragmatic approach, take enforcement actions in an orderly and progressive manner, and provide necessary assistance to affected parties including financial assistance, re-housing and re-built arrangements. They further called on

the Administration to work with the Hung Yee Kuk in resolving related problems. Some members also suggested the Administration to seek legal advice regarding the application of relevant ordinances to village houses granted under the Block Government Lease to clarify whether these houses were subject to control on height and sizes under the ordinances.

Operation Building Bright

13. In March 2009, the Administration in collaboration with the Hong Kong Housing Society ("HKHS") and URA launched the Operation Building Bright ("OBB") to provide subsidies and one-stop technical assistance to help owners of old and dilapidated buildings to carry out repair works for common areas in the buildings. The Government had contributed \$2.2 billion, while HKHS and URA had contributed \$0.3 billion in total on an equal sharing basis to OBB.

14. At the Panel meeting on 29 March 2011, the Administration sought the Panel's support on a funding proposal to allocate a further \$1 billion for OBB. Some members expressed concern that as flats in tenement buildings in the Central and Western District were stated as "commercial units" in the occupation permits of the buildings, elderly owner-occupiers residing in these buildings could only receive subsidy up to \$16,000 per unit under OBB. To allay such concern, the Administration agreed to consider providing greater flexibility in implementing OBB to assist this group of property owners. Noting that a total of 48 cases of suspected non-compliance with the requirements of OBB had been identified, some members expressed concern about misconduct and malpractice of building consultants or contractors in the execution of repair works. The Administration advised that control measures had been put in place to guard against corruption and malpractice in the execution of repair works. Most of the non-compliance cases related to unintended omissions of the procedural requirements of OBB, and HKHS and URA had issued warning letters to request persons concerned to rectify the irregularities.

The Subcommittee on Building Safety and Related Issues

15. In the wake of the collapse of the building at 45J Ma Tau Wai Road, the Panel set up the Subcommittee on Building Safety and Related Issues in February 2010 to examine issues including enhancing building safety, supervision of building maintenance, enforcement and penalties against unauthorized alteration works, encouraging owners to undertake building maintenance, and enhancing public education, etc. During the current session, the Subcommittee has held two meetings with the Administration

to discuss the new package of multi-pronged measures to enhance building safety, the proposal of re-organizing the Building Department to implement the measures, and consolidation of the various financial assistance schemes for building maintenance and repair.

Kai Tak Development and waterfront enhancement

Progress of Kai Tak Development

16. The Panel continued to monitor the progress of the Kai Tak Development ("KTD"). In April 2011, the Administration reported to the Panel progress of the implementation of KTD and sought members' support for funding proposals in relation to three projects, namely 469CL -- infrastructure at the north apron of Kai Tak for serving the residential sites in KTD, 465CL -- Kai Tak approach channel and Kwun Tong typhoon shelter improvement works, and 711CL -- advance infrastructure works for development at the southern part of the former runway. While the Panel noted that the various key projects in KTD were progressing on schedule, some members were concerned about the late delivery of housing sites in 2014. They considered that the Administration should expedite the delivery of the housing sites and provide sites of various sizes to enable developers of different scales to participate in the developments so as to avoid monopoly by large developers. On the work to preserve Lung Tsun Stone Bridge, members expressed support for the proposal to provide a preservation corridor for display of the bridge remnants. They also supported the proposed improvement works to transform the existing Kai Tak Nullah into Kai Tak River to provide a green river corridor connecting the old and new urban areas. Some members suggested incorporating more local economic elements in the project, such as providing open cafés and amenity facilities along the riversides for public enjoyment. Nonetheless, members also stressed the need for the Administration to tackle the odour problem at the waterfront areas and monitor the water quality there so that the public could enjoy the waterfront.

The Subcommittee on Harbourfront Planning

17. The Subcommittee on Harbourfront Planning formed under the Panel continued its work in the current session. During the period from 24 April to 1 May 2011, a delegation of the Subcommittee conducted a duty visit to Boston, New York and Vancouver to study the three cities' waterfront development strategies, planning and management of waterfront projects, as well as to exchange views with relevant parties on the key challenges and opportunities in these aspects. The delegation has found

the visit very fruitful and beneficial to the Subcommittee' work in studying and monitoring the planning, land use and related issues in respect of the harbourfront areas on both sides of the Victoria Harbour. An informal exchange session between the Subcommittee and the Harbourfront Commission was held on 9 July 2011 to share the experience gained from the duty visit.

Measures to increase land supply for development

18. In view of rising price for private residential properties in recent years, the Panel has been monitoring the supply of land for private housing developments to meet the community demand for housing and to ensure stable development of the property market. A joint meeting was also held with the Panel on Housing on 10 December 2010 to discuss land supply for housing.

19. Noting the Administration's plan to make available land for the development of 20 000 private residential flats annually in the next ten years, some members were of the views that the Administration should not only rely on the Application List for supply of government land, and should consider resuming land auction as well as exploring other means for supplying land for housing development, such as reclamation, expediting the development of KTD and other new development areas in Northern New Territories, and the development of quarry sites at Anderson Road. To increase the transparency of land supply for housing developments and to protect the interest of property buyers, the Administration should enhance provision of information on the availability of land for the production of private residential flats, the number of residential flats which could be produced in the short, medium and long term, as well as specifying the timeframe for developers to complete development projects to prevent them from hoarding of land.

20. The Financial Secretary announced in his 2011-2012 Budget Speech that the Government would allocate about \$300 million for conducting relevant studies and public engagement exercise on reclamation outside Victoria Harbour and rock cavern development in the next few years. The studies were strategic means to create land resources to cope with future development needs. In connection with rock cavern development, the Administration completed in March 2011 a consultancy study on the enhanced use of underground space in Hong Kong which indicated there were significant opportunities and benefits in enhancing the use of rock caverns as part of Hong Kong's sustainable development strategy.

21. On 24 May 2011, the Administration briefed the Panel on its plans to take forward the studies and public engagement exercise on reclamation and rock cavern development, and also the findings of the study on enhanced use of underground space. While supporting the Administration to embark on the studies, members noted the controversies involved and stressed the need for in-depth consultation with the public on the related issues. Panel members considered that the Administration should formulate an action plan for a five or 10-year period on provision of land for various developments to serve as the blueprint for land supply. The Administration advised that the public engagement exercise, covering two stages, would be formally launched in the third quarter of 2011. The exercise was envisaged to complete in late 2012 with the targets to formulate a list of feasible reclamation sites for implementation in stages and to develop a long-term strategy for systematic relocation of suitable above-ground facilities to caverns.

Heritage conservation

Progress of heritage conservation initiatives

22. In November 2010, the Administration briefed the Panel on the progress of key initiatives of its heritage conservation work, including the revised design for the Central Police Station Compound, initiatives for revitalizing the Old Tai Po Police Station, the Blue House Cluster and the Stone Houses, the proposed approach to revitalize Haw Par Mansion to put the historic site to commercial use, and renovation works of King Yin Lei. On the proposed revitalization of Haw Par Mansion by means of commercial tender, while the Panel noted that it would be an attempt of the Administration to diversify revitalization arrangements for historic buildings, some members expressed concern about the lack of effective control over the site once the management were passed to the private developer. The Administration assured members that stringent conservation guidelines would be drawn up for compliance by the selected operator, who would run the revitalized facility under a tenancy and be required to provide public access to the historic building.

23. Concerning the efforts to conserve heritage sites and buildings, members urged the Administration to follow a "point-line-plane" approach in pursuing heritage conservation projects and to seek assistance from different partners, including URA and district organizations, with a view to enhancing effectiveness and efficiency in implementing the projects. They also stressed the importance for the Administration to educate private

land owners of historic buildings on their legal rights and obligations in maintaining their buildings, and to engage in active communication with the owners to appeal to their support for the conservation initiatives.

Revitalization of the former Police Married Quarter

24. In April 2011, the Administration consulted the Panel on the funding proposal for revitalizing the former Police Married Quarters on Hollywood Road ("the former PMQ") into a creative industries landmark. Members noted that the Architectural Services Department would undertake the conservation and revitalization works under the Public Works Programme at an estimated cost of \$560.1 million, while the Musketeers Foundation, the operator of the project, would contribute \$110 million towards government's works and procurement of furniture and equipment as well as future operating costs. Some members expressed concern about viability of the project and stressed the importance for the operator to publicize "PMQ" to attract visitors. To foster interaction between the creative community and visitors, some members suggested that besides promoting creative industries through display and retail of the creative products, simple hand craft processes should be allowed on site to involve visitors in an interactive process during the creation and manufacturing stages of the products. To manifest the historical value of the former PMQ, members welcomed the provision of an underground interpretation area for displaying the remnants of the former Central School, and the Administration's decision to conserve the stonewall trees at the site.

Redevelopment of the West Wing, Central Government Offices

25. In October 2010, the Administration consulted the Panel on the proposed redevelopment scheme of the West Wing, Central Government Offices ("CGO West Wing") into a public open space and a commercial building with Grade A office and a shopping centre. The Administration also invited public views on the proposal through activities including exhibitions, briefing sessions to the Central and Western District Council and professional bodies. The Panel held a special meeting with interested parties on 23 November 2010 to receive their views on the redevelopment scheme.

26. While the Administration advised that the redevelopment scheme would have the advantages of adding more greenery areas, enhancing pedestrian connectivity in Central, and providing Grade A office space which was in acute shortage for economic development; some members and deputations such as conservation groups expressed grave concern over

the demolition of CGO West Wing. Given that the Government Hill was a place of political, religious and military significance, as well as an icon of collective memories, they called for the Administration to preserve the Government Hill and withdraw the plan to demolish CGO West Wing. There was a suggestion from some members to turn CGO West Wing into an archive for displaying Hong Kong's past and future infrastructure developments. A number of redevelopment and environmental concern groups also raised strong objection to selling the site to private developers, and worried that the multi-storey commercial building to be constructed would create "wall effect", increase traffic flow and worsen air quality, thus bringing negative impacts on the environment of Central.

27. On the other hand, some members and professional groups and redevelopment concern groups expressed support for the redevelopment scheme. There were views that Hong Kong should be highly selective in selecting best historic sites/buildings for conservation, and the retention of the East and Main Wings of CGO Complex, which was of higher historical and architectural value in comparison with the West Wing, would achieve the conservation purpose. Members and some redevelopment concern groups welcomed the provision of public open space but urged the Administration to consider retaining ownership of the site. While they supported the provision of more Grade A offices through the redevelopment scheme to make up the longstanding shortfall, they had reservation over the construction of a shopping centre on the site. There was also a suggestion for turning the entire West Wing site into a public open space.

28. The Administration stressed that the redevelopment scheme, which would provide more Grade A office, open space of some 6 800m², and better pedestrian connection within Central, had strike the right balance between "conservation" and "development". To enhance control over the future development, the West Wing site would be rezoned to Comprehensive Development Area in the Central District Outline Zoning Plan, and private developments would be subject to a set of development parameters, including height restriction of 150 mPD. The developer of the commercial building would be required to submit a Master Layout Plan and environmental and traffic impact assessments on the proposed development for consideration by the Town Planning Board to ensure the new development would be compatible with the surrounding environment. In the light of views expressed by members and deputations, the Administration undertook to reconsider the plan for the shopping centre, and suggestions of providing communal facilities in the proposal and on the ownership of the public open space to prevent abusive use and mismanagement by the private developer.

Visits to heritage conservation sites

29. To enable members to have better understanding on the Administration's heritage conservation work and major completed or proposed revitalization projects, during the period from October 2010 to June 2011, the Panel conducted site visits to the Savannah College of Art and Design Hong Kong (i.e. the former North Kowloon magistracy building), Haw Par Mansion, 1881 Heritage (i.e. the former Marine police Headquarters Compound), and King Yin Lei.

Revitalization of old industrial buildings

30. The Administration put in place a package of new measures in April 2010 to encourage redevelopment and wholesale conversion of private old industrial buildings with a view to optimizing the use of such buildings and providing land and premises to support Hong Kong's changing economic and social needs. In April 2011, the Administration updated the Panel on the implementation of the new measures and sought members' views on a mid-term review to identify areas for improvement and direction of possible changes.

31. Noting that only 47 applications have been received by the end of March 2011, Panel members were of the view that the Administration should consider relaxing requirements to facilitate redevelopment and conversion of old industrial buildings, such as allowing partial conversion of an industrial building and permitting mixed industrial and commercial uses in the building in order to address fragmented ownership in old industrial buildings. To address fire safety concerns arising from mixed uses in an industrial building, members urged the Administration to consider enhancing fire safety measures, including installation of additional fire safety devices, provision of clear signage and directions on fire escape for building users and improving building management. In order to provide spacious premises in industrial buildings for the cultural and creative industries to set up workshops at low rentals, some members suggested extending the new measures to cover vacant flatted factories built by the Hong Kong Housing Authority. The Administration undertook to consider members' views and report the results of the review in late 2011.

32. To support the policy initiative of revitalizing old industrial buildings, the Administration sought the Panel's support for a funding proposal of \$768.8 million for purchasing and conversion of an industrial building in New Territories West to accommodate the existing New

Territories West Regional Office of the Water Supplies Department ("WSD NTW Regional Office") located at Sai Yi Street, Mong Kok and set up a new Water Conservation Education Centre. The purchased building would be converted in accordance with the guidelines promulgated by the Hong Kong Green Building Council ("HKGBC") in order to demonstrate the application of green building design and features in retrofitting existing industrial buildings. The Panel expressed support for the proposal and called on the Administration to take forward the project as soon as possible since relocation of WSD NTW Regional Office to New Territories West would not only bring economic benefits to the district, vacation of the current site would also meet local aspiration for early implementation of improvement for the environment and traffic problems in Mong Kok. To set a good example for the commercial sector to adopt green building design and maintenance measures, some members urged the Administration to strive to achieve a Platinum/Gold award under HKGBC BEAM Plus green building labelling scheme in converting the building. Some members also considered it necessary for the Administration to formulate a plan for relocating government offices to under-utilized industrial buildings.

Measures to foster a quality and sustainable built environment

33. In October 2010, the Administration briefed the Panel on the Government's new package of measures to foster a quality and sustainable built environment which covered major areas including stipulating sustainable building design requirements, promoting energy efficiency of buildings, tightening the policy on gross floor area ("GFA") concessions, and enhancing provision of information and transparency in the property market. It further reported on the progress of implementing the measures in March 2011. The Panel welcomed the early implementation of the measures to address public concerns about the impact of new building bulk on the environment and "inflated buildings", and to meet the community's aspiration for more green and amenity features in new buildings. The Panel noted that the measures would be implemented through new or revised practice notes, and the Administration had consulted the stakeholders in the building industry on the draft notes and made refinements. The finalized practice notes were promulgated on 31 January 2011 to take effect on 1 April 2011.

34. Some Panel members expressed grave concern about the Administration's arrangement to process revised building plans submitted by developers after 1 April 2011 under the current GFA concession policy, which was tantamount to providing developers with the last opportunity to

make profit from "inflated buildings". The Administration stressed that the refinement to the relevant practice note to allow re-submission of building plans was to address the building industry's concern about disapproval of such plans, which were submitted on or before 31 March 2011, due to reasons not related to GFA concessions and hence unfairness to subject such re-submitted plans to the new GFA concession policy. The Administration assured members that developers were allowed to resubmit revised building plans, once only, within six months upon rejection of the original plans for processing under the current GFA concession policy; and for a building plan to be regarded as a resubmission, it had to respond to the comments made by concerned departments on its first submission. In scrutinizing building plans, officers of concerned departments would discharge their duties in a professional and fair manner.

35. On provision of GFA concessions for car parks in developments, some members expressed concern about concessions given to car parks constructed above the ground. The Administration explained that the practice notes has clarified the meaning of "underground car park" which would be eligible for GFA concessions and assured members that the Building Authority would exercise judgement carefully in considering GFA concessions for car parks under special circumstances.

36. To enhance provision of information to property buyers on GFA concessions granted to developments and prevent profiteering by developers from "inflated buildings", members suggested that the Administration should require developers to list out the premiums for the saleable floor area, balconies, clubhouses, etc, and to give a breakdown of the property prices for the saleable floor areas and other facilities. The Administration advised that developers were required to include information relating to GFA concessions of the green features in the sales brochures. Moreover, they were required to show the detailed breakdown of all GFA concessions granted on the building plans of a development in respect of which an application for occupation was submitted on or after 1 September 2010, and the summary of such information would be published on the Buildings Department's website upon completion of the development.

37. In order to set good example for developers in adopting the new building design requirements, some members suggested that the Administration should invite public bodies, such as MTR Corporation Limited ("MTRCL"), when implementing development projects to adopt the more stringent rules under the new GFA concession policy even though the concerned building plans had already been approved. The

Administration announced in February 2011 its decision to request MTRCL to redesign six West Rail property projects to meet new building design requirements to bring improvement in terms of building separation and permeability, air ventilation as well as greenery coverage for the benefit of residents and the neighbourhood.

Matters relating to the construction industry

38. The Panel was briefed on the work of the Construction Industry Council and the Construction Workers Registration Authority and the legislative proposals to amalgamate the two organizations at the meetings on 23 November 2010 and 28 June 2011. Panel members in general supported the amalgamation proposal for the benefits of creating a single statutory body for the construction industry, ensuring consistent policy and priority setting for the industry, enhancing administration and operational efficiency of the two bodies, and providing room for merging the various construction-related cards required for construction workers. They stressed the need to put in place a proper mechanism for monitoring the work of the amalgamated organization and to ensure the statutory rights and protection of interest of existing employees during the merging process. The Administration planned to introduce an amendment bill into LegCo in late 2011.

39. At the meeting on 22 February 2011, the Administration reported to the Panel the latest manpower situation in the construction industry and related efforts made to address the manpower needs. The Panel noted that the unemployment rate of the construction sector as announced had declined from the peak of 12.8% in the aftermath of the financial tsunami to 4.5% in late February 2011. Some members expressed concerns about skills mismatch and ageing problems faced by the industry, and called on the Administration to step up efforts in promoting the image of the construction industry and enhancing the working conditions in construction sites with a view to attracting more people, especially young people, to join the industry. Given that the demand for construction manpower was on the rise, members suggested the Administration working out a projection of construction manpower supply for the next ten years, and examining how the forecasted manpower supply could cater for the workforce demand of major construction projects to be implemented.

Planning and engineering studies, and infrastructural facilities projects

40. During the current session, the Panel was consulted on a number of proposals relating to planning and engineering studies, as well as provision

of infrastructural facilities before they were submitted for consideration by the Public Works Subcommittee ("PWSC") and the Finance Committee ("FC").

41. On the proposed upgrading of project 681CL (Formation, roads and drains in Area 54, Tuen Mun -- phase 2) to Category A for developing a site in Tuen Mun for providing about 5 000 public rental housing units in 2016, some members considered it inappropriate for the Administration to submit the funding proposal to PWSC and FC before disputes relating to compensation for land resumption and the design of a pedestrian route connecting the public housing development to the nearby railway stations were resolved. However, other members opined that the associated infrastructural works should start as soon as possible as there was pressing need for providing public housing. The Panel generally supported the project.

42. As regards project 733CL -- Review studies on Hung Shui Kiu ("HSK") new development area, the Panel noted that the Administration planned to commence the study in August 2011 for completion in August 2014, and would launch a three-stage public engagement exercise on the proposed development. Panel members generally supported the project as a means to meet the long-term development needs of Hong Kong, including the provision of land for housing to accommodate population growth. There were suggestions for the studies to cover assessment on the need for land resumption and strategies to tackle the difficulties concerned. On the concern about the three-stage public engagement exercise might impede the progress of HSK project, the Administration assured that it would strive to expedite the process as far as possible, without compromising the quality of the studies and the thoroughness of the public engagement exercise.

43. On 18 September 2008, the Hong Kong Government and Shenzhen Municipal Government jointly announced the Liantang/Heung Yuen Wai Boundary Control Point ("BCP") project for operation in 2018 adopting a separate-location model. The Panel was briefed on the development of BCP and a funding proposal for carrying out detailed design and ground investigation work at the meetings on 21 October and 16 December 2010. The major views and concerns expressed by members included the need to provide at the new BCP, 24-hour cross-boundary clearance service, access for private cars or public transportation without requiring a Closed Area Permit and sufficient car parking spaces; overloading of existing transport networks in Fanling and the vicinity areas; environmental impact of the BCP project, and timetable for completion of the project, etc.

44. On the Administration's proposal to upgrade project 737CL -- Dredging, management and capping of contaminated sediment disposal facility to the south of The Brothers to Category A, some members expressed reservation for the project. They were concerned about the adverse environmental impact of the new disposal facility to the nearby waters and marine lives, as well as compensation for affected fishermen. The Administration was urged to conduct further consultation with relevant District Councils and fisheries organizations, and to provide information on possible environmental and ecological impacts of the proposed facility to the vicinity areas before submitting the proposal to PWSC and FC.

45. The Administration also sought members' views on the following projects: upgrading project 160CD to Category A for constructing an underground stormwater storage tank and associated drainage works at Happy Valley Recreation Ground, upgrading project 7712CL to Category A for carrying out a planning and engineering study on the remaining development in Tung Chung and associated site investigation works, and project 3194SC and 6078TI for constructing a community hall and a covered public transport terminus as public facilities to be provided in an integrated manner at the eastern part of the Ex-North Point Estate site which is scheduled for land sale in 2011-2012. The Panel supported these projects and urged the Administration to commence them as early as possible and address local concerns during the process of implementation.

Other major subjects deliberated

46. Arising from public concern about the granting of additional land on Borrett Road to the Ministry of Foreign Affairs ("MFA") in November 2010, the Panel discussed with the Administration on the policy for granting Government sites by way of private treaty at the meeting on 25 January 2011. While some members considered that the grant of land to MFA was reasonable and lawful, some members urged the need for the Administration to put in place a more open and transparent mechanism in making private treaty grants. They suggested that information, including the criteria for granting approval and the factors for determining the amount of the nominal premium should be made public.

47. In December 2010, the Administration briefed the Panel on the progress of the Planning and Engineering Study on the Development of the Lok Ma Chau Loop ("the Loop") and the launching of a public consultation exercise to gauge views on the preliminary outline development plans for the area. Some members stressed the need to preserve the natural

environment of the Loop while pursuing development. There were also suggestions for the Administration to allow residential developments and promote tourism in the area.

48. In February 2011, the Panel was briefed on the Study on the Action Plan for the Bay Area of the Pearl River Estuary ("the Study"), which was jointly commissioned by the governments of Hong Kong, Guangdong and Macao with the aim to develop the area into a focal point of the Greater Pearl River Delta region for quality living and favourable economic development. Some members expressed concerns about the short period of consultation on the preliminary findings of the Study, and Hong Kong being "planned for" in cross-boundary developments. The Administration explained that the Hong Kong planning proposals and projects mentioned in the Study were all suggestions in studies conducted previously by the Hong Kong Government. It further assured members that, in taking forward the planning proposals and projects, the Administration would take into account the situation in Hong Kong and follow the established mechanism in implementing the projects, including complying with the necessary statutory procedures, conducting public consultation and seeking the required funding from LegCo.

49. In May 2011, the Administration sought the Panel's views on the development of Greening Master Plans in the New Territories. Members commended the efforts of the Administration in implementing the various greening measures in the urban areas and welcomed the proposal to formulate greening plans in the New Territories. In view of the large areas and spacious environment, members urged the Administration to consider providing large scale greening projects in the New Territories reflecting the unique local characteristics and with variety of species suitable for Hong Kong's climatic and soil conditions.

Work of Joint Subcommittees

50. The Joint Subcommittee to Monitor the Implementation of the West Kowloon Cultural District Project formed under the Panel and the Panel on Home Affairs has deliberated various issues including the resignation and recruitment of the Chief Executive Officer of the West Kowloon Cultural District ("WKCD") Authority, results of the Stage 2 public engagement exercise and the selection of Conceptual Plan Options for the WKCD project, public's expectations on the latest development of the project, and cultural software development to promote WKCD.

51. The Joint Subcommittee on Amendments to Land Titles Ordinance formed under the Panel and the Panel on Administration of Justice and Legal Services has deliberated issues including the rectification and indemnity arrangements provided under the Land Titles Ordinance (Cap. 585) ("LTO"), the proposal to develop a Two-Stage Conversion Mechanism with modifications to the rectification and indemnity arrangements, and the Administration's plan to launch a public consultation exercise on the proposed way forward to bring the LTO into operation.

Meetings held

52. From October 2010 to end of June 2011, the Panel has held a total of 16 meetings, including a joint meeting with the Panel on Housing. The subcommittees and joint subcommittees under the Panel have held a total of seven meetings during the same period.

Council Business Division 1
Legislative Council Secretariat
7 July 2011

Panel on Development

Terms of Reference

1. To monitor and examine Government policies and issues of public concern relating to lands, buildings, planning, water supply, development-related heritage conservation, Public Works Programme and other works matters.
2. To provide a forum for the exchange and dissemination of views on the above policy matters.
3. To receive briefings and to formulate views on any major legislative or financial proposals in respect of the above policy areas prior to their formal introduction to the Council or Finance Committee.
4. To monitor and examine, to the extent it considers necessary, the above policy matters referred to it by a member of the Panel or by the House Committee.
5. To make reports to the Council or to the House Committee as required by the Rules of Procedure.

Panel on Development

Membership list for 2010-2011 session

Chairman Prof Hon Patrick LAU Sau-shing, SBS, JP

Deputy Chairman Hon LAU Wong-fat, GBM, GBS, JP

Members 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 Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon Frederick FUNG Kin-kee, SBS, JP
Hon WONG Kwok-hing, MH
Hon LEE Wing-tat
Hon CHEUNG Hok-ming, GBS, JP
Hon KAM Nai-wai, MH
Hon Cyd HO Sau-lan
Hon Starry LEE Wai-king, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

(Total: 25 members)

Clerk Ms Connie SZETO

Legal Adviser Miss Winnie LO