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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 2011 to June 2012. It will be tabled at the meeting of the Legislative Council ("LegCo") on 11 July 2012 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 2011-2012 session, the Panel comprises 23 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

Measures to expand land resources

4. The Panel has been monitoring the Administration's work on supply of land for maintaining a stable environment for the healthy and sustainable development of Hong Kong in various aspects. The Panel

discussed the six measures announced in the Chief Executive's 2011-2012 Policy Address for expanding land resources at meetings in October and December 2011. The six measures included: (a) releasing about 60 hectares of industrial land for non-industrial uses; (b) exploring reclamation on an appropriate scale outside Victoria Harbour; (c) exploring the use of rock caverns for reprovisioning existing public facilities and releasing the sites for housing and other uses; (d) examining the use of green belt areas in the New Territories that were devegetated or abandoned; (e) reviewing the use of "Government, Institution or Community" sites to avoid under-utilization and studying ways to reduce the restriction posed by Government utilities on the development of adjacent areas; and (f) exploring the possibility of converting into housing land some 150 hectares of agricultural land in the North District and Yuen Long currently used mainly for industrial workshops or temporary storage. By looking into these options, the Administration's target is to make available land for delivery of an average of 40 000 residential units of various types annually.

5. Panel members generally welcomed the above initiatives to expedite land supply for housing developments and build up a land reserve. They also supported the Administration's proposal to create a supernumerary post of Chief Town Planner for five years from April 2012 to head a new Housing and Office Land Supply Section in the Planning Department to oversee implementation of planning measures to increase land supply, resolve issues in site delivery and land disposal, and take charge of public engagement associated with housing site studies. Some members highlighted the importance of according equal weight to each measure so as to achieve a balance in land development from various sources. However, members were concerned that some of the proposed measures would only be capable of identifying small plots of land for development and were not as effective as strategies like large-scale reclamation and development of new towns in the past. Besides, Panel members stressed the importance in striking a balance between nature conservation and developing land for meeting housing demand, and suggested increasing the development density in remote areas and Kai Tak to meet the pressing demand for housing.

Reclamation outside Victoria Harbour and rock cavern development

6. The Administration highlighted the effectiveness of undertaking reclamation outside Victoria Harbour in expanding land resources on a large scale and catering the disposal of surplus public fills and contaminated sediments. Taking into account public controversies over the options of reclamation and rock cavern development, the Panel held a

special meeting on 10 March 2012 to meet with 70 deputations/individuals to hear their views on these proposed initiatives. In addition, the Panel received 59 written submissions on the subject. While some views were supportive of reclamation outside Victoria Harbour and rock cavern development for increasing land supply, some were opposed to reclamation out of concerns about adverse impacts on the environment and marine ecology. There were also objections to reclamation at specific sites such as Wu Kai Sha, Tuen Mun Area 27, Cheung Chau and Peng Chau. Besides, some deputations stressed the importance for the Administration to conduct forward planning on the future use of the reclaimed land. The Administration emphasized that reclamation outside Victoria Harbour was among the various measures to expand land resources and would be explored alongside with other measures included in the 2011-2012 Policy Address. It clarified that the 25 possible reclamation sites announced in January 2012 had been cited upon request to facilitate public discussion on site selection criteria. The Administration further assured that all views collected during the Stage 1 Public Engagement exercise, in particular those on the guiding principles for adoption of specific measures and site selection criteria, would be carefully deliberated with a view to devising a list of potential reclamation and rock cavern development sites for consultation at Stage 2 of the exercise, which was tentatively scheduled for the third quarter of 2012.

7. Separately, on rock cavern development, the Administration discussed with the Panel on 27 March 2012 a proposal to conduct a study on the long-term strategy for cavern development as well as a feasibility study on the relocation of Sha Tin sewage treatment works to caverns. Members welcomed the early commencement of a strategic study on cavern development in Hong Kong. They opined that in determining the uses of caverns, the Administration should not only take into account geographic and geologic factors, but also community aspirations, town planning considerations, and the uniqueness of the environment surrounding the potential sites. As development of underground space may damage the natural underground environment and the operation of underground facilities usually consumes a large amount of energy in the provision of lighting and ventilation, it was essential for the strategic study to look into every aspect in detail, and the public should be thoroughly consulted in the process and fully informed about the results of the study. The Administration agreed that some uses of caverns in overseas countries might not suit the needs or environment of Hong Kong. It assured members that, to cater for the special needs of Hong Kong, it would consider public aspirations on the optimal uses of caverns and underground space.

8. As regards the proposed feasibility study on the relocation of Sha Tin sewage treatment works to caverns, Panel members noted that the residents of Chevalier Garden, a residential development near the preliminary relocation site in Nui Po Shan, had grave concerns on the proposal and future operation of the new sewage treatment plant for possible problems of air pollution, odour emission, traffic congestion and blasting operations associated with cavern works. Panel members urged the Administration to hold further discussions with concerned residents, provide them with more information on the proposal, and arrange visits for residents to Government facilities housed in caverns to enhance their understanding about the environmental and traffic impacts of such facilities. The Administration should also consider adjusting the location of the ventilation shaft of the new treatment plant at Nui Po Shan to allay residents' concerns. Some members considered it undesirable to press ahead with any individual relocation project before working out a holistic approach for implementing cavern development. They believed that the provision of policy guidelines for developing caverns would enable concerned parties to have a comprehensive picture about the criteria for selecting suitable caverns for development, identifying the facilities for relocation to caverns, and the benefits of such relocations; and would in turn facilitate the building up of consensus and support for implementation of individual facilities relocation projects. The Administration undertook to approach residents of Chevalier Garden again and arrange visits for the residents to Government facilities housed in caverns. It assured members that the feasibility study on relocation of Sha Tin sewage treatment works would include consultation with the local community and examination of possible measures for addressing residents' concerns.

Exploring the possibility of converting agricultural land for housing development

9. In taking forward the initiative to explore the possibility of converting some 150 hectares of agricultural land in the North District and Yuen Long currently mainly used for industrial workshops or temporary storage for housing development, the Administration sought the Panel's support on 22 May 2012 for a proposal to conduct a planning and engineering study for housing sites in Yuen Long south. Under the proposal, the study will review the development potential of two areas comprising the rural land south of Yuen Long Highway, with a view to identifying housing sites for private and public housing purposes with infrastructure improvement works. While members generally supported the proposed study, they opined that the scope of the study should cover issues relating to relaxing the plot ratio for residential developments at the

areas, public-private partnership in implementing the development proposals, and sustainable development. Some members pointed out that, if land resumption was required for developing housing sites in Yuen Long south, the Administration should ensure that the rehousing and compensation arrangements for affected households would undergo timely review to cater for their aspirations. In response, the Administration advised that a comprehensive policy review in this respect was underway.

Future land use at Anderson Road Quarry

10. The planning study on future land use at Anderson Road Quarry is a project under the Administration's initiatives to increase housing land supply. The quarry at Anderson Road will cease operation in 2015 and the site will be rehabilitated in 2016 to provide a platform of about 40 hectares for development. The Administration considers that with its distinct landform and grand views of East Kowloon and Victoria Harbour, the site, other than housing a population of 20 000 to 30 000, will offer great potentials for rock cavern uses and tourism. The Administration commenced a three-month Stage 1 Community Engagement exercise in November 2011 for the planning study and consulted the Panel on the initial land use options under the study.

11. In anticipation of the transportation need of the projected population of some 48 000 at the adjacent public housing development at Anderson Road and 30 000 at the quarry site, Panel members expressed grave concern on the capacity of the future road networks in the area in accommodating the increased traffic flow generated from the new developments and the connectivity of the new developments with the Kwun Tong town centre. Some members urged the Administration to carefully plan the road traffic arrangements for the future population at the developments at Anderson Road and the quarry site. The Administration advised that the proposed improvement measures, together with other planned road infrastructure in East Kowloon, would effectively improve the traffic conditions and accommodate the additional traffic to be generated by the developments. A detailed traffic impact assessment will be undertaken at the next stage of the planning study for formulation of substantive traffic improvement plans.

12. Noting the unique landform and geological features of the quarry site, some Panel members considered the site suitable for development of tourism and recreational facilities associated with rock caverns, as well as for display of historical and educational materials related to the geology and history of the quarry. The Administration assured members that the

history of the site would be duly respected and their suggestions would be considered during the detailed design stage.

13. In June 2012, the Administration provided an information paper to update members on the public views collected in the Stage 1 Community Engagement and the draft Recommended Outline Development Plan formulated for the quarry site.

Energizing Kowloon East and Kai Tak Development

Transforming Kowloon East into an alternative core business district

14. The transformation of Kowloon East, an area comprising the Kai Tak Development ("KTD"), Kwun Tong and Kowloon Bay, into an alternative core business district ("CBD") with around 4 million square metres of office space to be delivered in the next 20 years, is an initiative under the Chief Executive's 2011-2012 Policy Address to support Hong Kong's economic development. The Administration briefed the Panel on the conceptual master plan for this initiative on 19 December 2011.

15. Panel members in general welcomed the Administration's initiative to transform Kowloon East into an alternative CBD to increase the supply of office space which was in great demand in Hong Kong. They also supported the set-up of a new, multi-disciplinary Kowloon East Development Office ("KEDO") in the Development Bureau to steer, supervise, oversee and monitor the transformation of Kowloon East. In addition to administrative support from the future KEDO, members stressed the importance for the project of energizing Kowloon East to have full policy support, which would be essential in resolving problems that might arise from redevelopment of old industrial buildings. Members also urged the Administration to involve the private sector and non-government organizations in taking forward the energizing Kowloon East project, and to address the rehousing needs of residents and possible livelihood problems of shop operators affected by the project.

16. Some Panel members held the view that a number of old industrial areas other than those in Kowloon East also possessed potentials for revitalization. In selecting industrial areas for revitalization or transformation, it was necessary for the Administration and would be fair to all parties to keep the public and industrial building owners informed of the Administration's plan and timetable in this respect. There was also a suggestion that the Administration should examine the feasibility for the

Urban Renewal Authority ("URA") to participate in the redevelopment of old industrial buildings.

17. The Administration emphasized that, in revitalizing former industrial areas, it had not ignored the development potentials of areas other than Kowloon East, and planning and road traffic improvement studies in these districts were in progress. Due to the present development in KTD and the availability of some 1.4 million square metres of office space already developed by the private sector in Kowloon Bay and Kwun Tong, Kowloon East possessed advantages in development density and diversity. On the role of URA, while the Administration considered that the statutory functions of URA were to undertake renewal projects for improvement of the living conditions of residents in dilapidated urban areas, it kept an open mind on expanding URA's role to take up redevelopment of industrial buildings.

Environmentally friendly linkage system in Kowloon East

18. Under the conceptual master plan for the Kowloon East CBD, inter- and intra-regional connectivity will be enhanced through the provision of an environmentally friendly linkage system ("EFLS") linking KTD, Kwun Tong and Kowloon Bay with the existing Mass Transit Railway ("MTR") Kwun Tong Line and the future Shatin to Central Link ("SCL"). In April 2012, the Administration briefed the Panel on the preliminary findings of the feasibility study and on-going public consultation exercise on the construction of an EFLS in Kowloon East. The feasibility study recommends the adoption of an elevated monorail system as the EFLS in Kowloon East to cater for the development of the alternative CBD. The proposed EFLS is a light capacity rail line of 9 kilometres, with 12 stations linking the MTR Kowloon Bay Station to KTD, where it will interchange with the Kai Tak Station of SCL, going along the former airport runway before crossing the Kwun Tong Typhoon Shelter at the tip of the runway via the proposed Kwun Tong Transportation Link (a proposed bridge linking Kai Tak and Kwun Tong) and terminating at the MTR Kwun Tong Station.

19. While Panel members showed appreciation for the Administration's efforts in conducting the feasibility study, some members were concerned that, with a high capital cost of \$12 billion (in 2010 prices) and a low projected return rate of +1%, the proposed EFLS would have to rely on full Government subsidy for operation in the long run. Other members held the view that the EFLS project should be taken as an infrastructure

investment aiming to achieve the non-quantifiable economic benefits and the Administration should review the cost by conducting a detailed study.

20. Some Panel members suggested that the Administration should present other transport options, such as green buses, and provide detailed information as well as analyses on the financial viability of each option, to facilitate public discussion at the public engagement exercise. The Administration pointed out that it remained open-minded on whether road-based green transport modes should be adopted in place of the monorail system and would engage the public extensively on various transport modes. As compared with the elevated monorail system, green buses would take up much road space in the hinterland. Since the implementation of the EFLS would involve a long lead time, green buses would be a preferred mode of transport for connecting KTD and other parts of Kowloon East in the interim.

21. Under the preliminary proposal, the proposed Kwun Tong Transportation Link ("KTTL"), being an integral part of the EFLS, will span across the entrance of the Kwun Tong Typhoon Shelter ("KTTS") with a suggested vertical clearance of 21 metres above the sea level. The suggested vertical clearance will render it impossible for some high-mast vessels to use KTTS. Some members considered that KTTTL should not be implemented at the expense of the interest of the local vessel industry, and in particular, where the use of KTTS under inclement weather concerned public safety. They urged that in the absence of a satisfactory arrangement for accommodating the high-mast vessels to other suitable typhoon shelters, height restriction must not be implemented at KTTS. The Administration assured members that it would not compromise sectoral interest in taking forward a public works project. Moreover, it would commission a survey and a study in mid-2012 to explore feasible and agreeable alternative measures.

22. Noting the long lead time between the tentative commissioning of the EFLS in 2023 and commissioning of the first berth of the cruise terminal and the in-take of population in the first phase of public housing development at KTD in 2013, some Panel members strongly recommended that the Administration should consider implementing the EFLS in phases to tie in with the development in Kowloon East.

Reconstruction and upgrading of Kai Tak Nullah

23. The existing Kai Tak Nullah serves as a main drainage channel to collect stormwater runoff from the East Kowloon area. Built in tandem

with the former Kai Tak Airport some decades ago, the nullah is inadequate to meet the current flood prevention standard. On the other hand, the Administration plans to reconstruct and upgrade the entire length of the nullah from Wong Tai Sin to turn it into a townscape feature and a special green river, namely Kai Tak River, to provide space for leisure and public activities. In April 2012, the Administration sought the Panel's support on a proposal to reconstruct and upgrade Kai Tak Nullah. While members supported the proposal in general, some members stressed that the Administration should avoid maintaining the continuous water flow in the River during the dry season by using a large amount of energy. The Administration advised that the River would not dry up even in the dry season, as the drainage system at Kai Tak River intercepted not only natural rainwater, but also the treated effluent from Tai Po and Sha Tin sewage treatment works before it was discharged to Victoria Harbour.

Building safety

Subsidiary legislation for implementation of the Mandatory Building Inspection Scheme and the Mandatory Window Inspection Scheme

24. To tackle the long-standing building neglect problem in Hong Kong, the Administration introduced the Buildings (Amendment) Bill 2010 into LegCo in February 2010 to require building owners to carry out regular inspections and repair works in respect of their buildings and windows in their buildings under the Mandatory Building Inspection Scheme ("MBIS") and the Mandatory Window Inspection Scheme ("MWIS") respectively. The Bill was enacted in June 2011 as the Buildings (Amendment) Ordinance 2011. The Administration briefed the Panel on the proposed subsidiary legislation to implement MBIS and MWIS in October 2011. The key features of the subsidiary legislation included the procedural requirements under the two Schemes, registration as Registered Inspectors ("RIs") in respect of MBIS, qualification and representative of Qualified Persons ("QPs") in respect of MWIS, the scope and standards of prescribed inspections, prescribed repairs and voluntary compliance. Some members expressed concern about the possible shortage of RIs and QPs in the market during the initial stage of implementation of the Schemes for carrying out prescribed inspection and repairs of aged buildings, as the shortage might lead to soaring costs for building inspection and repairs. They called upon the Administration, together with the Hong Kong Housing Society ("HKHS") and URA, to provide technical advice and financial assistance to owners in need, as well as on the tendering procedures for the engagement of RIs and contractors. Some members suggested that the Administration should ensure the Home

Affairs Department would offer assistance to the building owners without owners' corporations in complying with the statutory notices received under the two Schemes. The Administration advised that a substantial number of qualified professionals were interested in undertaking inspection and repair works under the two Schemes. It would monitor the number of RIs and qualified contractors closely to ensure adequate supply of such personnel in the market. On the assistance to building owners in carrying out prescribed inspections and repairs under the two Schemes, the Administration advised that it had been making arrangements with HKHS and URA to provide "one-stop" technical advice and assistance for concerned owners, including tendering procedures for the appointment of RIs and registered contractors and how to manage these personnel and monitor their performance. Furthermore, publicity and public education programmes would be launched to promote the Schemes.

Legislative amendments to include works related to sub-division of flat units into the Minor Works Control System

25. Building safety and management problems arising from unauthorized sub-division of flat units have caused widespread public concerns in recent years. These problems included overloading the buildings thus affecting the structural safety of buildings, water seepage caused by defective works in water pipes and drains, obstruction to fire exit routes, nuisance to the neighbourhood and unsatisfactory environmental hygiene, etc. To address these problems on the legislation front, the Administration introduced the Buildings Legislation (Amendment) Bill 2011 in November 2011 to provide power for the Buildings Authority to apply for a warrant from the Court for entry into premises with respect to building works that are not in compliance with the standard of structural stability, public health or fire safety established by regulations to facilitate the Building Department ("BD")'s enforcement actions. In addition, the Administration proposed to amend the Buildings (Minor Works) Regulation to extend the Minor Works Control System to include common building works associated with sub-divided flat units so that the works would be carried out by prescribed registered contractors ("PRCs") and, where necessary, supervised by prescribed building professionals ("PBPs"). In this way, building owners will be able to carry out small-scale building works including those for sub-divided flat units in a lawful, simple, safe and convenient manner, which will significantly reduce the number of unauthorized building works ("UBWs") in need of enforcement.

26. The Administration briefed the Panel at the meeting on 28 February 2012 on details of the proposed amendments to the Buildings

(Minor Works) Regulation. Some members questioned the Administration's assumption that each sub-divided flat unit with three self-contained cubicles was structurally safe, and considered that the Administration had overlooked other factors, such as the size of the flat and the number of residents therein, which might have an impact on the total loading of the building and the provision of means of escape. The Administration advised that in drawing up the details of the legislative proposal, it had carefully assessed the impact of additional partitions and floor screeding on the overall structure and total loading of the building and there would be detailed requirements governing the technical specifications of the concerned building works. Members urged that the Administration should ensure BD would have adequate manpower to undertake effective enforcement actions, operate the enquiry and complaint hotlines for building owners and members of the public, expedite work in establishing a database on sub-divided flat units in the territory, and impose appropriate penalties on breaches to create sufficient deterrent effect. Some members considered that the fundamental solution to the problem of sub-divided flat units was to expedite the provision of public housing. There was also a suggestion for the Estate Agents Authority to consider including a statutory requirement in the tenancy agreement between owners and tenants of sub-divided flat units that the estate agents must confirm that the building works associated with the sub-divided flat unit had been carried out by PBPs/PRCs in compliance with requirements under the Minor Works Control System.

Enforcement strategy in relation to the handling of cases of unauthorized building works of major public concerns

27. In February and June 2012, the subject of construction of UBWs at houses sparked heated public debates. The Panel discussed with the Administration on 15 March and 28 June 2012 its enforcement strategy in relation to the handling of such cases. At the meetings, members expressed a number of concerns including how BD could prevent possible loopholes where professionals could seek approval for piling works in excess of safety requirement when submitting the building plans so as to facilitate the construction of illegal basements in future, whether enforcement actions were taken in an impartial manner against all UBWs regardless of the identity of the owners of the concerned premises, and the difficulties faced by the Administration in taking enforcement and prosecution under the Buildings Ordinance (Cap. 123) ("BO"). The Administration advised that under the current building plan approval process, whether a proposed development might be illegally altered after its completion was not a factor that BD could consider under BO. While BD

would require the building professionals to prove that the design could meet the minimum structural requirement, it could not reject a building plan based on whether the proposed design would possibly provide room for illegal alteration, including building of an unauthorized basement, in the future. The Administration assured members that BD had all along been taking enforcement actions against UBWs in accordance with the prevailing enforcement policy which generally took into account the risk level of the UBWs. The social status of the owners and value of the properties in which the UBWs were situated were not considerations in BD's enforcement actions. The Administration acknowledged the need to revise BO over time to reflect changing circumstances.

Heritage conservation

Proposed redevelopment scheme for the West Wing of the former Central Government Offices

28. Based on a heritage consultancy study by overseas experts completed in September 2009, the Administration planned to preserve the Main Wing and East Wing of the former Central Government Offices ("CGO") for the use by the Department of Justice, and to demolish the West Wing for commercial development. Part of the West Wing's present footprint will be redeveloped as a garden to preserve the existing greenery. Having conducted a three-month public consultation on the redevelopment of the former CGO West Wing from September to December 2011, the Administration briefed the Panel on the revised redevelopment scheme for the building in November 2011. Under the revised proposal, the area of the public open space to be provided would be expanded, and the shopping arcade would be dropped. The Administration had invited the Securities and Future Commission and the Hong Kong Exchanges and Clearing Limited ("HKEx") to consider becoming anchor tenants in the office tower so as to enhance the Central's image as a core financial district. The West Wing site would be sold by open tender. The Administration would adopt a "two-envelope" approach with due weight accorded to technical and design aspects other than price in the tender assessment.

29. While some Panel members supported the revised redevelopment scheme on consideration that it would address acute shortage of Grade A office space in Central and provide some 7 600 square metres of additional public open space at the same time, other members were opposed to the Administration's plan to sell any part of the "Government Hill". Noting that the heritage consultancy study on the former CGO completed in 2009 was more on the architectural and historic aspects of the buildings, some

members urged the Administration to consider engaging an independent consultant to carry out a more comprehensive appraisal on the former CGO covering other aspects of the buildings, and conduct another round of public consultation on the basis of the outcome. The Administration clarified that the former CGO had never been included in the List of Graded Historic Buildings in Hong Kong. It maintained the view that the heritage consultancy study on the former CGO, commissioned on the Administration's own initiation, was detailed and comprehensive, and there was no plan to conduct another appraisal on the West Wing. At a meeting on 23 November 2011, the Antiquities Advisory Board ("AAB") decided to accord priority to the grading of the former CGO buildings and the grading would be conducted by the same Expert Panel for the 1 444 historic buildings. AAB will consider the views of the Expert Panel when taking a final decision on the grading of the buildings. At a meeting of the Panel on 28 February 2012, the Administration further advised that in deciding whether to preserve the West Wing, the Antiquities Authority would not only take AAB's grading into consideration, but would consider a multitude of factors, including the heritage consultancy study conducted in 2009.

30. As regards public access to the redeveloped site, some Panel members suggested that in addition to providing a large public open space, the Administration should strive to allow public access to other areas, such as roof-top and sky gardens in the office tower. Communal facilities, such as conference rooms and exhibition space, should be made available for public use at reasonable charges. Through such arrangements, the Administration would send a clear message to the community that the Central belonged to the people of Hong Kong.

31. On 28 June 2012, the Administration briefed the Panel on its revised implementation plan for redeveloping the West Wing site. Under the plan, a Build-Operate-Transfer ("BOT") approach would be adopted to partner with the private sector to redevelop the West Wing. The Government would retain ownership of the West Wing site and the successful bidder for the BOT contract to be selected through a public tender would fund, design, construct and operate the new building in exchange for receiving rental income in the course of the BOT agreement estimated to be no more than 30 years. The Administration explained that the plan was to address the concern expressed by some people in the community over the ownership of the West Wing site by developers. Noting that AAB had preliminarily graded the whole former CGO site, the Main Wing and the East Wing as historic buildings of Grade 1 status, and the West Wing a historic building of Grade 2 status on 14 June 2012, some members expressed grave concern on the Administration's plan to proceed

with the demolition of the West Wing. The Panel passed the following motion at the meeting on 28 June 2012 --

"That the Panel demands that the Government should not demolish the West Wing of former Central Government Offices for the conservation of the Government Hill in its entirety."

Progress report on heritage conservation initiatives

32. In February 2012, the Administration updated the Panel on the work progress on heritage conservation initiatives, including the invitation for proposals on Batch 3 projects (King Yin Lei, Bridges Street Market, Former Fanling Magistracy and Haw Par Mansion) under the Revitalizing Historic Buildings Through Partnership Scheme, and the commencement of a consultancy study to investigate the feasibility, framework and implementation of setting up a statutory heritage trust.

33. Some Panel members expressed concern on the lack of statutory protection for graded historic buildings and urged the Administration to review the relevant legislation so that appropriate protection could be rendered under the law, not only for declared monuments but also for graded historic buildings. Other members stressed the importance for the Administration to formulate a clear policy for providing economic incentives, such as cash compensation or land exchange, to private property owners instead of offering different types and extent of economic incentives on a case-by-case basis. The Administration advised that on the premise of respecting private property rights, it had been offering appropriate economic incentives to encourage or in exchange for private owners to conserve historic buildings in their ownership and there was already an established hierarchy of instruments in place for negotiation with owners of monuments/historic buildings.

34. Some Panel members called on the Administration to adopt a public participation process for the declaration of statutory monuments, including the setting of criteria for providing various forms and levels of compensation to the concerned owners. Other members proposed that for heritage conservation efforts to be taken forward, the Administration should compile the information about its experience in and the various options for tackling related issues for the reference of concerned parties.

Matters related to water works

Supply of Dongjiang water and management of water resources

35. The agreement for the supply of Dongjiang ("DJ") water to Hong Kong between 2009 and 2011 was due to expire at the end of 2011. On 25 October 2011, the Administration briefed the Panel on the new agreement worked out with the Guangdong authorities for the supply of between 2012 and 2014, the funding proposal to the Finance Committee ("FC") for a provision of \$35.4 million to meet the additional water purchase cost, and the measures taken under the Total Water Management strategy to reduce water consumption.

36. While most Panel members expressed support for retaining the package deal lump sum approach in the new DJ water supply agreement based on a fixed annual supply ceiling of 820 million cubic metres of water, they considered that Hong Kong, being a responsible water user in the Pearl River Delta region, should explore other sources of water supply for meeting its demand as well as preparing for uncertainties such as climate changes and low rainfall. Members also suggested setting an aggressive and quantitative target for the Water Supplies Department's water conservation promotion programme. The Administration undertook to formulate concrete and acceptable indicators for water conservation after completing a comprehensive survey on water consumption patterns and habits of both domestic and non-domestic users.

Planning and investigation study of desalination plant at Tseung Kwan O

37. On 17 April 2012, the Administration sought the Panel's support on a funding proposal to the Public Works Subcommittee ("PWSC") and FC for carrying out a study to investigate the feasibility and cost effectiveness of the construction of a medium-sized desalination plant in Tseung Kwan O Area 137. Panel members in general supported the Administration to proceed with the proposal as a way to develop an alternative source of water supply. Noting the high operation cost for desalination, members suggested that the Administration should closely monitor whether there was room for downward adjustment in the cost. They also urged the Administration to step up efforts in educating the public about water conservation, controlling water leakage and preventing the occurrence of water mains bursts.

Issues relating to water supply systems in new buildings arising from the detection of Legionella bacteria in the new Central Government Offices and the Legislative Council Complex

38. In the light of detection of Legionella bacteria in the new Central Government Offices and the Legislative Council Complex in early 2012, the Administration was invited to brief the Panel on its work in monitoring the quality of drinking water in new buildings. Members expressed grave concern on the news report in January 2012 that Legionella bacteria had been detected in about 15% of water samples taken in households. Although there was no scientific correlation between Legionnaires' disease ("LD") and the concentration of Legionella bacteria in water samples, members considered it necessary for the Administration to review and update its existing guidelines for plumbers and consumers to cover any gap in assuring the quality of drinking water. It was also advisable for the Prevention of Legionnaires' Disease Committee ("PLDC") to strengthen preventive measures against LD, and the Administration should take the lead in implementing the measures. Some members stressed the need for the Administration to prevent the spread of LD by monitoring the construction, cleaning and maintenance of water cooling/supply systems in buildings, and strengthening public education on measures to reduce Legionella bacteria in fresh water supply. Noting that only 460 000 public housing households of the total of some 600 000 had joined the "Quality Water Recognition Scheme for Buildings" ("QWRSB"), some members opined that the Administration should consider promoting the scheme to all public housing households, Government premises and buildings of statutory bodies.

39. The Administration agreed to review the existing guidelines in consultation with the relevant trade associations, enhance public education on related subjects, relay the views and concerns expressed by members for consideration by PLDC, and liaise with the Architectural Services Department and the Housing Department to promote participation in QWRSB.

Matters relating to the construction industry

Further investment in construction manpower

40. Following the implementation of the Administration's strategy to promote economic growth and create employment opportunities through infrastructural development, Government expenditure on capital works has risen from \$20.5 billion in 2007-2008 to an estimated amount of

\$62.3 billion in 2012-2013. Benefited from the public works programme, the unemployment rate of the construction sector fell substantially from the post-tsunami peak of 12.8% in February to April 2009 to 5.2% in October to December 2011. However, the construction industry is facing ageing and skills mismatch problems. As at end-December 2011, of the about 287 000 registered construction workers, about 40% were over the age of 50, whereas only about 6% were below the age of 25. In terms of skill level, about 60% of construction workers have registered as non-skilled general workers. To ensure the effective and timely delivery of the infrastructure development programme, the Administration sought the Panel's support for a funding proposal to provide a one-off grant of \$220 million, further to the grant of \$100 million approved by FC in May 2010, to enhance the efforts of the Administration and industry bodies in boosting construction manpower supply.

41. While Panel members generally supported the grant of additional funds for the Administration and industry bodies to strengthen construction training programmes, increase the training allowances for trainees and promote the image of the construction industry to attract new blood, they pointed out that wage and welfare problems, including wage arrears, unstable income, poor working environment, industrial accidents and inadequate compensation for accidents, had deterred the younger generation from joining the construction industry. Members urged the Administration to introduce effective measures to address these issues.

42. The Administration advised that, to improve the working conditions at construction sites, it had required public works project contractors to enhance site safety, cleanliness and tidiness. It also recognized the need to step up efforts to enhance construction site safety and promote work safe practices and culture among workers. Over the past decade, the Administration had introduced a number of measures in a progressive manner to achieve continuous improvement across the industry, including the issuance of guidelines regarding good industry practice, etc. The guidelines, applicable to contractors of public works projects, cover issues on subcontracting, payment of wages, appointment of Labour Relations Officers at construction sites, etc. The Administration advised that the Construction Industry Council ("CIC") was studying extension of the guidelines to private contract projects and agreed to consider making important issues currently covered by the guidelines, such as payment of wages, mandatory requirements under the law.

Amendments to the Construction Industry Council Ordinance and the Pneumoconiosis and Mesothelioma (Compensation) Ordinance

43. In May 2012, the Administration sought members' views on a proposal to lower the levy rate imposed on construction operations under the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360) ("PMCO") by 0.1% to 0.15% and at the same time adjust upward the levy rate under the Construction Industry Council Ordinance (Cap. 587) ("CICO") by 0.1% to 0.5%. Simultaneous adjustment in levy rates under the two Ordinances would neutralize the impact of levies payable by construction operations but at the same time bring in additional resources for CIC to conduct various new initiatives to attract new blood to join the construction industry and enhance the training programmes for construction workers. The Pneumoconiosis Compensation Fund, set up under PMCO to provide payment of compensation to persons and their family members in respect of incapacity or death resulting from pneumoconiosis and mesothelioma had a surplus of over \$1 billion. The proposed reduction of the levy rate under PMCO would not undermine the financial position of the Pneumoconiosis Compensation Fund. Panel members supported the Administration's proposal. Some members called on CIC to make use of the increased revenues to provide legal aid support to construction workers involved in litigation against employers. Some members urged the Administration to update the scope of occupational diseases prescribed for compensation purposes under various ordinances to ensure that the law would provide adequate protection to workers in respect of occupational health.

Planning and engineering studies, and infrastructural facilities projects

44. During the current session, the Panel had been consulted on a number of funding proposals relating to planning and engineering studies, as well as provision of infrastructural facilities before they were submitted for consideration by PWSC and FC. Besides the feasibility and planning studies mentioned in the earlier part of this report, some other major planning/engineering studies and infrastructural projects discussed by the Panel are highlighted in the ensuing paragraphs.

45. The Liantang/Heung Yuen Wai Boundary Control Point ("the new BCP"), scheduled for operation in 2018, will be the seventh land crossing between Shenzhen and Hong Kong and a strategic infrastructure for meeting the growing needs of cross-boundary travel. In November 2011, the Administration updated the Panel on the progress of development of the new BCP, sought members' support for a funding proposal to part-upgrade

project 13GB (Liantang/Heung Yuen Wai Boundary Control Point and associated works) to Category A for carrying out the re-provisioning works for a boundary patrol road and the associated security facilities, and briefed members on the special rehousing arrangements for the clearance of Chuk Yuen Village and the domestic squatter structures located along the alignment of the proposed connecting road to the new BCP. In April 2012, the Administration sought the Panel's support on another funding proposal to carry out site formation and infrastructure works for the new BCP project, together with the proposal to provide a special ex-gratia allowance at an estimated cost of \$211 million exclusively for eligible households affected by the project.

46. Panel members in general supported the Administration's proposals. However, on rehousing and compensation arrangements for villagers affected by land resumption and clearance under the new BCP project, members were concerned whether the "Cottage House Option" and other rehousing arrangements, as well as the special ex-gratia allowance, adopted in the case of Chuk Yuen Village would apply to affected residents of future development projects in the New Territories. The Administration emphasized that the special arrangements for Choi Yuen Village and Chuk Yuen Village were made having regard to their special circumstances and the strategic significance of delivering the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the new BCP on time. These special rehousing arrangements, special ex-gratia allowance and upgraded compensation rate for agricultural land would not be automatically applied to other public works projects. Nonetheless, the Administration had noted that there was room for improvement of the existing compensation and rehousing arrangements provided for residents affected by clearance of villages and squatters. As such, the Development Bureau had commenced a review in this regard. The Administration would report the results of the review to the Panel in due course. Stressing the importance for developing the compensation and rehousing arrangements in a fair and transparent manner, members urged the Administration to complete the review as soon as possible.

47. On access to the new BCP, members welcomed the Administration's decision to adopt a design allowing direct pedestrian and vehicular access and suggested that the same arrangement should be made to other existing boundary control points as far as possible in order to enhance user convenience. Noting the high potential for developing housing in the vicinity of the new BCP which would be served by new transport networks and improved road systems, members called on the Administration to explore the feasibility of developing a new town near the

new BCP. The Administration undertook to consider the suggestion in the context of the multi-pronged approach to expanding land resources under the 2011-2012 Policy Address.

48. In December 2011, the Panel discussed with the Administration a funding proposal to upgrade part of project 268RS (Cycle track between Tsuen Wan and Tuen Mun) to Category A for carrying out detailed design and site investigation works for the cycle track between Tsuen Wan and Ting Kau as well as reviewing the alignment of a new cycle track between Ting Kau and Tuen Mun. While members supported the proposal in general, they urged the Administration to address the concerns expressed by residents of some private residential developments in Sham Tseng and So Kwun Wat about public safety problems and adverse effect to the living environment relating to the proposed alignment of the cycle track. Some members suggested that the Administrations should improve the connection points of the existing cycle tracks in Tuen Mun, engage professionals to design the landscaping at the entry/exit hubs along the cycle track, and provide ancillary facilities such as first-aid kiosks, public toilets, etc. along the track. The Administration noted members' suggestions and undertook to step up efforts in engaging local residents in working out an acceptable alignment.

49. As regards the Administration's proposal to increase the approved project estimate of project 4152CD (Drainage Improvement Works in Upper Lam Tsuen River, She Shan River, Upper Tai Po River, Ping Long and Kwun Hang) by \$141.9 million, Panel members expressed support but cautioned that the Administration should strengthen the monitoring work during the implementation of the project to prevent the recurrence of fatal flooding incidents. Some members pointed out that the natural outlook of the rivers should be maintained and greening works such as planting trees of suitable species along the river should be incorporated to help stabilize the riverbank and prevent flooding. The Administration took note of members' views.

Other major subjects deliberated

The work of the Development Opportunities Office

50. The Development Opportunities Office ("DOO") was established under the Development Bureau in mid-2009 as a Government response to the slow-down in private sector investment in land development projects after the financial tsunami in late 2008. By encouraging private as well as non-government organization land development projects and facilitating

their early implementation, the Administration considered that the initiative would help create jobs. Since its establishment, DOO had been providing one-stop consultation and coordination service to non-government land development proposals that carried broader social and economic merits. Upon the expiry of DOO's tenure in June 2012, the Administration briefed the Panel in January 2012 on results of a review on DOO's work and the decision to discontinue the operation of DOO. It also consulted members on the proposal to create an Administrative Officer Staff Grade C post in the Planning and Lands Branch of the Development Bureau to take over some of the duties of DOO, including overseeing the implementation of measures to encourage revitalization of older industrial buildings, coordinating policy measures to promote district-based regeneration of former industrial areas, and providing secretariat support to the Land and Development Advisory Committee. While the Panel commended the successful work of DOO, some members were concerned that the enthusiasm and effectiveness of relevant bureaux/departments in facilitating land development proposals could not sustain after the discontinuation of DOO. They stressed the need for the Administration to continue with provision of one-stop consultation and coordination service for meritorious land development proposals in assisting project proponents. The Administration advised that after the winding up of DOO, individual policy bureaux would act as the lead bureaux for coordinating land development proposals under their respective policy portfolios. It assured members that DOO would share its experience with bureaux/departments so that they would be better prepared for providing the same facilitation service to project proponents. Some Panel members opined that DOO should share its experience with not only bureaux/departments, but also building professionals in the private sector, and that the Government of the next term should seriously consider the merits of re-launching DOO's service.

Proposed amendments to the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations

51. In February 2012, the Administration consulted the Panel on the proposal to amend the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations. The amendments aim to modernize the Regulations and to upgrade the standards for the provision of sanitary fitments, plumbing and drainage works in private buildings. Under the proposal, a ratio of 1:1.5 (instead of the current 1:1) will be adopted for assessing the numbers of male to female in the premises, thereby raising the level of provision of female sanitary fitments. The proposed amendments are expected to result in an increase in the provision

of female sanitary fittings in shopping arcades/department stores, cinemas and places of public entertainment by 60%, 160% and 150% respectively. Panel members welcomed the proposal to increase the number of female lavatories in public places and the number of toilet compartments in a female lavatory. Some members proposed that the provision of sanitary fittings for male and female should be in a ratio of 1:2 to effect better improvement in the provision of female sanitary fittings. Some members held the view that in developing standards for the provision of male and female sanitary facilities, the Administration should take into account the different usage time of sanitary fittings by male and female, as well as the user capacity of various venues. A member cautioned that legal issues might be involved in changing the current ratio for assessing the numbers of male to female in the premises from 1:1 to 1:1.5. In particular, there was concern that the proposed ratio might give rise to gender inequality since it was expected to enhance the level of provision of female sanitary fittings only, thus changing the average queuing time for male and female lavatories. The Administration was requested to provide information about whether the proposed enhancement would constitute gender discrimination from a legal perspective.

Increasing judicial manpower to cope with rising number of compulsory sale applications

52. On 17 April 2012, the Administration sought the Panel's support on a proposal to create two judicial posts in the Lands Tribunal to help cope with the increase in workload arising from the rising number of compulsory sale applications filed with the Tribunal under the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545). Members were updated on the progress of the two pilot schemes, one on mediation services, the other on outreach services for the elderly, to support minority owners. While members in general had no objection to the proposal, some members were concerned that minority owners would have to sell their properties reluctantly sooner under compulsory sale if the waiting time for hearing of their cases by the Lands Tribunal was to be shortened. Other members called on the Administration to conduct a review on the impact of implementation of the lowered threshold of compulsory sale applications and tracking surveys on individual property owners affected by compulsory land sale, in order to assess the benefits the new policy had brought to small property owners in improving their living environment and tackling building deterioration problems. Members stressed the need to strike a balance between redeveloping dilapidated buildings to release land resources and protecting the interest of small property owners, and urged

the Administration to enhance promotion on the Pilot Mediation Scheme in helping property owners.

Development of the Lok Ma Chau Loop

53. In early 2008, the Hong Kong and Shenzhen Governments agreed to jointly commission a planning and engineering feasibility study for the development of the Lok Ma Chau Loop as a special cooperation zone. Based on the results of the public engagement exercise conducted in mid-2008, the two Governments have agreed that higher education would be the leading land use in the Loop to be complemented by hi-tech research and development ("R&D") as well as cultural and creative ("C&C") industries. In December 2010, the Administration consulted the Panel on the Preliminary Outline Development Plan ("POPD") and the preliminary development proposal for the Loop which were promulgated in the Stage 1 Public Engagement of the study. On 22 May 2012, the Administration sought the Panel's views on the recommended Outline Development Plan and Stage 2 Public Engagement. In response to public views received during the Stage 1 Public Engagement, refinements have been made to the recommended Outline Development Plan, among other things, to provide flexibility for sites zoned for high-tech R&D and C&C industries purposes such that they can be used interchangeably to suit changing circumstances. Moreover, the maximum building heights for high-tech R&D/C&C, education and commercial uses have been reduced without affecting the overall development intensity. Some Panel members cautioned that the Administration must prevent any abuse of the land lease conditions to turn the development into a real estate project. The Administration assured members that the arrangements for the execution, financing and management of the development would be discussed in LegCo and be taken forward with high transparency. The Hong Kong and Shenzhen Governments have committed to adopting a non-profit making approach in developing the Loop. All the land planning and leasing procedures will follow the statutory requirements under Hong Kong laws.

Meetings held

54. During the current session, the Panel held a total of 14 meetings and discussed with the Administration 42 items concerning various policies and initiatives under the purview of the Panel.

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 2011-2012 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
Hon WONG Yung-kan, SBS, JP
Hon Timothy FOK Tsun-ting, GBS, JP
Hon Abraham SHEK Lai-him, SBS, JP
Hon Frederick FUNG Kin-kee, 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, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, JP
Hon IP Kwok-him, GBS, JP
Hon Mrs Regina IP LAU Suk-yea, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Alan LEONG Kah-kit, SC
Hon Tanya CHAN
Hon Albert CHAN Wai-yip

(Total: 23 members)

Clerk Ms Connie SZETO

Legal Adviser Miss Winnie LO