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Panel on Development

Meeting on 16 January 2012

Updated background brief on Development Opportunities Office

Purpose

This paper provides background information on the Development Opportunities Office ("DOO") set up under the Development Bureau on 1 July 2009, and summarizes the concerns and views expressed by Members during past discussions on the subject.

Background

2. The Administration's plan to set up DOO came to light when the Financial Secretary delivered the Budget Speech for 2009-2010 on 25 February 2009. Noting that construction works completed by the public sector only accounted for about 30 to 50 per cent of the overall construction output in the past 10 years preceding 2009, the Administration considered that private sector construction projects were crucially important to Hong Kong in terms of their contributions to the economy and to meeting housing and other demands, and in creating jobs. Since the onset of the financial tsunami in late 2008, there had been a slow down in private sector investment in construction. While the Administration would continue to press ahead public sector infrastructure development, the public sector alone would unlikely sustain the entire construction industry and jobs in the sector. The Administration therefore found it necessary to encourage private development projects to support jobs in the construction sector and various parts of the economy.

3. According to the Administration's paper provided to the Panel on Development ("the Panel") for the meeting on 28 April 2009, a main

obstacle inhibiting land development projects is that project proponents often find it difficult to get through various government authorities and statutory processes. Although project proponents recognize the need for development projects to go through various statutory procedures like seeking planning permission from the Town Planning Board, submitting building plans, and executing lease modification or land exchange before construction could proceed, there is no dedicated unit within the Government to take a broad view of the proposed projects in terms of their merits. Project proponents also find it difficult to access all relevant bureaux/departments on their own. A holistic approach would be more conducive to development, particularly for more complex projects crossing traditional departmental boundaries.

4. The Administration therefore considers that a dedicated office playing a liaison and co-ordinating role will provide focused policy steer and stronger co-ordination between the relevant government bureaux and departments in the assessment of private development proposals, and allow efficient processing of such proposals. In order to better seize development opportunities and to facilitate infrastructure and building development undertaken by the private sector and non-governmental organizations ("NGOs"), the Administration has decided to set up DOO to provide one-stop advisory and co-ordinating support to land development proposals considered to be beneficial to the community at large.

5. The Administration briefed the Panel on its proposal to set up DOO at the meeting on 28 April 2009. The Establishment Subcommittee recommended and the Finance Committee approved the Administration's proposal on 27 May 2009 and 12 June 2009 respectively.

Purview of the Development Opportunities Office

6. According to the Administration, projects going through DOO should meet the following criteria --

- (a) the projects are proposed by proponents in possession of land but the use of the land for the proposed project may require rezoning or town planning application and subsequently land exchange of lease modification, although some flexibility may be allowed with regard to projects by the NGO sector; and

- (b) the projects should not be exclusively residential but should contain components of wider economic value, e.g., contributing for example to tourism, logistics, services, heritage or nature conservation, community uses (elderly services, religious uses or sports), etc.

7. DOO will not replace the existing statutory procedures, public consultation and regulation. Land premium and fees, if applicable, must be paid in accordance with established government policies and generally in full. DOO is not meant to be an approving authority, but a dedicated agent to provide one-stop co-ordinated advice to the private sector as well as NGOs in respect of their land development proposals. The setting up of DOO would also possibly play a useful role in further promoting the development projects in the six economic areas¹ identified by the Task Force on Economic Challenges.

8. The major responsibilities of DOO are as follows --

- (a) performing the first-stop in receiving land development proposals

DOO receives proposals and attends presentations to better understand the proposals and identifies the policy and practical implications and the relevant bureaux and departments involved;

- (b) liaising with bureaux and departments

DOO gathers and analyses the proposal against the latest information on government policies and statutory requirements and procedures with a view to providing comprehensive and co-ordinated advice to the project proponent; and

¹ The six economic areas are (1) testing and certification; (2) medical services; (3) innovation and technology; (4) cultural and creative industries; (5) environmental industry; and (6) educational services.

(c) servicing the Land and Development Advisory Committee²

DOO provides secretariat service to the Land and Development Advisory Committee ("LDAC"). DOO refers the development proposals received together with preliminary assessments with relevant bureaux' and departments' inputs to LDAC for consideration and advice on the merits or otherwise of the proposed projects as well as any necessary follow-up measures to address any public concern. DOO also communicates the advice of LDAC to the relevant government bureaux and departments and the project proponent for consideration.

Resources of the Development Opportunities Office

9. DOO was established on a time-limited basis for three years until 30 June 2012. It has a small set up comprising four civil service posts and three non-civil service contract posts³. The four civil service posts include an office head (a time-limited directorate post), a Senior Administrative Officer, an Administrative Officer and a personal secretary. The three non-civil service contract posts include two project managers and an executive assistant. The Development Bureau has undertaken to review DOO's performance and effectiveness in 2011-2012 before deciding whether there is a permanent need for the Office and, if so, whether its existing structure, duties and resources would need to be adjusted.

Work progress of the Development Opportunities Office

10. On 30 March and 16 December 2010, the Administration briefed the Panel on the work progress of DOO since its establishment. In November 2011, the Administration provided an information paper⁴ to update the Panel on the work of DOO. The work progress of DOO is summarized in the ensuing paragraphs.

² The Land and Development Advisory Committee is an advisory committee advising the Government on policies and procedures in relation to planning, land and building matters; and on specific development proposals and projects initiated by non-Government or private proponents which carry a broader economic or social value. It is chaired by a non-official, and its membership comprises mainly non-officials. All non-officials are appointed on an ad personam basis, with some being nominations from related professional and trade organizations.

³ One supernumerary Senior Administrative Officer post was created in the Office in December 2010 to provide additional support to DOO in discharging its secretariat duties in support of the Steering Committee on Housing Land Supply.

⁴ LC Paper No. CB(1)356/11-12(01)

Facilitation of land development projects

11. Up to the end of October 2011, DOO had handled or was handling 48 land development proposals meeting the eligibility criteria for its one-stop consultation and coordination service. Of the 23 proposals which had been presented to LDAC for its advice and support, 19 were supported by LDAC. Of these 19 projects, 15 have already gone through the planning stage and four still require further assistance from DOO. According to information provided by the project proponents, these 19 projects, if implemented, would involve a total gross floor area ("GFA") of about 580 000 square metres and a total capital investment of \$13.5 billion (excluding land premium).

12. According to the Administration, DOO was assisting the proponents in their liaison with the relevant bureaux and departments to resolve the issues identified in another 18 land development proposals which had not yet been submitted to LDAC for advice. On the other hand, seven development proposals handled by DOO could not be taken forward due to various reasons, including withdrawal of the proposal by the proponent and lack of policy support from the lead policy bureau.

13. Furthermore, DOO is handling 14 project enquiries which may be eligible for its one-stop services, but the project proponents will have to do more preparatory work, such as preparation of a concrete development scheme, before DOO can take their proposals forward.

Revitalization of older industrial buildings

14. DOO also oversees the formulation and implementation of measures to encourage and facilitate redevelopment and wholesale conversion of older industrial buildings ("the revitalization measures"). By the end of October 2011, the Lands Department ("LandsD") had received 63 applications under the revitalization measures (52 applications for wholesale conversion and 11 for redevelopment). Among them, 36 applications had been approved (26 for wholesale conversion and 10 for redevelopment). According to the Administration, these approved applications would together provide converted or new floor areas of about 380 000 square metres for non-industrial uses.

Members' concerns and views expressed during past discussions

15. Members had expressed the following concerns and views at the meetings of the Panel, the Establishment Subcommittee and the Finance Committee about the proposal of setting up DOO in 2009 --

- (a) there had been insufficient co-ordination among government departments and the Administration should tackle the problem at root;
- (b) the eligibility criteria for the projects processed by DOO should be designed in such a way that there should be no room for exploitation by project proponents;
- (c) it would be imperative to ensure fairness and maintain transparency in DOO's service and work, and a fair and level-playing field should be provided for proponents from all sectors; and
- (d) the Administration should consider how the effectiveness of DOO would be assessed and whether an independent panel would conduct the relevant review.

16. On 30 March and 16 December 2010, the Administration briefed the Panel on the progress of work of DOO. Members expressed the following major concerns and views --

- (a) DOO could play a more active role in facilitating land development in rural areas for residential purpose so as to ease the housing shortage in the territory;
- (b) DOO might end up as a consultancy unit offering free advice and services to private developers so that they could steer their proposals through the various hurdles in land development, and might become a superior entity overshadowing all Government bureaux and departments, in particular the Planning Department, in land development;
- (c) the setting up of DOO to process a particular category of land development proposals has reflected on the inadequacies of the existing town planning and land development mechanisms, and it was undesirable to have two channels, namely, the Town

Planning Board and DOO, for processing land development proposals;

- (d) DOO had a role to play in public-private collaboration for land development; and
- (e) if resources allowed, DOO should proactively identify potential land development projects to render consultation and coordination service.

17. As regards the revitalization of older industrial buildings, the Panel did not have any discussion about the performance of DOO in overseeing and implementation of the revitalization measures. When the revitalization measures were discussed at the meetings of the Panel on 27 October 2009 and 20 April 2011, Panel members generally expressed support for the measures and offered a variety of views on the implementation. Having completed a mid-term review on the revitalization measures in September 2011, the Administration has decided to introduce some refinements and issued a Legislative Council Brief on 12 October 2011⁵.

Latest development

18. The Administration has conducted a review on DOO's performance and effectiveness, and will brief the Panel on the outcome of the review at the Panel meeting on 16 January 2012.

Relevant papers

19. A list of the relevant papers with their hyperlinks is in the **Appendix**.

Council Business Division 1
Legislative Council Secretariat
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⁵ Details about the review and the refinements are given in the LegCo Brief on Mid-term Review on Measures to Facilitate Redevelopment and Wholesale Conversion of Older Industrial Buildings (File Ref.: DEVB(DOO)7-11, issued on 12 October 2011) at: [http://sobfle02.legco.hksar/sharedoc/r&d/Older-Industrial-Bldg\(Mid-term-Review_Facilitate_Redevpt_Wholesale-Conversion-Measures\)e.pdf](http://sobfle02.legco.hksar/sharedoc/r&d/Older-Industrial-Bldg(Mid-term-Review_Facilitate_Redevpt_Wholesale-Conversion-Measures)e.pdf)

Development Opportunities Office

List of relevant papers

Council/Committee	Date of meeting	Paper
Panel on Development	28 April 2009	<p>Administration's paper on "Proposed creation of a supernumerary post of Administrative Officer Staff Grade B in the Development Bureau" (LC Paper No. CB(1)1347/08-09(06)) http://www.legco.gov.hk/yr08-09/english/panels/dev/papers/dev0428cb1-1347-6-e.pdf</p> <p>Minutes (LC Paper No. CB(1)2336/08-09) http://www.legco.gov.hk/yr08-09/english/panels/dev/minutes/dev20090428.pdf</p>
Establishment Subcommittee Finance Committee	27 May 2009 12 June 2009	<p>Administration's paper on "Proposed creation of one supernumerary post of Administrative Officer Staff Grade B (D3) in the Office of the Secretary for Development under the Planning and Lands Branch of Government Secretariat: Development Bureau for a period of three years with effect from 1 July 2009 to head the new Development Opportunities Office" (EC(2009-10)6) http://www.legco.gov.hk/yr08-09/english/fc/esc/papers/e09-06e.pdf</p> <p>Minutes (LC Paper No. ESC43/08-09) http://www.legco.gov.hk/yr08-09/english/fc/esc/minutes/esc20090527.pdf</p> <p>Minutes (LC Paper No. FC5/09-10) http://www.legco.gov.hk/yr08-09/english/fc/fc/minutes/fc20090612.pdf</p>

Council/Committee	Date of meeting	Paper
Panel on Development	27 October 2009	<p>Administration's paper on "Optimizing the use of industrial buildings to meet Hong Kong's changing economic and social needs" (LC Paper No. CB(1)94/09-10(05)) http://www.legco.gov.hk/yr09-10/english/panels/dev/papers/dev1027cb1-94-5-e.pdf</p> <p>Minutes (LC Paper No. CB(1)911/09-10) http://www.legco.gov.hk/yr09-10/english/panels/dev/minutes/dev20091027.pdf</p>
Panel on Development	30 March 2010	<p>Administration's paper on "Work progress of the Development Opportunities Office" (LC Paper No. CB(1)1447/09-10(06)) http://www.legco.gov.hk/yr09-10/english/panels/dev/papers/dev0330cb1-1447-6-e.pdf</p> <p>Minutes (LC Paper No. CB(1)1920/09-10) http://www.legco.gov.hk/yr09-10/english/panels/dev/minutes/dev20100330.pdf</p>
Council meeting	15 December 2010	<p>Question No. 20 -- Development Opportunities Office Hansard http://www.legco.gov.hk/yr10-11/english/counmtg/hansard/cm1215-translate-e.pdf (P.3889 - P.3894)</p>
Panel on Development	16 December 2010	<p>Administration's paper on "Work progress of the Development Opportunities Office" (LC Paper No. CB(1)735/10-11(08)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev1216cb1-735-8-e.pdf</p> <p>Minutes (LC Paper No. CB(1)1310/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20101216.pdf</p>

Council/Committee	Date of meeting	Paper
Panel on Development	20 April 2011	Administration's paper on "Revitalization of industrial buildings -- an update and mid-term review" (LC Paper No. CB(1)1909/10-11(06)) http://www.legco.gov.hk/yr10-11/english/panels/dev/papers/dev0420cb1-1909-6-e.pdf Minutes (LC Paper No. CB(1)2691/10-11) http://www.legco.gov.hk/yr10-11/english/panels/dev/minutes/dev20110420.pdf
Panel on Development	November 2011	Administration's paper on "Work progress of the Development Opportunities Office" (LC Paper No. CB(1)356/11-12(01)) (issued on 16 November 2011) http://www.legco.gov.hk/yr11-12/english/panels/dev/papers/devcb1-356-1-e.pdf