

**立法會**  
**Legislative Council**

LC Paper No. CB(1)2522/11-12  
(These minutes have been seen  
by the Administration)

Ref : CB1/PL/DEV/1

**Panel on Development**

**Minutes of meeting**  
**held on Tuesday, 22 May 2012, at 2:30 pm**  
**in Conference Room 1 of the Legislative Council Complex**

**Members present** : Prof Hon Patrick LAU Sau-shing, SBS, JP (Chairman)  
Hon LAU Wong-fat, GBM, GBS, JP (Deputy Chairman)  
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 Abraham SHEK Lai-him, SBS, JP  
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 LAM Tai-fai, BBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Alan LEONG Kah-kit, SC  
Hon Tanya CHAN  
Hon Albert CHAN Wai-yip

**Members absent** : Hon Mrs Sophie LEUNG LAU Yau-fun, GBS, JP  
Hon WONG Yung-kan, SBS, JP  
Hon Timothy FOK Tsun-ting, GBS, JP  
Hon Frederick FUNG Kin-kee, SBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, JP  
Hon IP Kwok-him, GBS, JP

**Public officers  
attending**

**: Agenda item IV**

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP  
Secretary for Development

Ms Grace LUI Kit-yuk, JP  
Deputy Secretary for Development (Works)1

Mr John KWONG Ka-sing  
Chief Assistant Secretary for Development (Works)1

Mr Ernest IP Yee-cheung  
Assistant Commissioner for Labour  
(Employees' Rights & Benefits)

Ms Teresa FONG Yuk-sim  
Senior Labour Officer (Employees' Compensation)1  
Labour Department

**Agenda item V**

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP  
Secretary for Development

Miss Vivian KO Wai-kwan  
Commissioner for Heritage  
Development Bureau

**Agenda item VI**

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP  
Secretary for Development

Mr Tony LI Yeuk-yue  
Principal Assistant Secretary for Development  
(Planning & Lands)2

Mr Raymond LEE Kai-wing  
Assistant Director of Planning/Territorial

Ir Keith TANG Kam-fai  
Chief Engineer/New Territories 2  
Civil Engineering and Development Department

**Agenda item VII**

Mrs Carrie LAM CHENG Yuet-ngor, GBS, JP  
Secretary for Development

Ms Brenda AU Kit-ying  
Principal Assistant Secretary for Development  
(Planning and Lands)<sup>5</sup>

Mr Raymond LEE Kai-wing  
Assistant Director of Planning/Territorial

Mr LAW Man-tim  
Chief Engineer/Project Division 2 (NTN & W)  
Civil Engineering and Development Department

**Attendance by  
Invitation**

**: Agenda item V**

*Representatives from the Hong Kong Institute for  
Promotion of Chinese Culture*

Prof LEE Chack-fan  
Chairman of the Board of Directors

Dr WONG King-keung  
Vice Chairman of the Board of Directors

Mr Plato TSO Wing-fai  
Lead Architectural Consultant  
P&T Architects and Engineers Ltd

Mr Curry TSE Ching-kan  
Heritage Consultant  
China Point Consultants Ltd

**Clerk in attendance :** Ms Connie SZETO  
Chief Council Secretary (1)<sup>4</sup>

**Staff in attendance** : Ms Sharon CHUNG  
Senior Council Secretary (1)4

Miss Lilian MOK  
Council Secretary (1)4

Ms Christina SHIU  
Legislative Assistant (1)4

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**I Confirmation of minutes**  
(LC Paper No. CB(1)1874/11-12 -- Minutes of meeting on  
28 February 2012)

The minutes of the meeting held on 28 February 2012 were confirmed.

**II Information papers issued since the last meeting**

2. Members noted that no paper had been issued since the meeting on 24 April 2012.

**III Items for discussion at the next meeting**  
(LC Paper No. CB(1)1875/11-12(01) -- List of outstanding items  
for discussion  
LC Paper No. CB(1)1875/11-12(02) -- List of follow-up actions)

3. Members agreed that the following items would be discussed at the regular meeting scheduled for 26 June 2012 --

(a) Work of the Urban Renewal Authority; and

(b) Planning study on future land use at Anderson Road Quarry.

4. Ms Cyd HO proposed that the Panel should hold a special meeting to discuss issues relating to the policy portfolios of planning, lands and works under the new organization structure of the Government proposed by the Chief Executive-elect. The Chairman advised that Mr Albert CHAN had made the same request in writing. He considered it more meaningful to

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discuss the issues with relevant Panels, such as the Panel on Housing and the Panel on Transport, as it was proposed under the re-organized Government structure that three new bureaux would be established, namely the Housing, Planning and Lands Bureau, the Transport and Works Bureau, and the Culture Bureau, to take over from the Development Bureau ("DEVB") the policy portfolios of planning, lands and works as well as heritage preservation. He noted that the Panel on Housing would discuss issues related to the re-organization of the Government Secretariat at its meeting on 4 June 2012 and members of the Panel on Development had been invited to join discussion on the item. Ms HO had no objection to the arrangement proposed by the Chairman. She suggested that members should be allowed to raise questions not only on housing policy, but also on planning and lands policies at the meeting of the Panel on Housing to be held on 4 June 2012. Mr LEE Wing-tat, Chairman of the Panel on Housing, agreed to the suggestion. The Chairman reminded members to join the meeting of the Panel on Housing on 4 June 2012.

*(Post-meeting note: On 24 May 2012, the Panel on Transport invited members to join its meeting on 29 May 2012 to discuss the re-organization of the Government Secretariat. The letter from Mr Albert CHAN proposing a discussion on the subject was circulated to members on 30 May 2012 vide LC Paper No. CB(1)2043/11-12(01), together with a letter from Mr LEE Wing-tat on the same subject (LC Paper No. CB(1)2043/11-12(02)), and the Chairman's replies (LC Paper Nos. CB(1)2043/11-12(03) and (04).)*

**IV Proposal to amend the Levy Rates under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) and the Construction Industry Council Ordinance (Cap. 587)**

(LC Paper No. CB(1)1875/11-12(03) -- Administration's paper on Proposal to amend the Levy Rates under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) and the Construction Industry Council Ordinance (Cap. 587)

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LC Paper No. IN26/11-12

-- Paper on mechanism for imposing levy under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance and the Construction Industry Council Ordinance prepared by the Legislative Council Secretariat (Information note))

5. The Secretary for Development ("SDEV") briefed members on the proposal to amend the levy rates imposed on construction operations with value exceeding \$1 million under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) ("PMCO") and the Construction Industry Council Ordinance (Cap. 587) ("CICO"). Under the proposal, the levy rate under PMCO would be reduced by 0.1% to 0.15% and, at the same time, the levy rate under CICO would be adjusted upwards by 0.1% to 0.5%. With no change to the overall levy rate, SDEV emphasized that the proposal would create additional revenues for the Construction Industry Council ("CIC") to carry out various new initiatives to attract new blood to join the construction industry and to nurture a quality construction workforce which was much needed to support the implementation of various major infrastructure projects. As for the Pneumoconiosis Compensation Fund ("PCF"), which was set up under PMCO to provide compensation payment to persons and their family members in respect of incapacity or death resulting from pneumoconiosis and mesothelioma, the proposed reduction in levy rate under PMCO would not undermine the ability of the Fund to pay compensation given its strong financial position. SDEV added that the Labour Advisory Board and other stakeholders had agreed to the proposal. Subject to the Panel's support, the Administration would move a resolution to amend the levy rates under the two ordinances at a Legislative Council ("LegCo") meeting in late May, with a view to bringing the new rates into effect before the end of June 2012.

6. The Chairman advised that the Panel on Manpower had noted the proposal, which involved labour issues, and its members had been invited to join discussion on the item.

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Deployment of new resources by the Construction Industry Council

7. Ms Cyd HO enquired about the estimated increase and decrease in revenues for CIC and PCF respectively after the proposed adjustment in the levy rates. She opined that CIC should not only use the increased revenues for compensation to workers but also for promotion of industrial safety and occupational health. She enquired if the Administration had any plans in this respect.

8. On CIC's revenues from levy income, SDEV replied that the increase in levy rate from 0.4% to 0.5% was expected to result in increase in revenues by 25%. She advised that due to the large number of construction projects in progress and the high value of construction contracts subject to levy, CIC's levy income amounted to \$366 million in 2011, which was a record high in recent years. Nonetheless, the revenues of CIC in the near future would not reflect the increase in the levy rate as the adjusted levy rate would only apply to new construction contracts. Moreover, when the construction market slowed down, CIC's levy income would also decline.

9. On promotion of industrial safety, SDEV stressed that the Administration attached great importance to the issue. The Construction Safety Week, which was co-organized by DEVB and CIC and taking place from 20 to 24 May 2012, was an example demonstrating the Administration's efforts in promoting construction site safety. In addition to seminars and a roving exhibition, a highlight of the event was the signing of a joint declaration by the construction industry to showcase determination in building a "Zero Accident" working environment. She shared Ms Cyd HO's view that additional resources for CIC could be deployed for enhancing workers' health care. To this end, CIC would study how to assist construction workers in undergoing regular health checks.

10. Assistant Commissioner for Labour (Employees' Rights & Benefits) advised that the proposed reduction in levy rate from 0.25% to 0.15% would represent a decrease of 40% in the annual revenues of PCF. As at the end of 2011, the accumulated funds of the PCF Board stood at \$1,356.1 million. Given that the expenditure of the PCF Board in 2011 amounted to \$190.6 million, the accumulated funds were approximately equal to the expenses of the Board for seven years. Even if the levy rate was reduced to 0.15%, there would still be a surplus of around \$700 million by 2019 after deducting the relevant expenditures. The surplus should enable the PCF Board to meet its liabilities for two years even without any income.

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11. Ms Cyd HO further suggested that the welfare support to construction workers should be extended to cover legal aid. She said that at a meeting of a LegCo Subcommittee to study a proposed resolution under the Legal Aid Ordinance, members had requested the Administration to consider setting up a litigation fund to provide financial assistance to workers with difficulties in obtaining legal aid for seeking representation in Labour Tribunal appeal cases brought by employers. Due to concerns about the potentially high legal costs, most of these workers eventually did not take part in the appeals and lost the cases. In response, SDEV said that she did not have information about the request on hand but the Administration would follow up the matter when it received the referral from the relevant Subcommittee.

12. Mr Albert CHAN urged that the Administration should closely monitor the development of occupational diseases, including the findings of relevant overseas studies, so as to ensure the scope of occupational diseases prescribed under PMCO for compensation purposes would be up-to-date and the amount adequate for protecting workers' health. He cited pulmonary fibrosis, which was considered in overseas studies related to work near an incinerator, as an example of occupational disease not covered for compensation purposes under PMCO.

13. Assistant Commissioner for Labour (Employees' Rights & Benefits) replied that the Labour Department had been conducting regularly reviews on the scope of occupational diseases prescribed for compensation purposes under various ordinances. In fact mesothelioma was added to the list of such diseases in 2008. He assured members that the Administration would continue its efforts in this area.

14. Concluding the discussion, the Chairman said that Panel members supported the Administration's proposal to amend the levy rates.

**V      2QW -- Revitalization Scheme -- Revitalization of the Former Lai Chi Kok Hospital into Jao Tsung-I Academy/The Hong Kong Cultural Heritage**

(LC Paper No. CB(1)1757/11-12(01) -- Administration's paper on 2QW -- Revitalization Scheme -- Revitalization of the Former Lai Chi Kok Hospital into Jao Tsung-I Academy/The Hong Kong Cultural Heritage)

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15. SDEV briefed members on the proposal to seek an increase by \$35 million in the approved project estimate ("APE") of Public Works Project 2QW -- Revitalization of the Former Lai Chi Kok Hospital into Jao Tsung-I Academy/The Hong Kong Cultural Heritage ("the revitalization project") to cover additional costs. She said that the increase was necessary for the following reasons --

- (a) During construction from 2010 to 2012, it was discovered that the condition of the Chinese roofing, the floor slab, the walls and the structural conditions of the historic buildings under the revitalization project were worse than anticipated. Unforeseen additional renovation works were therefore required.
- (b) While a provision of \$16.3 million was allowed in the original APE granted by the Finance Committee ("FC") in June 2012 for Contract Price Fluctuation ("CPF") payment, construction material prices had been increasing since mid-2010. The CPF payment was higher than expected.

16. SDEV urged for members' support to the proposed increase in APE for the revitalization project. Subject to the Panel's endorsement, the Administration would seek the approval of the Public Works Subcommittee ("PWSC") and FC in May and June 2012 respectively.

17. The Chairman reminded members that in accordance with rule 83A of the Rules of Procedure ("RoP") of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects. Under Rule 84 of RoP of LegCo, a member should not vote upon any question in which he had a direct pecuniary interest except under certain circumstances as provided for in Rule 84.

18. Ir Dr Raymond HO expressed support for the proposed increase in APE. Recognizing that construction material and labour prices had soared significantly in recent years, he pointed out that upward adjustment of works project costs was a general trend. Moreover, the transformation of historic buildings involved more complicated works and special labour skills than the construction of a new building. He considered the proposed increase of \$35 million for the revitalization project reasonable.

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19. Professor LEE Chack-fan, Chairman of the Board of Directors of the Hong Kong Institute for Promotion of Chinese Culture, invited members to attend the opening ceremony for the first phase of the revitalization project on 22 June 2012, where Professor JAO Tsung-I's art collections and an exhibition featuring Chinese cultural characteristics would be presented. On behalf of the Panel, the Chairman thanked Professor LEE for the invitation.

20. The Chairman said that members supported the Administration's proposal to seek the approval of PWSC and FC for the increase of \$35 million in APE for the project.

**VI PWP Item No. 7752CL -- "Planning and engineering study for housing sites in Yuen Long south"**

(LC Paper No. CB(1)1875/11-12(04) -- Administration's paper on PWP Item No. 752CL -- Planning and engineering study for housing sites in Yuen Long south -- consultants' fees and site investigation)

21. SDEV briefed members on the Administration's proposal to upgrade 752 CL to Category A at an estimated cost of \$49.5 million in money-of-the-day prices to carry out a planning and engineering study and the associated site investigation works for housing sites in Yuen Long south ("YLS") ("the Study"). She said that the Chief Executive announced in his Policy Address 2011-2012 to adopt a multi-pronged approach in expanding land resources, including exploring the possibility to convert some 150 hectares of agricultural land in North District and Yuen Long currently used for industrial purposes, temporary storage, or which was deserted, into housing land. At present, YLS, comprising areas around Kung Um Road and Tong Yan San Tsuen, was characterized by open storage yards, warehouses and informal industrial activities. To explore the development potential of YLS, the Study would focus on identifying housing sites in the proposed Potential Development Areas ("PDAs") within the tentative study area boundary for private and public housing developments and associated infrastructure improvement works. However, land zoned for "Village Type Development" ("V") on the relevant Outline Zoning Plans would not be included in the Study. On the mode of implementation for YLS, SDEV said that the Administration intended to adopt a market-driven approach. Private land would only be acquired in the public interest for infrastructures and

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public housing development. However, the implementation mode to be adopted would be a subject to be examined in the Study and the Administration would take into account public views expressed during the community engagement exercises conducted under the Study. She added that the Ping Shan Rural Committee, the Shap Pat Heung Rural Committee and the Town Planning and Development Committee of the Yuen Long District Council had been consulted on the Study which had given their support in general and their views would be taken into account in the course of the Study. The Administration planned to seek funding approval for the Study from FC within the current legislative session. Subject to FC's approval, the Study would commence by end of 2012.

22. With the aid of a powerpoint presentation, Assistant Director of Planning/Territorial ("AD, P/T") briefed members on the Study, as follows --

- (a) YLS had the potential to accommodate more housing developments with its location in close proximity to Yuen Long new town and the proposed Hung Shui Kiu New Development Area ("HSKNDA"), as well as connectivity with urban areas by strategic road links including Yuen Long Highway via the local roads of Kung Um Road and Long Hon Road;
- (b) The Study aimed to review the use of under-utilized rural land in PDAs (about 200 hectares) for residential development, and formulate proposals for community and open space facilities, and associated engineering infrastructure;
- (c) The scope of the Study would comprise preparation of Recommended Outline Development Plan and Recommended Layout Plans, various technical assessments including environmental impact assessment, community engagement exercises and associated site investigation;
- (d) Some of the key issues relating to the infrastructural constraints, geotechnical concern about the cavities in the marble bedrock, interface of open storage facilities and the proposed housing development, development parameters for the identified housing sites, sustainable development and implementation would be addressed in the Study; and
- (e) Subject to the approval of FC, the Study would commence by end 2012 for completion by mid 2015.

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23. The Chairman reminded members that in accordance with rule 83A of RoP of LegCo, they should disclose the nature of any direct or indirect pecuniary interests relating to the subjects under discussion at the meeting before they spoke on the subjects. Under Rule 84 of RoP of LegCo, a member should not vote upon any question in which he had a direct pecuniary interest except under certain circumstances as provided for in Rule 84.

Acquisition of land for pursuing development

24. Mr CHAN Kam-lam enquired whether the Study would cover land acquisition required for implementation of the development proposals in YLS and a review of the existing land compensation policy to ensure it was comprehensive and flexible catering the needs of affected clearerees. SDEV advised that the total area of the proposed PDAs was about 200 hectares, of which about 170 hectares was privately owned and 30 hectares was government land including roads. Unlike new town and new development area ("NDA") which were large-scale development projects, the Study aimed to identify possible housing sites in YLS through re-planning and rezoning for residential use. The Study itself would not require any land acquisition. Neither did the Administration envisage large-scale land acquisition to be required for implementing the development proposals in YLS. If potential sites in private land were identified for public housing development and associated engineering infrastructure, the Administration would resume the land for public purpose under the Lands Resumption Ordinance (Cap. 124).

25. As regards the existing land compensation policy, SDEV said that the compensation payment was generally well accepted by affected land owners. Agricultural land resumed in the New Territories would usually be offered compensation according to the ex-gratia compensation rates shown on the Zonal Plan for Calculation of Compensation Rates. The rates varied subject to the location of the land to be resumed and the level of which would also be revised on a regular basis to cater for economic changes. Furthermore, the Administration would provide compensation to eligible squatter residents affected by land resumption for public purpose and make re-housing arrangements for them in accordance with relevant legislation and policies. For individual development projects with strategic significance, special arrangements might be made to speed up the clearance exercises. For example, special one-off compensations were offered to residents of Chuk Yuen Village and Choi Yuen Village. The Administration was aware of the inadequacies in the compensation mechanism. With the implementation of

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large scale development projects in the New Territories in the next few years, DEVB had commenced a review on the existing land compensation policy and mechanism as well as re-housing arrangements for eligible persons affected with a view to making improvements.

26. As there might be controversies and social conflicts in land resumption exercises, Mr CHAN Kam-lam opined that the Administration should improve land use planning and implement new development proposals with government sites as far as possible. SDEV took note of the view. She pointed out that as a substantial portion of land in the New Territories was privately owned, it would be impractical for the Administration to pursue housing development without involving acquisition of private land. She re-iterated that the Administration had adopted a package of multi-pronged measures in expanding land resources to ease the pressure of shortage in land supply.

27. Ir Dr Raymond HO expressed support for the Study to explore the feasibility and ascertain the development potential of YLS for residential use. He hoped the Study would set an example for other land use studies to be conducted in the New Territories with a view to rezoning the abandoned agricultural land for housing development and achieving better utilization of land. He added that in the course of land resumption and site clearances, the Administration should avoid conflicts and disputes with land owners, provide adequate compensation, and make appropriate re-housing arrangements for affected persons. The Administration should also consider adopting a public-private partnership approach in pursuing development proposals.

Development intensity of the Potential Development Areas

28. Mr LEE Wing-tat welcomed the conduct of the Study to identify potential sites for public and private housing developments in YLS. He opined that the development intensity of YLS should commensurate with the existing and planned infrastructure developments taking into account the impact of the developments on the environment. He further suggested adopting a decreasing gradation of development intensity for PDAs. For instance, high-density developments should be located around railway stations and transport nodes while sites near environmentally sensitive areas, such as country parks, should be restricted to low-density developments as far as possible. Mr LEE also enquired about the estimated population planned for the proposed PDAs in YLS and why the proposed PDAs did not include land in Tai Tong.

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29. In response, SDEV advised that based on preliminary forecasts, the proposed PDAs could accommodate a population of the order of tens of thousands. However, the actual population capacity would be subject to the development intensity which would be assessed in the Study taking into account the facilities and infrastructures in YLS. To meet growing housing demand of the community in recent years, SDEV said that the Administration had been adopting a decreasing gradation in development intensity with reference to the distance of the developments from major public transport infrastructures, such as railway stations/road networks. As regards the plot ratio for developments, she advised that the plot ratio for down town areas in Yuen Long ranged from 3.5 to 5 and the plot ratio was lower in remote areas. Since the proposed PDAs were far from the new town areas of Yuen Long, high-density developments might not be expected in the areas. The Administration would strive to maintain a fine balance in meeting the growing demand for housing and adopting an optimal development intensity to provide a sustainable and pleasant living environment in YLS.

30. SDEV advised that most of the land covered under the Study was privately owned and zoned "undetermined" (i.e. the planning intention of the land was yet to be determined) ("U zone"). To encourage development in the rural area, the Administration had introduced the "Other Specified Uses" annotated "Rural Use" ("OU(RU)") zone. However, due to the low plot ratio of 0.2 prescribed for the OU(RU) zone, the relevant land had failed to attract private developers' interest for development. In this connection, many sites in the New Territories were being used for open storage.

31. AD, P/T advised that the proposed PDAs mainly covered land currently occupied by open storage and rural industries including those fell within the "U" zone. Land in Tai Tong was mainly zoned "V" for the indigenous inhabitants and was not included in the Study. To achieve a more effective use of land resources, the Study would focus on identifying sites which were under-utilized and had potential for housing development. He supplemented that the plot ratio in the town centre of Yuen Long was 5 and the plot ratio for the area south of Ma Tin Road was 3.5. As the proposed PDAs were located further south of Yuen Long new town, the development intensity of PDAs would take into account the development characteristics of Yuen Long new town as well as the Tai Lam Country Park located in the south.

32. Mr LEE Wing-tat commented that the estimated population capacity for the proposed PDAs was low given the vast size of the land involved in the

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Study. As the proposed PDAs were in close proximity to the new town areas of Yuen Long, he considered that the areas should accommodate a higher population with housing developments of higher development intensity. He was of the view that a plot ratio of about 3 would be appropriate for the developments in the proposed PDAs. Such a plot ratio would enable medium-density residential developments (e.g. residential blocks of around 20 floors) and medium capacity public transport. He further said that he did not support extending the Light Rail System to YLS.

33. Sharing a similar view, Ir Dr Raymond HO pointed out that development intensity was one of the fundamental components of effective land use planning. He called upon the Administration to conduct a comprehensive review on the plot ratio control regime for different land use zones so that land with potentials for development could be fully utilized.

34. The Chairman concurred with members' views and opined that the Administration should consider relaxing the plot ratios in NDAs so as to provide more incentives for developers in developing the rural areas in the New Territories. He also urged the Administration to conduct review on the land zoned "V" because the extension of V zones for construction of small houses by eligible indigenous villagers would have impact on land supply for private/public housing developments in the New Territories. Having regard to increasing public aspirations for a sustainable green living environment, the Chairman opined that the Administration should explore adopting environmentally friendly transport modes in the proposed PDAs as well as enhancing its connectivity with other NDAs, in particular HSKNDA.

35. SDEV shared members' views that the Administration should explore new measures in land use planning and feasibility of relaxing the plot ratio control in order to optimize the development potential of a site for housing use and enhance developers' interest in pursuing development. Nonetheless, the determination of suitable plot ratio of a site was subject to consideration of the Town Planning Board among the various objectives of promoting the health, safety, convenience and general welfare of the community through land use planning and control of development intensity as specified under the Town Planning Ordinance (Cap. 131). In this light, it was impossible to vary the plot ratio for different land use zones at will. Nevertheless, the Planning Department was committed and would continue to reviewing development intensity restrictions on statutory plans, as appropriate, in guiding the proper use and development of land in Hong Kong. SDEV further advised that the review of "V" zone was a

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territorial-wide issue and hence it was not appropriate to examine the issue in the Study.

Other issues

36. In response to the concern expressed by Ir Dr Raymond HO about the duration of the Study, SDEV advised that the Study was an integrated one comprising land use planning and preparation for engineering infrastructure works, and different parts of the Study would be carried out in parallel in order to save time. However, it might not be possible to shorten the duration of the Study given the statutory requirements, such as the environmental impact assessment on the development proposals, with which compliance were needed.

37. On the creation of jobs in the proposed PDAs, SDEV explained that the Study would focus on issues relating to the planning, design and implementation of housing sites in YLS. She added that HSKNDA, which was located in proximity to YLS, would be developed to serve multiple purposes, including housing and commercial developments, and the latter would provide employment opportunities for residents living in the vicinity.

38. Concluding the discussion, the Chairman said that members supported the Administration's proposal to seek the recommendation of PWSC and approval of FC for the upgrading of 752 CL to Category A respectively.

**VII Planning and Engineering Study on Development of Lok Ma Chau Loop -- Recommended Outline Development Plan and Stage Two Public Engagement**

(LC Paper No. CB(1)1875/11-12(05) -- Administration's paper on Planning and Engineering Study on Development of Lok Ma Chau Loop -- Recommended Outline Development Plan and Stage Two Public Engagement

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LC Paper No. CB(1)1875/11-12(06) -- Paper on Lok Ma Chau Loop prepared by the Legislative Council Secretariat (Updated background brief))

39. With the aid of a powerpoint presentation, SDEV briefed members on the background of the development of the Lok Ma Chau Loop ("the Loop"). The Chief Executive announced in his 2007-2008 Policy Address the joint development of the Loop by Hong Kong and Shenzhen as one of the Ten Major Infrastructure Projects. The Hong Kong-Shenzhen Joint Task Force on Boundary District Development ("the Joint Task Force") was established in December 2007 to steer the planning and development of the Loop, among other cross-boundary matters. At the Joint Task Force meeting held in March 2008, the Hong Kong and Shenzhen governments decided to jointly undertake the Planning and Engineering Study on Development of Lok Ma Chau Loop ("the Study") for exploring the feasibility of developing the Loop and its land uses based on the principle of "co-study, co-development and mutual benefit". The major issues involved in the development of the Loop included the co-operation mechanism between Hong Kong and Shenzhen, conservation of ecological environment, problem of contaminated soil and lack of infrastructure. To collect public views on the development of the Loop, a public engagement ("PE") exercise was conducted in Hong Kong and Shenzhen in mid 2008. Based on the results of the PE exercise, tertiary education, high technology research and development ("high-tech R & D"), and cultural and creative industries ("C&C industries") were identified to be the major land uses in the Loop. In view of the rapid changes in economic development on both sides, great flexibility had been incorporated into the planning of the Loop so that adjustment could be made to cater for changing circumstances in future. The Study which comprised two stages of PE commenced in June 2009 and the Panel was consulted during the Stage 1 PE in December 2010. A co-operation agreement which provided a framework for the co-development of the Loop was signed at the Hong Kong-Shenzhen Co-operation Meeting held on 25 November 2011. Both Hong Kong and Shenzhen governments agreed to develop the Loop into a special co-operation zone.

40. Based on the preliminary investigation and environmental assessments, SDEV advised that the extent of land contamination in the Loop was not as significant as previously anticipated and the Administration

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would carry out remedial decontamination works. Since the Loop would be developed with higher education as the leading land use, the Administration would consult the local universities and other tertiary education institutes on how to take forward the development of the Loop. She added that no land resumption and clearance would be required for the project within the Loop.

41. AD, P/T supplemented that the public views collected in the Stage 1 PE generally supported the development of the Loop and the three main land uses (i.e. higher education, high-tech R&D, and C&C industries) while some green groups expressed concerns about the possible adverse ecological impacts due to the Loop development. There were views that in pursuing the development, alternative alignments and designs for the proposed connection roads leading to the Loop as well as more intensive development opportunities in the surrounding areas of the Loop should be explored. On the other hand, there were concerns over the mode of development and implementation arrangements. Taking into account public views received in the Stage 1 PE, refinements had been made to the Preliminary Outline Development Plan for the Loop, mainly as follows --

- (a) Allowing interchangeability of sites zoned for "high-tech R&D" and "C&C industries" uses;
- (b) Establishing a direct link from the Mass Transit Railway Look Ma Chua Station to the Loop;
- (c) Adjusting the alignment and design of the Eastern Connection Road and Western Connection Road to minimize possible impact on marsh land and fish ponds and disturbance to existing structures and the village environment respectively;
- (d) Reducing the maximum building heights from 15 storeys to a range of 9 to 12 storeys without affecting the overall development intensity of the Loop;
- (e) Relocating the transport interchange in the Loop; and
- (f) Providing two smaller District Cooling System plants in the Loop.

42. Based on the Recommended Outline Development Plan ("RODP") for the Loop with the above refinements incorporated, AD, P/T said that the Loop would provide a total of 1.2 million m<sup>2</sup> gross floor area ("GFA"),

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capable of accommodating 24 000 students and providing approximately 29 000 employment opportunities upon full development. The total GFA mainly included 720 000 m<sup>2</sup> for higher education (which was roughly equivalent to the scale of one to two local universities), 411 000 m<sup>2</sup> for high-tech R&D/C&C industries and 60 000 m<sup>2</sup> for commercial uses. Although the gross plot ratio of the Loop was 1.37, the development intensity of individual use was not low. In mid May 2012, the Administration commenced the Stage 2 PE to collect public views on the RODP of the Loop for two months. The Administration planned to complete the Study in early 2013 and then seek funding approval from LegCo for carrying out advanced works. The development works of the Loop was envisaged to commence in 2014 so that some facilities would come into operation in 2020.

Mode of development of the Loop

43. With reference to the recommended development proposals for the Loop set out in RODP, Mr Albert CHAN expressed concern about the mode adopted for development of the Loop. He was worried that the Loop might become another Cyberport or Sichuan reconstruction project. These two projects had placed too much emphasis on the commercial aspects and departed from the original objectives of the projects which were to promote innovation technology in Hong Kong and support reconstruction in the Sichuan earthquake stricken areas respectively.

44. SDEV re-iterated that in November 2011, the Hong Kong and Shenzhen governments signed a co-operation agreement setting out various issues relating to the development of the Loop, including development position, applicable laws, land administration and co-development mechanism. Since then, the two sides had been actively exploring the possible modes of development for the Loop with reference to experience of various developments, such as the Hong Kong Science Park and the Hong Kong Disneyland. As profit-making was not among the objectives in the development of the Loop, funding support would be provided for the construction of infrastructures in the area. The Hong Kong and Shenzhen governments would also consider whether to set up an appropriate authority to steer and manage the development of the Loop.

Land use planning of the Loop

45. Mr James TO pointed out that real estate development had been a main source of income for many provincial/municipal governments of the

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Mainland. There were cases where these governments had resorted to means, such as incorporating high density residential developments into so-called "hub for sports" or "green district", in order to make huge profits and circumvent the Central Government's regulation on real estate development projects. Mr TO asked whether there would be any residential development in the Loop to cater for the housing needs of those working in the Loop. He further expressed concern that it might be possible for tertiary education institutions and high-technology institutions set up in the Loop to turn their staff quarters into flats for sale in the private market under various "disguised names" with a view to making profits.

46. SDEV assured members that according to the co-operation agreement, the Loop which was within the Hong Kong Special Administrative Region administrative area would be governed by the laws and land administration system of Hong Kong rather than those of the Mainland. Pursuant to the Town Planning Ordinance (Cap. 131) ("the Ordinance") which aimed to regulate land use and related developments, apart from ancillary dormitory facilities of academic institutes including some for visiting scholars, there would be no residential development in the Loop. Any future change of use of such premises in the Loop was subject to approval of the Town Planning Board and would involve statutory procedures. SDEV re-iterated that the objective of the development of the Loop was to establish a hub for cross-boundary human resources development to facilitate exchange of knowledge and technology. Profit-making was never an objective of the development.

47. Mr James TO maintained unconvinced. He expressed doubt about whether the Administration could preclude commercial or residential developments in the Loop, such as the construction of hotels for providing accommodation for overseas scholars and experts, if such developments were claimed to supplement the running of higher education and R&D activities in the area. Moreover, the development or management agent of the Loop might not adhere to the non-profit making principle in developing the Loop. Noting the concerns, SDEV said that the mode of development to be adopted for the Loop and the operation of the management agent would be reviewed in detail with regard to views and suggestions on RODP for the Loop to be received in the Stage 2 PE.

48. Mr Albert CHAN re-iterated concern about the collaboration between the Hong Kong and Shenzhen authorities in developing the Loop given differences in the laws and practices of the two places on land development and administration matters. He asked whether the

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Administration would consider measures, such as incorporating in the land leases provisions restricting changes in uses, to ensure proper check on the land use of the Loop. He further suggested that the land leases for the development of the Loop should be disclosed to LegCo and the public to facilitate public monitoring.

49. SDEV said that the Administration had all along been transparent and open in developing the Loop. For instance, the Administration had consulted the Panel on the planning and development of the Loop in 2009 and 2010. While the Hong Kong and Shenzhen governments had yet to work out a detailed co-development mechanism in taking forward the development of the Loop, the two sides would continue their efforts in this respect and the Administration would report the progress of the project to the Panel from time to time.

50. Given the strategic location and high ecological value of the Loop, Mr Albert CHAN urged the Administration to put in place effective measures to prevent the Loop or a substantial portion of it from being turned into a real estate development project. He suggested that the Administration should consider including punitive provisions in the land leases against changing the land uses of the Loop. There should be provisions to require the return of the land in the Loop to the Hong Kong government if the future developer failed to conduct the project properly or the management agent had poorly managed the project.

51. SDEV took note of members' views. She re-iterated that the Hong Kong and Shenzhen governments had reached a consensus on the land use planning of the Loop at the Joint Task Force meeting held in early May 2012. After the two-month consultation on the RODP launched in mid May 2012, an outline zoning plan for the Loop would be prepared for further public consultation. It should be noted that the public views and comments so far received by the Administration about the land use planning and major development parameters of the Loop were positive.

52. The Chairman concluded the discussion on the item and requested the Administration to keep the Panel informed of the progress of the development of the Loop.

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**VIII Any other business**

53. There being no other business, the meeting ended at 4:30 pm.

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